

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
Seattle City Light	Lynn Best / 386-4586	Greg Shiring / 386-4085

1. BILL SUMMARY

a. Legislation Title:

AN ORDINANCE relating to the City Light Department; declaring the City’s 8th and Roy Street property as surplus to the City’s needs and no longer required for providing public utility service or other municipal purpose; authorizing the sale of this property for fair market value through a brokered sale; authorizing the General Manager and Chief Executive Officer of the City Light Department to execute all necessary documents to accomplish such property sale; and authorizing the deposit of the proceeds of the sale in the City Light Fund and allocation of part of the proceeds to the Rate Stabilization Account.

b. Summary and background of the Legislation:

This legislation will declare as surplus and authorize the sale of the City’s 8th and Roy Street Property, which is under the jurisdiction of Seattle City Light.

The City’s 8th and Roy Street Property was acquired from the Puget Sound Power and Light Company, as part of the City’s acquisition of Puget Sound’s competing service territory, in 1951. City Light used the property for electrical crew staging, dispatch, and shops and yards, until those functions were consolidated in the new North Service Center.

The 8th and Roy Street Property was transferred from City Light to the Department of Parks and Recreation (“Parks”) for use as a parks maintenance facility in 1992. The property was transferred back to City Light in 2003, after purchase and completion of the Parks’ Westbridge shops and maintenance facility.

The 8th and Roy Street Property is excess to the needs of City Light. A portion of the property is being temporarily used by Seattle City Light for material warehousing. The paved north end of the property is rented out as a pay parking lot.

City Light has conducted numerous studies of the 8th and Roy Street Property to identify any conditions or other barriers to development, or to resolve uncertainties that might reduce value to a prospective purchaser.

Environmental conditions are well documented. The former “Puget Sound Power and Light Company Utilities Building,” on the south end of the 8th and Roy Street property, was designated as a City historic landmark in 2013.

Resolution 31424 requires specific community outreach steps for the disposition of excess City Light properties. These requirements were met in March through May of this year.

In July 2016, the balance in City Light’s Rate Stabilization Account declined below a legislative trigger point, due largely to decreased revenue from wholesale electricity sales, resulting in a 1.5% increase in customer electricity rates. This legislation is being submitted with the objective of closing a sale in 2017, with a significant, timely effect on City Light’s bottom line and customer rates. The ordinance authorizes City Light to allocate such a portion of the sale proceeds to the Rate Stabilization Account as may be necessary to remove any rate surcharge then in place and to leave a buffer in the Rate Stabilization Account.

2. CAPITAL IMPROVEMENT PROGRAM

a. Does this legislation create, fund, or amend a CIP Project? ___ Yes ___ X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? X Yes ___ No

Budget program(s) affected:	General Fund \$		Other \$	
	2017	2018	2017	2018
Appropriation change (\$):	\$0	\$0	\$0	\$0
Estimated Revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2017	2018	2017	2018
	\$0	\$0	\$25,000,000	\$0
Positions affected:	No. of Positions		Total FTE Change	
	2017	2018	2017	2018
	0	0	0	0

b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

If the property is sold, City Light will lose parking revenue of about \$86,000 per year.

c. Is there financial cost or other impacts of *not* implementing the legislation?

Seattle City Light would forgo receipt of an estimated \$25,000,000 in property sales revenue in 2017.

3.d. Appropriations

 This legislation adds, changes, or deletes appropriations.

Appropriations Notes:

The ordinance authorizes City Light to allocate such portion of the proceeds of the sale of the Property as may be necessary to replenish the Rate Stabilization Account to the level that any

existing rate surcharge may be removed pursuant to SMC 21.49.086 and up to an additional \$10 million to the Rate Stabilization Account to establish a buffer against a future surcharge condition.

3.e. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept.	Revenue Source	2017 Revenue	2018 Estimated Revenue
City Light Fund 41000	Seattle City Light	Sale of Real Property	\$25,000,000	\$0
TOTAL			\$25,000,000	\$0

3.f. Positions

This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No. As required by Resolution 31424, other City departments were given the opportunity to purchase the property and none indicated an interest in doing so.

b. Is a public hearing required for this legislation?

Yes, and it has already been conducted by City Light. A public hearing is required by RCW 35.94.040 prior to the adoption of legislation authorizing a property sale. Resolution 31424 requires that City Light conduct this public hearing during the evening and in the neighborhood of the property, prior to submitting authorizing legislation to the City Council. This public hearing was conducted on May 1, 2017 with a transcript made of the hearing.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Not specifically for this legislation. Resolution 31424 requires that City Light place a notice about the public hearing mentioned immediately above, in the *Daily Journal of Commerce* for two days, at least 30 days prior to the public hearing. This notice was placed in the DJC on March 22 & 23, 2017.

e. Does this legislation affect a piece of property?

Yes. It deals with the 8th & Roy Street Property at 800 Aloha Street. A map of the 8th and Roy Street Property, is provided as Exhibit 1 to this Summary and Fiscal Note.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

None. Replenishing the Rate Stabilization Account would benefit all of City Light's customer communities. Redevelopment of the site by a purchaser has the strong potential to yield affordable housing units or financial contributions to affordable housing under the City's Mandatory Housing Affordability code requirements. This would benefit economically disadvantaged community members.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

N/A.

h. Other Issues:

None.

List attachments/exhibits below:

Summary Ex 1: Map of the 8th and Roy Street Property