

Ordinance No. 121567

Council Bill No. 114982

AN ORDINANCE related to the proposed South Lake Union Streetcar; reducing an appropriation in the Seattle Department of Transportation's 2004 Adopted Budget; reappropriating that money to the Legislative Department for a Special Benefit Study for a potential Local Improvement District; and transferring cash to support the reappropriation.

CF No. \_\_\_\_\_

Date Introduced:	AUG 2 - 2004	
Date 1st Referred:	To: (committee)	
	AUG 2 - 2004	TRANSPORTATION
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
	8/16/04 7-0 as amended	
Date Presented to Mayor:	Date Approved:	
8/17/04	8/24/04	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/>
8/25/04	4pdp	F.T. <input type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

new walk-on

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Peter Steinert

R. J. McDevitt  
**Committee Action**

8/10/04 - passed amendment

Cadden, Ramona  
Lizata

8/10/04 Passed as amended

(a)  
(u)

Lizata  
Ramona

8-16-04 Passed as Amended 70 (Exc)

This file is complete and ready for presentation to Full Council.

Law Dept. Review

OMP  
Review

City Clerk  
Review

msd walk on

# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by:

*Patricia Hill*  
LICATA

Councilmember

*Peter Steinbock*

*R.J. McDevitt*

## Committee Action:

*Don Rasmussen*  
*Jean Godden*

8/10/04 - passed amendment 6-0 yes, Conlon,  
Godden, Rasmussen, Della, Prago,  
Lizata

8/10/04 Passed as amended 6-0 yes

*Lizata, Conlon, Godden,  
Rasmussen, Della, Prago,*

8-16-04 Passed as amended 7-0 (Excused: Compton, Steinbroeck)

This file is complete and ready for presentation to Full Council.

Committee:

*RC 8/10/04*  
(initial/date)

Law Dept. Review

OMP  
Review

City Clerk  
Review

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F.T. ☐

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*No final vote  
taken at  
8/10/04  
Full City Council  
discussion marks  
above bill*

CV  
SBS#8  
7/20/04  
V #3

ORDINANCE 121567

AN ORDINANCE related to the proposed South Lake Union Streetcar; reducing an appropriation in the Seattle Department of Transportation's 2004 Adopted Budget; reappropriating that money to the Legislative Department for a Special Benefit Study for a potential Local Improvement District; and transferring cash to support the reappropriation.

WHEREAS, in adopting the 2004 budget, the City Council enacted a budget proviso that imposed restrictions on spending appropriations related to the South Lake Union streetcar project; and

WHEREAS, the City Council determined it premature to spend federal and state grant funds to proceed with a South Lake Union streetcar project until the City Council received more information about the project, including how the capital costs would be funded and how the on-going operations and maintenance costs would be paid for over time; and

WHEREAS, the City Council did allow the Seattle Department of Transportation (SDOT) to spend \$295,000 in 2004 to obtain additional information requested by the City Council; and

WHEREAS, while Seattle Transportation has provided some of the information requested by the City Council, it remains uncertain as to how the full capital and operations and maintenance costs for a South Lake Union streetcar would be funded; and

WHEREAS, a Local Improvement District is a critical and necessary component of the capital financing for a potential South Lake Union streetcar and building the streetcar is dependent on the successful formation of a Local Improvement District (L.I.D) for this purpose; and

WHEREAS, the City Council acknowledges that a majority of property owner support is needed to successfully form a L.I.D and that property owner support will likely depend on the amount of the special assessment imposed by the City Council for the Local Improvement District; and

WHEREAS, the City Council has determined that the most accurate and equitable assessment method to apportion the L.I.D assessment among the property owners should be based on a Special Benefit Study; and

WHEREAS, a Special Benefit Study examines the unique characteristics of each parcel, taking into account the underlying zoning and physical, legal, and financially feasible development potential of each parcel, along with any restrictions on land use and other factors that may impact the development potential of the parcel; and

WHEREAS, the assessment method proposed by the Executive determines assessments based solely on proximity to the proposed South Lake Union streetcar alignment and square feet of the parcel and this method is more appropriate for relatively small, routine capital improvements, such as utility projects; and

WHEREAS, according to an appraiser hired by the Executive, the appraisal method proposed by the Executive may result in "an inequitable method of assessment proportionate to the benefit each

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CV  
SBS#8  
7/20/04  
V #3

property will receive" and could "put the City at risk for construction cost overruns and the costs to mitigate successful challenges by property owners"; and

