



## Resolution No. R2023-16

### To Acquire Real Property Interests Required for the North Maintenance of Way Project

Meeting:	Date:	Type of action:	Staff contact:
System Expansion Committee	06/08/2023	Recommend to Board	Brooke Belman, Deputy CEO, Chief Expansion Delivery Officer
Board	06/22/2023	Final action	Ron Lewis, DECM Executive Director <b>Faith Roland, Director of Real Property</b> Tyler Geyer, Real Property Project Manager

### Proposed action

Authorizes the chief executive officer to acquire certain real property interests, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants to the extent authorized by law, as necessary for the temporary North Maintenance of Way facility.

### Key features summary

- This action authorizes the acquisition of one parcel located in Seattle. The acquisition consists of fee acquisition for the temporary North Maintenance of Way (NMOW) facility by exercising the option to purchase included in the lease agreement authorized in 2021 through Motion No. M2021-78 (the “Lease Agreement”).
- The property is needed for the temporary facility that will provide maintenance of way needs in the vicinity of north Seattle.
- This action also authorizes the future disposition of the real property interests included in this action to the extent required for relocating utilities as necessary or desirable for the project, satisfying permit conditions or mitigation requirements, curing damages to real property caused by the project, or disposing of real property for the purposes of minimizing Sound Transit’s costs of operations and maintenance.
- Project team has completed due diligence to confirm this site is suitable for the temporary NMOW to be open concurrent with Lynnwood Link opening in Summer/Fall 2024.
- The real property identified in this requested action is included in Exhibit A.
- Board Authorization is required to exercise the option to purchase included in the Lease Agreement.
- The purchase price for the property is to be established via an appraisal review process set forth in the Lease Agreement.

### Background

The North Maintenance of Way Project is planned to provide a maintenance service facility along the corridor of the Northgate Link Extension and the Lynnwood Link Extension. Maintenance services will be provided at this temporary facility while a permanent facility is designed, reviewed, and constructed. The

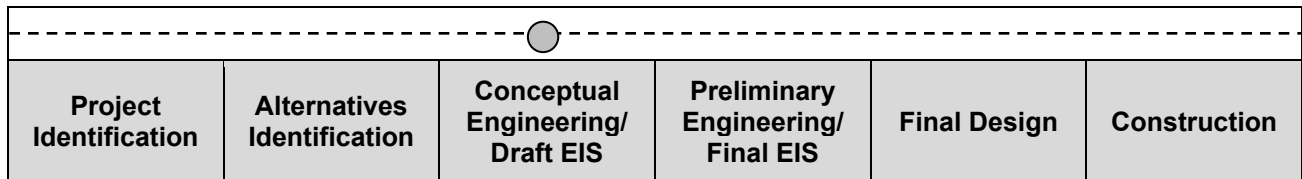
North Maintenance of Way facility is scoped to support the needs of Link Maintenance of Way, Link facilities, light rail vehicle maintenance fault response, and IT transit systems for Northgate Link and Lynnwood Link, and Ballard Link extensions. The facility will consist of office space, workshops, interior and exterior storage, and parking for non-revenue vehicles and employees.

Design for the tenant improvements for the temporary facility began in 2023. Sound Transit previously determined that leasing the property and near-term use of this site is categorically exempt from review under the State Environmental Policy Act (SEPA). Acquiring the property for the temporary facility is similarly exempt because the site configuration and uses will remain unchanged (i.e., warehouse and office uses with limited tenant improvements). The project is not federalized, and federal funding will not be used to purchase or develop the facility. Accordingly, FTA approvals in compliance with the National Environmental Policy Act are not required for this action. Design and environmental review for the permanent facility is expected to begin in 2025, with anticipated completion and delivery of the facility to operations in late 2027.

