#11

Dave Barber
SCL, Surplus Prop Disp, RES
December 12, 2012
Version #1

CITY OF SEATTLE

RESOLUTION 31424

A RESOLUTION related to the City Light Department; adopting revised procedures for determining the appropriate disposition of surplus properties under the jurisdiction of City Light; suspending the requirements of Resolution Nos. 29799 and 30862 for the processing of such properties; and requesting that City Light report back to the City Council on the outcome of circulation to other City departments and other public agencies, and on the community outreach required by the revised procedures, together with City Light's recommendations for the appropriate disposition for the properties considered under such procedures.

WHEREAS the City Council established policies and procedures in Resolution Nos. 29799 and 30862 to provide for an orderly, transparent, and inclusive process for determining the appropriate disposition of properties owned by the City but which are deemed surplus to the City department holding jurisdiction over such properties; and

WHEREAS City Light has numerous former neighborhood 4kv substation properties that became part of the utility's inventory of surplus property when the utility moved to the larger more centralized 26kv substation system, making the utility an ideal candidate for a more community-based disposition process; and

WHEREAS by Resolution No. 31317 the City Council requested that City Light conduct a Surplus Property Disposition Pilot Project (the Surplus Pilot Project) to test an alternative process for determining the appropriate disposition of surplus utility properties; and

WHEREAS City Light submitted a report on the Surplus Pilot Project to the City Council dated August 6, 2012, and based on this report and the recommendations of City Light, the City Council authorized the sale of the six properties considered in the Surplus Pilot Project by Ordinance No. 124013; and

WHEREAS City Light and the Department of Finance and Administrative Services have submitted a second report on the Surplus Pilot Project to the City Council dated November 30, 2012, and subject to minor changes, have recommended that the procedures tested in the Surplus Pilot Project be used to determine the appropriate disposition for additional surplus properties under the jurisdiction of City Light; NOW, THEREFORE,

BTS CITY CLERK

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. The Seattle City Council requests that the City Light Department ("City Light") conduct additional studies to consider and make recommendations for the appropriate disposition of surplus properties under the jurisdiction of City Light, in accordance with the "Procedures for Circulation, Public Outreach, and Public Hearings for Disposition of Surplus Properties under the Jurisdiction of Seattle City Light," attached as Exhibit A to this resolution.

Section 2. To the extent practicable, the surplus properties should be considered for appropriate disposition in a geographic group. In accordance with the revised procedures, City Light will first conduct a circulation process to determine if the Surplus Properties are needed for other City purposes, or by other public agencies for public purposes, all as described in the procedures attached to this resolution as Exhibit A. City Light will also provide public notice, conduct community outreach to nearby residents, property owners, and community groups, and conduct public hearings pursuant to RCW 35.94.040, all as further described in said Exhibit A.

Section 3. Upon conclusion of the circulation, community outreach, and public hearings described in Section 2, City Light will provide a report on these activities to the Seattle City Council, together with recommendations for disposition for the surplus properties under consideration and legislation necessary to implement those recommendations.

CITY CLERK

Section 4. The disposition procedures set forth in Resolution Nos. 29799 and 30862 are suspended for the surplus properties under the jurisdiction of City Light and being considered for disposition under the procedures described in Exhibit A to this resolution.

Adopted by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its adoption this_____ day of _____, 2013.

_____

President _____of the City Council

THE MAYOR CONCURRING:

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Exhibit A: Procedures for Circulation, Public Outreach, and Public Hearings for Disposition of Surplus Properties under the Jurisdiction of Seattle City Light

BDS CITY CLERK

Dave Barber
SCL, Surplus Prop Disp, RES EXH A
December 12, 2012
Version #2

Exhibit A

Procedures for Circulation, Public Outreach, and Public Hearings
For Disposition of Surplus Properties under the Jurisdiction Seattle City Light

The purpose of these procedures is to build on the successful experience of the Seattle City Light Surplus Property Disposition Pilot Project, and to provide effective procedures for vetting and making recommendations for the disposition of surplus City Light properties.

The underlying objectives of these procedures remain the same as in the Surplus Pilot Project: a) to provide other City departments and other public agencies an opportunity to acquire surplus properties under the jurisdiction of City Light; b) to provide an opportunity for neighboring owners, residents, and community groups to provide input on the proposed disposition of these properties; and c) to provide recommendations to the Seattle City Council for the eventual disposition of these properties.

These procedures are intended to replace the procedures in Resolution Nos. 29799 and 30862 for surplus properties under the jurisdiction of Seattle City Light, to improve the community outreach process, and to provide interested citizens and community groups with additional information on disposition issues.

Grouped Processing of Properties

City Light's surplus properties will be vetted in small groups based on geographic locations. In addition to more efficient use of City staff time, the Surplus Pilot Project demonstrated that such groupings can provide individual citizens and community groups with a wider perspective and better appreciation of surplus properties and disposition opportunities in their neighborhoods.

Circulation to Other City Departments and Other Public Jurisdictions

City Light will circulate complete descriptions of the surplus properties under study to all other City departments. Other City departments will have first priority to acquire a surplus property to meet City needs. The surplus properties will also be circulated to other public jurisdictions which may be interested in acquiring a property. Other public jurisdictions will have the second priority to acquire a surplus property to meet public needs.

The requesting City department or other public jurisdiction must identify a specific fund source for payment for the property, and there must be a reasonable expectation that the transfer can be completed within the next budget cycle after the property is identified.

Coordination with Department of Neighborhoods

City Light will coordinate its community outreach with the Department of Neighborhoods (DON) and will attend a meeting of each Neighborhood District Council or similar community group recommended by DON having representation within the geographic area of the surplus properties being considered for disposition. At the District Council meetings, City Light will advise the member neighborhood groups of the proposed disposition, opportunities for public comment, and the upcoming public hearing concerning such disposition.

City Light will attend a meeting of any member neighborhood group making such request to discuss any proposed dispositions in their neighborhoods. The DON District Coordinators would be expected to recommend other interested stakeholders as well.

Community Information Meetings

City Light will host at least one community information meeting, in addition to attending District Council meetings and meetings with individual community groups as requested, prior to conducting a formal public hearing.

City Light will invite the Department of Parks and Recreation (Parks), the Department of Planning and Development (DPD), and the Seattle Department of Transportation (SDOT) to provide representatives at each community information meeting. The Parks representative would discuss and answer questions about how the need for new parks is determined, and how new parks and park development are funded. The DPD representative would answer any questions about development under existing zoning and land use permitting. The SDOT representative would answer questions about traffic and parking impacts.