WHEREAS, considering that the proposed South Lake Union Streetcar project is a multi-million dollar project, a Special Benefit Study is a sound investment that will provide greater certainty that the City's actions regarding the formation of an L.I.D will stand up to legal scrutiny, thus protecting the City of Seattle from potential exposure to legal risks and costs; and

WHEREAS, as it is the City Council that must make the decisions to form the L.I.D and to impose the assessments on the property owners within it, and the City Council desires that those decisions be based on comprehensive, accurate information, the City Council will hire an appraisal firm to conduct a Special Benefit Study for a potential South Lake Union Streetcar improvement project; and

WHEREAS, the Legislative Department will work with SDOT to provide the documentation needed for SDOT to seek reimbursement for the Special Benefit Study from grants obtained for the potential South Lake Union Streetcar project; and

WHEREAS, if SDOT does not receive reimbursement for the costs of a Special Benefit Study from the grants obtained for a South Lake Union Streetcar, SDOT can recover the costs through an L.I.D, should one be formed; and

WHEREAS, the City Council staff will seek input from the Executive and the City's Law Department on the Request for Proposals for a Special Benefit Study and the selection of the best qualified firm to conduct the study; NOW THEREFORE,

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

Section 1. The City Council directs Central Staff to work with the Law Department to develop and issue a Request for Proposal, in consultation with the Department of Finance (DoF), for a qualified appraiser with experience conducting a Special Benefit Study for Local Improvement District projects. In addition to commencing a Special Benefit Study, the qualified appraiser will review and evaluate the Executive's proposed method of assessment. The scope of the Special Benefit Study shall be consistent with the description of a Special Benefit Study that is included in the Municipal Research Services Center's Local Improvement District Manual, as shown in Attachment A. In order to pay for necessary costs and expenses to be incurred in 2004, but for which insufficient appropriations have been made, the appropriation for the following in the 2004 Budget is increased from the fund shown, as follows:



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SBS#8  
7/20/04  
V #3

Fund	Department	Budget Control Level	Amount
General Subfund (00100)	Legislative	Legislative Department (G1100)	\$200,000

to be supported by the associated cash transfer as authorized in Section 3 below. This appropriation may be spent on a Special Benefits Study for the proposed South Lake Union streetcar, notwithstanding the proviso stating otherwise in connection with the 2004 Adopted Budget.

Section 2. The appropriation for the following item in the 2004 Budget is reduced from the fund shown as follows:

Fund	Department	Budget Control Level	Amount
Transportation Fund (10310)	Transportation	Policy, Planning, and Major Project Development (18310) Project TC366260	(\$200,000)

Section 3. To support the appropriation made in Section 1 above, cash is hereby transferred as shown in the following table:

Fund	Amount Transferred
General Subfund	\$200,000 transferred in
Transportation Fund (10310)	\$200,000 transferred out

Section 4. City Departments shall cooperate fully with the appraiser(s) hired to conduct the Special Benefit Study and respond promptly to the appraiser(s)'s requests for information related to City owned property, such as deeds, maps and other property records, as well as information related to the potential South Lake Union streetcar project.

Section 5. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

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7/20/04  
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1 Passed by the City Council the 16<sup>th</sup> day of August, 2004, and signed by me in open  
2 session in authentication of its passage this 16<sup>th</sup> day of August, 2004.

3 Jan Drago  
4 President the City Council

5 Approved by me this 24<sup>th</sup> day of August, 2004.

6 Gregory J. Nickels  
7 Gregory J. Nickels, Mayor

8 Filed by me this 25<sup>th</sup> day of August, 2004.

9 Joan E. Phipps  
10 City Clerk

11 (Seal)  
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## Chapter Five: Assessment Methods

### #Introduction

### #Special Benefit/Proportionate Assessment Study

#### Introduction

Statutes specify that the assessment per parcel must not exceed the special benefit of the improvement to that parcel, which is defined as the difference between the fair market value of the property before and after the local improvement project. Additionally, the assessments must be proportionate to one another. A corollary to these principles is that property not benefited by the improvements may not be assessed. No matter what assessment method is used – per parcel, front foot, area, zone termini, traffic volumes, special benefit appraisal, etc. – a reviewing court will be concerned only with these criteria. Even if a project lends itself very well to a front footage assessment (i.e., uniform lots, similar zoning) or is not large enough to warrant a full-blown special benefit analysis, it is wise to check a few strategic parcels with a limited appraisal. This will prevent unpleasant surprises at the final assessment roll hearing.

