

The Disposition of Seven Seattle City Light Properties in NW Seattle: A Report and Recommendation in Response to the Requirements of Resolution 31424

Purpose of this report.

Resolution 31424 required City Light to follow a set of procedures for circulation, public outreach, and public hearings for the disposition of surplus properties under its jurisdiction. The final step in this process is the transmittal of a report to the City Council on the circulation, community outreach, and community comments and suggestions, together with a recommendation for disposition of the property, and the necessary legislation to implement those recommendations. This document with its appendix is that report. It includes City Light's recommendations. The proposed legislation will be transmitted to the City Council separately.

Please note that in July of 2018, Resolution 31829 was adopted by the City Council which established slightly new guidelines for disposition of property no longer needed by City Light, including a clear priority for dedicating these properties to the development of affordable housing. However, Section 3 of the resolution makes it clear that those City Light properties that have "completed the public outreach process that was previously required" [i.e, that was required by Resolution 31424] are not required to restart the public outreach process.

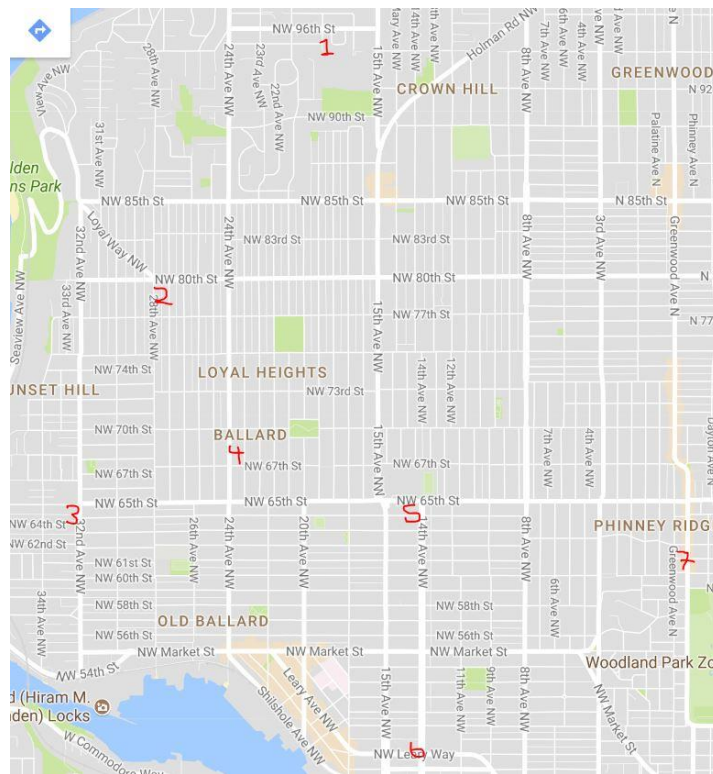
Background and Property Descriptions.

Over the last thirty years City Light has been converting its neighborhood distribution system from 4,000 volts (which required many, small substations) to 26,000 volts (which require fewer, larger substations.) This has resulted in many small properties sprinkled around the city that are excess to City Light's utility needs. City Light always evaluates these former substation sites for any contamination. If contamination is found, it is cleaned up appropriately.

Over the last nine years City Light has applied this process to groups of former substation sites in NE, SE and SW Seattle. The utility is now considering the disposition of seven former substation properties in NW Seattle which are described in the chart below.

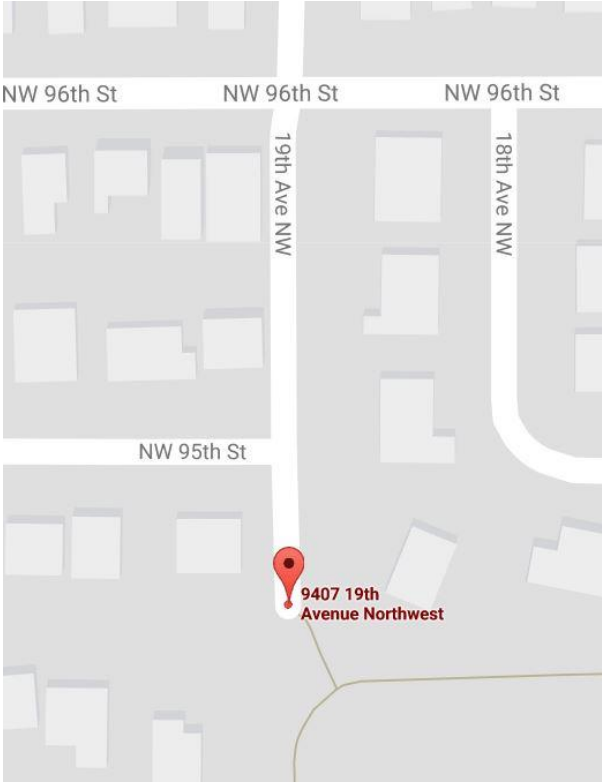
Site Name	Address	Area, SF	Zoning
1.North Beach	9407 19 th Ave NW	6,600	SF7200
2.Loyal Heights	7750 28 th Ave NW	8,158	LR2 RC
3.Sunset	3209 NW 65 th St	6,300	NC1-30
4.Ballard	6728 24 th Ave NW	5,100	LR2
5.Monroe	1405 NW 65 th St	4,000	LR3 (Urban Village Overlay)
6.Leary	1414/1406 NW Leary Wy	8,800	IG2 U/65
7.Phinney	6109 Phinney Ave N	6,000	NC2P-55

The total projected value of all properties is around \$5 M. The site locations are shown below.



More detailed information for each property is discussed below.

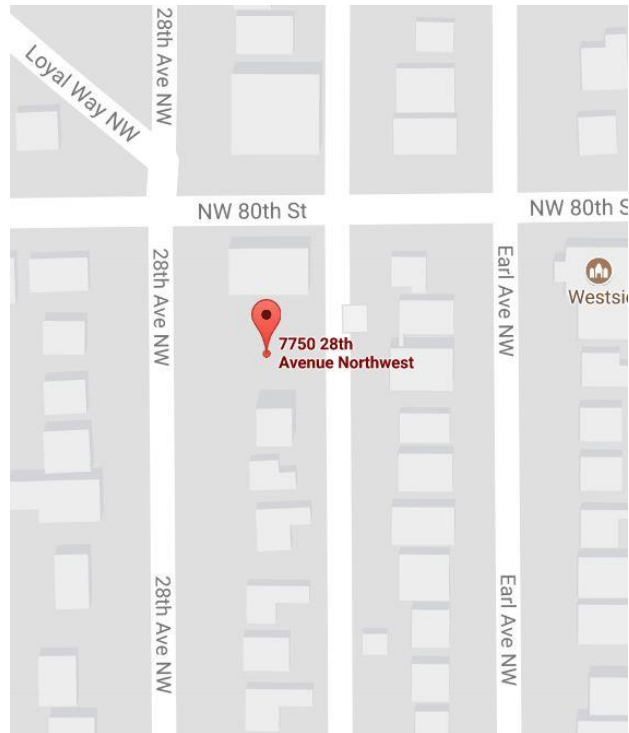
#1 North Beach:

