

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2002-23

DuPont Park-and-Ride Lot Purchase and Sale Agreement

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	3/7/02	Discussion/Possible Action	Agnes Govern, Director, Regional Express Jim Edwards, Program Manager, Capital Projects, Regional Express Barry Hennelly, Project Manager, Capital Projects, Regional Express Don Vogt, Sr. Real Estate Representative, Real Estate	206-398-5037 206-398-5436 206-689-4925 206-689-3396

OBJECTIVE OF ACTION

- To authorize the Executive Director to execute a purchase and sale agreement with Northwest Landing and Quadrant Corporation for the purchase of a fully operational DuPont Park-and-Ride Lot facility for the amount of \$3,900,000 with a contingency of \$350,000 for a total amount not to exceed \$4,250,000.

ACTION

- Authorizes the Executive Director to enter into a purchase and sale agreement with Weyerhaeuser Real Estate Company (Northwest Landing and Quadrant Corporation) for the purchase of the fully operational DuPont Park-and-Ride Lot Facility.

KEY FEATURES

Highlights of Action:

- Describes approach taken to develop an agreement with Northwest Landing and Quadrant Corporation for the purchase of a fully operational, turnkey DuPont Park-and-Ride Lot facility.
- Would accelerate the acquisition and development of the park-and-ride lot facility as laid out in Sound Move, while saving the Agency and the Pierce County sub-area up to \$2.2 million.
- Describes results of negotiations between Sound Transit and Northwest Landing and Quadrant Corporation.
- Takes advantage of a window of opportunity to acquire an important site uniquely situated in the DuPont area, which would provide significant benefits to the regional transit network.
- Provides for future expansion of the Commuter Rail system.

BUDGET

The following table shows the available budget as it relates to expenditures, commitments and the impact of this action.

Column A	Column B	Column C	Column D	Column E
Total Project Budget	Budget for ROW and Construction	Obligated To Date for ROW and Construction	Total Amount Requested	Shortfall or Surplus (B-[C+D])
\$6,777,340	\$5,330,230	\$6,399	\$4,250,000	\$1,073,831

The budget amounts shown are based on the 2002 Adopted Budget. Obligated to date (column C) includes expenditures and commitments through January 31, 2002, excluding this action. The ROW and Construction phases of the project budget contain sufficient funds for this effort. Committing these funds does not endanger any other project elements that are to be funded out of the overall project.

Budget Discussion

The ROW and Construction phases of the project budget contain sufficient funds for this effort. Committing these funds does not endanger any other project elements that are to be funded out of the overall project. The current ROW and Construction phase budget is \$5.330 million. Executing this purchase and sale agreement saves approximately \$1.1 million from the 2002 adopted budget. The 2002 adopted budget of \$6.777 million remains unchanged from the 2001 budget.

Revenue, Subarea, and Financial Plan Impacts

The proposed action is consistent with the current board adopted budget and is affordable within the agency's current long-term financial plan and the subarea financial capacity. The Board is currently in the process of re-evaluating the Pierce Subarea affordability based on the proposed budget 2002 budget and initial 2002 Financial Plan. In order to achieve affordability after the tax revenue update for the Pierce Subarea, the Board adjusted the annual budget cash flows for the Sounder Track and Facilities projects.

As a result of adjusting the Pierce 2002 budget, the Board directed staff to perform an analysis of resources and program costs to determine what options are available to achieve an affordable finance plan and complete the series of projects approved in Sound Move. Preliminary results have indicated that the Pierce Subarea has several different options that include schedule adjustments and program deferrals. These options do not preclude the completion of this project. Finance Committee will be reviewing the Pierce Subarea in detail over the next several months preparing for the 2003 budget process.

The action will have no new revenue impacts on the agency. However, potential budget savings of \$1,100,000 from this action along with other potential project savings could be available for the Pierce subarea financial capacity once the project is completed and all costs have been accounted for.

**Prior Board or Committee Actions
and Relevant Board Policies**

Motion or Resolution Number	Summary of Action	Date of Action
Discussion Paper	Approval to negotiate a turnkey agreement with Northwest Landing for Design and Construction of the DuPont Park-and-Ride Lot.	10/6/00
Discussion Paper	Proposed Project Process for DuPont Park-and-Ride Lot.	9/3/99

In September of 1999, the Executive Committee endorsed the staff-recommended approach of soliciting letters of interest from property owners in the DuPont area with the intent of selecting a site for construction of a park-and-ride lot. Sound Transit in conjunction with a core group of representatives from the City of DuPont, Pierce Transit, InterCity Transit, and Fort Lewis developed siting criteria that were applied to various potential sites to determine which property owners would receive a letter of solicitation. As the site evaluation criteria were applied, it became clear to the core group that there was only one site that met the necessary criteria and was still available in an undeveloped condition. This site was a parcel owned by Northwest Landing, a subsidiary of Weyerhaeuser Corporation.