#### LID-RID Special Benefit/Proportionate Assessment Study

By Chuck Macaulay and Robert Macaulay, Macaulay and Associates

#### Introduction

For ease of reading, "LID" will be used rather than other acronyms although the information herein pertains to municipal districts other than a Local Improvement District (LID) such as Road Improvement District (RID) and Local Utility District (LUD).

A formation special benefit study is often utilized by municipalities to establish a proposed LID boundary, ascertain the economic feasibility of the project and review proposed preliminary assessments.

A final special benefit study is an assessment method that documents the proportionate amount of total project assessment to be levied on each specially benefited assessable property. The recommended assessments comply with RCW statutes and case law precedent. Property owners may utilize municipal special benefit studies to become more informed about the economic influence of the project on the neighborhood and the validity of proposed assessments against their properties.

Owners may also have special benefit studies prepared to document protests to assessments at final assessment roll hearings. Because the municipalities have the presumption of being correct in the administration of a LID, special benefit studies are used by owners to remove the presumptions that project improvements provide a special benefit and that the assessment is fair and equitable to each affected parcel.

In the event that an owner does not prevail in protesting an assessment at the final assessment roll, the special benefit study may be used as part of the record to support appeals to Superior Court.

The narrative special benefit study report serves as support for informed decisions by municipalities and property owners. The report and testimony, if requested, of the special benefit analyst/appraiser provide documentation of assessment recommendations at the final assessment roll hearing.

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### Special Benefit Studies – What's Involved

Special benefit/proportionate assessment studies for municipalities typically consist of two separate assignments, both of which utilize mass appraisal techniques. The first assignment is for a LID formation study and the second is for a final assessment roll study. The work evolves in four stages or phases, with the first three frequently occurring concurrently. A preliminary investigation is made of the proposed improvements and the area in which they would be constructed, together with an analysis of the extent and intensity of influence of the proposed project on market value. This investigation provides the appraiser/special benefit analyst with insight into the scope and complexity of the proposed LID project and the knowledge needed to estimate the time and costs involved in completing a special benefit/proportionate assessment study.

#### Formation Special Benefit Study

The first stage, occurring after the preliminary investigation, involves preparation of a property ownership map outlining the general extent of measurable positive influence on market value due to the LID project. The ownership map helps document the extent of the special benefit study and is part of the basis for the boundary location recommended for the proposed LID.

Phase two begins with investigation of physical and economic characteristics of each parcel. A base study is undertaken, consisting of the assemblage of pertinent market data and investigation of the environmental, economic, governmental and social forces influencing the subject area. Consideration is given to current zoning, land use trends, existing building improvements, highest and best use and other factors influencing market value for each property type or ownership, without and with the amenity of the LID project. When the probable increased market value range derived from this preliminary analysis is greater than the proposed assessment, the LID project is concluded to be feasible without modification. At this point, the analyst can usually provide general indications of economic feasibility to the municipality considering the improvements.

Assuming that the project is to proceed, phase three gets underway. All tracts within the designated LID boundary are outlined on a map, with each tract's owner of record noted. Taking into consideration unity of ownership, continuity of the tracts and unity of use, a LID parcel map is prepared. This map provides the basis for preparation by engineers of a legal description of the district. Phase three is the substantive portion of the formation special benefit study and results in the following major conclusions:

- (1) Recommendation as to location of the LID boundary,
- (2) Recommendation as to economic feasibility of the proposed project,
- (3) Recommendation as to a preliminary assessment to each affected parcel.

Following is a brief discussion of the formation special benefit portion of the study that generates the results listed above. After exterior inspection of each parcel within the LID, the economic base study of the neighborhood is utilized to prepare estimates of highest and best use and probable market value of each parcel within the LID boundary without the proposed improvements.

The base study is then expanded to include study of market data with elements of similarity to the subject parcels, assuming completion of the project. This expanded base study, relating to the LID under the assumption that the LID project special benefits are attached, is utilized to prepare an estimate of highest and best use and probable market value for each parcel assuming completion of the proposed improvements within a defined time span.





The increase in probable market value adhering to each parcel is the measure of special benefit due to the LID project. The municipal LID administrator provides the total proposed assessment amount. The sum of special benefits estimated for each parcel is the total special benefit attributable to assessable property within the proposed LID; this total divided into the total LID assessment provides the assessment ratio, or the LID cost per dollar of special benefit. The special benefit to each parcel multiplied by this cost/benefit ratio results in the individual assessment recommended to that parcel.

