

Item #5 – Resolution 31812 Waterfront LID

Handouts as follows:

1. Constituent Concern Table
2. LID Community Input summary
3. Details about cost controls/budget oversight policies
4. White Paper on City Authority to enact an LID

Constituent Concern	Additional information for Council to consider
This process is not constitutional	See white paper from the law department
The City will go back to the property owners in the LID area and increase the assessment if there are cost overruns	<p><u>Supplemental LID Assessment Process:</u> If the City Council wanted to impose an additional assessment on property owners after the LID has been closed, they would have to restart the “Final Confirmation of Assessment” legislative phase, which would involve a Resolution that would notify property owners of the new amount to be assessed, a set of hearings in which property owners could object to their new amounts, and an ordinance that would finalize these amounts. To our knowledge, no jurisdiction has undergone this process.</p> <p>However, the Mayor’s and Council’s intent is to not do a supplemental assessment. To that end, the resolution caps the allowable collected assessment to a flat \$200 Million and if the Council moves forward, this language would be in the Ordinance as well.</p>
The Office of the Waterfront and Civic Projects is not able to deliver this project on budget	<p>See handout from Office of Waterfront on cost control policies and procedures</p> <p><u>Team Background:</u> The City has a long history of overseeing major capital projects. Many of the staff who are leading construction management for Waterfront Seattle have led similar large construction projects for the City and bring this experience to Waterfront Seattle. Angela Brady is our Engineering and Project Delivery Manager, overseeing all construction for the Program. She previously led the Seattle Department of Transportation’s Mercer Corridor Project, a \$250 M project. Jessica Murphy is our Construction Program Manager. She previously led the First Hill Streetcar project, a \$132 M project. Angela and Jessica each have nearly two decades of construction project management experience with the City and are particularly skilled at construction management in a dense urban environment.</p>
If there are cost overruns the City will have to raid the general fund or other programs to pay for park development	Once the LID is formed the City is obligated to deliver the full list of improvements as attached to the Resolution. Currently, no general fund dollars are paying for any of the waterfront improvement projects. If there was a need for additional revenue it is anticipated that those funds would come from the same sources as the current budget revenues, which include REET and commercial parking tax
LID cannot be used to fund parks	See white paper from the law department

<p>There has been no community engagement around this proposed project</p>	<p>See handout from Office of Waterfront and Civic Projects on community engagement</p>
<p>This proposal hurts low-income seniors</p>	<p>The LID payments can be spread out over 20 years for all people in the LID area. The median payment is approximately \$2,400 for condominium owners, spread out over 20 years that is \$120 a year plus interest.</p> <p>For those that income-qualify, there are 20-year deferrals for seniors, low-income homeowners and people with disabilities.</p> <p>The City also has a hardship program for a temporary 2-year deferral (an expansion to a 4-year deferral will be created through a future ordinance).</p> <p>For social service organizations, the Office of the Waterfront and Civic Projects is working with Councilmember Juarez to draft a new deferral option that would come in a future ordinance.</p> <p>Non-profit housing providers have deed restrictions on their property that limit sale and development opportunities, this results in an assessment of \$0 for those properties that house many low-income people including seniors and families.</p>
<p>WA State rules allow for citizens to petition for an LID or for Council to enact by resolution and ordinance. Council has never used the resolution and ordinance route to enact an LID</p>	<p>Here is a list of recent examples of LIDs the Seattle City Council formed by resolution and ordinance:</p> <ul style="list-style-type: none"> • South Lake Union Streetcar (2008) • Portage Bay Place (1998) • Third Avenue Transit Tunnel (1992) • Delridge Alley (1980) • 31st Avenue South (1980) •
<p>Downtown homeowners are paying the majority of the cost</p>	<p>State funding = \$193 Million City funding = \$195 Million Philanthropy = \$100 Million (\$28.8 raised to date) LID = \$200 Million Commercial property = \$175 Million Condominiums = \$25 Million (12.5% of the total LID assessment)</p>



WATERFRONT SEATTLE PUBLIC ENGAGEMENT SUMMARY 2011-PRESENT

BACKGROUND

The vision of the Waterfront Seattle Program is to create a “Waterfront for All”. Community engagement has been integral to the design and construction process since the Program began. This document outlines overall Waterfront Seattle community engagement to date, as well as a summary of recent outreach related to the proposed Local Improvement District (LID).

REACH OF ENGAGEMENT

Since 2011, Waterfront Seattle has engaged approximately **17,500+ people** – including open houses, briefings, online surveys, workshops, tours, fairs and festivals, public comments and more. That number continues to grow with ongoing outreach.

