

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5a

Date of Meeting January 27, 2009

DATE: January 21, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Mike Burke, Senior Manager, Container Leasing and Operations

SUBJECT: Request for Port Commission authorization for the Chief Executive Officer to: Execute a Relocation Agreement and All Other Documents Providing for the Final Reimbursement of Moving and Re-Establishment Expenses Incurred in the Relocation of Inspiration Media Inc dba Salem Communications, Located within the Port of Seattle's Terminal 18 Expansion Area on Harbor Island in the amount of \$1,741,687.95.

BACKGROUND

Inspiration Media dba Salem Communications (Radio Station KKOL AM) ("Salem") was one of 64 businesses located on Harbor Island that were relocated as part of the Terminal 18 Expansion Project. Reimbursement for relocation expenses is authorized under the Port's Resolution 3263, Port of Seattle Marine Division Guidelines for Business Relocation Reimbursements for Container Terminal Expansion Projects, as revised July 10, 1966 ("Guidelines"). On June 1, 2001 a Settlement Agreement was reached between the Port and Salem, wherein the Port acquired, under eminent domain, Salem's real property and certain equipment located on Harbor Island. On December 31, 2001, Salem vacated their premises on Harbor Island. Shortly thereafter Salem began broadcasting from a barge in Elliott Bay while they attempted to find a new permanent location from which to broadcast. This search was complicated by numerous factors, such as the FCC required that for Salem to retain their license the new location must provide essentially the same signal coverage over the Seattle area as their location on Harbor Island; Local zoning requirements limited or prohibited radio tower locations. There were limited land parcels available of a size, topography and conductivity that would allow for the number of transmission tower arrays (typically 4) necessary to replicate the original radio station coverage.

On January 12, 2005, Salem leased property from the Port of Tacoma to re-establish their transmission building, equipment and towers. Construction of the building, towers (4) and transmitting equipment installation commenced in 2006. In late 2006, Salem began broadcasting from the new location.

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Since April 24, 2003, Salem submitted various claims for reimbursement of their moving and re-establishment expenses totaling \$5,350,762.72. Port staff, legal counsel and their communication-consulting experts reviewed every claim and underlying invoice and reached agreement for a total eligible payment of \$2,140,791.64. A partial payment of \$399,103.69 was made to Salem on December 22, 2005, primarily reimbursing expenses of their interim move leaving an agreed balance due of \$1,741,687.95.

PREVIOUS COMMISSION ACTION

- On September 28, 1999, the Commission approved Resolution 3346, acquisition by purchase and/or eminent domain, of Salem's real property on Harbor Island.
- On December 13, 2005, the Commission approved payment of \$399,103.69 for reimbursement of expenses associated with Salem's interim move.

FINANCIAL ANALYSIS

Budget/Authorization Summary

Previous Authorizations (Transfer 12/09/2004 from C001549 Property Acq./Relocation T18)	3,065,000
Current request for authorization	0
Total Authorizations, including this request	3,065,000

Project Cost Breakdown

Construction Costs	NA
Sales tax	NA
Outside Professional Services	NA
Reimbursement of moving and re-establishment expenses	1,741,687.95
Total	1,741,687.95

Source of Funds

Committed CIP C102875 "T-18 Complete Real Estate Issues" includes the funds for the negotiation of the Salem relocation costs. However, the CIP did not include funds for final payment to Salem in the 2009 Draft Plan of Finance. The \$1,741,688 required for payment to Salem is available due to anticipated timing delays in other 2009 Draft Plan of Finance committed projects such as the South T25 Container Yard.

This project will be funded from 2007 Revenue Bonds proceeds.

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Financial Analysis Summary

CIP Category	Economic Opportunities
Project Type	Property Acquisition
Risk adjusted Discount rate	N/A
Key risk factors	N/A
Project cost for analysis	1,741,688
Business Unit (BU)	Container Operations
Effect on business performance	No effect. Relocation expenses are considered part of land acquisition costs. No depreciation expense will be incurred.
IRR/NPV	N/A

REQUESTED ACTION

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