

# Seattle Waterfront LID Assessment Hearing

## Seattle LID Public Comment Hearing

February 12, 2020



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SEATTLE WATERFRONT LID ASSESSMENT HEARING  
BEFORE  
HEARING EXAMINER RYAN VANCIL

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Taken at 700 Fifth Avenue  
Seattle, Washington

DATE TAKEN: February 12, 2020  
REPORTED BY: Anita W. Self, RPR, CCR 3032

## 1                   A P P E A R A N C E S

2                   HEARING EXAMINER:

3                   RYAN VANCIL  
4

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14                  Stuart McGehee  
15                  Dione McGehee

16                               \* \* \* \* \*

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1 SEATTLE, WASHINGTON; FEBRUARY 12, 2020

2 9:04 A.M.

3  
4 (No court reporter present. The  
5 following portion was transcribed  
6 by the court reporter following the  
7 hearing.)

8  
9 HEARING EXAMINER VANCIL: Good morning.  
10 I'll call to order this February 12th, 2020,  
11 continuance of the Seattle Waterfront LID Assessment  
12 hearing.

13 Today's objections will be heard by the  
14 Hearing Examiner's Case Nos. CWF-89 at 9:00 a.m. now.  
15 We'll take a break at about 10:15. We had a Case 93,  
16 or CWF-93 cancel for 1:15, and then we'll have another  
17 Case 94 from 2:00 to 4:00.

18 Let's start with Case No. 89.

19 Please state your name and spell it for  
20 the record.

21 MS. HOLLACK: My name is Carolyn Hollack,  
22 C-A-R-O-L-Y-N, Hollack, H-O-L-L-A-C-K.

23 (Ms. Hollack was sworn.)

24 HEARING EXAMINER VANCIL: Please proceed.

25 MS. HOLLACK: Good morning.

1 As you noted, this is Case CWF-89. My  
2 parcel number is 2382002330.

3 I'm going to start by reading an email  
4 that I had sent in for the record regarding an  
5 objection to the Waterfront LID No. 6751, Resolution  
6 31915.

7 HEARING EXAMINER VANCIL: So everything  
8 that's been sent in is already in your project file,  
9 so if you want to --

10 MS. HOLLACK: Great.

11 HEARING EXAMINER VANCIL: -- summarize,  
12 that would be helpful.

13 MS. HOLLACK: All right. All right.

14 So key points here. We received our  
15 proposed final LID assessment. We object to the  
16 market value without LID amount, the market value with  
17 LID amount, and the derived amounts wherein, the  
18 special benefit amount, percent change in total  
19 assessment, as well as the process.

20 Briefly, the history of -- of LIDs are  
21 that typically the owner's residents are the ones  
22 requesting the improvements, and they have the  
23 opportunity to vote. This is not the case here.

24 Let's see. Councilmember turnover. We  
25 were not properly represented in -- in that case, as I

1 think is noted in my email. So there were eight  
2 councilmembers that voted, only two of which we had  
3 the opportunity to vote on. The others were from  
4 different districts.

5 The specific assessment amount for our  
6 property is inexplicably higher than the King County  
7 appraised amount. The special benefit is inflated.  
8 Our property will not, in fact, go up in value as a  
9 result of the waterfront improvements.

10 An article from the Seattle Office of the  
11 Waterfront and Civic Projects calls the waterfront a  
12 defining feature of visiting Seattle, and calls it a  
13 destination park, likening it to tourists attractions.

14 So that's part of the reason that we have  
15 no anticipated benefit from the work that's being done  
16 several blocks from us that is done to benefit  
17 tourists. I'd say those are the key points for that,  
18 so I won't belabor that.

19 All right. So the couple things that I  
20 want to hit on today are -- are some of the timeliness  
21 concerns, backdoor negotiations, why we have a LID,  
22 the valuation process itself, some misleading payment  
23 communications, really specific objections of our  
24 parcel.

25 So we bought our property in 2014. It's

1 in a condo building with just over 250 residential  
2 units and two commercial spaces. It's in the retail  
3 core. The area I believe is C, Area C in the final  
4 benefits study. It's Zoning DOC2 500/300-550.

5 So as I just mentioned, we found issues  
6 upon receiving our assessment, market value without  
7 LID, and the special benefit percent change and, you  
8 know, all of the values that are derived therein, so  
9 we do -- to be clear, we object to all of those.

10 So my wife and I are residents and  
11 property owners. We are passionate about making the  
12 city of Seattle a better place. We do want that to be  
13 done in a thoughtful and legal manner.

14 We have met with our City Council  
15 representative for D-7. We recognize that because of  
16 the quasi-judicial process, you know, there's --  
17 there's some kind of line there, but we do want to be  
18 clear as much as we can about our concerns with the  
19 Waterfront LID.

20 We have attended the previous objection  
21 hearings for the LIDs. We've attended what --  
22 meetings held by Friends of the Waterfront and various  
23 organizations so that we could educate ourself on the  
24 planning process.

25 I do want to be clear, we're not against



1 the waterfront improvements. So, in general, we do  
2 think that these are great efforts to support tourism  
3 dollars, and we do support it. We think the  
4 improvements do have the potential to create the --  
5 the great destination park that was called out by  
6 the -- the fellow that I mentioned earlier.

7 Our high-level concern is that the  
8 Waterfront LID was improperly implemented and was  
9 rushed through right before City Council turned over.  
10 We believe that speed and greed impacted the improper  
11 calculation of the assessed value and the projected  
12 benefit.

13 I mentioned we're also concerned about the  
14 City Councilmembers. None of them currently are even  
15 within the assessment region. There's a clear lack of  
16 representation.

17 At the time of the vote, Sally Bagshaw was  
18 our representative for District 7, which is the area  
19 that's impacted by the LID, and she refused [sic]  
20 herself from the vote, which left us with the six  
21 councilmembers who don't represent us at all, and --  
22 and the two at large who we might have some chance of  
23 influencing.

24 So then key, too, as different from most  
25 LIDs, we were not given the opportunity to vote on it.

1 Any calls for public response or objection were  
2 answered repeatedly. There were a lot of letters sent  
3 in. There were a lot of people at hearings. I mean,  
4 it was actually pretty impressive how the -- the  
5 public came out, but, you know, to date, nothing has  
6 changed.

7 So timeliness, just at a high level,  
8 reduced ability for preparation and objection. I do  
9 understand that the Court can't delay and accommodate  
10 everyone's schedules. Totally get that. I had  
11 originally intended to go to the February 4th hearing,  
12 but I was given this date instead, and so I did have  
13 to take time off of work and reschedule my travel in  
14 order to attend. So kind of an inconvenience, and I  
15 was lucky enough to be able to do that. I'm not sure  
16 how many other people just, frankly, can't do that.

17 I don't think I'll have the opportunity to  
18 speak with the City's appraiser today. If I  
19 understand correctly, that's going to be a little bit  
20 later, so I'll figure out that scheduling later. I'm  
21 still leaving town today, so I'll keep this as short  
22 as I can.

23 HEARING EXAMINER VANCIL: We do have -- we  
24 don't have a specific date yet, but we are --

25 MS. HOLLACK: Okay.

1 HEARING EXAMINER VANCIL: -- putting a  
2 pin, as it were, in the schedule for the City to  
3 present on April 27th. They've indicated, at least at  
4 this point, and I'm not going to truncate their time,  
5 that they'd be on for two days.

6 And whenever they finish with their case  
7 in chief, there's an opportunity for cross-examination  
8 following that of their witness, likely a period of  
9 about four days, April 27, 28, 29 and 30.

10 MS. HOLLACK: Is that kind of general  
11 public can attend, or is that a scheduling thing?

12 HEARING EXAMINER VANCIL: It's this  
13 room --

14 MS. HOLLACK: Okay. Okay.

15 HEARING EXAMINER VANCIL: -- and this is  
16 an open public hearing.

17 MS. HOLLACK: Wonderful. Thank you.  
18 Thank you. Okay. Good.

19 I'm not a lawyer, if that wasn't clear  
20 already. And so it has been challenging for me to  
21 gather info on this in the short period of time  
22 without paying someone to do it, but I'm doing the  
23 best I can.

24 So I have gone through the -- the final  
25 benefits study and the addenda volume, which were made

1 available on January 4th, so I've been going through  
2 that for the past month or so.

3 I've yet not found -- there was something  
4 referenced called the individual analysis sheets, and  
5 the implication was that that was for the individual  
6 parcel, and how those numbers were reached, so I  
7 haven't found that yet. I -- I'll follow up on that  
8 later, and keep hunting it down, but since that was  
9 referenced, I think, for completion, I would like to  
10 understand, you know, more details about my parcel.

11 Objections to the LID process. So I -- I  
12 first looked up, you know, what -- what is a LID to  
13 make sure I was on the right page with this. So a  
14 Local Improvement District, LID, provides a way for  
15 property owners to get together to pay for street and  
16 alley paving, sanitary sewers, street lighting, or  
17 underground wiring.

18 Property owners agree to form LIDs when  
19 the benefits from the improvements outweigh the costs.  
20 Benefits include added value to your property, and  
21 improvements to your neighborhood. You pay an amount  
22 proportional to the benefits you receive for each  
23 property you own. Which that -- that makes sense to  
24 me, and the proportional part, you know, is very clear  
25 throughout the -- the benefits study. The Local

1 Improvement Districts are initiated by the property  
2 owners in the impacted area who desire improvements  
3 that they are willing to fund because those benefits  
4 outweigh the cost.

5         So with that, I -- I don't know a ton  
6 about the history here, but, you know, we -- we did  
7 see from our research that, in 2008, voters approved a  
8 6-year, 73 million property tax increase for repairs  
9 and improvements to the Pike Place Market. And that  
10 seemed pretty important to me as a precedent because  
11 it was voted on by those property owners, and it was  
12 approved by them, so that seemed to me like a -- a  
13 good process to -- to go through.

14         This seemed to me like a departure from  
15 the norm. So the process that we went through with  
16 the Waterfront LID, property owners who are being  
17 assessed for that Waterfront LID financing weren't  
18 given an opportunity to vote on the improvements  
19 themselves or the funding. And it's -- again, to be  
20 clear, it's the funding mechanism that I'm really  
21 objecting to here. It's not the improvements itself.

22         So the Waterfront LID, in my mind, amounts  
23 to taxation without representation. We didn't have  
24 control or influence over the Seattle City  
25 Councilmembers who voted on it. And at this point, by

1 my calculation, 50 percent of the councilmembers who  
2 participated in that rushed vote have turned over  
3 already.

4 So I'm happy to have this opportunity to  
5 speak today because I understand you'll give a  
6 recommendation to that new council, and we hope that  
7 they do recognize what, to me, is an illegality of  
8 action, and that they take it to vote so that we can  
9 actually get more direct input and -- and votes from  
10 property owners, and, you know -- or cut to the chase  
11 and just find what, to me, would be a more appropriate  
12 funding mechanism.

13 There was an email sent to Sally Bagshaw,  
14 I don't know who it was from, but that was posted on  
15 the documents for the ordinance itself.

16 (Court reporter present. End of  
17 audio transcription portion.)

18 And Sally's response was -- and I know  
19 there's no context here, but -- but she said [as  
20 read], Sally here, I'm saddened by your position. As  
21 a downtown waterfront resident, current councilmember,  
22 your former client and your friend, please, please  
23 know we've been working on this project since 2004 and  
24 we want this LID to succeed. The decision was  
25 thoughtfully made. Not only for this project, but for

1 the future Magnolia Bridge, we need the LIDs to fund  
2 major capital projects.

3 So that, to me, looks like a dangerous  
4 precedent. It's literally stated in an email from a  
5 councilmember that they plan to use LIDs to start  
6 funding major capital projects, something that they  
7 haven't done before. So I think this is a -- a kind  
8 of important case for them where they need to get this  
9 through in order to start having new ways to fund  
10 projects.

11 Our City Council has been -- been great at  
12 finding ways to collect money. I -- I do think they  
13 are kind of, unfortunately, known for not necessarily  
14 managing projects and outcomes as successfully as they  
15 could.

16 I am not aware from -- from my Google  
17 searching really of a broader LID based on numbers of  
18 property owners -- there's over 6,000, you know,  
19 within this LID -- in Seattle or in Washington state.

20 It's also not common, from what I've read,  
21 for an LID to be proposed by government; in this case,  
22 city council. It's intended to be a tool leveraged by  
23 the property owners and administered by the government  
24 who typically assist with financing municipal bonds  
25 and the like, from -- from what I understand. So

1 basically, a tool leveraged by property owners  
2 administered by the government for the people, whereas  
3 this LID is imposed on the people.

4 So I want to now move over to some of the  
5 backdoor negotiations that took place last year. So  
6 after the initial proposal of the LID, and it was  
7 going through the process, when the impacted property  
8 owners discovered that really this was moving forward,  
9 City of Seattle is moving forward with this, they are  
10 going to implement a LID without the input, the  
11 property owners did come out strong. They -- they  
12 came down to City Hall. They signed objections to the  
13 tune of 55 percent of the -- the folks that were  
14 within the -- the region from square footage or from  
15 dollars, you know, signed something that said, we  
16 object to this LID entirely.

17 However, the LID wasn't thrown out. It  
18 came very close to that -- that number that you needed  
19 legally to throw it out, but a key organizer for that  
20 objection decided instead to work with developers to  
21 withhold a chunk of the signed objections. So they  
22 negotiated behind closed doors with Seattle City  
23 leaders, which I'm not even sure they were supposed to  
24 be talking to at that time, but I'm not sure about  
25 that, I'm not an expert in that area, to reach an



1 agreement that only that small subset of property  
2 owners agreed to.

3 For example, I signed an objection, and I  
4 did not agree to have my objection held back.  
5 I was -- I did not want to be part of any kind of  
6 negotiations.

7 So the total dollar figure, I think it's  
8 160 million, that was landed on in those improper  
9 negotiations ended up being the basis for assessing  
10 those properties, so backing into the total number  
11 that they had agreed to in those closed, backdoor  
12 negotiations. The goal being there that they wanted  
13 to cap the amount. The original writing, you know, it  
14 was stated so that it could extend beyond, so if the  
15 project had overrun costs, et cetera, that they would  
16 be responsible for even more than that initial  
17 assessment had said, up to 50 or 100 percent, I don't  
18 remember, past what they were assessed at. So they --  
19 they saw a benefit from capping it.

20 Okay. Why a LID at all? So the  
21 waterfront improvements are actually going to be  
22 enjoyed by non-property owners, and -- and that's  
23 great. They'll be enjoyed by a lot of folks, broader  
24 than the -- the region and the boundaries of the LID.

25 So we looked up some statistics on

1 waterfront revenue. So cruises alone, as of Q2 2018,  
2 the Port of Seattle projected well over 1.1 million  
3 cruise passengers in that year, 2018, and stated that  
4 the cruise season provides over 500 million in  
5 economic value to our region. So 2018, over  
6 1.1 million passengers with 500 million value. These  
7 numbers have been trending up since then, and the  
8 waterfront improvements will directly influence those  
9 to increase even more.

