



**COMMISSION
AGENDA MEMORANDUM**

Item No. 10a

ACTION ITEM

Date of Meeting May 10, 2022

DATE: March 29, 2022
TO: Stephen P. Metruck, Executive Director
FROM: Jeff Moken, Interim Director Aviation and Business Properties
Steve Kennard, Property Manager

SUBJECT: Introduction of Resolution No. 3802: surplus of remnant parcels

ACTION REQUESTED

Introduction of Resolution No. 3802: A Resolution of the Port of Seattle to amend Unit 18 of the Comprehensive Scheme of Harbor Improvements of the Port of Seattle by: (i) declaring certain real property surplus and no longer needed for Port district purposes; (ii) deleting said property, following a public hearing in accordance with law, from Unit 18 of the Comprehensive Scheme; and (iii) authorizing the Executive Director to take all necessary steps and execute all documents for the sale of such real property to Bridge Point SeaTac 300, LLC

EXECUTIVE SUMMARY

The proposed sale of real property to Bridge Point SeaTac 300, LLC ("Bridge") consists of remnants of four parcels comprising approximately one acre (the "Remnant Parcels"), together with certain street right of way areas adjacent thereto (the "Right of Way Areas"), all located in the City of SeaTac, King County (collectively, the "Property"). This is a briefing for a surplus action and a request for conveyance of the Property by the Port to Bridge.

The Remnant Parcels were acquired by the Port as part of a larger acquisition in the 1970's using FAA funds to mitigate noise impacts on residential property. Most of the acquired properties were conveyed to WSDOT in 2009 for development of the SR 509 extension. WSDOT declined to purchase Port property with parcel boundaries intact and instead purchased only the minimum land area needed for constructing SR 509 thereby creating the Remnant Parcels.

In connection with development of its property, Bridge has sought to quiet title to certain adjacent street right of way areas adjacent to its development site property, including bringing a quiet title action in King County Superior Court, naming the Port as defendant, for the Right of Way Areas.

In addition, WSDOT and Bridge are working on a grading plan to install an engineered slope to resolve elevation differences between the height of the future SR 509 roadbed and Bridge's development site.

May 10, 2022

The Remnant Parcels are required for the siting of this slope. The Port has not identified an aviation related use for the Remnant Parcels.

In order to address Bridge's need for the Remnant Properties and to resolve the quiet title action, Bridge and the Port propose to enter into a transaction under which Bridge will purchase from the Port, for appraised market value, the Property, including the Port's interest in the Right of Way Areas.

In connection with this proposed transaction, Port and Bridge are currently negotiating a purchase and sale agreement, pursuant to which Bridge would purchase the Property for appraised fair market value, and would also grant the Port avigation easements on Bridge Point's development site property, contingent upon the parties obtaining a stipulated order of judgment from the court to legally establish Bridge and the Port's respective ownership of portions of the Right of Way Areas and to finally resolve the Port's involvement in the quiet title action. Staff seeks Commission authorization to complete this proposed purchase and sale transaction, including final negotiation and execution of the purchase and sale agreement between the Port and Bridge.

In order to complete the proposed purchase and sale of the Property, authorization is requested for the Commission to declare, by resolution, that the Property is surplus and no longer needed for Port purposes, and also authorize completion of the sale of the Property to Bridge.

The May 10, 2022 Commission Meeting consists of the first reading of Resolution 3802. Before the Commission takes final action on Resolution 3802, the Port must conduct a public hearing with published notice as required by law. Accordingly, as part of the May 24, 2022 Commission Meeting, for the second reading of Resolution 3802, the Port will conduct a public hearing, with public notice as required by law, to consider whether the Property should be declared no longer needed for port district purposes and surplus to Port needs and the proposed sale of the Property to Bridge.

JUSTIFICATION

Disposal of the Property will reduce the Port's liability and maintenance costs. The Remnant Parcels are landlocked, are a maintenance burden to the Port, and do not support airport operations.

Disposal of the Remnant Parcels will support economic development in the City of SeaTac. Bridge has purchased an unused, fire-damaged school building site adjacent to the Remnant Parcels along with a number of smaller properties and plans to develop a commercial warehouse property on this assemblage. The Bridge project is supported by the City of SeaTac and is expected to increase warehouse

May 10, 2022

and logistics capacity near the airport and reduce unauthorized occupancy of vacant land near Port property.

Disposal of the Remnant Parcels supports the construction of SR 509. WSDOT has identified access to the Remnant Parcels as a requirement for the installation of permanent slope changes for both the SR 509 project and the Bridge's adjacent warehouse development.

As part of the proposed transaction, the Port will receive aviation easements on the Property; will obtain additional aviation easements on other properties in the Bridge development assemblage; and will resolve the quiet title action and ownership of the Right of Way Areas. The Port has obtained an appraisal of the Property and agrees that the valuation is consistent with fair market value.

Scope of Work

Execute conveyance documents.

Schedule

Q2 2022

ALTERNATIVES AND IMPLICATIONS CONSIDERED

The Port's alternative is to refuse to sell the Remnant Parcels. In this scenario the Port will have a perpetual obligation to maintain vacant land that is not suitable for airport use and the Port will have to take legal action to obtain access to the Parcels.

FINANCIAL IMPLICATIONS

The Port will receive market value for the property sold. Funds received through this transaction are anticipated to be reinvested back into the Port's noise mitigation programs.

Area	Square Footage*	Valuation**
Parcel# 768620-0620	17,300	\$276,800
Parcel# 768620-0560	900	\$14,400
Parcel# 768620-0980	4,200	\$67,200
Parcel# 768620-1520	11,200	\$179,200
Total	33,600	\$537,600

* Square footages and valuations may be increased incrementally by the addition of portions of adjacent abandoned City of SeaTac rights of way.

** All values have been reviewed and approved by Port appraiser.

ATTACHMENTS TO THIS REQUEST

- (1) Property Surplus Resolution No. 3802
- (2) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- Resolution 3617, June 9, 2009 WSDOT Land Swap
- Commission Item 6f, June 2, 2009 WSDOT Land Swap