

#3  
CB 117498

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

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2  
3 AN ORDINANCE relating to the Alaskan Way Seawall Replacement Project; providing for the  
4 submission to the voters of the City, at an election to be held on November 6, 2012, of a  
5 proposition authorizing the City to issue general obligation bonds to pay costs related to  
6 the design, construction, renovation, improvement and replacement of the Alaskan Way  
7 seawall and associated public infrastructure; the principal of and interest on such bonds  
8 to be payable from annual property tax levies to be made in excess of regular property  
9 tax levies; and ratifying and confirming certain prior acts.

10  
11 WHEREAS, the existing Alaskan Way seawall is seriously deteriorated due to aging  
12 components and materials, the tidal forces of Elliott Bay, and marine borer damage,  
13 with approximately 50 percent of the existing wall currently damaged; and

14  
15 WHEREAS, the Seawall is not designed to withstand earthquakes and there is a one in ten  
16 chance in the next ten years of an earthquake that would lead to liquefaction and  
17 Seawall failure; and

18  
19 WHEREAS, failure of the Seawall would severely disrupt public transportation and commerce,  
20 and could lead to widespread property damage, injury and loss of life, thus, a  
21 replacement Seawall is essential both to public safety and to the local and regional  
22 economy; and

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24 WHEREAS, a properly designed and built Seawall is expected to protect the City and its  
25 residents and workers for the next 100 years; and

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27 WHEREAS, the engineering and design for the Seawall replacement project (also known as the  
28 Elliott Bay Seawall Project) has now advanced to the 35 percent stage where cost  
estimates and timelines for construction have been reasonably established; and

WHEREAS, Pier 58 is seismically vulnerable and the structural deficiencies of Piers 62/63 have  
forced the City to significantly limit activities on the piers in order to protect public  
safety; and

WHEREAS, reconstruction of the pilings and decks of Piers 58 and 62/63 can be efficiently  
completed while Seawall construction occurs thereby reducing disruption to waterfront  
businesses and activities; and

WHEREAS, the costs of replacing the Seawall, restoring the Piers and making the other  
infrastructure repairs that are essential to public safety exceed the funding available from  
existing City revenue sources; and



1 WHEREAS, Seattle's central waterfront is a unique asset of our community and replacement of  
2 the Seawall will ensure that Alaskan Way can be rebuilt on time as part of the Alaskan  
3 Way Viaduct Replacement Program and that the necessary structural foundation and  
4 seismic protection will be in place for the soon-to-be-redeveloped Alaskan Way  
recreational, cultural, social, and economic improvements; NOW, THEREFORE,

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

6 Section 1. If approved by voters, the City is authorized to issue bonds to fund a portion  
7 of the costs related to the design, construction, renovation, improvement and replacement of the  
8 Alaskan Way seawall and associated public facilities and infrastructure, including City-owned  
9 waterfront piers (collectively, the "Project").

10  
11 Section 2. The City shall incur indebtedness and borrow an amount not to exceed  
12 \$290,000,000 on the credit of the City and issue and sell its general obligation bonds or other  
13 evidences of indebtedness, which may include but are not limited to, lease obligations  
14 ("Bonds"), in an amount not to exceed that principal amount for strictly municipal capital  
15 purpose, other than the replacement of equipment, to provide all or part of the funds for the  
16 Project. Costs of environmental, engineering, design, architectural, planning, consulting,  
17 project and construction management, construction, inspection, testing, financial, audit, legal  
18 and other services lawfully incurred incident to the Project, completion of a feasibility study for  
19 the Alaskan Way seawall, repayment with interest of interfund loans for project expenses, costs  
20 of issuance (including election costs) and sale of the Bonds, administrative, permit, relocation  
21 and mitigation expenses, site and right of way improvement, demolition, road improvement,  
22 and other similar activities or purposes, and an apportionment equal to one percent (1%) of  
23 estimated construction expenditures on the Project upon public works for art pursuant to Seattle  
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1 Municipal Code Section 20.32.030, shall be appropriate capital costs to be paid from the  
2 proceeds of the Bonds authorized by this ordinance.