Sound Transit acquired the property rights needed to complete interior improvements for the temporary North Maintenance of Way facility as part of the Lease Agreement between the owner and Sound Transit. The Lease Agreement, authorized under Motion No. M2021-78, is for a 5-year term and included an option for Sound Transit to purchase the property within a stated number of months of commencement of the lease. The option will expire if not exercised by October 2023. By exercising the purchase option, Sound Transit will receive several benefits. The amount of rent being paid under the lease for the temporary facility will now become an asset value rather than a sunk cost. The team will also have additional time to program and design the permanent facility, complete the SEPA environmental review and Title VI Facility Equity Analysis, and obtain permits required for a permanent facility. While this temporary facility may also be determined suitable for a permanent location, acquiring the property for the temporary facility will not preclude consideration of other potential permanent location options. The trend for the cost of industrial zoned land is steady, while other land types may be flat. Acquiring this property through the purchase option assures a fair price today and potential cost saving tomorrow. There is a risk that should the property not be needed in the future; a surplus action would be initiated, and the property value is at market risk. Alternatively, the property could be used to replace the leased warehouse space in the future.

Dispositions of real property interests may occur to the extent required for relocating utilities as necessary or desirable for the projects, satisfying permit conditions or mitigation requirements, curing damages to real property caused by the project, or disposing of real property for the purpose of minimizing Sound Transit’s costs of operations and maintenance.

**Project status**



Projected completion date for temporary North Maintenance of Way: Q3 2024

Projected completion date for permanent North Maintenance of Way: Q4 2027

**Fiscal information**

This action is within the authorized project allocation and sufficient monies remain after approval of this action to fund the remaining work in the Right-of-Way phase.

The authorized project allocation for the North Corridor MOW to date is \$32,009,000. Within that amount, \$19,007,000 has been allocated to the right-of-way phase, of which \$1,498,926 has been previously committed. There is \$17,508,074 of uncommitted funds in the right of way phase, which is sufficient to complete the action. In accordance with Sound Transit policy, budgets for specific parcels will be discussed with the Board in the executive session. Consistent with the current estimate at completion for real property acquisition, this action and acquisitions of remaining certified properties are affordable within the adopted project budget.

The current estimate for the North Corridor MOW project is \$55 million in 2023\$, including the currently allocated funds, and is affordable within the Agency's Finance Plan. Staff are managing the temporary facility to a 2024 delivery and the permanent facility to a 2027 delivery, consistent with both Affordable and Target Schedules. This action is in alignment with Resolution No. R2021-05 and does not impact the affordability of any other system expansion project.

### **Disadvantaged and small business participation**

Not applicable to this action.

### **Public involvement**

Not applicable to this action.

### **Time constraints**

While a one-month delay would not significantly impact the project schedule, proceeding now enhances staff ability to mitigate potential future delays to the opening of the temporary North MOW facility to coincide and support Lynnwood Link Extension.

### **Prior Board/Committee actions**

Motion No. M2021-78: Authorized the chief executive officer to execute a five-year lease agreement with L&R Linden, LLC for the North Maintenance of Way Facility, in an amount not to exceed \$4,856,466.

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**Environmental review** – KH 5/31/23

**Legal review** – PM 6/2/23



## Resolution No. R2023-16

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to acquire certain real property interests, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants to the extent authorized by law, as necessary for the temporary North Maintenance of Way facility.

WHEREAS, the Central Puget Sound Regional Transit Authority, commonly known as Sound Transit, was formed under chapters 81.104 and 81.112 of the Revised Code of Washington (RCW) for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Sound Transit district on November 5, 1996, November 4, 2008, and November 8, 2016, voters approved local funding to implement a regional high-capacity transportation system for the Central Puget Sound region; and

WHEREAS, in order to use the property determined to be necessary for the construction, operation and maintenance of project improvements required under the voter approved high-capacity transportation system plans, it is necessary for Sound Transit to acquire by negotiated purchase or to condemn certain rights in the property for public purposes, and to reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants; and

WHEREAS, the North Maintenance of Way Project is a component of Sound Transit's high capacity system; and

WHEREAS, Sound Transit has identified a certain real property as necessary for the construction and temporary location of the North Maintenance of Way facility and such property is reasonably described in Exhibit A of this resolution; and

WHEREAS, in order to use the property determined to be necessary for the construction, operation, and temporary location of the North Maintenance of Way facility, it is necessary for Sound Transit to acquire the property by negotiated purchase, and reimburse eligible relocation and reestablishment expenses incurred by affected owners and tenants; and