At each community meeting and at the public hearing, City Light will advise the attendees of:

** The history of each surplus property proposed for disposition within the hearing area, why the property is surplus to City Light needs, and the results of circulation to other City departments and other public agencies; and

** The requirements of RCW 43.09.210, the State Accountancy Act, the requirements of RCW 35.94.040, pertaining to sales of utility properties, City Charter provisions pertaining to the disposal of City property, the judicial precedents of *Okeson v. City of Seattle* (I and II), and *Lane v. City of Seattle*, and the disposition procedures authorized by Resolution.

** Opportunities to speak and how to submit written comments. City Light will maintain a record of all public testimony, written comments, and attendance and speaker sign-in sheets.

** City Light will inform the attendees that they may also contact the City Council directly with any concerns and will provide contact information.

City Light Website

City Light will publicize each disposition process on the City Light website in the City of Seattle Public Access Network (PAN). The website will provide descriptions of the properties, a schedule of informational meetings and public hearings, and a means for submitting public comments.

Public Hearings

Following circulation to other City departments and other public jurisdictions, and after the community information meetings, City Light will conduct one public hearing to solicit public comments for each geographic group of surplus properties. These hearings are intended to fulfill the City's obligation pursuant to RCW 35.94.040 to conduct a public hearing prior to the sale or other conveyance of real property acquired for a public utility purpose.

At least one month prior to each public hearing, City Light will provide written notification of the surplus status, disposition process, and opportunities for public comment, to each person owning property or living within 700 feet of a surplus property proposed for disposition. A sign will be posted on each property to provide the same notification. A notice of the hearing will be published on two separate dates in a newspaper of record.

Reconsideration of Non-Utility Public Uses

At the conclusion of each public hearing, if any uses are proposed which would require the transfer of a property to another City department, such as park, community garden, or other non-utility use, City Light shall request such department to consider such proposal (to reconsider its determination in the earlier circulation), particularly with regard to how the proposed use would be consistent with citywide or local needs, and the availability of funds to effect a transfer.

Support to be Provided by Finance and Administrative Services

Seattle City Light will coordinate with the Department of Finance and Administrative Services (FAS) to obtain support in performing these procedures to the fullest extent that FAS staff resources and expertise will permit.

Recommendations to the City Council

At the conclusion of each public hearing, and following reconsideration of any proposals for non-utility public uses, City Light will submit a report to the City Council on the circulation, community outreach, and community comments and suggestions, together with a recommendation for disposition of each specific property, and the necessary legislation to implement those recommendations.

All members of the public and all community groups which have participated in the review of a surplus property shall be advised of the findings and recommendations of City Light regarding such property, before the report on such findings and recommendations is submitted to the City Council.

Dave Barber
SCL, Surplus Prop Disp, FISC
December 12, 2012
Version #1

Form revised: December 6, 2011

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle City Light	Lynn Best 386-4586	Calvin Chow 684-4652

Legislation Title:

A RESOLUTION related to the City Light Department; adopting revised procedures for determining the appropriate disposition of surplus properties under the jurisdiction of City Light; suspending the requirements of Resolution Nos. 29799 and 30862 for the processing of such properties; and requesting that City Light report back to the City Council on the outcome of circulation to other City departments and other public agencies, and on the community outreach required by the revised procedures, together with City Light's recommendations for the appropriate disposition for the properties considered under such procedures.

Summary of the Legislation:

This resolution would adopt revised procedures for determining the appropriate disposition of surplus properties under the jurisdiction of Seattle City Light. City Light is requested to report back to the City Council on the outcome of circulation of these properties to other City departments and public agencies, and on community outreach, together with City Light's recommendations for disposition of the properties.

Background:

Seattle City Light has a large inventory of surplus properties. Most of these are former 4 kV substations no longer needed because of conversion to the more efficient 26 kV electrical distribution system. The City's current procedures for determining the appropriate disposition for surplus properties are provided by Resolution Nos. 29799 and 30862.

By Resolution No. 31317, the City Council requested City Light to conduct a Surplus Property Disposition Pilot Project to test an alternative process for determining the appropriate disposition of surplus utility properties. The alternative process is similar in many respects to the procedures under Resolution Nos. 29799 and 30862, but adds additional elements to improve community outreach by providing citizens and community groups with better information on the disposition issues as they relate to City Light property. The process is also more efficient to implement.

New procedures specific to the alternative procedures intended to improve the outreach process are:

- All of the City Light surplus properties in one geographic area of the City are addressed at the same time. This provides the community and interested citizens in the selected geographic area the opportunity to more effectively assess all of the surplus properties available in their neighborhood. It is also more efficient and convenient for each neighborhood.

- In community meetings, City Light will explain the internal vetting process and the constraints that the City must observe in the use or disposition of municipal utility properties, which include the following key points:

  - City of Seattle properties under the jurisdiction of City Light cannot be used for non-utility functions or activities such as parks, community gardens, or housing.

  - If another City department such as Parks or the Department of Neighborhoods wishes to acquire a City Light property for non-utility use, the City Council must transfer jurisdiction to the receiving City department. That department must compensate City Light for the true and full value of the property.

- Public hearings are held in each community during evening hours rather than downtown during business hours. This is intended to encourage and provide more opportunities for community participation and citizen input.

Over the past year, City Light conducted a Surplus Pilot Project which studied six properties, five in Northeast Seattle and one on North Beacon Hill. The Pilot Project was considered highly successful.

- Meetings and hearings were held in the neighborhoods during evening hours.
- Between 250 and 300 people attended these meetings to discuss the properties.
- Meetings resulted in open and thoughtful discussion of the issues.
- The Parks Department attended meetings to discuss park issues.
- City Light received positive feedback for the process, meeting in the communities, Parks' participation, and for providing good information.
- A large majority of those attending the meetings supported a sale of the properties.

City Light reported back to the City Council on the results of the Pilot Project in August, and the City Council authorized the sale of the six properties by Ordinance 124013 in October, 2012.

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The Department of Finance and Administrative Services has monitored the Surplus Pilot Project, and with City Light, now recommends that City Light be authorized to use the alternative procedures to study and recommend the appropriate disposition for additional surplus properties under the jurisdiction of City Light.