The recommended preliminary assessments meet the following two criteria:

- (a) Each recommended preliminary assessment is equal to or less than the special benefit adhering to that particular parcel.
- (b) Each recommended assessment is reasonably proportionate to the special benefit adhering to that parcel and all other parcels due to the LID-funded project.

Completion of the first assignment results in a formation special benefit study report which outlines the recommended LID boundary and provides a narrative summary of the study and a tabulation of recommended assessments to all assessable parcels specially benefited by the project. This special benefit/proportionate assessment study may be utilized by property owners and the municipality as part of the basis of their decision to form or to oppose formation of a LID.

Subsequent to completion of this assignment, the analyst can be engaged to make a presentation at the LID formation roll hearing. If requested, the special benefit analyst's presentation at the formation hearing outlines: (1) basis for location of the LID boundary, (2) economic feasibility of the project and (3) general description of the assumptions, data, analysis and appraisal techniques. The purpose of this hearing is to inform property owners, respond to their concerns, and provide a forum for the municipality to decide if a LID is to be established within the designated boundaries, taking into consideration proposed improvements, aggregate special benefits and total amount of proposed assessment. The various recommendations are presented to the municipal council for use in their decision on LID formation.

#### **Final Special Benefit Study**

The second assignment, a special benefit study for the final assessment roll hearing, can be considered the fourth and final phase of this portion of the LID process. This phase may occur prior to construction of the LID funded project, during construction or some time after project completion. At this stage, an update is made of market data, the base studies are reviewed and current trends resulting in indications of market value for each parcel are analyzed.

Available records are again verified to research and document any changes in ownership of all or any portions of the subject parcels. The impact of ownership changes, subdivision activity and trends affecting highest and best use and market value of each parcel is analyzed.

Presentations are made at informational hearings or meetings with individual property owners, when requested by the municipal authority, prior to the final assessment roll hearing. Pertinent information provided by property owners is also noted and considered. Any discrepancies in factual data, such as usable land areas, are researched and resolved.

The probable market value of each parcel without and with the special benefit characteristics resulting from the LID project is estimated (typically as of the date of the final assessment roll hearing) in order to arrive at an opinion of special benefit to each parcel. Two appraisals are made of each parcel or economic entity. One appraisal results in an opinion of market value of existing property rights without influence, if

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Washington State LID Manual Fifth Addition

any, of the LID-funded project. The second appraisal results in an opinion of market value of property rights adhering to the property with the project constructed or to be completed within a specific time period. Property characteristics, highest and best use and market value opinions in the second appraisal are as of the date of valuation.

Again, special benefits are totaled and divided into the total LID assessment to obtain the overall assessment/benefit ratio. The special benefit attributable to each parcel is multiplied by this constant ratio to arrive at recommended assessments. A significant variance in the assessment per square foot or per front foot is sometimes noted on adjacent properties. This can result from the influence of factors including but not limited to existing building improvements, differences in zoning or projected intensity of use, corner influence, terrain, wetlands, ratio of frontage to area or changes in access characteristics.

Because differences in special benefit to individual properties are measured by the special benefit analysis, the method results in a fair and equitable allocation of assessment to all parcels that is in proportion to their individual special benefit. Assessments made on a formula basis (such as zone and termini, per square foot or per front foot) may result in amounts that are not fair and equitable between parcels within the overall LID. Formula or mathematically based assessments may also grossly exceed the special benefit adhering to a parcel as a result of the project.

Completion of the second assignment results in a special benefit study report that includes narrative and summary tabulation sections. The narrative section explains the assumptions made and techniques used for the study as well as providing documentation for the conclusions shown in the final assessment roll tabulation. The tabulation section consists of a summary of recommended assessments to each affected parcel.

As in the formation special benefit study, recommended assessments meet the following two important criteria:

- (a) Each recommended assessment is equal to or less than the special benefit adhering to that particular parcel.
- (b) Each recommended assessment is reasonably proportionate to the special benefit adhering to that parcel and to all other parcels due to the LID-funded project.

The special benefit analyst is again prepared, if requested, to make a presentation at the final assessment roll hearing explaining techniques used, assumptions made, basis of special benefit and resulting recommended assessment to each parcel. The analyst responds to LID protests or contradictory testimony in order to provide unbiased information to property owners and the hearing authority. Testimony of the analyst/appraiser, along with the special benefit study report as an exhibit is made part of the record during the final assessment roll hearing.