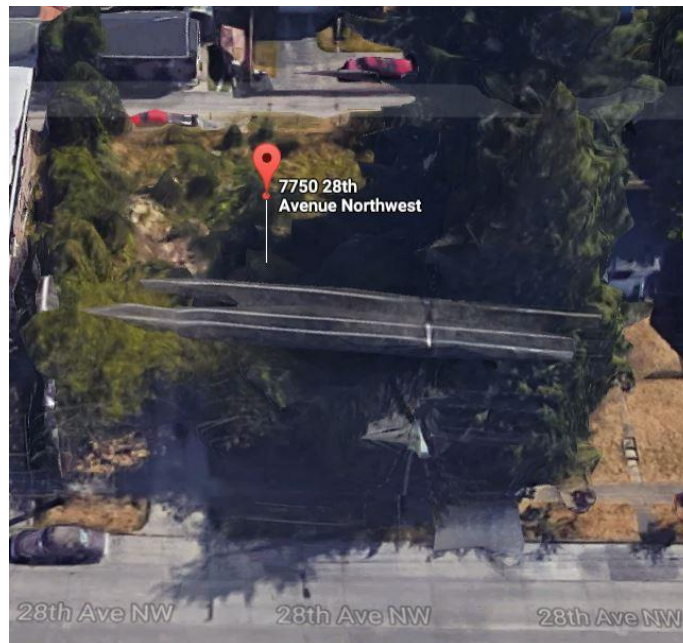




- Allowed uses: SF & a detached garage and/or accessory dwelling unit
- Max height: 30' (35' w/ pitched roof)
- Min. setbacks
 - Front = 20' or average of immediate neighbors
 - Sides = 5'
 - Rear = 25' or 20% of lot depth
- Max # of dwelling units: one plus accessory dwelling unit
- Required onsite parking: one per dwelling unit

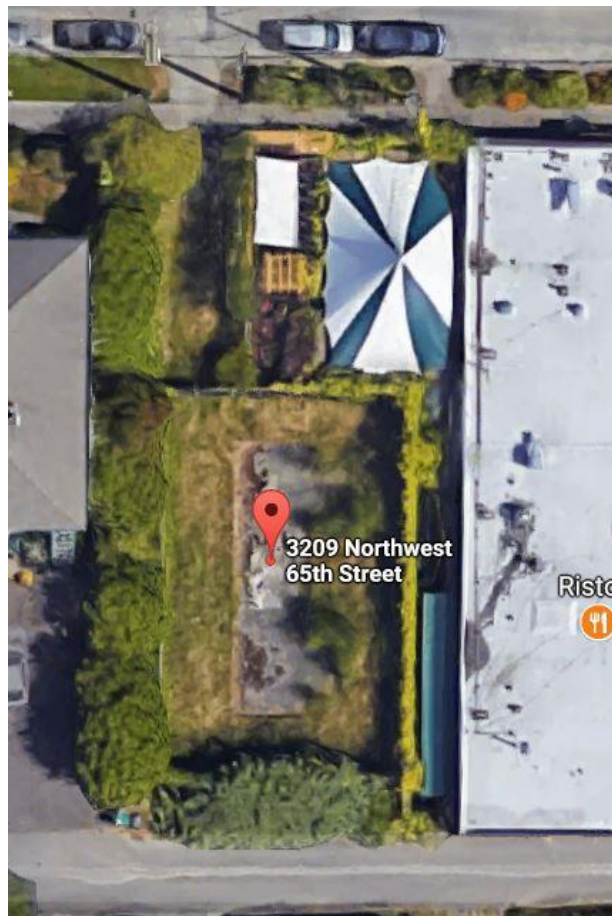
#2 Loyal Heights:

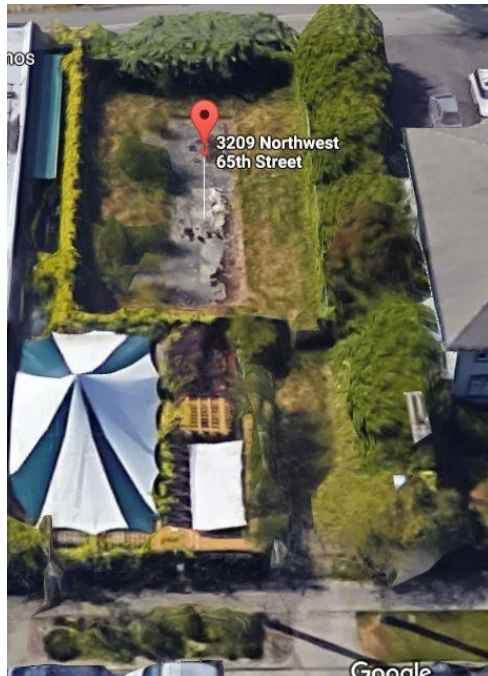




- Allowed uses: SF, townhouse, apt or rowhouse and nonresidential on ground floor
- Max height: 30' (35' w/ pitched roof)
- Min. setbacks (for apts/townhouses):
 - Front & sides = 5'
 - Rear (apt) = 10'
 - Rear (TH) = 5'
- Max # of dwelling units: 6, based on density limit of 1 unit/1,200 sf of lot area
- Required onsite parking: one per dwelling unit

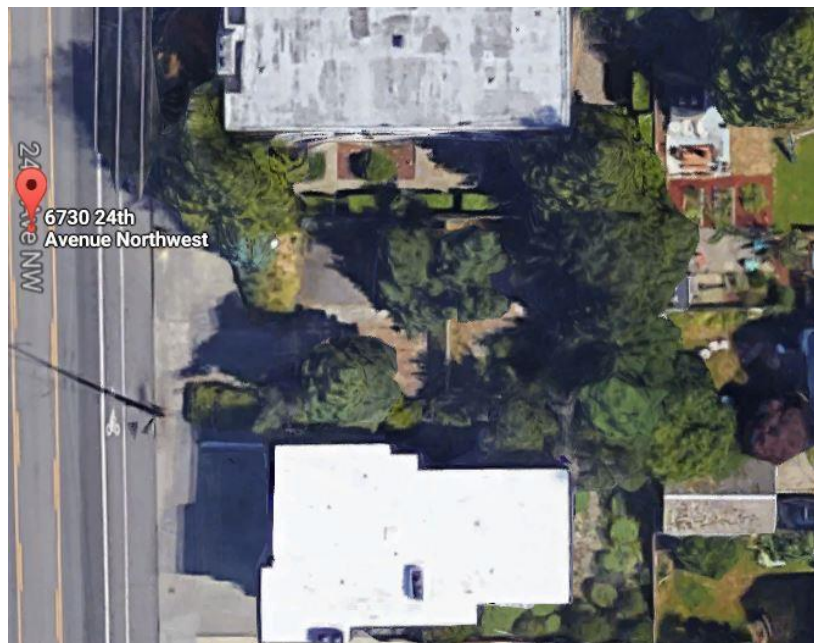
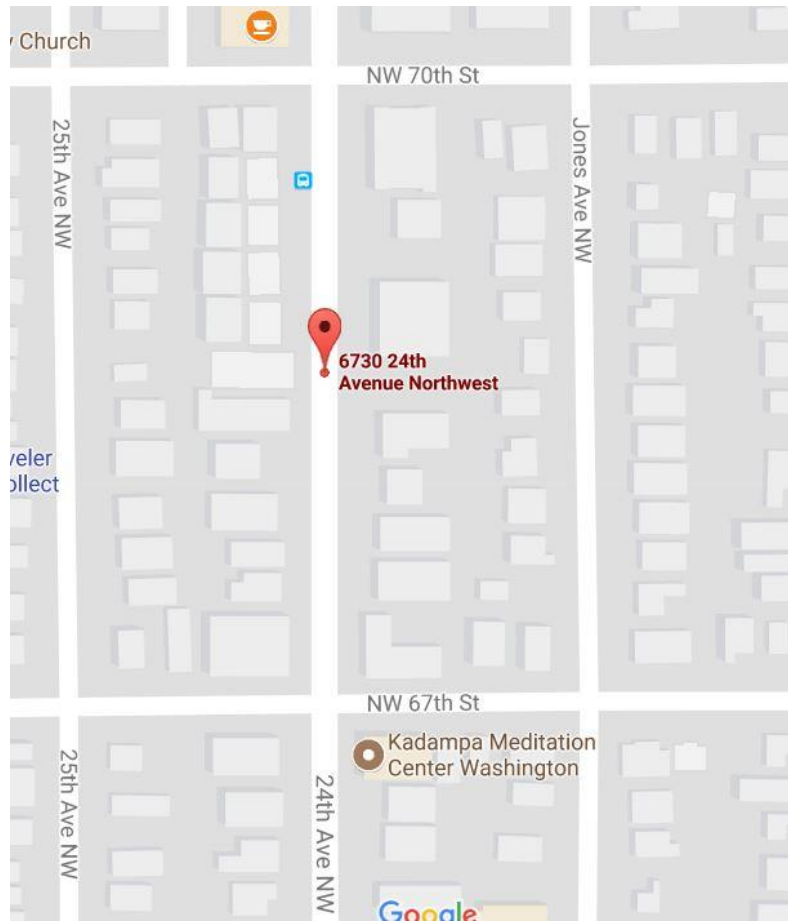
#3 Sunset:

