



TO: T.C. Broadnax, City Manager
FROM:  Kurtis D. Kingsolver, P.E., Public Works Director/City Engineer
Gloria Fletcher, Senior Real Estate Officer
COPY: City Council and City Clerk
SUBJECT: Authorize declaration of surplus and negotiated disposition for sale of Tacoma Rail Mountain Division property to Sound Transit
DATE: January 14, 2014

SUMMARY:

The Public Works Department, Facilities Management Division, Real Property Services is requesting City Council authorize the proposed sale of approximately 10.82 acres (1.21 miles) of real property within the City of Tacoma, Public Works Department, Tacoma Rail Mountain Division (TRMW) to Central Puget Sound Regional Transit Authority (Sound Transit) and to authorize a declaration of surplus and negotiated disposition of this TRMW railroad right-of-way in fee simple to Sound Transit for fair market value of \$4,000,000 and the conveyance of approximately 1.22 acres of Sound Transit property. Sound Transit intends to utilize this property for its Sounder Commuter Rail Service and will provide infrastructure improvements to reduce major congestion and increase safety.

BACKGROUND:

Sound Transit is currently operating its Sounder Commuter Rail service on this property under a temporary operating agreement with the City. In early 2012, during negotiations to enter into a permanent operating agreement, the City and Sound Transit determined that Sound Transit's acquisition of the property provided advantages to both parties. The primary advantage is that Sound Transit ownership of the property will allow for future investments in regional transportation infrastructure. A specific example of this is the planned replacement of the trestle located on this property, which is currently scheduled for completion in 2017.

Under the Purchase and Sale Agreement for this rail corridor, Sound Transit will pay the City \$4 million and will also transfer approximately 1.22 acres of Sound Transit surplus property to the City near the intersection of Pacific Avenue and South 26th Street; along with up to \$200,000 to the City to design and install landscape improvements on the transferred parcels.

In addition to the aforementioned consideration, Sound Transit and the City have negotiated a Joint Use Agreement for this rail corridor that will allow for Tacoma Rail to continue its freight operations in perpetuity. This Agreement specifies maintenance and repair obligations of both parties, with Tacoma Rail having no maintenance costs for the first 10 years.

TRMW has reviewed the terms and conditions of the Purchase and Sale Agreement and Joint Use Agreement and determined that this sale of real property will not affect their railroad operations and therefore has deemed the transaction acceptable.

City Council held a Public Hearing on December 10, 2013, as required by State law to allow the public to comment on the proposed sale, and notification of the sale has been sent to all residents within a one thousand foot radius of the proposed sale area. No objections have been received.



ISSUE:

Sound Transit needs property rights from TRMW to proceed with their planned capital improvements as well as their ongoing investments into commuter rail infrastructure. TRMW requires continued use of that same infrastructure in this corridor for freight operations, but has limited funds available for ongoing maintenance. By transferring the property rights while retaining an easement, TRMW can continue to operate with no maintenance costs for a 10 year period.

ALTERNATIVES:

Alternatively, TRMW could continue to allow Sound Transit the ability to operate its commuter rail operations under a temporary use agreement; however, this would not provide Sound Transit with the equity needed to facilitate major investments in infrastructure and would result in long term repair and replacement costs for TRMW. Another alternative would be to sell Sound Transit an easement, which would again result in reduced equity to Sound Transit and additional costs and risk exposure to TRMW. For these reasons, neither alternative is recommended.

RECOMMENDATION:

The Public Works Department recommends City Council authorize the proposed sale and declaration of surplus and negotiated disposition of approximately 10.82 acres of real property within the TRMW railroad right-of-way to Sound Transit.

FISCAL IMPACT:

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Sound Transit – Cash		6411030	\$4,000,000
TOTAL			\$4,000,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$4,000,000 in additional funds to TRMW.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No