10 So we -- we went to the following year,  
11 there's an article from Q2 2019, again from the Port  
12 of Seattle, and this one states that the cruise  
13 business creates nearly 900 million a year in local  
14 revenue. Again, that's 2019. We don't have 2020  
15 figures yet. I think they usually publish it in  
16 April.

17 So the Port estimated over 1.2 million  
18 revenue of cruise passengers in 2019, which was well  
19 over the record number of 1.1 in 2018. Additionally,  
20 in 2019, they started hosting larger cruise vessels,  
21 so the three largest cruise vessels on the West Coast,  
22 each carrying over 4,000 passengers.

23 So to recap a couple stats back to 2000  
24 then, they were just shy of 120,000 passengers in  
25 2000, and then up in 2019, there were an estimated

1 1.2 million. So we've got a proven increased revenue  
2 here. That trend -- we're talking ten times as many  
3 passengers in less than 20 years, and that trend is,  
4 you know, continuing, so it's kind of increasing as it  
5 goes along, compounded trending.

6 So passenger increases between 2000 and  
7 2019 is a compounded annual growth rate of 13 percent,  
8 so it's a huge opportunity for tourism dollars, and a  
9 clear benefit there, a general benefit at the  
10 waterfront.

11 A question, though, are the cruise  
12 passengers local? So there was a commission in 2017,  
13 the Port of Seattle commissioned the McDowell Group in  
14 2017 to survey cruise passengers, and 89 percent of  
15 the respondents were out-of-state residents, so  
16 non-Washington residents.

17 We obviously don't have information of the  
18 11 percent that are remaining, how many of those were  
19 property owners within the LID, likely not many, but  
20 that's conjecture. We -- we don't know that.

21 Of the 89 percent of those non-Washington  
22 residents, 65 percent spent at least four hours in  
23 Seattle before or after their cruise. And, you know,  
24 the bulk of that time is typically spent around the  
25 waterfront, just from a location perspective. It's

1 much easier to spend your time there if you have a  
2 limited amount of time. And the waterfront  
3 improvements, of course, are going to ensure that more  
4 of that four hours will be spent on the waterfront,  
5 because it is going to be a more appealing place for  
6 folks to visit.

7 So this point here is that the LID is a  
8 special benefit. So when we're going through these  
9 numbers, we're keeping in mind, this is a Local  
10 Improvement District. This is a LID, L-I-D. So  
11 that's a special benefit for property owners, not a  
12 benefit for visitors.

13 So again, that does not mean that this is  
14 not a worthwhile improvement. We do think that it's a  
15 good positive improvement. We just don't think it's  
16 one that should be funded by an LID vehicle.

17 Okay. Enough about cruise ships. Just a  
18 brief statement on Pike Place Market, which is very,  
19 very near to the LID improvements and a direct  
20 benefitter from the waterfront improvements.

21 So Pike Place Market hosts over 10 million  
22 shoppers annually, 20,000 to 40,000 daily, but 10  
23 million annually. It's Seattle's most popular tourist  
24 designation, and it's actually the 33rd most visited  
25 tourist attraction in the world, so this is a huge

1 financing opportunity as well.

2 The projections from -- I mean, the Port  
3 of Seattle post-waterfront improvements alone could  
4 more than cover the amount that's currently scheduled  
5 for the LID. So there's no need to take this money  
6 from the local property owners, many of whom are not  
7 even near the waterfront. And, again, it's -- it's  
8 not as much about the need, so much as this is a  
9 general benefit. It's not a special benefit. But  
10 there are other ways to finance it versus desperately  
11 kind of grabbing the folks that are perceived as  
12 nearby.

13 So financing the LID, increased revenue  
14 from cruise tourism, Pike Place Market tourism, I'm  
15 not here to -- to solve that problem, but, you know,  
16 there are other methods to do that versus an LID,  
17 which is the improper method.

18 So here we are, though. There -- there is  
19 a LID. There is a proposed LID. And -- and so I want  
20 to talk about the valuation process itself and, you  
21 know, some of this goes back to -- to the speed that I  
22 mentioned, and it maybe comes across as -- as not as  
23 in-depth as it could be, and given the scope of the  
24 properties, I mean, I kind of get that. We're talking  
25 about over 6,000 parcels here, so that's super

1 difficult to do. That takes time. And so this was a  
2 very fast process, and so I do have empathy for that  
3 being a challenging thing, but I -- I -- I do think  
4 that perhaps it was a little too rushed, and that  
5 accounts for some of the problems with it.

6 So the -- the boundaries of the LID  
7 itself, they're -- they're drawn out -- first of all,  
8 it's a -- it's a really huge swath. I mean, it  
9 really -- north/south goes -- goes fairly far, but the  
10 waterfront, you know, goes -- goes north/south far.  
11 It goes east really incredibly far as well. We'll  
12 talk about the specific improvements that are  
13 proposed, but they -- I mean, they really are around  
14 the waterfront or drawing folks to the waterfront.

15 So it's a very, very broad region, given,  
16 you know, the -- the spot where the -- the  
17 improvements are taking place. It kind of looks like  
18 it's been drawn to maximize the dollars you can get  
19 from property owners, while carving out properties  
20 that could be hit up -- hit up for a future LID, in  
21 addition to the Magnolia Bridge that we mentioned  
22 earlier that Sally Bagshaw had said in -- in an email  
23 was coming.

24 Key Arena has been mentioned as a  
25 prospective candidate for a LID, you know, a little

1 bit north of us. The literal LID, the I-5 LID, you  
2 know, literally they're talking about putting a  
3 physical LID there, that's been mentioned as a  
4 prospective candidate for LID. And so it -- it does  
5 almost look as if some of these boundaries may have  
6 been drawn to -- to leave space for those future  
7 things.

8 The -- the other part about how it was  
9 drawn, from the final special benefit study, there was  
10 a quote that said: Special purpose properties, such  
11 as the sports stadiums, experience lesser special  
12 benefit due to use restrictions and location at the  
13 far south end of the project.

14 So my wife and I actually walked this the  
15 other day, and don't find this to be true. You know,  
16 the location is at the south end of the project, yes.  
17 It is very near the waterfront, though, and it's very  
18 easy to reach. It was a nice walk. It's possibly  
19 closer than our property. So we were a little  
20 surprised that -- that they were called out as  
21 something that would experience a -- a lesser special  
22 benefit.

23 There was something else in the final  
24 benefit study that -- I kind of summarized it as a  
25 rising tide lifts all ships kind of -- kind of thing

1 that they were saying there.

2 The comments made on the currently strong  
3 downtown market trends are not meant to infer that the  
4 project would create further positive demand and  
5 intense development activity, but rather that the new  
6 waterfront amenities and improved waterfront access  
7 would enhance trends already in evidence in the  
8 various downtown Seattle real estate markets.

9 So that was from the -- the final benefit  
10 study. But my take on that is that, if, as claimed,  
11 the waterfront improvements will enhance existing  
12 trends, then I am not sure of the relevancy of even  
13 drawing those lines for the LID assessment. I mean,  
14 if they're claiming that the entire area is  
15 essentially going to be stimulated economically, then  
16 it seems as though the downtown property owners are  
17 being told to pay for something that the study itself  
18 says is there to help and follow the trends of the  
19 broader city, county and region.

20 There was another quote in the final  
21 benefit study that, you know, to me, the -- the bottom  
22 line was that it was claimed that no good comparison  
23 studies exist, so it says: It's important to remember  
24 that, one, while aspects of the projects discussed and  
25 used for comparison purposes are similar, none of the



1 projects discussed are highly similar to the  
2 Waterfront Seattle project, LID, i.e., differences in  
3 view amenities, specific improvements, neighborhood  
4 and parcel characteristics, et cetera, and, two,  
5 ongoing and proposed construction will have profound  
6 impacts on market value of individual subject  
7 properties. The magnitude of such impacts,  
8 considering the current strength of local market  
9 demand is the major influence on property values with  
10 waterfront projects, the subject and others, including  
11 removal of the viaduct contributing in varying  
12 degrees.

13           So I -- I talked about, I think that there  
14 was a rush to get this assessment done, and I -- I  
15 find it hard to believe that the assessor couldn't  
16 find comparable projects. There's so many projects in  
17 the world that this seems, to me, a result of rushing  
18 it through, this inability to -- to find a comparison  
19 study that could actually be leveraged as a baseline  
20 or for a point of comparison.

21           So I want to talk now about valuation  
22 discrepancies. So super brief, two quotes from the  
23 final special benefits study, and this is about the  
24 proportionality that I alluded to earlier. So  
25 proportionality is an important element in any special

1 benefit study, and then properties with similar  
2 highest and best use, similar location and physical  
3 characteristics, should experience a roughly similar  
4 special benefit on an overall property basis.

5 So I think that makes a lot of sense, but  
6 then when I look at the investment -- or sorry -- the  
7 final assessment roll, the valuation discrepancies  
8 within my condo building are -- it's inconsistent. So  
9 I tried to -- I tried briefly to reverse engineer that  
10 methodology for valuation. There wasn't a formula or  
11 algorithm provided, so I tried to kind of back into  
12 it.

13 But when I looked at similar properties  
14 within the condo building, I found cases where higher  
15 properties are valued lower in some cases, properties  
16 closer to the waterfront are valued lower in some  
17 cases, whereas you'd expect it to be either the same,  
18 you know, as per the -- the quote before, it's -- it's  
19 comparable, or perhaps if it's closer to the  
20 waterfront, perhaps it's worth a little more, has a,  
21 you know, perceived higher benefit, et cetera, and yet  
22 I found the opposite to be true in some of the  
23 valuations, so inconsistent.

24 So misleading payment communication. This  
25 jumped out to me that -- it looks to me like there's

1 some false information being supplied based on a claim  
2 of a discount. So there's a -- a URL, it's  
3 WaterfrontSeattle.org, so specifically  
4 <https://WaterfrontSeattle.org/local-improvement->  
5 [district,](https://WaterfrontSeattle.org/local-improvement-) and so it's kind of a portal to the  
6 information about waterfront. It's part of the  
7 Seattle Office of the Waterfront specific projects, so  
8 I would consider that to be an official communication.

9 It says: As stated in the LID formation  
10 ordinance, property owners who choose to pay their  
11 assessment in full during the 30-day pre-payment  
12 period will receive a discount on the total amount of  
13 their assessment for their portion of the cost of  
14 financing that is included in their final LID  
15 assessment.

16 So I went to the dictionary to make sure I  
17 knew what a discount was, and Merriam-Webster says a  
18 discount is a reduction made from the gross amount or  
19 value of something. And gross in this context, as  
20 defined by Merriam-Webster, is consisting of an  
21 overall total, exclusive of dis- -- sorry -- exclusive  
22 of deductions. So, therefore, a discount is a  
23 reduction made from the overall total.

24 So the ordinance doesn't have a discount.  
25 I went back to the ordinance, you know, No. 125760,

1 and it has a couple statements that relate to this:

2 Whereas, it is the intention in this Council that  
3 after confirmation of a final assessment roll, and the  
4 expiration of the 30-day period for pre-payment of  
5 such assessments, without interest or penalty, the  
6 City will finance the unpaid portion of the assessment  
7 roll by the issuance of Local Improvement District  
8 bonds, LID bonds, which will provide for a deposit of  
9 bond proceeds into the City's Local Improvement  
10 Guarantee Fund in an amount to be set pursuant to the  
11 ordinance authorizing issuance of the LID bonds, but  
12 not to exceed a maximum of ten percent of the amount  
13 of the LIDs -- LID bond issued.

14 Those proceeds, when released from the  
15 fund in accordance with state law, will be earmarked  
16 to pay for major maintenance of the LID improvements,  
17 or their identified needs related to the improvement.

18 This Council further intends that persons  
19 who pay their assessments in full during the 30-day  
20 pre-payment period will not be responsible for these  
21 financing costs, i.e., the costs of issuing the LID  
22 bonds and making a Guarantee Fund deposit.

23 Section 8 in that same ordinance, the  
24 125760, it says: Mode of payment. In accordance with  
25 the provision of SMC 20.04.050, the mode of payment

1 for the Waterfront LID is payment by bonds.  
2 Assessments not paid within the 30-day pre-payment --  
3 pre-payment period provided by law shall be payable in  
4 installments of principal and interest with terms to  
5 be fixed by future ordinance.

6 There is also some language that -- I  
7 don't want read all of this because it's super long,  
8 so it's from Section 12 in that same ordinance, and  
9 the language is around authorization of LID bonds and  
10 interim financing. So just -- I read it. I'm not  
11 gonna read it here. That's -- that's pretty insane.

12 But without quoting it, my reading on that  
13 is, there's no discount. It's an explanation of how  
14 someone can pay over time, so if they're unable to  
15 provide the funds in the initial 30-day period  
16 payment, which is, you know, certainly going to happen  
17 for some folks, then they do have ways that they're  
18 able to pay over time. It's not a discount, though.  
19 You're just not having to pay the interest on all  
20 these bonds to be able to finance it.

21 So the statement that I'd read earlier,  
22 just key parts from there, this is from the website:  
23 And property owners who chose to pay their assessment  
24 in full... will receive a discount. I think it would  
25 be more accurate to say, as stated in the LID

1 formation ordinance, property owners who chose to pay  
2 their assessment in full during the 30-day prepayment  
3 period will pay exactly the total amount of their  
4 assessment, as opposed to owners who opt to extend the  
5 payment period and will, therefore, have to pay a  
6 portion of the costs of financing.

7 So basically, property owners have been  
8 issued an assessed amount. It's a total assessment  
9 that's noted on the LID roll and the statement that  
10 each of us got as property owners. If they pay within  
11 the 30-day period, they don't get a discount. So if I  
12 pay within 30 days, I need to pay what's on that piece  
13 of paper that I received. I'm -- I'm not getting ten  
14 percent off or anything like that.

15 So the reason that this matters, besides  
16 just, you know, to me, it's -- it's misleading and  
17 inaccurate, and that's -- that's bad, but it also kind  
18 of feels a little bit devious to me that owners are  
19 somehow feeling like they're getting a deal by paying  
20 the amount that they've actually been assessed at. I  
21 mean, that's -- that's just what they gotta do. Or  
22 perhaps to make owners feel that's it's normal to pay  
23 the interest, and that's -- you know, it's America,  
24 and people pay interest a lot. So it -- it feels a  
25 little bit wrong to me. But it also, from going back

1 to the ordinance, to my mind, it's misstated. It's --  
2 it's not a discount.

3 Okay. I will move now to objections to  
4 assessment of our parcel. That's parcel number  
5 2382002330.

6 So the assessment valuation -- the first  
7 thing we looked at was the King County property  
8 appraised value, because that's an easy thing to look  
9 at and we're all familiar with it, and it's online,  
10 right, and we -- we pay that. So inexplicably, the  
11 market value without LID that we received on our  
12 statement and that is on the final assessment roll is  
13 \$725 higher than the King County appraised value, so  
14 that's a super weird amount, because it's not even a  
15 rounding error. It's 725, so it doesn't make sense  
16 that that's a rounding error. It's -- it's just  
17 different.

