

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing execution of a lease agreement with the Washington State Department of Transportation for a portion of the highway right of way of State Route 90 located at Airport Way South and South Royal Brougham Way; and ratifying and confirming prior acts.

Summary of the Legislation:

This legislation will authorize the Director of the Department of Finance and Administrative Services (FAS) to negotiate and execute a new lease of 36,159 square feet of highway right of way of State Route 90 from the Washington State Department of Transportation (WSDOT), to be used by the Seattle Department of Transportation (SDOT) for vehicle and equipment parking. SDOT and FAS determined that the area of highway right of way is needed to accommodate the First Hill Street Car Maintenance Facility at Charles Street Campus. Since May 23, 2012, SDOT has used the area under a temporary permit from WSDOT, pending the lease negotiations. This legislation seeks authorization from City Council for this month-to-month lease because the Director of FAS is only authorized to execute leases containing up to 18,000 square feet of unimproved real estate or land used for parking or open storage.

Background:

The lease area is located in the highway right of way of State Route 90, under existing freeway structures, north of Royal Brougham Way between 6th Avenue South and Airport Way South. This area is one block west of the southern portion of the Charles Street Campus. The area consists of approximately 36,159 square feet, with 1,422 square feet deducted to account for bridge deck support piers, utility boxes and a four feet setback for pier and utility box protection.

In 2011, a space utilization study indicated that the proposed First Hill Street Car Maintenance Facility could be built at the Charles Street campus, if replacement vehicle parking area was obtained. On May 23, 2012 SDOT obtained a permit from WSDOT to use this portion of right of way near the Charles Street Campus on a temporary basis until a permanent lease for the area could be negotiated. The temporary permit allowed for immediate use of the right of way and allowed the right of way to be improved with gravel surfacing, fencing and lighting.

This month-to-month lease is effective retroactively from May 23, 2012, the date that the permit was first issued. The current lease rate is \$4,312.87, which has been paid monthly. WSDOT may adjust the rent annually by either the CPI-U or based on an appraisal/market evaluation of comparable rents.

Please check one of the following:

This legislation does not have any financial implications.

X This legislation has financial implications.

Appropriations:

Appropriations Notes: There are no new appropriations associated with this legislation. Sufficient appropriation authority is included in the existing 2013 Adopted Budget.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Revenue/Reimbursement Notes: There is no new revenue associated with this legislation.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact: N/A

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
Finance and Administrative Services Fund (50300)	Finance & Administrative Services	Facility Operations	\$51,754.44	\$51,754.44
TOTAL			\$51,754.44	\$51,754.44

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

Spending/Cash Flow Notes:

At a starting lease rate per square foot per year of approximately \$1.49, the cost for a net 34,737 square feet is \$4,312.87 per month, or \$51,754.44 per year. The lease rate is based upon an appraisal of the property and represents the fair market rent. The lease rate is indexed to the U.S. Consumer Price Index for All Urban Consumers using the date published by the United States Department of Labor’s Bureau of Labor Statistics.

During the construction of the First Hill Street Car Maintenance Facility on the Charles Street Campus, the lease acquisition cost, yard improvements and lease rate have been allocated to the First Hill Street Car Capital construction fund. Upon the completion of the First Hill Street Car Maintenance Facility, the rental cost of the property will be allocated to SDOT Street Maintenance.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
 The City anticipates the area will be used for many years to support City operations, although the terms of the lease allow either WSDOT or the City to terminate the lease with 30 days’ notice for any reason.
- b) **What is the financial cost of not implementing the legislation?**
 This area is located near the existing Charles Street Campus. The area has been improved with

security fencing and lighting, and if the legislation approving the lease is not authorized, these improvements will remain with the property. Application and permit fees to WSDOT have been paid for in this area, and are not transferable or refundable. SDOT requires a similarly sized vehicle and equipment parking area located in the proximity of Charles Street Campus. If this lease is not authorized, a replacement property is estimated to cost between \$4 and \$8 million.

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

This legislation affects SDOT. This legislation will authorize the lease of WSDOT right of way to be used for vehicle and equipment parking for the SDOT Street Maintenance Division, which parking was displaced from the Charles Street Campus when the new First Hill Street Car Maintenance Facility was placed there.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

Alternate vehicle and equipment parking locations in the vicinity of the Charles Street Campus are located on private land. Leasing privately owned land is an option, although it is beneficial to use publicly owned land for public uses and to preserve the development capacity of private land for private development.

e) Is a public hearing required for this legislation?

No public hearings are needed.

