

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2004-21

**Agreement to Exchange Certain Property Interests and Improvements
Near the Puyallup Commuter Rail Station**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Board	12/9/04	Discussion/Possible Action	Phil O'Dell, Product Delivery Support Services Director John McLean, Senior Real Estate Representative	(206) 398-5013 (206) 689-4916

ACTION

Authorizes the Chief Executive Officer to negotiate and enter into an agreement with Valley Packers Buildings, LLC ("Valley Packers") or a related entity to exchange certain real property interests, improvements near the Puyallup Commuter Rail Station.

KEY FEATURES

- Authorizes an agreement to exchange one of the Sound Transit parking lots at the Puyallup Commuter Rail Station for land adjacent to the main station parking lot. The agreement will obligate Valley Packers to construct paved parking stalls on the land conveyed to Sound Transit.
- Valley Packers will construct additional parking stalls on undeveloped Sound Transit property at the Puyallup Commuter Rail Station as additional consideration for the property exchange.

The property exchange, combined with the construction of additional parking on undeveloped Sound Transit property will add 34 parking stalls to the station. An additional 23 parking stalls will be added to the station if the City of Puyallup permits certain landscaped areas to be converted to parking,

- Sound Transit will acquire real property and improvements that are equal to the value of the property and/or improvements conveyed to Valley Packers.
- Consolidation of Sound Transit property at the Puyallup Commuter Rail Station will make future construction of a parking structure more feasible, if in the future the Board of Directors decides to construct structured parking.
- This agreement will require Valley Packers to provide interim replacement parking and collateral approved by Sound Transit's legal counsel in an amount sufficient to protect Sound Transit's financial interests before damaging or obtaining possession of any Sound Transit Property.

A list of real properties identified in this requested action is attached to this staff report and to Resolution No. R2004-21 as Exhibit A.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET DISCUSSION

The Puyallup commuter rail station has been completed and put into service. The project budget contains unspent budget of approximately \$55,000, which would be sufficient to perform due diligence tasks for the proposed action and would leave an adequate remainder for final closeout of the project. The estimated amount for due diligence is \$35,000. The project is anticipated to be closed out by the end of 2004.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The proposed action is consistent with the current Board-adopted budget and is affordable within Sound Transit's current long-term financial plan and the subarea financial capacity.

BUDGET TABLE

Action Item: Acquire and convey property interest at Puyallup Commuter Rail Station project (#243) \$s in thousands

	2005 Proposed Budget (A)	Committed To Date ⁽¹⁾ (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
Agency Administration	633	\$ 561	\$ -	\$ 561	\$ 72
Preliminary Engineering	251	260		260	(9)
Final Design	485	485	-	485	(0)
Right of Way	5,456	5,463	35	5,498	(42)
Construction	6,535	6,536		6,536	(1)
Contingency	-	-	-	-	-
Total Current Budget	13,360	\$ 13,305	\$ 35	\$ 13,340	\$ 20

Phase Budget Detail

ROW	\$ 5,456	\$ 5,463	\$ 35	\$ 5,498	\$ (42)
Total Phase	\$ 5,456	\$ 5,463	\$ 35	\$ 5,498	\$ (42)

Contract Budget	Approved Contract Value (F)	Spent to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
Due Diligence	\$ -	\$ -	\$ 35	\$ 35
ST Contingency	-	-	\$ -	-
Total	\$ -	\$ -	\$ 35	\$ 35
Percent Contingency	0%		0%	0%

Budget Shortfall

Level	Shortfall Amt (J)	Potential Funds (K)	Funding Source (L)
Due diligence task	35	(35)	Agency admin phase of project
Total	\$ 35	\$ (35)	

Notes:

(1) Committed to-date amount includes actual outlays and commitments through Nov 30, 2004.

(2) Project budget is located on page 105 of the 2005 Proposed budget book. The 2005 budget is under consideration by the Board.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable to this action.

HISTORY OF PROJECT

The Puyallup Station parking lot has 323 parking spaces. On most days, the lot is full, with an additional 60-80 commuters attempting to park on the street or in the lanes on the lot. The City of Puyallup has expressed concern about the lack of sufficient parking capacity.