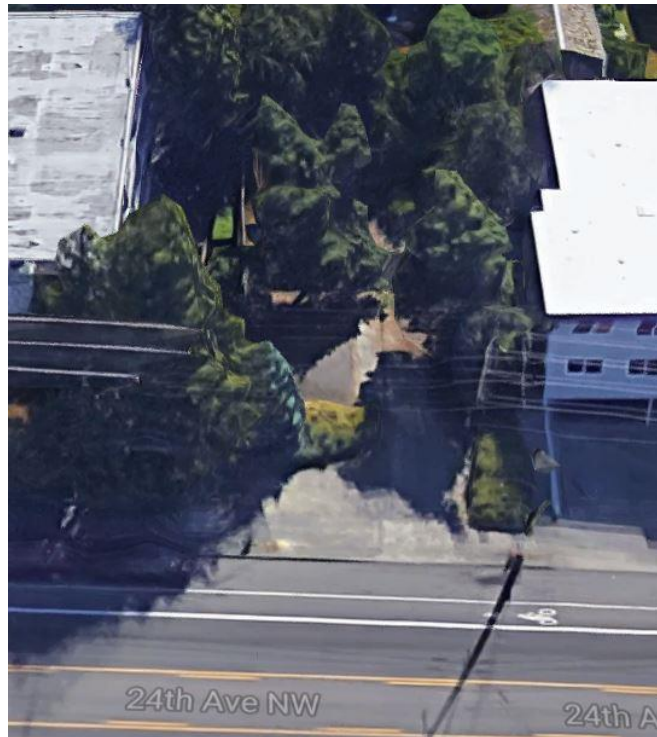




- Allowed uses: A wide variety from residential to commercial and institutional. No industrial uses.
- Max height: 30' plus option of additional 4' plus roof-top features
- Min. setbacks: none at ground level. Higher stories have 15' on the west and south.
- Required onsite parking:
 - Vehicle access from alley.
 - Generally, 1 space per residential dwelling unit.
 - For many commercial uses of less than 2,500 sf, no parking is required.
- Max # of dwelling units:
 - No density limit in NC zones.
 - Hypothetically could be close to 26 units assuming 600 sf/unit.
 - Common areas and on-site parking requirements could result in fewer units.

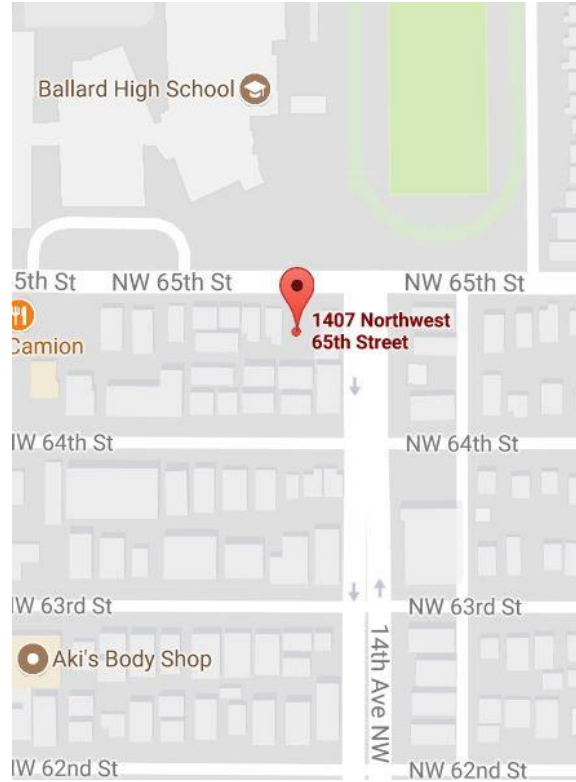
#4 Ballard:





- Allowed uses: SF, townhouse, apt or rowhouse
- Max height: 30' (35' w/ pitched roof)
- Min. setbacks (for apts/townhouses):
 - Front & sides = 5'
 - Rear (apt) = 15'
 - Rear (TH) = 5'
- Max # of dwelling units: 4, based on density limit of 1 unit/1,200 sf of lot area
- Required onsite parking: one per dwelling unit

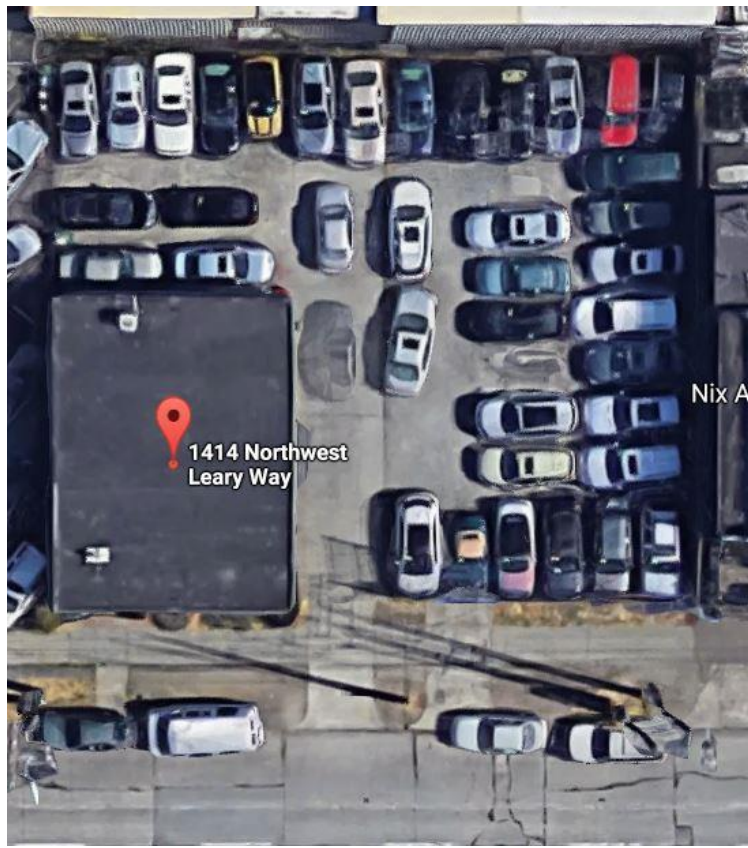
#5 Monroe:

