

April 30, 2020

MEMORANDUM

To: Seattle City Council
From: Tom Mikesell, Analyst
Subject: Fire Station 31 Site Acquisition

On Monday, May 4, 2020 the Council will consider and possibly vote on a set of bills that together finance and authorize the purchase of a permanent site for a new Fire Station (FS) 31 in North Seattle, and provide for an interim physical location for Seattle Fire Department (SFD) crews during construction of the new station.

Background

In 2019 the City discontinued operations at FS 31, located at 1319 N. Northgate Way, to allow for the testing of mold, mycotoxins, and water intrusion in the facility. Due to structural conditions and the physical capacity issues of the aging building, the decision was made to replace the facility in lieu of making repairs. Council Budget Action (CBA) [FAS-1-B-1](#), which was approved as part of the final 2020 Adopted Budget in [Ordinance 12000](#) added \$500,000 REET I to the Department of Finance and Administrative Services (FAS) FAS Fire Station 31 Improvements CIP Project (MC-FA-FS3IMP) in 2020, and renamed that CIP Project to "Fire Station 31 Temporary Station". The amended project provided a total of \$2 million to create an interim fire station and site a permanent station. The following council bills build on the work funded by CBA FAS-1-B-1 as follows:

1. [CB 119780](#) – Establishes an Interim Site Lease for Fire Station 31
2. [CB 119781](#) – Authorizes Purchase of a Permanent Fire Station 31 Site
3. [CB 119782](#) – Provides an Interfund Loan and Appropriation for Site Purchase and Related Costs

1. Summary of Interim Site Lease (CB 119780)

The Interim Site Lease bill would authorize the Director of FAS to enter into a lease to use the parking lot at Epic Life Church, located at 10503 Interlake Avenue N, as an interim FS 31 site. The temporary site is across the street from the existing FS 31.

- A. Lease Terms: Five-year period from January 1, 2021 through December 31, 2026, with option for earlier occupancy subject to payment of rent. An optional two-year extension is included.
- B. Monthly Rent: \$10,000 per month for the initial five-year term, increasing to \$11,000 per month during the optional period.
- C. Parking: To accommodate displaced parking capacity, the City agrees to provide parking at 1319 N. Northgate Way.
- D. Funding: Total funding for the lease is included in the FS 31 Temporary Station (MC-FA-FS3IMP) project noted above.

2. Summary of Permanent Site Purchase (CB 119781)

The Permanent Site Purchase bill would authorize the Director of FAS to purchase property in the vicinity of 113th Ave and Meridian Avenue N in North Seattle, as the permanent site for FS 31.

- A. Purchase Terms: The bill limits the maximum purchase price to \$4.5 million.

- B. Operational Considerations: According to the City Budget Office (CBO), SFD has deemed the property well-located and of adequate size to construct a new modern FS 31 in order to improve response times for aid vehicles in the primary Fire Station 31 response area.
- C. Funding: Funding for the purchase is provided in CB 119782, which is discussed below. The funding plan for building the FS 31 facility is included in the Fire Station 31 Replacement Project, which is created in CB 119782 and described below.

3. Summary of Interfund Loan (IFL) and Appropriation (CB 119782)

The Adopted 2020 Budget does not include appropriations to purchase the permanent FS 31 site identified in CB 119781. To fund the purchase, the IFL and Appropriation bill would implement a series of financial transactions to bridge proceeds from a 2021 bond issuance for use in 2020. These transactions include four components, as described below.

- A. Create a New Fund: The bill creates a new 2021 Multipurpose Limited Tax General Obligation (LTGO) Bond Fund in the City Treasury, to receive and distributes LTGO bond proceeds issued for capital projects. It is standard practice to create a new bond fund for each years’ LTGO debt issuance, to allow detailed debt management. This fund is created now to accept and distribute monies from the interfund loan, and to provide clear tracking of loan repayments from a LTGO Bond issuance in 2021.
- B. Authorize an Interfund Loan: The bill authorizes a \$8.2 million loan from the Construction and Inspections Fund to the newly created 2021 Multipurpose LTGO Bond Fund. The \$8.2 million amount includes \$8.03 million in principal and \$170,000 of interest over the term of the loan. CBO indicates that the Constructions and Inspections Fund has sufficient balance to support this loan until it is fully repaid, with interest, from bond proceeds to be received from a June 2021 debt issuance. Through electronic communication in April 2020, the Debt Management Policy Advisory Committee reviewed and approved this interfund loan. Councilmember Teresa Mosqueda and Director Kirstan Arestad are voting members of the Advisory Committee.
- C. Create New Capital Project: The bill creates a [Fire Station 31 Replacement Project \(MC-FA-FS31\)](#) in the 2020-2025 Capital Improvement Program, with a total, pre-design, estimated five-year cost of \$42.8 million. The 2020 amount (\$8.083 million) is funded through the IFL described above. Costs in future years are planned to be covered by future LTGO bond sales, backed by Real Estate Excise Tax revenues.
- D. Increase Appropriations to New Project: The bill adds an \$8.08 million appropriation in the newly created 2021 Multipurpose LTGO Bond Fund to fund 2020 project costs, which are shown in the following table:

Description	Amount
Site Acquisition	\$4,500,000
Environmental Remediation	500,000
FAS Real Estate Services	143,000
Design/Due Diligence	1,400,000
Demolition	1,540,000
Total Appropriation	\$8,083,000

Please don’t hesitate to contact me if you have any questions. Thank you.

cc: Kirstan Arestad, Executive Director
 Dan Eder, Deputy Director