18 And so I, frankly, would feel more  
19 comfortable in the assessment valuation, that there  
20 was some kind of logic to, if it matched, but it  
21 doesn't match. It's a super small amount higher. And  
22 so that lowers my confidence in the assessment and  
23 valuation process, which, frankly, I don't understand.

24 So I mentioned earlier the -- that there  
25 was mention of spreadsheets for individual parcels,

1 and given the scope and the -- the number of parcels  
2 that are contained within this full assessment, it  
3 would be super helpful to see that methodology and  
4 analysis behind our specific parcel. And it's  
5 possible that we'll get more information on that, or  
6 have the opportunity in April to -- to speak with  
7 someone about that, which would be awesome.

8 It does seem that the burden on  
9 understanding this, what is truly a complex process,  
10 is being placed on us as the property owners. So I do  
11 think we need to be given some more information behind  
12 how those numbers were reached so that we can, you  
13 know, kind of know the method to the madness. As it  
14 is, we're left to our own devices in figuring out if  
15 this makes sense or not. And, again, for me, with  
16 that value of 725 different, I -- I just can't imagine  
17 how you got to that, or how the assessors got to that.

18 There is a quote also in the final benefit  
19 study that states: Market value conclusions for  
20 individual parcels without the LID project, as  
21 summarized in the preceding spreadsheets, reflect the  
22 market's perception of property values in the subject  
23 area as of October 1st, 2019, date of valuation.

24 So I mentioned earlier that we were in  
25 Area C, and that's -- that's a huge area. There -- to



1 me, there is insufficient description provided of the  
2 market's perception in that subject area with a degree  
3 of precision that would align to our particular parcel  
4 number. So, in other words, lumping our parcel in  
5 with that broader region just does not make sense to  
6 me.

7 Again, my parcel somehow was valued some  
8 \$725 higher than King County said it was. You know,  
9 I'm not sure how that was come up with, and, again, I  
10 don't think that you can take an -- Area C, if you  
11 look at the map, is huge, and say that everything  
12 there is going to benefit in the same way or to the  
13 same degree, or that the market perception in that  
14 area is consistent across that.

15 So then I -- I read something that seemed  
16 a little bit contradictory to me, and almost implied  
17 that valuation actually doesn't have the precision by  
18 parcel that -- that was claimed by the individual  
19 spreadsheets.

20 So due to the extremely large number of  
21 parcels and unique complex nature of many ownerships,  
22 it is not the scope nor the intent of this report to  
23 address or discuss the individual valuation  
24 conclusions for each parcel. The conclusions reached  
25 are shown in the spreadsheets at the beginning of this

1 report, and briefly summarized by property classes  
2 within the subsequent valuation section.

3 So, again, that's a huge grouping, and  
4 our -- our parcel is not indicative of an average  
5 parcel in that -- that region or zoning.

6 The individual analysis sheets that I  
7 mentioned, so this is a direct quote from the final  
8 benefit study: Individual analysis sheets were  
9 prepared on each affected parcel in order to form the  
10 summarized conclusions, taking into consideration all  
11 factors that affect property value and utilizing the  
12 best information available.

13 So is it per parcel or isn't it? Because  
14 previously what was stated was that it looked at the  
15 region, and then kind of top-down approach, so you  
16 look across and everybody's kind of the same. And  
17 then now it was stated, though, that the analysis  
18 sheets were prepared on each affected parcel, and that  
19 formed the summarized conclusions.

20 So I'm -- I'm seeing two things in this  
21 study that say two very different things, and I am  
22 unable to tell or conclude, is it -- is it per parcel  
23 or isn't it? So without the visibility to those  
24 individual analysis sheets, we -- we don't have  
25 visibility into the methodology for a particular

1 parcel, so I'm -- I'm just kind of unclear why there's  
2 a claim of analysis on each parcel when the study  
3 repeatedly refers to more generic methods and  
4 groupings, so I can't tell which it is.

5 Now, I mentioned earlier that this is a  
6 general benefit, not a special benefit. And the six  
7 main elements in the waterfront improvements are the  
8 promenade, the overlook walk, the Pioneer Square  
9 street improvements, the Union Street pedestrian  
10 connection, Pike-Pine streetscape improvements, and  
11 Pier 58.

12 So these six main elements don't provide a  
13 special benefit for our property. The proximity of  
14 the main elements, five of the six, so exception of  
15 Pike -- Pike-Pine streetscape improvements that --  
16 they're far enough that they don't provide a special  
17 benefit for our property, and then the sixth one, the  
18 Pike Pain -- Pike-Pine streetscape improvements, they  
19 are not a special benefit to us either. So they're  
20 closer, so I -- I get that, but I -- they would not  
21 improve our property value.

22 There was a prior ruling on including a  
23 property that will not receive special benefits, as my  
24 property is not. It is unlawful to include any  
25 property that will not receive special benefits, and

1 it is an unconstitutional taking of private property.

2 So that's Heavens v. King County Rule -- Rural Library  
3 District, 66 Wn.2d 558, et cetera.

4 So in conclusion, to summarize, we  
5 disagree with and object to the Waterfront LID funding  
6 tactics, the last-minute decision by Seattle City  
7 Council, the dangerous precedent that is being set,  
8 and the appalling disregard for public input and  
9 opinion.

10 We disagree with the boundaries that were  
11 drawn for the LID area. It's well beyond the  
12 immediate waterfront that the improvements will be  
13 used by an even broader group.

14 We object to the assessment and valuation  
15 of our property, with and without the LID, and are  
16 disappointed with the lack of information on the  
17 methodology and analysis.

18 I have just a few statements from folks  
19 who were unable to attend the hearing, but were  
20 anxious to make sure their voices were heard, and I'm  
21 going to go through this quickly.

22 HEARING EXAMINER VANCIL: So this isn't  
23 concerning your case?

24 MS. HOLLACK: That's correct, yeah.  
25 I'll -- I'll provide the case numbers.

1 HEARING EXAMINER VANCIL: If we could  
2 provide the case numbers, there's no need to read them  
3 into it. Let's -- let's identify them by case number  
4 and then they can be put into the case file --

5 MS. HOLLACK: Okay. Great.

6 HEARING EXAMINER VANCIL: -- for that.

7 MS. HOLLACK: I have a -- I have a few of  
8 them who reported that they did not receive a case  
9 number, so I did want to bring that up.

10 HEARING EXAMINER VANCIL: There may be  
11 people who -- there are a number of people who -- or I  
12 should say a small group compared to 400 of you, many  
13 of you have understood the process quite well.  
14 There's some that simply haven't understood it, and  
15 there were some that were either there on the 4th,  
16 others that weren't, and so I understand that some  
17 people don't -- haven't quite worked through the  
18 process.

19 MS. HOLLACK: Is -- is there a way I can  
20 help them with that? Because some of these folks, I  
21 think would -- would know what's up. You know, when I  
22 emailed it in, I got a case number on the subject, and  
23 it almost looks as if some -- something broke for two  
24 days, and maybe the case numbers didn't come out.

25 HEARING EXAMINER VANCIL: Okay.

1 MS. HOLLACK: I'm -- I'm guessing there,  
2 but I --

3 HEARING EXAMINER VANCIL: All right.

4 MS. HOLLACK: I can let you know --

5 (Cross-talking.)

6 HEARING EXAMINER VANCIL: All objections  
7 are accounted for at this time, and I don't have any  
8 other way of organizing except case numbers. So  
9 those -- those numbers are out there.

10 MS. HOLLACK: Okay.

11 HEARING EXAMINER VANCIL: If you can  
12 identify it by whatever best means you can, by case  
13 number or parcel number, if you don't have a case  
14 number --

15 MS. HOLLACK: Okay.

16 HEARING EXAMINER VANCIL: -- then we'll --  
17 we'll assure that the statement that you are -- will  
18 introduce it as an exhibit into each of those case  
19 number files.

20 MS. HOLLACK: Okay. Great.

21 I would then, if you don't mind, because I  
22 have case numbers for all but three, I'd like to, for  
23 the ones that I don't have the case number, get those  
24 on the record.

25 HEARING EXAMINER VANCIL: Yeah. Well,

1 what you do is you just -- what I was saying is  
2 you'll --

3 MS. HOLLACK: Well, I heard what you're  
4 saying.

5 (Cross-talking.)

6 HEARING EXAMINER VANCIL: -- case number  
7 and --

8 MS. HOLLACK: I'm just worried about it.

9 HEARING EXAMINER VANCIL: I understand,  
10 but you're not here to represent them, so you can't  
11 simply just show up and start representing them.

12 MS. HOLLACK: Okay. They --

13 HEARING EXAMINER VANCIL: But we will --  
14 but I will take it into the record of what you're  
15 bringing today, and you do have a parcel number for  
16 them --

17 MS. HOLLACK: I believe that I do.

18 HEARING EXAMINER VANCIL: -- I assume.

19 MS. HOLLACK: I do for some of them. I  
20 haven't checked if I had them for --

21 HEARING EXAMINER VANCIL: If you don't  
22 have any way of identifying them, you could read it  
23 for hours --

24 MS. HOLLACK: I'll find their parcel.

25 HEARING EXAMINER VANCIL: -- and I would

1 have no idea who we're talking about.

2 MS. HOLLACK: I'll find their parcel.

3 HEARING EXAMINER VANCIL: So you do need  
4 to figure it out.

5 MS. HOLLACK: I'll take care of that.

6 HEARING EXAMINER VANCIL: All right.

7 Let's start with the first one.

8 MS. HOLLACK: Okay.

9 So, again, though, if I've got the case  
10 number, I can skip that?

11 HEARING EXAMINER VANCIL: No. What I want  
12 you to -- let's start with the case number ones.

13 MS. HOLLACK: Okay.

14 HEARING EXAMINER VANCIL: Those are the  
15 easy ones. I want you to tell me the case number --

16 MS. HOLLACK: Easy first.

17 HEARING EXAMINER VANCIL: -- we're going  
18 to mark it as an exhibit, and then the document you're  
19 handing in will go into that case number file.

20 MS. HOLLACK: Wonderful. Okay. Thank  
21 you.

22 So the first one, the case number is  
23 CWF-0053.

24 HEARING EXAMINER VANCIL: And to make it  
25 even easier on you, you can skip the whole CWF, you



1 can skip the zeroes, and we just need the number.

2 MS. HOLLACK: All right. 53. So this is

3 our --

4 HEARING EXAMINER VANCIL: 53. We're

5 marking this as Exhibit 1 to Case No. 53.

6 MS. HOLLACK: Okay. Wonderful.

7 HEARING EXAMINER VANCIL: And you can hand

8 that to Mr. Edlund-Cho.

9 MS. HOLLACK: Okay. Great. Great.

10 HEARING EXAMINER VANCIL: And that's --

11 MS. HOLLACK: It's for Joyce Rogers.

12 HEARING EXAMINER VANCIL: -- marked as an

13 exhibit, and that will go in that case file.

14 MS. HOLLACK: Wonderful. Wonderful.

15 (Exhibit No. 1 was marked.)

16 HEARING EXAMINER VANCIL: You have another

17 one?

18 MS. HOLLACK: And -- oh, she had a verbal

19 thing that she wanted me to say as well, that she is

20 displeased about this taking money from her heirs, so

21 she did not have that in her original letter, and --

22 and wanted to add that, if that's possible.

23 HEARING EXAMINER VANCIL: We'll try --

24 MS. HOLLACK: I understand that --

25 HEARING EXAMINER VANCIL: -- and keep

1 track of that.

2 MS. HOLLACK: And let's see.

3 So case numbers. All right. This one is  
4 Case No. 397.

5 HEARING EXAMINER VANCIL: That will be  
6 marked as Exhibit 1 for 397.

7 (Exhibit No. 1 was marked.)

8 MS. HOLLACK: Wonderful.

9 HEARING EXAMINER VANCIL: And just for the  
10 record, if any of these individuals have for some  
11 reason appeared and already have exhibits being  
12 stacked into their case files, it doesn't sound like  
13 they are, but if by chance they have, and, for  
14 example, they've already appeared and we have exhibits  
15 introduced for them, if the number I assign today is  
16 inaccurate, it will simply follow in sequence from  
17 where they've introduced.

18 MS. HOLLACK: Understood. Thank you. All  
19 right. So that's from John and LaGayle Sosnowy.  
20 And --

21 HEARING EXAMINER VANCIL: That's Exhibit 1  
22 for that case number.

23 MS. HOLLACK: And the next case number is  
24 127. That's 127. So this is Melody Wisdorf. She  
25 also found flaws with the property parcel valuation.

1 (Exhibit No. 1 was marked.)

2 MS. HOLLACK: And this case number is 81,  
3 81. This is Jerry Meyer.

4 HEARING OFFICER VANCIL: Exhibit 1 for  
5 Case 81.

6 (Exhibit No. 1 was marked.)

7 MS. HOLLACK: He also views the waterfront  
8 improvements as a general benefit.

9 And so now I have three that I do not have  
10 a case number for. I do have --

11 HEARING EXAMINER VANCIL: Do you have  
12 parcel numbers for them?

13 MS. HOLLACK: I do for this first one.  
14 I'll --

15 HEARING EXAMINER VANCIL: Okay. Let's  
16 start with that one.

17 (Cross-talking.)

18 MS. HOLLACK: I'll look at each as I --

19 HEARING EXAMINER VANCIL: All right.

20 MS. HOLLACK: -- as I hit them.

21 HEARING EXAMINER VANCIL: Okay. Start  
22 with that one.

23 MS. HOLLACK: So Tim's parcel number is  
24 2382001270.

25 HEARING EXAMINER VANCIL: Okay.

1 AUDIENCE MEMBER: Carrie, when did he  
2 submit it?

3 MS. HOLLACK: When -- oh, he submitted it  
4 via email on January 29th, and -- yeah, he said  
5 that --

6 HEARING EXAMINER VANCIL: The parcel  
7 number will be the -- the direct route to getting that  
8 in the file.

9 MS. HOLLACK: Wonderful. Good.

10 HEARING EXAMINER VANCIL: So we'll be able  
11 to look --

12 MS. HOLLACK: Yeah. Just want to ensure  
13 he gets that. And so I do want to read that. Since  
14 he doesn't have a case number, I feel nervous about  
15 this. Am I permitted to do that?

16 HEARING EXAMINER VANCIL: No.

17 MS. HOLLACK: Okay.

18 HEARING EXAMINER VANCIL: You're not here  
19 to represent other parties.

20 MS. HOLLACK: Okay.

21 HEARING EXAMINER VANCIL: And I simply  
22 can't just allow you to show up on behalf of other  
23 parties.

24 MS. HOLLACK: Nope. I -- I understand.

25 They did, by the way, give me permission

1 to do this, just so you know. But I'm not --

2 HEARING EXAMINER VANCIL: Understood. All  
3 right.

4 MS. HOLLACK: I'm not saying that changes  
5 the rules.

6 HEARING EXAMINER VANCIL: Yeah.

7 MS. HOLLACK: All right. Let's see.

8 Victoria Loyko, so this parcel number is  
9 238 --

10 HEARING EXAMINER VANCIL: Let's let this  
11 one get marked.

12 MS. HOLLACK: Sorry.

13 HEARING EXAMINER VANCIL: This will be  
14 Exhibit No., and we're going to identify the case  
15 number later.

16 (Exhibit No. 1 was marked.)

