

Ordinance No. 121850

Council Bill No. 115292

AN ORDINANCE relating to the South Lake Union Streetcar; stating the City's intent concerning funding of capital and operating costs; authorizing negotiations for streetcar vehicles, negotiations for an interlocal agreement with King County Metro, preparation of the final design for the streetcar and preparation of a Local Improvement District proposal; removing budget provisos that had restricted spending on the South Lake Union Streetcar project; authorizing a funding agreement with King County and the deposit of funds to be received; contingently increasing an appropriation to the Seattle Department of Transportation; amending the 2005-2010 Capital Improvement Program; reappropriating from the Legislative Department to the Seattle Department of Transportation; and transferring cash to support the reappropriation.

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

Date Introduced:	JUN 13 2005	
Date 1st Referred:	To: (committee)	TRANSPORTATION
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
6-27-05	7-2	
Date Presented to Mayor:	Date Approved:	
6-28-05	7/7/05	
Date Returned to City Clerk:	Date Published:	T.O. <input type="checkbox"/> F.T. <input checked="" type="checkbox"/>
7/8/05	8/9/05	
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Richard Conlin  
Councilmember

## Committee Action:

<sup>27</sup>  
6/14/05 - 5 yes 2-no as amended passed E  
V

Licata, Steinbrueck - no

Conlin, Drago, Godden, McIver, Farnusen - yes

6-27-05 Passed As Amended 7-2 (No: Licata, Steinbrueck)

This file is complete and ready for presentation to Full Council. Committee: RC 6/14/05  
(initial/date)

*Law Department*

Law Dept. Review      OMP Review      City Clerk Review      9 Electronic Copy Loaded      Indexed

ORDINANCE 121850

1  
2 AN ORDINANCE relating to the South Lake Union Streetcar; stating the City's intent concerning  
3 funding of capital and operating costs; authorizing negotiations for streetcar vehicles,  
4 negotiations for an interlocal agreement with King County Metro, preparation of the final design  
5 for the streetcar and preparation of a Local Improvement District proposal; removing budget  
6 provisos that had restricted spending on the South Lake Union Streetcar project; authorizing a  
7 funding agreement with King County and the deposit of funds to be received; contingently  
8 increasing an appropriation to the Seattle Department of Transportation; amending the 2005-  
9 2010 Capital Improvement Program; reappropriating from the Legislative Department to the  
10 Seattle Department of Transportation; and transferring cash to support the reappropriation.

11 WHEREAS, in Resolution 30610, the Seattle City Council affirmed its commitment to support the  
12 redevelopment of the South Lake Union area as the region's most competitive location for biotech  
13 and high-tech research and manufacturing; and

14 WHEREAS, the Seattle City Council has taken numerous actions in support of the redevelopment of South  
15 Lake Union for this purpose, including selling City property in South Lake Union to enable its  
16 redevelopment, approving zoning adjustments that support biotech, allowing certain modifications  
17 to building height restrictions, adding South Lake Union to the City's multi-family tax exemption  
18 program, contributing to the development of 226 low-income housing units, and contributing funds  
19 towards the development and improvement of South Lake Union Park and Cascade Playground;  
20 and

21 WHEREAS, the City of Seattle has designated South Lake Union an Urban Center, which is an area of  
22 concentrated employment and housing that should have direct access to high capacity transit; and

23 WHEREAS, the City of Seattle is proposing to build a modern streetcar between Westlake Center and the  
24 Fred Hutchinson Cancer Research Center, serving downtown, the Denny Triangle and South Lake  
Union; and

WHEREAS, the South Lake Union Streetcar will link South Lake Union and the Denny Triangle to the  
multi-modal transit hub at Westlake; and

WHEREAS, this South Lake Union Streetcar line was identified as "the single most promising line" in the  
June 2004 Seattle Streetcar Network and Feasibility Analysis; and

WHEREAS, the South Lake Union Streetcar should be an integral part of an overall Seattle Streetcar  
Network that could extend to other Seattle neighborhoods; and

WHEREAS, the Council has previously expressed interest in expanding existing streetcar lines further  
east on Jackson Street, through the International District and Central District; and



1 WHEREAS, the South Lake Union Street car line could possibly extend further south to connect with  
2 the Waterfront Streetcar line and an extended streetcar line through the International District and  
Central District to conform with an integrated transportation network; and

3 WHEREAS, it is projected that the South Lake Union Streetcar will carry 330,000 to 380,000 passengers in  
4 its first year of operations, eventually growing to over 1,000,000 passengers per year as South Lake  
Union develops more fully; and

5 WHEREAS, in August, 2004, the Seattle City Council directed the Executive, through Ordinance 121565,  
6 to complete 30% design and engineering and develop a funding plan to pay for the capital and  
operations and maintenance costs of the proposed South Lake Union Streetcar; and

7 WHEREAS, the Executive has completed 30% design and engineering for the South Lake Union Streetcar;  
8 and

9 WHEREAS, the Executive has proposed both a capital finance plan and an on-going operations and  
maintenance funding plan, filed under Clerk File 307392; and

10 WHEREAS, no funds from the City's General Fund will be used to pay for the capital and operations and  
11 maintenance costs associated with the South Lake Union Streetcar except for: funds from the sale of  
City properties in South Lake Union, revenues specifically devised to pay for the South Lake Union  
12 Streetcar's capital and operation and maintenance costs, and potential General Funds needed to pay  
for the City's assessment for its properties within a Local Improvement District ("LID"); and

13 WHEREAS, the initial results of a Special Benefit Study indicate that properties that might be included in a  
14 LID for construction of a streetcar line in South Lake Union could reasonably be expected to benefit  
from such a streetcar line in a cumulative amount between \$70- \$80 million; and

15 WHEREAS, the Executive is pursuing the possibility of extending the City's existing waterfront streetcar  
16 line as well as the planned South Lake Union streetcar line and will coordinate planning efforts so  
that any new extensions or changes result in an efficient and effective transit network within Seattle;  
17 NOW THEREFORE,

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

19 Section 1. The City shall not use General Fund money to pay for either the capital costs or the  
20 operations and maintenance costs of a South Lake Union ("SLU") streetcar line except for the following:

- 21 A. Funds from the sale of City surplus property in SLU, consistent with Section 6 below;
- 22 B. Revenues derived from new revenue sources specifically devised to pay for the SLU streetcar's  
23 capital or operations and maintenance costs; and
- 24



1 C. The potential use of General Funds that may be needed to pay for the City's assessment for its  
2 properties within a Local Improvement District ("LID").

3 Section 2. The Seattle Department of Transportation (SDOT) is authorized to complete final design  
4 of the SLU Streetcar, including environmental review and permitting tasks. Final design will begin  
5 following federal approval of National Environmental Protection Act (NEPA) environmental documents.

6 Section 3. Following federal approval of NEPA environmental documents, SDOT is authorized  
7 to begin negotiations for the purchase of streetcar vehicles. After the formation of a Local Improvement  
8 District for the SLU Streetcar project, the City Council expects to authorize the Executive, by future  
9 Council ordinance, to proceed with a Maximum Allowable Construction Contract (MACC) with a General  
10 Contract Construction Manager and to purchase streetcar vehicles.

11 Section 4. The Executive is authorized to begin negotiations with King County Metro on an  
12 interlocal operating and funding agreement for the SLU Streetcar. The interlocal agreement should  
13 recognize that Seattle's share of additional Metro transit hours is uncertain and that any future increase in  
14 service levels for the SLU Streetcar will need to be evaluated against other competing priorities for new  
15 transit hours in Seattle. Therefore, the interlocal agreement shall not include automatic triggers for increases  
16 in service levels for the SLU Streetcar beyond those needed to operate the streetcar at 15-minute headways  
17 for 15-hours a day. In addition, Executive staff shall keep Councilmembers apprised of the negotiations  
18 with Metro by providing frequent updates to Councilmembers and Council staff, especially in regard to any  
19 policy issues that have financial or transit service hour implications for the City, and prior to finalization of  
20 any draft agreement.

21 Section 5. The Executive is authorized to prepare a LID proposal for Council consideration at a  
22 LID formation hearing and shall keep the Council apprised of its progress by providing frequent updates to  
23 Council staff. The capital costs to be paid by assessments imposed on properties within the proposed LID  
24



1 shall be no less than \$25 million plus all costs related to the administration, creation, and formation of the  
2 LID, including interim financing costs, bond issuance costs, legal costs associated with any protests, and  
3 any LID Guaranty Fund. The hearing on a final assessment roll will not occur until after the MACC is  
4 signed. The proposed property assessments must be based on the special benefits that properties will receive  
5 as a result of the SLU streetcar as determined by a qualified appraiser through a special benefit study. In  
6 determining the special benefit to the City's park property within the proposed LID boundaries, the  
7 appraiser shall base the determination of special benefit on its continuing, long-term use for public park  
8 purposes.

9 Section 6. The Seattle City Council expects to appropriate in a future budget \$1.5 million for SLU  
10 Streetcar construction costs from the SLU Property Proceeds Subaccount established by Ordinance 120411.  
11 The Seattle City Council may also appropriate in a future budget up to an additional \$3.9 million from the  
12 SLU property sale proceeds for potential SLU Streetcar capital cost increases, project cost overruns, and to  
13 pay for any capital costs that are not ultimately covered by grant funding. If these funds are not needed to  
14 pay for the SLU Streetcar's capital costs, the Council expects to appropriate these funds for other purposes in  
15 South Lake Union consistent with Resolution 30334, with an emphasis on necessary bicycle and pedestrian  
16 mobility and safety improvements.

17 Section 7. The City will continue to pursue grant funding to pay for any capital costs associated  
18 with the SLU Streetcars that are not paid for by the LID assessments or other grant funds.

19 Section 8. The Seattle City Council directs the Executive to formally solicit potential interest in the  
20 sale of development rights above the proposed SLU Streetcar maintenance base no later than December 31,  
21 2005, and to report back to the City Council on the responses received no later than March 31, 2006.

22 Section 9. The City Council directs the Executive to solicit interest in station and streetcar  
23 sponsorships that are consistent with the City's sign code. The Executive shall propose guidelines for station  
24



1 and streetcar sponsorships for the City Council's review and approval no later than September 30, 2005.  
2 The Executive shall not make any commitments or sign any contracts for sponsorships until the City Council  
3 has reviewed and approved the proposed sponsorship guidelines.

4 Section 10. In the event that projected sponsorship or other revenues proposed by the Executive  
5 (filed in Clerk File 307392) to pay for the SLU streetcar's operations and maintenance costs do not  
6 materialize or are insufficient to operate the streetcar at 15-minute headways for 15-hours a day, the  
7 Executive should pursue alternative funding sources, other than the City's General Fund. The City Council  
8 supports exploring the formation of a Parking and Business Improvement Area (commonly referred to as a  
9 "BIA") as an alternative source of funding for the SLU streetcar's operations and maintenance costs. The  
10 City Council may consider a proposal for the use of streetcar station/shelter advertising. The City Council  
11 may also consider supporting the use of new Metro transit hours that Seattle could receive to help fund the  
12 SLU Streetcar's operations and maintenance costs, but the allocation of any new hours to the streetcar will  
13 need to be weighed against other priorities for Metro transit hours.