City Light's property at 8th Ave and Roy Street is a high-value, surplus property with unique circumstances. City Light will return to consult with the City Council for additional guidance on the disposition of the 8th Ave and Roy Street surplus property in early 2013. City Light plans to send separate legislation to the Council for the disposition of this property.

The joint report by Seattle City Light and the Department of Finance and Administrative Services required by Resolution 31317, on the viability of the new procedures for the disposition of City Light properties in the future, is shown as Exhibit A to this Fiscal Note.

_X_ This legislation does not have any financial implications.

Other Implications:

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

The alternative disposition procedures authorized by this Resolution may result in recommendations that jurisdiction over City Light surplus properties be transferred to another City department, or that properties be sold. If authorized by the City Council, either of those actions would have future financial implications.

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

Future, indirect costs would be continued maintenance of surplus City Light properties, and loss of potential proceeds from sales or transfers of jurisdiction. The total value of all of City Light's surplus properties is estimated to be over $40 million.

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

The alternative procedures authorized by this Resolution recommend the participation of Parks, DPD, and SDOT in community meetings to respond to questions and concerns. If recommended for non-utility use, jurisdiction over a surplus property could be transferred to another City department providing that service or function. If recommended for sale, FAS may be requested to sell the properties for City Light using a broker consultant contract.

PAS CITY CLERK

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

Properties under the jurisdiction of City Light could continue to be considered for disposition under the procedures provided by Resolution Nos. 29799 and 30862. FAS has indicated in briefings to the City Council that these procedures would require an indefinitely long time to determine the appropriate disposition for City Light's surplus properties as they are considered complex.

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?

No. The authorization to transfer jurisdiction over or sell any properties, if indicated by the alternate disposition process, will require separate ordinance authority.

h) Other Issues:

None.

List attachments to the fiscal note below:

Exhibit A - Report to the City Council, Surplus Property Disposition Pilot Project, December 11, 2012.

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Department of Finance and Administrative Services

and

Seattle City Light

Report to the City Council
Surplus Property Disposition Pilot Project

December 11, 2012

Resolution 31317 requested Seattle City Light to conduct a Surplus Property Disposition Pilot Project to test an alternative process for vetting and making recommendations for the disposition of surplus City Light properties. The Resolution required City Light to produce two reports: (1) a report on the community outreach conducted during the Surplus Pilot Project, together with recommendations for dispositions of the Pilot Project properties; and (2) a second report, made jointly with the Department of Finance and Administrative Services, on the viability of the new procedures for the disposition of City Light properties in the future. The first report is attached as an appendix and is summarized here. This is the second report.

DWS CITY CLERK

Dave Barber
SCL, Surplus Prop Disp, FISC EXH A
December 12, 2012
Version #1

Development of the City Light Surplus Property Disposition Pilot Project

The City Council adopted Resolution 31317 in September, 2011, in order to test an alternative process to determine the appropriate disposition for surplus City Light properties, while at the same time meeting the internal circulation and community outreach goals of earlier procedures. The alternative procedures in the Pilot Project were intended to improve community outreach by providing citizens and community groups with better information on the disposition issues as they relate to utility property. The process is also more efficient to implement.

- To meet the City Council's long-term goals for notification, community outreach, and solicitation of citizens' and community groups' recommendations for the disposition of surplus properties

- To enable City Light to more efficiently address its large inventory of surplus properties while providing citizens and community groups with better information on disposition issues.

The City Light Surplus Property Pilot Project incorporated key notification and outreach provisions of the earlier procedures. Familiar elements in the Pilot Project included:

- Circulation first to other City departments and then to selected public agencies.
- Attending District Council and community meetings to discuss the properties.
- Establishing a City website and soliciting written and email comments.
- Postings signs on the properties inviting citizens to attend meetings and soliciting comments.
- Mailing notices to nearby owners and tenants.

New procedures specific to the alternative procedures intended to improve the outreach process were:

- All of the City Light surplus properties in one geographic area of the City were addressed at the same time. This provided the community and interested citizens in the selected geographic area the opportunity to more effectively assess all of the surplus properties available in their neighborhood. It was also more efficient and convenient for each neighborhood.

- In community meetings, City Light carefully explained the internal vetting process and the constraints that the City must observe in the use or disposition of municipal utility properties, which included the following key points:

  - City of Seattle properties under the jurisdiction of City Light cannot be used for non-utility functions or activities such as parks, community gardens, or housing.

  - If another City department such as Parks or the Department of Neighborhoods wishes to acquire a City Light property for non-utility use, the City Council must transfer jurisdiction to the receiving City department. That department must compensate City Light for the true and full value of the property.

- Public hearings were held in each community during evening hours rather than just downtown during business hours. This was intended to encourage and provide more opportunities for community participation and citizen input.

Exhibit A to
SCL Surplus Property Disposition FISC

DHS CITY CLERK

Properties Included in the Surplus Property Pilot Project

The Surplus Pilot Project addressed five surplus former substations in Northeast Seattle and one former substation on North Beacon Hill. The six surplus properties included:

- Former Chelsea Substation, 2321 NE 95th Street
- Former Hawthorne Substation, 3904 NE 65th Street
- Former Sand Point Substation, 5755 NE 63rd Street
- Former View Ridge Substation, 7502 – 44th Avenue NE
- Former Wedgwood Substation, 2507 NE 70th Street
- Former Hill Substation, 2107 - 14th Avenue S (on North Beacon Hill)

Implementing the Alternative Process

A notice of availability of the Pilot Project properties was circulated to all City departments in October, 2011. An outreach was made to the Seattle Public Schools concerning the former Sand Point Substation. No City department or other public agency proposed a public use for any of the properties.

Based on the location of five properties in Northeast Seattle and one on North Beacon Hill, City Light held community meetings and formal public hearings in both neighborhoods to provide opportunities for residents to attend meetings in each of the neighborhoods where the surplus properties were located.

City Light held or attended a series of community information meetings, sent notices to nearby owners and tenants, posted signs on the properties, and maintained a Surplus property website. These activities culminated in the formal public hearing in each neighborhood.

In addition to the Pilot Project procedures, City Light invited Parks Department staff to the public meetings to explain how the need for new parks is determined and park funding.

City Light submitted a report on the Pilot Project to the City Council in August, 2012, together with copies of all public comments, notes from the informational meetings, and transcripts of the two public hearings. City Light recommended that all six of the Pilot Project properties be sold. The City Council authorized the sale of these properties by Ordinance 124013 in October, 2012.

