

2021 Legislature directed JLARC to review land and airspace leasing to regional transit authority

The Washington State Department of Transportation (WSDOT) leases airspace along state highways to Sound Transit, the only regional transit authority in Washington. Sound Transit plans, builds, and operates express buses, light rail, and commuter train services for the central Puget Sound region.

State-owned highway airspace includes property located above, at, or below the highway's grade line. Sound Transit is currently building its light rail system on highway airspace it leases from WSDOT.



Land Bank Agreement provides framework for mutual cooperation

WSDOT and Sound Transit signed a Land Bank Agreement in 2000 that sets the rules and terms for leasing state-owned airspace. The Agreement creates a ledger to record in-kind transactions between the two agencies. Sound Transit receives land bank credits for funding highway improvements (e.g., direct access bus ramps) and uses those credits to pay rent on its leases. Sound Transit currently has \$86 million in unused land bank credits.

WSDOT uses appraised values to set airspace lease rates

Many of the properties WSDOT leases to Sound Transit were originally acquired or improved with funding that included federal dollars (e.g., Interstate 5). The percentage of federal dollars used for these properties is known as the "federal share." Federal law allows states to lease airspace above interstate highways free of charge to publicly owned mass transit agencies. However, since 2019, a proviso in the state transportation budget requires WSDOT to set its lease rates to 100% of the appraised value when leasing to Sound Transit.

This study will examine the Land Bank Agreement and address the following questions

1. What is the process for awarding land bank credits to Sound Transit?
2. What is the process for determining property values and lease rates for land bank debits, and do leases reflect 100% of appraised values?
3. What are the costs and benefits to WSDOT and Sound Transit for leases under the Land Bank Agreement?
4. What are the costs and benefits to WSDOT and Sound Transit if existing and future airspace lease rates were reduced by the federal share of funds originally used to acquire or improve the property?
5. What processes do other states use to lease highway airspace to public transit agencies? Do other states charge for the federal share?

Study Timeframe

Preliminary Report: November 2022

Proposed Final Report: January 2023

Study Team

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JLARC Study Process

