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**CITY OF SEATTLE**  
**ORDINANCE** \_\_\_\_\_  
COUNCIL BILL 117893

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to purchase approximately 182 acres of real property, including an easement for ingress and egress, in Section 29, Township 26 North, Range 8 East, W.M., King County, Washington, from the John Hancock Life Insurance Company (U.S.A.), for the purpose of protecting the Tolt River drinking water supply transmission pipelines, located across and adjacent to such property, and to execute any necessary documents, accept or deliver any necessary deeds, and take any other action necessary, on behalf of the City; and ratifying and confirming certain prior acts.

WHEREAS, Seattle Public Utilities has detected ground movement along a portion of the alignment of the Tolt Pipelines above the North Fork Tolt River; and

WHEREAS, Seattle Public Utilities has studied the potential causes of this displacement and has determined that timber harvesting on the slope above the pipelines may have contributed to slope instability which in turn has caused displacement along the pipelines; and

WHEREAS, Seattle Public Utilities has analyzed a range of alternatives to prevent further displacement of the pipelines and determined that preventing future timber harvesting on the slope above the pipeline should be part of a cost-effective solution to restore ground stability in the future; and

WHEREAS, acquiring the land above and below the pipelines segment subject to slide movement from the current owner, John Hancock Life Insurance Company (U.S.A.), is necessary to prevent future timber harvesting on such property; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

1  
2           Section 1. The Director of Seattle Public Utilities, or his designee, is hereby authorized to  
3 purchase approximately 182 acres of real property, legally described in Attachment 1 and  
4 depicted in Attachments 2 and 3, including an easement for ingress and egress over an adjacent  
5 road, for \$888,000 from the John Hancock Life Insurance Company (U.S.A.), and to execute any  
6 necessary documents, accept or deliver any necessary deeds, or take any other actions reasonably  
7 necessary to effectuate this ordinance.

8  
9           Section 2. Acquisition of this property shall be funded from the Water Fund Capital  
10 Improvement Program, Project C1207, Transmission Pipelines Rehabilitation, for which funds  
11 were appropriated in Ordinance 123363, and the property acquired pursuant to this ordinance  
12 shall be placed under the jurisdiction of Seattle Public Utilities.

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Section 3. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is hereby ratified and confirmed.

Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2013, and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Michael McGinn, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Monica Martinez Simmons, City Clerk

(Seal)

- Attachment 1 – Real Property Description
- Attachment 2 – Area Map
- Attachment 3 – Map of Property Purchase

Cindy Holtz  
SPU Hancock ORD ATT 1  
August 8, 2013  
Version #1

## **ATTACHMENT 1**

### **LEGAL DESCRIPTION OF PROPERTY**

The property consists of two sub-units separated by a pipeline right of way in those portions of Section 29, Township 26 North, Range 8 East, W.M., King County, WA described approximately as follows, both lying northerly of North Fork Tolt River and depicted on the map included in Attachment 3:

North subunit (118.5+ acres) – That portion lying northerly of pipeline right of way and bounded by an existing spur road; and that portion of the East half of the Southeast quarter of said Section 29 lying southerly of the spur road;

South subunit (63.2+ acres) - That portion lying northerly of North Fork Tolt River, southerly of pipeline right of way and easterly of North Fork Creek.

Cindy Holtz  
SPU Hancock ORD ATT 2  
August 8, 2013  
Version #1

# ATTACHMENT 2

Subject

Duvall

Carnation

South Fork Tolt Reservoir

Attachment 2  
Regional Setting

- Acquisition Area
- City Ownershship



Cindy Holtz  
SPU Hancock ORD ATT 3  
August 8, 2013  
Version #1

Attachment 3

118.5  
Acres

63.2  
Acres

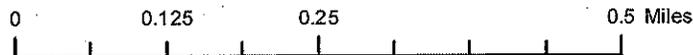
Seattle  
Public  
Utilities

Attachment 3  
SPU North Fork Tolt Hancock  
Forest Land Acquisition

- Acquisition Area
- Section Lines
- Egress Road
- City Ownership

Section 29, 30, 31, 32 T26N R8E

40-foot contour interval



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**FISCAL NOTE FOR CAPITAL PROJECTS ONLY**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Seattle Public Utilities	Cyndy Holtz/6-1990	Craig Stampher/4-0535

**Legislation Title:**

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to purchase approximately 182 acres of real property, including an easement for ingress and egress, in Section 29, Township 26 North, Range 8 East, W.M., King County, Washington, from the Hancock Forest Management Company, for the purpose of protecting the Tolt River drinking water supply transmission pipelines, located across and adjacent to such property, and to execute any necessary documents, accept or deliver any necessary deeds, and take any other action necessary, on behalf of the City.

**Summary and background of the Legislation:**

This ordinance would authorize the acquisition of 182 acres of timber resource land in the North Fork Tolt River Watershed from the John Hancock Life Insurance Company for \$888,000. The purpose of this acquisition is to prevent logging on the property, which is located in the slope above the Tolt River drinking water supply transmission pipeline. Slope instability has caused displacement of the pipeline in recent years. Preventing future logging on this slope is a relatively low-cost approach to minimizing the risk of slope instability that may threaten the pipeline. The acquisition price was determined by an appraisal conducted in conformance with the Uniform Standards of Professional Appraisal Practice.

