

August 23, 2012

The Honorable Larry Gossett
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Gossett:

This letter transmits three ordinances that will enable King County to complete its acquisition of significant property interests in the Woodinville Subdivision of the Eastside Rail Corridor (Corridor). This acquisition will help ensure that the Corridor (formerly the Burlington Northern – Santa Fe Corridor) supports multiple public uses benefiting the residents of the region and serves as a valued asset of a growing community.

This long-planned acquisition of property interests in portions of the Corridor will allow the County to build on its existing easement rights to provide a well-integrated, world-class trail system that supports the regional transportation network; consolidate the property rights that undergird the regional wastewater system that protects water quality and aids economic development; maintain the Corridor's potential to support commuter rail connectivity through the major growth centers in King County's east side; and preserve the Corridor for reactivation of interstate freight service.

These ordinances together represent a significant step forward for King County and all of the parties to the 2009 Memorandum of Understanding (MOU) that set forth the region's vision for sharing the Corridor to the benefit of residents of the region, a primary purpose of which was to ensure that the Corridor be developed and operated for the dual purposes of recreational trail and public transportation use while also preserving the Corridor for the reactivation of interstate freight service. The transaction contemplated in these ordinances was anticipated by Council Ordinance 16738, which requested that the Executive negotiate contracts with the Port of Seattle for property interests in the Corridor. Approval of these ordinances will enable King County to fulfill the commitments it made in the MOU, and preserve substantial segments of the Corridor for trail, rail, and utility uses. Approval will also make available the financial resources needed to take the immediate, initial steps to secure and maintain the Corridor to support multiple uses.

This legislation advances the goals of the County's Strategic Plan by encouraging vibrant, prosperous, and sustainable communities and safeguarding and enhancing King County's natural resources and environment. This legislation advances the goals of the County's

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Equity and Social Justice Initiative by supporting ongoing public access for all people to the Corridor as a safe, clean, and quality outdoor space and facility that will serve the interests of the citizens of the region.

The enclosed ordinance regarding the County's acquisition of property interests from the Port of Seattle (Port) provides the Council's authorization to execute a Purchase and Sale Agreement allowing King County to secure ownership of portions of the Corridor from the Port for an amount up to fifteen million, eight-hundred thousand dollars (\$15,800,000). This agreement will credit King County for the one million, nine hundred and three thousand dollars (\$1,903,000) the County paid to the Port in 2009 for the Multipurpose Easement in the Corridor. The County will be charged interest on the remaining balance of thirteen million, eight-hundred ninety-seven thousand dollars (\$13,897,000) at the rate of 2.8 percent, compounded annually.

King County will be acquiring fee ownership over approximately 15.6 miles of the Corridor, and acquiring an easement over approximately 3.9 miles. This agreement will not directly affect existing easements or covenants in other portions of the Corridor. King County's fee acquisitions will make the County the largest landowner in the Corridor south of the County line. King County's ownership of this significant portion of the Corridor will enable the County to advance the development of a regional trail and to maintain and expand our utility facilities in the Corridor. King County will continue to hold the freight reactivation rights over the Corridor main line south of milepost 23.8 in Woodinville and over the entirety of the Corridor spur from Woodinville to Redmond.

The County will be responsible for maintaining portions of the Corridor. Under the terms of this agreement King County will have thirty-six (36) months from closing to pay the Port in full. Payment may include cash or property or a combination of both, as determined by the County. Please see the enclosed Purchase and Sale Agreement between King County and the Port of Seattle for the specific terms of the agreement.

The enclosed ordinance regarding an agreement between the County and Puget Sound Energy (PSE) provides the Council's authorization to execute a Reciprocal Coordination and Cooperation Covenant Agreement (RCCCA) with PSE. This RCCCA clarifies and guides the coordination of PSE's and the County's planning and development activities within the Corridor. Please see the enclosed RCCCA between King County and PSE for the specific terms of the agreement.

The enclosed ordinance regarding a supplemental budget request authorizes the expenditure of funds to address the near-term costs for actions the County will need to implement upon closing. These costs cover actions necessary to address deferred maintenance tasks and one-time capital expenditures to ensure the security and integrity of the Corridor, and to manage the myriad existing and expected permits associated with the Corridor. As shown in the enclosed fiscal note, I anticipate that the necessary funds will be supplied by special use permit application fees, a Puget Sound Regional Council Federal Highway Administration grant, reserves held in the Real Estate Excise Tax (REET) 1, and General Fund financial plans. I also anticipate working with the Council through the 2013 budget process to address

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the longer-term and ongoing costs to maintain and develop the Corridor as the multiple use regional asset King County and our partners envisioned in 2009.

This transmittal anticipates the completion of separate agreements between King County and the City of Redmond and King County and the City of Kirkland that will clarify our respective interests in the Corridor and ensure that these interests are managed constructively. These outstanding agreements are not interdependent with the County's Purchase and Sale Agreement with the Port of Seattle. These agreements are being negotiated currently, later than those between King County and the Port and PSE as a result of the complexity of the transactions and the City of Kirkland's relatively recent efforts to acquire interests in the Corridor. I anticipate that these agreements will be completed and transmitted with ordinances for Council approval by the fall of 2012. I look forward to working with you to complete this phase of this project.

Thank you for your consideration of these ordinances. This important legislation will help King County residents take advantage of a once-in-a-lifetime opportunity to significantly and strategically expand our regional transportation system, including rail and trail uses, and sustain the long-term, efficient delivery of utility services over a wide stretch of suburban King County. I urge the Council to enact this legislation and look forward to working with you to realize its benefits.

If you would like more information on these ordinances, please contact Bob Burns, Deputy Director of the Department of Natural Resources and Parks, at 206-263-6296.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Michael Woywod, Chief of Staff
Patrick Hamacher, Senior Principal Legislative Analyst
Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief Advisor, Policy and Strategic Initiatives, King County
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Dwight Dively, Director, Office of Performance, Strategy and Budget
Caroline Whalen, County Administrative Officer, Department of Executive Services
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Bob Burns, Deputy Director, DNRP