

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201912

Resolution:
☒ Yes ☐ No

TITLE:

Transfer of WMATA Property for Purple Line

PRESENTATION SUMMARY:

The State of Maryland is seeking Board approval for the transfer of WMATA real property by permanent easement at New Carrollton, College Park-U of Md, and Silver Spring stations for construction, operations, and maintenance of the Purple Line.

PURPOSE:

The State of Maryland seeks Board approval for the conveyance of WMATA real property interests by permanent easement at three Metro Stations for the purpose of creating the right-of-way for the Purple Line.

DESCRIPTION:

The Purple Line Light Rail Project is a 16-mile light rail line between Bethesda in Montgomery County and New Carrollton in Prince George's County that is sponsored, funded, constructed and operated by, or on behalf of, the State of Maryland.

The State of Maryland has requested that WMATA convey a permanent easement on certain parcels of WMATA real property at Silver Spring, College Park-U of Md, and New Carrollton Metrorail stations for the construction, operation and maintenance of the Project.

The proposed conveyances at Silver Spring, College Park-U of Md, and New Carrollton Metrorail stations are valued at an amount over \$1 million.

Key Highlights:

- Board Resolution 2011-30 requires Board of Directors' approval of WMATA real property conveyances valued over \$1 million
- Staff will present an acceptable agreement to the Board of Directors for its approval on or before December 31, 2017
- WMATA must receive written approval or concurrence of the proposed conveyances from the Federal Transit Administration prior to such conveyances

- The conveyance documents will include a provision requiring that any property interests conveyed that is not used by, or on behalf of, the State of Maryland for transit purposes be re-conveyed to WMATA and that WMATA will be entitled to all revenue from any such property interests prior to re-conveyance to WMATA

Background and History:

In 2016, the Board approved the Purple Line Project Construction Agreement (PCA) between WMATA and the Maryland Transit Administration (MTA), which provides for WMATA's design and engineering reviews of the Purple Line where the new transit project impacts on WMATA's facilities and operations. The agreement also acknowledges that conveyance of various parcels of WMATA owned and/or controlled real property will be necessary for the construction, operation and maintenance of the transit project and that WMATA and MTA will reach agreement on the process, terms, and compensation for the conveyance of real property interests prior to construction commencing.

The Purple Line is being overseen by MTA in close coordination with WMATA, Montgomery and Prince George's counties, the Maryland-National Capital Park and Planning Commission, the Maryland State Highway Administration, and local municipalities in the project area.

The PCA establishes that WMATA will transfer real property interests to make way for the Purple Line, establishes WMATA's entitlement to compensation, and sets a deadline for determining the approach to compensation to be given by MTA to WMATA for such property, which must be done no later than thirty (30) days prior to the commencement of construction of the Purple Line on the relevant property.

The three Metro Stations where the Purple Line will require conveyance of real property are College Park-U of Md, Silver Spring and New Carrollton. The three stations that the Purple Line crosses are each unique:

(1) At College Park-U of Md, a total of approximately 100,000 square feet along Metro's rail tracks, the Metro Station entrance, bus loop and parking garage is needed for the Purple Line right-of-way; in accordance with Resolution 2008-29, this property can be transferred at no cost to the State. The Purple Line right-of-way also requires an additional 31,250 square feet of Joint Development property, which reduces the Joint Development site by that amount and, as a result, reduces the real estate revenue to WMATA by approximately \$2.0 million.

(2) At Silver Spring, some property (the air rights) over the Metrorail tracks is needed, as well as Joint Development property. Easements for the air rights can be transferred at no cost to the State in accordance with Resolution 2008-29. The 1.8-acre Joint Development site is expected to be reduced by approximately 32,000 square feet (or 40% of the site), which decreases the

value to WMATA from \$16.6 million (the value of the entire Joint Development property) by at least \$6.7 million. In addition, WMATA has a Memorandum of Understanding with Montgomery County to share 25% of WMATA's joint development proceeds with the County.