Valley Packers is developing the Cannery Building, which lies adjacent to the west of a portion of Sound Transit's parking lot (Parcel B). The portion of Sound Transit's lot abutting the two Valley Packers properties provides 43 spaces, 10 of which already belong to Valley Packers. Needing additional parking, Valley Packers approached Sound Transit to acquire property to the west of the Cannery Building and Parcel A.

Property



Parcel A shown on the image above is owned by Valley Packers. Parcel B is owned by Sound Transit. Valley Packers owns the Cannery Building, between Parcel A and Parcel B. The building is under reconstruction. Valley Packers Buildings, LLC also owns the parcels adjacent to and on the opposite side of Parcel B. There was an unoccupied building shell located on this parcel that was recently demolished.

Originally, Valley Packers proposed to purchase a portion of Sound Transit property to the west (left in the photograph) of Parcel A and construct a parking garage on the larger parcel. Sound Transit would receive a net increase of 20 stalls in the parking garage rent free for twenty years. While the number of stalls and permanency of access could have been negotiated, staff was concerned about the long-term consequences of shrinking the footprint of Sound Transit's largest parking area at the station. Specifically, staff was concerned that it might make the station area too small for efficient future development of structured parking. A consultant was retained who confirmed those concerns.

The present proposal follows the consultant's report. Sound Transit would exchange Parcel B (33 stalls and a small strip of landscaping to the east of Parcel B) for Parcel A. While Parcel A only provides for 26 spaces, Valley Packers would pave and stripe those spaces, as well as pave and stripe two nearby grass pads (41 additional spaces) on Sound Transit property. The exchange of Parcel B for Parcel A plus improvements to Sound Transit property will add 34 stalls to the station parking lot. Sound Transit's parking consultant has identified some further landscaping areas that could be converted to 23 parking spaces. Assuming City of Puyallup approval, Valley Packers would pave and stripe those as well. Additionally, the acquisition of Parcel A makes it possible to develop, according to the consultant, an optimum size parking garage. The potential immediate gain is 57 additional spaces. The long-term gain is that the expanded footprint would more efficiently provide for the development of structured parking at the site, should the Board decide to construct such parking in the future.

Valley Packers needs Parcel B to construct a parking garage for its tenant, Washington Dept. of Social and Health Services (DSHS), which is scheduled to take possession on March 1, 2005. The parking garage must be completed before that date. Valley Packers has requested access by December 9, 2004, to begin setting its pilings for the garage. While Sound Transit could not complete a conveyance to meet that schedule, this action would authorize Sound Transit to enter into an agreement for the property exchange that would allow Valley Packers pre-closing access to Parcel B to begin construction with appropriate covenants supported by collateral (e.g., irrevocable letters of credit) approved by Sound Transit's legal counsel. Then, Sound Transit could conduct necessary property valuation and due diligence on the proposed property exchange. In the event that Valley Packers is unable to perform its commitments for any reason, Sound Transit would have access to the pledged collateral to restore its parking lot.

In addition, during the time that Sound Transit loses access to Parcel B parking, Valley Packers will be required to provide replacement parking through a lease of a nearby parking lot.

However, even with adequate security, Sound Transit would run the risk that Valley Packers could destroy Sound Transit's parking lot at Parcel B and fail to construct the replacement parking. This will result in inconvenience to Sound Transit and its customers, while either Parcel A is conveyed and improvements to it and adjacent undeveloped Sound Transit property are completed, or Parcel B is returned to its previous condition as a surface parking lot.

Sound Transit has initiated environmental investigations and market analyses of both the properties and the anticipated paving and striping. These various evaluations will be completed to assist in determining the fair market value of the various assets as established according to the Sound Transit's Real Property Policy, Procedures and Guidelines (Real Estate Policy) as adopted by the Board in Resolution No. R98-20 on April 23, 1998. Sound Transit's Parcel B is substantially larger and more valuable than is the Parcel A it would receive. Sound Transit will not pay out any cash, except for amounts necessary to complete its own due diligence in acquiring the property. The purchase price for the various interests will be based on Sound Transit's appraisals. Valley Packers will compensate Sound Transit for the difference in value of the exchanged properties by constructing additional parking on Sound Transit's main parking lot and by making a cash payment if the value of the construction is not sufficient.