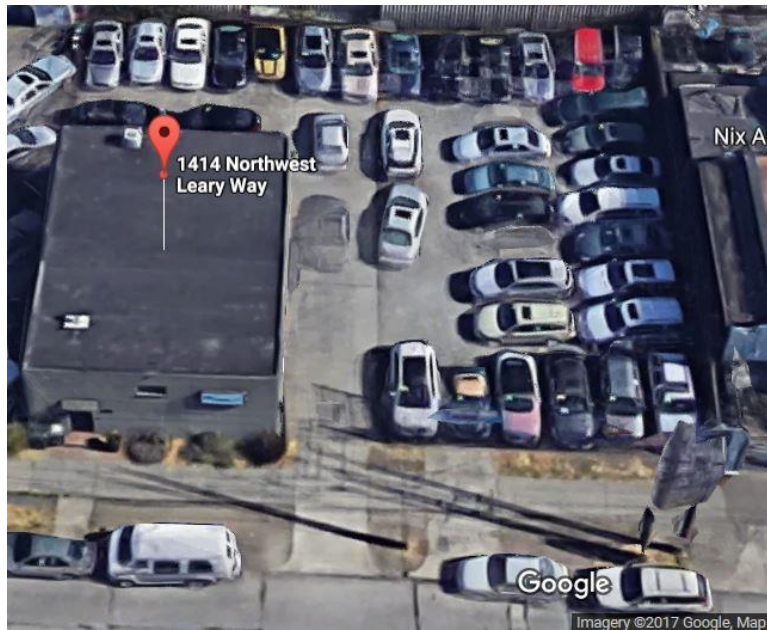
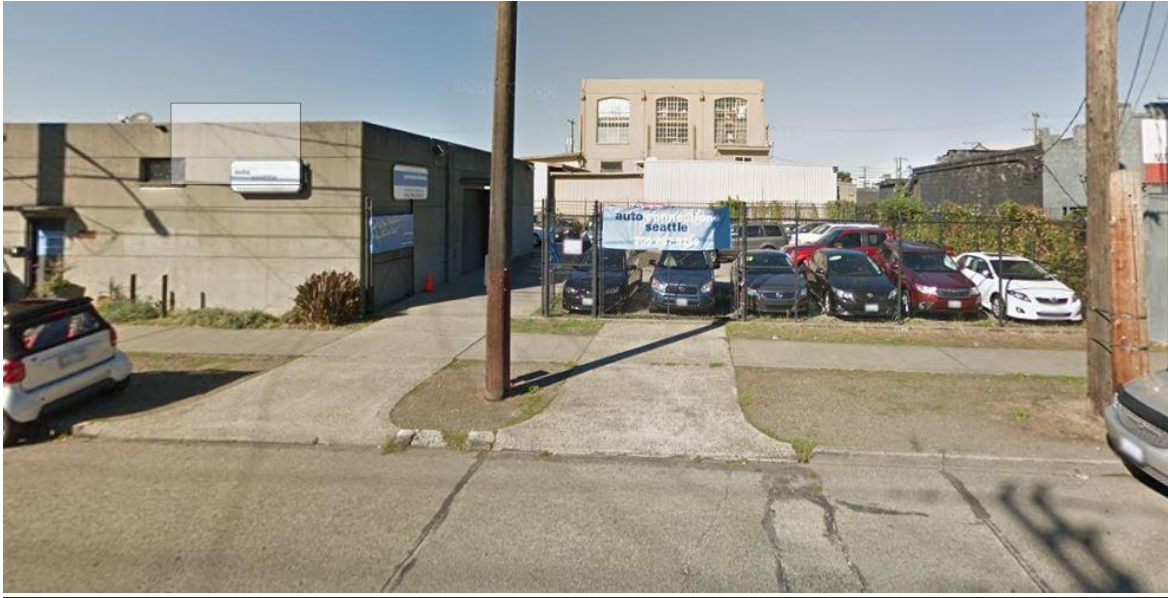




- Allowed uses: SF, townhouse, apt or rowhouse
- Max height: 40' for apts.
- Min. setbacks (for apts/townhouses):
 - Front & sides = 5'
 - Rear (apt) = 15'
 - Rear (TH) = 5'
- Max # of dwelling units: 5, based on density limit of 1 unit/800 sf of lot area
- Required onsite parking: none, if Frequent Transit Area criteria are met

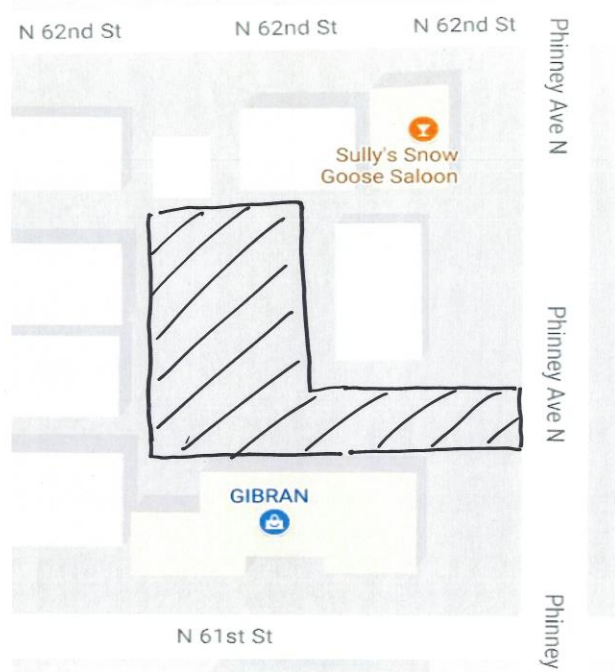
#6 Leary

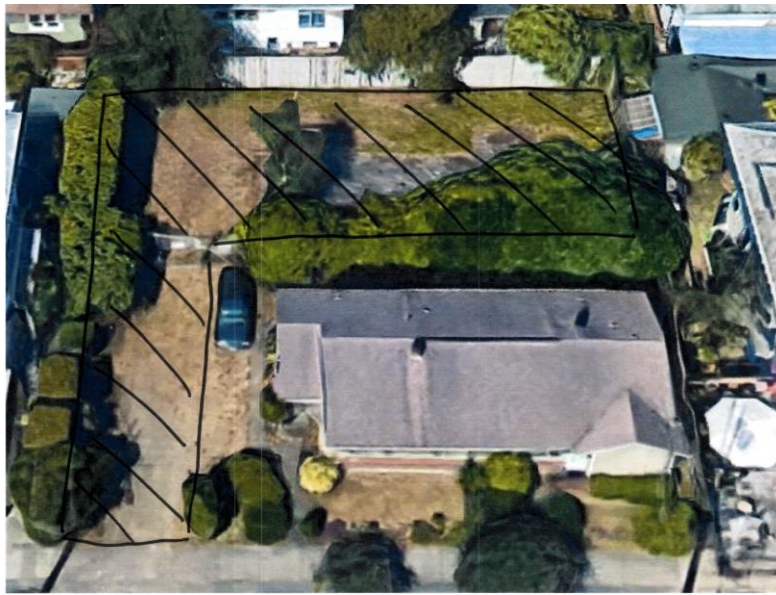




- Allowed use: Up to most intensive industrial uses, no residential or institutional uses
- Max height: unlimited for industrial, 65' for commercial
- Min. setbacks: in most cases, none
- Required onsite parking: based on type of land use

#7 Phinney:





- Allowed uses: Residential (including MF)/commercial/institutional. No industrial uses.
- Max height: 40' plus option of additional 4' plus rooftop features
- Min. setbacks: None at ground level; higher stories have 15' on the west
- Max # of dwelling units: No density limits but site could sustain perhaps 24 units
- Required onsite parking: 1 space/dwelling unit with 50% reduction if Frequent transit Area applies

Legal restrictions on the use and disposition of the property.

State law constrains the disposition of utility property. RCW 43.09.210 states in part:

“All service rendered by, or property transferred from, one department, public improvement, undertaking, institution, or public service industry to another, shall be paid for at its true and full value by the department, public improvement, undertaking, institution, or public service industry receiving the same, and no department, public improvement, undertaking, institution, or public service industry shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.”

RCW 35.94.040 states in part:

“Whenever a city shall determine, by resolution of its legislative authority, that any lands, property, or equipment originally acquired for public utility purposes is surplus to the city's needs and is not required for providing continued public utility service, then such legislative authority by resolution and after a public hearing may cause such lands, property, or equipment to be leased, sold, or conveyed. Such resolution shall state the fair market value or the rent or consideration to be paid...”