17 MS. HOLLACK: Great.

18 HEARING EXAMINER VANCIL: Okay.

19 MS. HOLLACK: Looks like I do have the  
20 parcel numbers. So this is parcel ID 2382002720, and  
21 this is Victoria Loyko.

22 HEARING EXAMINER VANCIL: That will be  
23 marked as Exhibit 1 for that case number.

24 (Exhibit No. 1 was marked.)

25 MS. HOLLACK: She has recently bought and

1 sold property within the LID, so I thought she had a  
2 good perspective.

3 And only one left here. No case number,  
4 but I do have the parcel number for this as well. So  
5 this is 2382002070, and this is Monica Adams.

6 HEARING EXAMINER VANCIL: All right.

7 MS. HOLLACK: Wonderful.

8 HEARING EXAMINER VANCIL: These will be  
9 associated with their case numbers.

10 (Exhibit No. 1 was marked.)

11 HEARING EXAMINER VANCIL: And I can assure  
12 you that I do read -- I have read all of the  
13 objections, so I've got to go back and read them more  
14 thoroughly, but having a statement as part of your  
15 objection is actually more effective than simply  
16 reading it into the record today. The chances of me  
17 going --

18 MS. HOLLACK: That's great.

19 HEARING EXAMINER VANCIL: -- back and  
20 listening to every moment of this hearing are slim to  
21 none.

22 MS. HOLLACK: Gotcha. Yeah.

23 HEARING EXAMINER VANCIL: And so from --

24 MS. HOLLACK: Okay.

25 HEARING EXAMINER VANCIL: -- if you -- if

1 an objector wants to get their message through, unless  
2 it's specific legal argument or witness testimony  
3 that's unique to their case, these types of statements  
4 are better in writing anyway.

5 MS. HOLLACK: Oh, that's good to know.  
6 Thank you.

7 HEARING EXAMINER VANCIL: Is there  
8 anything further for your case that you intend to  
9 introduce?

10 MS. HOLLACK: I do just want to introduce  
11 my own statement in. Oh, sorry.

12 HEARING EXAMINER VANCIL: Okay.

13 MS. HOLLACK: So that's for my case.

14 HEARING EXAMINER VANCIL: This will be  
15 marked as Exhibit 1 for Case 89. All of these  
16 exhibits are admitted.

17 (Exhibit No. 1 was marked.)

18 MS. HOLLACK: And I -- I went through  
19 today some -- some statements. I thought it would be  
20 ridiculous to print them out, but perhaps I'm wrong.  
21 I -- I was going to email it in, because I do want to  
22 get it into the record. But would a more appropriate  
23 way be for me to print that and mail it in?

24 HEARING EXAMINER VANCIL: Can you clarify  
25 what you mean by statements? Does this --

1 MS. HOLLACK: Oh, sorry. The -- the  
2 things that I went through today.

3 HEARING EXAMINER VANCIL: Is that not in  
4 your statement that you just introduced?

5 MS. HOLLACK: No.

6 HEARING EXAMINER VANCIL: So the  
7 statement -- you may have been reading from notes  
8 today, and you're asking to keep the record open to  
9 submit those notes into the record for your --

10 MS. HOLLACK: Well said.

11 HEARING EXAMINER VANCIL: -- case?

12 MS. HOLLACK: That is what I'm asking,  
13 yeah.

14 HEARING EXAMINER VANCIL: All right. Then  
15 the record will remain open for Case 89 to have the  
16 hearing notes introduced by the objector.

17 MS. HOLLACK: That's great. Thank you.

18 HEARING EXAMINER VANCIL: Anything further  
19 for your presentation?

20 MS. HOLLACK: No.

21 HEARING EXAMINER VANCIL: All right.

22 MS. HOLLACK: That concludes it. Thank  
23 you.

24 HEARING EXAMINER VANCIL: Any from the  
25 City?



1 All right. Thank you very much.

2 We will adjourn, and we will reconvene at  
3 2:00 p.m. today for the next case. Thank you.

4 MS. HOLLACK: Thank you for your time.

5 (A break was taken from  
6 9:48 a.m. to 2:00 p.m.)

7 HEARING EXAMINER VANCIL: Good afternoon.

8 MS. MCGEHEE: Good afternoon.

9 HEARING EXAMINER VANCIL: We are here to  
10 continue this February 12th, 2020, Seattle Waterfront  
11 LID Assessment hearing.

12 The next objection that we're hearing is  
13 Case No. CWF-00094.

14 MS. MCGEHEE: Can you be mic'd?

15 HEARING EXAMINER VANCIL: I'm sorry?

16 MS. MCGEHEE: Can you turn your mic on  
17 because I can barely hear you.

18 HEARING EXAMINER VANCIL: My mic is on.  
19 It's purely for recording purposes. So if you need --  
20 if you need some assistance with hearing, we have  
21 hearing assistance programs.

22 MS. MCGEHEE: No, I'm good as long as I  
23 know what the situation is. Okay.

24 HEARING EXAMINER VANCIL: Could you  
25 please, as appellants, state your name and spell it

1 for the record.

2 MS. HOLLACK: Certainly. Would you give  
3 me that case number again that you're referencing, or  
4 was that simply the tax ID parcel number?

5 HEARING EXAMINER VANCIL: What's your case  
6 number?

7 MR. MCGEHEE: My tax ID parcel number --

8 HEARING EXAMINER VANCIL: No, your case  
9 number.

10 MS. MCGEHEE: It doesn't say it.

11 MS. HOLLACK: Hold on. I might have that.  
12 Stand by.

13 I don't have a case number. I have a King  
14 County parcel identification number, also known as a  
15 PIN, and I have our address.

16 HEARING EXAMINER VANCIL: As I understand  
17 it, your case number has been assigned as CWF-000094  
18 or 94.

19 MS. HOLLACK: 00094. And what were the  
20 alpha characters prior to that?

21 HEARING EXAMINER VANCIL: CWF.

22 MS. HOLLACK: Charlie Whiskey Foxtrot?

23 HEARING EXAMINER VANCIL: Yes.

24 MS. HOLLACK: Thank you.

25 HEARING EXAMINER VANCIL: Please state

1 your name and spell it for the record.

2 MS. HOLLACK: My name is Stuart McGehee  
3 spelled S-T-U-A-R-T, and then McGehee is  
4 M-C-G-E-H-E-E.

5 HEARING EXAMINER VANCIL: And are you the  
6 only one who will be testifying today?

7 MS. HOLLACK: No, sir.

8 HEARING EXAMINER VANCIL: Please state  
9 your name for the record and spell it.

10 MS. MCGEHEE: I'm Dione McGehee,  
11 D-I-O-N-E, McGehee, M-C-G-E-H-E-E.

12 (Stuart and Dione McGehee sworn.)

13 HEARING EXAMINER VANCIL: Thank you.  
14 Please proceed with your presentation.

15 MS. HOLLACK: Thank you, Mr. Hearing  
16 Examiner. I appreciate the opportunity to present our  
17 objection to the Waterfront LID No. 6751.

18 Once again, you have us indexed with a  
19 case number. We also would like to state for the  
20 record our tax parcel ID is 2538830950.

21 And Mr. Hearing Examiner, for today's  
22 session, I would like to address the macro of the LID  
23 assessment, and then the micro as it applies  
24 specifically to our condo, which is Unit 2504 in the  
25 1521 -- that's 1521 Second Avenue condo building.

1           So without any objection, I'd like to  
2 proceed. All right.

3           First of all, do you have a copy of our  
4 objection that we filed?

5           HEARING EXAMINER VANCIL: Yes, I do.

6           MS. HOLLACK: Okay.

7           So I won't distribute those. All right.

8           I'd like to just hit some of the  
9 highlights of this. Reading from the objection that  
10 we sent prior to the deadline, so [as read]:  
11 Stuart C. McGehee and Dione McGehee have owned this  
12 property since August of 2018. Previously, Stuart  
13 McGehee and Dione McGehee were renters in the 1521  
14 Second Avenue condo building.

15           Dione McGehee, my wife to my left, is a  
16 career commercial real estate professional, having  
17 been involved in commercial real estate for three  
18 decades.

19           I, Stuart McGehee, am a veteran financial  
20 industry -- financial services industry participant.  
21 I am the founder and a principal and one of the owners  
22 of Pacific Northwest Asset Management LLC, located at  
23 2211 Elliott Avenue, Suite 200, Seattle 98121. So I  
24 am not only a business owner downtown, but I am also a  
25 resident downtown.

1           So in preparation of this objection and  
2     appeal, we discovered that the final special benefit  
3     study and addenda volume, I guess, that was done by  
4     Valbridge had not been available to property owners  
5     until January 4th, 2020, although the 237-page final  
6     study is dated November 18th, 2019, and the 214-page  
7     addenda volume dated -- is dated November 12th, 2019.

8     So it seems to me that is a fairly short amount of  
9     time to provide a layperson like me and my wife to  
10    have the opportunity to plow through all that  
11    information and study it.

12           So anyway, I wanted to state that for the  
13    record. I don't think you're going to give us a  
14    continuance. You already continued it from the 4th  
15    until the 12th. But it's still, in our view, a very  
16    short amount of time to assess and analyze all -- all  
17    of that data.

18           The second part of our objection is that  
19    there are -- as you're probably aware, there are no  
20    plans and specifications on file with the clerk's  
21    office for the LID improvements, and it's unlawful to  
22    move to final assessment without such plans and  
23    specifications. And I cite Ordinance 125760,  
24    Section 3. It's a local road -- excuse me. Local and  
25    Road Improvement Districts Manual for Washington

1 State, Sixth Edition, pages 3, 19, 31, 40 and 44,  
2 published in 2009.

3 So, once again, without plans and  
4 specifications on files with the clerk's office for  
5 the LID improvement, it seems to me that it's unlawful  
6 to move forward with it, but here we sit.

7 Thirdly in our objection, there has been  
8 no State Environmental Policy Act review of the  
9 Waterfront LID formation ordinance, and there are  
10 incomplete State Environmental Policy Act reviews of  
11 the LID improvements themselves.

12 It is unlawful, as you probably know, to  
13 move forward with a final assessment until all State  
14 Environmental Policy Act reviews are complete for both  
15 the Waterfront LID and the Waterfront LID  
16 improvements. That comes straight out of the LID  
17 manual, page 3, 6, 7, 24 and 26, and SMC 25.05.800.Q,  
18 like Quebec.

19 So Mr. Hearing Examiner, number four on  
20 our objection is, without more design details and a  
21 date certain for completion -- completing  
22 construction, it is pure speculation what benefit,  
23 general or specific, if any, the LID improvements will  
24 create.

25 And I would like to, at this point, submit

1 Exhibit 1, which is a letter from Anthony Gibbons.  
2 This letter was written to John C. McCullough and  
3 Catherine Stanford. John McCullough is an attorney at  
4 law at McCullough Hill Leary, and Catherine Stanford  
5 is a -- she's with CA Stanford Public Affairs. Both  
6 are Seattle companies, and I have three copies of  
7 Exhibit 1 that I would like to present.

8 HEARING EXAMINER VANCIL: And for  
9 submitting exhibits, we just need one.

10 MS. HOLLACK: You just need one?

11 HEARING EXAMINER VANCIL: Yeah, we'll take  
12 one here --

13 MS. HOLLACK: Oh.

14 HEARING EXAMINER VANCIL: -- we'll mark  
15 that.

16 MS. HOLLACK: Okay.

17 HEARING EXAMINER VANCIL: If you brought  
18 other copies, one copy goes to the City.

19 MS. HOLLACK: Okay.

20 HEARING EXAMINER VANCIL: And one is  
21 simply for your own use.

22 MS. HOLLACK: And one is -- goes where?

23 HEARING EXAMINER VANCIL: For you.

24 MS. HOLLACK: Oh, I've got one. Okay.

25 Thank you.

1 MS. MCGEHEE: We got flooded.

2 HEARING EXAMINER VANCIL: All right.

3 That's marked as Exhibit 1.

4 (Exhibit No. 1 was marked.)

5 MS. HOLLACK: Okay.

6 And I'd like to take a moment to read from  
7 Exhibit 1. And this letter from Mr. Gibbons I think  
8 has an immense amount of credibility. Mr. Gibbons is  
9 with Gibbons & Riely, PLLC, which is a real estate  
10 appraisal, counseling and mediation firm located on  
11 Bainbridge Island.

12 Mr. Gibbons is an MAI, which is a member  
13 of the Appraisal Institute. Those are very rigorous  
14 credentials to obtain. He's also a CRA, which is  
15 counselors of real estate that --

16 HEARING EXAMINER VANCIL: And I don't know  
17 if you were there on the 4th, but I noted that I  
18 know -- Mr. Gibbons at the original hearing.

19 MS. HOLLACK: Okay.

20 HEARING EXAMINER VANCIL: I'm familiar  
21 with him and his work.

22 MS. HOLLACK: You are. Okay. Good. All  
23 right.

24 So are you familiar with this letter that  
25 he has written?



1 HEARING EXAMINER VANCIL: It's been -- a  
2 copy of it's been submitted with many objections.

3 MS. HOLLACK: It has? Okay. Got it.

4 HEARING EXAMINER VANCIL: Yes. If there  
5 are specific highlights that you want to tie into for  
6 your objection, this is a good time to do that.

7 MS. HOLLACK: Okay. Yes. I would,  
8 please.

9 And if you care to follow along, I am  
10 in -- on page 2 and Section 1, and Mr. Gibbons, in his  
11 profession, in the appraisal profession, follows  
12 certain protocol that -- that is standard for the  
13 industry. In other words, the appraisal profession  
14 has a certain amount of art to it, as you might  
15 expect, simply because there is no definitive process.  
16 It's not like accounting where there is a, you know,  
17 schedule of amortization for a certain asset that must  
18 be applied, and so the appraisal industry has certain  
19 protocols that they follow.

20 One of the -- one of  
21 the -- one of the things they use, obviously, are  
22 comparables when they're appraising a piece of real  
23 estate or looking at value for eminent domain or, in  
24 this case, a LID. And he has -- I think Mr. Gibbons  
25 has done a good job of enumerating those issues, and

1 I'd like to just touch on a few of them right now.

2         Number one, it says [as read]: LIDs are  
3 typically reserved for the funding of utility  
4 improvements and infrastructure within a specific  
5 neighborhood or market, and represent a means by which  
6 a group of property owners can receive and pay for  
7 improvements that might otherwise be avoided by a  
8 municipality; perhaps, the project in question is/has  
9 been deemed too specific, or not a priority to cover  
10 with general funding. The mechanism essentially  
11 allows property owners to pay for the LID with the  
12 obvious value lift associated with, say, the provision  
13 of sewer or road.