Property Disposition Policies and Procedures

The proposed transaction is consistent with Sound Transit's Real Property Disposition Policy, Procedures and Guidelines. The property interests to be exchanged will be valued consistent with the Disposition Policy.

CONSEQUENCES OF DELAY

A delay beyond December 9, 2004, will delay construction of Valley Packers' parking garage, which is needed by its tenant, DSHS, on March 1, 2005. If the developer cannot meet its schedule, Sound Transit may lose the opportunity to participate in this transaction.

PUBLIC INVOLVEMENT

Not applicable to this action.

LEGAL REVIEW

DLB 12/9/04

SOUND TRANSIT

RESOLUTION NO. R2004-21

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to enter into an agreement with Valley Packers Buildings, LLC or a related entity (collectively "Valley Packers") to exchange certain real property interests and improvements near the Puyallup Commuter Rail Station.

WHEREAS, a Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, on November 5, 1996, at a general election held within the Central Puget Sound Regional Transit Authority district, the voters approved local funding for high capacity transit in the Central Puget Sound Region; and

WHEREAS, the demand for parking at the Puyallup Commuter Rail Station has exceeded the parking lot capacity; and

WHEREAS, an agreement between Sound Transit and Valley Packers to exchange the real property interests and improvements described in Exhibit A , together with Valley Packers' agreement to construct additional parking stalls at the Puyallup Station will provide needed parking that Sound Transit is unable to fund; and

WHEREAS, the agreement to exchange property interests and improvements is consistent with Sound Transit's Real Property Disposition Policy, Procedures and Guidelines (Resolution No. R99-35) which authorize the exchange of real property to achieve agency objectives, including the exchange of real property; and

WHEREAS, the properties to be exchanged will be appraised to determine the fair market value of the properties and related improvements to ensure that Sound Transit receives property interests, improvements, and construction services or cash in an amount equal to the value of the property interests conveyed to Valley Packers, and;

WHEREAS, to accommodate Valley Packers' construction schedule, Sound Transit may grant Valley Packers access to Sound Transit's property for demolition and construction purposes before Valley Packers has satisfied its obligations to construct improvements and to convey property to Sound Transit; and

WHEREAS, Valley Packers will provide interim replacement parking and collateral approved by Sound Transit's legal counsel in an amount sufficient to protect Sound Transit's financial interests before damaging or obtaining access to or possession of any Sound Transit Property.

NOW THEREFORE BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority as follows:

SECTION 1. The Chief Executive Officer is hereby authorized to execute an agreement exchanging property interests and improvements described in Exhibit A, obligating Valley Packers to construct parking stalls on the property to be conveyed to Sound Transit and on Sound Transit's unimproved property, and obligating Valley Packers to compensate Sound Transit for the difference between the value of the property and improvements conveyed to Valley Packers and the value the property and improvements conveyed by Valley Packers (including the improvements constructed on Sound Transit's unimproved property). In accordance with Sound Transit's adopted Real Property Acquisition and Relocation Policies, Procedures and Guidelines, and the Real Property Disposition Policy, Procedures and Guidelines, the price of the properties shall be the established fair market value to be determined through the appraisal process or as otherwise provided in the Real Property Disposition Policy, Procedures and Guidelines.

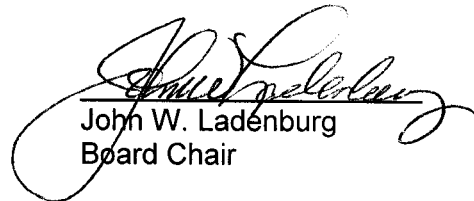
SECTION 2. The Chief Executive Officer is authorized to make minor amendments to the legal descriptions of the properties described in Exhibit A, as may be necessary to correct

scrivener's errors and/or to conform to the legal description to the precise boundaries of the property required for the Project. The Chief Executive Officer is also authorized to execute all documents as may be necessary to complete lot line adjustments required for these transactions.

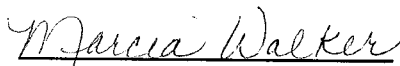
SECTION 3. Sound Transit's sole financial consideration under the agreement authorized herein shall be the conveyance of the property described in Exhibit A.

