

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

ACTION ITEM

Date of Meeting August 14, 2012

DATE: August 6, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Joe McWilliams, Managing Director, Real Estate Division

SUBJECT: Second Reading and Final Passage of Resolution No. 3662 declaring certain real property and improvements located in King County (portions of the Woodinville Subdivision, aka Eastside Rail Corridor) surplus and authorizing granting an easement over a portion of the freight section of the Woodinville Subdivision

Net Proceeds to the Port: \$15,000,000 minus 50% of the closing costs and a \$1,900,000 credit to King County for the previous acquisition of an easement over the property to be transferred

ACTION REQUESTED:

Second Reading and Final Passage of Resolution No. 3662: A Resolution of the Port Commission of the Port of Seattle declaring certain real property located in King County (portions of the Woodinville Subdivision) and any improvements located thereon surplus and no longer needed for Port purposes, authorizing its transfer to King County and authorizing the Chief Executive Officer to execute all documents related to such transfer; and further authorizing the Chief Executive Officer to execute a permanent easement granting King County easement rights over a portion of the Port's freight section of the Woodinville Subdivision for future recreational trail uses. The Port will receive \$15,000,000 (minus 50 percent of closing costs and a \$1,900,000 credit to King County for the previous acquisition of an easement over the property to be transferred.

SYNOPSIS:

Commission authorization is requested to proceed with the sale of portions of the Woodinville Subdivision to King County and the grant of a permanent easement over a portion of the Port's freight section of the Woodinville Subdivision. This request is consistent with the regional transaction between the Port, Redmond, King County, Sound Transit, Cascade Water Alliance, and Puget Sound Energy ("Regional Partners") to share in the costs of the acquisition of the Woodinville Subdivision rail corridor.

BACKGROUND:

The Port acquired the Woodinville Subdivision on December 18, 2009, from BNSF Railway. Prior to finalizing the acquisition, the Port, the City of Redmond, King County, Sound Transit, Cascade Water Alliance, and Puget Sound Energy ("Regional Partners") agreed that they all had an interest in obtaining

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rights to use the Woodinville Subdivision and share in the cost of acquiring it for public ownership. This agreement was memorialized in a Memorandum of Understanding dated November 11, 2009. On February 23, 2010, the Commission authorized a Memorandum of Understanding between the Regional Partners regarding the appraisal of the Woodinville Subdivision. On June 30, 2010, the City of Redmond acquired the city limits portion of the Woodinville Subdivision. On December 20, 2010, Puget Sound Energy acquired an easement over both the freight and railbanked portions of the Woodinville Subdivision. On April 11, 2012, Sound Transit acquired (i) a portion of the Woodinville Subdivision located within the City of Bellevue and (ii) a permanent high capacity transportation easement over the railbanked portion of the Woodinville Subdivision. On April 13, 2012, the City of Kirkland acquired that portion of the Woodinville Subdivision within the City of Kirkland and a portion within the City of Bellevue for trail and transportation uses.

RESOLUTION NO. 3662:

Resolution No. 3662 provides that certain real property located in King County (portions of the Woodinville Subdivision) and any improvements located thereon is no longer needed for Port purposes, declares it surplus to Port needs, authorizes its sale to King County and delegates to the Port's Chief Executive Officer the authority to execute all documents necessary to complete the sale of the property. The Resolution further authorizes the grant of a permanent easement to King County over a portion of the freight section of the Woodinville Subdivision.

SCOPE OF PURCHASE AND SALE AGREEMENT:

Anticipated Closing Date: October 31, 2012

Sale Price: \$15,000,000, including the permanent easement – The County will receive a credit of \$1,900,000, which represents the amount the County paid to the Port for acquisition of the Public Multipurpose Easement in December 2009.

Terms of Payment: The County will pay the sale price within three years after the Port transfers the property. In lieu of paying all or a portion of the sale price, the County may convey other real property to the Port. The County will pay interest to the Port on any portion of the sale price that remains unpaid from the time it acquires the Woodinville Subdivision until the sale price is paid in full. The purchase and sale agreement will include a list of the properties that the County may convey in lieu of the sale price.

Closing Costs (estimate): \$5,000-\$10,000

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OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Resolution No. 3662.

Exhibit A to Resolution No. 3662.

Exhibit B to Resolution No. 3662.

Purchase and Sale Agreement.

PREVIOUS COMMISSION ACTIONS AND BRIEFINGS:

- November 5, 2009, Port Commission authorized execution of a Memorandum of Understanding between the Port and the Regional Partners Regarding Acquisition of the Woodinville Subdivision.
- February 23, 2010, Port Commission authorized a Memorandum of Understanding between the Regional Partners Regarding Joint Appraisal of the Woodinville Subdivision.
- June 22, 2010, Port Commission authorized the sale of the Redmond city portion of the Woodinville Subdivision to the City of Redmond.
- December 7, 2010, Port Commission authorized the sale of easement rights on the freight and railbanked portions of the Woodinville Subdivision to Puget Sound Energy.
- May 24, 2011, Port Commission authorized the sale of approximately one mile of the Woodinville Subdivision within the City of Bellevue to Sound Transit and further authorized the grant of a permanent easement to Sound Transit over the Port's railbanked portion of the Woodinville Subdivision.
- December 13, 2011, Port Commission authorized the Chief Executive Office to execute a Purchase and Sale Agreement between the Port of Seattle and City of Kirkland for a portion of the Woodinville Subdivision.
- May 1, 2012, Port Commission indefinitely postponed consideration of Resolution No. 3662 prior to First Reading.
- May 22, 2012, Port Commission passes first reading of Resolution No. 3662.
- June 26, 2012, Port Commission indefinitely postponed consideration of Resolution No. 3662 prior to Second Reading.