14         Under Revised Code of Washington  
15 34.44.010, the cost and expense of improvements made  
16 through a LID shall be assessed upon all the property  
17 within the boundaries of the LID in accordance with  
18 the special benefits conferred thereon.

19         The value lift associated with provisions  
20 of the infrastructure, say water or power or sewer, is  
21 typically easily measured, and specific benefits are  
22 not hard to prove and calculate.

23         He goes on to say in the next paragraph:  
24 The current proposal, to fund a regional park through  
25 this mechanism, represents a special challenge for an

1 appraiser, as the special benefit associated with an  
2 amenity, such as a publicly owned park, is not  
3 obviously beneficial in the same fashion as a utility  
4 extension representing more of an aesthetic and a  
5 widely dependent upon factors unrelated to mere  
6 presence of the project, such as operations, public  
7 use, et cetera.

8         So if -- in theory, let's suppose we were  
9 to -- or the City of Seattle were to decide to build a  
10 bridge from downtown to Bainbridge Island. That's an  
11 absurd thought, but if that were to be done, that  
12 would benefit the property owners on Bainbridge  
13 Island, unlike this park where our City officials, and  
14 where all the documentation that you will see later  
15 today, talks about this being a benefit for the entire  
16 city and the entire region.

17         So I don't think we would have City  
18 officials or the mayor going to the podium and saying,  
19 okay, a bridge to Bainbridge Island is going to  
20 benefit the region. And, to me, the region includes  
21 Issaquah, it includes Everett, it includes Seattle, it  
22 includes Renton, it includes the entire region.

23         And if you want to take it even further,  
24 since the metropolitan area runs all the way down  
25 basically to Olympia, there is the possibility that

1 when the mayor and the Friends of the Seattle  
2 Waterfront are talking about how it benefits the  
3 region, that this park will benefit the entire metro  
4 area, all those areas that I included down south to  
5 Olympia, up north to Everett, and -- and possibly  
6 beyond.

7 But I don't think a bridge to Bainbridge  
8 Island would be deemed the same benefit to somebody in  
9 Everett or to somebody in Issaquah. That would  
10 benefit the property owners of Bainbridge Island.

11 So that type of lift in value would be far  
12 easier to measure than a public park that is in the  
13 downtown district where the City is telling us that  
14 our property value will be lifted.

15 Then let's talk about the special benefit.  
16 This is in Section 2 on page 2 of Mr. Gibbons' letter.

17 [As read] A successful LID is based upon  
18 the correct identification of the special benefit  
19 created. Special benefits are those that add value to  
20 the remaining property as distinguished from those  
21 arising incidentally and enjoyed by the public  
22 generally.

23 So -- and what I just read you, that's  
24 from the Washington Pattern Jury Instructions,  
25 Chapter 150, on eminent domain.

1           So we have this issue of the special  
2 benefit versus the general benefit. Okay? So this  
3 lift in value is important to isolate the special  
4 benefit from the general benefit.

5           So on the next page, continuing in  
6 Section 2 and the first paragraph on page 3 of my  
7 Exhibit 1, the precise meaning of special benefit has  
8 been debated in the courts, particularly in eminent  
9 domain cases, with the same principles applying to  
10 LIDs. One of the clearest and often cited  
11 distinctions of special and general benefit is found  
12 in the following court decision. And I am reading  
13 from United States versus 2,477.79 Acres of Land, as  
14 quoted in Nicols.

15           So this quote is [as read]: The most  
16 satisfactory distinction between general and specific  
17 benefit is that general benefits are those which arise  
18 from fulfilment of the public object, and special  
19 benefits are those which arise from the pec- -- the  
20 peculiar relation of the land in question to the  
21 public improvements.

22           There are various common-sense  
23 applications of special benefits. They cannot be  
24 remote, speculative or imaginary. And in addition,  
25 the appraiser should consider when the benefit is

1 actually received.

2 MS. MCGEHEE: Say that again. When the  
3 benefit --

4 MS. HOLLACK: In addition --

5 MS. MCGEHEE: -- is actually received.

6 MS. HOLLACK: -- the appraiser should  
7 consider when the benefits will actually be received.

8 And, again, this is Mr. Gibbons, who is a  
9 career appraiser making these comments.

10 So sort of this -- the -- the bible of  
11 valuation in litigation was written by a gentleman by  
12 the name of Jim Eaton, who was also a member of the  
13 Appraisal Institute. And I remind you, Mr. Hearing  
14 Examiner, that those credentials are rigorous and  
15 difficult to obtain.

16 Mr. Eaton, in his -- in his book wrote the  
17 following [as read]: The fair market value of the  
18 remainder, as the date of the valuation, shall reflect  
19 the time when the damage or benefit caused by the  
20 proposed improvement or project will be actually  
21 realized.

22 So I would -- I would also just like to  
23 point out now that this notion of when the benefit is  
24 going to be realized has yet to be determined. Okay?  
25 We don't even know when the project is going to be

1 complete.

2 And I would like to point to a project  
3 that was just completed one year ago this month, and  
4 that's the State Route 99 tunnel. We all know the  
5 viaduct came down, Bertha dug the -- the tunnel, and  
6 it just opened February 4th, I believe, of 2019.

7 Well, that particular project, money was  
8 allocated to that project, to State Route 99 tunnel,  
9 in 2009. And the planners at that time said it would  
10 be completed in six years and open in 2015. Well, we  
11 know that didn't happen. Okay? It opened in February  
12 of 2019. And the cost overruns were not  
13 insignificant. They were in the hundreds of millions  
14 of dollars.

15 So because I'm still at the macro, I just  
16 want to point out that, in the appraisal profession,  
17 the actual timing of the benefit is essential to the  
18 appraisal. We don't know when the -- when the  
19 waterfront park is going to be completed. We have no  
20 idea. So --

21 MS. MCGEHEE: Or started.

22 MS. HOLLACK: All right.

23 Now, I'd like to move on in Mr. Gibbons'  
24 letter to Section 3 on page 2, and that's the  
25 Valbridge study.

1           So the Valbridge study presented on behalf  
2 of the City fails to meet key tests of credibility in  
3 the application of special benefit. Keep in mind that  
4 there's general and there's special benefit. And in a  
5 property lift, according to the appraisal profession,  
6 that is derived from the special benefit, not from the  
7 general benefit.

8           At issue are the following general  
9 categories of analysis: A, special benefit definition  
10 and distinction from general benefits. The  
11 appraisal -- and this is, again, referring to the  
12 Valbridge study -- the appraisal makes no attempt to  
13 assess general benefit, and does not offset the  
14 apparent measure of special benefit with general  
15 benefits.

16           The appraisal ignores the basic  
17 question -- and this is key -- total benefit minus  
18 general benefit equals special benefit. And I'd like  
19 to repeat that. Total benefit minus general benefit  
20 equals special benefit.

21           So our LID tax is based on the special  
22 benefit, and the Valbridge study seems to have omitted  
23 this key appraisal concept of taking the total minus  
24 the general to equal the specific benefit.

25           If the evidence -- and I'm reading again



1 from Mr. Gibbons' letter. If the evidence of benefit  
2 presented by the appraiser is to be believed, it is  
3 apparent that general benefits have been included in  
4 the special benefits study.

5 So beyond the lack of recognition of  
6 general benefit, it is noted that the very nature of a  
7 public improvement, a regional park, and the wide LID  
8 boundary described in the report suggests the entire  
9 project could be described as offering almost entirely  
10 general benefit.

11 Almost by definition, if 48.1 billion of  
12 real estate is impacted by the project, the benefits  
13 provided would seem very general and widespread in  
14 nature.

15 And to elaborate on Mr. Gibbons' notion,  
16 if -- if, you know, almost 50 billion in property is  
17 affected, then that is not narrow in scope. That is  
18 broad in scope. That is a general impact. And,  
19 again, the Valbridge study made no attempt to isolate  
20 the special benefit by taking the total, subtracting  
21 the general to yield the special benefit.

22 I'd like to move on to page 3 of  
23 Mr. Gibbons' letter. This is about the middle of the  
24 page, and it would be 3d, like delta, assessments are  
25 not supported by empirical data.

1 HEARING EXAMINER VANCIL: Sorry. You're  
2 on page 4?

3 MS. MCGEHEE: Three.

4 MS. HOLLACK: I'm on page 3.

5 HEARING EXAMINER VANCIL: You were just on  
6 page --

7 MS. HOLLACK: Sorry about that. Hold on.  
8 Let me count them. I'm sorry. I'm on page 4.

9 HEARING EXAMINER VANCIL: Thank you.

10 MS. HOLLACK: Thank you for the  
11 correction.

12 So once again, 3d on page 4. And I'm  
13 sorry. The pages are not numbered -- oh, yes, they  
14 are. Top left. My bad.

15 HEARING EXAMINER VANCIL: I'm with you.

16 MS. HOLLACK: I apologize about that.

17 [As read] The evidence presented for  
18 special benefit is almost entirely anecdotal. The  
19 appraisal does not provide discrete and empirical  
20 before and after analysis of purportedly similar  
21 public projects across a wide range of property takes.  
22 Anecdotal opinions of before and after, without  
23 apparent adjustments for general benefits, correction  
24 of blight issues and the passage of time, do not  
25 provide a convincing case for the assignment of a .5

1 to 4 percent value increase to a full spectrum of  
2 property across -- excuse me -- property types across  
3 a wide downtown area many blocks away from the  
4 improvement.

5 I'd like to now go to the conclusion  
6 listed on page 5 of Mr. Gibbons' letter, and it says:  
7 In conclusion, the special benefits study presents  
8 several major issues. These include, bullet point  
9 one: The before condition is not adequately  
10 described. Side-by-side illustrations of the before  
11 and after are not presented. This kind of descriptive  
12 detail would appear necessary for the purposes of  
13 evaluating an amenity or aesthetic difference to be  
14 specifically created through funding.

15 Bullet point two: Special benefits are  
16 merely assigned, not measured. We discussed that  
17 before. The study does not provide a measurement of  
18 after value with the project in place that is  
19 independent of a before value, and takes into  
20 consideration delay until receipt. Purportedly  
21 measured benefits are not allocated into general and  
22 special benefits. Labeling all benefits as special  
23 does not appear credible for a regional park.

24 And the last bullet point: Benefits  
25 associated with proximity should be evaluated in the

1 form of a lift in the land value. The methodology  
2 used, open paren, a broad percentage assessment  
3 applied to total property value, close paren, results  
4 in inequitable assignments between properties.

5 The last paragraph reads: The more  
6 general issue is the difficulty of trying to forecast  
7 a benefit that is special to a park that has regional  
8 appeal. The more common application of a LID is for  
9 the extension of infrastructure. And here, special  
10 benefits can be particularly and incrementally  
11 assessed to unserved property brought by a development  
12 condition through the provision of infrastructure.  
13 However, the application of a special benefit  
14 methodology to a downtown area for a park amenity  
15 presents -- represents a challenging and potential  
16 impossible assignment if it is to be free of  
17 speculation and imagination.

18 So thank you for allowing me to read that,  
19 Mr. Hearing Examiner, and I -- that concludes my  
20 review of Exhibit 1. All right?

21 I'd like to now return to our objection,  
22 and take a look at number 5, please, where it says:  
23 My property is not receiving any special benefit. It  
24 is unlawful to include any property that will not  
25 receive special benefits, and it is an

1 unconstitutional taking of private property. And I  
2 have, quote, Heavens versus King County Rural Library  
3 District, 66 Wn.2, delta, 58 -- I think that's pages  
4 558, 560, 444, page 2d, 453 [sic], and that case was  
5 in 1965.

6 HEARING EXAMINER VANCIL: And if you'd  
7 like, you can skip the citations.

8 MS. HOLLACK: Pardon me?

9 HEARING EXAMINER VANCIL: If you'd like,  
10 you can skip the citations. I have your objection, so  
11 it's --

12 MS. HOLLACK: Okay.

13 HEARING EXAMINER VANCIL: The best purpose  
14 of today is making your objection --

15 MS. HOLLACK: Yes, sir.

16 HEARING EXAMINER VANCIL: -- in addition  
17 to what's already here so that I can hear those  
18 arguments. And so you've -- for example, in your last  
19 issue, you brought in some Re-Solve, Anthony Gibbons  
20 evidence --

21 MS. HOLLACK: Okay.

22 HEARING EXAMINER VANCIL: -- so that was  
23 helpful.

24 MS. HOLLACK: Okay.

25 HEARING EXAMINER VANCIL: But you don't

1 necessarily need to read the whole thing, as it were.

2 But if you want to highlight where you are, that's

3 helpful to me to understand your argument.

4 MS. HOLLACK: Okay. Great. Thank you.

5 HEARING EXAMINER VANCIL: Just knowing

6 that you're not an attorney, you don't have to read

7 the citations. It just --

8 MS. HOLLACK: Thank you, Mr. Hearing

9 Examiner.

10 HEARING EXAMINER VANCIL: -- makes it a

11 little easier on you.

12 MS. HOLLACK: Yes. Okay.

13 Just basically hit on item six of our

14 approximate, the Valbridge study again, the estimated

15 lift applied to our property is less than four

16 percent, which is in the margin of error for any

17 appraisal, not just the Valbridge study, and thus, by

18 definition, speculation. I refer again to

19 Mr. Gibbons' letter.

20 Just staying where I was only just -- take

21 a second to read here. On number 8, our objection

22 talks about the LID is not local or intended to

23 provide special benefits. It is regional, national

24 and international, so we don't see that there is any

25 special benefit to us for that.

1 At this time, Mr. Hearing Examiner, I  
2 would like to submit Exhibit 3, and this is a YouTube  
3 video. The URL is at the top of the screen right  
4 here. So I'll provide one to you. Thank you. And  
5 City representative, I have one for you.

6 And so at about the --

7 HEARING EXAMINER VANCIL: And we're  
8 marking this as Exhibit 2.

9 MS. HOLLACK: Yes. I'm sorry. It's out  
10 of order.

11 HEARING EXAMINER VANCIL: This is your  
12 first one, and just for our records, you're welcome to  
13 use whatever numbers you like, but once they cross  
14 over here --

15 MS. HOLLACK: Right.

16 HEARING EXAMINER VANCIL: -- we'll put  
17 them in order.

18 MS. HOLLACK: Right. And I'm gonna --

19 (Cross-talking.)

20 MS. HOLLACK: Okay. I'll just --

21 HEARING EXAMINER VANCIL: Exhibit 2 for  
22 case 93 -- sorry -- 94.

23 (Exhibit No. 2 was marked.)

24 MS. HOLLACK: Thank you very much.

25 And the reason I am bringing this to your

1 attention, Mr. Hearing Examiner, is because at  
2 approximately the seven-and-a-half-minute mark, our  
3 mayor, Mayor Jenny Durkan, discusses how this park is  
4 for everyone. And I'd like to play just a brief clip.  
5 It's about a nine-second clip of that for the record,  
6 if I may.

