

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No.	5b
Date of Meeting	May 11, 2010

DATE: March 30, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Gary Wallinder, Capital Project Manager
Linda Styrk, Managing Director, Seaport

SUBJECT: Purchase and sale of Ash Grove Cement Company property.
East Marginal Way Grade Separation Project; Project E # 102007

Amount of This Request: \$0

Source of Funds: Previously authorized under the East Marginal Way Grade Separation Project, which is a Public Expense Project funded by tax levy proceeds.

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute a purchase and sale agreement (“PSA”) between the Port and Ash Grove Cement Company for a portion of Ash Grove’s real property located at 3801 East Marginal Way South, Seattle, WA 98103, in King County, consisting of 1832 square feet (henceforth referred to as Right-of-Way Property) and legally described in Exhibit B to the PSA, attached to this memo. No additional funds are requested because funds for this public expense project, which is funded by the tax levy, were previously authorized (Project E #102007).

SYNOPSIS:

The Port and City of Seattle Department of Transportation are co-leads in the East Marginal Way Grade Separation Project (“Project”) to enhance freight connections that serve Harbor Island, West Seattle and the south Downtown industrial area. The elevated structure will connect three existing streets: South Spokane Street, Duwamish Avenue South and East Marginal Way.

As part of the project design, East Marginal Way will be slightly widened in the vicinity of Ash Grove Cement to facilitate smooth flow of traffic to and from the overpass structure. Purchase of the Right-of Way Property will allow this widening.

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ADDITIONAL BACKGROUND:

Since possession of the Right-of-Way Property was required for the Port to put the Project out to public bid, the Port and Seller executed a Possession and Use Agreement on July 7, 2009. Under the Possession and Use Agreement, Ash Grove granted to the Port immediate access to the Right-of-Way Property so that the Port could proceed with environmental due diligence efforts.

Pursuant to the Possession and Use Agreement, the Port issued a check based upon appraisal documentation in the amount of \$64,200 to Ash Grove.

Since the execution of the Possession and Use Agreement and payment to the Seller, the Port completed a Phase II Environmental Site Assessment (ESA) for the Right-of-Way Property. Based upon the results of the Phase II ESA, the Port determined that there was no cleanup or other environmental management requirements for the Right-of-Way Property. The ESA identified no special conditions for handling and disposal of materials removed from the Project site during the course of the Project other than their disposal at a Subtitle D landfill.

The Port and Ash Grove Cement Company have negotiated a purchase and sale agreement that requires no additional payment toward the purchase price beyond the \$64,200 already deposited in an escrow account.

PROJECT DESCRIPTION AND JUSTIFICATION:

Project Statement:

This action requested is necessary to acquire a portion of Ash Grove property so that the Port can accomplish the widening of East Marginal Way.

Project Objectives:

Acquire title to a portion of Ash Grove property.

Scope of Work and Schedule:

The purchase and sale agreement has been negotiated. The application for a boundary line adjustment will be submitted to the City of Seattle and once conditions for closing are met the transfer will close.

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FINANCIAL ANALYSIS:

Budget/Authorization Summary

Previous Authorizations this CIP	\$50,700,000
Current request for authorization	\$0
Total Authorizations, including this request	\$50,700,000
Remaining budget to be authorized	\$0

Project Cost Breakdown

Right-of-Way, including relocations	\$11,900,000
Construction, including utility relocations and Construction Management	\$29,200,000
Sales tax	\$1,940,000
Outside professional services	\$6,200,000
Seaport PMG and other soft costs	\$1,460,000
Total	\$50,700,000

Source of Funds:

No additional funds are required for the acquisition of the property. The cost of the acquisition was included in funding authorizations for the East Marginal Way Grade Separation Project.

BUSINESS PLAN OBJECTIVES:

Improve freight mobility in the vicinity of Port Terminals 5 and 18, Burlington Northern Santa Fe Seattle International Gateway and Union Pacific Railroad Argo rail yards.

TRIPLE BOTTOM LINE:

The project will separate rail traffic from vehicle traffic by eliminating several busy crossings thereby improving safety, relieving congestion and improving air quality by avoiding truck idling at intersections.

STRATEGIC OBJECTIVES:

The project will benefit the Port and the state's economy by improving freight mobility and access to and from local businesses including Port tenants and railroads.

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SUSTAINABILITY AND LIFE CYCLE COSTS:

The Project constructs a public transportation facility which will be transferred in full ownership to the City of Seattle upon completion. The construction criteria are based upon Seattle Department of Transportation standards including life cycle costs.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Acquire via negotiated purchase and sale agreement. This is the recommended alternative.

Do not acquire. This alternative will result in a constrained traffic flow and is contrary to the needs of the Project.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Purchase and Sale Agreement.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On October 13, 1998, Commission authorized Resolution #3283 Memorandum of Understanding for the Freight Action Strategy for the Seattle-Tacoma (FAST) Corridor.

On April 9, 2002, Commission authorized \$1,500,000 for conceptual design development.

On December 9, 2003, Commission authorized \$1,950,000 for design refinement, environmental review, acquisition planning, and State engineering approvals.

On April 11, 2006, Commission authorized \$31,050,000 for negotiation and purchase of real estate for ROW; accept grant and participation funding; advertise for bids and award major and small works contracts; and perform contract administration for construction.

On March 24, 2009, Commission authorized an additional \$17,200,000 for a total Project Authorization of \$50,700,000, and authorized construction and approval to advertise for bids.