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**CITY OF SEATTLE**  
**ORDINANCE \_\_\_\_\_**  
COUNCIL BILL 118131

AN ORDINANCE relating to land value determinations for shoreline street end and term permit fee methodologies; amending the current Seattle Department of Transportation Street Use Fee Schedule, Attachment A to Ordinance 123477, as amended by Ordinances 123600, 123611, 123659, 124159, and 123485 as amended by Ordinances 123585 and 123907 by amending the definition of land value.

WHEREAS, by Ordinance 123485, as amended by Ordinances 123585 and 123907, the City adopted a term permit schedule of fees and established a term permit fee methodology for several different term permit uses; and

WHEREAS, by Ordinance 123611, the City adopted a shoreline street end schedule of fees and established a shoreline street end permit fee methodology for use of designated shoreline street ends; and

WHEREAS, in 2013, State legislature amended RCW 84.40.045 and 84.40.175 to eliminate the revaluation of government-owned parcels for tax-assessment purposes; and

WHEREAS, this action by the State legislature affects the Seattle Department of Transportation's (SDOT) ability to determine land values and fully implement the shoreline street end and term permit fee methodologies for encroachments that abut government-owned parcels; and

WHEREAS, the SDOT Director has evaluated all fees for the current shoreline street end and term permit holders and proposes to make an amendment to the definition of land value in the Seattle Department of Transportation Street Use Fee Schedule that is consistent with how land values were determined prior to the State legislative action in 2013; NOW, THEREFORE,

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

Section 1. Seattle Department of Transportation Street Use Fee Schedule, Attachment A to Ordinance No. 123477, as amended by Ordinances 123600, 123611, 123659, 124159, and 123485 as amended by Ordinances 123585 and 123907, is further amended as follows:

Attachment A: Seattle Department of Transportation Street Use Permit Fee Schedule

\* \* \*

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2 **Fee Methodology Factors and Descriptions**

3 **Factor Description**

4 Land value: For Term permits, the value of the use area in the right-of-way shall be  
5 based on the abutting parcel's current per-square-foot land value ((~~per~~  
6 ~~square-foot~~)) as determined by the King County Assessor. If the use area  
7 extends beyond the right-of-way centerline or abuts multiple parcels, the  
8 permit fee shall be calculated by averaging the abutting parcels' current  
9 land values.

10  
11 For Shoreline Street End permits, the value of the use area in the right-of-  
12 way shall be based on the abutting parcel's current per-square-foot land  
13 value ((~~per square foot~~)) as determined by the King County Assessor. If  
14 the use area extends beyond the centerline of the right-of-way or abuts  
15 multiple parcels, the permit fee shall be calculated for each portion of the  
16 use area according to the current per-square-foot land value of the abutting  
17 parcels. ((~~If one of the abutting parcels is publicly owned, the permit fee~~  
18 ~~for that portion of the use area abutting the publicly owned parcel shall be~~  
19 ~~calculated using the value of the privately owned parcel abutting the~~  
20 ~~largest portion of the use area occupying the right-of-way.~~))

21  
22  
23 If a government-owned parcel abuts a Term or Shoreline Street End permit  
24 use area and the parcel is not tax assessed in whole or in part by King  
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1 Section 2. The new land value definition will be assessed for all Term and Shoreline  
2 Street End permits that existed on the effective date of this ordinance that abut a government-  
3 owned parcel for 2014 permit fees, retroactive to January 1, 2014.

4 Section 3. Severability. The provisions of this ordinance are declared to be separate and  
5 severable. The invalidity of any portion of this ordinance, or the invalidity of its application or  
6 any person or circumstance, shall not affect the validity of the remainder of this ordinance, or the  
7 validity of its application to other persons or circumstances.  
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1 Section 4. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2014, and  
5 signed by me in open session in authentication of its passage this  
6 \_\_\_\_ day of \_\_\_\_\_, 2014.

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9 \_\_\_\_\_  
10 President \_\_\_\_\_ of the City Council

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12 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2014.

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14 \_\_\_\_\_  
15 Edward B. Murray, Mayor

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17 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2014.

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19 \_\_\_\_\_  
20 Monica Martinez Simmons, City Clerk

21 (Seal)

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Seattle Department of Transportation	Angela Steel/684-5967	Doug Palmer/ 684-5266

**Legislation Title:**

AN ORDINANCE relating to land value determinations for shoreline street end and term permit fee methodologies; amending the current Seattle Department of Transportation Street Use Fee Schedule, Attachment A to Ordinance 123477, as amended by Ordinances 123600, 123611, 123659, 124159, and 123485 as amended by Ordinances 123585 and 123907 by amending the definition of land value.

**Summary of the Legislation:**

This legislation amends the Seattle Department of Transportation Street Use Fee Schedule by redefining how 'land value' is calculated for permitted encroachments that abut government-owned parcels and King County no longer assesses for tax purposes. Currently, the Street Use Fee Schedule details the fee methodology for Shoreline Street End and Term Permits. These fee calculations utilize a land value factor that is calculated based on the abutting tax assessed land value as determined by the King County Tax Assessor.