Pilot Project Highlights

City Light received a great deal of community feedback indicating that the Surplus Pilot Project was well received by the public. Between 250 and 300 people attended the community information meetings and the formal public hearings. Citizens expressed appreciation for:

- Grouping the properties by geographic area. It is efficient and helpful to the community.

- Having the right people, City Light and Parks Department staff, to answer questions about the properties, statutory and court precedent constraints on disposition, and potential park use.

CITY CLERK

- The opportunity for open and thoughtful discussion of the issues.

The Pilot process including holding the meetings and hearings in the communities. A large majority of those who attended the community meetings and hearings supported the sale of the properties. City Light's first report to the City Council on the Surplus Pilot Project, dated August 6, 2012, without attachments, is shown as Attachment B to this report.

Area for Improvement

- There were several questions and concerns expressed about what could be built on the properties, parking, and traffic. It would be useful to have representatives from DPD and SDOT attend the meetings to answer these questions.

Recommendation to the City Council for City Light Surplus Properties

Resolution 31317 requested that at the conclusion of the Surplus Property Disposition Pilot Project, City Light and the Department of Finance and Administrative Services (FAS) submit a report to the City Council on the viability of using the alternative procedures to determine the most appropriate disposition for surplus City Light properties in the future.

FAS is the City's lead agency for conducting circulation and community outreach for all surplus property under the current disposition procedures. FAS has reviewed the implementation and the outcomes of the circulation and community outreach conducted under the Surplus Pilot Project and is pleased with the new procedures for City Light properties.

The Department of Finance and Administrative Services and Seattle City Light now recommend that City Light be authorized to use the alternative procedures, with improvements identified in this report, to determine the most appropriate disposition for surplus City Light properties in the future. The alternative procedures are shown as Attachment A to this report.

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Exhibit A

Procedures for Circulation, Public Outreach, and Public Hearings For Disposition of Surplus Properties under the Jurisdiction Seattle City Light

The purpose of these procedures is to build on the successful experience of the Seattle City Light Surplus Property Disposition Pilot Project, and to provide effective procedures for vetting and making recommendations for the disposition of surplus City Light properties.

The underlying objectives of these procedures remain the same as in the Surplus Pilot Project: a) to provide other City departments and other public agencies an opportunity to acquire surplus properties under the jurisdiction of City Light; b) to provide an opportunity for neighboring owners, residents, and community groups to provide input on the proposed disposition of these properties; and c) to provide recommendations to the Seattle City Council for the eventual disposition of these properties.

These procedures are intended to replace the procedures in Resolution Nos. 29799 and 30862 for surplus properties under the jurisdiction of Seattle City Light, to improve the community outreach process, and to provide interested citizens and community groups with additional information on disposition issues.

Grouped Processing of Properties

City Light's surplus properties will be vetted in small groups based on geographic locations. In addition to more efficient use of City staff time, the Surplus Pilot Project demonstrated that such groupings can provide individual citizens and community groups with a wider perspective and better appreciation of surplus properties and disposition opportunities in their neighborhoods.

Circulation to Other City Departments and Other Public Jurisdictions

City Light will circulate complete descriptions of the surplus properties under study to all other City departments. Other City departments will have first priority to acquire a surplus property to meet City needs. The surplus properties will also be circulated to other public jurisdictions which may be interested in acquiring a property. Other public jurisdictions will have the second priority to acquire a surplus property to meet public needs.

The requesting City department or other public jurisdiction must identify a specific fund source for payment for the property, and there must be a reasonable expectation that the transfer can be completed within the next budget cycle after the property is identified.

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Coordination with Department of Neighborhoods

City Light will coordinate its community outreach with the Department of Neighborhoods (DON) and will attend a meeting of each Neighborhood District Council or similar community group recommended by DON having representation within the geographic area of the surplus properties being considered for disposition. At the District Council meetings, City Light will advise the member neighborhood groups of the proposed disposition, opportunities for public comment, and the upcoming public hearing concerning such disposition.

City Light will attend a meeting of any member neighborhood group making such request to discuss any proposed dispositions in their neighborhoods. The DON District Coordinators would be expected to recommend other interested stakeholders as well.

Community Information Meetings

City Light will host at least one community information meeting, in addition to attending District Council meetings and meetings with individual community groups as requested, prior to conducting a formal public hearing.

City Light will invite the Department of Parks and Recreation (Parks), the Department of Planning and Development (DPD), and the Seattle Department of Transportation (SDOT) to provide representatives at each community information meeting. The Parks representative would discuss and answer questions about how the need for new parks is determined, and how new parks and park development are funded. The DPD representative would answer any questions about development under existing zoning and land use permitting. The SDOT representative would answer questions about traffic and parking impacts.

At each community meeting and at the public hearing, City Light will advise the attendees of:

** The history of each surplus property proposed for disposition within the hearing area, why the property is surplus to City Light needs, and the results of circulation to other City departments and other public agencies; and

** The requirements of RCW 43.09.210, the State Accountancy Act, the requirements of RCW 35.94.040, pertaining to sales of utility properties, City Charter provisions pertaining to the disposal of City property, the judicial precedents of *Okeson v. City of Seattle* (I and II), and *Lane v. City of Seattle*, and the disposition procedures authorized by Resolution.

** Opportunities to speak and how to submit written comments. City Light will maintain a record of all public testimony, written comments, and attendance and speaker sign-in sheets.

City Light Website

City Light will publicize each disposition process on the City Light website in the City of Seattle Public Access Network (PAN). The website will provide descriptions of the properties, a schedule of informational meetings and public hearings, and a means for submitting public comments.

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Public Hearings

Following circulation to other City departments and other public jurisdictions, and after the community information meetings, City Light will conduct one public hearing to solicit public comments for each geographic group of surplus properties. These hearings are intended to fulfill the City's obligation pursuant to RCW 35.94.040 to conduct a public hearing prior to the sale or other conveyance of real property acquired for a public utility purpose.

At least one month prior to each public hearing, City Light will provide written notification of the surplus status, disposition process, and opportunities for public comment, to each person owning property or living within 700 feet of a surplus property proposed for disposition. A sign will be posted on each property to provide the same notification. A notice of the hearing will be published on two separate dates in a newspaper of record.