3 The City Council declares that to the extent, if any, the City prior to the date that Bonds  
4 or other short-term obligations are issued to finance the Project shall make capital expenditures  
5 for the Project from funds that are not (and are not reasonably expected to be) reserved,  
6 allocated on a long-term basis or otherwise set aside by the City under its existing and  
7 reasonably foreseeable budgetary and financial circumstances to finance the Project, those  
8 capital expenditures are intended to be reimbursed out of proceeds of the Bonds or other short-  
9 term obligations issued in an amount not to exceed the principal amount authorized by this  
10 ordinance.  
11

12 Section 3. The City shall seek supplemental, matching or additional funds from other  
13 sources to pay all or part of the cost of the Project or any component thereof. If the Project  
14 shall have been completed and Bond proceeds remain unexpended, then those proceeds may be  
15 applied to costs of other waterfront improvements or infrastructure construction, repair or  
16 replacement, or to the payment of debt service on Bonds, all as determined by ordinance.  
17 Should the funds, including the Bond proceeds, available for the Project be insufficient to  
18 complete the Project, the City may delay completion of all or any element of the Project until  
19 adequate funding is available, or may eliminate any element.  
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22 Section 4. The Bonds shall be issued in one or more series, or as part of a combined  
23 issue or issues with other authorized bonds, and shall be issued within ten years of the date of  
24 voter approval of the Bonds. The Bonds also may evidence a line or lines of credit. The Bonds  
25 shall bear interest (which may be fixed or variable) payable as permitted by law; may mature  
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1 serially or as term bonds with the longest maturities being within 30 years from their date or  
2 within any shorter period fixed by ordinance; and shall be issued and sold in the manner, at the  
3 times and in the amounts as shall be determined by or pursuant to ordinance. The exact date,  
4 form, terms, options of prior redemption, price, interest rate or rates and maturities of the  
5 Bonds and pledges and covenants shall be fixed by or pursuant to ordinance. The Bonds shall  
6 be paid by annual property tax levies sufficient in amount to pay both principal and interest  
7 when due, which annual property tax levies shall be made in excess of regular property tax  
8 levies without limitation as to rate or amount but only in amounts sufficient to pay both  
9 principal and interest when due.  
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11 Pending issuance of the Bonds and receipt of their proceeds, the City may authorize the  
12 issuance of short-term obligations pursuant to chapter 39.50 RCW, and the costs of those short-  
13 term obligations shall be included in the cost of the Project for which the Bonds are issued.  
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15 Section 5. City Audit Participation. Within sixty (60) days after the end of each  
16 Fiscal Year, the City Auditor shall arrange for an audit to examine whether the public revenues,  
17 grants, fees, bond proceeds and City funds received during the preceding Fiscal Year were used  
18 for the purposes described in Section 1 of this act. City departments shall make available all  
19 information reasonably necessary for the City Auditor to perform such audits. The City  
20 Auditor shall deliver to the Director of SDOT and the Chair of the City Council's Budget  
21 Committee an original, signed copy of each such annual audit by the earlier of (a) thirty (30)  
22 days after the completion of such audit or (b) 180 days after the end of the Fiscal Year covered  
23 by such audit.  
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1           Section 6. The City Council requests that the Director of Records and Elections of King  
2 County, Washington, as ex officio Superior of Elections, conduct a special election in the City  
3 in conjunction with the special election to be held on November 6, 2012, for the purpose of  
4 submitting to the qualified electors of the City for their approval the question of whether or not  
5 the City shall be authorized to borrow money in an amount not to exceed \$290,000,000, issue  
6 its general obligation bonds or other evidences of indebtedness in that principal amount only  
7 for capital purposes other than replacement of equipment, and levy the excess taxes necessary  
8 to pay and retire the Bonds as herein set forth.  
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10           Section 7. The City Council directs that the City Clerk file this ordinance with the  
11 Director of Elections of King County, Washington, as ex officio supervisor of elections,  
12 requesting that the Director of Elections call and conduct a special election in the City to be  
13 held on November 6, 2012, for the purpose of submitting to the qualified electors of the City  
14 the proposition set forth in this ordinance. The City Clerk is directed to certify to the King  
15 County Director of Elections the ballot title approved by the City Attorney in accordance with  
16 his responsibilities under RCW 29A.26.071. The following ballot title is submitted to the City  
17 attorney for his consideration:  
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19           PROPOSITION \_\_\_\_\_  
20           GENERAL OBLIGATION BONDS - \$290,000,000  
21           (ALASKAN WAY SEAWALL )

22           The City Council of the City of Seattle, Washington, passed Ordinance \_\_\_\_\_,  
23 concerning funding the Alaskan Way seawall replacement and associated waterfront  
24 infrastructure.  
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1 This proposition would address public safety risks and seismic hazards by  
2 authorizing the City to incur costs related to the design, construction, renovation,  
3 improvement and replacement of the Alaskan Way seawall and associated public  
4 facilities and infrastructure, including City-owned waterfront piers; issue no more than  
5 \$290,000,000 of general obligation bonds maturing within 30 years; and levy annual  
6 excess property taxes to repay the bonds, all as provided in Ordinance \_\_\_\_\_.