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**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Christa Valles/684-5336	

**Legislation Title:**

AN ORDINANCE related to the proposed South Lake Union Streetcar; reducing an appropriation in the Seattle Department of Transportation's 2004 Adopted Budget; reappropriating that money to the Legislative Department for a Special Benefit Study for a potential Local Improvement District; and transferring cash to support the reappropriation.

**Summary of the Legislation:**

This legislation transfers \$200,000 from the Seattle Department of Transportation's budget to the Legislative Department. The \$200,000 will pay for a Special Benefits Study for a potential Local Improvement District. It is related to the planning for a capital project, but does not pertain to the actual construction of the streetcar. SDOT can seek reimbursement for the \$200,000 through the grants it has received for the South Lake Union Streetcar or the funds can be recovered through a Local Improvement District, should one be formed.

**Background:**

At the May 25, 2004 Transportation Committee meeting, a panel of experts in Local Improvement Districts (LIDs) briefed committee members on different property assessment methods for LIDs. The May 25<sup>th</sup> committee discussion focused on a potential South Lake Union (SLU) streetcar LID. The panel of experts strongly recommended to committee members that the City conduct a Special Benefit Study to determine property LID assessments in South Lake Union. The panel recommended this approach for the following reasons:

- 1) Other approaches that use formula/mathematical methods may not provide for an equitable method of assessment and thus, leave the City open to legal challenges.
- 2) The streetcar line is different than typical street improvement projects and a formula method of assessment does not account for the unique nature of a streetcar line relative to other LID projects that a City might undertake.
- 3) A Special Benefit Study looks at the market value that an improvement project confers on a property while a mathematical method is based on square footage or some other area measurement. A Special Benefit Study would take into account the underlying zoning, land use restrictions, and other market conditions that impact the development potential of various parcels.
- 4) A Special Benefit Study would enable Council to assess whether a \$25 million LID is a fair assessment and is apportioned correctly among property owners.

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- Please check one of the following:

☐ **This legislation does not have any financial implications.** (Stop here and delete the remainder of this document prior to saving and printing.)

☒ **This legislation has financial implications.** (Please complete all relevant sections that follow.)

This legislation appropriates \$200,000 to the Legislative Department from the Seattle Department of Transportation's (SDOT) Transportation Fund. SDOT has received federal and state grants to undertake planning activities related to the streetcar. SDOT can either apply for reimbursement for the \$200,000 from the grantors (the Legislative Department will work with SDOT to provide the necessary paperwork) or the \$200,000 can be reimbursed through the Local Improvement District, should one be formed.

**Appropriations:**

Fund Name and Number	Department	Budget Control Level*	2004 Appropriation
General Subfund (00100)	Legislative	Legislative Department (G1100)	200,000
Transportation Fund (10310)	Seattle Department of Transportation	Policy, Planning, and Major Project Development (18310) Project TC366260	(200,000)
<b>TOTAL</b>			<b>0</b>

**Anticipated Revenue/Reimbursement: Resulting From This Legislation:**

SDOT may seek reimbursement from the grant monies that it has received or, it can obtain reimbursement through the LID should one be formed.

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**Spending/Cash Flow:** This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.

Fund Name and Number	Department	Budget Control Level*	2004 Expenditures	2005 Anticipated Expenditures
General Subfund	Legislative	Legislative Department (G1100)	50,000	150,000
<b>TOTAL</b>			<b>50,000</b>	<b>150,000</b>

Notes: The legislative Department will hire an appraiser to conduct a Special Benefit Assessment. It is not clear at this time how long it will take to conduct the study, but if it is not completed before the end of the year, the payment to the appraiser will likely happen in 2005.

• **What is the financial cost of not implementing the legislation?**

The City could be liable for legal challenges associated with the formation of the LID, in which case, it would need to hire an appraiser and request legal assistance from the City's Law Department.

• **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

A limited appraisal of different types of parcels could be conducted or, as the Executive has proposed, an appraiser could be hired to evaluate the Executive's proposed method of assessment. The Executive's appraisal method is based on proximity to the streetcar and square feet. A Special Benefit Study entails an investigation of the physical and economic characteristics of each parcel, including a base study that reviews pertinent market data and environmental, economic, governmental, and social forces influencing the subject area. An appraiser also considers zoning, land use trends, existing building improvements, highest and best use and other factors influencing market value for each property type or ownership—without and with the LID project. A Special Benefit Study is more likely to withstand legal challenges because it does not apply the same formula to different parcels with different zoning and market value and thus, can provide a more equitable way to assess special benefits than a formula method.