7 HEARING EXAMINER VANCIL: I'm only  
8 pausing -- I need to think just for a moment.

9 MS. HOLLACK: This is in the public  
10 domain. This is not --

11 HEARING EXAMINER VANCIL: I understand  
12 that. I -- I just want to make sure your cell phone  
13 doesn't get -- be part of the record. So I'm just  
14 doing this for your sake.

15 MS. HOLLACK: Okay.

16 HEARING EXAMINER VANCIL: I think if you  
17 play it, that will be fine. It will catch the  
18 recording.

19 MS. HOLLACK: Okay.

20 HEARING EXAMINER VANCIL: Any objection  
21 from the City?

22 MS. THOMPSON: No, that's fine.

23 HEARING EXAMINER VANCIL: All right.  
24 Please proceed.

25 (Court reporter clarification.)



1 HEARING EXAMINER VANCIL: No. This is  
2 considered evidence, so you don't have -- it's not  
3 testimony from a present individual.

4 MS. HOLLACK: Okay.

5 And once again, the backdrop of why I'm  
6 playing this and why I researched this is because this  
7 is a city leader who is going to the podium and  
8 declaring that this park is not local, it is regional.  
9 Okay?

10 So here's Mayor Durkan's words.

11 (Video clip played.)

12 MS. HOLLACK: Okay. Thank you,  
13 Mr. Hearing Examiner.

14 And again, Ms. Durkan said, this is not  
15 just for the residents who live here, this is a  
16 waterfront for all, so the entire region.

17 Also, I'm not sure you're aware if -- but  
18 the -- the -- I want to make sure I get this right --  
19 the Friends of the Waterfront, I believe that's what  
20 they call it. Let me -- let me look. I think it's  
21 called the Friends of the Waterfront, which is a  
22 partner of the City of Seattle, they have what's akin  
23 to a retail store on Western Avenue and the  
24 cross-street, I think, is Union, although Union, I  
25 think, dead-ends into First, if you take the stairs

1 down to Western, there is a retail front there, that  
2 facility is open, I think, Wednesday through Sunday  
3 from noon to about 6, something like that.

4 And I went by there, and there are  
5 diagrams of the waterfront. Again, this is a -- a  
6 Friends of Seattle Waterfront organiz- -- .org retail  
7 facility, and I would like to read you one of the  
8 placards that is front and center right when anyone  
9 walks in the door to take a look.

10 It says: Who we are. Waterfront Seattle  
11 is a civic partnership between the City of Seattle and  
12 the entire community to create an inviting new public  
13 waterfront that is a place for everyone, a waterfront  
14 for all that the entire region can enjoy for  
15 generations. Okay? Not a peep about the downtown and  
16 how it's going to improve our property values. It  
17 talks about the entire region, and it's a waterfront  
18 for all.

19 So this goes back to Mr. Gibbons'  
20 supposition that there is the absence of special  
21 benefit for those of us in the LID, and particularly  
22 our unit, we don't anticipate having a lift. Indeed,  
23 we expect potentially the opposite to occur.

24 And I'd just like to point out, as I did  
25 in my objection, that the LID improvements are great,

1 but there is already a promenade down on the  
2 waterfront with viewpoints as well as connecting  
3 streets and bridges. Okay? So we already have that  
4 infrastructure in place. So adding, you know, several  
5 hundred million of a -- of a park, I'm not sure will  
6 add anything. As a matter of fact, I'm certain it  
7 won't add anything to our property value, as the City  
8 thinks it will.

9 MS. MCGEHEE: Or says it will.

10 MS. HOLLACK: Yep.

11 And then I'm -- I would like to read  
12 number 10.

13 The construction estimates are not based  
14 upon substantially complete construction documents,  
15 are out of date and uncertain. Final assessments will  
16 bind future City Councils and budgets to complete the  
17 LID improvements, regardless of the cost. It is  
18 unlawful to bind future City Councils and future  
19 budgets to spend hundreds of millions of dollars on  
20 projects still early in the design process.

21 Now, I would like to submit Exhibit 3,  
22 which is Washington Attorney General's opinion from  
23 2012, number 4, on May 15th, 2012, and here is an  
24 exhibit, which is Exhibit 3. Sorry. I wrote 2 on the  
25 top, but I got them out of order here.

1 HEARING EXAMINER VANCIL: Marked as  
2 Exhibit 3.

3 MS. THOMPSON: Excuse me, but I believe  
4 that this was submitted as part of the original  
5 objection materials.

6 HEARING EXAMINER VANCIL: It's part of the  
7 objection already.

8 MS. THOMPSON: Yeah.

9 HEARING EXAMINER VANCIL: All right.

10 (Cross-talking.)

11 MS. THOMPSON: In which case we don't need  
12 an --

13 HEARING EXAMINER VANCIL: Then we don't  
14 need to enter it as a new exhibit.

15 MS. THOMPSON: -- additional copy.

16 HEARING EXAMINER VANCIL: It's already --  
17 we've got a copy of it. I'll use it as a courtesy  
18 copy to follow along with you and --

19 MS. HOLLACK: Yes, sir. Okay. We had a  
20 copy of Gibbons' letter as well.

21 HEARING EXAMINER VANCIL: Your  
22 objection -- everything that you -- it looks like it's  
23 all here, including the Gibbons' letter.

24 MS. HOLLACK: Okay. Yes, sir. Okay.

25 HEARING EXAMINER VANCIL: So we don't need

1 to do copies of something you've already got.

2 MS. HOLLACK: Okay.

3 HEARING EXAMINER VANCIL: Some of it I can  
4 use because --

5 MS. HOLLACK: Yeah. Okay.

6 HEARING EXAMINER VANCIL: -- this is all  
7 stapled together.

8 MS. HOLLACK: Yep.

9 HEARING EXAMINER VANCIL: If you want to  
10 give me something to read from while you're  
11 presenting, that's fine.

12 MS. HOLLACK: Okay.

13 HEARING EXAMINER VANCIL: Yeah.

14 MS. HOLLACK: Well, I -- I read the sort  
15 of rules of engagement --

16 HEARING EXAMINER VANCIL: Understood.

17 MS. HOLLACK: -- for this, and it didn't  
18 say -- it said, if you're gonna bring -- if you're  
19 gonna bring exhibits, you need to bring four copies.  
20 So --

21 HEARING EXAMINER VANCIL: I appreciate you  
22 doing that.

23 MS. HOLLACK: Yes, sir.

24 HEARING EXAMINER VANCIL: Not everybody's  
25 has taken that effort, so --

1 MS. HOLLACK: Okay.

2 HEARING EXAMINER VANCIL: -- thank you.

3 MS. HOLLACK: Thank you, Mr. Hearing  
4 Examiner.

5 And -- give me one moment. I have one --  
6 okay. Well, just in the interest of time, the  
7 Attorney General's opinion speaks to this notion that  
8 it's unlawful to bind future City Councils to projects  
9 where they may elect to alter that budget, but from  
10 what I understand, the minute the City takes one  
11 dollar of LID money, they are obligated to complete  
12 that project. That would, therefore, bind future City  
13 Councils to appropriate the money to complete the LID  
14 project. And according to the Attorney General's  
15 opinion, that is unlawful.

16 MS. MCGEHEE: And I'm going to ask a  
17 question. I'm going to intercede here.

18 HEARING EXAMINER VANCIL: Actually, we  
19 can't have you interceding. I only allow one person  
20 speaking at a time.

21 MS. MCGEHEE: Okay.

22 HEARING EXAMINER VANCIL: And so right  
23 now --

24 MS. MCGEHEE: I'll come back to that.

25 HEARING EXAMINER VANCIL: -- we're hearing

1 from Mr. McGehee. You -- you'll -- I understand  
2 you'll be speaking later --

3 MS. MCGEHEE: I'll come back to that.

4 HEARING EXAMINER VANCIL: -- so we'll come  
5 back to that.

6 MS. HOLLACK: Okay.

7 HEARING EXAMINER VANCIL: All right.

8 MS. MCGEHEE: No problem.

9 MS. HOLLACK: Mr. Hearing Examiner, can I  
10 from time to time yield some time to her, or do you  
11 prefer to have it --

12 HEARING EXAMINER VANCIL: It's better if  
13 we just do it once. Otherwise, I'm --

14 MS. HOLLACK: Okay.

15 HEARING EXAMINER VANCIL: I'm trying to  
16 keep track of you, our --

17 MS. HOLLACK: Okay.

18 HEARING EXAMINER VANCIL: -- transcript is  
19 trying to keep track of the changing --

20 MS. HOLLACK: Yep.

21 HEARING EXAMINER VANCIL: -- back and  
22 forth.

23 MS. MCGEHEE: No problem.

24 HEARING EXAMINER VANCIL: Much of this  
25 goes to trying to create a clear record --

1 MS. HOLLACK: I understand. Okay.

2 HEARING EXAMINER VANCIL: -- for appeal.

3 So --

4 MS. HOLLACK: And if I were to call her as  
5 a witness, is that permissible if -- if she's party to  
6 the complaint?

7 HEARING EXAMINER VANCIL: I think we've  
8 already established she's going to be speaking and  
9 testifying as a property owner in her own right. I  
10 was allowing that, and you've both already been sworn  
11 in. So I'm just hearing from you now and then  
12 we'll --

13 MS. MCGEHEE: No problem.

14 HEARING EXAMINER VANCIL: -- hear from Ms.  
15 McGehee.

16 MS. HOLLACK: Okay.

17 MS. MCGEHEE: I'm comfortable with that.

18 MS. HOLLACK: I'd like to repeat my  
19 question, Mr. Hearing Examiner. May I call her as a  
20 witness, as a 30-year commercial real estate veteran?

21 HEARING EXAMINER VANCIL: I guess I'm not  
22 following why you need to do that if she's going to  
23 testify. I'm --

24 MS. MCGEHEE: I guess basically what I'm  
25 trying to do is intercept number 10. In other words,



1 include my comment on this situation on number 10, the  
2 construction estimates are not based upon  
3 substantially complete construction documents,  
4 blah-blah-blah. That means that --

5 HEARING EXAMINER VANCIL: So --

6 MS. MCGEHEE: -- conceivably --

7 HEARING EXAMINER VANCIL: -- what -- let's  
8 just keep -- try to keep some order to this.

9 MS. MCGEHEE: Okay.

10 HEARING EXAMINER VANCIL: If you need a  
11 pen and paper, I can give it --

12 MS. MCGEHEE: I don't need --

13 HEARING EXAMINER VANCIL: -- to you --

14 MS. MCGEHEE: -- a pen and paper.

15 Conceivably --

16 HEARING EXAMINER VANCIL: -- and you can  
17 take notes so that when it's your turn to testify, you  
18 can do that. Right now --

19 MS. MCGEHEE: All --

20 HEARING EXAMINER VANCIL: -- we've got a  
21 transcriptionist --

22 MS. MCGEHEE: Okay.

23 HEARING EXAMINER VANCIL: -- who's already  
24 raising her hands saying --

25 MS. MCGEHEE: Then I'll come back to

1 number --

2 HEARING EXAMINER VANCIL: -- we're not  
3 getting this.

4 MS. MCGEHEE: I got a pen and paper.

5 (Court reporter clarification.)

6 HEARING EXAMINER VANCIL: Yeah. We really  
7 need one at a time, me, then you --

8 MS. MCGEHEE: I got it.

9 HEARING EXAMINER VANCIL: -- then you.  
10 And -- and there's no prohibition on her speaking.  
11 It's simply a matter of order --

12 MS. MCGEHEE: I've got it.

13 MS. HOLLACK: Okay.

14 HEARING EXAMINER VANCIL: -- of when --

15 MS. MCGEHEE: Don't worry about it.

16 HEARING EXAMINER VANCIL: -- you can do  
17 that. So if you want to say something when your  
18 husband's speaking, just take a note of it, so that  
19 when --

20 MS. MCGEHEE: I've got it.

21 HEARING EXAMINER VANCIL: -- it's your  
22 turn, you'll get it.

23 MS. MCGEHEE: We're good.

24 HEARING EXAMINER VANCIL: All right.

25 MS. MCGEHEE: Thank you.

1 HEARING EXAMINER VANCIL: Please proceed.

2 MS. HOLLACK: Thank you, Mr. Hearing  
3 Examiner.

4 All right. Incorporated by reference, all  
5 objections made as part of the King County Superior  
6 Court Case No. 19-2-05733-5. That was submitted in my  
7 original, so do you need --

8 HEARING EXAMINER VANCIL: No. I see it  
9 here that -- that you -- this is the third amended  
10 complaint for declaratory relief on damages?

11 MS. HOLLACK: Yes.

12 HEARING EXAMINER VANCIL: Yes, I do have  
13 that within your original objection.

14 MS. HOLLACK: Okay. Great. Thank you,  
15 Mr. Hearing Examiner. Then I won't -- as long as you  
16 understand that that's included, which clearly you do,  
17 then -- then I'm good there.

18 Let's see. We join in and incorporate by  
19 reference every objection made by every other property  
20 owner.

21 Now, if I may, Mr. Hearing Examiner, I  
22 would like to convert from the macro to the micro, and  
23 that pertains to the actual valuation of our unit,  
24 which, again, is Unit 2504 in the 1521 Second Avenue  
25 condominium building. It is -- Unit 2504, as you

1 might surmise, is on the 25th floor of our building.

2 The residences start on the 7th floor and go up  
3 through the 39th floor of our building.

4 And as my wife knows, as a career real  
5 estate professional, when one has a vertical property  
6 like the 1521 Second Avenue condominium building,  
7 typically, the floors in the building that are higher  
8 than the lower floors, they generally draw a premium  
9 in price on the open market. Not always, but that is  
10 typically a rule of thumb that not only is applicable  
11 to our building, but to other condo buildings, not  
12 only in Seattle, but in any other metropolitan area.  
13 That rule of thumb is universal, and it's pretty well  
14 understood by consumers of these properties and real  
15 estate professionals.

16 And in that regard, typically, if a unit  
17 is on the same floor, but has more square footage,  
18 notwithstanding any views or obstruction of views,  
19 those types of things, but if it's pari passu, or  
20 apples to apples, and one has more square footage, the  
21 one with more square footage typically, not always,  
22 but typically garners a premium on the open market.

23 So with respect to -- with respect to the  
24 condo buildings -- the condos in our building, I'm  
25 going to submit another exhibit, but before I do, I'm

1 going to need to read some of this. We're going to  
2 talk about specific units, Mr. Hearing Examiner, but  
3 the building itself, according to the City of Seattle,  
4 is worth, after the lift in value, \$333.8 million. So  
5 that is the total value -- that's the sum of the total  
6 value of the -- what's -- let's see. I guess -- what  
7 do you guys call it? The assessed value? Or the  
8 value upon which the LID assessment --

9 MS. MCGEHEE: Appraised value.

10 MS. HOLLACK: -- is based. Yeah, I think  
11 that's --

12 MS. MCGEHEE: Appraised value.

13 MS. HOLLACK: Yeah. Give me one moment,  
14 if you would, please. Oh, here it is. It is the --  
15 I'm not sure what it's called because the printout,  
16 you know, is so tiny that I had to sacrifice some  
17 columns on the right, but it's the amount of value  
18 that the City assigned to determine the special  
19 benefit of the LID improvements to the parcel. Okay?