7  
8 Should this proposition be:

- 9           Approved       
10           Rejected

11       Section 8. The Mayor and the Director of Finance of the City and each of the other  
12 appropriate officers of the City are each authorized and directed to do everything as in their  
13 judgment may be necessary, appropriate or desirable in order to carry out the terms and  
14 provisions of, and complete the transactions contemplated by, this ordinance.

15       Section 9. The provisions of this ordinance are declared to be separate and severable.  
16 If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods  
17 having run, finds any provision of this ordinance to be invalid or unenforceable as to any  
18 person or circumstance, such offending provision shall, if feasible, be deemed to be modified to  
19 be within the limits of enforceability or validity. However, if the offending provision cannot be  
20 so modified, it shall be null and void with respect to the particular person or circumstance, and  
21 all other provisions of this ordinance in all other respects, and the offending provision with  
22 respect to all other persons and all other circumstances, shall remain valid and enforceable.

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25       Section 10. Any action taken consistent with the authority of this ordinance, after its  
26 passage but prior to the effective date, is ratified, approved and confirmed.





**2011-2012 BUDGET LEGISLATION FISCAL NOTE**

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative Department	Ben Noble/684-8160	

**Legislation Title:** AN ORDINANCE relating to the Alaskan Way Seawall Replacement Project; providing for the submission to the voters of the City, at an election to be held on November 6, 2012, of a proposition authorizing the City to issue general obligation bonds to pay costs related to the design, construction, renovation, improvement and replacement of the Alaskan Way seawall and associated public infrastructure; the principal of and interest on such bonds to be payable from annual property tax levies to be made in excess of regular property tax levies; and ratifying and confirming certain prior acts.

**Summary of the Legislation:** This legislation will submit to the voters of Seattle a proposal for a \$290 million, 30-year bond measure and excess property tax levy for the purpose of replacing the Alaskan Way Seawall and associated public infrastructure, including City-owned waterfront piers. The authorized bond proceeds will be combined with other City resources to fund, over the next five years, replacement of the Alaskan Way Seawall and the rebuilding of Piers 58 and 62/63.

The costs of environmental, engineering, design, architectural, planning, consulting, permits, project management, construction, mitigation, inspection, testing, financial, legal, audit and other services lawfully incurred incident to the Project, costs of issuance and sale of the Bonds, administrative and relocation expenses and improvement, demolition, road improvements, special election costs, and "1% for Arts" allocation are all included as eligible expenses. To provide on-going accountability regarding the use of bond proceeds, the ordinance directs the City Auditor to provide an annual audit of project expenditures.

**Background:** The existing Alaskan Way Seawall was not designed to withstand earthquakes and has been structurally weakened due to tidal forces, aging materials and marine borer damage. There is a one in ten chance of an earthquake leading to liquefaction and seawall failure, within the next ten years. The failure of the seawall could disrupt public transportation and utilities, damage regional commerce and potentially lead to loss of life. In addition, Piers 58 and 62/63, which are publicly owned, have reached dangerous levels of deterioration. Pier 58 is seismically vulnerable, and Pier 62/63 is structurally compromised to the degree that limited physical activity is now permitted. Thus, timely restoration of these basic infrastructure elements is critical to protecting public safety and preserving the economic vitality of the local and regional economy. This legislation addresses these risks by providing a significant share of the overall funding required to complete this restoration work.

The table below summarizes the estimated project costs.



### Estimated Costs of Seawall and Pier Replacement

Program Element	Cost
Seawall Replacement (including temporary roadway)	\$300 million
Restoration of City-Owned Waterfront Piers	\$85 million
<b>Total - Costs</b>	<b>\$385 million</b>

Funding for the replacement of the Seawall and City-owned waterfront piers will come from a variety of sources. A portion of the funding has already been secured. As summarized in the table below, the proposed bond measure would address most of the unfunded gap, but some additional funding will be necessary in the future to complete the identified work.

### Basic Waterfront Infrastructure: Funding Sources

Program Element	Cost
Seawall Replacement (including temporary roadway)	\$300 million
Restoration of City-Owned Waterfront Piers	\$85 million
<b>Total - Costs</b>	<b>\$385 million</b>

Source	Funding
<b>Secured Funding</b>	
Flood District	\$32 million
Previous City appropriations	\$27 million
<b>Proposed Plan for Remaining Funding Need</b>	
Voter-Approved Bond Measure	\$290 million
Other City Funding	\$36 million
<b>Total Funding</b>	<b>\$385 million</b>

When combined with the \$59 million in secured funding, the proposed \$290 million bond measure would provide \$349 million of the required funding. This would then leave approximately \$36 million of funding to be provided from other sources. Under existing plans, \$6 million of this total will be financed from future commercial parking tax revenues; leaving a net need of \$30 million. As shown in the cash-flow table provided in Attachment A, this \$30 million will not be required until 2016, so the proposed bond measure does relieve short-term financial pressures on the City.