This legislation expands the definition of 'land value' to include how SDOT will assess the land value if the encroachment is abutting a government-owned parcel and the parcel is no longer tax assessed by King County. If a government-owned parcel abuts the permitted encroachment, the entire parcel shall be excluded when establishing the term or shoreline street end permit fee. All other privately-owned parcels that abut the permitted encroachment shall be averaged to determine the current per-square-foot-land value. If there are no privately-owned parcels that abut the permitted encroachment, the closest privately-owned parcels to the permitted encroachment with similar zoning or shoreline designation shall be averaged to determine the current per-square-foot-land value.

There are 16 existing term permits that are abutting government-owned parcels and will be subject to this expanded land value calculation method. Of these 16 term permits, seven term permits will have the same annual fee assessment as 2013, four term permits will have a lower annual fee, and five term permits will have an increased annual fee from 2013. The land value increases for these five term permits are due primarily to the 2014 King County tax assessed land value increases for the area. It is assumed that these five term permits would have had a similar annual fee increase for 2014 as proposed with this legislation, if the government-owned parcel had been tax assessed by King County.

For the 16 existing term permits, the modified term permit fee methodology will result in an estimated new annual total base fee of \$127,007 compared to the previous base of \$186,755, a reduction of 32%. This reduction is largely based on one term permit for a King County pump station that will have a new lowered 2014 annual fee of \$19,077 compared to the 2013 fee of \$84,387. If this one permit is removed from the fee impact analysis, the remaining 15 term permits assessed with the modified term permit fee methodology will result in an estimated new annual total base fee of \$107,930 compared to the previous base of \$102,368, a 5 percent increase.

There are two existing shoreline street end permits that are abutting government-owned parcels and will be subject to this modified land value calculation method. Of these two permits, one will have the same annual fee assessment as 2013 and one will have a lower fee.

For the two existing shoreline street end permits, the modified shoreline street end permit fee methodology will result in an estimated new annual total base fee of \$159,772 compared to the previous base of \$160,188, a reduction of 0.26 percent.

**Background:**

By Ordinance 123485, as amended by Ordinances 123585 and 123907, the City adopted a term permit schedule of fees and established a term permit fee methodology for several different term permit uses. By Ordinance 123611, the City adopted a shoreline street end schedule of fees and established a shoreline street end permit fee methodology for use of designated shoreline street ends.

In 2013, the State legislature amended RCW 84.40.045 and 84.40.175 to eliminate the revaluation of government-owned parcels for tax-assessment purposes. This action by the State legislature inadvertently affected the ability for the Street Use division of SDOT to determine land values and fully implement the shoreline street end and term permit fee methodologies for encroachments that abut government-owned parcels.

  x   This legislation has financial implications.

**Appropriations:** N/A

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

Fund Name and Number	Department	Revenue Source	2014 Revenue	2015 Revenue
Transportation Operating Fund 10310	Seattle Department of Transportation	Annual Fee	Term Permit: \$127,007.02 Shoreline Street End Permit: \$159,772.46	TBD
<b>TOTAL</b>			<b>\$286,779.48</b>	<b>TBD</b>

Revenue/Reimbursement Notes: N/A

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

**Do positions sunset in the future?** No

**Spending/Cash Flow:** N/A

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**  
Yes, this permit fee methodology will be applied annually to all shoreline street end and term permits that have encroachments that abut government-owned parcels.
- b) **What is the financial cost of not implementing the legislation?**  
If the legislation is not enacted by City Council, the Seattle Department of Transportation will not have the ability to assess annual permit fees for shoreline street end and term permits that abut government-owned parcels and will not receive the 2014 annual fees totaling \$286,779.48.
- c) **Does this legislation affect any departments besides the originating department?**  
No
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** There are no possible alternatives that could achieve the same or similar objective without proposing some sort of legislative amendment.
- 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
- h) **Other Issues:** N/A

**List attachments to the fiscal note below:** None



**City of Seattle**  
Edward B. Murray  
Mayor

June 10, 2014

Honorable Tim Burgess  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Burgess:

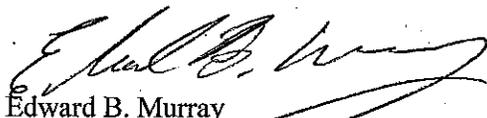
At the request and recommendation of the Director of Transportation, I am transmitting the attached proposed Council Bill that amends the Seattle Department of Transportation's (SDOT) Street Use Fee Schedule.

In 2013, the State legislature amended the Revised Code of Washington to eliminate the revaluation of government-owned parcels for tax-assessment purposes. This action affects SDOT's ability to determine land values and fully implement the Shoreline Street End and Term Permit fee methodologies for permitted uses located on publicly-owned right of way that abut government-owned parcels.

Currently, the Street Use Fee Schedule details the fee methodology for Shoreline Street End and Term Permits. These fee calculations use a 'land value' factor that is calculated based on the abutting tax assessed land value as determined by the King County Tax Assessor. The attached fee schedule amendments would redefine the 'land value' calculation for permitted uses located on publicly-owned right of way abutting government-owned parcels that King County no longer assess for tax purposes.

Thank you for your consideration of this legislation. Should you have questions, please contact Angela Steel at 684-5967.

Sincerely,

  
Edward B. Murray  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council