

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 7a
Date of Meeting June 14, 2005

DATE: June 9, 2005

TO: M. R. Dinsmore, Chief Executive Officer

FROM: Michael Kriston, Manager, Seaport Property Management

SUBJECT: Resolution No. 3543, First Reading. Declaring Certain Real Property Surplus (a Portion of Lot 10, Block 100, Gilman’s Addition to the City of Seattle) and No Longer Needed for Port District Purposes and Authorizing the Managing Director, Seaport Division to Execute All Documents Necessary for Its Sale to the City of Seattle.

BACKGROUND

The Port of Seattle (the “Port”) owns a small parcel of land legally described as a portion of Lot 10, Block 100, Gilman’s Addition to the City of Seattle (“Lot 10”). Lot 10 lies between the east boundary of Fishermen’s Terminal, west of 15th Avenue N.W. and south of the ship canal (see attached map).

The Port acquired this property from the Oregon and Washington Railroad Company in 1939. The water main for Fishermen’s Terminal passes through Lot 10. In 1959, the City of Seattle (the “City”) condemned a portion of Lot 10, subject to an easement allowing the Port to maintain its water main, for the purpose of widening 15th Avenue N.W. and to build the bridges and approaches needed for the West Emerson and Dravus Street interchanges with 15th Avenue.

Lot 10 is a small vacant parcel containing 1,300 square feet of land. This lot is situated on a hillside that fronts the on-ramp for 15th Avenue N.W. At present, Lot 10 has no access and is undevelopable because of its size.

The Port has received a written offer from the City to purchase, in lieu of condemnation, Lot 10 for the sum of \$12,000. The City desires to acquire Lot 10 to complete its South Ship Canal Trail – Phase II project.

When completed, Phase II of the Ship Canal Trail will extend the public trail and bike path from its current terminus at 6th Avenue West to West Emerson Street. The trail will largely follow the Burlington Northern Santa Fe right-of-way and provide a bypass to the Emerson Street/Ballard Bridge interchange, allowing bicyclists, pedestrians and other non-motorized trail users to travel safely between Queen Anne and Magnolia.

On a larger scale, completion of this segment of the trail eliminates a critical missing link in Seattle’s Urban Trails System, and will now make it possible for bicyclists to travel from as far as Redmond to downtown Seattle almost entirely on trails. The trail will also improve access to Fishermen’s Terminal, which is adjacent to the Emerson Street Bike Path and which starts where the Ship Canal Trail terminates under the Emerson Viaduct.

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Lot 10 was appraised by the City. The City's appraisal has been reviewed by an independent appraiser hired by the Port. The Port's appraiser agrees with the value of Lot 10 as established by the City appraisal. The Port will reserve an easement for its water main.

STRATEGIC OBJECTIVES

N/A

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION

Alternative #1: Sell Lot 10 to City.

The sale of Lot 10 will allow the City to complete its South Ship Canal Trail – Phase II Project. Completion of the Phase II Project will eliminate a critical missing link in Seattle's Urban Trails System. Lot 10 has no strategic value to the Port. It cannot be developed because of its size. The Port will retain an easement on Lot 10 for its water main. **This is the recommended alternative.**

Alternative #2: Do not sell Lot 10 to City.

This alternative was rejected because Lot 10 has no strategic value to the Port. It cannot be developed because of its size. The Port will retain an easement on Lot 10 for its water main.

The City wants to purchase Lot 10 to complete its urban trail near Fishermen's Terminal and could use its power to condemn if the Port rejected its offer to purchase.

FINANCIAL IMPLICATIONS

All costs associated with the sale of Lot 10 to the City will be paid by the City. The City will also reimburse the Port up to \$750.00 for the cost of the appraisal review which will cost the Port approximately \$800.00. There will be a \$12,000.00 gain on sale.

Budget/Authorization Summary

Original Budget	N/A
Budget Transfers	N/A
Revised Budget	N/A
Previous Authorizations	N/A
Current request for authorization	N/A
Total Authorizations, including this request	N/A
Remaining budget to be authorized	N/A

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Project Cost Breakdown

Construction costs	N/A
Sales tax	N/A
Outside professional services (Appraisal Review)	\$800.00 (est.)/Net \$50.00 after reimbursement.
Other	N/A
Total	\$800.00

Source of Funds

CIP N/A

Budget Status N/A

Funding N/A

Financial Analysis Summary

CIP Category	N/A
Project Type	N/A
Risk adjusted Discount rate	N/A
Key risk factors	N/A
Project cost for analysis	N/A
Business Unit (BU)	Property Mgmt.
Effect on business performance	Non operating gain on sale of \$12,000.00
IRR/NPV	N/A
CPE Impact	N/A

ECONOMIC IMPACTS

N/A

ENVIRONMENTAL/COMMUNITY BENEFITS

The Port's sale of Lot 10 to the City will allow the City to complete a critical missing link in Seattle's Urban Trails System.

TRIPLE BOTTOM LINE SUMMARY

N/A

PROJECT SCHEDULE

It is anticipated that the sale of Lot 10 to the City can be closed by July 30, 2005.

REQUESTED ACTION

Resolution No. 3543, First Reading.