14 Section 11. The following budget provisos are removed and are no longer restrictions for any  
15 purpose, including Subsection 1(b) of Ordinance 121333 and Subsection 1(b) of Ordinance 121660:

16	Department	Greensheet	Proviso	BCL/Project Code
17	Seattle Department of Transportation	2004-#96-3- B-3 (as amended in Ordinance 121565)	None of the \$6,000,000 available for the South Lake Union Streetcar Project (#TC366260) in 2004 can be spent until authorized by a future ordinance, except that SDOT may spend up to \$2,687,000 to pay for certain activities as specified if the funds are from a federal or state grant source and the expenditures are eligible for reimbursement from that source even if the streetcar line is not built. Of the \$2,687,000, \$295,000 has already been approved for work associated with a Council	Policy, Planning, and Major Project Development (18310) Project TC366260



		Statement of Legislative Intent and the additional \$2,392,000 may be spent only for the purposes set out in Attachment A [to Ordinance 121565].	
Seattle Department of Transportation	2005-#109-5-A-1	Except as authorized in Ordinance 121565, no money can be spent to pay for planning, design and construction activities related to the South Lake Union streetcar project (TC366260) until authorized by future Council ordinance.	Policy, Planning, and Major Project Development (18310) Project TC366260

Section 12. The Director of Transportation, or her designee, is hereby authorized to execute an agreement with King County for receipt by the City of funding in the amount of \$1,572,000 for the South Lake Union Streetcar. When received the funds will be deposited in the Transportation Fund (10310).

Section 13. Contingent upon the receipt of \$1,572,000 under the agreement authorized in Section 12 above, and in order to pay for necessary costs and expenses for which insufficient appropriations were made, the appropriation for the following in the 2005 Adopted Budget is increased from the fund shown, as follows:

Fund	Department	Budget Control Level	Amount
Transportation Operating Fund (10310)	Seattle Department of Transportation	Policy, Planning and Major Projects (18310)	\$1,572,000

Section 14. Contingent upon receipt of \$1,572,000 under the agreement authorized in Section 12, the description and funding plan in the CIP for the South Lake Union Streetcar Project (Project #TC366260) are modified as shown in Exhibit A.

Section 15. In order to pay for necessary costs and expenses to be incurred in 2005 associated with the finalization of a Special Benefit Study, but for which insufficient appropriations have been made, the appropriation for the following from the 2005 budget is increased from the fund shown, as follows:



<b>Fund</b>	<b>Department</b>	<b>Budget Control Level</b>	<b>Amount</b>
Transportation Fund	Transportation	Policy, Planning and Major Projects (18310)	\$97,000

to be supported by the associated cash transfer as authorized in Section 17 below.

Section 16. The appropriation for the following item in the 2005 budget is reduced from the fund shown as follows:

<b>Fund</b>	<b>Department</b>	<b>Budget Control Level</b>	<b>Amount</b>
General Subfund	Legislative	Legislative Department (G1100)	\$97,000

Section 17. To support the appropriation made in Section 15 above, cash is hereby transferred as shown in the following table:

<b>Fund</b>	<b>Amount Transferred</b>
General Subfund	\$97,000 transferred out
Transportation Fund (10310)	\$97,000 transferred in

Section 18. 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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Passed by the City Council the 27<sup>th</sup> day of June, 2005, and signed by me in open session in authentication of its passage this 27<sup>th</sup> day of June, 2005.

*Jan Orsago*  
President \_\_\_\_\_ of the City Council

Approved by me this 7<sup>th</sup> day of July, 2005.

*Gregory J. Nickels*  
Gregory J. Nickels, Mayor

Filed by me this 8<sup>th</sup> day of July, 2005.

*Judith E. Pappas*  
City Clerk

(Seal)

Exhibit A: Revised CIP Description and Funding Table for South Lake Union Streetcar Project TC366260





**FISCAL NOTE FOR CAPITAL PROJECTS ONLY**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
Seattle Department of Transportation	Kristen Simpson/684-0983 Christa Valles/684-5336	Jennifer Devore/ 615-1328

**Legislation Title:**

AN ORDINANCE relating to the South Lake Union Streetcar; stating the City's intent concerning funding of capital and operating costs; authorizing negotiations for streetcar vehicles, negotiations for an interlocal agreement with King County Metro, preparation of the final design for the streetcar and preparation of a Local Improvement District proposal; removing budget provisos that had restricted spending on the South Lake Union Streetcar project; authorizing a funding agreement with King County and the deposit of funds to be received; contingently increasing an appropriation to the Seattle Department of Transportation; amending the 2005-2010 Capital Improvement Program; reappropriating from the Legislative Department to the Seattle Department of Transportation; and transferring cash to support the reappropriation.

**Summary and background of the Legislation:**

**Summary**

This legislation lifts all restrictions on spending for the South Lake Union Streetcar project. The legislation also authorizes SDOT to enter into an agreement for funding the South Lake Union Streetcar project with King County, makes a contingent appropriation of these funds and amends the 2005-2010 Capital Improvement Program. It authorizes SDOT to complete final design of the streetcar and to begin negotiations for streetcar vehicles and an interlocal operating agreement. Finally, it authorizes the Executive to prepare a proposal for formation of a Local Improvement District.

**Background**

The 2004 Budget Proviso #96-3-B-3 (as revised by Ordinance 121565) and the 2005 Budget Proviso #109-5-A-1 restricted spending on this project until authorized by future ordinance. This legislation removes the funding restrictions and authorizes further spending.

Since passage of Ordinance 121565 in August 2004, SDOT staff have proceeded with preliminary plan development, compliance with SEPA and NEPA procedures, begun design and engineering for a potential South Lake Union Streetcar project and have undertaken 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. This work has been completed and City staff has presented the results to the City Council.

During this period SDOT has also reached a preliminary agreement with King County to exchange funds for the streetcar, to provide local match for federal grants in the form of a



Memorandum of Agreement. This legislation authorizes SDOT to execute this agreement with King County to exchange these funds. It also increases the 2005 SDOT budget appropriation and amends the 2005-2010 CIP project description for the SLU Streetcar project.

If Council removes spending restrictions and authorizes SDOT to continue implementation of the South Lake Union Streetcar project, SDOT will also need to negotiate an operating and funding agreement with King County Metro and also negotiate with potential vehicle suppliers for lease or purchase of streetcar vehicles. This legislation authorizes SDOT to enter into these negotiations.

Many property owners in the South Lake Union area appear to support forming a Local Improvement District (LID) to help fund the Streetcar project. In addition, as directed in Ordinance 121567, the Legislative Department has conducted a Special Benefit Study for a potential South Lake Union Streetcar LID. This legislation authorizes the Executive to develop a LID proposal that is at least \$25 million plus all of the administrative costs associated with the LID. It also requires the Executive to propose an LID based on a Special Benefit Study approach and to evaluate park property based on its long term continuing use as parks.

<b>Project Name:</b>	<b>Project I.D.</b>	<b>Project Location:</b>	<b>Start Date:</b>	<b>End Date</b>
South Lake Union Streetcar	TC366260	Westlake Avenue	1 <sup>st</sup> Quarter 2003	4 <sup>th</sup> Quarter 2007

- Please check any of the following that apply:

**This legislation creates, funds, or anticipates a new CIP Project.** (Please note whether the current CIP is being amended through this ordinance, or provide the Ordinance or Council Bill number of the separate legislation that has amended/is amending the CIP.)

**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.)

**Appropriations:** This table should reflect appropriations that are a direct result of this legislation. In the event that the projects associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Finally, if this legislation does not directly change an appropriation, but results in budget authority being moved within a Budget Control Level, or to a Budget Control Level (up to 10%), please explain in the Notes section below.



<b>Fund Name and Number</b>	<b>Department</b>	<b>Budget Control Level*</b>	<b>2005 Appropriation</b>	<b>2006 Anticipated Appropriation</b>
Transportation Operating Fund (10310)	Seattle Department of Transportation	Policy, Planning and Major Projects (18310)	\$1,669,000	\$17,411,000
<b>TOTAL</b>			<b>\$1,669,000</b>	<b>\$17,411,000</b>

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

**Notes:**

The 2005 Appropriation includes \$97,000 transferred from the General Subfund. The funds had originally been transferred from the Transportation Operating Fund to the General Subfund through Ordinance 121567.

The 2006 Anticipated Appropriation includes one-half of the estimated amount (\$12,500,000) of the Local Improvement District private funding for the project, as well as \$4,911,000 in 2006 federal grant funds.

**Spending Plan and Future Appropriations for Capital Projects:** Please list the timing of anticipated appropriation authority requests and expected spending plan. In addition, please identify your cost estimate methodology including inflation assumptions, the projected costs of meeting applicable LEED standards, and the percent for art and design as appropriate.

<b>Spending Plan and Budget (in thousands)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
Spending Plan	3,823	20,411	22,420				<b>46,654</b>
Current Year Appropriation	1,669						<b>1,669</b>
Future Appropriations		17,411	22,420				<b>39,831</b>

**Notes:** There is currently a balance of \$5.154 Million of carryover authority available from prior state and federal appropriations.



**Funding source:** Identify funding sources including revenue generated from the project and the expected level of funding from each source.

<b>Funding Source (Fund Name and Number, if applicable) (in thousands)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
TBD			9,920				9,920
General Subfund	97						97
King County	1,572						1,572
Private Funding		12,500	12,500				25,000
Federal		4,911					4,911
State (Carryover appropriation)	3,000						3,000
Federal (Carryover appropriation)	2,154						2,154
<b>TOTAL</b>	<b>6,726</b>	<b>16,161</b>	<b>23,767</b>				<b>46,654</b>

**Notes:**

Private Funding represents the potential South Lake Union Streetcar LID.

There were prior appropriations made totaling \$6.0 million, \$3.0 million for a state appropriation and \$3.0 million for a federal appropriation. The balance available for 2005 and beyond is \$5.154 Million.

**Bond Financing Required:** If the project or program requires financing, please list type of financing, amount, interest rate, term and annual debt service or payment amount. Please include issuance costs of 3% in listed amount.

If LID participants elect to finance their payments, the City would likely issue LID bonds. All interest, principal and expenses related to this financing would be borne by LID participants.



**Uses and Sources for Operation and Maintenance Costs for the Project:** Estimate cost of one-time startup, operating and maintaining the project over a six year period and identify each fund source available. Estimate the annual savings of implementing the LEED Silver standard. Identify key assumptions such as staffing required, assumed utility usage and rates and other potential drivers of the facility's cost.

O&M	2005	2006	2007	2008	2009	2010	Total
<b>Uses</b>							
Start Up							
On-going							
<b>Sources (itemize)</b>							

**Notes:**

See Attachment 1 - South Lake Union Streetcar O&M Costs and Funding Sources

**Periodic Major Maintenance costs for the project:** Estimate capital cost of performing periodic maintenance over life of facility. Please identify major work items, frequency.

Major Maintenance Item	Frequency	Cost	Likely Funding Source
<b>TOTAL</b>			

Periodic maintenance is included in the O&M costs. See Attachment 1 - South Lake Union Streetcar O&M Costs and Funding Sources.

**Funding sources for replacement of project:** Identify possible and/or recommended method of financing the project replacement costs.

The Streetcar system will have a long useful life. The project would be eligible for combination of state, federal and local revenue sources to fund replacement costs.

**Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact**

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2005 Positions	2005 FTE	2006 Positions**	2006 FTE**
<b>TOTAL</b>							

**Notes:**

This legislation does not propose additional position authority.

- **Do positions sunset in the future?** (If yes, identify sunset date):  
 No positions are funded due to this legislation.

**What is the financial cost of not implementing the legislation:** (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an



*existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented):*

The City would not likely experience any costs from not implementing the legislation, but it would be forgoing the proposed \$25 million+ contribution in private funds for the LID and approximately \$12.3 million in grant funds secured for the project.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives** Instead of a streetcar, the City could invest in additional bus service for SLU along the same route as the streetcar. The current SLU population would not justify new bus service now but if growth occurs as projected, new bus service would likely be needed at some point in the future.

- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future?)*

Public hearings are not required for the current legislation.

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

The proposed O&M funding plan assumed in this legislation and included in CF 307392 assumes that the SLU will be operating at 15 minute headways for 15 hours a day. If it is desirable to increase headways from 15 minutes to 10 minutes, the City will need to determine how it will pay for increased service levels as the proposed plan does not address this issue.

**Please list attachments to the fiscal note below:**

Attachment 1 - South Lake Union Streetcar O&M Costs and Funding Sources



Attachment 1 to Fiscal Note

**South Lake Union Streetcar O&M Costs and Funding Sources  
Operating Costs – Phase One**

Cost Model Factor	Unit Cost	Initial Number of Units from Operating Plan	Total Cost
Revenue Hours	\$62.09	10,950	\$679,885
Revenue Miles	\$1.42	56,940	\$80,855
Peak Vehicles	\$119,901	2	\$239,802
Track Miles	\$98,881	2.5	\$247,203
Subtotal			\$1,247,745
Administrative Overhead	10.4%	-	\$130,000
<b>Total</b>			<b>\$1,377,745</b>
One-Time Start-Up Costs	10%		\$137,000
<b>TOTAL INCLUDING START-UP</b>			<b>\$1,514,745</b>

Assumes 15-minute headways and 15-hour service spans

**Funding Sources – Phase One**

**NOTE:** Funding sources assumes operations begin in mid-2007 and Phase One is through mid-2009.

Sources for Phase One Operations and Maintenance

	2007	2008	2009 (Jan-Jun)	Total Phase One
O&M Expense	\$814,176	\$1,592,649	\$777,118	\$3,183,943
Revenue Sources				
Farebox Recovery	\$123,750	\$286,318	\$163,053	\$573,120
FTA 5307/5309	\$63,000	\$131,040	\$68,141	\$262,181
Operations Fund	\$627,426	\$1,175,292	\$545,924	\$2,348,641
<b>Total O&amp;M Revenue</b>	<b>\$814,176</b>	<b>\$1,592,649</b>	<b>\$777,118</b>	<b>\$3,183,943</b>



**Cash Flow Analysis for Operations Fund in Phase One**

	2007	2008	2009 (Jan-Jun)	Total Phase One
<b>Operations Fund Sources</b>				
Streetcar Line Sponsorship	\$500,000	\$500,000	\$500,000	\$1,500,000
Station Sponsors (13 @ \$100,000)	\$429,000	\$429,000	\$442,000	\$1,300,000
Bulk Passes	\$28,000	\$57,500	\$32,000	\$117,500
<b>Cash Flow</b>				
Beginning Balance	\$957,000	\$1,316,074	\$1,114,782	
Expenses	\$627,426	\$1,175,292	\$545,924	
Ending Balance	\$329,574	\$140,782	\$568,859	

**Operations Costs – Phase Two (after mid-2009)**

**Operations and Maintenance Costs for Phase Two**

	2009 July-Dec	2010	2011	2012	2013	2014	2015	2016
O&M Expense	\$777,118	\$1,592,158	\$1,631,007	\$1,670,804	\$1,711,571	\$1,753,334	\$1,796,115	\$1,839,940

**Funding Sources – Phase Two (after mid-2009)**

**Sources for Phase Two Operations and Maintenance**

	2009 July-Dec	2010	2011	2012	2013	2014	2015	2016
O&M Expense	\$777,118	\$1,592,158	\$1,631,007	\$1,670,804	\$1,711,571	\$1,753,334	\$1,796,115	\$1,839,940
<b>Revenue Sources</b>								
Farebox Recovery	\$163,053	\$366,888	\$408,691	\$451,538	\$495,457	\$540,473	\$586,615	\$633,910
FTA 5307/5309	\$68,141	\$141,733	\$147,402	\$153,298	\$159,430	\$165,807	\$172,440	\$179,337
King County Metro	\$460,549	\$918,952	\$916,737	\$914,449	\$912,086	\$909,645	\$907,125	\$904,522
Operations Fund	\$85,375	\$164,585	\$158,177	\$151,518	\$144,598	\$137,408	\$129,935	\$122,170
<b>Total O&amp;M Revenue</b>	<b>\$777,118</b>	<b>\$1,592,158</b>	<b>\$1,631,007</b>	<b>\$1,670,804</b>	<b>\$1,711,571</b>	<b>\$1,753,334</b>	<b>\$1,796,115</b>	<b>\$1,839,940</b>

Sources: "South Lake Union Streetcar Operating and Maintenance Plan", April 13, 2005

"South Lake Union Streetcar Capital Financing and Operating and Maintenance Plan", April 13, 2005



## **Divided Report: CB 115292 South Lake Union Streetcar Project**

C.B. 115262 is scheduled for a vote in Full Council on June 27<sup>th</sup>, 2005. This bill authorizes the Mayor to move forward on the proposed South Lake Union (SLU) Streetcar project and authorizes a funding plan to pay for both the SLU Streetcar's capital and operations and maintenance costs (see attached memo for a summary of the legislation). On June 14, 2005, the Transportation Committee voted an amended C.B. 115262 out of committee with a 5-2 "do pass" recommendation. The committee unanimously supported amendments sponsored by Councilmember Rasmussen that clarified the timing of the final LID assessment roll hearing and the future use of any unused portion of the contingency fund designated for the SLU Streetcar.

The committee had a divided vote on the final legislation as amended.

- Voting in favor of C.B. 115262: Conlin, Drago, Godden, Rasmussen, McIver
- Voting against C.B. 115262: Licata, Steinbrueck

The majority position and minority positions are described below.

### **Majority Position** (Conlin, Drago, Godden, Rasmussen, McIver)

South Lake Union has recently been designated an urban center and is targeted to receive 8,000 new residential units and 16,000 new jobs over the next 15 years. We believe that the SLU Streetcar will provide the SLU neighborhood with a necessary link to downtown and other public transit modes. Over 53% of the SLU Streetcar's capital costs will be paid for with funds from property owners in the SLU neighborhood and the other half will be paid for primarily with other non-City funding sources. Sponsorship revenues, farebox revenues, and other ridership related revenues will pay for the first two years of the SLU Streetcar's operations and maintenance (O&M) costs while King County Metro will fund 75% of the SLU Streetcar's O&M costs once LINK light rail or the monorail begin operations. We support C.B. 121565 for the following reasons:

#### Executive's Funding Proposal Responsive to Council Directive

Last fall, the City Council directed the Mayor, via Ordinance 121565, to develop a funding plan to pay for the capital and O&M costs of the SLU Streetcar that did not use City General Funds, except under limited circumstances. The Mayor's proposed funding plan is consistent with this direction as it does not rely on the City's General Fund except for the use of some revenue from the SLU property proceeds, new revenues specifically devised to pay for the streetcar, and General Fund revenues to pay for the City's share of its LID assessment.

#### Sufficient Safeguards Built in for Potential Funding Shortfalls

Some of the revenue sources to pay for the capital and O&M costs for the SLU Streetcar are uncertain at this time. However, this legislation ensures that the City does not carry all of the financial risk. In addition, C.B. 115262 identifies potential alternative funding sources, other than the City's General Fund, in the event that revenues fall short or expenses increase. This legislation also has the following safeguards built-in:

- ✓ **Safeguard #1:** CB 115262 directs the Executive to submit a LID proposal that is “no less than \$25 million plus all costs related to the administration, creation, and formation of the LID”. The City Council has the right to increase the amount of the LID if capital costs increase or if projected revenues to pay for the SLU streetcar do not materialize.
- ✓ **Safeguard #2:** C.B. 115262 authorizes the creation of a \$3.9 million contingency fund, which is over and above the 17% contingency that is already built into the Executive’s project cost estimates. This contingency fund can be used to pay for any project cost increases, project cost overruns, or to cover any grants or other revenues that the City is unsuccessful in obtaining.
- ✓ **Safeguard #3:** C.B. 115262 states that the City will continue to pursue grant funding to pay for any capital costs for the SLU Streetcar that are not paid for by other sources. This will help ensure that the City has sufficient revenues on hand to pay for the SLU Streetcar’s capital costs.
- ✓ **Safeguard #4:** C.B. 115262 directs the Executive to begin soliciting interest in the development rights above the proposed SLU Streetcar maintenance base. The Executive expects to net \$2.5 million from these development rights to help pay for the SLU streetcar’s capital costs. C.B. 115262 also directs the Executive to begin identifying potential station and streetcar sponsors to help fund the streetcar’s O&M costs. By directing the Executive to determine the revenue potential from these sources early on, the City will have more time to identify alternative, non-General Fund revenue sources if the Mayor’s revenue estimates prove overly optimistic.
- ✓ **Safeguard #5:** C.B. 115262 identifies potential “back up” revenue sources to pay for the SLU Streetcar’s O&M costs. Potential alternative revenue sources that the City may consider in the future include forming a SLU Business Improvement Area, streetcar shelter advertising, and allocating additional King County Metro transit hours beyond those “freed up” when Sound Transit LINK Light Rail or the Seattle Monorail Project begin operations.

#### Restrictions on the use of Metro Bus Hours

The City Council did not want existing Metro service levels reduced as a result of the SLU Streetcar. Thus, in Ordinance 121565, the City Council prohibited the Executive from using existing King County Metro transit hours to fund the SLU Streetcar’s operation costs. The Mayor’s funding proposal for the SLU Streetcar’s long-term O&M costs proposes to use Metro transit hours that are “freed up” through the elimination of redundant bus routes when either Sound Transit’s LINK light rail or the Monorail begin operations. Metro has estimated that as much as 28,000 bus hours could be available for redeployment from LINK and 30,000 hours could be available for redeployment from the Monorail. The use of some of these hours for the SLU Streetcar, which will terminate close to LINK and Monorail stops, should not impact existing Metro service levels in other neighborhoods. In addition, the initial Metro hours allocated to the SLU Streetcar cannot exceed what is needed to operate the streetcar at 15-minute headways and 15-hour days.

## **Minority Position** (Licata, Steinbrueck)

According to an analysis by Parsons Brinkerhoff, the SLU Streetcar could attract between 30-35 riders per revenue hour in its initial years of operation. This is actually very low ridership compared to other peer city streetcar systems, which average more than twice as many riders per revenue hour. The SLU Streetcar is more of a development amenity than an effective and efficient transportation solution. Therefore, the private property owners in SLU who will benefit most from the project should pay more of the costs and assume more of the associated financial risks.

