

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5c

ACTION ITEM

Date of Meeting June 26, 2012

DATE: June 19, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Melinda Miller, Director Portfolio and Asset Management
Sean Sullivan, Real Estate Manager

SUBJECT: Pipeline Easement with Northwest Pipeline GP across the Eastside Rail Corridor Railroad Right-of-Way in Snohomish County.

Net Proceeds to the Port: \$2,500.00

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute a Pipeline Easement with Northwest Pipeline GP across the Eastside Rail Corridor Right-of-Way in Snohomish County to accommodate the installation and maintenance of an underground natural gas pipeline crossing the Eastside Rail Corridor Railroad Right of Way near railroad Milepost 32.27, near Maltby in Snohomish County, Washington. The Port will receive \$2,500.00 for the easement rights granted.

SYNOPSIS:

Commission authorization is requested for the Chief Executive Officer to execute a Pipeline Easement with Northwest Pipeline GP to accommodate the installation and maintenance of an underground natural gas pipeline 59 feet underground crossing the Eastside Rail Corridor Right-of-Way (ROW) near railroad Milepost 32.27, near Maltby, Snohomish County, Washington. The compensation for the Pipeline Easement was based on an appraisal with an appropriate discount for the type and depth of the easement.

BACKGROUND:

Upon acquisition of the Eastside Rail Corridor ROW in December 2009, the Port of Seattle assumed responsibility to oversee, maintain, preserve and protect the real estate rights and the rail banking obligations established within the ROW, which includes existing construction and maintenance agreements, permits, licenses and easements. The Port's roles in its ownership of the corridor includes addressing any and all requests for new third party rights and interests in the Port ROW, while ensuring that any use of the ROW does not infringe upon the Port's current and future uses.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

June 20, 2012

Page 2 of 2

On May 18, 2011, the Port received an Application for a Pipe Line Crossing from Northwest Pipeline GP related to the installation and maintenance of an underground natural gas pipeline crossing the Port's Eastside Rail Corridor ROW near Maltby in Snohomish County. The Port Legal Department determined that an easement would be required to accommodate this request.

Northwest Pipeline GP currently has crossing rights under an existing "Irrigation Canal, Drainage Canal, Water Pipe or Sewer Pipe Permit" which was acquired by the Port through the purchase of the corridor. That agreement provides for two existing natural gas lines: one 8-inch line and one 16-inch line situated approximately 18 feet north of the proposed easement. The pipeline related to this new easement will replace the existing 8-inch line with a 20-inch diameter steel pipeline. The pipeline will be directionally bored approximately 59 feet below the rails. Little or no other access to the ROW will be required and the underground boring activity will not impact surface operations. Once the project is complete, the Port will require the former 8-inch line to be abandoned in place, based on Port engineering recommendations former Permit will be terminated as to this abandoned line.

Port staff has completed due diligence and obtained and reviewed all relevant documentation relating to the proposed pipeline crossing. The Port's Engineering Department has determined that the request conforms to our utility accommodation guidelines. Additionally, the Pipeline Easement has been prepared by the Port's Legal Department and reviewed by both the Environmental and Risk Management Departments.

In considering the Pipeline Easement, Port staff has reviewed the installation and maintenance of the natural gas pipeline with the interest of safety, rail worker protection, current freight operations and future uses of this section of the ROW in mind. Consideration was given to allow for the continued accommodation of adequate utility installations proposed by public and private utility services.

Compensation for the Pipeline Easement was established by a current appraisal of the ROW at the location of the easement. Using a typical gas main easement width of 20 feet and reflecting the fact that the pipeline is subterranean, an appropriate discount from the fee simple value as established by the Consulting Report previously obtained by the Port was applied. Based on these calculations, compensation for the easement was set at our requested minimum of \$2,500.00.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- Pipeline Easement (drafted and fully negotiated)
- Map of Proposed Easement Location

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

No previous actions or briefings.