SECTION 4. The Chief Executive Officer is authorized grant Valley Packers access to Sound Transit's property for purposes of demolition and construction before Valley Packers has satisfied its obligations to Sound Transit through an agreement approved by Sound Transit legal counsel that provides interim replacement parking and collateral (e.g., irrevocable letters of credit) approved by Sound Transit's legal counsel in an amount sufficient to ensure that Sound Transit can restore its property to its original condition (e.g., replace demolished parking) in the event the property exchange is not successfully completed for any reason, including Sound Transit's determination that the agreement should be terminated as a result of information discovered during the due diligence period, or for any reason provided for in the agreement.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 9, 2004.


John W. Ladenburg
Board Chair

ATTEST:


Marcia Walker
Board Administrator

Resolution No. R2004-21

Exhibit A

Puyallup Station Parking

Parcel "A" – Valley Packers

Tax Parcel ID: 7940100270

Legal Description:

ALL OF LOTS 8 TO 11, INCLUSIVE, BLOCK 4, PUYALLUP, J.P. STEWART'S ADDITION, ACCORDING TO PLAT RECORDED IN BOOK 1 OF PLATS AT PAGE 39, IN PIERCE COUNTY, WASHINGTON.

ALSO THE FOLLOWING DESCRIBED WESTERLY PART OF LOT 7, IN SAID BLOCK 4; BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT; THENCE NORTH ALONG THE WEST LINE THEREOF, 154.4 FEET, MORE OR LESS TO THE NORTHWEST CORNER OF SAID LOT; THENCE SOUTHEASTERLY ALONG THE NORTHERLY LINE OF SAID LOT, 1.26 FEET; THENCE SOUTHWESTERLY 154.36 FEET, MORE OR LESS TO A POINT .53 FEET EAST OF THE POINT OF BEGINNING; THENCE WEST .53 FEET TO POINT OF BEGINNING AND BEING THE CENTER LINE OF A COMMON WALL OF A DOUBLE FRAMSTRUCTURE ERECTED ON ALL PARTS OF LOTS 5, 6, 7, 8 AND 9 OF SAID BLOCK 4.

Parcel "B" – CPSRTA (Sound Transit)

Tax Parcel ID: 7940100242

Legal Description:

That portion of Lot 6 of Block 4 of the Plat of J.P. Stewart's Addition, as recorded in Volume 1 of Plats on Page 39, records of Pierce County, Washington, described as follows:

Commencing at the one-quarter section corner common to Sections 28 and 27 of Township 20 North, Range 4 East of the Willamette Meridian in Puyallup, Washington; thence North 89°11'44" West 316.36 feet along the centerline of Main Street; thence North 00°48'16" East 30.00 feet to the south line of said Block 4 and the True Point of Beginning; thence North 89°11'44" West 16.54 feet along said south line; thence North 00°41'04" East 140.69 feet to the northerly line of said Block 4; thence South 74°19'59" East 17.41 feet along said northerly line; thence South 00°48'16" West 136.22 feet to the true point of beginning.

AND

The west half of Lot 5 of Block 4 of the Plat of J.P. Stewart's Addition, as recorded in Volume 1 of Plats on Page 39, records of Pierce County, Washington, described as follows:

Commencing at the one-quarter section corner common to Sections 28 and 27 of Township 20 North, Range 4 East of the Willamette Meridian in Puyallup, Washington; thence North 89°11'44" West 299.33 feet along the centerline of Main Street; thence North 00°48'16" East 30.00 feet to the south line of said Block 4 and the True Point of Beginning; thence North 89°11'44" West 17.03 feet along said south line; thence North 00°48'16" East 136.22 feet to the northerly line of said Block 4; thence South 74°19'59" East 17.62 feet along said northerly line; thence South 00°48'16" West 131.70 feet to the true point of beginning.