It is unknown whether the remaining 60% of the Joint Development site at Silver Spring could be developed and a joint development solicitation would be required to determine market interest in the remaining property. It is also possible that the remaining portion of the joint development property cannot be developed because the site is too small or awkwardly configured. Typically, in real estate compensation practices, compensation due to an owner when the remaining piece of land is no longer sellable (an "uneconomic remnant") equals the fair market value of the original property (in this case, approximately \$16.6 million). The State of Maryland is requesting that the area required for its right-of-way be conveyed at no cost to the State and proposes that WMATA proceed with Joint Development on the remainder of the property.

(3) At New Carrollton, the property required for the Purple Line includes approximately 20,000 square feet parallel to Ellin Rd. along the length of the bus loop on the north side of the station; in accordance with Resolution 2008-29, this property can be transferred at no cost to the State. The Purple Line will also temporarily impact all 830 parking spaces on WMATA's surface parking lot on the north side of the station (the North Lot) during construction and permanently reduce the North Lot by 500 to 600 parking spaces. The North Lot is also subject to a Joint Development Agreement with a selected developer.

The State of Maryland is offering as compensation to WMATA for the loss of 500 to 600 parking spaces (operating revenue) the transfer of the State-owned surface parking lot on the south side of the station, which contains 450 parking spaces, plus unimproved adjacent property owned by the State. The difference in value of a 500-space parking lot and a 450-space parking lot is an estimated \$62,400 in annual revenue, which has a net present value of \$1.5 million. The difference in value of a 600-space parking lot and a 450-space parking lot is an estimated \$187,200 in annual revenue, which has a net present value of \$4.5 million. The fair market value of the land itself was established at \$4.5 million by a State-contracted appraisal; because approximately 22% of the land is occupied by the State-owned parking lot, the prorated value of the additional land area is approximately \$3.5 million.

Board Resolution 2008-29 and the Project Construction Agreement provide for WMATA receiving compensation for loss of operating revenue as well as compensation for Joint Development property. The estimated impact of the State's proposal on WMATA's operating budget is between \$62,400 and \$187,200 annually. The estimated decrease in value of Joint Development property is a minimum of \$6.7 million and a maximum of \$19.6 million, depending on development potential of the remaining Joint Development

property at Silver Spring, offset in part by the \$3.5 million value of the land at New Carrollton.

Discussion:

The Board is required to approve two things if it is to accept the State of Maryland's proposal.

First, the Board must approve any and all transfers of property to a local jurisdiction or state government for use by a transit project. Staff recommends transferring the property areas requested by the State of Maryland by perpetual easement for the creation of the right-of-way and enable this light rail transit project to move forward.

The second Board approval required to accept the State of Maryland's proposal is an exception to Board Resolution 2008-29 to transfer Joint Development property at no cost and approve the estimated loss in annual revenue of between \$62,400 and \$187,200, depending on the reduction in parking spaces at New Carrollton. The estimated decrease in value of Joint Development property is a minimum of \$6.7 million and a maximum of \$19.6 million, depending on development potential of the remaining Joint Development property at Silver Spring, offset in part by the \$3.5 million value of the land at New Carrollton.

There are several forms of compensation that would be satisfactory to WMATA, such as: an in-kind contribution of land, parking, or other revenue property in the Washington region from the State of Maryland to WMATA; investment in WMATA's replacement infrastructure at Joint Development sites in Maryland, which investments would accelerate transit-oriented development; or other types of consideration that the State of Maryland would propose.

In determining the State of Maryland's request for transfer of real property interests, the Board should consider the importance of the Purple Line project as a whole, the precedence the approval may set for no cost property transfers, and the foregone revenue to WMATA.

FUNDING IMPACT:

If the State of Maryland's compensation proposal is approved by the Board, the funding impact to Metro is a loss of between \$62,400 and \$187,200 per year in parking revenue which is part of the operating program budget. The State's proposal decreases in value of Metro's Joint Development property by a minimum of \$8.7 million and a maximum of \$18.6 million, offset in part by the \$3.5 million value of the land at New Carrollton, which Joint Development revenue (if realized) would support WMATA's capital program budget.

