#5

Dave Barber
SCL, Surplus Property Pilot Project, ORD
August 6, 2012
Version #2a

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117574

AN ORDINANCE relating to the City Light Department, declaring the former Chelsea, Hawthorne, Hill, Sand Point, View Ridge, and Wedgwood Substation properties as surplus to the City's needs and no longer required for providing public utility service or other municipal purpose; authorizing the sale of said properties for fair market value through negotiated sale or an open and competitive process; and authorizing the Superintendent of the City Light Department to execute all necessary documents to accomplish such property sales.

WHEREAS, by Resolution 31317, the City Council requested that the City Light Department ("City Light") conduct a Surplus Property Disposition Pilot Project ("Pilot Project") to test an alternative process for determining the appropriate disposition of surplus utility properties, temporarily suspending certain requirements of Resolution Nos. 29799 and 30862 for the six properties in the Pilot Project, including the former Chelsea, Hawthorne, Hill, Sand Point, View Ridge, and Wedgwood Substation properties (the "Pilot Project Properties"), and requesting that City Light report back to the City Council with any recommendations for property dispositions upon completion of the Pilot Project; and

WHEREAS, City Light has conducted a review of the Pilot Project Properties with other City departments and public agencies, and no other City department or other public agency requested jurisdiction over, or proposed a public use for the Pilot Project Properties; and

WHEREAS, City Light has attended community meetings in Northeast Seattle and on North Beacon Hill to discuss the Pilot Project Properties, has mailed notices to nearby owners and residents, and has posted notices on the properties advising citizens of the public hearings and inviting public comment, all in accordance with Pilot Project Procedures of Resolution 31317; and

WHEREAS, City Light has conducted the public hearings required by RCW 35.94.040 before lands and property originally acquired by a city for utility purposes can be sold or conveyed for the Pilot Project Properties; and

COUNCIL CLERK

WHEREAS, in those instances in which public comments obtained through the public hearings suggested that any of the Pilot Project Properties should be used for a non-utility City purpose, the City department responsible for such purpose was requested to reconsider its earlier determination, and in each such instance the reviewing City department determined that the property was not appropriate for the suggested purpose; and

WHEREAS, most of the public comments received by City Light through its public notification and comment solicitation process were supportive of the sale of the Pilot Project Properties to non-City entities; and

WHEREAS, it is in the best interest of the City and the general public to sell the Pilot Project Properties and for the proceeds of sale to be used to benefit the utility; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City of Seattle approves the steps taken as documented in the Report of the Seattle City Light Surplus Property Disposition Pilot Project, which is included in Clerk File 312543, as alternative procedures to those adopted by Resolution Nos. 29799 and 30862, to evaluate and determine the appropriate disposition for the following described properties in King County, Washington:

Former Chelsea Substation; 2321 Northeast 95th Street; Seattle, WA 98115

Lots 1 and 6 of Acre 3, and Lots 2 and 3 of Acre 2, all in vacated Block 57, Maple Leaf Addition to Green Lake Circle, as recorded in Volume 2 of Plats, Page 115, records of King County, Washington.
(KCA No. 510140-4315 and 510140-4330; SCL PMNO 260433-3-301)

The estimated fair market value of the Former Chelsea Substation property, based on the King County Department of Assessments current assessed value, is Seven Hundred Thirty-Eight Thousand and no/100 Dollars ($738,000).

