



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

November 12, 2014

Ordinance 17915

Proposed No. 2014-0374.2

Sponsors Hague and Phillips

1 AN ORDINANCE approving the financing plan for the
2 acquisition of property interests in the Eastside Rail
3 Corridor.

4 STATEMENT OF FACTS:

- 5 1. The Eastside Rail Corridor ("ERC"), formerly referred to as the
6 Burlington Northern-Santa Fe ("BNSF") rail line corridor, is a forty-two-
7 mile railroad corridor that extends south from the city of Snohomish in
8 Snohomish county to the cities of Renton and Redmond in King County,
9 passing through unincorporated King County and the cities of
10 Woodinville, Kirkland, Bellevue, Renton and Redmond.
- 11 2. The ERC is a regional asset that through ongoing public ownership can
12 be managed to support shared objectives of a vibrant, growing community.
- 13 3. The ERC is comprised of a contiguous set of parcels that together offer
14 unique and significant opportunities that would be impossible to recreate if
15 the parcels were disaggregated and sold off to private interests.
- 16 4. King County has developed, maintains and is seeking to further
17 develop a regional trail system that provides an important mode of
18 transportation and recreation opportunity for a diverse and growing
19 population. Maintaining the ERC in contiguous public ownership offers a

20 once-in-a-lifetime opportunity to expand this regional trail system,
21 encouraging vibrant, prosperous and sustainable communities and
22 safeguarding and enhancing King County's natural resources and
23 environment.

24 5. King County has developed, maintains and anticipates the need to
25 expand its wastewater treatment system, which currently includes
26 conveyance facilities that run within and cross the ERC.

27 6. The property interests in the ERC that are now held by King County,
28 Puget Sound Energy, Sound Transit and the cities of Redmond and
29 Kirkland are intended by these entities to implement the November 2009
30 memorandum of understanding vision to share the ERC for public
31 transportation, trail and utility uses in a manner that allows each entity to
32 achieve its purposes and attempts to avoid any frustration of those
33 purposes.

34 7. The county has established and is implementing policy calling for a
35 regional planning process, to include the principal owners and input from
36 stakeholders, to ensure the coordinated development of the ERC to
37 support multiple uses. The ERC Regional Advisory Council, comprised
38 of the five principle owners, leads this process and has created and is
39 implementing a plan for achieving the multiple use vision for the ERC.

40 8. In 2003, BNSF announced its intent to divest itself of the Woodinville
41 Subdivision and Redmond Spur, which encompass the ERC.

42 9. In 2005, the King County council passed Ordinance 15233, which
43 authorized the ERC acquisition project for the preservation of
44 transportation right-of-way in eastside King County cities and made
45 supplemental appropriations in support of the acquisition of the ERC.

46 10. Acquisition of the ERC was initially studied by the Puget Sound
47 Regional Council. In May 2007, under the direction of the BNSF Corridor
48 Advisory Committee the Puget Sound Regional Council completed a
49 technical study of the ERC identifying desirable potential uses and
50 examining their general impacts, the comparative costs of such potential
51 uses and the legal or institutional issues associated with preserving or
52 acquiring the ERC. Based on this study, the BNSF Corridor Advisory
53 Committee recommended, for the ERC portion south of Woodinville, that,
54 among other uses, an interim regional multipurpose trail be developed.

55 11. In December 2007, the King County council passed Ordinance 15995,
56 which approved a memorandum of understanding between BNSF, the Port
57 of Seattle and King County that recognized the acquisition of the ERC by
58 the Port of Seattle and called for negotiations between the Port of Seattle
59 and King County concerning the long-term ownership and use of the ERC.

60 12. In May 2008, the King County council passed Ordinance 16084,
61 which authorized the executive to execute agreements with the Port of
62 Seattle that addressed the county's acquisition of property interests in the
63 ERC, including a multipurpose public easement over the ERC, and the
64 timeline and location of trail development within the ERC.

