

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6d

Date of Meeting February 14, 2012

DATE: February 6, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: W. Allan Royal, Real Estate Development Manager

SUBJECT: Second Reading and Final Passage of Resolution No. 3657: Property Conveyance (or Transfer) of improvements and real property to the City of SeaTac, State of Washington, and City of Seattle.

Value of Property Being Conveyed: \$19,484,500

ACTION REQUESTED:

Request Second Reading and Final Passage of Resolution No. 3657: A Resolution of the Port Commission of the Port of Seattle declaring certain real property located in the City of SeaTac, Washington, to be surplus and no longer needed for Port District purposes and authorizing the Chief Executive Officer to execute all documents necessary for transfer of the title to certain road improvements and real property to the City of SeaTac and the State of Washington and to transfer title to certain utility improvements to the City of Seattle. The value of the improvements and real property being transferred is estimated at \$19,484,500.

SYNOPSIS:

As part of the Federal Aviation Administration (FAA) approved environmental checklist (revision 3) dated April 1, 2004, road improvements were required to mitigate the traffic impacts of the development of the consolidated Rental Car Facility (RCF). The road improvements included an additional southbound lane on International Blvd., realignment of the westbound SR-518 off-ramp to International Blvd., an additional westbound lane on South 160th Street, realignment of Host Rd., a new on-ramp from South 160th Street to eastbound SR-518, and associated traffic signal, roadway illumination, and channelization improvements. The value of the improvements and real property being transferred is estimated at \$19,484,500 (see Exhibit A). The cost of the roadway improvements to be transferred is included within the RCF budget.

BACKGROUND:

An integral component of the RCF program is the Off-Site Roadway Improvements (ORI) project, which is constructing the road improvements required to mitigation the traffic impacts of

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the RCF. These roadway improvements are located on roadways owned and maintained by the City of SeaTac, the State of Washington, and the Port of Seattle and include the following:

- State Route 518 off-ramp to southbound International Blvd.: realignment of this ramp in order to provide additional capacity and to support the widening of International Blvd.
- International Blvd.: the construction of an additional southbound lane from the State Route 518 off-ramp to just north of S. 160th St. Improvements include roadway widening, bridge widening, bridge seismic, sidewalks, utility relocation, storm drainage, street trees, illumination, signage and channelization. In addition, intersection and signal improvements will be completed at the S. 160th St. and eastbound State Route 518 On-Ramp intersections.
- S. 160th St.: the construction of an additional westbound lane from International Blvd. to the new State Route 518 on-ramp. Improvements include roadway widening, retaining walls, sidewalks, driveway consolidation, utility relocation, storm drainage, landscaping, illumination, signage and channelization. The utility relocation included the relocation of an existing Seattle City Light power vault, ductbank, and associated handholes. In addition, intersection and signal improvements will be completed at the bus entrance to the Consolidated Rental Car Facility and the new State Route 518 on-ramp.
- Host Road: the relocation of Host Road so that it is aligned with the new State Route 518 on-ramp and completes the intersection. Improvements include roadway relocation, retaining walls, sidewalks, driveway relocation, utility relocation, storm drainage, landscaping, illumination, signage and channelization.
- On-ramp to eastbound State Route 518: the construction of a new on-ramp from S. 160th St. to eastbound State Route 518. Improvements include roadway construction, retaining walls, utility protection, storm drainage, landscaping, illumination, ramp metering, signage and channelization.

The construction of the RCF and ORI projects is nearing completion. At the end of construction, title to the road improvements, utility improvements and underlying real property needs to be transferred to the City of SeaTac, the State of Washington and the City of Seattle. Transferring ownership of the property and improvements will complete the Port's obligation to mitigate traffic impacts and allow the City of SeaTac, the State of Washington, and the City of Seattle to assume maintenance obligations of these improvements.

The Port purchased the property on South 160th St in the late 1960s and early 1970s. The property on International Blvd. was specifically purchased for the development of the RCF.

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FINANCIAL IMPLICATIONS:

For accounting purposes the property being conveyed was valued by appraisal as of October 20, 2011. The property value is:

City of SeaTac -	36,822 square feet	Value- \$1,400,000 (\$38.00/sqft)
State of Washington -	1,171 square feet	Value- \$ 44,500 (\$38.00/sqft)
Total -		\$1,444,500

In addition, based upon the anticipated project costs for the ORI project, the estimated value of the improvements being conveyed is:

City of SeaTac	\$ 6,600,000
State of Washington	\$10,700,000
City of Seattle	<u>\$ 740,000</u>
Total	\$18,040,000

Total value of property and improvements \$19,484,500

In previous budget presentations relating to the RCF program, the costs of the ORI project have been included in the total capital cost of the program. These costs have been previously authorized. While there is no change to the budgeted costs or the funding plan of the RCF program, the accounting will change. For accounting purposes, the original costs of the property, both land and the ORI project improvements being conveyed to City of SeaTac, State of Washington, City of Seattle, and Seattle City Light will be removed from the Port's capital asset balance and accounted for as public expense (a non-operating expense) upon completion of the ownership transfers in 2012.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Exhibit A - Resolution No. 3657

PREVIOUS COMMISSION ACTION:

The following list of previous Commission actions include only those related to the ORI project and the property acquisition effort to support the RCF.