Former Hawthorne Substation; 3904 Northeast 65th Street; Seattle, WA 98115

That portion of Tract 44 of State Land Commissioners Plat of the Southwest quarter of Section 3, Township 25 North, Range 4 East, W.M., as per plat recorded in Volume 19 of Plats, page 43, records of King County, Washington, described as follows:

Commencing at the southeast corner of said Tract 44, and running thence South 89° 57' 02" West, along the southerly line of said Tract 44, a distance of 102.81 feet to the True Point of Beginning of the tract herein described; thence continuing South 89° 57' 02" West along the southerly line of said Tract 102.81 feet; thence North 01° 26' 03" West 105.00 feet; thence North 89° 57' 02" East, parallel to the southerly line of said Tract 44, a distance of 102.79 feet; thence South 01° 26' 31" East 105.00 feet to the True Point of Beginning; situate in the City of Seattle, King County, Washington.
(KCA No. 797420-0961; SCL PMNO 250403-3-301)

The estimated fair market value of the Former Hawthorne Substation property, based on the King County Department of Assessments current assessed value, is Three Hundred Forty-Six Thousand and no/100 Dollars ($346,000).

Former Hill Substation; 2107 – 14th Avenue South; Seattle, WA 98144

Lot 7, Block 13, TL McKinney's Central Seattle Addition, according to plat recorded in Volume 1 of Plats, Page 57, records of King County, Washington.
(KCA No. 149830-0785; SCL PMNO 240408-1-301)

The estimated fair market value of the Former Hill Substation, based on the King County Department of Assessments current assessed value, is Three Hundred Thousand and no/100 Dollars ($300,000).

Former Sand Point Substation; 5755 Northeast 63rd Street; Seattle, WA 98115

That portion of the Northeast quarter of the Northwest quarter of the Northwest quarter of Section 11, Township 25 North, Range 4 East, W.M., described as follows:

COUNCIL CLERK

Beginning on the south line of said subdivision at a point which is North 89° 41' 08" West 30 feet from the southeast corner thereof, said point being on the west line of 60th Avenue Northeast; thence along said west line North 0° 40' 46" West 106.43 feet to the south line of East 63rd Street; thence along said south line North 89° 38' 28" West 80.00 feet; thence South 0° 40' 46" East 106.49 feet to the south line of said subdivision; thence along said south line South 89° 41' 08" East 80.00 feet to the point of beginning (being known as lots 7 and 8, Block 8, Gilbert's Avion City, according to the unrecorded plat thereof).
(KCA No. 275770-0355, SCL PMNO 250411-2-301)

The estimated fair market value of the Former Sand Point Substation, based on the King County Department of Assessments current assessed value, is Six Hundred Eight Thousand Seven Hundred and no/100 Dollars ($608,700).

Former View Ridge Substation; 7502 – 44th Avenue Northeast; Seattle, WA 98115

Lots 9 and 10, Block 73, Replat of Oneida Garden Addition, as recorded in Volume 5 of Plats, Page 63, records of King County, Washington.
(KCA No. 639200-3640, SCL PMNO 250403-2-301)

The estimated fair market value of the Former View Ridge Substation, based on the King County Department of Assessments current assessed value, is Two Hundred Thirty-One Thousand and no/100 Dollars ($231,000).

Former Wedgwood Substation; 2507 Northeast 70th Street; Seattle, WA 98115

The East 45.00 feet of Lots 11 and 12, Block 2, Spiger's Addition to the City of Seattle, according to the Plat thereof recorded in Volume 24 of Plats, Page 2, records of King County, Washington, except the south 30.00 feet of the East 45.00 feet of Lot 11.
(KCA No. 792010-0086, SCL PMNO 250404-4-301)

The estimated fair market value of the Former Wedgwood Substation, based on the King County

Department of Assessments current assessed value, is One Hundred Seventy-Six Thousand and no/100 Dollars ($176,000).

Section 2. Pursuant to RCW 35.94.040 and after public hearing, the properties described in Section 1 of this ordinance (the "Properties") are declared to be surplus to the City's needs and no longer required for providing continued public utility service or other municipal purpose.

Section 3. The Superintendent of Seattle City Light or his designee is authorized to sell the properties for fair market value by negotiated sale, or through an open and competitive process to be managed by the City's Department of Finance and Administrative Services, and subject to the Superintendent's approval, to accept the best offers for the Properties.