Last year, we voted in favor of Ordinance 121565, which directed the Mayor to develop a funding plan for the proposed SLU Streetcar's capital and O&M costs. This legislation essentially supported the concept of the SLU Streetcar project, but only if it did not require the use of City funding and if other conditions set out in the legislation were also met. We do not believe that the Mayor's proposed funding plan sufficiently meets these conditions. We proposed amendments to the legislation that would have placed more of the funding burden and financial risk on the Local Improvement District (LID), but these amendments failed. Therefore, we voted against C.B. 115262. Our reasons are discussed in more detail below:

### **Issue #1: Committing Metro Bus Hours for SLU Streetcar O&M without Sufficient Justification and Analysis**

C.B. 115262 authorizes the Mayor to negotiate an interlocal agreement with King County Metro that would commit approximately 9,300 Metro bus hours, at a cost of \$911,400, for the SLU Streetcar's O&M costs. This would cover 75% of the SLU Streetcar's O&M costs, assuming 15-hour days and 15-minute headways<sup>1</sup>. The Mayor and some of our Council colleagues believe that the use of these hours is justifiable because they will come from hours that are "freed up" when either Sound Transit LINK Light Rail or the Seattle Monorail project begin operations. When this happens, Metro will be able to eliminate some bus routes that are redundant with LINK or the Monorail.

Metro has estimated that up to 28,000 hour could be available for redeployment when LINK Light Rail begins operations and 30,000 hours could be available for redeployment when the Monorail begins operations. Metro has been planning, however, to reallocate these freed up hours to bus routes that will feed into LINK and the Monorail. Thus, dedicating 9,300 of these redeployable hours for the SLU Streetcar precludes Metro's ability to use these hours for other bus routes in the City that may have higher ridership demands and that can feed into Sound Transit's LINK and Monorail lines. To ensure adequate ridership on LINK and the Monorail, it is critical for Metro to have sufficient service hours for allocation to bus lines that will feed into these systems.

The Mayor says that the SLU Streetcar qualifies as a feeder route since it will be in close proximity to LINK and the monorail station stops. However, we've seen no analysis that compares the productivity of other bus feeder routes vs. the SLU Streetcar; therefore, we

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<sup>1</sup> If SLU property owners want to increase the headways, from 15-minutes to 10-minutes, C.B. 121562 says that the Council may consider paying for the increased O&M costs through the formation of a SLU Business Improvement Area (BIA), shelter advertising, and possibly new, additional Metro bus hours that Seattle may be entitled to.

have no idea whether the SLU Streetcar is deserving of this many redeployable hours. (9,300 hours is 16% of the 58,000 hours that Metro may be able to redeploy, but 58,000 hours is only an estimate at this point and 9,300 could end up being a much bigger percentage).

Ordinance 121565, which the Council passed in August 2004 and the Mayor signed, states that:

“The City Council will not preclude consideration of the use of new, incremental Metro bus hours that the City may be entitled to, as long as it is demonstrated that the use of those hours represent a responsible, effective, and efficient allocation of the City’s share of Metro service hours.”

Nowhere in this statement does it say the Council would automatically and outright approve a funding proposal that relies on the use of Metro bus hours. The language in Ordinance 121565 requires the Executive to *demonstrate* that any use of Metro bus funding is a responsible, effective, and efficient use of these scarce resources before the City would even consider supporting their allocation for the SLU Streetcar. But C.B. 115262 authorizes the Executive to negotiate an Interlocal Agreement with King County that would codify the use of Metro bus service hours, without having provided any information that shows the SLU Streetcar is more deserving of these hours than other bus routes and without going through Metro’s standard 6-year planning process<sup>2</sup>. The Licata amendment is consistent with the Council’s previous ordinance, as it requires this analysis to occur prior to allocating Metro bus hours to pay for the SLU Streetcar’s O&M costs.

**Bottom Line:** If an analysis of the all the possible feeder lines shows that the SLU Streetcar is a productive enough route to justify the use of 9,300 Metro bus hours relative to other feeder routes, then we will gladly support this allocation. However, if an analysis does not support this allocation, we would urge that Metro use a much smaller allocation of its bus hours for the SLU Streetcar. We would also propose that a SLU Business Improvement Area (BIA) be formed to pay for the remaining O&M costs. While the property owners are proposing to contribute 1/2 of the SLU Streetcar’s estimated capital costs via a Local Improvement District (LID), this amount is only equal to 1/3 of the special benefits (via an increase in property values) that they are likely to receive as a result of the SLU Streetcar, which are estimated to be between \$70- \$80 million.

## **Issue #2: Using SLU Property Proceeds to Help Fund the SLU Streetcar**

The Mayor’s proposed funding plan includes using \$3.9 million from the SLU property proceeds account for a capital contingency fund. These funds are part of the \$20 million that the City received from the sale of surplus City property in South Lake Union. Resolution 30334 stated that \$9 million of these funds would go towards transportation

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<sup>2</sup> Usually, King County Metro ultimately decides how to allocate its transit hours, though it gives significant weight to requests from local jurisdictions.

improvements in SLU and it identified a list of candidate projects. The Streetcar project was not one of the candidate projects. In addition, the recent SLU Transportation Study released by the Seattle Department of Transportation identified nearly \$9 million in necessary pedestrian and bicycle improvements alone. Given these needs, it is difficult to justify the SLU Streetcar for priority funding using the SLU property proceeds.

We proposed to amend C.B. 115262 to reduce the \$3.9 million to \$2.9 million, with \$1 million going towards bicycle and pedestrian improvements in SLU instead of the SLU Streetcar. If it turns out that the SLU Streetcar's capital costs exceed current estimates or if projected revenues fall short, the Council could use the remaining \$2.9 million towards the SLU Streetcar. If these funds prove insufficient, we believe that the Council should pass the remaining uncovered costs on to the LID. Since the Mayor is only proposing to assess the LID approximately 1/3 of the "special benefits" that they are likely to receive from this project (from increased property values), we think it is reasonable to pass any uncovered costs on to those property owners who will benefit most.

### **Issue #3: SLU Streetcar Lacks Integration with other Transportation Systems**

The SLU Streetcar was prompted at the request of private property owners in SLU. If the City had approached this issue with the goal of addressing current and future transportation needs within the City, it is doubtful that planning efforts would have supported a stand alone \$50 million 1.3-mile streetcar line in SLU. If the SLU Streetcar is to be built, it should be part of a larger, well-planned, and integrated public transit system.

### **Issue #4: Potential changes to the City Sign Code** (Steinbrueck only)

If projected revenues are insufficient to cover the SLU Streetcar's O&M costs, Section 10 of C.B. 115262 directs the Executive to pursue alternative funding sources, other than the City's General Fund. This section states that Council may consider the following alternative funding sources:

- Formation of a Parking and Business Improvement Area District ("BIA");
- Advertising on streetcar shelters (this would require changes to the City's sign code);
- Additional Metro transit hours that Seattle may be eligible for (ultimately Metro's decision, though City's input has weight).

I do not believe that the City should open the door to changes to the City's sign code that could weaken it. The City has considered allowing advertising in bus shelters and public restrooms in the past and each time has rejected the proposed advertising because of the negative impacts on the City's ability to regulate off-site commercial advertising and the resulting visual clutter that could affect driver safety.

# Legislative Department Seattle City Council Memorandum

**To:** All Councilmembers  
**From:** Christa Valles, Council Central Staff  
**Subject:** C.B. 115292, South Lake Union Streetcar Legislation  
**Date:** June 23, 2005

On Monday, June 27<sup>th</sup>, the Full Council is scheduled to vote on C.B. 115292 (attached), which provides legislative direction for proceeding with the proposed South Lake Union (SLU) Streetcar project. This memo provides a summary of the amended version of C.B. 115292, which passed out of the Transportation Committee on a 5-2 vote, along with some limited background information<sup>1</sup>. Please do not hesitate to contact me at 684-5336 if you have any questions.

## Summary of C.B. 115292

**Section 1: Restrictions on City General Funds.** Section 1 states the City will not use any General Fund money to pay for either the capital or operations and maintenance (O&M) costs of the SLU Streetcar except in the following cases:

- a) **SLU Property Proceeds:** Up to \$5.4 million of the proceeds received from the sale of City property in SLU may be used to pay for capital costs related to the SLU streetcar. These revenues, while located in the City's Cumulative Reserve Subfund, are technically General Fund revenues. Details on the use of these proceeds are laid out in Section 6 of C.B. 115292.
- b) **Funds derived from new revenue sources:** The Executive's proposed O&M funding plan for the SLU Streetcar requires the City to pay for 100% of the streetcar's O&M costs until either LINK light rail or the Monorail begin operations (at which time, Metro will pay for 75% of the SLU Streetcar's O&M costs). The Executive estimates that this period, referred to as Phase I, will be for approximately two years and that the SLU Streetcar's O&M costs will total approximately \$3.2 million during this time period. The Executive is proposing to pay for these costs through farebox revenues, bulk pass sales, and by selling sponsorships for the streetcars and the streetcar stations. While these funds may technically flow through the City's General Fund, the Executive is only allowed to tap "new revenues from revenue sources specifically devised to pay for the SLU Streetcar's capital or operations and maintenance costs". This precludes the Executive from using revenues from existing General Fund sources and limits the use of new General Fund sources to those that would not otherwise exist but for the SLU Streetcar.
- c) **General Funds to pay for City's share of LID:** The City owns property that is likely to fall within the proposed Local Improvement District (LID) for the SLU Streetcar. The City has not determined how it will pay for its assessment, which is likely to be between \$500,000 and \$1,000,000. This legislation does not preclude the use of General Funds for this purpose.

<sup>1</sup> Central Staff assume that Councilmembers are familiar with the details of the Executive's funding and operations proposal for the SLU Streetcar. For a more thorough discussion of the Executive's funding plans, please refer to the May 20<sup>th</sup> Central Staff memo.

**Sections 2 & 3: Final Design and negotiations for purchase of streetcars.** This section authorizes the Seattle Department of Transportation (SDOT) to complete final design of the SLU Streetcar and begin negotiations for the purchase of streetcar vehicles.

The Executive is planning to purchase three streetcars for ~\$10.5 million through options owned by the City of Portland with a company located in the Czech Republic. The negotiations could take up to six months. In addition, the Executive will hire a General Contract/Construction Manager (GC/CM) for the next phase of the design process<sup>2</sup>. However, the Executive is not authorized to purchase the streetcar vehicles or sign the Maximum Allowable Construction Contract (MACC) with the GC/CM until after the LID is formed and Council authorizes, via an ordinance, the Executive to sign the MACC.

**Section 4: King County Interlocal Agreement Negotiations.** This section contains three directives:

- A) Authorizes the Executive to begin negotiations with King County Metro on an interlocal operating and funding agreement for the SLU Streetcar;
- B) States that the interlocal agreement should not include automatic triggers to increase service levels for the SLU Streetcar, which would require additional Metro transit hours; and
- C) Requires the Executive to keep Councilmembers and Council staff apprised of the negotiations, especially in regard to any policy issues that have financial or transit service hour implications for the City. The City Council will be approving the Interlocal Agreement by Ordinance.

The Executive plan proposes that King County Metro will operate the SLU Streetcar but the City would be responsible for 100% of the SLU Streetcar's O&M costs until either Sound Transit LINK Light Rail begins operations (estimated to occur in mid-2009) or the Seattle Monorail project begins operations (estimated to occur in 2010). When this occurs, Metro would become responsible for 75% of the SLU Streetcar's O&M costs. Based on projected O&M costs for the SLU streetcar (assuming 15 -hour days and 15-minute headways) the Executive projects that Metro will need to dedicate the following transit hours towards SLU Streetcar operations.