20 Am I in any way clear there, or is that --

21 HEARING EXAMINER VANCIL: I'm fully with  
22 you.

23 MS. HOLLACK: Okay.

24 HEARING EXAMINER VANCIL: Please proceed.

25 MS. HOLLACK: Thank you very much.

1 HEARING EXAMINER VANCIL: Yes.

2 MS. HOLLACK: So, for example, on our  
3 unit, the special assessment benefit of the LID,  
4 according to the City, is \$65,129.4. So -- so -- and  
5 that is based -- that brings our unit value, according  
6 to the City, up to 2.477 million. Okay?

7 So when I added all of the values upon  
8 which the special benefit improvement is based --  
9 excuse me -- the total values, I came up with  
10 333.8 million.

11 And curiously, the City thinks that the --  
12 a building by the name of the Emerald, which is a new  
13 building at the northeast corner of Second Avenue and  
14 Stewart Street is worth 183 million after the increase  
15 from the lift -- lift in value from the special  
16 benefit of the LID improvements.

17 So the Emerald is also a condominium  
18 building, but there is no way, in my opinion or my  
19 wife's opinion, that that building is worth a  
20 hundred -- excuse me -- that our building is worth 150  
21 million more than the Emerald.

22 So according to the City of Seattle, the  
23 1521 Second Avenue condo building is worth 150 million  
24 more than the Emerald, which is exactly one block  
25 north with virtually the same footprint. The City of

1 Seattle has the Emerald as the gross building --  
2 excuse me -- the land area square footage as 16,000,  
3 and that's about the same as the 1521 Second Avenue  
4 condominium building.

5 So if it's the same footprint, they're  
6 actually, I think, maybe one or two stories higher  
7 than us, I think they're up to 41 stories, ours is a  
8 39-story building, and according to the City of  
9 Seattle, our building is worth 150 million more than  
10 theirs. Because the Emerald is listed as a hundred --  
11 worth 183 million versus the 333.8 million of our  
12 building, I think there's no way that there's that  
13 kind of delta between that building and our building.

14 All right. On to the specific valuations,  
15 I would like to submit this as the next exhibit.

16 HEARING EXAMINER VANCIL: This will be  
17 marked as Exhibit 3.

18 MS. HOLLACK: Thank you.

19 MS. THOMPSON: Thank you.

20 MS. HOLLACK: City?

21 (Exhibit No. 3 was marked.)

22 MS. HOLLACK: Mr. Hearing Examiner, as I  
23 mentioned, the type is so small that I did sacrifice  
24 some columns on the right, but this is from -- this is  
25 what is published -- this was a huge PDF of about

1 90 pages that I referenced at the outset. And -- and  
2 I just remind you, this is -- I think this is the  
3 study that was available to property owners on  
4 January 4th, 2020, that had a final date of  
5 November 18th, 2019.

6 So when I look at these, you know, I've  
7 just borrowed one of these sort of empty space in this  
8 center column here to write down the values of a few  
9 properties. Curiously, the City did not put the unit  
10 numbers with the various units of the 1521 Second  
11 Avenue condo building, so I had to reconcile those  
12 with an internal list that residents have access to,  
13 but I would like to point out that the Gewald, which  
14 is, oh, after -- when you see the 1521 Second Avenue  
15 start on the list, the Gewalds are, it appears to be,  
16 four residents down the page. Do you see Anthony and  
17 Dona Gewald?

18 HEARING EXAMINER VANCIL: Yes.

19 MS. HOLLACK: You see that? Okay.

20 So their condo, according to the City of  
21 Seattle, is worth 2.192 million. Okay? Just down the  
22 hall from them, two doors down the hall from them, the  
23 Jeongs' is worth 2.283 million. Okay? However, the  
24 square footage on the Gewalds' building is incorrect.  
25 The square footage on their unit is 2,142 feet. Okay?



1           So they have a bigger unit assessed at a  
2 lower valuation, and we talked earlier about all  
3 things being the same, without view obstructions,  
4 which there are none here, generally, the higher  
5 square footage units receive a premium. But according  
6 to the City of Seattle, the higher square footage unit  
7 of Tony and Dona Gewald is worth less than the  
8 Jeongs'. That makes no sense, and that speaks to, I  
9 think, the credibility of this macro study.

10           Now, moving down that same column, if you  
11 will, I'm going to look at -- let me see if I can  
12 reconcile this. Again, it's very difficult to -- I  
13 apologize if I'm pausing, but the unit numbers are not  
14 listed on the City document, which I find curious.  
15 Let me see here. Maurer -- okay.

16           The next one down -- do you see Elizabeth  
17 Maurer, 2.3 million?

18           HEARING EXAMINER VANCIL: Yes.

19           MS. HOLLACK: Okay.

20           That -- that unit is on the ninth floor.  
21 That is a similar unit to ours. That is what's called  
22 an 04 stack in our building. And according to the  
23 City of Seattle, that unit is worth 2.3 million.  
24 Okay?

25           Moving down the page to Marybeth Austin,

1 they are in Unit 1104 on the 11th floor, so two floors  
2 up from Elizabeth Maurer, but the same valuation.

3 So if we go down to the O'Briens  
4 (phonetic), they're on the 12th floor. Okay? So  
5 that's three floors above Ms. Maurer's unit, same  
6 price, 2.3 million. All right?

7 I couldn't find it, but on the 14th floor,  
8 Luli Yang (phonetic) in 1404, their unit, you guys  
9 also have listed as 2.3 million. Let's see if I can  
10 find that. All right. Let's skip down to -- well,  
11 let me see here. I found others. There is the  
12 Vavrick (phonetic) at 1604, which the City has valued  
13 at also 2.3 million.

14 So we've gone from the 19th -- 9th floor  
15 to the 16th floor with no change in valuation. I'm  
16 not suggesting that you all circle back and increase  
17 their valuation. I'm merely pointing out the fact  
18 that these discrepancies do not follow the real world.  
19 You are penalizing the individuals on the lower floor  
20 and somehow rewarding people on the higher floor  
21 because of this absence of differentiation between the  
22 certain floors of our building.

23 There are several others all the way up to  
24 the 18th floor where the City of Seattle still is  
25 assessing -- excuse me -- or valuing the condominium

1 at 2.3 million.

2 When we get to the 22nd floor, and I'm on  
3 the second page of the exhibit that I just submitted,  
4 please take a look at Denise Phillips. She is on the  
5 22nd floor, so 2204, and that value is 2.477 million.

6 If we go to the next one on the list, on  
7 the 23rd floor, that's the Moses, Victor and Mary  
8 Moses. That's also 2.477 million.

9 And then the next one is the Driscoll  
10 Family Trust on the 24th floor, which is also  
11 2.477 million.

12 Then you get to our unit on the 25th  
13 floor, which is also 2.477 million.

14 So we've gone from the Phillips on the  
15 22nd floor to our floor on the 20 -- on the 25th  
16 floor, and it's the same valuation.

17 Same with the 26th floor for the Christ --  
18 and I'm sorry, I didn't put that in there, but if you  
19 look, let's see, one, two, three, four, five, six,  
20 seventh from the -- row from the bottom, you will --  
21 you see Adolph and Grace Christ, that unit is also  
22 2.477 million.

23 So this absence of discrepancy, I think,  
24 speaks to some kind of arbitrary and capricious  
25 assignment of value by the City of Seattle that I

1 think the Valbridge study did not take into account.

2 In the real world, in our building, when  
3 residents are trying to market their properties, the  
4 rule of thumb is about \$25,000 per floor. So if one  
5 is on the 10th floor and he or she or they wish to  
6 just go up four floors, that should add, in theory,  
7 about \$100,000 in value to the condo. So logically,  
8 if they were to go up ten floors, that would be a  
9 quarter-million dollars increase in the price they  
10 would have to pay on the open market for that.

11 So I bring this up, Mr. Hearing Examiner,  
12 to bring into question the nature of the valuations  
13 that the City assigned, and the uniformity  
14 attributable to the Valbridge study makes no sense,  
15 and it is not real world.

16 And again, I'm not suggesting that you  
17 circle back and increase the prices. I'm not sure if  
18 you could do that anyway, or the City could do that  
19 anyway, but it does speak to the validity of these  
20 values as assigned by the City.

21 The valuation of our units, according to  
22 Valbridge, is set to increase. I would like to submit  
23 another exhibit. Let me just please make sure I have  
24 one, so I can read from it. Let me see. Oh, I have  
25 plenty. Thank you very much.

1 HEARING EXAMINER VANCIL: Marked as  
2 Exhibit 4.

3 (Exhibit No. 4 was marked.)

4 MS. HOLLACK: Thank you.

5 And this exhibit, Mr. Hearing Examiner,  
6 that I have submitted are letters to the editor from  
7 the Seattle Times, which I think we all know what the  
8 Seattle Times is. It is a local newspaper that has  
9 been around since 1896, but this was from a few  
10 Sundays ago, Sunday, January 26, the Sunday before the  
11 Superbowl, if that helps.

12 And I've included some of these letters to  
13 the editor that were on the heels of the mass shooting  
14 that occurred one block away from our condominium  
15 building. Again, we are -- we're between Pike and  
16 Pine on Second. And as you recall, the mass shooting  
17 was at Pine and Third right by the McDonald's there.  
18 So this was one block away from our unit.

19 And I personally wrote a letter to the  
20 editor, which is on the third page of the exhibit, and  
21 it is the third column from the left entitled Behavior  
22 Allowed is Behavior Continued.

23 So without going into the entire letter to  
24 the editor, the crux of this letter to the editor  
25 referred to an email that I sent to Mayor Durkan back

1 in April whereupon I advanced the notion that behavior  
2 allowed is behavior continued.

3 And any of us in the city of Seattle, even  
4 today, with the police presence down there, can walk  
5 that corridor on Third between Pike and Pine and see  
6 drug deals going down, cash changing hands, and that  
7 behavior has been allowed by the City administration,  
8 both present and prior, multiple prior, so it's clear  
9 that the thugs have laid claim to that area.

10 And the mass shooting was a culmination of  
11 the bad behavior of some participants in that drug and  
12 crime culture that is there, and it doesn't appear to  
13 have abated.

14 I, personally, the day after that  
15 happened, walked in business attire from Pike --

16 MS. MCGEHEE: (Inaudible.)

17 MS. HOLLACK: One at a time, please.

18 -- from Pike to Pine on the east side of  
19 Third, watched a drug deal go down, had a guy tell me  
20 that, if I'm not careful, I'm going to get shot. So  
21 there was no police presence on that corner, and it  
22 was exactly 24 hours after the incident, and this was  
23 at 5:00 p.m. when I was leaving a business  
24 appointment, and I could have gone just straight west  
25 on Pike to go back to our building. Instead, I

1 thought I would walk north on Third up to Pine and cut  
2 across to Second to the condo building that way, just  
3 so I could lay eyes on what has changed. Nothing had  
4 changed.

5 So I bring that up, along with the other  
6 letters to the editor, talking about crime in -- in  
7 downtown, and particularly in this corridor, as an  
8 illustration that the City has neither the political  
9 will, nor the intentions of doing anything about this  
10 criminal element.

11 Now, I will say the police presence has  
12 increased, but I challenge anyone who's brave enough  
13 to walk that corridor to see if they can make that  
14 round trip without seeing a crime occur. Okay? The  
15 thugs are still out there big time, and I think that  
16 speaks to this notion that, wow, we're going to put a  
17 city park on the waterfront, and that's going to  
18 increase our value. I vehemently disagree with that.

19 The -- I can't remember the name of the  
20 former City Councilman after whom a park on Western  
21 and Virginia is named, but we call it the totem pole  
22 park, but it's Steinberg, Steinbrack (phonetic) or --  
23 okay. Anyway, do you happen to know the park that I'm  
24 talking about?

25 HEARING EXAMINER VANCIL: I do.

1 MS. HOLLACK: Good. Okay.

2 That is on my walking route to work.

3 Okay? And walking back from work yesterday, there was  
4 a tent in that park. Okay? That's trespassing.

5 Okay? But the City permits somebody, I presume a  
6 homeless individual, to go into that park and pitch a  
7 tent. Now, they may ask him or her or they to move  
8 along eventually, but they were homesteading that park  
9 in a pitched tent at 5:00 p.m. or 5:30 p.m. when I was  
10 walking home from work.

11 So the notion that that behavior, which is  
12 allowed, will not continue at a new waterfront park  
13 is, to me, ludicrous. I see crime continuing even  
14 after a mass shooting in downtown, I see a tent being  
15 pitched in a Seattle city park run by the Parks and  
16 Recreation Department, and I'm not in agreement with  
17 the Valbridge study that that waterfront area will not  
18 be anything more than a tourist attraction, and  
19 perhaps even be a haven for homeless individuals.  
20 That is not going to increase the value of our  
21 property whatsoever.

22 And speaking specifically to some of the  
23 improvements that are going to be part of this LID  
24 assessment, I would like to, if I may, read from the  
25 executive summary of the Waterfront Seattle LID Final



1 Special Benefit Proportion Assessment Study.

2 HEARING EXAMINER VANCIL: As you're  
3 transitioning, Mr. McGehee, I just want to let you  
4 know, we will take a break at 3:15. Please proceed.

5 MS. HOLLACK: At 3:15? Okay. Thank you.

6 And, again, this is from the Executive  
7 Summary, and I'm quoting, and this is number 5 from  
8 the Executive Summary. This is -- it reads [as read]:  
9 Pike/Pine streetscape improvements provide enhanced  
10 pedestrian access to and from the Pike Place Market  
11 and waterfront. Both streets between First and Second  
12 Avenues will be reconstructed as shared space without  
13 curbs.

14 Single travel lanes, westbound on Pine and  
15 eastbound on Pike, designed for slow vehicle movement  
16 and local access, will share the space with  
17 pedestrians and bicycles. Bollards and detectable  
18 warning strips help define the area to be used by  
19 vehicles, along with light poles, trees, and paving  
20 treatments, and there will be more room available for  
21 sidewalk cafes.

22 Other improvements will be made in various  
23 blocks of Pike and Pine Streets between Second and  
24 Ninth Avenues, planters protecting bike lanes, et  
25 cetera, including construction of a new paved public

1 plaza, a flexible space designed to accommodate  
2 diverse programming similar to Westlake Park on the  
3 south side of Pine Street between Third and Fourth  
4 Avenues.

5 So comments on this LID funding of a  
6 Pike/Pine streetscape improvement on the micro, as it  
7 pertains to our unit. These changes to Pike Street  
8 and Pine Street between First and Second Avenue have a  
9 City estimated total cost of 20 million, plus the  
10 17 percent markup for the contractor and construction  
11 crews of 23.4 million. That's a lot for just two  
12 blocks.

13 This change to the streets would  
14 absolutely reduce the value of our property,  
15 specifically our unit, as it would significantly  
16 restrict the existing vehicular access to and from our  
17 parking garages, which we have a lower and an upper,  
18 which is in -- at the alley between Pike and Pine  
19 Streets, and between First and Second Avenues.