Section 4. The Superintendent of Seattle City Light or his designee is authorized to negotiate purchase and sale agreements and execute all necessary documents to accomplish the sale and transfer the Properties to the selected purchasers.

Section 5. Proceeds from the sales authorized by this ordinance shall be deposited in the City Light Fund (4100).

Section 6. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

COUNCIL CLERK

Passed by the City Council the ____ day of _____, 2012, and signed by me in open session in authentication of its passage this _____ day of _____, 2012.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2012.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2012.

_____

Monica Martinez Simmons, City Clerk

(Seal)

COUNCIL CLERK

Dave Barber
SCL Surplus Property Pilot FISC
August 6, 2012
Version #3

Form revised: December 6, 2011

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle City Light	Jim Baggs / 684-3260	Calvin Chow / 684-4652

Legislation Title:

AN ORDINANCE relating to the City Light Department, declaring the former Chelsea, Hawthorne, Hill, Sand Point, View Ridge, and Wedgwood Substation properties as surplus to the City's needs and no longer required for providing public utility service or other municipal purpose; authorizing the sale of said properties for fair market value through negotiated sale or an open and competitive process; and authorizing the Superintendent of the City Light Department to execute all necessary documents to accomplish such property sales.

Summary of the Legislation:

As a result of the successful implementation of the Surplus Property Disposition Pilot Project (the "Pilot Project") pursuant to Resolution 31317, this legislation will declare six former City Light substations as surplus to utility or other City needs, and authorize City Light to sell these properties through a negotiated sale or an open and competitive process.

Background:

Seattle City Light holds over 40 surplus properties as assets of the City Light Fund. The King County current combined assessed value of these surplus properties is in excess of $40 million.

The City's existing surplus property disposition procedures were established by Resolution Nos. 29799 and 30862 and were designed to ensure adequate public notice and to maximize opportunities for public input on the disposition of surplus City properties.

Resolution 31317 set out alternative disposition procedures in the Pilot Project that were intended to accomplish and improve upon the internal circulation and community outreach procedures of the earlier process while being more efficient to implement and providing citizens and community groups with better information on disposition issues.

City Light has successfully completed the community outreach procedures required by Resolution 31317 including five meetings held in the neighborhoods (three informational meetings and two question and answer sessions held before the formal public hearings). City Light estimates that between 250 and 300 people attended these meetings.

COUNCIL CLERK

City Light reports that what made these meetings most valuable was the discussion of not only the surplus properties themselves, but also of related issues such as legal requirements, how the need is determined for a new City park, the 2000 and 2008 park levies, the City Light budget and rates, and other questions raised by the audience. City Light is very appreciative of the Parks Department for their participation in these meetings.

A large majority of the people attending these neighborhood meetings were supportive of a sale of all six Pilot Project properties to non-city entities. City Light also received several expressions of appreciation for meeting and discussing the surplus properties with the community, and also for the conduct of the Pilot Project generally. A full report of the community outreach process, including outreach materials, written comments, and hearing transcripts, has been filed with the City Clerk under C.F. _____ .

Based on this process, City Light recommends the sale of all six Pilot Project properties, by negotiated sale based on fair market value, or by broker sale through an open and competitive process.

The Department of Finance and Administrative Services (FAS) would conduct the sales for City Light through an open and competitive process, using consultant broker services similar to the highly successful sales of surplus City of Seattle Fire Department Station Nos. 37 and 38.

__X__ This legislation has financial implications.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2012 Revenue	2013 Revenue
City Light Fund 41000	Seattle City Light	Sales of Surplus Real Property	$0	$2,400,000
TOTAL			**$0**	**$2,400,000**

Revenue/Reimbursement Notes:

Anticipated 2013 revenue is based on the 2012 King County Assessed value for all six properties. Actual revenue will depend on market conditions, marketing, transaction costs, and buyer interest at time of sale. The broker's commissions and all other costs of sales will be deducted from gross proceeds of sale at closing.