Northwest Landing representatives requested a briefing on the DuPont project and a meeting was set up for July 13, 2000. Sound Transit presented a preliminary site plan and identified the Northwest Landing property that was of interest. On July 26, 2000, Sound Transit received a letter from Northwest Landing indicating that they were interested in Sound Transit's proposed development. However, they were concerned about the timing and relationship of the park-and-ride lot project to their planned construction of Wilmington Drive and their master plan for developing Wilmington Station, a commercial development adjoining the proposed park-and ride lot parcel.

Northwest Landing proposed that their property could be made available to Sound Transit through a turnkey arrangement. As such, Northwest Landing would sell Sound Transit the property with the transit improvements already installed. Developing the park-and-ride lot with this arrangement would enable Northwest Landing to mitigate adverse impacts on its other projects, while still enabling Sound Transit to acquire this unique site with an operational transit facility installed at substantial savings.

Sound Transit then ascertained what the critical path elements of an agreement would be, and what would be required to carry out due diligence prior to completing the negotiation. Sound Transit created a schematic design to determine if the site was adequate for transit and possible commuter rail operations. In addition, the following efforts were undertaken:

- Phase I Environmental Site Assessment was conducted;
- Geotechnical evaluation was conducted;
- A construction cost estimate based on schematic design was developed;
- Appraisal of land value was prepared;
- Draft purchase-and-sale agreement was drafted; and
- A SEPA checklist was prepared.

The above-mentioned efforts allowed Sound Transit to prepare a detailed cost analysis. This cost analysis was used during the negotiating process, allowing Sound Transit to make informed decisions regarding price and satisfying due diligence requirements. The resulting price represents the fair market value of a transit facility delivered on this (specific) site. This research was carried out using contractors on an on-call consultant roster.

The true benefit of this procurement is reflected in the greatly reduced design and construction time schedule savings. The project will be delivered earlier than originally planned while saving the Agency and the Pierce County subarea up to \$2.1 million.

The completed transit facility purchased from Northwest Landing will consist of seven active bus bays surrounding a central platform and three additional bays that could be used for layover or passenger use. It will feature shelters, a driver aid station, and information kiosks. There will be 120 surface parking stalls available on opening day, with room for up to 190 additional parking stalls. Later development of a parking structure on the site, should the need arise, has already been (favorably) discussed with the City of DuPont. In addition, the eastern boundary of the site has 1000' of (straight) frontage on the BNSF rail line that runs north through Camp Murray, and the schematic plans consider a rail platform. The site is also immediately adjacent to I-5 (between Exits 118 and 119) on Wilmington Road, a major arterial.

The proposed 4.03-acre site has had no difficulty passing its Phase I environmental analysis. The SEPA checklist developed for this facility showed no adverse impacts to the surrounding community. Soil conditions at the site allow for year round construction.

The Board has been provided a copy of the SEPA checklist for its review and consideration. A Determination of Non Significance (DNS) will be issued on March 4, 2002, in compliance with SEPA based upon evaluation in the SEPA checklist. SEPA requires that Sound Transit not act on this project for 14 days from issuance of the DNS to allow for agencies, tribes, and the public to provide input. The motion therefore requires that the SEPA responsible official confirm that the SEPA process has been completed before the Executive Director can sign the purchase and sale agreement.

Weyerhaeuser believes that the transit facility is a keystone element in their plan for the City of DuPont. As such, they are willing developers/sellers of the proposed transit facility. Sound Transit is requesting that the Board approve acquisition of the completed transit facility with the understanding that this will be designed and constructed to currently accepted transit facility guidelines and standards. Sound Transit will be involved at key stages of design and construction of the project to ensure that the delivered facility is acceptable.

The approach being used is much the same as the one the Board approved for the acquisition of Union Station in its current, restored form. Sound Transit and Northwest Landing legal counsel has reviewed the purchase and sale agreement.

