

# Leasing State Highway Right of Way to Sound Transit

2022 JLARC STUDY

The 2021-23 transportation budget directed JLARC to evaluate the method used for leasing highway right of way (ROW) to Sound Transit for light rail development.

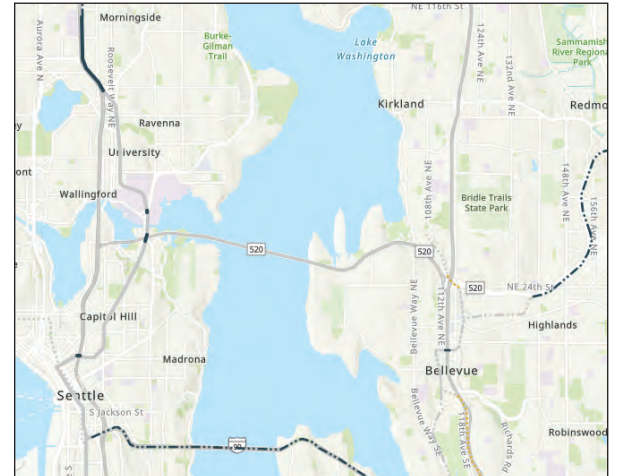
## Sound Transit leases portions of state highway property from WSDOT to build its light rail system

The two agencies signed a Land Bank Agreement in 2000 that provides a framework for leasing and recording in-kind transactions.

Sound Transit earns credits from WSDOT by funding highway improvements (e.g., direct access ramps for buses and carpools). It uses those credits to offset the cost of leasing highway right of way (ROW). ROW refers to highway corridors used for constructing and operating transportation facilities.

- So far, total credits (\$602M) have exceeded total debits (\$511M).
- As a result, Sound Transit has not paid cash for its leases.

## Current and future light rail on state highways



Click image to view interactive map.

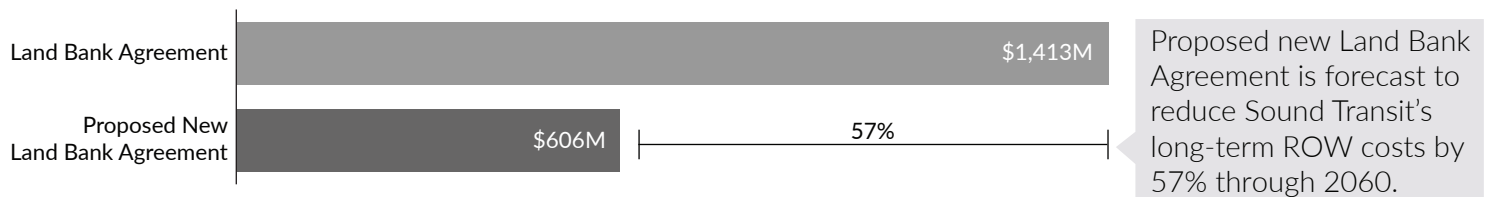
## Lease rates are set at 100% of market value

JLARC staff hired independent appraisers to review WSDOT's lease rates. The **appraisers confirmed** that the leases were appraised at **100% of market value** and that the appraisal methods were reasonable and supported by market data.

In a comparison with **five other states**, JLARC staff found that **Washington was the only state** to charge a public transit agency market value for using highway ROW to build light rail.

California  
Colorado  
Minnesota  
Oregon  
Virginia

## A proposed new Land Bank Agreement would reduce Sound Transit's future costs with longer lease terms and discounted lease rates



## Land Bank Agreement would benefit from increased oversight

The **existing Agreement no longer reflects the agencies' current practice** in awarding credits, using several lease types, and other actions. There is no formal interagency process or structure to administer the Agreement and Sound Transit does not participate in WSDOT's Land Bank Oversight Committee, which is responsible for awarding Sound Transit credits for highway improvements.

## LEGISLATIVE AUDITOR'S RECOMMENDATION

As the two agencies negotiate an update to the Land Bank Agreement, WSDOT and Sound Transit should strengthen internal oversight and develop written procedures to jointly administer the Agreement.