- On September 12, 2000, the Port Commission authorized \$300,000 for the completion of the due diligence process for property acquisition to support the RCF.
- On September 13, 2001, the Port Commission authorized \$267,600 for the acquisition of certain real property (Victor DiPietro – 15601 Pacific Highway South, SeaTac, WA and Gurmit and Mohinder Gill – 15845-15847 International Boulevard, SeaTac, WA) to support the RCF.

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- On January 22, 2002, the Port Commission authorized \$80,000 for relocation assistance for the owners and tenants of real properties recently acquired by the Port (Victor DiPietro – 15601 Pacific Highway South, SeaTac, WA and Gurmit and Mohinder Gill – 15845-15847 International Boulevard, SeaTac, WA) in support of the RCF.
- On February 4, 2004, the Port Commission authorized \$200,000 for the due diligence process for property acquisition to support the RCF.
- On October 12, 2004, the Port Commission authorized \$450,000 for the acquisition of certain real property (Jack E. Nichols – 3061 S. 158th Street, SeaTac, WA) to support the RCF.
- On November 9, 2004, the Port Commission authorized \$18,675,000 for the completion of facility design for the RCF program, and for procurement of a General Contractor/Construction Manager for the delivery of the project.
- On December 9, 2004, the Port Commission authorized \$4,516,000 for the acquisition of certain real property (S. Michael Rodgers – 15636 and 15653 International Boulevard South, SeaTac, WA) to support the RCF.
- On June 28, 2005, the Port Commission authorized \$1,060,000 for relocation assistance for the owners and tenants of real properties recently acquired by the Port (Jack E. Nichols – 3061 South 158th Street, SeaTac, WA and S. Michael Rodgers – 15636 and 15653 International Boulevard South, SeaTac, WA) in support of the RCF.
- On February 14, 2006, the Port Commission authorized \$2,600,000 for the acquisition of certain real property (James Cassan – 15823, 15833 and 15835 International Boulevard South, SeaTac, WA) in support of the RCF.
- On February 28, 2006, the Port Commission passed Resolution No. 3561 for the acquisition by purchase and/or condemnation of certain real property (James Cassan – 15823, 15833 and 15835 International Boulevard South, SeaTac, WA) in support of the RCF.
- On February 27, 2007, the Port Commission authorized \$9,210,183, including \$6,460,183 in additional design funding for the RCF program and \$2,750,000 for preconstruction services and for demolition of buildings on the RCF site.
- On May 31, 2007, the Port Commission authorized \$355,000 for relocation assistance for the owners and tenants of real properties recently acquired by the Port (James Cassan – 15823, 15833 and 15835 International Boulevard South, SeaTac, WA) to support the RCF.
- On May 13, 2008, the Port Commission authorized 1) \$3,574,300 in additional design funds for the RCF program, 2) the award of the General Contractor/Construction Manager contract to Turner Construction Company and \$286,500,000 for the construction of the RCF, and 3) the execution of a change order in the amount of \$1,606,710 for additional construction staff and logistics facilities.
- On November 11, 2008, the Port Commission authorized \$552,000 for the ORI project for design and advance utility relocations.

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- On June 9, 2009, the Port Commission passed Resolution 3617 which 1) exchanged Port surplus property for WSDOT property, and 2) authorized a long-term ground lease in the vicinity of the Tyee Valley Golf Course.
- On June 30, 2009, the Port Commission 1) lifted the suspension and restarted the entire RCF program, 2) authorized \$591,670 in additional design funds for the Bus Maintenance Facility and ORI projects, 3) authorized \$27,826,000 in additional construction funds for the Consolidated Rental Car Facility, 4) authorized multiple change orders for a not to exceed value of \$16,800,000 and up to 260 calendar days for the construction of the RCF, and 5) revised the Commission notification requirements for change orders for the RCF.
- On July 28, 2009, the Port Commission authorized the purchase of a portion of private roadway owned by Washington Memorial Park for \$300,000.
- On December 15, 2009, the Port of Seattle Commission authorized the Chief Executive Officer to execute and award outside professional services agreements, to prepare and execute outside utility agreements and easements, to perform contract administration, to advertise for bids, and to execute a construction contract for the ORI project as part of the RCF program at Seattle-Tacoma International Airport (Airport) in the amount of \$16,334,400 bringing the total RCF program authorization to \$390,705,746; and to enter into contracts currently estimated at \$17,534,400 for the construction of this project incorporating WSDOT's bridge seismic improvements.
- On February 7, 2012, the Port Commission held a public hearing on this property conveyance and approved First Reading of Resolution No. 3657.