ALTERNATIVES

Sound Transit has negotiated the following purchase options for acquisition of a turnkey facility on the aforementioned 4.03-acre site with Weyerhaeuser/Quadrant:

- \$3.9 million for the (completed) facility if purchased by mid-December 2002;
- \$4.1 million for the (completed) facility if purchased by mid-June 2003; and
- Approximately \$2 million to purchase the land only.

The staff recommended purchase option is the \$3.9 million scenario, which allows the Pierce County subarea to accrue cost savings of up to \$2.2 million over this project's budgeted cost, with the savings going directly to the Pierce County subarea. The \$4.1 million scenario offers fewer savings to the Agency or sub-area, and the amount of time delay offered does not generate enough revenue savings to offset the additional project cost. The land-only option provides essentially no cost savings, but ties up sub-area capital dollars in property.

CONSEQUENCES OF DELAY

- The primary consequences of temporarily delaying the project delivery date for six months would be an increased project cost and a later opening date. The cost of the fully constructed, operational transit facility would be increased by approximately \$200,000. The seller is able, eager, and qualified to get their effort underway as soon as possible.
- A delay will not allow Sound Transit to implement bus service currently scheduled to begin operating from the facility in February 2003. This might leave the facility vacant for several months.
- Any substantial delay beyond the above-mentioned six months would seriously jeopardize the entire agreement. It is most likely that the agreement would be withdrawn and the property would immediately be marketed for an alternative commercial use.

REGIONAL PARTNERSHIP AND COOPERATION

- Sound Transit has worked in close coordination with a core group of representatives from the City of DuPont, Pierce Transit, InterCity Transit, and Fort Lewis to develop a set of evaluation criteria for site selection for the facility.
- This group supported the letter of interest approach used to determine if any properties were available for a turnkey facility.
- The group also worked together to develop a schematic design for the chosen site.

PUBLIC INVOLVEMENT

- Sound Transit will work with the City of DuPont to use available mailing lists and newsletters to provide the public with information about the proposed plan. Sound Transit will hold an open house to present the plan to the public in 2002.

LEGAL REVIEW

JW 02/21/02

SOUND TRANSIT

MOTION NO. M2002-23

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to enter into a purchase and sale agreement with Weyerhaeuser Real Estate Company (dba Northwest Landing) and Quadrant Corporation for the purchase of a fully operational and constructed DuPont Park-and-Ride Lot Facility, plus permitting of an additional 190 parking stalls, for the sum of \$3,900,000 after receiving confirmation from the SEPA responsible official that the SEPA process has been completed.

Background:

In September of 1999, the Executive Committee endorsed the staff-recommended approach of soliciting letters of interest from property owners in the DuPont area with the intent of selecting a property owner who would design and construct a fully operational park-and-ride lot in a turnkey delivery process for Sound Transit. Sound Transit worked with a core group of representatives from the City of DuPont, Pierce Transit, InterCity Transit, and Fort Lewis to develop siting criteria for the solicitation and to meet and review technical data produced by the consultant team. The core group determined that there was only one site that met the necessary criteria and provided the greatest benefit to Sound Transit and the region. This site was a parcel owned by Northwest Landing, a subsidiary of Weyerhaeuser Corporation.

Northwest Landing proposed that their property could be made available to Sound Transit through a turnkey arrangement. As such, Northwest Landing would sell Sound Transit the property with a fully operational transit center. Developing the park-and-ride lot with this arrangement would enable Northwest Landing to mitigate adverse impacts on its other projects, while still enabling Sound Transit to acquire this unique site in built condition while achieving substantial savings.

Staff has negotiated a purchase price for a completed facility on the 4.03-acre site of \$3,900,000 million with WRECO/Quadrant for the purchase and sale agreement. The true benefit of this procurement is reflected in the greatly reduced design and construction times and the substantial savings to both the project and sub-area budgets. The project is scheduled to be turned over to Sound Transit in December 2002 while saving Sound Transit and the Pierce County sub-area up to \$2,100,000.

Motion:


It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized enter into a purchase and sale agreement with Weyerhaeuser Real Estate Company (dba Northwest Landing) and Quadrant Corporation for the purchase of a fully operational and constructed DuPont Park-and-Ride Lot Facility, plus permitting for an additional 190 parking stalls, for the sum of \$3,900,000 after receiving confirmation from the SEPA responsible official that the SEPA process has been completed.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on March 7, 2002.



Kevin Phelps
Finance Chair

ATTEST:



Marcia Walker
Board Administrator