20 So our ingress and egress to the parking  
21 for our building is in this proposed \$23.4 million  
22 streetscape improvement between Second and First to  
23 facilitate access to Pike Place Market, and eventually  
24 to the waterfront.

25 Also, it would make assess -- access for

1 deliveries to our building much more restricted. Our  
2 building had alone 15,474 packages delivered during  
3 2019, and over 500 service vehicle calls to our  
4 building. And these service vehicle calls are  
5 electricians, they're plumbers, they're woodworkers,  
6 they're HVAC, they're elevator repair guys, they're  
7 fire system testing service contractors.

8 So it runs the gamut of the types of  
9 service vehicles who will try to reach our building,  
10 and restricting access is going to delay their ability  
11 to reach us, it is going to delay our ability to get  
12 into and out of our building. That ingress and egress  
13 will be negatively impacted, not a little bit, a lot.

14 So restricting our building's vehicular  
15 access will create significant gridlock in our already  
16 highly congested area by the Pike Place Market. This,  
17 in our view, diminishes, does not enhance, diminishes,  
18 devalues our property, does not enhance it at all.

19 It's 3:10. Can we go early, Mr. Hearing  
20 Examiner, on the break?

21 HEARING EXAMINER VANCIL: Tell me more  
22 about your presentation. How much more -- how much  
23 longer do you have to go for your presentation, and  
24 then we're going to hear from Ms. McGehee.

25 MS. HOLLACK: We're going to discuss that

1 during the break, and I would also very much  
2 appreciate a bio break, if we can adjourn early. If  
3 not, I'll go --

4 HEARING EXAMINER VANCIL: Do you have any  
5 sense --

6 MS. HOLLACK: -- to the gentleman's  
7 room --

8 HEARING EXAMINER VANCIL: Do you have any  
9 sense of time now that you could tell me?

10 MS. MCGEHEE: I'm going to simply say that  
11 he's been so comprehensive that I'm impressed, and  
12 that mine will be very minimal.

13 HEARING EXAMINER VANCIL: Okay. That's  
14 helpful. You don't have to curtail yourself.

15 MS. MCGEHEE: It will be very minimal  
16 because --

17 (Cross-talking.)

18 HEARING EXAMINER VANCIL: -- my  
19 understanding that you're nearing the end of it.

20 MS. HOLLACK: We are nearing the end of  
21 it. I would like to huddle up with her --

22 HEARING EXAMINER VANCIL: We will take a  
23 short break. Why don't we come back at 3:25.

24 (A break was taken from  
25 3:11 to 3:25 p.m.)

1 HEARING EXAMINER VANCIL: All right.

2 Return to the record for Case No. 94.

3 MS. MCGEHEE: I'm Dione McGehee.

4 HEARING EXAMINER VANCIL: And are you  
5 going to proceed?

6 MS. MCGEHEE: I'm gonna --

7 HEARING EXAMINER VANCIL: Okay. Are you  
8 finished Mr. McGehee? Is that -- did I understand --

9 MS. HOLLACK: I would like to make a  
10 conclusion after her remarks.

11 HEARING EXAMINER VANCIL: All right.  
12 We'll save you an opportunity for closing for you and  
13 then we'll proceed.

14 MS. MCGEHEE: And I'm gonna have only two  
15 items that I'm gonna present.

16 HEARING EXAMINER VANCIL: All right.

17 MS. MCGEHEE: It's gonna be very simple.

18 HEARING EXAMINER VANCIL: All right.

19 MS. MCGEHEE: Okay. Number one --

20 HEARING EXAMINER VANCIL: Please proceed.

21 MS. MCGEHEE: -- because he is so  
22 comprehensive and he is so thorough, then I only have  
23 to ask one question.

24 He confirms, or he ensures me that there  
25 will not be an additional LID tax if y'all have cost

1 overruns, et cetera. Okay? In other words, that this  
2 is a one and only time LID tax on our -- on our  
3 condominium, which is important for resale value.  
4 Okay? Extremely important that we would not have  
5 another LID tax that we would have to -- to play into  
6 a sale. Okay? That's number one.

7 Do I have your assurance that this would  
8 be the only LID tax on Unit No. 2504 in 1521?

9 MS. HOLLACK: You can't ask questions.

10 MS. MCGEHEE: Oh, I can't ask a question?

11 HEARING EXAMINER VANCIL: No, I'm not here  
12 to assure you of anything. I'm here to hear your  
13 evidence and their evidence and --

14 MS. MCGEHEE: Okay.

15 HEARING EXAMINER VANCIL: -- make a  
16 decision --

17 MS. MCGEHEE: Okay.

18 HEARING EXAMINER VANCIL: -- and make a  
19 recommendation --

20 MS. MCGEHEE: Okay.

21 HEARING EXAMINER VANCIL: -- based on that  
22 decision.

23 MS. MCGEHEE: So that was one question I  
24 had, but we won't ask a question.

25 Now, the next thing I'm going to mention

1 is the fact that this gentleman came up with an  
2 arbitrary number of \$65,000 worth of benefit to our  
3 particular condominium. This woman, who -- this  
4 person, I don't know who it was. Okay? This -- but  
5 this appraiser came up with an arbitrary number of  
6 \$65,000. All right?

7 As after -- like he told you, I've been in  
8 the real estate business for 30 years. All right --  
9 Valbridge -- any kind of a tax diminishes the value of  
10 a piece of property. Okay? No matter what.  
11 Basically, you have to factor it into a sale or a  
12 purchase. Okay? Period, end of story.

13 And this gentle- -- this person,  
14 Valbridge, this company, doesn't quite understand that  
15 the value of a condominium or house, or even a retail  
16 shopping center, or what have you, is worth only what  
17 the market will bear. Okay? It is completely  
18 market-generated.

19 So in other words, 2008, the market  
20 collapses. Okay? You have to factor that in. So we  
21 [sic] can't tell me or my husband that \$65,000 is what  
22 we're going to benefit when he's not factoring in  
23 market conditions. Okay?

24 There is no crystal ball here. Okay?  
25 Basically, there's no crystal ball. And the time

1 value of money, obviously, he understands all of that,  
2 et cetera.

3 I'm gonna -- I'm gonna conclude with that  
4 because of a note he's sending me, which is to brief,  
5 so I'm going to be brief and let him close. How about  
6 that?

7 HEARING EXAMINER VANCIL: All right.  
8 Thank you.

9 MS. MCGEHEE: So -- I mean, I concede to  
10 him.

11 HEARING EXAMINER VANCIL: All right then.

12 MS. HOLLACK: Thank you, Mr. Hearing  
13 Examiner.

14 And I would like to just sum up some  
15 points that we hit today, just to make sure that they  
16 are emphasized for the record and -- and otherwise.

17 But the absence of specificity with  
18 respect to the timeline of the project is one of the  
19 key components to our objection of the LID lift value  
20 of \$65,000 on our property.

21 As Mr. Gibbons noted in his letter, when  
22 the benefits are enjoyed by the landowner are critical  
23 to any type of appraisal. So the absence of  
24 specificity of a timeline is a critical component to  
25 our objection.



1           Because there are no plans and  
2 specifications on file in the clerk's office of the  
3 LID improvements, it, again, is unlawful to move  
4 forward to final assessment without such plans and  
5 specifications being in place.

6           Just a reminder about the tunnel project,  
7 and I know of -- there may be some, but I know of no  
8 large-scale public projects that have been done in  
9 Seattle on time and on budget.

10           MS. MCGEHEE: Even Key Arena.

11           MS. HOLLACK: So I -- perhaps I'm jaded,  
12 but I do not have faith that the waterfront project  
13 will occur on time or on budget. We will see if it  
14 moves forward.

15           But I'd also like to remind the City that  
16 once one dollar of LID tax is accepted, the City is  
17 bound and obligated to complete that project. So that  
18 binds future City Councils and their budgets to  
19 allocate proceeds to complete that project. And  
20 according to the 2012 opinion of the Washington  
21 Attorney General, that is unlawful.

22           So we object to the Waterfront LID  
23 assessment of \$65,129.40 for Unit 2504 in the 1621  
24 Second Avenue condominium building --

25           MS. MCGEHEE: 1521.

1 MS. HOLLACK: 1521. I apologize.

2 And we respectfully submit that our  
3 objection be heard by the City and action taken to  
4 eliminate or reduce that.

5 Mr. Hearing Examiner, I appreciate your  
6 time, your courtesy, and the time and courtesy of  
7 everyone involved in hearing our objection.

8 Thank you very much, sir.

9 HEARING EXAMINER VANCIL: Thank you for  
10 the same.

11 All exhibits are admitted. Is there  
12 anything else further that you intend to submit?

13 MS. HOLLACK: No, sir. Not at the present  
14 time.

15 HEARING EXAMINER VANCIL: From the City?

16 MS. THOMPSON: Yes. Thank you.

17 CROSS-EXAMINATION

18 BY MS. THOMPSON:

19 **Q. I just have one follow-up point to make. I**  
20 **believe in your closing statement you said that your**  
21 **proposed assessment was 65,000?**

22 A. Excuse me. That was the value lift -- special  
23 benefit. Sorry.

24 **Q. Okay.**

25 A. Yes, ma'am.

1 **Q. Yes.**

2 A. Our assessment was -- is \$25,519.13 derived  
3 from the special benefit of \$65,129.40. So thank you.

4 **Q. You're welcome. I just wanted to clear the**  
5 **record for that.**

6 **And then I have some follow-up questions for**  
7 **you --**

8 A. Yes, ma'am.

9 **Q. -- on your -- what's been marked as**  
10 **Exhibit 3, this spreadsheet --**

11 A. Right. That's not my spreadsheet, that's --

12 **Q. Or, sorry, yes, the spreadsheet from**  
13 **Valbridge.**

14 A. Right.

15 **Q. You've indicated here that the square footage**  
16 **on one of these units is incorrect and should be 2.142**  
17 **square feet?**

18 A. No, no --

19 **Q. Two thousand --**

20 A. 2,142.

21 **Q. 2,142?**

22 A. Yes.

23 **Q. Where did you derive that figure from?**

24 A. Just the front desk of the building -- of our  
25 building gave me that number.

1       **Q. Okay.**

2       A. Yeah, the concierge at our building.

3       **Q. Okay.**

4       A. Yeah.

5       **Q. And in looking --**

6       A. And I actually know Tony and Dona Gewald quite  
7 well, and their unit is huge. So when I saw the  
8 1642 feet, I knew that wasn't right.

9       **Q. Okay.**

10      A. Okay.

11      **Q. Thank you.**

12      A. Yes, ma'am.

13      **Q. Did you identify any discrepancies in the**  
14 **square footage of your own unit?**

15               MS. MCGEHEE: May I add something?

16               HEARING EXAMINER VANCIL: You'll have a  
17 chance in a minute. We're -- she has an opportunity  
18 to cross, and then we'll come back to you.

19               MS. MCGEHEE: Okay. I just wanted to  
20 add --

21                       (Cross-talking.)

22               MS. HOLLACK: One at -- one at a time,  
23 honey.

24               MS. MCGEHEE: Okay.

25      A. I did, but it's only one square feet

1 difference than what it is on our closing statement  
2 from our purchase in August of 2018.

3 BY MS. THOMPSON:

4 **Q. And is that one square foot too many or too**  
5 **few?**

6 A. Too few.

7 **Q. Too few. Okay.**

8 A. Yep.

9 **Q. And in the column of -- this property address**  
10 **column, you've indicated in handwriting the value in**  
11 **millions. Is that the value with the LID?**

12 A. Yes, with the special benefit, yes, ma'am.

13 **Q. Okay.**

14 **And --**

15 A. Yep.

16 **Q. -- were these values somewhere on this**  
17 **original spreadsheet?**

18 A. To the right.

19 **Q. To the right. Okay.**

20 A. Yes.

21 **Q. I just want to make sure that --**

22 A. Yeah. But I don't know if you've seen that  
23 PDF, but it is huge, and even on a full screen in my  
24 office, and I have a very large screen, it is still  
25 very difficult to read. So when I printed it, I

1 elected not to crunch it down to fit the screen  
2 because none of this would be legible.

3 **Q. I appreciate that. I just --**

4 A. Yeah.

5 **Q. -- wanted to confirm for the record that**  
6 **these figures are reflected on the full --**

7 A. They --

8 **Q. -- spreadsheet?**

9 A. They are indeed, to the -- to the dollar, and  
10 I rounded, of course --

11 **Q. Sure.**

12 A. -- yes.

13 **Q. Thank you.**

14 **And you are not a certified real estate**  
15 **appraiser, are you?**

16 A. No, ma'am, I am not.

17 MS. THOMPSON: That's all my questions for  
18 Mr. McGehee.

19 HEARING EXAMINER VANCIL: All right.  
20 You've essentially been your own witness, you gave  
21 your presentation. There was cross-examination. Now  
22 you have a chance for redirect.

23 Do you have any additional comments  
24 following the questions from the City? And --

25 MS. HOLLACK: Yes, sir, Mr. Hearing

1 Examiner, I do have one comment.

2 I am not a -- I think your question was a  
3 certified appraiser? Okay. No, I am not a certified  
4 appraiser. I have -- as I mentioned at the outset of  
5 this objection and this hearing, that I am a financial  
6 services industry veteran. I have been in the  
7 business for over two and a half decades.

8 And in our particular firm, Pacific  
9 Northwest Asset Management, every one of our clients,  
10 in their investment portfolios, have exposure to real  
11 estate through the form of real estate investment  
12 trusts, also known as REITs.

13 And REITs are a unique publicly traded  
14 pool of commercial cash-flowing assets, and it is our  
15 fiduciary responsibility to all of our clients to do  
16 due diligence on any of these real estate investment  
17 trusts that we place in their portfolio. And in the  
18 course of that, I feel like I've gained a tremendous  
19 amount of knowledge and expertise in assessing the  
20 value of real estate in these real estate investment  
21 trusts.

22 And then, in addition to that, I  
23 personally own a good deal of real estate. It hasn't  
24 ever been affected by a tax from a LID, but real  
25 estate is not foreign to me. It is very familiar to

1 me. So I'm not a complete fish out of water when I'm  
2 addressing these issues, just for the record.

3 HEARING EXAMINER VANCIL: Thank you.

4 Ms. McGehee, did you indicate you had  
5 something else to add?

6 MS. MCGEHEE: No. No. I'll --

7 HEARING EXAMINER VANCIL: All right then.

8 MS. MCGEHEE: -- let it go.

9 HEARING EXAMINER VANCIL: Thank you.

10 We're adjourned for the day. Thank you.

11 MS. HOLLACK: Thank you, Mr. Hearing  
12 Examiner. Thank you, everyone.

13 (Hearing adjourned at 3:38 p.m.)

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I, ANITA W. SELF, a Certified Shorthand Reporter in and for the State of Washington, do hereby certify that the foregoing transcript is true and accurate to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 26th day of February 2020.

ANITA W. SELF, RPR, CCR #3032