



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6c

ACTION ITEM

Date of Meeting May 8, 2018

DATE: April 30, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Jeffrey Utterback, Director, Real Estate and Economic Development
Dave McFadden, Managing Director, Economic Development

SUBJECT: Interlocal Agreement (“ILA”) between the Port of Seattle and the City of Burien for the on-going redevelopment of the Northeast Development Area (“NERA”) properties.

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute an Interlocal Agreement (“ILA”) between the Port of Seattle and the City of Burien for the purpose of exchanging easements and other property rights to provide for the completion of road improvements, and the lengthening and relocation of Miller Creek to benefit the final stages of the redevelopment of the Northeast Development Area (“NERA”) properties.

EXECUTIVE SUMMARY

The Port of Seattle and the City of Burien jointly prepared a redevelopment strategy for the NERA in April of 2010. In 2014, the Port and the City entered into an interlocal agreement regarding real estate items required to accelerate development in the NERA properties. Once the Port contracted with private developers for the redevelopment of its NERA properties, the City and the Port identified additional real estate transactions necessary to facilitate the redevelopment. Related improvements will include roadway, stream and environmental protections, and overall safer transportation accessibility.

The Port entered into a long-term ground lease for a portion of NERA in November 2016 with a private developer. This investment, along with similar investments on nearby former City owned property, is now nearing completion. As part of the developments, the Port and the City of Burien have concluded that road improvements to improve commercial truck access and pedestrian safety along S. 144th Way are necessary. These improvements will further impact the nearby Miller Creek, necessitating a partial relocation and lengthening to improve riparian and fish habitat conditions.

For successful completion of these improvements and as a benefit to the redeveloped Port properties, the Port and the City have agreed on an exchange of property interests, including land transfer and easements.

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JUSTIFICATION

The ILA details the various activities the Port and City are working on that are intended to benefit the NERA redevelopment. The proposed ILA is intended to be a comprehensive and cohesive package of elements for mutual value to both the Port and the City, and a further commitment to successful partnership, providing predictability and consistency for activities between the Port and the City.

DETAILS

The City of Burien has previously designated an approximately 158-acre area located northwest of the Sea-Tac Airport as its Northeast Development Area (NERA). NERA is a key focus area in the City's overall economic development strategy and includes about 55-acres of Port-owned property. Most of the Port's property is comprised of former home sites, or "noise property," acquired under the Federal Aviation Administration's (FAA) Part 150 regulations. Non-residential properties that were acquired to ensure viable development comprise the balance of the Port's holdings in the NERA. FAA regulations require that the Port's noise property be converted to airport compatible use and disposed of (leased or sold) in accordance with FAA guidelines.

The Port and City prepared a conceptual redevelopment plan for the NERA in April, 2010 (NERA Plan). The Port, via long term ground leases with private industrial land developers, has successfully pursued development of light industrial facilities on the northern portion of the NERA that supports air cargo growth to help achieve the Port's Century Agenda goals and strategy to "position the Puget Sound region as a premier international logistics hub." This work also supports the Port's goal to increase non-aeronautical revenues and living wage jobs.

The use of an ILA recognizes that the Port and the City have a unique relationship and both Parties' benefit from partnership, transparency and collaboration around the operation of the NERA.

Scope of Work

Consistent with the Interlocal Cooperation Act, Chapter 39.34 RCW, the City and the Port agree to undertake and complete the following separate, but related, activities:

Roadway Improvements:

- City will construct the S. 144th Way Roadway Improvement Project as designed under the Pilot Program. The City is the fee simple owner of 13,854 SF that will transferred to the Port by quit claim deed in exchange for the Port easements required by the City in order to complete the road works and realignment.
- Port is the fee simple owner 7,847 SF and will grant the City permanent street use easement and slope easement necessary to complete the road work and realignment.

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The City and the Port agree that the City's conveyance by deed of 13,854 SF of real property to the Port constitutes adequate consideration for the Port's conveyance to the City of a street use easement totaling 7,847 SF, a slope easement totaling 12,370 SF, a reduction to an existing trail easement of 1,342 SF, and the Port's conveyance to the City of a temporary construction easement totaling of 253,509 SF. The City and the Port agree that the benefits to each from the conveyances by the other are equivalent and therefore constitute adequate consideration.

Transfer of City Property to the Port:

Upon completion of the roadway improvements, the City will convey to the Port by quit claim deed the 13,854 SF of property. The City will reserve the following easements in its conveyance to the Port:

- Slope Easement for the City
- Utility Easement for Seattle City Light, Verizon, and Comcast
- Trail Easement allowing for future re-alignment of the existing trail
- Temporary Construction Easement allowing for the construction of the Stream Improvements. The stream in its future configuration may not require a permanent easement in favor of the City. In the event it does, the Parties commit to entering into such easement at a later date.

Easements provided by the Port to the City:

In addition to the street use easements, the Port will grant the following easements to the City for construction activities:

Temporary Construction Easement

- revising connections to Stormwater Facility #4
- stream re-channelization/floodplain construction
- grading and restoration adjacent to stream re-channelization and road construction
- contractor staging areas for both the stream re-channelization and road construction, and for possible adjustment of the location of utilities

Trail Easement

- Easement in favor of the City for 155 SF.
- There is currently recorded on Port property in favor of the City an easement 2,285 SF.
- Upon completion of Stream Improvements, the Port will remove the 2,285 SF from the easement, and grant a trail easement to the City on a revised area of 788 SF.

Beyond the easements provided by the Port, there are no financial implications to the Port related to these agreements.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not enter into the ILA with the City of Burien.

Pros:

- (1) Allows the Port to retain the land areas scheduled for future permanent easements.

Cons:

- (1) This approach would not allow the future road improvements being proposed to proceed, negatively impacting the developments.
- (2) Would not allow for the realignment of Miller Creek, likely causing negative impacts to this sensitive environmental restoration project.
- (3) Impact our relationship with the City of Burien and not complete our previous obligations for the development of NERA.

This is not the recommended alternative.

Alternative 2 – Execute the ILA with the City of Burien.

Pros:

- (1) Improve overall access to the property within NERA.
- (2) Improve safety measures surrounding the site for truck and pedestrian traffic.
- (3) Improve stream and other environmental protections.
- (4) Follow through on Port obligations agreed to as part of the NERA Redevelopment.

Cons:

- (1) Negative impact on existing Port property by providing permanent easements.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- Exhibit “A” – NERA ILA 04132018 FINAL (with the City of Burien)
- PowerPoint presentation; NERA ILA Presentation 04202018

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- 12/03/2013 Burien ILA Briefing
- 12/10/2013 Burien ILA Agreement.