COUNCIL CLERK

Other Implications:

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

Section 5 of Resolution No. 31317 requires that upon conclusion of the Surplus Pilot Project, City Light and the Department of Finance and Administrative Services (FAS) will report to the City Council on the viability of the new procedures, and whether or not these procedures should be used for vetting the disposition of additional surplus City properties.

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

City Light would not realize the estimated sales revenue of $2,400,000, and would continue to incur maintenance costs of approximately $2,500 per property per year.

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

Yes, the Department of Finance and Administrative Services (FAS) will assist in selling the properties by contracting for broker services, managing the evaluation of bids, and arranging escrow and closing. The process will be the same as that used for the recent, highly successful sales of surplus Fire Station Nos. 37 and 38. FAS provides real estate services to all City departments through annual cost allocations.

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?

Yes. Public hearings as required by RCW 35.94.040 for the sale of municipal-owned utility properties were held on June 12 and July 17, 2012. Council staff recommends a final public hearing at the Council Committee meeting prior to discussion of this legislation.

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?

Yes, six former City Light substations. Maps of the substation properties are attached.

h) Other Issues:

None.

List attachments to the fiscal note below:

Attachment A. Map of Former Chelsea Substation
Attachment B. Map of Former Hawthorne Substation
Attachment C. Map of Former Hill Substation
Attachment D. Map of Former Sand Point Substation
Attachment E. Map of Former View Ridge Substation
Attachment F. Map of Former Wedgwood Substation

Dave Barber
SCL Surplus Property Pilot FISC
August 6, 2012
Version #3

Attachment A

Former Chelsea Substation
2321 NE 95th Street

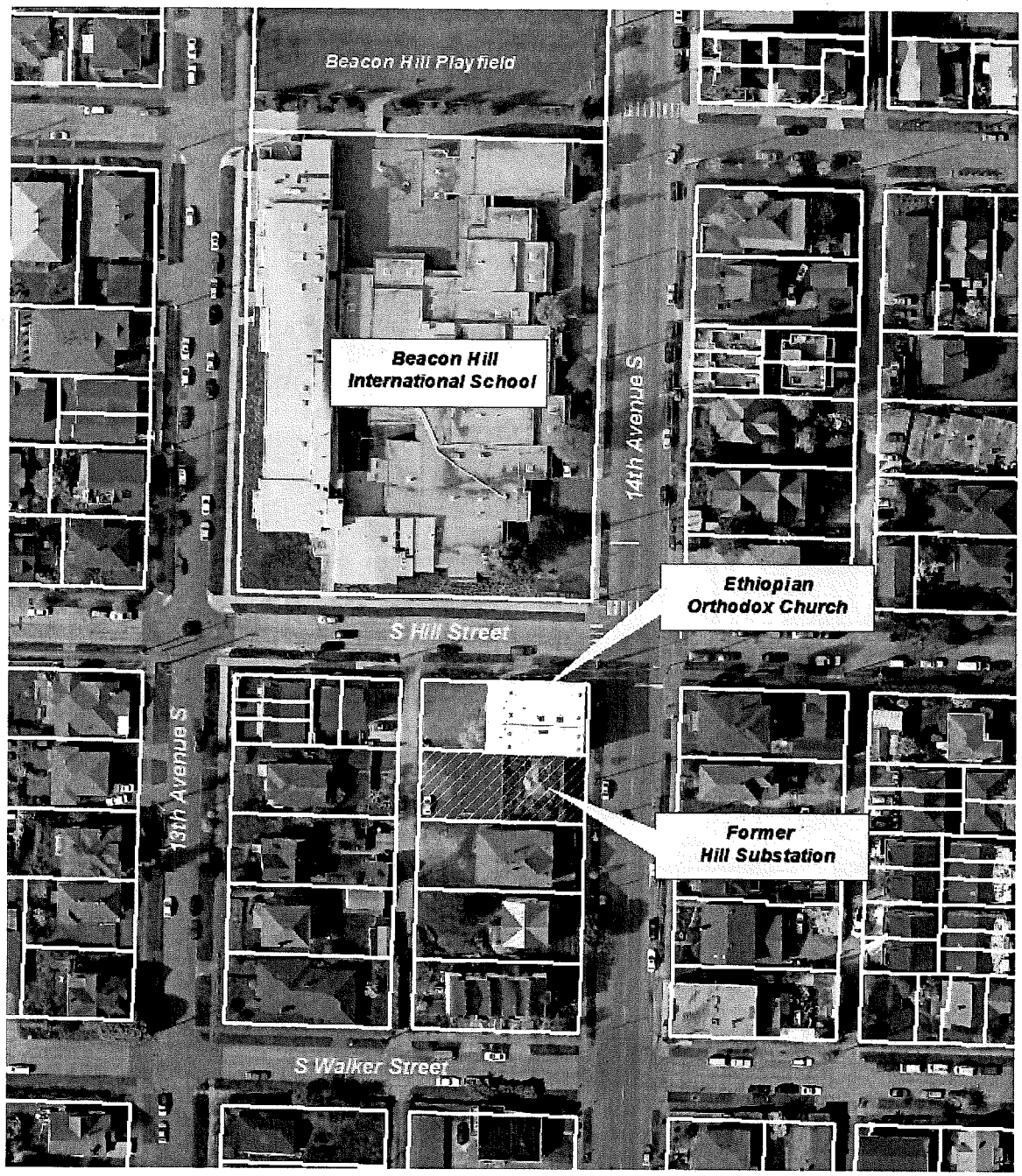
Dave Barber
SCL Surplus Property Pilot FISC
August 6, 2012
Version #3