AND

That portion of Lots 4 and 5 of Block 4 of the Plat of J.P. Stewart's Addition, as recorded in Volume 1 of Plats on Page 39, records of Pierce County, Washington, described as follows:

Commencing at the one-quarter section corner common to Sections 28 and 27 of Township 20 North, Range 4 East of the Willamette Meridian in Puyallup, Washington; thence North 89°11'44" West 248.24 feet along the centerline of Main Street; thence North 00°48'16" East 30.00 feet to the south line of said Block 4 and the True Point of Beginning; thence North 89°11'44" West 51.09 feet along said south line; thence North 00°48'16" East 131.70 feet to the northerly line of said Block 4; thence South 74°19'59" East 52.86 feet along said northerly line; thence South 00°48'16" West 118.14 feet to the true point of beginning.

AND

Parcel "B" – CPSRTA (Sound Transit)

Tax Parcel ID: 7940100242

Legal Description (continued):

That portion of the Depot Ground as shown adjoining the Plat of J.P. Stewart's Addition, as recorded in Volume 1 of Plats on Page 39, records of Pierce County, Washington, described as follows:

Commencing at the one-quarter section corner common to Sections 28 and 27 of Township 20 North, Range 4 East of the Willamette Meridian in Puyallup, Washington; thence North 89°11'44" West 218.90 feet along the centerline of Main Street; thence North 00°48'16" East 30.00 feet to the north right of way of said Main Street and the

AND

True Point of Beginning; thence North 89°11'44" West 29.34 feet along said north line; thence North 00°48'16" East 118.14 feet to the northeast corner of Lot 4 of Block 4 of said Plat; thence South 74°19'59" East 30.36 feet along the northerly line of said Block 4 extended southeasterly; thence South 00°48'16" West 110.35 feet to the true point of beginning.

AND

Commencing at the intersection of the Westerly right-of-way line of Meridian Street in Section 28, Township 20 North, Range 4 East, Willamette Meridian, City of Puyallup, Pierce County, Washington with the Southerly line of The Burlington Northern and Santa Fe Railway Company's right-of-way (66 feet wide); thence North 74°19'59" West along said Southerly line of The Burlington Northern and Santa Fe Railway Company's right-of-way a distance of 71.50 feet to the True Point of Beginning of the herein described parcel;

Thence South 0°48'16" West a distance of 65.87 feet; thence North 89°11'19" West a distance of 28.24 feet; thence South 0°48'16" West a distance of 9.41 feet; thence North 74°19'59" West along a line 80.00 foot distant when measured at right angles Southerly and parallel to said Southerly line of The Burlington Northern and Santa Fe Railway Company's right-of-way a distance of 970.88 feet; thence North 0°48'16" East a distance of 82.77 feet; thence South 74°19'59" East along said Southerly line of The Burlington Northern and Santa Fe Railway Company's right-of-way a distance of 1000.07 feet to the True Point of Beginning.

Parcel "C" –

Tax Parcel ID:

Legal Description:

THAT PORTION OF THE DEPOT GROUND IN THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 20 NORTH, RANGE 4 EAST OF THE W.M., IN PIERCE COUNTY, WASHINGTON, AS SHOWN ON PUYALLUP, J.F. STEWARTS ADDITION, ACCORDING TO PLAT RECORDED IN BOOK 1 OF PLATS, PAGE 39, IN PIERCE COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT THE QUARTER SECTION CORNER COMMON TO SECTIONS 28 AND 27, TOWNSHIP 20 NORTH, RANGE 4 EAST, W.M., IN PUYALLUP, WASHINGTON;
THENCE NORTH 89°11'44" WEST 194.88 FEET ALONG THE CENTERLINE OF MAIN STREET;
THENCE NORTH 00°48'16" EAST 133.98 FEET TO THE SOUTHEASTERLY EXTENSION OF THE
NORTHERLY LINE OF SAID BLOCK 4 AND THE TRUE POINT OF BEGINNING;
THENCE NORTH 00°48'16" EAST 37.54 FEET;
THENCE SOUTH 89°12'45" EAST 94.89 FEET;
THENCE SOUTH 00°48'16" WEST 45.85 FEET;
THENCE NORTH 69°11'19" WEST 28.24 FEET;
THENCE SOUTH 00°48'16" WEST 9.41 FEET TO SAID NORTHERLY LINE;
THENCE NORTH 74°19'59" WEST 68.95 FEET ALONG SAID NORTHERLY LINE AND ITS
NORTHWESTERLY EXTENSION TO THE TRUE POINT OF BEGINNING.