Reconsideration of Non-Utility Public Uses

At the conclusion of each public hearing, if any uses are proposed which would require the transfer of a property to another City department, such as park, community garden, or other non-utility use, City Light shall request such department to consider such proposal (to reconsider its determination in the earlier circulation), particularly with regard to how the proposed use would be consistent with citywide or local needs, and the availability of funds to effect a transfer.

Support to be Provided by Finance and Administrative Services

Seattle City Light will coordinate with the Department of Finance and Administrative Services (FAS) to obtain support in performing these procedures to the fullest extent that FAS staff resources and expertise will permit.

Recommendations to the City Council

At the conclusion of each public hearing, and following reconsideration of any proposals for non-utility public uses, City Light will submit a report to the City Council on the circulation, community outreach, and community comments and suggestions, together with a recommendation for disposition of each specific property, and the necessary legislation to implement those recommendations.

All members of the public and all community groups which have participated in the review of a surplus property shall be advised of the findings and recommendations of City Light regarding such property, before the report on such findings and recommendations is submitted to the City Council.

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Attachment B

Seattle City Light

Report to the City Council
Surplus Property Disposition Pilot Project

As Directed by City Resolution No. 31317

August 6, 2012

Resolution 31317 directs Seattle City Light to conduct a Surplus Property Disposition Pilot Project to test a simplified process for vetting and making recommendations for the disposition of surplus utility properties. The Resolution also requires City Light to produce two reports: (1) on the community outreach and public hearings required in the Resolution along with recommendations for dispositions; and (2) a second report jointly with the Department of Finance and Administrative Services on the viability of the new procedures for the disposition of additional surplus City properties. This report is the first of these two. It describes the outreach process and includes the comments received and the recommendations for the disposition of these properties. The second report will be sent to the Council in 2013, following completion of the Pilot Project implementation.

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Background

Seattle City Light holds over 40 surplus properties as assets of the City Light Fund. 36 of these properties are former 4 kV substations. City Light has been converting its electrical distribution to a more efficient 26 kV system, resulting in smaller substations being surplus. The King County assessed value of all City Light's surplus properties is in excess of $40 million.

City of Seattle Surplus Property Disposition Procedures

The disposition of surplus City properties is currently governed by the process established by City Resolution Numbers 29799 and 30862. This process is intended to ensure adequate public notice and to maximize opportunities for citizens and community-based groups to review and comment on the disposition of such properties. Resolution 31317 sets out alternative procedures that are intended to both accomplish the internal circulation and community outreach goals of the earlier Resolutions while being more efficient to implement and providing citizens and community groups with better information on disposition issues.

The City's current disposition procedures treat all surplus City properties in the same way. However, surplus City Light properties are required by state statute to be treated differently from surplus General Fund properties. The State Accountancy Act, RCW 43.09.210, prohibits the assets of a municipal utility fund from benefiting another city fund without payment of true and full value. RCW 35.94.040 requires the payment of fair market value for the lease or sale of surplus utility lands, including transfers between City funds and departments. The various cases of *Okeson v. Seattle* have reaffirmed that utility assets cannot be used to serve the non-utility functions of general government.

Development of the City Light Surplus Property Disposition Pilot Project

The alternative surplus property disposition procedures in Resolution 31317, developed after five years experience with the current procedures, are intended to serve two objectives:

- To meet the City Council's long-term goals for notification, community outreach, and solicitation of citizens' and community groups' recommendations for the disposition of surplus properties

- To enable City Light to more efficiently address its large inventory of surplus properties while providing citizens and community groups with better information on disposition issues.

The City Light Surplus Property Pilot Project adopted by City Resolution 31317 carefully incorporated key notification and outreach procedures required by Resolution Numbers 29799 and 30862, while providing more effective opportunities for public involvement. The Pilot Project also attempts to better inform interested citizens on the limitations in disposing of surplus utility properties that have sometimes led to confusion in the past. Familiar elements include:

- Circulation to other City departments and selected public agencies.
- Attending District Council and community meetings to discuss the Pilot Project.
- Implementing a City website and soliciting written and email comments.

DTS CITY CLERK

- Postings signs on the properties inviting citizens to attend meetings and soliciting comments.
- Mailing notices to nearby owners and tenants.

New procedures specific to the alternative procedures are:

- The Surplus Pilot Project addresses all of the City Light surplus properties in one geographic area of the City at the same time. This provides the community in each geographic area the opportunity to more effectively assess the surplus properties available in their neighborhood. It is also more efficient and convenient for each neighborhood.

- In community meetings, City Light carefully explains the internal vetting process and the constraints that the City must observe in the use or disposition of utility properties.

  - City of Seattle properties under the jurisdiction of City Light cannot be used for non-utility functions or activities such as parks, community gardens, or housing.

  - If another City department such as Parks (for a park) or the Department of Neighborhoods (for a community garden) wishes to acquire City Light property, City Light must be compensated for the true and full value of the property.

- Public hearings are held in each community during evening hours rather than just downtown during business hours. This is intended to encourage and provide more opportunities for community participation. The City Council is expected to hold a final public hearing in the Council Committee meeting when the legislation implementing the recommendations comes up for a vote.

Properties Included in the City Light Surplus Property Disposition Pilot Project

The Surplus Pilot Project addresses five surplus former substations in Northeast Seattle and one isolated former substation on North Beacon Hill. The six surplus properties being studied are:

- Former Chelsea Substation, 2321 NE 95th Street
- Former Hawthorne Substation, 3904 NE 65th Street
- Former Sand Point Substation, 5755 NE 63rd Street
- Former View Ridge Substation, 7502 – 44th Avenue NE
- Former Wedgwood Substation, 2507 NE 70th Street
- Former Hill Substation, 2107 - 14th Avenue S (on North Beacon Hill)

Maps and key data for each of the Pilot Project properties are provided as Attachment A to this report. Below is a Seattle map showing the location of the properties.