In summary, prior to June 7, 2018, it was clear that City Light property could not be used for any non-utility, general government or private purpose, without payment of true and full market value. It was mandatory that property transferred from City Light to another City department be paid for at its true and full value.

Third Substitute House Bill 2382, effective June 7, 2018, stated that such sales or transfers when done for the purpose of affordable housing may be carried out for other than true and full market value, when done in compliance with locally adopted implementing rules. Resolution 31829 constitutes these locally adopted rules for the City of Seattle.

City Light's Compliance with Resolution 31424

Resolution 31424, adopted in January of 2013 established the procedures for City Light to follow before making a recommendation for the disposition of surplus property to the City Council. The full text of the resolution is available at:

<http://clerk.seattle.gov/~scripts/nph-brs.exe?s1=&s3=31424&s2=&s4=&Sect4=AND&I=200&Sect2=THESON&Sect3=PLURON&Sect5=RESNY&Sect6=HITOFF&d=RESF&p=1&u=%2F%7Epublic%2Fresny.htm&r=1&f=G>

In summary, it covered requirements to:

- Circulate notices of the availability of the property for purchase, to other City departments and other agencies
- Notify the public of plans to possibly sell the property
- Give the public opportunities to comment on the disposition of the property
- Transmit documentation of all the above to City Council along with City Light's recommendation for disposition

The chart below lists each of the requirements of Resolution 31424 and how City Light has complied with that requirement.

NW Seattle Disposition Project: summary of Resolution 31424 compliance

Requirement excerpted from Res. 31424	Status
1. City Light's surplus properties will be vetted in small groups based on geographic locations.	Done
2. City Light will circulate complete descriptions of the surplus properties under study to all other City departments. Other City departments will have first priority to acquire a surplus property to meet City needs.	Done 9/5/17
3. The surplus properties will also be circulated to other public jurisdictions which may be interested in acquiring a property. Other public jurisdictions will have the second priority to acquire a surplus property to meet public needs.	Done 9/5/17
4. City Light will coordinate its community outreach with the Department of Neighborhoods (DON) and will attend a meeting of each Neighborhood District Council or similar community group recommended by DON having representation within the geographic area of the surplus properties being considered for disposition.	Made presentations to the following groups recommended by DON: <ul style="list-style-type: none"> • Central Ballard Residents Association • Crown Hill Urban Village Committee for Smart Growth • Ballard Alliance • Phinney Ridge Community Council • North Seattle Industrial Association
5. At the ... meetings, City Light will advise the member neighborhood groups of the proposed disposition,	Done

<p>opportunities for public comment, and the upcoming public hearing concerning such disposition.</p>	
<p>6. City Light will attend a meeting of any member neighborhood group making such request to discuss any proposed dispositions in their neighborhoods.</p>	<p>Made presentations to:</p> <ul style="list-style-type: none"> • Ballard District Council • Groundswell NW • Sunset Hill Community Association
<p>7. City Light will host at least one community information meeting, in addition to attending District Council meetings and meetings with individual community groups as requested, prior to conducting a formal public hearing.</p>	<p>Done 11/6/17</p>
<p>8. City Light will invite the Department of Parks and Recreation (Parks), the Department of Planning and Development (DPD), and the Seattle Department of Transportation (SDOT) to provide representatives at each community information meeting. The Parks representative would discuss and answer questions about how the need for new parks is determined, and how new parks and park development are funded. The DPD representative would answer any questions about development under existing zoning and land use permitting. The SDOT representative would answer questions about traffic and parking impacts.</p>	<p>Done</p>
<p>9. At each community meeting and at the public hearing, City Light will advise the attendees of:</p> <p>** The history of each surplus property proposed for disposition within the hearing area, why the property is surplus to City Light needs, and the results of circulation to other City departments and other public agencies; and</p> <p>** The requirements of RCW 43.09.210, the State Accountancy Act, the requirements of RCW 35.94.040, pertaining to sales of utility properties, City Charter provisions pertaining to the disposal of City property, the judicial precedents of Okeson v. City of Seattle (I and II), and Lane v. City of Seattle,</p>	<p>Done</p>

<p>and the disposition procedures authorized by Resolution.</p> <p>** Opportunities to speak and how to submit written comments.</p> <p>** City Light will inform the attendees that they may also contact the City Council directly with any concerns and will provide contact information.</p>	
<p>10. City Light will maintain a record of all public testimony, written comments, and attendance and speaker sign-in sheets.</p>	<p>Done (see Appendix)</p>
<p>11. City Light will publicize each disposition process on the City Light website in the City of Seattle Public Access Network (PAN). The website will provide descriptions of the properties, a schedule of informational meetings and public hearings, and a means for submitting public comments.</p>	<p>Posted in late September, 2017. Our project website had 1,448 unique pageviews by the public.</p>
<p>12. Following circulation to other City departments and other public jurisdictions, and after the community information meetings, City Light will conduct one public hearing to solicit public comments for each geographic group of surplus properties.</p>	<p>Done 11/16/17</p>
<p>13. At least one month prior to each public hearing, City Light will provide written notification of the surplus status, disposition process, and opportunities for public comment, to each person owning property or living within 700 feet of a surplus property proposed for disposition....</p>	<p>Done the first week of October, 2017</p>
<p>14. (At least one month prior to each public hearing) ... a sign will be posted on each property to provide the same notification.</p>	<p>Done 9/30/17</p>
<p>15. (At least one month prior to each public hearing) ... a notice of the hearing will be published on two separate dates in a newspaper of record</p>	<p>Done first week of October 2017</p>

<p>16. At the conclusion of each public hearing, if any uses are proposed which would require the transfer of a property to another City department, such as park, community garden, or other non-utility use, City Light shall request such department to consider such proposal (to reconsider its determination in the earlier circulation), particularly with regard to how the proposed use would be consistent with citywide or local needs, and the availability of funds to effect a transfer.</p>	<p>Requests for reconsideration were sent to:</p> <ul style="list-style-type: none"> • HSD (homeless encampments) • Parks & Recreation • DON (P-Patch) • SPD/OEM (emergency supplies storage) • OH (affordable housing at 5 of the sites) <p>All departments declined to reconsider their decisions.</p>
<p>17. Seattle City Light will coordinate with the Department of Finance and Administrative Services (FAS) to obtain support in performing these procedures to the fullest extent that FAS staff resources and expertise will permit.</p>	<p>FAS provided the list of parties interested in being notified of the sale of any City property anywhere in the City.</p>
<p>18. At the conclusion of each public hearing, and following reconsideration of any proposals for non-utility public uses, City Light will submit a report to the City Council on the circulation, community outreach, and community comments and suggestions, together with a recommendation for disposition of each specific property, and the necessary legislation to implement those recommendations.</p>	<p>Will be done with the transmittal of this report.</p>
<p>19. All members of the public and all community groups which have participated in the review of a surplus property shall be advised of the findings and recommendations of City Light regarding such property, before the report on such findings and recommendations is submitted to the City Council.</p>	<p>Will be done prior to the transmittal of this report</p>

As stated above, in July of 2018, Resolution 31829 was adopted by the City Council which established slightly new guidelines for disposition of property no longer needed by City Light, including a clear priority for dedicating these properties to the development of affordable housing. However, Section 3 of the resolution makes it clear that those City Light properties

that have “completed the public outreach process that was previously required” [i.e, that was required by Resolution 31424] are not required to restart the public outreach process.

In addition to the steps required by Resolution 31424 that are listed above, City Light also took seven other actions to notify the public and to encourage their comment on the property disposition. These are listed below.