- Public outreach opportunities held, including briefings, tours, workgroups and workshops: **500+**
- Comments received: **7,000+**





CIVIC AND COMMUNITY EVENTS

- **What Makes a Great Waterfront:** February 17, 2011; approx. **900 attendees**
- **Toward a Great Waterfront:** May 19, 2011; approx. **1,000 attendees**
- **Experience the Waterfront:** October 27, 2011; approx. **800 attendees**
- **Five community forums** (January – March 2012); approx. **750 attendees**
- **Waterfront into Focus:** July 12, 2012; approx. **800 attendees**
- **Street and Transit Update:** June 26, 2013; approx. **300 attendees**
- **Waterfront Week:** March 2014; approx. **2,080 attendees**
 - Waterfront 2020 civic event and design update
 - Art, Design & Play conference
 - Field Day event for kids and families
- **Pier 62 Rebuild Open House:** June 23, 2016; approx. **50 attendees**
- **Pike Pine Renaissance: Act One Open House:** January 17, 2017; approx. **150 attendees** and **1,500 online open house users**
- **Overlook Walk Open House:** July 20, 2017; approx. **100 attendees** and **450 online survey responses**
- **Pike Pine Renaissance: Act One Open House:** October 3, 2017; approx. **180 attendees** and **1,300 online open house users**
- **200+ briefings** for community organizations

GRASSROOTS OUTREACH

- Intercept surveys conducted in **14** different neighborhoods; **1,300+** participants
- Waterfront Seattle **ping pong table** at Hing Hay Park, Pier 62/63 and Occidental Park
- Waterfront Seattle **scale model** on display at Seattle Art Museum, MOHAI, Seattle Public Library, Seattle Aquarium and other locations; currently on display at Waterfront Space
- Staffed tables at **200 days of community fairs and festivals**
- In partnership with Friends of Waterfront Seattle, opened public project **design showroom**
- Led nearly **50 community tours** with school groups, organizations and visiting delegations

INCLUSIVE OUTREACH

- **Seven** briefings and outreach events with **minority community and business leaders** and **WMBE contractors**
- **Six disabilities roundtables**
- **Seven** briefings to the **Commission for People with disabilities**
- In-language roundtables with **subsistence fishing communities**, including Cambodian, Mien, Hmong and Lao communities
- Booths for past 6 years at community events, including **Cinco de Mayo, Pagdiriwang, Pride, Dragon Fest and the Afro-Latino Festival**
- **Translated materials** and ads for open houses and EIS comment periods
- **Multilingual staff** at outreach events in non-English speaking communities



TRIBAL OUTREACH

- Visits to **Suquamish, Muckleshoot, Tulalip, and Stillaguamish** reservations as well as **Daybreak Star Cultural Center** to meet with tribal leaders and members
- Hosted **4 workshops** with tribal leaders from Suquamish, Muckleshoot, Tulalip, and Stillaguamish tribes on **interpretive tribal elements** on waterfront, including wayfinding and art
- Engaged tribal leaders in ongoing SEPA environmental review process at key milestones for public review and comment
- Participated in Salmon Return Family Festival (annually since 2012)

ONLINE ENGAGEMENT

- **4,800+** Twitter followers; **4,500+** Facebook followers; **200+** Instagram followers
- **33,500+ website visits** so far in 2018
- **8,500+ listserv subscribers**
- **Video interviews** with artists chosen to work on the waterfront created in collaboration with the Office of Arts and Culture

EIS PROCESS OUTREACH

- EIS scoping public meeting and comment period: September 9, 2013; **200+ comments**
- Draft EIS public meeting and online comment period: July 22, 2015; **100+ comments**
- Supplemental Draft EIS public meeting and online comment period: May 10, 2016; **160+ comments**
- Hosted **12 DEIS briefings** and **15 SDEIS briefings** for community and civic groups



LID OUTREACH SUMMARY

To educate property owners about the LID process and ensure transparency, the Office of the Waterfront and Civic Projects has conducted extensive public outreach beginning in July 2017.

ELECTRONIC COMMUNICATIONS

Key communication metrics include:

- LID email newsletter subscribers to-date: **1,500+ subscribers**
- LID communications to-date (includes calls, emails, online comment form inquires and public meeting comments): **680 incoming communications**
- Online visitors to waterfrontseattle.org/lid webpage, April 6 – May 15, 2018: **4,600+ unique visitors, average 119 views per day**
 - Online visitors to LID property search tool (special benefit and preliminary assessment data), April 6 – May 15, 2018: **4,500+ unique visitors, average 116 views per day**
- LID calls received on Waterfront Seattle infoline, April 6 – May 15, 2018: **45 calls**
- Emails received at lid@waterfrontseattle.org, April 6 – May 15, 2018: **205 emails**

PUBLIC BRIEFINGS/MEETINGS

The City has attended more than **70 meetings or briefings** for organizations and individuals representing the commercial, residential, public agency, non-profit, academic and social services sectors (see attached list). In addition, the City shared LID information with the public at **4 public events** and hosted **2 public information sessions**. Topics have included design, budget and funding, construction, operations and amendment, LID process and special benefit study results.