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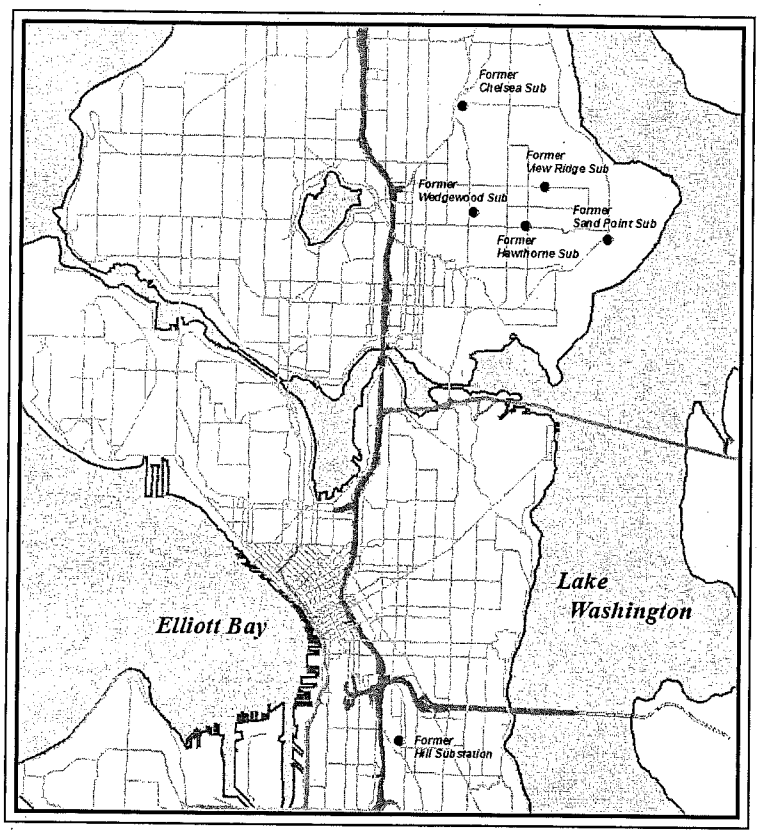

Map of Six Surplus Pilot Project Properties

Implementing the Alternative Process

Circulation to other City Departments and Public Agencies

The Pilot Project Properties were circulated to all City departments in October, 2011. Follow-up discussions were held with Parks and Recreation, the Department of Neighborhoods for P-Patch use, the City's Office for Housing, and Seattle Public Utilities, concerning their specific needs. No City department proposed a public use for any of the properties.

An outreach was made to the Seattle Public Schools concerning the former Sand Point Substation. This property is located immediately across 60th Avenue NE from the Sand Point Elementary School. A school parking lot abuts the City Light property on the south. The School District did not express any interest.

Coordination with Department of Neighborhoods – Community Meetings

City Light staff met with the Director and staff of the Department of Neighborhoods (DON) to discuss the Surplus Pilot Project. Resolution 31317 directed City Light to meet with the DON District Councils as a first step in community outreach. The purpose of meetings with the District Councils was for City Light to make itself available to attend meetings of the member community groups.

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DON recommended that City Light duplicate its community information meetings and the formal public hearings in both Northeast Seattle, where five of the surplus Pilot Project properties are grouped, and also on North Beacon Hill, where the isolated former Hill Substation is located. The purpose was to ensure inclusiveness, and also to provide opportunities for local residents to attend meetings in each of the neighborhoods where the surplus properties are located.

North Beacon Hill is served by the Greater Duwamish District Council which represents a wide swath of South Seattle. DON recommended that City Light meet with the North Beacon Hill Council instead of the Greater Duwamish group. All of the other North Beacon Hill community groups have representatives who attend the North Beacon Hill Council, which serves the function of a local District Council.

Meetings in Northeast Seattle

Northeast District Council – April 5th

City Light attended a meeting of the Northeast District Council in the Wedgwood Presbyterian Church on April 5th. City Light gave a PowerPoint presentation about the Surplus Pilot Project, answered questions, and offered to attend the meetings of any of the member community groups to discuss the Project. A representative of the Parks Department attended this meeting to discuss how the need for new parks is determined, park funding, and property transfers between City departments.

In addition to offering to meet with member groups at the meeting of the Northeast District Council, City Light made separate contact with each of the member groups having surplus properties in their represented areas. But none of the District Council member groups were able to schedule City Light into their regular meetings. City Light then scheduled a separate community informational meeting of its own for Northeast Seattle, on May 15th.

Community Informational Meeting – May 15th

The second meeting in Northeast Seattle, a community informational meeting, was held in the Wedgwood Presbyterian Church on May 15th. Invitations were sent to all of the member groups of the Northwest District Council, with a request to invite their general memberships. City Light again gave a presentation on the Surplus Pilot Project and answered questions. This meeting was sparsely attended, suggesting less interest on the part of organized community groups.

Meeting notes for all community meetings are included as Attachment B to this report

Meeting on North Beacon Hill

North Beacon Hill Council – May 1st

At City Light's request, Judith Edwards, President of the North Beacon Hill Council, invited us to attend their regular meeting in the Beacon Hill Library on May 1st. This community information meeting was intended to also serve the function of a District Council meeting for North Beacon Hill.

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Five spokespersons for the Emanuel Ethiopian Orthodox Tewahedo Church, which neighbors the former Hill Substation, spoke to the group and expressed their interest in buying the City Light property to expand their Church. Dozens of Church members filled the meeting room in a show of support for the Church's proposed purchase of this property.

Public Hearings

Purpose and Conduct of Public Hearings

RCW 35.94.040 requires a public hearing prior to the sale of any municipal-owned utility property. City Light held formal public hearings in the community during evening hours to encourage and provide more opportunities for community participation. The City Council is expected to hold a final public hearing in the Council Committee meeting when the legislation implementing the recommendations comes up for a vote.

These hearings were announced by mailings to nearby owners and residents, by signs on the properties, in City Light's Surplus Pilot Project website, and advertized in the City's official newspaper of record. Each hearing was conducted in two parts, a presentation by City Light staff on the Surplus Pilot Project, followed by the formal hearing. A City Light Hearing Officer conducted the hearings which were videotaped and then recorded in an official transcript.

Public Hearing on North Beacon Hill June 12, 2012

The first public hearing was held on June 12th in El Centro de la Raza on North Beacon Hill. The Ethiopian Church again filled the meeting room to overflowing. 10 Church members again commented on the desire of the Church to purchase the neighboring former Hill Substation.

Four people commented on perceived adverse impacts of existing Church activities on the neighborhood (parking, traffic, litter, and noise), and stated that while they were not opposed to the sale to the Church, they were concerned that an expanded Church would result in greater adverse impacts.

A transcript of the Public hearing of June 12th is provided as Attachment C to this report.