Additional outreach steps taken by City Light beyond those required by Resolution 31424:
1. In late September 2017, sent notice of the disposition study, community information meeting and public hearing to its list of individuals that are interested in any City property disposition, anywhere in the city.
2. On 10/16/17 placed a notice in the City’s Public Outreach and Engagement calendar for the community information meeting and for the public hearing.
3. Notice of the community information meeting was published in the Department of Neighborhood’s October 2017 electronic newsletter
4. On 10/20/17, posted notice of the disposition study, community information meeting and public hearing on City Light’s Facebook page
5. On 10/20/17, posted notice of the disposition study, community information meeting and public hearing on City Light’s “Powerlines” blog
6. Immediately prior to our community information meeting on 11/6/17, we organized and hosted a community open house which covered a wide variety of departments and their projects which were affecting the NW Seattle/Ballard area. This was a suggestion of the Department of Neighborhoods so that the diversity of topics covered could attract more of the public and make it more worth their while to attend.
7. On 11/7/17 sent an email to 113 parties on our interest list to remind them of the 11/16/17 public hearing.

Results of the department/agency circulation process.

The first set of requirements of Resolution 31424 had to do with notifying other departments and agencies about the availability of the property. The City’s Office of Housing (OH) expressed an interest in facilitating the development of the Loyal Heights and the Phinney properties for permanently affordable home ownership. None of the other notified departments or agencies expressed an interest in acquiring the property. In addition, we received communications from Seattle Public Utilities, and the Seattle Department of Parks and Recreation (SPR) explicitly declining the opportunity to purchase the property.

Because of the public interest in both affordable housing and open space we involved OH and SPR in our community information meeting to explain why they either: 1) sought to only facilitate the development of the Loyal Heights and the Phinney properties for permanently affordable home ownership but not the other five (OH), or 2) declined to acquire any of the properties (SPR).

SPR explained that their acquisition priorities are guided by what they call a “gap analysis”. Any areas within an urban village that are more than a five-minute (about ¼ mile) walk from an existing park are considered service gaps. Any areas outside of an urban village that are more than a ten-minute (about ½ mile) walk from an existing park are considered service gaps. New park acquisitions are prioritized to fill in such service gaps. None of the seven properties are in a service gap.

Public comments.

City Light received comments from the public by email, USPS mail and verbally in meetings and our public hearing. These are all reproduced in the Appendix. Many of the comments were suggestions for the use of the property. Most of these suggestions were for uses that would be inconsistent with City Light’s legal requirement to receive fair market value for the non-utility use of the property. A few responders suggested selling the property for the benefit for the ratepayer. The chart below summarizes the suggestions and comments that were received and City Light’s evaluation and response to each.

Which sub-station?	Topic area	Paraphrased/ summarized suggested use or comment	SCL comment
0. All (or unstated or unclear)	0.1 Comments about parks/open space/gardens/trees	0.1.1 Do not make into parks or open space because of a lack of resources to maintain the parks the City has now	Seattle Parks and Recreation has declined to acquire any of these sites, with their primary stated reason being that the sites are not located in a service gap.
		0.1.2 Don’t sell any public open space. Retain as open space.	Retaining property past the point where it may have some utility use is not prudent stewardship of the ratepayers’ resources. Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without

			full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
		0.1.3 Dedicate for food growing /P-patch/ community garden/ orchard/ raising chickens	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Neighborhoods is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
		0.1.4 Parks combined with education about clean energy and reducing use of fossil fuels.	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
		0.1.5 Parks/ open space/ green space/ (e.g., for families with small children)	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
		0.1.6 Trees/tree canopy	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.

0.2 Comments about housing	0.2.1 Homeless encampments	The Human Services Department is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
	0.2.2 Housing/ low income housing/ affordable housing	The Office of Housing is the City department with jurisdiction over programs for these types of uses and they have expressed an interest in facilitating the development of the Loyal Heights and the Phinney properties for permanently affordable home ownership. They are not interested in any of the other 5 sites.
	0.2.3 Market rate housing	The zoning and market economics would likely lead to market rate housing in any of the seven sites, other than Leary (which has zoning which precludes virtually any housing), if they were sold by a brokered sale on the open market. The Office of Housing has expressed an interest in facilitating the development of the Loyal Heights and the Phinney properties for permanently affordable home ownership, not market rate housing.
	0.2.4 Sell Phinney and Loyal Heights to OH. The remaining 5 should be leased at the lowest possible cost to either a City department that can directly implement creative affordable housing solutions on them, or to community-based nonprofits that can do so.	<p>The City's Office of Housing (OH) expressed an interest in facilitating the development of the Loyal Heights and the Phinney properties for permanently affordable home ownership and City policy establishes a preference for sale to promote affordable housing. OH is not interested in any of the other 5 sites.</p> <p>The Leary site has zoning which precludes virtually any housing.</p>
	0.2.5 Small SF cottages, < 1,200 sf.	<p>SF uses would not be allowed for the industrially zoned Leary site.</p> <p>The North Beach site is zoned SF. But conditioning a sale on a limitation of structure size smaller than what zoning would allow would amount to the utility's ratepayers subsidizing a general government purpose of reducing density. This is not allowed by state law.</p>

		<p>This argument applies even more strongly for the other five sites which allow MF structures and some commercial uses.</p> <p>If a general government agency acquired the sites from City Light at fair market value, then that agency could legally decide to limit the size and type of structures to less than the zoning allows. However, the Office of Housing is the City department with jurisdiction over programs for these types of uses and they have expressed an interest in facilitating the development of only the Loyal Heights and the Phinney properties for permanently affordable home ownership. They are not interested in any of the other 5 sites.</p> <p>Their intent is to develop affordable MF housing on these sites, not SF housing.</p>
	0.2.6 Support upzoning for more low income housing	<p>Rezoning is the responsibility of the Office of Planning and Community Development and the City Council. Typically rezones are considered for broad portions of neighborhoods rather than for individual parcels. City Light does not plan to seek any rezones before disposing of any property.</p>
	0.2.7 Tiny homes (similar to Ballard Nickelsville encampment)	<p>The Human Services Department is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.</p>

0.3 Comments about retaining property or delay	0.3.1 City Light should hang onto as long as possible	Retaining properties not needed for utility purposes indefinitely is not prudent stewardship of the ratepayers' resources. And it may amount to a <i>de facto</i> general governmental purpose (open space) being subsidized by utility ratepayers.
	0.3.2 Delay any sale for five years or for an unspecified time	Retaining properties not needed for utility purposes for a long period or indefinitely is not prudent stewardship of the ratepayers' resources. And it may amount to a <i>de facto</i> general governmental purpose (e.g., open space) being subsidized by utility ratepayers.
	0.3.3 Delay for enough time for the Seattle Green Spaces Coalition and Groundswell NW to raise funds to buy the properties	<p>City Light's experience has shown that it is very difficult for a community organization to raise adequate funds to acquire property at fair market value. It has only been done once recently and that was a case where wetlands on the property brought the fair market value of the property down to \$80,000. Of course, delay would result in continued escalation in the value of the properties making them even more difficult for community organizations to acquire at the future fair market value. This would in all likelihood amount to indefinite delay.</p> <p>Retaining properties not needed for utility purposes indefinitely is not prudent stewardship of the ratepayers' resources. And it may amount to a <i>de facto</i> general governmental purpose (open space) being subsidized by utility ratepayers.</p>
	0.3.4 Do not delay the disposition decision	City Light agrees that it is appropriate for the City to decide on the permanent disposition of these properties in a reasonable time.
	0.3.5 Keep the property in public hands	<p>Retaining properties not needed for utility purposes indefinitely is not prudent stewardship of the ratepayers' resources. And it may amount to a <i>de facto</i> general governmental purpose (open space) being subsidized by utility ratepayers.</p> <p>Other than the Office of Housing (for two sites) no other department has indicated an interest in the properties.</p>

