

FISCAL NOTE FOR CAPITAL PROJECTS ONLY

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Legislation Title: AN ORDINANCE relating to the Central Waterfront Project, authorizing execution of a Memorandum of Understanding Concerning Redevelopment of the PC-1 North Site within the Pike Place Market Historical District.

Summary and background of the Legislation:

This legislation authorizes the City of Seattle to enter into a Memorandum of Understanding (MOU) with the Pike Place Market Preservation and Development Authority (PPMPDA) concerning the redevelopment of the PC-1N site within the Pike Place Market Historic District. The MOU outlines the guiding principles, design development principles and procedures, and a process to finalize a Project Development Agreement.

Future development on the PC-1N site is one important component of reconnecting Seattle to its waterfront. As part of the Central Waterfront Concept Design and Framework Plan related to the Waterfront Improvement Program, the City plans to fund up to \$40 million for the Pike Place Market PC-1N project. The PPMPDA has been actively engaged in planning for the eventual development of the PC-1N site in conjunction with the development of the Central Waterfront and has coordinated with the City’s design team. In August 2012, the City Council adopted Resolution 31399 that calls for agreements with the PPMPDA for co-developments that are integrated with the Central Waterfront Concept Design.

The MOU states that the City will reimburse PPMDA fifty percent of the expenditures for design and consultant costs for the PC-1N Project in 2013 and 2014, up to \$7 million. The City’s total share of funding for the project shall not exceed \$40 million and construction funding is contingent upon the City obtaining full funding as outlined in the CWC Strategic Plan. This includes successful implementation of a downtown local improvement district (LID)..

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:
Waterfront Improvement Program	TC367330	Various	Q1/2013	Q4/2018

Please check any of the following that apply:

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

This legislation does not have any financial implications.

(Please skip to “Other Implications” section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

X This legislation has financial implications. (If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the “Other Implications” section. Please delete the instructions provided in parentheses at the end of each title and question.)

This legislation does not make appropriations, or spending plan changes. The 2013-2014 Budget and 2013-2018 Proposed Capital Improvement Program includes funds for the Waterfront Improvement Program project to support the MOU.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

Yes, adoption of this legislation enables the PPMFDA and the City to continue to move forward with design of the PC-1N project and proceed with an integrated approach.

Consistent with the 2013-2014 Adopted Budget and 2013-2018 Adopted CIP, the current funding source for the \$7M design funds is the interfund/cash pool loan with the intention to repay the loan from future LID revenues. If the LID is not successful, the City would need to fund these design costs with a different funding source (e.g., general fund).

This MOU also sets the framework for future agreements which may contain details on the use of the remaining portion (construction funding) of the City’s \$40 million contribution to the project. As stated earlier, the City’s share of construction funding for the PC-1N project will be contingent on the City securing additional funding.

In addition, and assuming there is full funding for construction, there would be additional fiscal impacts because the PC-1N site would ultimately be conveyed from the City (via SDOT) to the PPMFDA. The details of this transaction would be outlined in the future Project Development Agreement, per Section V of the MOU, and would include, but not be limited to, timing of conveyance, public access easements, potential LID assessments, etc. However, as stated in Recital F of the MOU, RCW 35.81 authorizes the disposition of community renewal property such as the PC-1N site for such consideration as the City deems adequate. It should be noted that the assessed value of the PC-1N site for 2013 is \$4.64 million, however, the City may transfer property to the PPMFDA with or without consideration.

The current assumption is that the property would be conveyed without consideration. The City will receive a permanent public access easement, the PPMFDA will build the public access and other improvements, including affordable housing. The PPMFDA is also providing public parking that will serve both users of the Market and the Waterfront. Moreover, it will be accessed off of Western Ave (in proximity to the Market) and Alaskan Way (in proximity to the Waterfront). In addition, much of the site cannot be developed because of the public access requirements and the general structural

challenges, as it is built over the railroad tunnel.

Per the City/PPMPDA Parking Operation and Management Agreement, the City receives 35% of the revenues collected from the PC-1N site. It is anticipated that the City will forego approximately \$130K/year. These revenues are currently deposited into the Cumulative Reserve Subfund – Unrestricted Account (CRS-U). The PPMPDA anticipates beginning construction in mid-2014, so the City would permanently discontinue receiving revenues around that time period.

b) What is the financial cost of not implementing the legislation?

If the legislation is not implemented, the PC-1N site will not be designed or developed in conjunction with the Central Waterfront project, and the property may remain in City ownership and may continue in use as a parking lot.

c) Does this legislation affect any departments besides the originating department?

FAS would work with SDOT on the conveyance of the PC-1N site to the PPMPDA.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives? None.

e) Is a public hearing required for this legislation?

No.

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

No.

g) Does this legislation affect a piece of property?

The project improvements will be constructed on land currently owned by the City which, will be transferred to the PPMPDA, assuming there is full funding secured for construction.

h) Other Issues: None.

List attachments to the fiscal note below:

Attachment A: Project Map

Core Projects