Metro Service Hours Needed for Streetcar Operations <sup>3</sup>							
2009	2010	2011	2012	2013	2014	2015	2016
July-Dec							
4,699	9,377	9,354	9,331	9,307	9,282	9,256	9,230

This section of C.B. 115292 enables the Executive to negotiate an agreement with King County Metro to operate and fund the SLU streetcar's O&M costs, but it does not allow the Executive to negotiate automatic triggers for service upgrades that would require *additional* Metro hours for the SLU Streetcar beyond those contemplated above.

**Section 5: Local Improvement District.** This section contains the following five

<sup>2</sup> The Executive has submitted a companion resolution to this C.B. that would enable the use of a General Construction/Contract Manager (GC/CM) for the final design and construction of the SLU Streetcar.

<sup>3</sup> For 15 hour days, 15-minute headways

directives:

- A) Authorizes the Executive to prepare a LID proposal for Council consideration, keeping Council informed of its progress via frequent updates with Central Staff.
- B) Requires that the Executive submit a LID proposal that is at least \$25 million plus all costs related to the administration, creation, and formation of the LID, including interim financing costs, bond issuance costs, legal costs associated with any protests, and any LID Guaranty Fund.
- C) States that the final LID assessment roll hearing will not be held until after the MACC is signed.
- D) Requires the Executive to base property assessments on a special benefit study.
- E) Requires the appraiser to base the special benefits determination for City park property on the continuing, long-term use of this property as public parks.

This section requires that the LID proposal from the Executive be no less than \$25 million plus all costs related to the administration, creation, and formation of the LID. The amount of the actual LID will be determined by the City Council at the final LID assessment roll hearing. If project costs increase between now and when the MACC is signed or if projected revenues appear to be falling short, Council will have the option of increasing the LID at that time.

**Section 6: Use of property proceeds from sale of City property in SLU.**

This section authorizes the use of revenues that the City received from the sale of City property in SLU. \$1.5 million of the proceeds can be used towards the construction of the SLU Streetcar and another \$3.9 can be used as a contingency fund in the event that project costs increase or the City is unsuccessful in securing the grants or other revenues needed to pay for the SLU Streetcar's capital costs (aside from the expected contribution from a LID, there remains an \$8.7 million gap in funding for the SLU Streetcar's capital costs). This section also specifies that any funds remaining in the contingency fund will be used for bicycle and pedestrian mobility and safety improvements.

**Section 7: Grant Funding for the SLU Streetcar.** Since it is uncertain that the City will successfully obtain the \$6 million in grants that it is currently seeking, this section states that the City will continue to pursue other grant funding.

**Section 8: Development Rights above the SLU Streetcar Maintenance Base.**

In this section, the City Council directs the Executive to solicit potential interest in the sale of development rights above the maintenance base no later than December 31, 2005 and to report back to the City Council no later than March 31, 2006. The intent behind this directive is to for the City to find out sooner, rather than later, what it might actually obtain from selling the development rights above the maintenance base.

The Executive's proposal requires the City to net \$2.5 million for development rights above the proposed SLU Streetcar maintenance base. The Executive hired Heartland, a local real estate consulting firm, to conduct an analysis of the "range of values that might be associated with the residual development capacity" above the proposed base. Heartland estimates the development rights could be worth between \$2.7 million to \$3.4, but cautions that this range could be impacted by several factors, such as the ultimate height of the maintenance facility ceiling, who purchases the property (it would be worth more to the adjacent property owner), whether parking can be accommodated below grade, etc.

**Section 9: Station and Streetcar Sponsorships.** In this section, Council directs the

Executive to solicit interest in station and streetcar sponsorships that do not require changes to the existing City sign code. It also requires the Executive to propose guidelines for streetcar and station sponsorships no later than September 30, 2005 for Council review and approval prior to signing any sponsorship contracts.

The primary purpose of this section is to allow Council to gauge early on the level of interest in station and streetcar sponsorships and the likelihood that the City will have sufficient sponsors to pay for all of the SLU Streetcar's O&M costs during Phase I. The Executive plan assumes that the City will receive \$2.8 million for 10-year station and streetcar system sponsorships that will be paid up front over a three-year period.

The stated due date for the Executive response is prior to the MACC being signed or the LID being formed. If it appears that the Executive may have difficulty obtaining sponsorship revenues needed to pay for SLU Streetcar's O&M, Council could decide that other revenue sources should be pursued to pay for the O&M costs or that construction of the SLU Streetcar project should be delayed until there is sufficient certainty of obtaining the necessary O&M revenues.

**Section 10: Other Revenues Sources to Pay for O&M Costs.** In the event that the Executive is unable to obtain the necessary sponsorship revenues, this section directs the Executive to pursue alternative funding sources, other than the City's General Fund, to pay for the SLU Streetcar's O&M costs. This section states that Council may consider the following alternative funding sources:

- Formation of a Parking and Business Improvement Area District ("BIA");
- Advertising on streetcar shelters (this would require changes to the City's sign code);
- Additional Metro transit hours that Seattle may be eligible for (ultimately Metro's decision, though City's input has weight).

**Section 11: Budget Provisos.** This section lifts all restrictions on SDOT's appropriations to date for the SLU Streetcar project.

**Sections 12, 13, & 14: Funding swap with King County/Increase in Appropriation Authority/Modification to CIP Budget.** These sections authorize the Executive to swap ~\$1.6 million in grant funds that the City has received for the SLU Streetcar with King County Metro. These funds will be used as the local match for other Federal grant funds. This section also increases SDOT's budget appropriations by a like amount and adjusts the CIP project description accordingly.

**Sections 15, 16, & 17: Funding for the Special Benefit Study.** These sections transfer \$97,000 from the Legislative Department to SDOT to enable the Executive to continue with and complete the Special Benefit Study that the Legislative Department initiated.

The appraiser hired by the Legislative Department, Bruce Allen and Associates, will continue to refine the Special Benefit Study and work with the Executive to meet with and explain their findings to property owners who are likely to be assessed under a LID for the SLU Streetcar project.

**ORDINANCE \_\_\_\_\_**

1  
2 AN ORDINANCE relating to the South Lake Union Streetcar; stating the City's intent concerning  
3 funding of capital and operating costs; authorizing negotiations for streetcar vehicles,  
4 negotiations for an interlocal agreement with King County Metro, preparation of the final design  
5 for the streetcar and preparation of a Local Improvement District proposal; removing budget  
6 provisos that had restricted spending on the South Lake Union Streetcar project; authorizing a  
7 funding agreement with King County and the deposit of funds to be received; contingently  
8 increasing an appropriation to the Seattle Department of Transportation; amending the 2005-  
9 2010 Capital Improvement Program; reappropriating from the Legislative Department to the  
10 Seattle Department of Transportation; and transferring cash to support the reappropriation.

11 WHEREAS, in Resolution 30610, the Seattle City Council affirmed its commitment to support the  
12 redevelopment of the South Lake Union area as the region's most competitive location for biotech  
13 and high-tech research and manufacturing; and

14 WHEREAS, the Seattle City Council has taken numerous actions in support of the redevelopment of South  
15 Lake Union for this purpose, including selling City property in South Lake Union to enable its  
16 redevelopment, approving zoning adjustments that support biotech, allowing certain modifications  
17 to building height restrictions, adding South Lake Union to the City's multi-family tax exemption  
18 program, contributing to the development of 226 low-income housing units, and contributing funds  
19 towards the development and improvement of South Lake Union Park and Cascade Playground;  
20 and

21 WHEREAS, the City of Seattle has designated South Lake Union an Urban Center, which is an area of  
22 concentrated employment and housing that should have direct access to high capacity transit; and

23 WHEREAS, the City of Seattle is proposing to build a modern streetcar between Westlake Center and the  
24 Fred Hutchinson Cancer Research Center, serving downtown, the Denny Triangle and South Lake  
Union; and

WHEREAS, the South Lake Union Streetcar will link South Lake Union and the Denny Triangle to the  
multi-modal transit hub at Westlake; and

WHEREAS, this South Lake Union Streetcar line was identified as "the single most promising line" in the  
June 2004 Seattle Streetcar Network and Feasibility Analysis; and

WHEREAS, it is projected that the South Lake Union Streetcar will carry 330,000 to 380,000 passengers in  
its first year of operations, eventually growing to over 1,000,000 passengers per year as South Lake  
Union develops more fully; and

WHEREAS, in August, 2004, the Seattle City Council directed the Executive, through Ordinance 121565,  
to complete 30% design and engineering and develop a funding plan to pay for the capital and  
operations and maintenance costs of the proposed South Lake Union Streetcar; and



1 WHEREAS, the Executive has completed 30% design and engineering for the South Lake Union Streetcar;  
and

2 WHEREAS, the Executive has proposed both a capital finance plan and an on-going operations and  
3 maintenance funding plan, filed under Clerk File 307392; and

4 WHEREAS, no funds from the City's General Fund will be used to pay for the capital and operations and  
5 maintenance costs associated with the South Lake Union Streetcar except for: funds from the sale of  
6 City properties in South Lake Union, revenues specifically devised to pay for the South Lake Union  
Streetcar's capital and operation and maintenance costs, and potential General Funds needed to pay  
for the City's assessment for its properties within a Local Improvement District ("LID"); and

7 WHEREAS, the initial results of a Special Benefit Study indicate that properties that might be included in a  
8 LID for construction of a streetcar line in South Lake Union could reasonably be expected to benefit  
from such a streetcar line in a cumulative amount between \$70- \$80 million; and

9 WHEREAS, the Executive is pursuing the possibility of extending the City's existing waterfront streetcar  
10 line as well as the planned South Lake Union streetcar line and will coordinate planning efforts so  
that any new extensions or changes result in an efficient and effective transit network within Seattle;  
11 NOW THEREFORE,

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

12 Section 1. The City shall not use General Fund money to pay for either the capital costs or the  
13 operations and maintenance costs of a South Lake Union ("SLU") streetcar line except for the following:

- 14 A. Funds from the sale of City surplus property in SLU, consistent with Section 6 below;
- 15 B. Revenues derived from new revenue sources specifically devised to pay for the SLU streetcar's  
16 capital or operations and maintenance costs; and
- 17 C. The potential use of General Funds that may be needed to pay for the City's assessment for its  
18 properties within a Local Improvement District ("LID").

19 Section 2. The Seattle Department of Transportation (SDOT) is authorized to complete final design  
20 of the SLU Streetcar, including environmental review and permitting tasks. Final design will begin  
21 following federal approval of National Environmental Protection Act (NEPA) environmental documents.  
22



1 Section 3. Following federal approval of NEPA environmental documents, SDOT is authorized  
2 to begin negotiations for the purchase of streetcar vehicles. After the formation of a Local Improvement  
3 District for the SLU Streetcar project, the City Council expects to authorize the Executive, by future  
4 Council ordinance, to proceed with a Maximum Allowable Construction Contract (MACC) with a General  
5 Contract Construction Manager and to purchase streetcar vehicles.

