

BOARD WORKSHOP ON EXCESS PROPERTY

Summary Minutes
July 18, 2013

CALL TO ORDER

The meeting was called to order at 9:10 a.m. by Board Chair Pat McCarthy, in the Ruth Fisher Boardroom, 401 South Jackson Street, Seattle, Washington.

BOARDMEMBERS PRESENT

Chair

(P) Pat McCarthy, Pierce County Executive

Vice Chairs

(A) Julia Patterson, King County Councilmember

(P) Paul Roberts, Everett Councilmember

Boardmembers

(P) Claudia Balducci, Bellevue Councilmember

(P) Fred Butler, Issaquah Deputy Council President

(P) Richard Conlin, Seattle Councilmember

(P) Dow Constantine, King County Executive

(P) Dave Earling, City of Edmonds Mayor

(P) David Enslow, City of Sumner Mayor

(P) John Lovick, Snohomish County Executive

(P) John Marchione, City of Redmond Mayor

(A) Joe McDermott, King County Councilmember

(P) Mike McGinn, City of Seattle Mayor

(P) Mary Moss, Lakewood Councilmember

(A) Lynn Peterson, WSDOT Secretary

(P) Larry Phillips, King County Councilmember

(A) Marilyn Strickland, City of Tacoma Mayor

(A) Peter von Reichbauer, King County Councilmember

WELCOME AND INTRODUCTIONS

Chair McCarthy proposed that the transit mission, to provide transit to the region, serve as the discussion lens for today's workshop. She reviewed Board discussions concerning ST3, available finances, Puget Sound Regional Council, and state legislative proposals.

The Board discussed four possible outcomes for the workshop: 1) common understanding of current disposition policy and practice; 2) exploration of potential changes to the policy and practice; 3) identification of any additional information needed; and 4) agreement on next steps.

PURPOSE

Joni Earl, CEO, presented background and context on current Sound Transit business practices and defined the parameters within which policy and process can be developed. The main parameters are 1) Sound Transit's role as a special purpose government; 2) working within ballot measures approved by the voters; 3) project and financial plan assumptions; 4) the federal and state government expectation to receive fair market value for property transactions; 5) use of competitive sales procedures to the extent practicable; and 6) the acquisition of property for transit purpose only.

OVERVIEW OF REAL PROPERTY PROGRAM AND INVENTORY

Brooke Belman, Design, Engineering and Construction Management Chief of Staff, reviewed Sound Transit's current property acquisition and disposition process property categorizations.

DISCUSSION AND QUESTIONS

Boardmembers discussed the agency's property acquisition process. Property transactions are structured to facilitate settlement with a property owner or to avoid leaving an uneconomic remnant. Each transaction is a negotiation with different circumstances and economic considerations. Sound Transit's acquisition powers are granted through enabling legislation.

The Board also discussed transit-oriented development (TOD), which is an opportunity but not the main focus of Sound Transit. The agency has some flexibility if there is a willing seller and a transit purpose. TOD opportunities are dependent upon site usage and facility configuration. The property acquisition process and excess property process are different. The TOD Policy provides the Board with tools to be more proactive.

There are different inherent values when considering properties. The Board discussed potential ridership, monetary value and use of the land, including the possibility of staging to increase the long-term value of

property. TOD may potentially affect fair market value. The agency works to obtain fair market value with TOD transactions. The agency has partnered with several organizations, such as the Korean Women's Association and Firestone to facilitate TOD. Boardmembers also discussed where partnerships have presented challenges. Affordable housing is different from TOD generally.

Boardmembers discussed whether the goal of property sales should be covering the original cost, instead of the fair market value of property at time of sale, with certain restrictions. Boardmembers also emphasized the importance of working early and closely with local jurisdictions. Boardmember Phillips asked about the definition of transit purpose and whether ridership-generating could be part of the definition.

Boardmembers discussed a possible agency hierarchy for excess property: 1) building the transit system; 2) property value; 3) risk-reward evaluation. The Board also discussed how to incorporate community values.

Boardmember Roberts stated an interest in capturing value – in dollars, ridership, operations and maintenance costs. He favored a system-wide policy that includes setting expectations about Sound Transit's roles early in the project timeline. He asked about Board involvement after alignment decisions are made and suggested that the Board set the course. He asked that the policy be mindful of the tension between subareas and whole system policies.

The Board asked to explore further opportunities to partner with local jurisdictions earlier in the property acquisition and disposition process. Boardmembers felt there is potential for local governments to be involved in property purchases and sales, prior to putting property out for bidding. Sound Transit should work with cities to identify ways to use land consistent with city and Sound Transit goals, as every city has a different set of priorities and guidelines.

The Board asked staff to re-examine the agency's existing property acquisition policy, and to identify the ways in which the Board can be involved in the acquisition process.

The Board discussed the agency's current property acquisition policy and ways in which it may be improved. Flexibility should be retained in the property disposition processes. A potential new policy should be efficient and include ways in which the Board may be involved.

Boardmember Roberts asked that value assessments include not only the value of the property alone, but include indirect and induced value in the property equation. He also stressed that Sound Transit is not able to finance developments.

NEXT STEPS

Facilitator David Knowles noted consensus around the following goals: 1) ridership, 2) working proactively with partners, 3) returning fair market value back to system, and 4) implementing local plans. The policy should provide tools that are straightforward and clear to the Board and public.

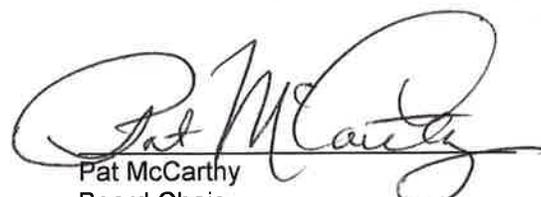
The attendees discussed next steps. Boardmembers agreed that the discussion should continue with the full Board, and that the workshop setting was nice for discussion. Chair McCarthy asked staff to return with takeaways for the Board to consider. The language should be enabling, provide flexibility, and define criteria.

ADJOURN

The workshop was adjourned at 11:47 a.m.

ATTEST:


Marcia Walker
Board Administrator


Pat McCarthy
Board Chair

APPROVED on August 22, 2013, KWF