65 13. In May 2008, the Port of Seattle, BNSF and King County executed a
66 purchase and sale agreement and donation agreement that allowed the Port
67 of Seattle to acquire the ERC, called for an agreement between King
68 County and BNSF for "railbanking" of the ERC mainline south of
69 milepost 23.8 and of the entire spur and called for the Port of Seattle to
70 grant a multipurpose easement to King County over the railbanked portion
71 of the ERC. At the same time, King County executed an interlocal
72 agreement with the Port of Seattle to acquire the multipurpose easement
73 for one million, nine hundred three thousand dollars.

74 14. In November 2009, King County entered into a memorandum of
75 understanding with partners the Port of Seattle, Sound Transit, the city of
76 Redmond, the Cascade Water Alliance and Puget Sound Energy to work
77 together to acquire property interests in the ERC for a variety of purposes.

78 15. In December 2009, BNSF conveyed the ERC to the Port of Seattle
79 and the Port of Seattle conveyed the multipurpose easement to King
80 County.

81 16. Pursuant to the federal National Trails Act and its implementing
82 regulations, 16 U.S.C. 1247(d) and 49 C.F.R. 1 52.29, in December 2009
83 King County entered into an interim trail use agreement with BNSF
84 Railway Company to railbank the ERC from Woodinville to Renton as
85 well as the Redmond Spur from Woodinville to Redmond, subject to
86 reactivation for the resumption of interstate freight service. The interim

87 trail use agreement designated King County as the interim trail user for
88 railbanking purposes.

89 17. In December 2009, Ordinance 16738 requested that the King County
90 executive negotiate contracts to acquire property rights, in addition to
91 those encompassed in the multipurpose easement, in the ERC as
92 envisioned in the 2009 memorandum of understanding, a primary purpose
93 of which was to ensure that the ERC could be developed and operated for
94 the purposes of recreational trail and other uses while also preserving the
95 ERC for the reactivation of interstate freight service.

96 18. In accordance with the 2009 memorandum of understanding, the
97 memorandum of understanding partners have executed agreements that
98 complete acquisitions of property interests from the Port of Seattle to
99 implement the multiple use purpose of the memorandum of understanding.

100 19. In June 2010, the city of Redmond acquired from the Port of Seattle
101 ownership of the ERC from milepost 3.4 to milepost 7.3 of the spur. The
102 city of Redmond has developed and is implementing a plan to build a trail
103 on the city-owned segment of the Redmond spur.

104 20. In December 2010, Puget Sound Energy acquired from the Port of
105 Seattle a utility easement over all portions of the ERC main line and spur
106 south of the city of Snohomish in Snohomish county.

107 21. In April 2012, Sound Transit acquired from the Port of Seattle
108 ownership of the ERC from milepost 2.4 to 13.5 of the main line, and a
109 high capacity transportation easement over all other portions of the ERC

110 main line south of milepost 23.8 and from milepost 0.0 to 3.4 on the spur.

111 In April 2012, Sound Transit also acquired from the city of Redmond an

112 easement from milepost 3.4 to 7.3 of the spur.

113 22. In April 2012, the city of Kirkland acquired from the Port of Seattle

114 ownership of the ERC from milepost 14.8 to 20.3 of the main line.

115 23. On February 8, 2013 King County and the Port of Seattle executed a

116 purchase and sale agreement through which King County acquired

117 property interests in the ERC in support of outcomes including: providing

118 a well-integrated trail system that supports the regional transportation

119 network; consolidating the property rights that undergird the regional

120 wastewater system that protects water quality and aids economic

121 development; supporting other uses; and preserving the ERC for

122 reactivation for the resumption of interstate freight service.

123 24. On February 13, 2013, King County and the Port of Seattle closed on

124 King County's acquisition of property interests in the ERC for the sum of

125 fifteen million eight hundred thousand dollars plus any interest accrued

126 between the closing date and the date of final payment.

127 25. On February 13, 2013, King County and Puget Sound Energy

128 completed a Reciprocal Coordination and Cooperation Covenant

129 Agreement that clarifies the parties' respective interests in the ERC and

130 ensures that these interests are constructively pursued.

131 26. On March 27, 2013, King County and the city of Redmond entered
132 into an intergovernmental land transfer agreement to further the mutual
133 goal of a regionally integrated ERC.

134 27. The Port of Seattle has credited King County the one million nine
135 hundred three thousand dollars already paid to the Port of Seattle in 2008
136 for the multipurpose easement, reducing the balance owed to
137 approximately thirteen million nine hundred thousand dollars.