6 Section 4. The Executive is authorized to begin negotiations with King County Metro on an  
7 interlocal operating and funding agreement for the SLU Streetcar. The interlocal agreement should  
8 recognize that Seattle's share of additional Metro transit hours is uncertain and that any future increase in  
9 service levels for the SLU Streetcar will need to be evaluated against other competing priorities for new  
10 transit hours in Seattle. Therefore, the interlocal agreement shall not include automatic triggers for increases  
11 in service levels for the SLU Streetcar beyond those needed to operate the streetcar at 15-minute headways  
12 for 15-hours a day. In addition, Executive staff shall keep Councilmembers apprised of the negotiations  
13 with Metro by providing frequent updates to Councilmembers and Council staff, especially in regard to any  
14 policy issues that have financial or transit service hour implications for the City, and prior to finalization of  
15 any draft agreement.

16 Section 5. The Executive is authorized to prepare a LID proposal for Council consideration at a  
17 LID formation hearing and shall keep the Council apprised of its progress by providing frequent updates to  
18 Council staff. The capital costs to be paid by assessments imposed on properties within the proposed LID  
19 shall be no less than \$25 million plus all costs related to the administration, creation, and formation of the  
20 LID, including interim financing costs, bond issuance costs, legal costs associated with any protests, and  
21 any LID Guaranty Fund. The hearing on a final assessment roll will not occur until after the MACC is  
22 signed. The proposed property assessments must be based on the special benefits that properties will receive  
23 as a result of the SLU streetcar as determined by a qualified appraiser through a special benefit study. In  
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1 determining the special benefit to the City's park property within the proposed LID boundaries, the  
2 appraiser shall base the determination of special benefit on its continuing, long-term use for public park  
3 purposes.

4 Section 6. The Seattle City Council expects to appropriate in a future budget \$1.5 million for SLU  
5 Streetcar construction costs from the SLU Property Proceeds Subaccount established by Ordinance 120411.  
6 The Seattle City Council may also appropriate in a future budget up to an additional \$3.9 million from the  
7 SLU property sale proceeds for potential SLU Streetcar capital cost increases, project cost overruns, and to  
8 pay for any capital costs that are not ultimately covered by grant funding. If these funds are not needed to  
9 pay for the SLU Streetcar's capital costs, the Council expects to appropriate these funds for other purposes in  
10 South Lake Union consistent with Resolution 30334, with an emphasis on necessary bicycle and pedestrian  
11 mobility and safety improvements.

12 Section 7. The City will continue to pursue grant funding to pay for any capital costs associated  
13 with the SLU Streetcars that are not paid for by the LID assessments or other grant funds.

14 Section 8. The Seattle City Council directs the Executive to formally solicit potential interest in the  
15 sale of development rights above the proposed SLU Streetcar maintenance base no later than December 31,  
16 2005, and to report back to the City Council on the responses received no later than March 31, 2006.

17 Section 9. The City Council directs the Executive to solicit interest in station and streetcar  
18 sponsorships that are consistent with the City's sign code. The Executive shall propose guidelines for station  
19 and streetcar sponsorships for the City Council's review and approval no later than September 30, 2005.  
20 The Executive shall not make any commitments or sign any contracts for sponsorships until the City Council  
21 has reviewed and approved the proposed sponsorship guidelines.

22 Section 10. In the event that projected sponsorship or other revenues proposed by the Executive  
23 (filed in Clerk File 307392) to pay for the SLU streetcar's operations and maintenance costs do not  
24



1 materialize or are insufficient to operate the streetcar at 15-minute headways for 15-hours a day, the  
2 Executive should pursue alternative funding sources, other than the City's General Fund. The City Council  
3 supports exploring the formation of a Parking and Business Improvement Area (commonly referred to as a  
4 "BIA") as an alternative source of funding for the SLU streetcar's operations and maintenance costs. The  
5 City Council may consider a proposal for the use of streetcar station/shelter advertising. The City Council  
6 may also consider supporting the use of new Metro transit hours that Seattle could receive to help fund the  
7 SLU Streetcar's operations and maintenance costs, but the allocation of any new hours to the streetcar will  
8 need to be weighed against other priorities for Metro transit hours.

9 Section 11. The following budget provisos are removed and are no longer restrictions for any  
10 purpose, including Subsection 1(b) of Ordinance 121333 and Subsection 1(b) of Ordinance 121660:

Department	Greensheet	Proviso	BCL/Project Code
Seattle Department of Transportation	2004-#96-3- B-3 (as amended in Ordinance 121565)	None of the \$6,000,000 available for the South Lake Union Streetcar Project (#TC366260) in 2004 can be spent until authorized by a future ordinance, except that SDOT may spend up to \$2,687,000 to pay for certain activities as specified if the funds are from a federal or state grant source and the expenditures are eligible for reimbursement from that source even if the streetcar line is not built. Of the \$2,687,000, \$295,000 has already been approved for work associated with a Council Statement of Legislative Intent and the additional \$2,392,000 may be spent only for the purposes set out in Attachment A [to Ordinance 121565].	Policy, Planning, and Major Project Development (18310) Project TC366260
Seattle Department of Transportation	2005-#109- 5-A-1	Except as authorized in Ordinance 121565, no money can be spent to pay for planning, design and construction activities related to the South Lake Union streetcar project	Policy, Planning, and Major Project Development (18310) Project TC366260



(TC366260) until authorized by  
future Council ordinance.

Section 12. The Director of Transportation, or her designee, is hereby authorized to execute an agreement with King County for receipt by the City of funding in the amount of \$1,572,000 for the South Lake Union Streetcar. When received the funds will be deposited in the Transportation Fund (10310).

Section 13. Contingent upon the receipt of \$1,572,000 under the agreement authorized in Section 12 above, and in order to pay for necessary costs and expenses for which insufficient appropriations were made, the appropriation for the following in the 2005 Adopted Budget is increased from the fund shown, as follows:

<b>Fund</b>	<b>Department</b>	<b>Budget Control Level</b>	<b>Amount</b>
Transportation Operating Fund (10310)	Seattle Department of Transportation	Policy, Planning and Major Projects (18310)	\$1,572,000

Section 14. Contingent upon receipt of \$1,572,000 under the agreement authorized in Section 12, the description and funding plan in the CIP for the South Lake Union Streetcar Project (Project #TC366260) are modified as shown in Exhibit A.

Section 15. In order to pay for necessary costs and expenses to be incurred in 2005 associated with the finalization of a Special Benefit Study, but for which insufficient appropriations have been made, the appropriation for the following from the 2005 budget is increased from the fund shown, as follows:

<b>Fund</b>	<b>Department</b>	<b>Budget Control Level</b>	<b>Amount</b>
Transportation Fund	Transportation	Policy, Planning and Major Projects (18310)	\$97,000

to be supported by the associated cash transfer as authorized in Section 17 below.



1 Section 16. The appropriation for the following item in the 2005 budget is reduced from the fund  
2 shown as follows:

Fund	Department	Budget Control Level	Amount
General Subfund	Legislative	Legislative Department (G1100)	\$97,000

6 Section 17. To support the appropriation made in Section 15 above, cash is hereby transferred as  
7 shown in the following table:

Fund	Amount Transferred
General Subfund	\$97,000 transferred out
Transportation Fund (10310)	\$97,000 transferred in

11 Section 18. This ordinance shall take effect and be in force thirty (30) days from and after its  
12 approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after  
13 presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

15 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2005, and signed by me in open  
16 session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2005.

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

19 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2005.

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

21 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2005.

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



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(Seal)

Exhibit A: Revised CIP Description and Funding Table for South Lake Union Streetcar Project TC366260



1 **ORDINANCE \_\_\_\_\_**

2 AN ORDINANCE relating to the South Lake Union Streetcar; stating the City's intent concerning  
3 funding of capital and operating costs; authorizing negotiations for streetcar vehicles,  
4 negotiations for an interlocal agreement with King County Metro, preparation of the final design  
5 for the streetcar and preparation of a Local Improvement District proposal; removing budget  
6 provisos that had restricted spending on the South Lake Union Streetcar project; authorizing a  
7 funding agreement with King County and the deposit of funds to be received; contingently  
8 increasing an appropriation to the Seattle Department of Transportation; amending the 2005-  
9 2010 Capital Improvement Program; reappropriating from the Legislative Department to the  
10 Seattle Department of Transportation; and transferring cash to support the reappropriation.

11 WHEREAS, in Resolution 30610, the Seattle City Council affirmed its commitment to support the  
12 redevelopment of the South Lake Union area as the region's most competitive location for biotech  
13 and high-tech research and manufacturing; and

14 WHEREAS, the Seattle City Council has taken numerous actions in support of the redevelopment of South  
15 Lake Union for this purpose, including selling City property in South Lake Union to enable its  
16 redevelopment, approving zoning adjustments that support biotech, allowing certain modifications  
17 to building height restrictions, adding South Lake Union to the City's multi-family tax exemption  
18 program, contributing to the development of 226 low-income housing units, and contributing funds  
19 towards the development and improvement of South Lake Union Park and Cascade Playground;  
20 and

21 WHEREAS, the City of Seattle has designated South Lake Union an Urban Center, which is an area of  
22 concentrated employment and housing that should have direct access to high capacity transit; and

23 WHEREAS, the City of Seattle is proposing to build a modern streetcar between Westlake Center and the  
24 Fred Hutchinson Cancer Research Center, serving downtown, the Denny Triangle and South Lake  
Union; and

WHEREAS, the South Lake Union Streetcar will link South Lake Union and the Denny Triangle to the  
multi-modal transit hub at Westlake; and

WHEREAS, this South Lake Union Streetcar line was identified as "the single most promising line" in the  
June 2004 Seattle Streetcar Network and Feasibility Analysis; and

WHEREAS, it is projected that the South Lake Union Streetcar will carry 330,000 to 380,000 passengers in  
its first year of operations, eventually growing to over 1,000,000 passengers per year as South Lake  
Union develops more fully; and

WHEREAS, in August, 2004, the Seattle City Council directed the Executive, through Ordinance 121565,  
to complete 30% design and engineering and develop a funding plan to pay for the capital and  
operations and maintenance costs of the proposed South Lake Union Streetcar; and



1 WHEREAS, the Executive has completed 30% design and engineering for the South Lake Union Streetcar;  
and

2 WHEREAS, the Executive has proposed both a capital finance plan and an on-going operations and  
3 maintenance funding plan, filed under Clerk File 307392; and

4 WHEREAS, no funds from the City's General Fund will be used to pay for the capital and operations and  
5 maintenance costs associated with the South Lake Union Streetcar except for: funds from the sale of  
6 City properties in South Lake Union, revenues specifically devised to pay for the South Lake Union  
Streetcar's capital and operation and maintenance costs, and potential General Funds needed to pay  
for the City's assessment for its properties within a Local Improvement District ("LID"); and

7 WHEREAS, the initial results of a Special Benefit Study indicate that properties that might be included in a  
8 LID for construction of a streetcar line in South Lake Union could reasonably be expected to benefit  
from such a streetcar line in a cumulative amount between \$70- \$80 million; and

9 WHEREAS, the Executive is pursuing the possibility of extending the City's existing waterfront streetcar  
10 line as well as the planned South Lake Union streetcar line and will coordinate planning efforts so  
that any new extensions or changes result in an efficient and effective transit network within Seattle;  
11 NOW THEREFORE,

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

13 Section 1. The City shall not use General Fund money to pay for either the capital costs or the  
14 operations and maintenance costs of a South Lake Union ("SLU") streetcar line except for the following:

- 15 A. Funds from the sale of City surplus property in SLU, consistent with Section 6 below;
- 16 B. Revenues derived from new revenue sources specifically devised to pay for the SLU streetcar's  
17 capital or operations and maintenance costs; and
- 18 C. The potential use of General Funds that may be needed to pay for the City's assessment for its  
19 properties within a Local Improvement District ("LID").

