

**FISCAL NOTE FOR CAPITAL PROJECTS ONLY**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Seattle Public Utilities	Ed Mirabella / 684-5959	Aaron Blumenthal / 3-2656

**Legislation Title:** AN ORDINANCE relating to Seattle Public Utilities and the 2015 Adopted Budget; authorizing the Director of Seattle Public Utilities to acquire by negotiation or condemnation land and all other necessary property rights located southeast of the intersection of NW 54th Street and 24th Avenue NW, Seattle, Washington for public drainage, wastewater, and general municipal purposes, and to execute, accept and record deeds and convenient documents and agreements deemed by the Director to be necessary to this transaction on behalf of the City; placing the conveyed real properties under the jurisdiction of Seattle Public Utilities; amending Ordinance 124648 to increase appropriations to the Drainage and Wastewater Fund for the acquisition of the aforementioned property and ratifying and confirming certain prior acts.

**Summary and background of the Legislation:** This ordinance authorizes the Director of Seattle Public Utilities (SPU) to acquire the vacant real property located southeast of the intersection of NW 54th Street and 24th Avenue NW through negotiation or eminent domain (condemnation). A related and accompanying ordinance will authorize the Director of SPU to acquire the adjacent property at 5300 – 24<sup>th</sup> Avenue NW. Other ordinances may be needed for additional properties or real property rights that must be acquired to construct and complete the Combined Sewer Overflow (CSO) project described below.

SPU’s CSO program seeks to meet State and Federal permit requirements to reduce the size and number of sewer overflows into receiving water bodies. As part of a Consent Decree to bring the City into compliance with the Federal Clean Water Act, SPU is developing a Long Term Control Plan (LTCP) to reduce combined sewer overflows. The draft LTCP was issued last May and presented to the public and regulatory agencies. The final LTCP is on schedule to be issued in 2015. However, work on some projects must begin before the LTCP is finalized to ensure the City meets its regulatory requirements.

One of these projects, the Ballard Fremont Wallingford CSO Project, would address wastewater storage capacity needs in the Ballard and Fremont/Wallingford areas. Nearly 70% of the City’s CSO overflows associated with the LTCP occur from these basins.

The current owners of the subject property purchased it in 2007 for the construction of a hotel. However, no construction has occurred and the property is used as a parking lot. The purchase of this property together with that of an adjacent parcel at 5300 – 24<sup>th</sup> Avenue NW would provide sufficient area for the construction of a CSO storage tank or storage tunnel sufficient to bring the City into permit compliance for these CSO basins. The parcels are needed irrespective of which storage option is selected. Discussions are under way with King County to partner on the storage tunnel option and to share costs. These properties also have the advantages of being adjacent to an existing City-owned pier and City-owned railroad ROW that would provide excellent access for removal of spoils, materials delivery and other construction related activities that would otherwise disrupt surrounding community with excess trucking impacts.

SPU would like to acquire the Property through a voluntary sale. However, this legislation includes authorization for condemnation should efforts to conclude a voluntary sale of the Property to the City not be successful.

<b>Project Name:</b>	<b>Project I.D.:</b>	<b>Project Location:</b>	<b>Start Date:</b>	<b>End Date:</b>
Ballard Fremont Wallingford CSO Storage	C314056	Ballard, Fremont, Wallingford	June 1, 2014	December 31, 2025

Please check any of the following that apply:

This legislation creates, funds, or anticipates a new CIP Project.

This legislation does not have any financial implications.

This legislation has financial implications.

**Appropriations:**

<b>Fund Name and Number</b>	<b>Department</b>	<b>Budget Control Level*</b>	<b>Existing 2014 Appropriation</b>	<b>New 2014 Appropriation (if any)</b>	<b>2015 Anticipated Appropriation</b>
Drainage and Wastewater Fund (44010)	Seattle Public Utilities	C360	\$0	\$0	\$6,100,000
<b>TOTAL</b>				<b>\$0</b>	<b>\$6,100,000</b>

*\*See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes: Additional appropriation is being sought by the legislation. This purchase will be funded by the existing Ballard Fremont Wallingford CSO Storage Project, ID C314056 contained in the 2014 -2020 Drainage & Wastewater Fund Capital Improvement Program. This legislation would appropriate and authorize expenditures for the negotiated purchase in 2015 which includes related expenses (appraisal, appraisal review, title costs, escrow costs, etc.). Land acquisition for an adjacent site will be authorized by another ordinance.