Attachment B

Former Hawthorne Substation
3904 NE 65th Street

Dave Barber
SCL Surplus Property Pilot FISC
August 6, 2012
Version #3

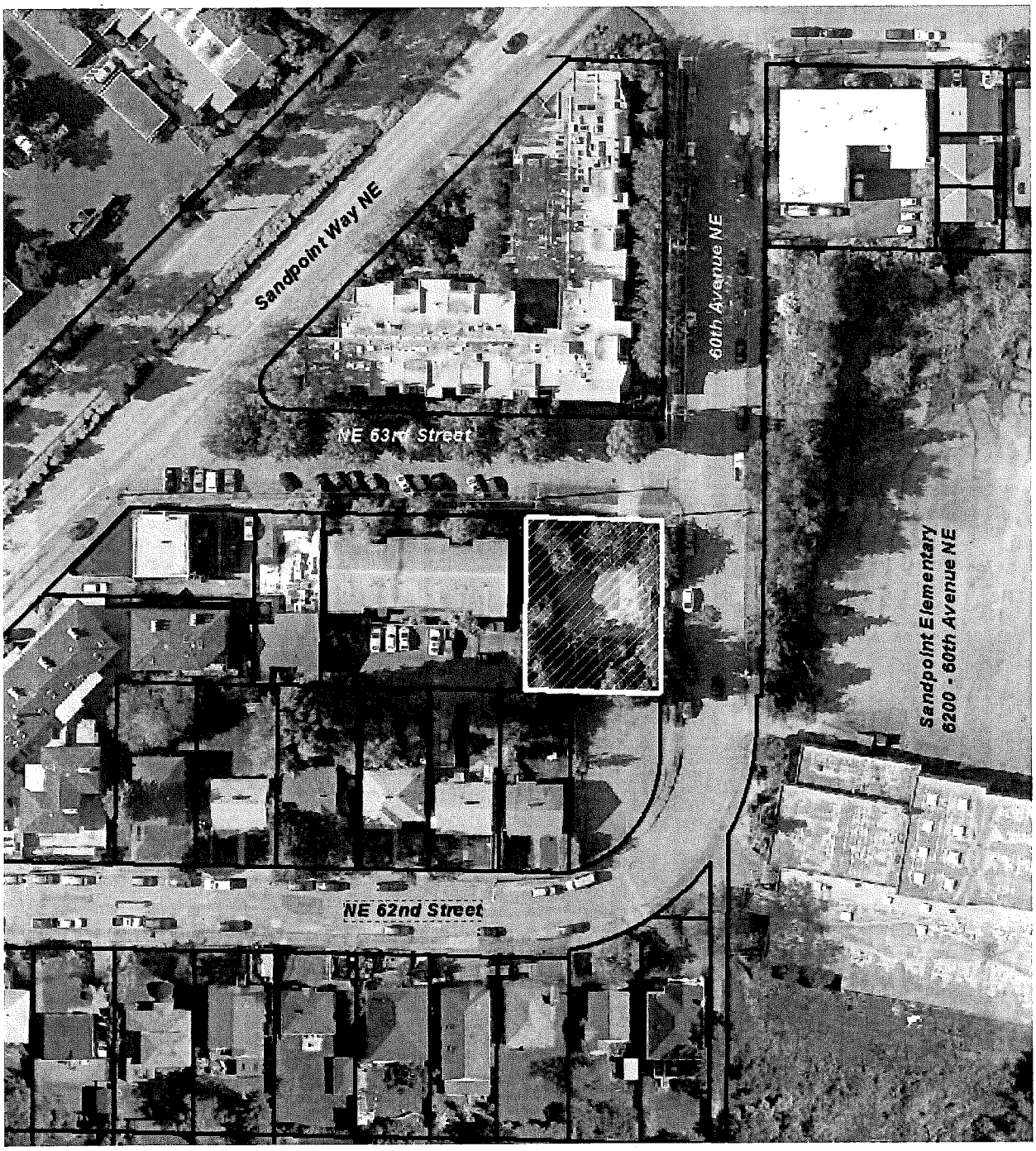
Attachment C



Former Hill Substation
2107 – 14th Avenue S

Dave Barber
SCL Surplus Property Pilot FISC
August 6, 2012
Version #3

Attachment D



Former Sand Point Substation
5755 NE 63rd Street

Dave Barber
SCL Surplus Property Pilot FISC
August 6, 2012
Version #3

Attachment E

Former View Ridge Substation
7502 – 44th Avenue NE

Dave Barber
SCL Surplus Property Pilot FISC
August 6, 2012
Version #3

Attachment F

Former Wedgwood Substation
2507 NE 70th Street

City of Seattle
Office of the Mayor

August 21, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that would authorize Seattle City Light to sell six surplus properties. All of these properties are former 4 kV substations. City Light has been converting its electrical distribution to a more efficient 26 kV system, and these former substations are no longer needed for utility purposes.

These properties were the subject of a Surplus Property Disposition Pilot Project authorized by Resolution No. 31317. This Resolution sets out alternative disposition procedures that are intended to accomplish and improve on the public outreach procedures of the current process while being more efficient to implement.

The opportunities for public input were increased by grouping the properties geographically and by holding the meetings and hearings in these areas in the evenings rather than downtown during business hours. City Light estimates that between 250 and 300 people attended the five public meetings in Northeast Seattle and on North Beacon Hill where the surplus properties are located. Many more people submitted comments through a City Light website and in letters. The community meetings were a very valuable part of the process, with discussion of the surplus properties, related legal issues, the acquisition and funding of new City parks, City Light budget and rates, and other questions raised by the audience.

City Light reports that a large majority of people attending the public meetings were supportive of a sale of all the Pilot Project properties. The attached Council Bill would authorize those sales. Thank you for your consideration of this legislation. Should you have questions, please contact Jim Baggs at 684-3260.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

Tel (206) 684-4000
Fax (206) 684-5360
TDD (206) 615-0476
mike.mcginn@seattle.gov