0.4 Process related comments	0.4.1 Disposition rules have changed unfairly	Resolution 31424 was adopted almost 5 years ago by a unanimous vote of the City Council. It was adopted through the same process by which the previously applicable resolution was applied.
	0.4.2 Do public input process on each of these sites individually instead of grouping them like this	Resolution 31424 established a review process specifically for City Light primarily because the utility had clusters of small properties. It was more efficient for both the public and the City to deal with one notification period, community meeting and public hearing rather than seven separate ones. Certainly, interested parties have been able to focus their attention and comments on any particular site in which they may have been interested.
	0.4.3 Extend the public comment period	The public comment period complied with Resolution 31424 and yielded 380 different comments in total.
	0.4.4 Extend the public involvement process	The public involvement process complied with Resolution 31424 and yielded 380 different comments in total.
	0.4.5 Hold a second public hearing at City Council	While the 11/16/17 hearing was adequate for compliance with RCW 35.94.040, the City Council can decide whether to hold an additional public hearing.
	0.4.6 Need more community meetings in different neighborhoods	Resolution 31424 established a review process specifically for City Light primarily because the utility had groups of small properties. It was more efficient for both the public and the City to deal with one notification period, community meeting and public hearing rather than seven separate ones.
	0.4.7 Notify public about community meetings via bill stuffers	City Light followed and exceeded the notification requirements of Resolution 31424. The main extra outreach step taken was to alert those on a list kept by the Department of Finance and Administrative Services of people interested in being notified of the possible surplussing of any City property anywhere in the city. Attendance at City Light's community information meeting and public hearing was robust and we received

			hundreds of comments. Our project website had 1,448 unique pageviews by the public.
		0.4.8 Slow down the consideration process	The process that City Light has followed was mandated by the City Council by Resolution. It has recorded hundreds of comments for the City Council's consideration. Once City Light submits its report and recommendations to the City Council, the deliberation schedule will be set by the Council.
		0.4.9 The website was not clear where the comments should go	The website clearly indicated the US mail address and the email address to which comments were to be addressed.
	0.5 Other comments	0.5.1 \$4.9M is an insignificant savings	While this amount may be small compared to City Light's annual revenue, City Light is obligated to be a good steward of all the ratepayers' assets. This includes receiving fair market value for unneeded property.
		0.5.2 Prefer non-profit purchaser to private purchaser	If Office of Housing completes their desired purchase of the Phinney and Loyal Heights sites they could be considered a non-profit purchaser.
		0.5.3 Retain it for public charging stations or battery exchange points for electric cars and bicycles	City Light has decided to develop other sites as public charging stations for electric vehicles.
		0.5.4 Sell the property to keep utility costs down	This option would be allowed by state law.

1. North Beach	1.1 Sell to the immediate neighbors to avoid a future MF upzone, or even a SF house. Allow more time for this group of neighbors to organize for such a purpose.	<p>Typically, rezones are considered for broad portions of neighborhoods rather than for individual parcels. A “spot” rezone of a single SF property in the middle of a SF neighborhood is extremely unrealistic. It is certainly no more likely than any owner of any other SF parcel in the North Beach neighborhood or anywhere else in the city persuading the City Council to upzone their individual property. City Light definitely does not plan to seek any rezone before disposing of the property, should it be authorized to do so.</p> <p>Delaying the disposition of this property for such an unrealistic concern would be poor public policy. City Light’s experience has shown that it is very difficult even for a broad community organization (let alone a limited group of neighbors) to raise adequate funds to acquire property at fair market value. It has only been done once recently and that was a case where wetlands on the property brought the fair market value of the property down to \$80,000 and there was a granting agency interested in supporting the acquisition. The North Beach property’s projected value is \$406,000.</p> <p>Of course, delay would result in continued escalation in the value of the properties making them even more difficult for the potential group of neighbors to acquire at the future fair market value. This would in all likelihood result in indefinite delay.</p> <p>Retaining properties not needed for utility purposes indefinitely is not prudent stewardship of the ratepayers’ resources. And it may amount to a <i>de facto</i> general governmental purpose (open space) being subsidized by utility ratepayers.</p>
	1.2 No public use that would generate traffic.	No public agency has indicated an interest in purchasing this property. It is unlikely that a private purchaser would make the property available for a public use.
	1.3 Transfer the property to Seattle Public Schools, Marcus Whitman Middle School	The Seattle School District declined to purchase the property at fair market value.

	1.4 Publicly owned and unprogrammed green space or open space.	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
2.Loyal Heights	2.1 Do not sell for housing. Retain as park-like open space, park, green space, or playground	<p>Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Loyal Heights property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.</p> <p>Because of state law restrictions, City Light would not be able to provide any property for a general governmental (i.e., non-utility) use such as parks or open space without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.</p>
	2.2 Protect the exceptional trees to the south. Follow the tree regulations.	The ultimate developer of the site would be required to comply with SMC 25.11 -Tree Protection.
	2.3 Support development by OH	The City's Office of Housing (OH) expressed an interest in facilitating the development of the Loyal Heights property for permanently affordable home ownership and City policy establishes a preference for sale to promote affordable housing.
	2.4 Contamination needs to be cleaned up	A comprehensive soil contamination investigation was completed in 2015 and site remediation was completed in 2016. The Washington State Department of Ecology issued a No Further Action determination in July 2017.
	2.5 There is a property line question to the south	City Light's sale of the property will be based on a survey.
	2.6 Not dense (MF) development	The City's Office of Housing (OH) expressed an interest in facilitating the development of the Loyal Heights property for permanently affordable (multifamily) home ownership and

		<p>City policy establishes a preference for sale to promote affordable housing.</p> <p>This development would be required to observe the density limitations for the property's zoning.</p>
3.Sunset	<p>3.1 The present tenant is a great member of the community. Either continue to rent to the present tenant or sell to the present tenant via a negotiated sale (no other buyers to be considered), so they can keep the "grand garden/ greenhouse/ open space" for the community. The present tenant is due preferred consideration as a purchaser because they have been renting the property since the summer of 2017.</p>	<p>The Temporary Permit for this property was signed by and accepted by the present tenant on 08/29/2017, and was granted on 08/31/2017.</p> <p>The Temporary Permit states that: <i>"Permittee understands and agrees that the Property is excess to the utility needs of the City of Seattle and may be transferred or sold at any time pursuant to City policy in the effect at the time of offering. <u>Permittee understands and agrees that the granting of this Permit does not and will not afford Permittee any advantage, rights or privileges in any potential future transfer or sale and Purchase of the Property.</u>"</i> (Emphasis in the original.)</p> <p>City Light will continue to comply with the terms of the present Temporary Permit. (Please be aware that nothing in this permit requires or commits the tenant to provide anything like a "grand garden, greenhouse or opens space" whether for the community or the client's paying clientele.)</p>
	<p>3.2 Do not allow the neighboring restaurant to acquire it.</p>	<p>If the property were authorized to be sold, City Light would typically not restrict uses that were otherwise allowed by the property's zoning.</p>
	<p>3.3 Don't allow high density housing</p>	<p>With Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing. Any such development would be required to observe the density limitations for the property's zoning.</p>
	<p>3.4 No homeless encampments</p>	<p>The City's Human Services Department has not expressed any interest in acquiring the property for a homeless encampment or other use.</p>

	3.5 Park/open space or green space for families with small children	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
	3.6 It would not work as a park	Seattle Parks and Recreation has stated that they do not wish to purchase the property for use as a park.
	3.7 Keep in public ownership	No other department or agency has indicated an interest in purchasing this property. Retaining properties not needed for utility purposes indefinitely is not prudent stewardship of the ratepayers' resources. And it may amount to a <i>de facto</i> general governmental purpose (open space) being subsidized by utility ratepayers.
4. Ballard	4.1 Park, P-Patch, or open space	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation and the Department of Neighborhoods are the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.
5. Monroe	5.1 Garden for Ballard High School and the community	The Seattle School District declined to purchase the property at fair market value. Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Neighborhoods is the City department with jurisdiction over programs for these types of uses and they have declined to purchase this property.
	5.2 Save for open space	Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses and they have declined to purchase this property.