WHEREAS, Sound Transit is the tenant under a lease agreement with the owner of the property, which lease agreement contains an option for Sound Transit to purchase the property, along with certain terms and conditions dictating the manner in which the parties will establish the purchase price for the property; and

WHEREAS, Sound Transit has commissioned or will commission appraisals to determine the fair market value of the property, and will exercise the purchase option and negotiate in good faith with the owners of the property, with the intent of reaching agreements for the voluntary acquisition of the property for fair market value; and

WHEREAS, the funds necessary to acquire the property by voluntary purchase and the funds necessary to reimburse eligible relocation and reestablishment expenses shall be paid from Sound Transit general funds.

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:

- A. exercise the purchase option contained in the lease agreement and execute such other agreements as are customary and necessary for the acquisition of interests in the real property described in Exhibit A (said property to be used for the temporary North Maintenance of Way facility) and incorporated herein by reference, and for the reimbursement of eligible relocation and reestablishment expenses. In accordance with Sound Transit's Real Property Acquisition and Relocation Policies, Procedures and Guidelines, the acquisition price of the properties may not exceed the fair market value to be determined through the appraisal process set forth in the lease agreement; provided that in the event the total of the acquisition, relocation, and reestablishment costs of the properties for the temporary North Maintenance of Way facility exceeds Sound Transit's approved budget for right-of-way acquisition (plus contingency), then the chief executive officer must obtain approval from the appropriate committee or the Board, per Resolution No. R2018-40, before the acquisition of the property for the North Maintenance of Way facility by purchase or by condemnation and the reimbursement of eligible relocation and reestablishment expenses.
- B. enter administrative settlements (a settlement in lieu of initiating condemnation litigation) for the acquisition of interests in the real property described in Exhibit A. Such settlements shall be made only upon the finding of legal counsel that the settlement is consistent with the law and is reasonable, prudent, and in the public interest. Such settlements may not exceed established project budgets. For all other settlements proposed, the chief executive officer must obtain prior approval of the appropriate committee or the Board, per Resolution No. R2018-40.
- C. Make minor amendments to the legal descriptions of the property described in Exhibit A, as may be necessary to correct scrivener's errors and/or to conform the legal description to the precise boundaries of the property required for the project.
- D. Execute into agreements for the disposition of interests in the real property identified in Exhibit A for: (1) the relocation of utilities as necessary or desirable for the North Maintenance of Way Project; (2) the satisfaction of permit conditions or mitigation requirements; (3) the curing of damages to real property acquired pursuant to Exhibit A and caused by the implementation of the temporary North Maintenance of Way facility; or (4) returning real property identified in Exhibit A to previous owners for the purpose of minimizing Sound Transit's costs of operations and maintenance; provided that the foregoing dispositions of real property must be compatible with and must not interfere with regional transit system uses and must avoid the creation of unbuildable, residual parcels whenever possible.

SECTION 2. The Sound Transit Board deems the temporary North Maintenance of Way facility to be a public use for a public purpose. The Board deems it necessary and in the best interests of the citizens residing within Sound Transit's boundaries to acquire interests in the real property identified in Exhibit A as being necessary for the construction, operation, and temporary location of North Maintenance of Way facility, and affected owners and tenants be reimbursed eligible relocation and reestablishment expenses associated with displacements from the property.

SECTION 3. The Sound Transit Board finds that the public health, safety, necessity, convenience, and welfare demand and require that interests in the real property described

in Exhibit A be immediately acquired for the construction, operation, and temporary location of the North Maintenance of Way facility.

SECTION 4. The funds necessary to purchase the property shall be paid from Sound Transit general funds.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 22, 2023.



Dow Constantine  
Board Chair

**Attest:**



Kathryn Flores  
Board Administrator



# Resolution No. R2023-16

## Exhibit A

### North Maintenance of Way

Item:	Row #:	Tax Parcel #:	Taxpayer(s):	Property Address:
1	NM001	0164000120	L & R Linden LLC, A Washington Limited Liability Company	920 N 137 <sup>th</sup> St Seattle, WA 98133