Public Hearing in Northeast Seattle on July 17, 2012

The second public hearing was held on July 17th at the Wedgwood Presbyterian Church in Northeast Seattle. A representative of the Parks Department again assisted in the presentation and question and answer session before the formal hearing.

City Light received several comments expressing appreciation for meeting with the community, for explanation of the constraints related to disposition of surplus utility properties, for discussion of the relationship between surplus properties and rates, for the care it had given to the properties, support for the sale, and for the Surplus Pilot Project generally.

A transcript of the public hearing of July 17th is provided as Attachment D to this report.

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Additional Outreach Efforts

A web presence was set up in City Light's section of the City's Public Access Network (PAN). City Light's home page provided a brief description of the Surplus Pilot Project and provided links to a web section with more detailed information; descriptions, photos, and maps of each property; meeting and hearing schedules; an email comment capability; and additional instructions for offering written comments.

Signs were posted on each property indicating its surplus status, indicating the time and place for the formal public hearing about the property, directing people to City Light's Surplus Pilot Project website, and providing instructions for various means of submitting comments.

Prior to each public hearing, letters were mailed to all property owners, residents, and other tenants in a 700 ft radius from each property. These letters again indicated the property(ies) being studied, provided the schedule for the public hearing, directed people to City Light's Surplus Pilot Project website, and provided instructions for various means of submitting comments. The notices sent on North Beacon Hill included translations in six foreign languages indicated in the outreach area.

A copy of City Light's PAN home page, the PowerPoint presentation used in community meetings, a sample handout, and photos of signs and meetings are included as Attachment E to this report.

Citizen Comments – Discussion of Selected Issues

Highlights

The highlights of the Pilot Project community outreach were the five meetings held in the neighborhoods (the three informational meetings and two questions and answer sessions preceding the formal hearings). City Light estimates that between 250 and 300 people attended the five meetings. What made these meetings most valuable was the open and thoughtful discussion of not only the properties themselves, but also of the issues related to surplus utility properties, outlined in other sections of this report.

Of the people who participated in the meetings, the large majority expressed support for a sale of the properties. City Light received suggestions for other uses of the properties especially by email and letter. At the meetings, City Light also received a number of expressions of appreciation for meeting and discussing the surplus properties with the affected community, and also for the conduct of the Disposition Pilot Project generally.

Summary of Citizen Comments

City Light received 32 written comments through letters and emails. 17 preferences were indicated in community information meetings. 19 comments were taken in formal public hearings. It should be noted that the Hearing Officer specifically requested that if another speaker had covered the comment that a participant was planning to make that the comment not be repeated.

In all, 35 comments were supportive of sales of one or all of the Surplus Pilot Project properties. 8 comments were supportive or indicated interest in park use. 7 comments were supportive or indicated interest in P-patch use. 5 comments supported other miscellaneous uses.

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Former Hill Substation

By far the most comments were about the former Hill Substation on North Beacon Hill. 15 members of the neighboring Ethiopian Orthodox Church spoke at the community information meeting and the formal public hearing indicating the Church's desire to purchase the City Light property to expand their Church. One non-Church member also commented in favor of selling the property to the Church. Dozens of additional Church members attended both these meetings in a show of support for the Church acquisition of the property. 2 written comments (including a letter from the Church) supported the Church's proposed purchase of this property.

7 written comments, all from nearby neighbors, expressed concerns about perceived adverse impacts of existing Church activities (parking, traffic, litter, and noise), and expressed concern that if the Church expanded on the former Hill Substation, that would result in greater adverse impacts. 4 people expressed these concerns at the public hearing although they also stated that they were not opposed to the sale but rather wanted the City to address these concerns, particularly parking.

5 written comments expressed support for a sale of the former Hill Substation for residential development. 5 comments expressed support for use as a P-Patch. 1 comment each expressed support for an off-leash dog walk area, a parking and electric car charging facility, and retail development. 3 comments opposed residential development and proposed other uses. 2 comments opposed Church acquisition and proposed other uses.

Comments on Northeast Properties

3 written comments were received concerning the former Sand Point Substation. These comments largely reflected concerns about existing traffic and parking related to the Sand Point Elementary School (east across 60th Avenue NE). The Windermere North Owners' Association (37 units, north across NE 63rd Street) indicated that ideally, they would like to see the property retained as green space. If the property is sold, however, the Owners' Association would want any new development to minimally contribute to neighborhood traffic, to provide adequate on-site parking for both residents and guests, and to include a green buffer similar to the existing landscaping. 1 written comment proposed that the former Sand Point Substation be used for a park.

1 written comment proposed that the former Hawthorne Substation be used for a park. 1 written comment proposed that the former View Ridge Substation be used for a park or P-Patch. 3 comments in community meetings indicated an interest in using some or all of the properties for parks. 1 comment indicated an interest in using some or all of the properties for P-Patches.

Copies of all letters are provided as Attachment E to this Report. Copies of all emails are provided as Attachment F to this Report.

Post Sale Issues

Several comments were received concerning potential impacts of post sale development. In Northeast Seattle several citizens expressed concerns that properties in single family zones would be rezoned to multifamily or subdivided to provide a greater density of development. Citizens expressed concerns about potential development of the Hill property included possible parking impacts. Because these surplus

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properties n SF zones are isolated parcels, rezoning them would seem unlikely. Decisions concerning subdivision and addressing developmental impacts such as parking are discretionary land use decisions made by the Department of Planning and Development (DPD), and would only be made on application by a new owner after purchasing the property. City Light explained that DPD's permitting procedures have specific requirements for notifying the public; opportunities are provided to comment on the proposed actions and to appeal decisions.

Proposals for Park Use

In the past, the City Council has been very receptive to community initiatives to convert former City Light substations to park use. This requires legislative action to transfer jurisdiction from City Light to Parks and payment of the true and full value for the property to the City Light Fund. Over a period of years, seven former substations have been transferred to Parks (Admiral, Alki, California, Ft Lawton, Gatewood, Whittier, York).

At the outset of the Surplus Property Disposition Pilot Project, all of the properties were circulated to all other City Departments for review and determination of whether any of the properties were suited or needed for their department programs. For the 2000 Pro-Parks and the 2008 Parks and Open Space Levies, Parks used a citywide gap analysis to show areas of the city not having sufficient access to parks or open space. None of the Surplus Pilot Project properties were indicated as a parks need in this analysis.