20 Section 2. The Seattle Department of Transportation (SDOT) is authorized to complete final design  
21 of the SLU Streetcar, including environmental review and permitting tasks. Final design will begin  
22 following federal approval of National Environmental Protection Act (NEPA) environmental documents.  
23  
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1 Section 3. Following federal approval of NEPA environmental documents, SDOT is authorized  
2 to begin negotiations for the purchase of streetcar vehicles. After the formation of a Local Improvement  
3 District for the SLU Streetcar project, the City Council expects to authorize the Executive, by future  
4 Council ordinance, to proceed with a Maximum Allowable Construction Contract with a General Contract  
5 Construction Manager and to purchase streetcar vehicles.

6 Section 4. The Executive is authorized to begin negotiations with King County Metro on an  
7 interlocal operating and funding agreement for the SLU Streetcar. The interlocal agreement should  
8 recognize that Seattle's share of additional Metro transit hours is uncertain and that any future increase in  
9 service levels for the SLU Streetcar will need to be evaluated against other competing priorities for new  
10 transit hours in Seattle. Therefore, the interlocal agreement shall not include automatic triggers for increases  
11 in service levels for the SLU Streetcar beyond those needed to operate the streetcar at 15-minute headways  
12 for 15-hours a day. In addition, Executive staff shall keep Councilmembers apprised of the negotiations  
13 with Metro by providing frequent updates to Councilmembers and Council staff, especially in regard to any  
14 policy issues that have financial or transit service hour implications for the City, and prior to finalization of  
15 any draft agreement.

16 Section 5. The Executive is authorized to prepare a LID proposal for Council consideration and  
17 shall keep the Council apprised of its progress by providing frequent updates to Council staff. The capital  
18 costs to be paid by assessments imposed on properties within the proposed LID shall be no less than \$25  
19 million plus all costs related to the administration, creation, and formation of the LID, including interim  
20 financing costs, bond issuance costs, legal costs associated with any protests, and any LID Guaranty Fund.  
21 The proposed property assessments must be based on the special benefits that properties will receive as a  
22 result of the SLU streetcar as determined by a qualified appraiser through a special benefit study. In  
23 determining the special benefit to the City's park property within the proposed LID boundaries, the  
24



1 appraiser shall base the determination of special benefit on its continuing, long-term use for public park  
2 purposes.

3 Section 6. The Seattle City Council expects to appropriate in a future budget \$1.5 million for SLU  
4 Streetcar construction costs from the SLU Property Proceeds Subaccount established by Ordinance 120411.  
5 The Seattle City Council may also appropriate in a future budget up to an additional \$3.9 million from the  
6 SLU property sale proceeds for potential SLU Streetcar capital cost increases, project cost overruns, and to  
7 pay for any capital costs that are not ultimately covered by grant funding. If these funds are not needed to  
8 pay for the SLU Streetcar's capital costs, the Council expects to appropriate these funds for other purposes  
9 consistent with Resolution 30334.

10 Section 7. The City will continue to pursue grant funding to pay for any capital costs associated  
11 with the SLU Streetcars that are not paid for by the LID assessments or other grant funds.

12 Section 8. The Seattle City Council directs the Executive to formally solicit potential interest in the  
13 sale of development rights above the proposed SLU Streetcar maintenance base no later than December 31,  
14 2005, and to report back to the City Council on the responses received no later than March 31, 2006.

15 Section 9. The City Council directs the Executive to solicit interest in station and streetcar  
16 sponsorships that are consistent with the City's sign code. The Executive shall propose guidelines for station  
17 and streetcar sponsorships for the City Council's review and approval no later than September 30, 2005.  
18 The Executive shall not make any commitments or sign any contracts for sponsorships until the City Council  
19 has reviewed and approved the proposed sponsorship guidelines.

20 Section 10. In the event that projected sponsorship or other revenues proposed by the Executive  
21 (filed in Clerk File 307392) to pay for the SLU streetcar's operations and maintenance costs do not  
22 materialize or are insufficient to operate the streetcar at 15-minute headways for 15-hours a day, the  
23 Executive should pursue alternative funding sources, other than the City's General Fund. The City Council  
24



1 supports exploring the formation of a Parking and Business Improvement Area (commonly referred to as a  
2 "BIA") as an alternative source of funding for the SLU streetcar's operations and maintenance costs. The  
3 City Council may consider a proposal for the use of streetcar station/shelter advertising. The City Council  
4 may also consider supporting the use of new Metro transit hours that Seattle could receive to help fund the  
5 SLU Streetcar's operations and maintenance costs, but the allocation of any new hours to the streetcar will  
6 need to be weighed against other priorities for Metro transit hours.

7 Section 11. The following budget provisos are removed and are no longer restrictions for any  
8 purpose, including Subsection 1(b) of Ordinance 121333 and Subsection 1(b) of Ordinance 121660:

Department	Greensheet	Proviso	BCL/Project Code
Seattle Department of Transportation	2004-#96-3- B-3 (as amended in Ordinance 121565)	None of the \$6,000,000 available for the South Lake Union Streetcar Project (#TC366260) in 2004 can be spent until authorized by a future ordinance, except that SDOT may spend up to \$2,687,000 to pay for certain activities as specified if the funds are from a federal or state grant source and the expenditures are eligible for reimbursement from that source even if the streetcar line is not built. Of the \$2,687,000, \$295,000 has already been approved for work associated with a Council Statement of Legislative Intent and the additional \$2,392,000 may be spent only for the purposes set out in Attachment A [to Ordinance 121565].	Policy, Planning, and Major Project Development (18310) Project TC366260
Seattle Department of Transportation	2005-#109- 5-A-1	Except as authorized in Ordinance 121565, no money can be spent to pay for planning, design and construction activities related to the South Lake Union streetcar project (TC366260) until authorized by future Council ordinance.	Policy, Planning, and Major Project Development (18310) Project TC366260



1 Section 12. The Director of Transportation, or her designee, is hereby authorized to execute an  
2 agreement with King County for receipt by the City of funding in the amount of \$1,572,000 for the South  
3 Lake Union Streetcar. When received the funds will be deposited in the Transportation Fund (10310).

4 Section 13. Contingent upon the receipt of \$1,572,000 under the agreement authorized in Section  
5 12 above, and in order to pay for necessary costs and expenses for which insufficient appropriations  
6 were made, the appropriation for the following in the 2005 Adopted Budget is increased from the fund  
7 shown, as follows:

<b>Fund</b>	<b>Department</b>	<b>Budget Control Level</b>	<b>Amount</b>
Transportation Operating Fund (10310)	Seattle Department of Transportation	Policy, Planning and Major Projects (18310)	\$1,572,000

8  
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11 Section 14. Contingent upon receipt of \$1,572,000 under the agreement authorized in Section 12,  
12 the description and funding plan in the CIP for the South Lake Union Streetcar Project (Project  
13 #TC366260) are modified as shown in Exhibit A.

14 Section 15. In order to pay for necessary costs and expenses to be incurred in 2005 associated with  
15 the finalization of a Special Benefit Study, but for which insufficient appropriations have been made, the  
16 appropriation for the following from the 2005 budget is increased from the fund shown, as follows:

<b>Fund</b>	<b>Department</b>	<b>Budget Control Level</b>	<b>Amount</b>
Transportation Fund	Transportation	Policy, Planning and Major Projects (18310)	\$97,000

17  
18  
19 to be supported by the associated cash transfer as authorized in Section 17 below.

20 Section 16. The appropriation for the following item in the 2005 budget is reduced from the fund  
21 shown as follows:  
22  
23  
24



Fund	Department	Budget Control Level	Amount
General Subfund	Legislative	Legislative Department (G1100)	\$97,000

Section 17. To support the appropriation made in Section 15 above, cash is hereby transferred as shown in the following table:

Fund	Amount Transferred
General Subfund	\$97,000 transferred out
Transportation Fund (10310)	\$97,000 transferred in

Section 18. 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 \_\_\_\_\_, 2005, and signed by me in open session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2005.

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

Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2005.

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

Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2005.

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

(Seal)

Exhibit A: Revised CIP Description and Funding Table for South Lake Union Streetcar Project TC366260



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**STATE OF WASHINGTON – KING COUNTY**

--SS.

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187931  
CITY OF SEATTLE, CLERKS OFFICE

No.

**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.

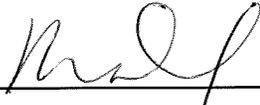
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121850 ORDINANCE

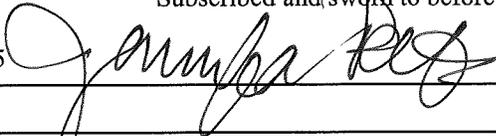
was published on

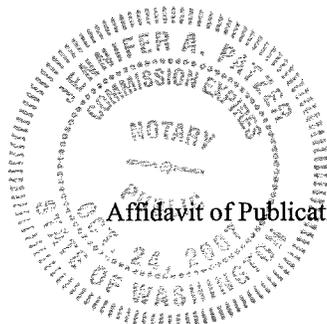
07/18/05

The amount of the fee charged for the foregoing publication is the sum of \$ 490.25, which amount has been paid in full.

  
\_\_\_\_\_  
Subscribed and sworn to before me on

07/18/05

  
\_\_\_\_\_  
Notary public for the State of Washington,  
residing in Seattle



Affidavit of Publication

ORDINANCE 12196-

AN ORDINANCE relating to the South Lake Union Streetcar; stating the City's intent concerning funding of capital and operating costs; authorizing negotiations for streetcar vehicles; negotiations for an interlocal agreement with King County Metro, preparation of the final design for the streetcar and preparation of a Local Improvement District proposal; removing budget provisions that had restricted spending on the South Lake Union Streetcar project; authorizing a funding agreement with King County and the deposit of funds to be received; contingently increasing an appropriation to the Seattle Department of Transportation; amending the 2005-2010 Capital Improvement Program; reappropriating from the Legislative Department to the Seattle Department of Transportation; and transferring cash to support the reappropriation.

