

**SOUND TRANSIT
STAFF REPORT**

RESOLUTION NO. R2008-08

Surplus Real Property Declaration and Purchase and Sale Agreement

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	7/17/08	Discussion/Possible Action to Recommend Board Approval	Ahmad Fazel, Executive Director, Link Light Rail	(206) 398-5389
Board	7/24/08	Action	Jim Edwards, Director Capital Projects Roger Hansen, Real Estate Manager Scott Kirkpatrick, TOD Manager	(206) 398-5436 (206) 689-3366 (206) 398-5264

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement		Execute New Contract/Agreement	✓
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate	✓	Property Acquisition	

PROJECT NAME

Surplus real property declaration and transaction for Firestone Tire & Service Center relocation.

PROPOSED ACTIONS

- Approves the chief executive officer declaration that the property located at 5601 Martin Luther King Jr. Way S., Seattle, WA owned by Sound Transit is surplus to further agency project needs.
- Approves the CEO disposition of the property by selling and using the proceeds for other Capital Projects or by keeping the proceeds in the open project and applying the net proceeds from the sale of project real property to the original cost of the real property purchased for that project [*Sound Transit's Real Property Disposition Policy, Procedures and Guidelines: (4a.iii), (4a. iv,)*].
- Authorizes the chief executive officer to execute a purchase and sale agreement with the Embree Asset Group by negotiated purchase for relocation of the Firestone Tire & Service Center.

KEY FEATURES of PROPOSED ACTION

- The current site of the Firestone Tire & Service Center is adjacent to Mount Baker Station and was acquired by Sound Transit in 2004 by agreement with the owner due to Central Link Light Rail Project impacts which could not be mitigated.

- By terms of the acquisition agreement, Sound Transit committed to assist Firestone with site relocation, including potential acquisition of an appropriate surplus site within the Rainier Valley.
- Staff identified the Subject Property as an appropriate commercial site outside station area boundaries and successfully obtained an expedited zoning amendment to facilitate relocation.
- Successful relocation of Firestone’s retail store will retain a long-standing community service, maintain family-wage jobs, and make the current store site available in 2009 for transit-oriented development.
- The proposed sale is consistent with paragraph 1. Policy and Goals, bullet 4 of *Sound Transit’s Real Property Disposition Policy, Procedures and Guidelines*, which states the goal of “utilizing the disposition of Sound Transit Real Property to support the retention of existing businesses in their current neighborhoods through strategic relocation activities.”

BUDGET IMPACT SUMMARY

Not applicable for this action.

BUDGET and FINANCIAL PLAN DISCUSSION

The proposed transaction has no direct cost impact. The agency’s long-term financial plan has assumed the sale of surplus property from the light rail Initial Segment as a source of additional revenue to the subareas. This sale will not represent resources for the subarea beyond what is already assumed in the finance plan.

SMALL BUSINESS PARTICIPATION

Not applicable for this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

Portions of the property currently occupied by the Firestone Tire & Service Center were required for the Central Link Light Rail Project. Sound Transit acquired the property for storing customer vehicles, and required closing the western service bay doors, the Bridgestone Firestone Retail & Commercial Operations, LLC (BFRC) determined that long-term operations would be substantially impaired, eventually causing the store to be closed. BFRC negotiated a purchase and sale agreement with Sound Transit that allowed continued operation and the use of an adjacent parcel for temporary parking for a period that allowed for a relocation site to be located with the agency’s assistance. BFRC has paid fair market rent to Sound Transit for its occupancy since the purchase in 2004.

Sound Transit staff has identified potential surplus sites where transit-oriented development uses would receive priority. Potential sites have been evaluated as to existing zoning, potential neighborhood impacts, and proximity to station areas. The property currently occupied by Firestone Tire & Service was identified as the only appropriate site due to the underlying commercial zoning and the previous vehicular traffic volumes using the property.

Sound Transit has been in discussion with BFRC and its development agent, the Embree Asset Group since 2007. During that time, preliminary due diligence was carried out by Embree, Sound Transit successfully obtained a needed zoning amendment, an appraisal was completed, and the City of Seattle permit process was started. A declaration of surplus real property has been made by the Chief Executive Officer as required by the agency's Real Property Disposition Policy, Procedures and Guidelines.