Councilmanic debt, with debt service to be paid from the General Fund, is the most obvious source for this last component of the required funding. A total of \$30 million in debt would cost the City approximately \$1.9 million in annual bond payments, assuming 30-year debt at 5% interest. A Local Improvement District (LID) is another potential source for the remaining funding. Formation of an LID is being considered as a primary funding source for waterfront improvements beyond the basic infrastructure identified here, but an LID might also contribute to basic pier restoration.

The annual debt service for the full amount of \$290 million voter-approved is estimated to be \$19 million per year over a 30-year period, assuming a 5% interest rate. Once the full \$290



million in debt has been issued, the annual impact to property owners is projected to about \$59 for a median-value home of approximately \$360,000.

The property tax collections would begin in either 2013 or 2014, depending on when the first debt issuance occurred. Due to the timing of when tax assessments are calculated and processed, tax collections for bond payments cannot begin until the year following the first bond sale. Debt could initially be issued in late 2012 (assuming voter approval is granted in November), but the first issuance might not occur until 2013. Cash flow needs for the project are relatively modest in 2013 and may not justify the costs of a separate bond sale.

Further detail about the timing of the proposed bond funding as well as the projected cash flow for each of the other funding sources is provided in Attachment A.

X **This legislation has financial implications.** (Please complete all relevant sections that follow.)

What is the financial cost of not implementing this legislation? Replacement of the Alaskan Way Seawall is a priority project. A failure of the seawall would impact property, transportation, commerce and most importantly endanger lives in the area. However, existing City revenues are insufficient to complete the seawall replacement. Without this legislation, alternative sources would need to be identified. Debt service costs on a Councilmanic issuance for the full \$326 million funding gap would exceed \$20 million per year. Redirecting existing General Fund resources to this purpose would force significant reductions in direct City services.

Does this legislation affect any departments besides the originating department? Yes. The Seattle Department of Transportation, the Department of Parks and Recreation, Seattle Public Utilities and City Light are all involved in the waterfront project. In addition, the ordinance calls on the City Auditor to perform (or have performed) an annual audit of project expenses.

What are the possible alternatives to the legislation that could achieve the same or similar objectives? The City could pursue a property tax levy lid lift to provide comparable funding for the seawall project. A lid lift, if used for paying debt service on bonds issued to finance the project, would be limited in term to 9 years and would require a higher tax rate and annual household cost relative to an excess levy supporting a 30 year bond measure. The lid lift would however, reduce the total cost to taxpayers due to reduced interest payments over the shorter term of the debt issuance.

Is the legislation subject to public hearing requirements? No, a CLEAN hearing for the overall Alaskan Way Viaduct & Seawall Replacement project has already been conducted.

Other Issues (including long-term implications of the legislation): None.

Please list attachments to the fiscal note below:

Attachment A – Seawall and Pier Replacement: Annual Costs and Projected Funding



**Attachment A**  
**Seawall and Pier Replacement: Annual Costs and Projected Funding (\$ Millions)**

<b>Sources of Funding</b>	<b>Pre-2013</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Totals</b>
Previous City Funding						
<i>Seawall Replacement</i>	\$22					\$22
<i>Waterfront Piers</i>	\$5					\$5
County Flood District - <i>Seawall Replacement</i>	\$7	\$5	\$15	\$5		\$32
30-Year Voted Bond						
<i>Seawall Replacement</i>			\$72	\$82	\$87	\$240
<i>Waterfront Piers</i>		\$3	\$3	\$26	\$18	\$50
Additional City Funding						
<i>Seawall Replacement*</i>		\$6				\$6
<i>Waterfront Piers</i>					\$30	\$30
<b>Annual Totals</b>	<b>\$34</b>	<b>\$14</b>	<b>\$90</b>	<b>\$113</b>	<b>\$135</b>	<b>\$385</b>

\* Under current Funding plans, this initial \$6M is to be debt-financed and repaid by unallocated parking tax revenues.

<b>Uses of Funding</b>	<b>Pre-2013</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Totals</b>
Seawall Replacement	\$29	\$11	\$87	\$87	\$87	\$300
Waterfront Piers	\$5	\$3	\$3	\$26	\$48	\$85
<b>Annual Totals</b>	<b>\$34</b>	<b>\$14</b>	<b>\$90</b>	<b>\$113</b>	<b>\$135</b>	<b>\$385</b>