**Spending Plan and Future Appropriations for Capital Projects:**

<b>Spending Plan and Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Spending Plan		\$18.4M	\$6.7M	\$5.0M	\$12.6M	\$12.6M
Current Year Appropriation (\$1,000,000's)	\$0M					
Future Appropriations (\$1,000,000's)		\$6.7M	\$6.7M	5.0M	12.6M	12.6M

Spending Plan and Budget Notes: Funding for this project is included in the recently adopted 2015-2020 Strategic Business Plan for SPU. Property acquisition is occurring earlier than the 2019/20 period envisioned in the Plan because the subject parcel is currently for sale. The 2015 Spending Plan anticipates increases to the 2015 Future Appropriation under this legislation and the accompanying legislation for the adjacent “Yankee Grill” parcel at 5300 – 24<sup>th</sup> Ave NW (\$6.1M for this property and \$5.6M for the Yankee Grill). Total projected project costs remain the same. SPU is planning to collaborate on this project with King County which would result in a cost sharing arrangement, but have not finalized our agreement.

**Funding Source:**

<b>Funding Source (Fund Name and Number, if applicable)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Total</b>
Drainage & Wastewater Fund DWF 44010		\$6.1M					<b>\$6.1M</b>
<b>TOTAL</b>		<b>\$6.1M</b>					<b>\$6.1M</b>

Funding Source Notes:

This will be financed as a traditional capital project, with approximately 75% paid for with existing bond proceeds and the remaining 25% paid for with cash. There are no 2015 rate impacts associated with this acquisition, Bond proceeds from the DWF June 2014 issue, already assumed in the 2015 adopted rate, will be used to pay for the debt financed portion. The purchase of this land in 2015 does not increase total project costs but rather re-distributes them over time. Consequently, the average rate increase across the project period remains unchanged although there may be some slight variations in year-on-year increases.

**Bond Financing Required: NA**

**Uses and Sources for Operation and Maintenance Costs for the Project:**

O&M	2014	2015	2016	2017	2018	2019	Total
<b>Uses</b>							
Start Up							
On-going		\$6k	\$6k	\$6k			<b>\$18k</b>
<b>Sources (itemize)</b>		DWF	DWF	DWF			DWF

Operation and Maintenance Notes: Costs identified above are preliminary estimates for maintenance of the property until construction starts and do not include future operations & maintenance costs for a proposed future CSO storage facility. There are no startup costs associated with the property acquisition. LEED standards do not apply.

**Periodic Major Maintenance Costs for the Project:** NA

**Funding sources for replacement of project:** NA

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:** NA

**Other Implications:**

**a) Does the legislation have indirect financial implications, or long-term implications?**

The legislation will help the City meet the requirements of its federal Consent Decree. Funds to purchase the property and to complete the project are allocated in SPU's Drainage and Wastewater Fund. There are cost estimates identified for maintenance of the property which do not include future operations and maintenance costs for a proposed future CSO storage facility.

**b) What is the financial cost of not implementing the legislation?**

If the legislation is not approved, SPU would return to performing site selection analysis to identify different parcels for the project. Previous site investigations have shown that there are few sites in the area of this size and multiple sites may be required, which could put industrial/commercial companies out of business. Ballard is a rapidly expanding area of the City making it costly and difficult to find a suitable site. Condemnation would most likely be necessary to obtain an alternative site. Costs to purchase an alternative site would undoubtedly increase if the current trend in real estate prices continues to escalate. Alternative sites would most likely have businesses to relocate and structures that would have to be demolished, adding additional costs to the project.

Furthermore, delays in securing a site would jeopardize the project schedule. The City

has a federal Consent Decree that requires the CSO project to be completed no later than December 31, 2025, and faces stipulated penalties of \$5,000 per day for failure to complete the CSO Project and \$2,500 per day for each sewer overflow.

- c) **Does this legislation affect any departments besides the originating department?** No. However, an adjacent dock owned by the Seattle Department of Transportation and maintained by the Department of Parks and Recreation is being considered for use as a barging facility to haul off spoils from the construction of the underground CSO Storage Facility. In addition, the Ballard Railroad, which is privately owned but located on Seattle Department of Transportation land (long-term lease), is being considered for hauling spoils and for delivery of equipment. Discussions are currently underway to secure agreements for the use of both the dock and railroad.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** If SPU is not able to purchase the subject properties for construction of the new CSO storage facility, additional site selection analysis would have to be performed to find an alternate site, which would result in higher costs and project delays.
- e) **Is a public hearing required for this legislation?** No. Considerable public outreach has been conducted to discuss the need to select a preferred location for the CSO storage facility. The project team will conduct additional future public meetings throughout the project.
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?** Yes. Publication of notice must occur in both the Seattle Times and the DJC once a week for two successive weeks prior to Council SPUN Committee Meeting at which the legislation will be considered for recommended passage by the full Council.
- g) **Does this legislation affect a piece of property?** Yes. This legislation authorizes SPU to acquire a private parcel for construction of an underground CSO storage facility. Maps are attached to the ordinance.
- h) Other Issues:

**List attachments to the fiscal note below:**

None.