

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6i

ACTION ITEM

Date of Meeting 5/4/2010

DATE: April 9, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: James R. Schone, Director, Aviation Business Development
W. Allan Royal, Manager, Port Real Estate Development

SUBJECT: Acquisition of two parcels of land that will complete the assemblage of property for the proposed 28th Avenue Development Area.

Amount of This Request: \$ 1,455,000 **Source of Funds: Airport Development Fund**

ACTION REQUESTED:

1. Request authorization for the Chief Executive Officer to execute all necessary documents to acquire by purchase two King County Parcels 042204-9218 & 042204-9139 (Property) owned by Mrs. Mary A. Rickard and located at 19453 & 19521, 28th Ave. S., SeaTac, WA 98188 for \$1,375,000.00.
2. Request authorization for the Chief Executive Officer to execute all necessary documents to demolish the improvements on the Property and restore it in accordance with the Interlocal Agreement with the City of SeaTac for \$80,000.00. The total requested is \$1,455,000.00.

SYNOPSIS:

The Property that is the subject of this memo (**Exhibit A**) is situated in the center of an area identified by the Port of Seattle (Port) as the 28th Avenue Development Area. It has been owned by the same party for 50 years and only recently placed on the market. This property is located in the midst of existing Port property. This purchase completes an assemblage of parcels that provides the Port a better opportunity for development. The 28th Avenue Development Area is one of the sites the Port is proposing for the Federal Aviation Administration's (FAA) new regional headquarters and is in the immediate vicinity of the proposed Sound Transit Link Light Rail Station on 200th Street and 28th Avenue in the City of SeaTac.

BACKGROUND:

The Port has acquired all the property west of 28th Avenue from 192nd Street to 200th Street mostly in compliance with the Seattle-Tacoma International Airport (Airport) Part 150 Noise Program. These two homes, on adjoining parcels and owned by the same person, were identified

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for acquisition under the Part 150 Noise Program. However, the Property owner had the Property rezoned to Airport Business Commercial by the City of SeaTac in the late 1980s which is a compatible use under the FAA guidelines. Therefore, the Property was no longer eligible for acquisition under the FAA guidelines.

This acquisition is on a voluntary basis and is not under threat of condemnation. Fair Market Value was determined by negotiation, supported by a Member Appraisal Institute (MAI) appraisal, and agreed to by both parties.

PROJECT JUSTIFICATION:

Project Objectives:

Acquire Property to complete assemblage of site for the 28th Avenue Development Area.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

- Acquire the Property from Mrs. Mary A. Rickard to achieve complete assemblage of the 28th Avenue Development Area.
- Complete demolition and restoration of the Property in accordance with appropriate Central Procurement Office procedures and in compliance with the Interlocal Agreement with the City of SeaTac.

Schedule:

- Complete the acquisition by July 2010.
- Complete demolition by Fall 2010.

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary:

| | |
|--|-------------|
| Original Budget | \$1,455,000 |
| Previous Authorizations | \$0 |
| Current request for Authorization | \$1,455,000 |
| Total Authorizations, including this request | \$1,455,000 |

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Project Cost Breakdown:

| | <u>Current Request</u> |
|-------------------------------|------------------------|
| Purchase Price | \$1,360,000 |
| Demolition and Restoration | \$80,000 |
| Outside Professional Services | \$15,000 |
| Total | \$1,455,000 |

Budget Status and Source of Funds:

This project is included in the 2010-2014 Capital Budget and Plan of Finance as a business plan prospective project under 28th Avenue Property Acquisition (CIP #C800381). The funding source for this project will be the Airport Development Fund.

Financial Analysis and Summary:

| | |
|---------------------------------|--|
| CIP Category: | Revenue/Capacity Growth |
| Project Type: | Business Expansion |
| Risk adjusted Discount Rate: | N/A |
| Key Risk Factors: | N/A |
| Project Cost (for analysis): | \$1,455,000 |
| Business Unit: | Non-aeronautical – Commercial Development |
| Effect on Business Performance: | Potential to increase non-aeronautical Net Operating Income. |
| IRR/NPV: | Depends on future development. Target market rate of return. |
| CPE Impact: | None |

Lifecycle Cost and Savings:

N/A

ENVIRONMENT AND SUSTAINABILITY:

The Port's environmental consultant conducted a Phase 1 Environmental Site Assessment on the parcels. The assessment did not reveal any recognized environmental condition as defined by the American Society of Testing and Materials. The 28th Avenue Development Area is a portion of the South Airport Development Area as identified in the Port's Comprehensive Development Plan.

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STRATEGIC OBJECTIVES:

This project supports the Port's strategy to **Ensure Airport and Seaport Vitality** by providing an enhanced opportunity for future development and the potential for non-aeronautical revenue.

BUSINESS PLAN OBJECTIVES:

This project supports the Aviation Division's Non-Aeronautical Business Plan Strategy. The requested action supports the envisioned development of the 28th Avenue Development Area which is expected to contribute to the Airport's non-aeronautical net income.

TRIPLE BOTTOM LINE SUMMARY:

The assemblage of this site will provide a better opportunity for increased non-airline revenue that will help ensure the vitality of Airport operations. The region will benefit from the creation of jobs and added tax revenue from future environmentally compatible commercial or industrial projects.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

- **Take no action.** This alternative would leave a hole in the middle of the Port property being considered for development. This would make the 28th Avenue Development Area a less efficient site for development and therefore less viable for developers. This is not a recommended alternative.
- **Proceed with the Acquisition.** This will allow the Port to complete the assemblage of the property envisioned for future development. **This is the recommended alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

The following documents are available electronically:

- Purchase and Sale Agreement
- Phase 1 Environmental Report
- MAI Appraisal Report
- Commitment for Title Insurance

ATTACHMENT:

Exhibit A – showing the Rickard property within the 28th Avenue Development Area.

PREVIOUS COMMISSION ACTION:

None.