138 28. Shortly after closing King County paid to the Port of Seattle the sum
139 of one million four hundred forty nine thousand dollars toward the balance
140 owed for the county's ERC acquisitions. These federal funds were
141 provided through the Puget Sound Regional Council and appropriated
142 through Ordinance 17500. The payment reduced the balanced owed to
143 approximately twelve million five hundred thousand dollars.

144 29. The purchase and sale agreement between King County and the Port
145 of Seattle allowed for the option to pay the balance owed in cash and/or
146 property in lieu of cash.

147 30. After exploring a variety of options to fund its acquisition of property
148 interests in the ERC to advance its trail, transportation and utility system
149 objectives, King County has chosen to pay the balance owed to the Port of
150 Seattle in cash, rather than the property transfer option.

151 31. The executive has prepared a financing plan, Attachment A to this
152 ordinance, that identifies the fund sources that will be employed, amounts
153 from the respective sources, and the payment timeframe in order to make

154 full payment of the balance owed plus the accrued interest to the Port of
155 Seattle.

156 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

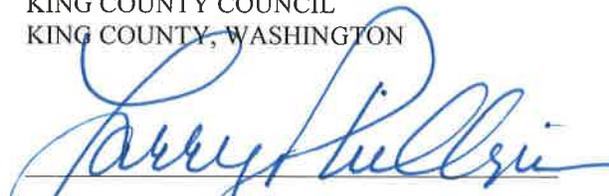
157 SECTION 1. The financing plan for King County’s Eastside Rail Corridor
158 acquisitions from the Port of Seattle, Attachment A to this ordinance, is hereby approved.

159

Ordinance 17915 was introduced on 9/2/2014 and passed by the Metropolitan King
County Council on 11/10/2014, by the following vote:

Yes: 7 - Mr. Phillips, Mr. Gossett, Ms. Hague, Ms. Lambert, Mr.
McDermott, Mr. Dembowski and Mr. Upthegrove
No: 0
Excused: 2 - Mr. von Reichbauer and Mr. Dunn

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

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2014 NOV 20 PM 3:40
CLERK
KING COUNTY COUNCIL

APPROVED this 20 day of NOVEMBER, 2014.



Dow Constantine, County Executive

Attachments: A. Eastside Rail Corridor Financing Plan -Revised 10-29-14

Eastside Rail Corridor Financing Plan

King County closed its acquisition of property interests in the Eastside Rail Corridor (Corridor) from the Port of Seattle on February 13, 2013. The purchase price for the portions of the Corridor the County acquired from the Port was \$15.8M. The interests acquired at this closing date include the 2013 fee and easement acquisitions.

In 2009, the County paid \$1.9M from Conservation Futures Tax (CFT) to the Port for the Multipurpose Easement (MPE), and the Port has credited the County this amount against the \$15.8M purchase price. The County secured a Puget Sound Regional Council Grant of \$1.4M in federal funds for Corridor acquisitions, and this amount was paid to the Port just after the closing. Therefore, the outstanding balance owed to the Port just after closing was \$12.5M.

Pursuant to the Purchase and Sale Agreement with the Port, the County will be charged interest on this balance at the rate of 2.8 percent compounded annually. The County has no more than 3 years from closing (approximately February 13, 2016) to pay the Port the outstanding balance plus any interest accrued at the time of payment.

Funding source options to cover the **\$15.8M** purchase price plus the estimated interest accrued through January 2015:

<u>Source</u>	<u>Paid/Accrued</u>
Approximate interest accrued between 2/13 and 1/15	\$0.7M
CFT (original amount paid in 2009 for the MPE)	(\$1.9M)
PSRC Grant (paid to the Port just after 2013 closing)	(\$1.4M)
Outstanding Balance	\$13.2M

Financing Plan for Outstanding Balance

Wastewater contribution for their uses/rights	(\$1.4M)
Bonds backed by CFT ¹	(\$5.9M)
Bonds backed by General Fund ²	(\$5.9M)

¹ Assuming 15 year debt, the current annual repayment obligation would be about \$512,000/year.

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