WHEREAS, in Resolution 30610, the Seattle City Council affirmed its commitment to support the redevelopment of the South Lake Union area as the region's most competitive location for biotech and high-tech research and manufacturing; and

WHEREAS, the Seattle City Council has taken numerous actions in support of the redevelopment of South Lake Union for this purpose, including selling City property in South Lake Union to enable its redevelopment, approving zoning adjustments that support biotech, allowing certain modifications to building height restrictions, adding South Lake Union to the City's multi-family tax exemption program, contributing to the development of 226 low-income housing units, and contributing funds towards the development and improvement of South Lake Union Park and Cascade Playground; and

WHEREAS, the City of Seattle has designated South Lake Union an Urban Center, which is an area of concentrated employment and housing that should have direct access to high capacity transit; and

WHEREAS, the City of Seattle is proposing to build a modern streetcar between Westlake Center and the Fred Hutchinson Cancer Research Center, serving downtown, the Denny Triangle and South Lake Union; and

WHEREAS, the South Lake Union Streetcar will link South Lake Union and the Denny Triangle to the multi-modal transit hub at Westlake; and

WHEREAS, this South Lake Union Streetcar line was identified as "the single most promising line" in the June 2004 Seattle Streetcar Network and Feasibility Analysis; and

WHEREAS, the South Lake Union Streetcar should be an integral part of an overall Seattle Streetcar Network that could extend to other Seattle neighborhoods; and

WHEREAS, the Council has previously expressed interest in expanding existing streetcar lines further east on Jackson Street, through the International District and Central District; and

WHEREAS, the South Lake Union Streetcar line could possibly extend further south to connect with the Waterfront Streetcar line and an extended streetcar line through the International District and Central District to form the beginning of a streetcar network; and

WHEREAS, it is projected that the South Lake Union Streetcar will carry 330,000 to 380,000 passengers in its first year of operations, eventually growing to over 1,000,000 passengers per year as South Lake Union develops more fully; and

WHEREAS, in August, 2004, the Seattle City Council directed the Executive, through Ordinance 121565; to complete 30% design and engineering and develop a funding plan to pay for the capital and operations and maintenance costs of the proposed South Lake Union Streetcar; and

WHEREAS, the Executive has completed 30% design and engineering for the South Lake Union Streetcar; and

WHEREAS, the Executive has proposed both a capital finance plan and an on-going operations and maintenance funding plan, filed under Clerk File 307392; and

WHEREAS, no funds from the City's general Fund will be used to pay for the capital and operations and maintenance costs associated with the South Lake Union Streetcar except for: funds from the sale of City properties in South Lake Union, revenues specifically devised to pay for the South Lake Union Streetcar's capital and operations and maintenance costs, and potential general Funds needed to pay for the City's assessment for its properties within a Local Improvement District ("LID"); and

WHEREAS, the initial results of a Special Benefit Study indicate that properties that might be included in a LID for construction of a streetcar line in South Lake Union could reasonably be expected to benefit from such a streetcar line in a cumulative amount between \$70-\$80 million; and

WHEREAS, the Executive is pursuing the possibility of extending the City's existing waterfront streetcar line as well as the planned South Lake Union streetcar line and will coordinate planning efforts so that any new extensions or changes result in an efficient and effective transit network within Seattle;

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

Section 1. The City shall not use General Fund money to pay for either the capital costs or the operations and maintenance costs of a South Lake Union ("SLU") streetcar line except for the following:

A. Funds from the sale of City surplus property in SLU, consistent with Section 6 below;

B. Revenues derived from new revenue sources specifically devised to pay for the SLU streetcar's capital or operations and maintenance costs; and

C. The potential use of General Funds that may be needed to pay for the City's assessment for its properties within a Local Improvement District ("LID").

Section 2. The Seattle Department of Transportation (SDOT) is authorized to complete final design of the SLU Streetcar, including environmental review and permitting tasks. Final design will begin following federal approval of National Environmental Protection Act (NEPA) environmental documents.

Section 3. Following federal approval of NEPA environmental documents, SDOT is authorized to begin negotiations for the purchase of streetcar vehicles. After the formation of a Local Improvement District for the SLU Streetcar project, the City Council expects to authorize the Executive, by future Council ordinance, to proceed with a Maximum Allowable Construction Contract (MACC) with a General Contract Construction Manager and to purchase streetcar vehicles.

Section 4. The Executive is authorized to begin negotiations with King County Metro on an interlocal operating and funding agreement for the SLU Streetcar. The interlocal agreement should recognize that Seattle's share of additional Metro transit hours is uncertain and that any future increase in service levels for the SLU Streetcar will need to be evaluated against other competing priorities for new transit hours in Seattle. Therefore, the interlocal agreement shall not include automatic triggers for increases in service levels for the SLU Streetcar beyond those needed to operate the streetcar at 15-minute headways for 15-hours a day. In addition, Executive staff shall keep Councilmembers apprised of the negotiations with Metro by providing frequent updates to Councilmembers and Council staff, especially in regard to any policy issues that have financial or transit service hour implications for the City, and prior to finalization of any draft agreement.

Section 5. The Executive is authorized to prepare a LID proposal for Council consideration at a LID formation hearing and shall keep the Council apprised of its progress by providing frequent updates to Council staff. The capital costs to be paid by assessments imposed on properties within the proposed LID shall be no less than \$25 million plus all costs related to the administration, creation, and formation of the LID, including interim financing costs, bond issuance costs, legal LID Guaranty Fund. The hearing on a final assessment roll will not occur until after the MACC is signed. The proposed property assessments must be based on the special benefits that properties will receive as a result of the SLU streetcar as determined by a qualified appraiser through a special benefit study. In determining the special benefit to the City's park property within the proposed LID boundaries, the appraiser shall base the determination of special benefit on its continuing, long-term use for public park purposes.

Section 6. The Seattle City Council expects to appropriate in a future budget \$1.5 million for SLU Streetcar construction costs from the SLU Property Proceeds Subaccount established by Ordinance 120411. The Seattle City Council may also appropriate in a future budget up to an additional \$3.9 million from the SLU property sale proceeds for potential SLU Streetcar capital cost increases, project cost overruns, and to pay for any capital costs that are not ultimately covered by grant funding. If these funds are not needed to pay for the SLU Streetcar's capital costs, the Council expects to appropriate these funds for other purposes in South Lake Union consistent with Resolution 30334, with an emphasis on necessary bicycle and pedestrian mobility and safety improvements.

Section 7. The City will continue to pursue grant funding to pay for any capital costs associated with the SLU Streetcars that are not paid for by the LID assessments or other grant funds.

Section 8. The Seattle City Council directs the Executive to formally solicit potential interest in the sale of development rights above the proposed SLU Streetcar maintenance base no later than December 31, 2005, and to report back to the City Council on the responses received no later than March 31, 2006.

Section 9. The City Council directs the Executive to solicit interest in station and streetcar sponsorships that are consistent with the City's sign code. The Executive shall propose guidelines for station and streetcar sponsorships for the City Council's review and approval no later than September 30, 2005. The Executive shall not make any commitments or sign any contracts for sponsorships until the City Council has reviewed and approved the proposed sponsorship guidelines.

Section 10. In the event that projected sponsorship or other revenues proposed by the Executive (filed in Clerk File 307392) to pay for the SLU streetcar's operations and maintenance costs do not materialize or are insufficient to operate the streetcar at 15-minute headways for 15-hours a day, the Executive should pursue alternative funding sources, other than the City's General Fund. The City Council supports exploring the formation of a Parking and Business Improvement Area (commonly referred to as a "BIA") as an alternative source of funding for the SLU streetcar's operations and maintenance costs. The City Council may consider a proposal for the use of streetcar station/shelter advertising. The City Council may also consider supporting the use of new Metro transit hours that Seattle could receive to help fund the SLU Streetcar's operations and maintenance costs, but the allocation of any new hours to the streetcar will need to be weighed against other priorities for Metro transit hours.

Minimum insurance requirements shall be an occurrence form policy of commercial general liability, placed with a company admitted and licensed to conduct business in Washington State. Minimum policy limits shall be \$2,000,000 per occurrence, \$4,000,000 annual aggregate. Coverage shall specifically name the tunnel exposure. Coverage shall add by endorsement the City of Seattle, its elected and appointed officers, officials, employees and agents as additional insured. Coverage shall contain a Separation of Insureds indicating essentially that "except with respect to the limits of insurance, and any rights or duties specifically assigned in this coverage part to the first named insured, this insurance applies as if each named insured were the only named insured, and separately to each insured against whom claim is made or suit is brought. Evidence of current coverage shall be submitted to the City in the form of a copy of the full policy with all endorsements attached thereto, and is a condition to the validity of this permit.

(Whenever in the judgment of the Risk Manager of The City of Seattle, such insurance filed pursuant to the provisions hereof shall be determined insufficient to fully protect The City of Seattle, the Permittee shall, upon demand by the Risk Manager, furnish additional insurance as may be specified by the Risk Manager.) The Director of Transportation ("Director"), in consultation with the City Risk Manager, may adjust minimum levels of liability insurance and surety bond requirements. The Director shall notify the Permittee of the new requirements in writing. Upon receipt, the Permittee shall provide proof of the required levels of insurance and surety bond to the Director within 60 days.

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12. The Permittee, its successors and assigns shall not assign, transfer, mortgage, pledge or encumber any privileges conferred by this ordinance without the consent of the ((City Council by resolution,)) Director. The Director may approve assignment and/or transfer of the permit to a successor entity in the case of a change of name and/or ownership provided that the successor or assignee has demonstrated its acceptance of all of the terms of the permission granted to the initial Permittee. If permission is granted, the assignee or transferee shall be bound by all of the terms and conditions of this ordinance. The permission conferred by this ordinance shall not be assignable or transferable by operation of law.

13. The Permittee, its successors and assigns, shall pay to The City of Seattle such amounts as may be justly chargeable by said City as costs of inspection of said tunnel during reconstruction, repair, annual structural inspections, and at other times deemed necessary to ensure the safety of the tunnel, under the direction of the Director ((of Transportation)) and in addition shall promptly pay to the City in advance upon statements or invoices rendered by the Director ((of Transportation)) an annual fee for the privileges granted and exercised hereunder of Two Thousand Eight Hundred Seven Dollars (\$2,807.00). ((for each of the first five years of the permit. The fee will then be evaluated by the City and a new fee will be established by resolution of the City Council for each succeeding five years of the permit.)) Adjustments to the annual fee amount shall be made in accordance with a term permit fee schedule adopted by the City Council by ordinance and may be adjusted every year. In the absence of such a schedule, the Director may only increase or decrease the previous year's fee amount annually to reflect any inflationary changes so as to charge said fee in constant dollar terms. This adjustment will be calculated by adjusting the previous year's fee amount by the percentage change between the two most recent year-end values available of the Consumer Price Index for the Seattle-Tacoma-Bremerton Area, All Urban Consumers, All Products, Not Seasonally Adjusted. All payments shall be made to the City Finance Director for credit to the ((General Fund)) Transportation Operating Fund.

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Section 65. Sections 2, 9, 12 and 13 of Ordinance 119532, General Insurance Company of America Skybridge across 12th Avenue Northeast, are amended as follows:

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2. The permission herein granted to the Permittee, its successors and assigns shall be for a term of ten (10) years, commencing March 27, 1999 and terminating at 11:59 p.m. on the last day of the tenth year; provided, however, that upon written application of the Permittee at least thirty (30) days before expiration of the term, the ((City Council may, by resolution,)) Director of Transportation ("Director") may renew the permit for two (2) successive ten (10) year terms, provided further that the total term of the permission as originally granted and thus extended shall not exceed thirty (30) years, subject to the right of the City of Seattle ("City") by ordinance to then revise any of the terms and conditions contained herein.

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9. For as long as the Permittee, its successors and assigns, shall exercise any permission granted by this ordinance and until the skybridge is entirely removed from its location as described in Section 1 of the authorizing ordinance, or until discharged by order of the Director ((of Seattle Transportation)) as provided in Section 7 of this ordinance, the Permittee shall obtain and maintain in full force and effect, at its own expense, insurance policies which protect the City from any and all claims and risks in conjunction with:

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