On February 5, 2008 the FTA approved the appraisal at a Fair Market Value of \$1,895,000, having conditionally concurred with the transaction on December 11, 2007. The Embree Group has proposed to pay the full appraised value. They have provided sufficient financial information to satisfy Sound Transit's belief in their ability to complete the transaction and work necessary to build a new BFRC store. Embree will be required to make non-refundable deposits as it progresses toward obtaining a building permit. Embree will also provide a copy of a signed lease with BFRC for a period of fifteen years. At building permit issuance, Embree will pay Sound Transit the balance owed. If a building permit is not achieved in the time allowed in the Purchase and Sale Agreement, Embree will forfeit its deposits and rights to the property.

Embree Group is responsible for any environmental review or permits required to develop the new BFRC store. Entering into this transaction does not increase Sound Transit's potential environmental liability under state or federal law.

CONSEQUENCES of DELAY

A delay in this action will forestall the necessary decision-making, planning, and design work by the Embree Asset Group and financial commitments which need to be made by BFRC.

PUBLIC INVOLVEMENT

On September 20, 2007 Sound Transit held a public meeting after notifying over 300 adjacent properties to explain the potential relocation of the Firestone Tire & Service Center to the Subject Property. No objections were raised at the meeting or subsequently received by Sound Transit.

ENVIRONMENTAL COMPLIANCE

JI 6/23/08

LEGAL REVIEW

JB 7/10/08

SOUND TRANSIT

RESOLUTION NO. R2008-08

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority approving a declaration of surplus real property, the method of disposition, and authorizing the chief executive officer to execute a purchase and sale agreement with the Embree Asset Group.

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, Sound Transit acquired the existing Firestone store property for Central Link Light Rail Initial Segment Project purposes, agreeing in that transaction to assist Firestone with its future relocation to a potential site owned by Sound Transit; and

WHEREAS, the real property available for relocation was also acquired for the Central Link Light Rail Initial Segment Project requiring Federal Transit Administration concurrence to be eligible for surplus disposition, which was approved on December 11, 2007; and

WHEREAS, the subject real property is no longer needed for Project purposes and has been declared surplus by the chief executive officer; and

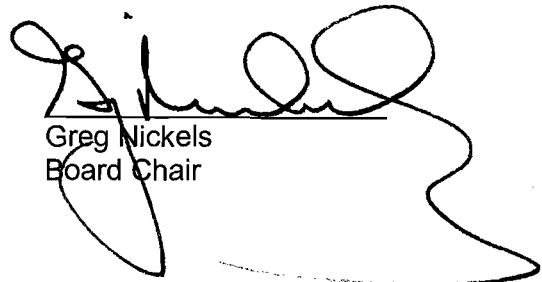
WHEREAS, Sound Transit's Real Property Disposition Policy, Procedures, and Guidelines require a disposition method(s) be chosen for federally-assisted property, and the Executive Director has elected to use one of the following disposition methods: "(4a.iii) selling and using the proceeds for other Capital Projects or by (4a. iv) keeping the proceeds in the open project and applying the net proceeds from the sale of project real property to the original cost of the real property purchased for that project."

WHEREAS, the purpose of the disposition action is to facilitate the relocation of the existing Firestone Retail and Service Center store currently located at Mount Baker Station, as the result of Light Rail Project impacts to that property making relocation necessary for continued business operations; and

WHEREAS, Firestone's development agent, the Embree Asset Group, has offered Fair Market Value for the appraised amount of \$1,895,000; and

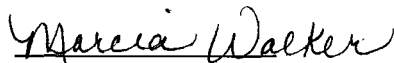
NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the subject property is declared surplus, that the method of disposition is approved, and that the chief executive officer is authorized to execute a purchase and sale agreement with the Embree Asset Group.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 24, 2008.



Greg Nickels
Board Chair

ATTEST:



Marcia Walker
Board Administrator