6. Leary	6.1 Keep it in heavy industrial use	<p>The present zoning (IG2 U/65) allows heavy industrial use and generally precludes residential and institutional uses. City Light does not plan to seek any rezone before any disposition of the property.</p> <p>That being said, the zoning allows a variety of uses other than industrial (for example, the present use of the property is automobile sales.)</p>
	6.2 The present tenant is an exemplary individual with an exemplary small business. They should be allowed to stay at this location. Either City Light should not sell it or, alternatively, it should only sell it to the present tenant at appraised value, or the present tenant should have the right of first refusal, or be given a longer notice to terminate the present use permit, or should be allowed to retain it in some unspecified way.	<p>The Temporary Permit for this property which the present tenant has been subletting has had a clause allowing termination upon 60 days' notice for many years now. The Permit holder has evidently found this level of certainty adequate for their needs.</p> <p>The Temporary Permit states that: <i>"The Permittee understands and agrees that Permittee's status under this permit is only that of temporary tenant, with term of tenancy limited by the terms of this permit. Cancellation or non-renewal of this permit for any reason whatsoever shall not place any obligation by the City to provide Permittee any alternative rental property or facilities. This permit vests no permanent property rights in the Permittee..."</i></p> <p>City Light will continue to comply with the terms of the present Temporary Permit.</p> <p>If the City Council were to direct City Light to sell the property in a brokered sale, the existing tenant would be as able as any other potential buyer to make an offer for its purchase.</p>
	6.3 Retain the present tenant as a source of revenue for City Light	City Light's financial situation is such that it is more advantageous for the ratepayer for City Light to sell the property rather than rent it.
	6.4 Should be developed for housing or affordable housing	The property's zoning precludes such use.
	6.5 Turn into a community arts center/theater	No agency or department has indicated an interest in receiving the transfer of this property for fair market value for such a purpose.

		If the City Council were to direct City Light to sell the property, City Light would not restrict the sale of the property to any particular use. Restricting the sale to private buyers for a narrowly defined purpose could raise questions of whether City Light was receiving fair market value for the sale.
7. Phinney	7.1 Microgrid, especially for Phinney Neighborhood Center	City Light has reserved two sites (different from the seven being studied in this effort) in NW Seattle for consideration of future development of a utility microgrid.
	7.2 Retain it for public charging stations for electric cars.	City Light has prioritized other locations for public electric vehicle charging.
	7.3 Disaster storage for the Phinney Neighborhood Center (PNC)	<p>Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Seattle Police Department's Office for Emergency Management is the City department with jurisdiction over programs for these types of uses and they have declined to purchase this property. Their reasons were:</p> <ol style="list-style-type: none"> 1. Such supplies, if they were purchased and stored for the PNC would be better stored at the PNC parking lot itself. 2. SPD-OEM does not have any identified funds for the purchase of property. <p>Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Phinney property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.</p>
	7.4 Support OH development of the property for low income housing	The City's Office of Housing (OH) expressed an interest in facilitating the development of the Loyal Heights property for permanently affordable home ownership and City policy establishes a preference for sale to promote affordable housing.
	7.5 No affordable housing/ no housing	Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Phinney property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.

<p>7.6 Do not provide housing for “the indigent, drug addicts or street dwellers”</p>	<p>Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Phinney property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.</p> <p>Certainly, this housing would be intended to serve those with lower incomes. The City would not seek to or be able to discriminate against potential residents based on their previous homeless status or any medical condition.</p>
<p>7.7 Keep the fence up and the gate locked and plant more trees and milkweed to make a forest or wildlife/butterfly refuge</p>	<p>Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Parks and Recreation is the City department with jurisdiction over programs for these types of uses (i.e., open space) and they have declined to purchase any of these properties.</p> <p>Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Phinney property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.</p>
<p>7.8 Keep as a community garden</p>	<p>Because of state law restrictions, City Light would not be able to provide any property for such a general governmental (i.e., non-utility) use without full and fair market value compensation. The Department of Neighborhoods is the City department with jurisdiction over programs for these types of uses and they have declined to purchase any of these properties.</p> <p>Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Phinney property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.</p>
<p>7.9 Do not make into an accessible park or P-Patch</p>	<p>Neither Seattle Parks and Recreation nor the Department of Neighborhoods have indicated an interest to purchase the property for such uses.</p>

<p>7.10 Sell or “return” it to the abutting property owners</p>	<p>The property was acquired by City Light about 70 years ago. There is no basis for a requirement to break the site into smaller parcels and offer them only to the abutting property owners.</p> <p>Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Phinney property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.</p>
<p>7.11 Grant the neighbors immediately to the northeast a permanent easement across the property for their use as a driveway.</p>	<p>There is no reason to encumber the property with such an easement prior to selling it.</p>
<p>7.12 If a neighborhood center is put there, use portable office trailers</p>	<p>Neither Seattle Parks and Recreation nor the Department of Neighborhoods have indicated an interest to purchase the property for such a use.</p>
<p>7.13 Investigate for PCBs before selling the property</p>	<p>City Light has investigated this property and there is no PCB contamination.</p>
<p>7.14 Sell for a commercial use such as a bicycle shop if the neighbors do not want to buy it.</p>	<p>Generally, Resolution 31424 established a priority for other City departments that are interested in a property, as the Office of Housing has done for the Phinney property. And with Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.</p>

Requests for reconsideration.

In compliance with resolution 31424, specific requests for reconsideration were sent to the following departments to determine if the public comments had led them to reconsider their prior disinterest in acquiring any of the properties:

- HSD (homeless encampments)
- Parks & Recreation (open space/parks)
- DON (P-Patch)
- SPD/OEM (emergency supplies storage)
- OH (affordable housing at the sites other than Phinney and Loyal Heights)

All departments declined to reconsider their decisions.

City Light recommendation.

The following are the key factors for the formation of City Light's recommendation:

1. City Light's public outreach process has been comprehensive. The process has fully complied with the requirements of Resolution 31424. In fact, it has included several steps to solicit public input that exceed these requirements. In July of 2018, Resolution 31829 was adopted by the City Council which established slightly new guidelines for disposition of property no longer needed by City Light, including a clear priority for dedicating these properties to the development of affordable housing. However, Section 3 of the resolution makes it clear that those City Light properties that have "completed the public outreach process that was previously required" [i.e., that was required by Resolution 31424] are not required to restart the public outreach process.
2. Existing State law is very clear that City Light would need to be compensated at fair market value for any non-utility use or purchase of the property, with the exception of purchase to develop affordable housing.
3. The City's Office of Housing (OH) expressed an interest in facilitating the development of the Loyal Heights and the Phinney properties for permanently affordable home ownership.
4. With Resolution 31829 the City recently set a formal priority for using surplus City Light property for affordable housing.
5. No other department or public agency has expressed an interest in any of the properties beyond #3 above. More specifically, the department with the mission to acquire open space (SPR) has explicitly declined to purchase any of the properties.
6. Both affordable and market rate housing are not allowed under the industrial zoning of the Leary site.
7. Finally, City Light's financial situation is not what it should be. From 2012 through 2016 the retail revenue that City Light collected was \$133M less than that which it forecasted to be collected. Increasing enrollment in the Utility Discount Program meets a pressing need in

the community, but also reduces City Light's revenue. And there is a concern about cuts in Federal funds that support the City's Low Income Weatherization Program.

After considering all these factors, City Light recommends that the Mayor and City Council approve an ordinance that would determine the Phinney and Loyal Heights properties to be surplus to City Light's needs and no longer required for providing public utility service and authorize the transfer of these properties to the Office of Housing for the development of permanently affordable home ownership.

City Light will transmit such legislation separately, via the Mayor's Office.

At this time City Light makes no recommendation and proposes no legislation regarding the disposition of the Ballard, Monroe, Sunset, Leary and North Beach sites. Should this situation change in the future, City Light will draw that to the attention of the email interest list.