• **Is the legislation subject to public hearing requirements:** No

• **Other Issues** (including long-term implications of the legislation):

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## ORDINANCE

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3 Seattle Department of Transportation's 2004 Adopted Budget; reappropriating that money to the  
4 Legislative Department for a Special Benefit Study for a potential Local Improvement District;  
5 and transferring cash to support the reappropriation.

6 WHEREAS, in adopting the 2004 budget, the City Council enacted a budget proviso that imposed  
7 restrictions on spending appropriations related to the South Lake Union streetcar project; and

8 WHEREAS, the City Council determined it premature to spend federal and state grant funds to proceed  
9 with a South Lake Union streetcar project until the City Council received more information  
10 about the project, including how the capital costs would be funded and how the on-going  
11 operations and maintenance costs would be paid for over time; and

12 WHEREAS, the City Council did allow the Seattle Department of Transportation (SDOT) to spend  
13 \$295,000 in 2004 to obtain additional information requested by the City Council; and

14 WHEREAS, while Seattle Transportation has provided some of the information requested by the City  
15 Council, it remains uncertain as to how the full capital and operations and maintenance costs for  
16 a South Lake Union streetcar would be funded; and

17 WHEREAS, a Local Improvement District is a critical and necessary component of the capital financing  
18 for a potential South Lake Union streetcar and building the streetcar is dependent on the  
19 successful formation of a Local Improvement District (L.I.D) for this purpose; and

20 WHEREAS, the City Council acknowledges that a majority of property owner support is needed to  
21 successfully form a L.I.D and that property owner support will likely depend on the amount of  
22 the special assessment imposed by the City Council for the Local Improvement District; and

23 WHEREAS, the City Council has determined that the most accurate and equitable assessment method to  
24 apportion the L.I.D assessment among the property owners should be based on a Special Benefit  
Study; and

WHEREAS, a Special Benefit Study examines the unique characteristics of each parcel, taking into  
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of each parcel, along with any restrictions on land use and other factors that may impact the  
development potential of the parcel; and

WHEREAS, the assessment method proposed by the Executive determines assessments based solely on  
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and this method is more appropriate for relatively small, routine capital improvements, such as  
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SBS#8  
7/20/04  
V #1

property will receive" and could "put the City at risk for construction cost overruns and the costs to mitigate successful challenges by property owners"; and

WHEREAS, considering that the proposed South Lake Union Streetcar project is a multi-million dollar project, a Special Benefit Study is a sound investment that will provide greater certainty that the City's actions regarding the formation of an L.I.D will stand up to legal scrutiny, thus protecting the City of Seattle from potential exposure to legal risks and costs; and

WHEREAS, as it is the City Council that must hold preliminary and final assessment hearings for L.I.D projects and confirm the property assessment roll, the City Council will hire the appraisal firm that conducts a Special Benefit Study for a potential South Lake Union Streetcar improvement project; and

WHEREAS, the Legislative Department will work with SDOT to provide the documentation needed for SDOT to seek reimbursement for the Special Benefit Study from grants obtained for the potential South Lake Union Streetcar project; and

WHEREAS, if SDOT does not receive reimbursement for the costs of a Special Benefit Study from the grants obtained for a South Lake Union Streetcar, SDOT can recover the costs through an L.I.D, should one be formed; and

WHEREAS, the City Council staff will seek input from the Executive and the City's Law Department on the Request for Proposals for a Special Benefit Study and the selection of the best qualified firm to conduct the study; NOW THEREFORE,

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

Section 1. In order to pay for necessary costs and expenses to be incurred in 2004, but for which insufficient appropriations have been made, the appropriation for the following in the 2004 Budget is increased from the fund shown, as follows:

Fund	Department	Budget Control Level	Amount
General Subfund (00100)	Legislative	Legislative Department (G1100)	\$200,000

to be supported by the associated cash transfer as authorized in Section 3 below. This appropriation may be spent on a Special Benefits Study for the proposed South Lake Union streetcar, notwithstanding the proviso stating otherwise in connection with the 2004 Adopted Budget.

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7/20/04  
V #1

Section 2. The appropriation for the following item in the 2004 Budget is reduced from the fund shown as follows:

Fund	Department	Budget Control Level	Amount
Transportation Fund (10310)	Transportation	Policy, Planning, and Major Project Development (18310) Project TC366260	(\$200,000)

Section 3. To support the appropriation made in Section 1 above, cash is hereby transferred as shown in the following table:

Fund	Amount Transferred
General Subfund	\$200,000 transferred in
Transportation Fund (10310)	\$200,000 transferred out

Section 4. City Departments shall cooperate fully with the appraiser(s) hired to conduct the Special Benefit Study and respond promptly to the appraiser(s)'s requests for information related to City owned property, such as deeds, maps and other property records, as well as information related to the potential South Lake Union streetcar project.