Resolution 31317 requires that if any of the Pilot Project properties are proposed for other City use, City Light must submit that property to the department providing that service or function for re-consideration. City Light received 4 written proposals that various Pilot Project properties be used as parks (2 proposals for Sand Point, 1 for Hawthorn, and 1for all the properties). 4 questions in community information meetings indicated an interest in using some of these properties as parks. In response these comments, Parks has again reviewed the Surplus Pilot Project properties and confirmed its earlier analysis.

Former Morningside Substation

Concurrently with Surplus Pilot Project, City Light has been working to transfer the surplus former Morningside Substation in Northeast Seattle to Parks for use as a future park. In the preparing for the 2008 Parks and Open Space Levy, a citywide gap analysis showed a need for new park space in the Wedgwood Neighborhood. Working with the Wedgwood Community Council, Parks conducted a year-long process in which members of the community identified several potential sites and eventually chose the former Morningside Substation as the best available property.

The selection of the former Morningside Substation provided an excellent example in discussions with the community of the Surplus Pilot Project on how the need for a park is identified, the necessity for payment of true and full value, and the need for a fund source. The former Morningside Substation is in process of cleanup, prior to transfer to Parks.

Proposals for P-Patch Use

A number of proposals were received requesting that various properties be used for P-Patches. City Light currently hosts six P-Patches in its transmission line right-of-way under interdepartmental agreements with DON (Evanston, Ferdinand, New Holly, South Mrytle, Snoqualmie, and Thistle).

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The Pilot Project procedures for considering P-Patch use were the same as for parks. All of the Pilot Project properties were circulated to DON to consider for its department needs. DON advised that it could not use the properties. After comments for P-Patch use were received, the list of properties was resubmitted to DON for their reconsideration. DON again advised that it could not use the properties.

The basis for DON's position is somewhat different than Parks. DON believes that some smaller parcels in residential neighborhoods could be used for P-Patches. But DON is using its limited funds from the 2008 Parks and Open Space Levy for development, and not for acquisition of new sites.

Proposal for Solar Power Generation

City Light received one proposal suggesting that all the properties be used as photovoltaic (PV) solar generation sites. This proposal has been heard from solar advocates for other City Light properties, and is worth consideration for future reference.

The State of Washington requires City Light to prepare an integrated resource plan (IRP) for future energy resources that evaluates conservation and "commercially-available" generating technologies, including solar PV. The City Light 2012 IRP found that conservation, landfill gas, wood waste biomass, hydro efficiency, wind, and geothermal were lower cost than solar PV or solar thermal. To maintain affordable rates to customers while providing environmentally-sensitive power, the plan emphasizes conservation for the next decade, then begins adding renewable resources in order of cost-effectiveness. Solar PV did not make it into the plan until the year 2031.

Despite cost concerns, City Light recognizes that some customers have a preference for solar energy. City Light's current mechanism for installing solar photovoltaic projects is through the Community Solar Program. This Program solicits City Light customers to purchase "solar units;" the proceeds of these sales are then used to pay for group-funded solar projects. Solar unit purchasers then receive credit for the electricity generated by their share of the project and Washington State annual production credits. In July, as part of the Community Solar Program, City Light opened a new picnic shelter with a solar canopy in Jefferson Park.

If City Light surplus property were used for a Community Solar Project, the project participants would need to reimburse the utility for the use of the property as well as the cost of project installation, greatly reducing the net benefits to the project participants. In comparison, the use of other local government owned property for these projects, such as the project in Jefferson Park, is much less costly.

<u>Recommendations</u>

The Alternative Procedures of the Surplus Property Disposition Pilot Project resulted in five community meetings and public hearings held in neighborhoods in which the surplus properties were located. These meetings provided an opportunity for thoughtful and productive conversations about issues related to the disposition of the properties including those that had resulted in misunderstandings in the past. The great majority of people who attended these meetings and engaged in these conversations were supportive of a sale of the properties. Key topics included:

- Limitations on the use City Light properties for non-utility purposes such as parks or community gardens

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- The requirement that City Light receive true and full value for its properties, including when these properties are transferred to other City departments for other public uses such as parks or community gardens.
- How the City determines the need for new parks and community gardens, park funding, and the 2000 Pro-Parks and 2008 Parks and Opens Space levies.
- The economic value of City Light properties.

City Light recommends and is submitting proposed legislation which would authorize the sale of all the Pilot Project properties by negotiated sale or an open and competitive bidding process. If authorized by the City Council, the Department of Finance and Administrative Services (FAS) has agreed to contract with an on-call real estate broker, or a real estate broker on the consultant roster, to sell the properties for City Light.

Resolution 31317 requires City Light and FAS to submit a second report to the City Council on the viability of the new procedures, together with a recommendation on whether or not these procedures should be used for the disposition of additional surplus City Light properties in the future. City Light and FAS plan to complete this report and recommendations in 2013 following the completion of the sales in the Pilot Project.

Attachments

Attachment A – Pilot Project Properties and Key Data
Attachment B – Notes from Community Meetings
Attachment C – Transcript of Public Hearing – June 12, 2012
Attachment D – Transcript of Public Hearing – July 15, 2012
Attachment E – Copies of All letters
Attachment F – Copies of All Emails
Attachment G – Additional Outreach Materials

Note: Attachments not included in this report. Contact SCL Real Estate Services.

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City of Seattle
Office of the Mayor

January 8, 2013

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 Resolution that will adopt alternative procedures for determining the appropriate disposition for surplus properties under the jurisdiction of Seattle City Light. City Light has a large inventory of surplus properties. Most of these are former 4 kV substations that have been replaced by the more efficient 26 kV electrical distribution system.

This past year, City Light conducted a Surplus Property Disposition Pilot Project that tested these alternative procedures for six surplus properties. The alternative disposition procedures are more efficient and convenient for each neighborhood, and the Pilot Project was well received. A large majority of citizens who attended the community meetings supported a sale of these properties, and based on the outcome of the pilot project, the City Council subsequently authorized the sale of these properties.

City Light received many positive comments for the Pilot Project, for the meetings in the neighborhoods, for improved information, and for the opportunity for open and thoughtful discussion. This Council Resolution will allow City Light to use these procedures to determine the appropriate disposition for additional surplus properties.

Thank you for your consideration of this proposed Resolution. Should you have questions, please contact James Baggs, City Light's Power Supply and Environmental Affairs Officer, at 684-3243.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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