Project Manager:	Nina Albert
Project Department/Office:	CFO/LAND

TIMELINE:

Previous Actions	<p>Board Resolution 2008-29 authorizes WMATA to transfer real property to local jurisdictions and state governments for reimbursable and other transit projects under certain conditions.</p> <p>Board Resolution 2011-30 requires Board of Directors' approval of WMATA real property conveyances valued over \$1 million.</p> <p>Purple Line Project Construction Agreement between WMATA and Maryland Transit Administration dated May 10, 2016.</p>
Anticipated actions after presentation	<p>Conveyance of property interests to the State of Maryland in accordance with Board approvals.</p>

RECOMMENDATION:

Board to consider the State of Maryland's proposal for the conveyance of WMATA property for the Purple Line light rail project.

**SUBJECT: APPROVAL TO CONVEY PERMANENT EASEMENTS ON CERTAIN PARCELS
OF WMATA REAL PROPERTY TO THE STATE OF MARYLAND FOR THE
PURPLE LINE LIGHT RAIL PROJECT**

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, Resolution 2011-30 requires Board of Directors' approval of Washington Metropolitan Area Transit Authority (WMATA) real property conveyances valued at over \$1 million; and

WHEREAS, At no cost to WMATA, the State of Maryland through the Maryland Transit Administration will fund, construct and operate The Purple Line Light Rail Project (Project), a \$2 billion 16-mile light rail line between Bethesda in Montgomery County and New Carrollton in Prince George's County; and

WHEREAS, At no cost to WMATA under the Project, the State of Maryland will also fund and construct new station entrances at Bethesda and Silver Spring Metrorail stations which are projected to cost \$120 million; and

WHEREAS, The Project will provide a direct connection to Metrorail Red, Green and Orange Lines at Bethesda, Silver Spring, College Park-U of Md, and New Carrollton Metrorail stations, thereby expanding WMATA's alignment with all three MARC lines, Amtrak, and local bus routes; and

WHEREAS, The Project will support community revitalization and transit-oriented development, and improve workforce commuter options all of which will benefit WMATA as well as the National Capital Region; and

WHEREAS, The State of Maryland has requested that WMATA convey permanent easements on certain parcels of WMATA real property at Silver Spring, College Park-U of Md, and New Carrollton Metrorail stations for the construction, operation and maintenance of the Project; and

WHEREAS, The proposed conveyances at Silver Spring, College Park-U of Md, and New Carrollton Metrorail stations are valued at over \$1 million; and

WHEREAS, The State of Maryland has offered a state-owned surface parking lot and an adjacent parcel of land both at the New Carrollton Metrorail station (set forth in Attachment A) as consideration for the proposed conveyances; now, therefore be it

RESOLVED, That the Board of Directors approves the conveyance of permanent easements on certain WMATA real property to the State of Maryland for the consideration proposed by the State of Maryland, subject to the conditions below; and be it further

RESOLVED, That WMATA must receive prior written approval (or concurrence) of the proposed conveyances from the Federal Transit Administration; and be it further

RESOLVED, That the conveyance documents shall include a provision requiring that any property interests conveyed hereby that is not used by, or on behalf of, the State of Maryland for transit purposes shall be re-conveyed to WMATA, and that WMATA shall be entitled to all revenue from any such property interests prior to its re-conveyance to WMATA; and be it further

RESOLVED, That the conveyance documents shall include any additional provisions required by the Board of Directors in response to any WMATA Compact public hearing(s) held with respect to the Project; and be it further

RESOLVED, That the Board of Directors directs staff to prepare, negotiate and execute the necessary conveyance documents; and be it finally

RESOLVED, That, in order to meet the Project's timeline for construction, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:
21.3.2 Disposal of Less-Than-Fee Permanent Interest (easements)

ATTACHMENT A