Section 5. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2004, and signed by me in open session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2004.

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

Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Gregory J. Nickels, Mayor

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CV  
SBS#8  
7/20/04  
V #1

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Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
City Clerk

(Seal)

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CV  
SBS#8  
7/20/04  
V #2

### ORDINANCE \_\_\_\_\_

1  
2 AN ORDINANCE related to the proposed South Lake Union Streetcar; reducing an appropriation in the  
3 Seattle Department of Transportation's 2004 Adopted Budget; reappropriating that money to the  
4 Legislative Department for a Special Benefit Study for a potential Local Improvement District;  
5 and transferring cash to support the reappropriation.

6 WHEREAS, in adopting the 2004 budget, the City Council enacted a budget proviso that imposed  
7 restrictions on spending appropriations related to the South Lake Union streetcar project; and

8 WHEREAS, the City Council determined it premature to spend federal and state grant funds to proceed  
9 with a South Lake Union streetcar project until the City Council received more information  
10 about the project, including how the capital costs would be funded and how the on-going  
11 operations and maintenance costs would be paid for over time; and

12 WHEREAS, the City Council did allow the Seattle Department of Transportation (SDOT) to spend  
13 \$295,000 in 2004 to obtain additional information requested by the City Council; and

14 WHEREAS, while Seattle Transportation has provided some of the information requested by the City  
15 Council, it remains uncertain as to how the full capital and operations and maintenance costs for  
16 a South Lake Union streetcar would be funded; and

17 WHEREAS, a Local Improvement District is a critical and necessary component of the capital financing  
18 for a potential South Lake Union streetcar and building the streetcar is dependent on the  
19 successful formation of a Local Improvement District (L.I.D) for this purpose; and

20 WHEREAS, the City Council acknowledges that a majority of property owner support is needed to  
21 successfully form a L.I.D and that property owner support will likely depend on the amount of  
22 the special assessment imposed by the City Council for the Local Improvement District; and

23 WHEREAS, the City Council has determined that the most accurate and equitable assessment method to  
24 apportion the L.I.D assessment among the property owners should be based on a Special Benefit  
Study; and

WHEREAS, a Special Benefit Study examines the unique characteristics of each parcel, taking into  
account the underlying zoning and physical, legal, and financially feasible development potential  
of each parcel, along with any restrictions on land use and other factors that may impact the  
development potential of the parcel; and

WHEREAS, the assessment method proposed by the Executive determines assessments based solely on  
proximity to the proposed South Lake Union streetcar alignment and square feet of the parcel  
and this method is more appropriate for relatively small, routine capital improvements, such as  
utility projects; and

WHEREAS, according to an appraiser hired by the Executive, the appraisal method proposed by the  
Executive may result in "an inequitable method of assessment proportionate to the benefit each

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CV  
SBS#8  
7/20/04  
V #2

property will receive" and could "put the City at risk for construction cost overruns and the costs to mitigate successful challenges by property owners"; and

WHEREAS, considering that the proposed South Lake Union Streetcar project is a multi-million dollar project, a Special Benefit Study is a sound investment that will provide greater certainty that the City's actions regarding the formation of an L.I.D will stand up to legal scrutiny, thus protecting the City of Seattle from potential exposure to legal risks and costs; and

WHEREAS, as it is the City Council that must hold preliminary and final assessment hearings for L.I.D projects and confirm the property assessment roll, the City Council will hire the appraisal firm that conducts a Special Benefit Study for a potential South Lake Union Streetcar improvement project; and

WHEREAS, the Legislative Department will work with SDOT to provide the documentation needed for SDOT to seek reimbursement for the Special Benefit Study from grants obtained for the potential South Lake Union Streetcar project; and

WHEREAS, if SDOT does not receive reimbursement for the costs of a Special Benefit Study from the grants obtained for a South Lake Union Streetcar, SDOT can recover the costs through an L.I.D, should one be formed; and

WHEREAS, the City Council staff will seek input from the Executive and the City's Law Department on the Request for Proposals for a Special Benefit Study and the selection of the best qualified firm to conduct the study; NOW THEREFORE,

