



**City of Seattle**  
Department of Transportation

**MEMORANDUM**

**To:** Council President Richard Conlin  
Councilmember Nick Licata  
Councilmember Jean Godden  
Councilmember Tom Rasmussen  
Councilmember Sally Clark  
Councilmember Bruce Harrell  
Councilmember Tim Burgess  
Councilmember Sally Bagshaw  
Councilmember Mike O'Brien

**Via:** Beth Goldberg, Acting Budget Director

**From:** Peter Hahn, Director of Transportation

**Date:** June 8, 2010

**Subject:** **Response to Statement of Legislative Intent 67-2-A-2: Preliminary Analysis of Local Improvement District(s) financial support for the City's Alaskan Way Viaduct and Seawall Replacement Program (AWVSRP)**

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**Summary**

As part of the 2010-2015 Adopted Budget, the Council issued a Statement of Legislative Intent (SLI) requesting that the Executive conduct a preliminary feasibility analysis of using Local Improvement District(s) (LID) for funding various elements of the AWVSRP. Specifically, the SLI requested the Executive hire a property appraiser to assist with determining the special benefits to property owners from implementing the project elements.

SDOT selected Allen Brackett Shedd (ABS), a real estate appraisal and consultant firm, to perform the preliminary feasibility analysis. The conclusions are stated below; however, it is important to note that the purpose of the analysis was to assist the City of Seattle in decision making regarding the potential feasibility for a LID(s), in advance of completing a more detailed Preliminary Special Benefits Study for LID formation. As such, this analysis was a critical component for the development of the AWVSRP Funding Plan (related SLI 67-1-A-2).

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## **Background**

As part of last year's budget, the Executive submitted a "Funding Feasibility Analysis" that outlined potential funding sources to support the City's funding responsibility (\$927M) under the AWVSRP. This analysis included an assumption that a LID could generate \$175M to help fund the Central Waterfront improvements and the First Avenue Streetcar. The intention of the preliminary feasibility analysis was to analyze not only the Central Waterfront and First Avenue Streetcar projects but to look at the feasibility of funding other AWVSRP projects via a LID as well.

## **Conclusions**

The analysis consists of a summary review of the proposed project improvements as well as the neighborhoods and surrounding properties in Seattle's Central Business District and adjacent areas. The consultant developed a database of probable affected properties; approximately 11,000 properties are included in the study area. The intent of the study was to estimate the potential special benefits from the project improvements. Special benefits are a specific, measurable increase in value of properties and are calculated by the difference between the fair market value of the properties in the "before" condition ("without" the improvements) and the "after" condition ("with" the improvements).

As noted earlier, this study is a preliminary analysis, and therefore only presents summary discussions of the data, reasoning and analyses. Summaries of the analysis can be found in the attached full report (with attachments).

The below chart summarizes the most "Probable Range" of special benefits by program element:

| <b>Project*</b>       | <b>Low</b>    | <b>High</b>   |
|-----------------------|---------------|---------------|
| Central Waterfront    | \$450M        | \$600M        |
| Seawall               | \$12M         | \$15M         |
| First Ave Streetcar** | \$200M        | \$260M        |
| Mercer West           | \$13M         | \$25M         |
| <b>TOTAL</b>          | <b>\$675M</b> | <b>\$900M</b> |

*\* Project definitions are described in the attached report.*

*\*\* The current planning assumption is that the First Avenue Streetcar will be evaluated as part of the Transit Master Plan.*

The actual LID assessment would be a percentage of the special benefits. In this instance, it is feasible for the City to generate up to \$225M in LID revenues to fund the Central Waterfront improvements (given that the Low Range is \$450M). Conversely, the potential special benefits attributed to the

Seawall and Mercer West are not substantial enough compared to project costs to support a separate LID.

### **Next Steps**

Should the City begin the process of LID formation to fund the Central Waterfront improvements, below is a draft timeline:

#### ***Assumptions:***

- 1) *Construction of project begins in 2016, ends in 2018.*
  - 2) *Assumes collection of LID Assessments begins in 2015 (full or partial prepayment) or 2016 (if financed) – property owner preference.*
- Preliminary Special Benefits Study for LID formation and preparation of Preliminary Assessment Roll: 2013-2014
  - Final Assessment Hearing: 4Q 2015