<b>Project Name:</b>	<b>Project I.D.:</b>	<b>Project Location:</b>	<b>Start Date:</b>	<b>End Date:</b>
NF Tolt Hancock Land Acquisition	C1207	North Fork Tolt River Watershed	March 28, 2013	Dec. 31, 2013

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:**

Fund Name and Number	Department	Budget Control Level*	Existing 2013 Appropriation	New 2013 Appropriation (if any)	2014 Anticipated Appropriation
43000 Water Fund	Seattle Public Utilities	C1207	\$ 1,040,390	N/A	N/A
<b>TOTAL</b>			<b>\$ 1,040,390</b>	<b>N/A</b>	<b>N/A</b>

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

**Appropriations Notes:**

This legislation will not result in any new appropriation. The appropriation for this land acquisition occurred in the budget appropriation ordinance (Ordinance 123363), in the SPU Water Fund 43000, Program #C1207, in the amount of \$1,040,390 in 2013.

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

Spending Plan and Budget	2013	2014	2015	2016	2017	2018	Total
Spending Plan	\$ 888,000						
Current Year Appropriation	\$1,040,390						
Future Appropriations							

**Spending Plan and Budget Notes:**

This is a single payment for the land purchase occurring in 2013 using existing budget authority. The table above reflects this timing.

**Funding Source:**

Funding Source (Fund Name and Number, if applicable)	2013	2014	2015	2016	2017	2018	Total
Water Fund, 43000	\$888,000						
<b>TOTAL</b>	<b>\$888,000</b>						

**Funding Source Notes:**

**Bond Financing Required:**

Type	Amount	Assumed Interest Rate	Term	Timing	Expected Annual Debt Service/Payment
Fixed Rate	\$ 457,320	3.6%	30	1/2010	\$ 25,178
<b>TOTAL</b>					<b>\$ 25,178</b>

**Bond Notes:**

No bonds specific to this project will be issued. It would be financed with bonds already issued in January 2010, which are managed at the fund level. Amounts above are illustrative of this project's contribution to debt service. On average, 50 percent of water project costs are financed with debt, and the remainder with cash. The above amount includes 3 percent issuance costs.

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

O&M	2013	2014	2015	2016	2017	2018	Total
<b>Uses</b>							
Start Up							
On-going							
<b>Sources (itemize)</b>							

Operation and Maintenance Notes:

There are no operations and maintenance costs associated with this land acquisition since the land will be managed for conservation. Hancock Forest Management will be responsible for road maintenance.

**Do positions sunset in the future?**

NA

**Other Implications:**

a) **Does the legislation have indirect financial implications, or long-term implications?**  
 Yes, there are potentially long-term implications. The land acquisition authorized by this legislation will enable SPU to prevent future timber harvesting on this property, which will likely reduce the risk of ground movement on the slope and pipeline displacement. SPU is pursuing this land-acquisition to avoid more costly alternatives that involve engineered solutions for either stabilizing or relocating the pipeline, both of which are orders of magnitude more expensive than this land acquisition.

b) **What is the financial cost of not implementing the legislation?**  
 The potential cost of not acquiring this land would be an increased probability the pipeline will require more expensive, engineered solutions, including stabilization or relocation. Preliminary estimates range from \$10 million to \$20 million.

The City's financial risk of this acquisition is low because it always has the option of selling the property in the future to recover its costs, most likely at a profit.

c) **Does this legislation affect any departments besides the originating department?**  
 No.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** The objective is to slow or stop the slope instability. A complimentary project that SPU is currently pursuing is placement of log jams on the north bank of the North Fork Tolt River directly below the area of pipeline instability. SPU is proceeding with this project in concert with the land acquisition, as both of these solutions are considered low-cost actions relative to the potential slope stabilization benefit. The current projection for this log jam project is \$273,000 and construction is planned for 2014.

Other than these two measures (land acquisition and log jams on the north bank) no additional slope stabilization options are under consideration.

**e) Is a public hearing required for this legislation?**

No.

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

No.

**g) Does this legislation affect a piece of property?**

Yes, this legislation approves acquisition of approximately 182 acres of land on the North Fork Tolt River owned by Hancock Forest Management. See Exhibit A of the Ordinance.

**h) Other Issues:**

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



**City of Seattle**  
Office of the Mayor

August 20, 2013

Honorable Sally J. Clark  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that would authorize Seattle Public Utilities to acquire 182 acres of forest land in the Tolt River Watershed from Hancock Insurance Company. The purpose of this acquisition is to prevent future logging of the slope located above the Tolt River drinking water transmission pipeline. Because logging is related to slope instability, acquiring the slope above the pipeline is a cost-effective approach to pipeline protection.

The cost of the property is \$888,000, as determined by an appraisal that conforms to the Uniform Standards of Professional Appraisal Practice. SPU is pursuing this land-acquisition to avoid more costly alternatives that involve engineered solutions for either stabilizing or relocating the pipeline, both of which are orders of magnitude more expensive than this land acquisition.

Thank you for your consideration of this legislation. Should you have questions, please Cyndy Holtz at 386-1990.

Sincerely,

A handwritten signature in black ink, appearing to read "m m d", written in a cursive style.

Michael McGinn  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council