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

Section 1. The City Council directs Central Staff to work with the Law Department to develop and issue a Request for Proposal, in consultation with the Department of Finance (DoF), for a qualified appraiser with experience conducting a Special Benefit Study for Local Improvement District projects. In addition to commencing a Special Benefit Study, the qualified appraiser will review and evaluate the Executive's proposed method of assessment. The scope of the Special Benefit Study shall be consistent with the description of a Special Benefit Study that is included in the Municipal Research Services Center's Local Improvement District Manual, as shown in Attachment A. In order to pay for necessary costs and expenses to be incurred in 2004, but for which insufficient appropriations have been made, the appropriation for the following in the 2004 Budget is increased from the fund shown, as follows:



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CV  
SBS#8  
7/20/04  
V #2

Fund	Department	Budget Control Level	Amount
General Subfund (00100)	Legislative	Legislative Department (G1100)	\$200,000

to be supported by the associated cash transfer as authorized in Section 3 below. This appropriation may be spent on a Special Benefits Study for the proposed South Lake Union streetcar, notwithstanding the proviso stating otherwise in connection with the 2004 Adopted Budget.

Section 2. The appropriation for the following item in the 2004 Budget is reduced from the fund shown as follows:

Fund	Department	Budget Control Level	Amount
Transportation Fund (10310)	Transportation	Policy, Planning, and Major Project Development (18310) Project TC366260	(\$200,000)

Section 3. To support the appropriation made in Section 1 above, cash is hereby transferred as shown in the following table:

Fund	Amount Transferred
General Subfund	\$200,000 transferred in
Transportation Fund (10310)	\$200,000 transferred out

Section 4. City Departments shall cooperate fully with the appraiser(s) hire' to conduct the Special Benefit Study and respond promptly to the appraiser(s)'s requests for information related to City owned property, such as deeds, maps and other property records, as well as information related to the potential South Lake Union streetcar project.

Section 5. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

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1 Passed by the City Council the \_\_\_\_ day of \_\_\_\_, 2004, and signed by me in open  
2 session in authentication of its passage this \_\_\_\_ day of \_\_\_\_, 2004.

3  
4 President \_\_\_\_ of the City Council

5 Approved by me this \_\_\_\_ day of \_\_\_\_, 2004.

6 Gregory J. Nickels, Mayor

7 Filed by me this \_\_\_\_ day of \_\_\_\_, 2004.

8  
9 City Clerk

10 (Seal)

11  
12 Attachment A: Special Benefit Study description from the Municipal Research Services Center's Local  
13 Improvement District Manual

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STATE OF WASHINGTON - KING COUNTY

--SS.

176223  
CITY OF SEATTLE, CLERKS OFFICE

No. ORDINANCE TITLE ONLY

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121561,564-121569

121567

was published on

8/27/2004



*Michael Del*

Subscribed and sworn to before me on

8/27/2004

*Jennifer A. Payer*

Notary public for the State of Washington,  
residing in Seattle

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State of Washington, King County

**City of Seattle**

**TITLE-ONLY PUBLICATION**

The full text of the following ordinances, passed by the City Council on August 16, 2004, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 564-8344.

**ORDINANCE NO. 121569**

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

**ORDINANCE NO. 121568**

AN ORDINANCE relating to the City Light Department, accepting various easements for overhead and underground electrical distribution rights in King County, Washington; and placing said easements under the jurisdiction of the City Light Department.

**ORDINANCE NO. 121567**

AN ORDINANCE related to the proposed South Lake Union Streetcar, reducing an appropriation in the Seattle Department of Transportation's 2004 Adopted Budget; reappropriating that money to the Legislative Department for a Special Benefit Study for a potential Local Improvement District; and transferring cash to support the reappropriation.

**ORDINANCE NO. 121565**

AN ORDINANCE relating to proposed streetcar lines in Seattle; stating the conditions under which the Seattle City Council will consider approving construction of a streetcar line in South Lake Union; and releasing certain funds to the Seattle Department of Transportation to proceed with preliminary plan development, compliance with SEFA procedures, design, and engineering for a potential South Lake Union Streetcar project and to undertake a preliminary review of a potential extension of the proposed South Lake Union alignment to the University District and a potential extension of the Waterfront Streetcar along the South Jackson Street Corridor.

**ORDINANCE NO. 121564**

AN ORDINANCE relating to the City Light Department, accepting various easements for overhead and underground electrical distribution rights in King County, Washington; and placing said easements under the jurisdiction of the City Light Department.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce, August 27, 2004.

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