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

No public hearings are needed.

g) Does this legislation affect a piece of property?

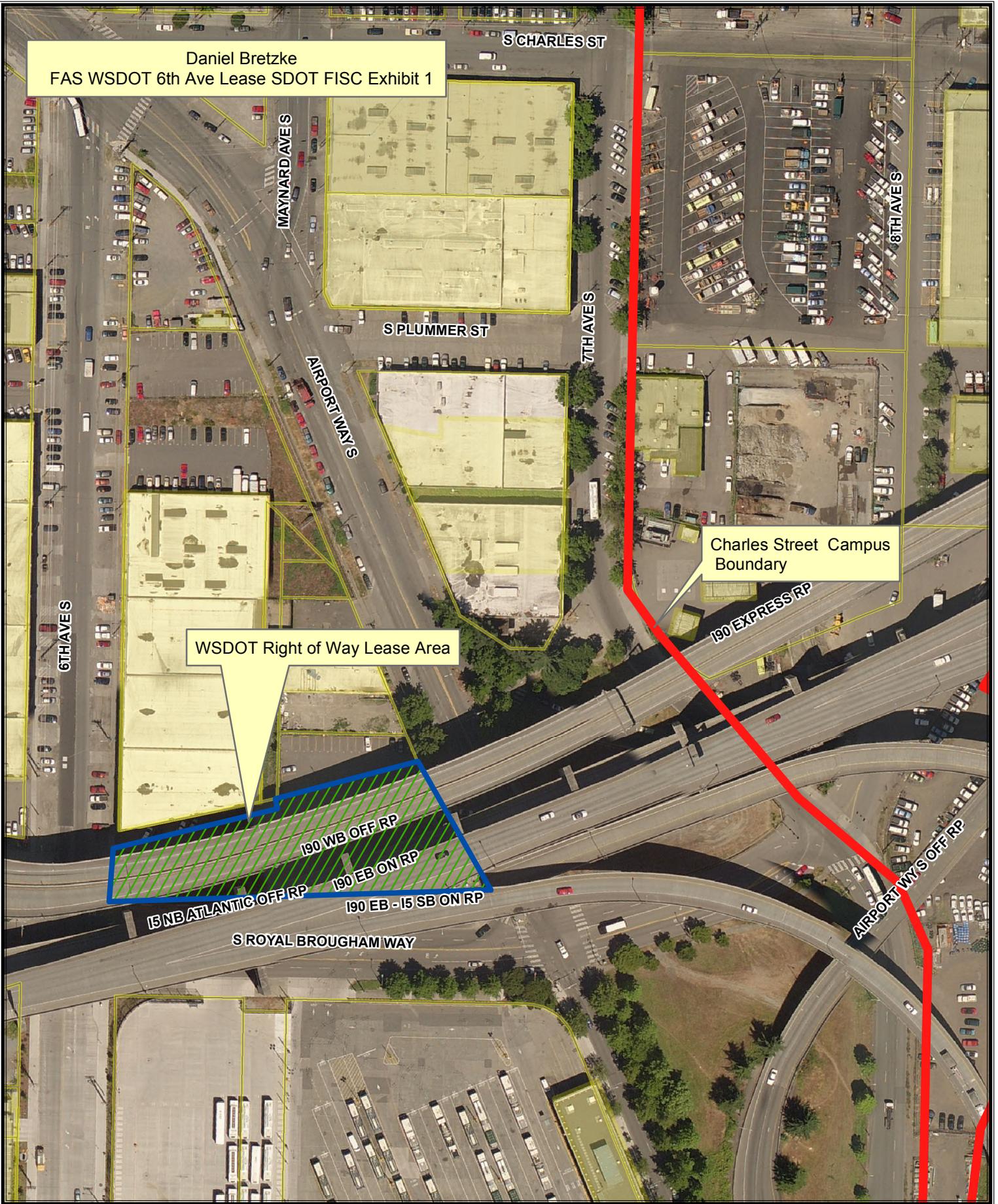
Yes. A map is attached to this fiscal note as Exhibit 1: WSDOT State Route I-90 Lease Area.

h) Other Issues:

List attachments to the fiscal note below:

Exhibit 1: WSDOT State Route I-90 Lease Area

Daniel Bretzke
FAS WSDOT 6th Ave Lease SDOT FISC Exhibit 1



Charles Street Campus Boundary

WSDOT Right of Way Lease Area

190 WB OFF RP
190 EB ON RP
15 NB ATLANTIC OFF RP
190 EB - 15 SB ON RP



City of Seattle

WSDOT State Route I-90 Lease Area