HEARINGS

OWCP is working closely with the City Clerk, Seattle Office of the Hearing Examiner, FAS, and Council staff to plan for a series of public hearings on the LID formation. **The hearings would take place on July 13 at the Convention Center and July 17, 18, and 28 at Seattle City Hall.** They would be administered by the City of Seattle Hearing Examiner, Ryan Vancil, and his deputy. Public comment – verbal and written – would be taken, project information provided, and official protest letters accepted. The examiner would provide to Council a written summary of all comments.

PROTESTS

The City Clerk's office is preparing for the acceptance and tracking of protest letters. If Council approves the Resolution of Intent to Form in May, the official period for protests would begin. Property owners would receive a letter that includes basic and personalized information about the LID, as well as instructions for protesting the formation. Letters would need to include basic information and be signed by the owner of record. The protest period would end thirty days after a successful LID Formation Ordinance vote. If at the end of that period, property owners representing over 60% of the LID assessment (i.e., \$120 million) have registered a formal protest, the City will be divested of its ability to form the LID.

Waterfront Seattle Program

Cost Controls

Last updated: May 18, 2018

Programmatic Cost Controls

- Used to make informed decisions at the program and project levels
- Goal is to maximize results within limited funding while meeting design objectives
- Emphasis generally focuses on
 - Right-sizing scope of project
 - Simplifying design
 - Risk management and allocation
 - Evaluating constructability and sequencing
- Budget oversight provided by Change Control Board – any significant change in project scope or budget is vetted by a director-level team
- Because of their size, complexity and overall importance to the City, Waterfront Seattle projects will be part of the enhanced capital project reporting process to the Mayor's Capital Cabinet and City Council. This process includes tracking project schedule, budget and risks and providing Council quarterly updates on these measures.

Tools and Techniques	Description	Example/Notes
Cost Risk Assessment/Cost Estimate Validation Process	Independent engineers and subject matter experts systematically examine a project in detail to quantify cost and schedule risks and opportunities; CEVP runs outputs through a complex probability simulation modeling program.	The program was evaluated via two CEVPs, held in 2016 and 2017, which produced a comprehensive risk log that is now used to track and document risk mitigation efforts for the program.
Practical Design	Considers a variety of conceptual solutions to achieve the desired system performance and sets vision, goals, and performance targets that reflect the community's values.	The design of bicycle facilities along Elliott Way and Alaskan Way were revised per results of practical design exploration and vetted with the community.
Value Engineering	Quantitative method to evaluate and increase the "value" of products and services, by either improving the function or reducing the cost.	The program went through a value engineering exercise in 2014 which helped identify opportunities for savings and cost control, such as: <ul style="list-style-type: none">• Elliott Way bridge design• Overlook Walk design• Pier 62 phased construction approach

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Constructability Review	Construction subject matter experts review project and propose ways to reduce project cost by increasing contractor efficiency; typically focuses on simplifying design or adjusting sequencing and packaging of work.	A constructability review of the program in 2016 identified utility work that could be separated from Main Corridor contract and accelerated to create more efficient traffic throughput during Main Corridor construction.
Change Management Processes	Proactively manages and documents project change to scope, schedule or budget, including approvals by Change Control Board.	The Change Control Board (CCB) meets monthly to establish and document change and budget and to discuss risks and mitigation strategies. The CCB authorizes the Project Manager to implement changes to their project and ensures Programmatic understanding of each change. An example is the recently completed CCB approval of change on the Washington Street Boat Landing Pergola project.
Annual Budget Process	Evaluation of capital improvement program costs and funding culminating in an updated budget proposal.	Annual updates reflect cost control efforts and changes in assumptions that occurred over the past year.
Annual and Quarterly Spending Plans	Projection of capital improvement program costs by type and anticipated timeline of spending.	Spending plans help to best utilize the many different funding sources contributing to the Waterfront Seattle Program.

Re: Authority to initiate local improvement districts by resolution or petition

A local improvement district (an “LID”), such as the Waterfront LID, may be formed by two distinct methods under State statute and the City code: (1) the City Council may initiate an LID by a resolution of intent, or (2) property owners may petition to initiate the formation of an LID. After initiation, the process for formation follows the same path (i.e., hearing on the proposed creation, preliminary estimates and assessment roll, protest, formation, confirming the assessment roll, and so on).

I. Statutory Authority for LID Initiation Methods

Initiation of an LID by petition is authorized by RCW 35.43.120 (“Any local improvement may be initiated upon a petition signed by the owners of property aggregating a majority of the area within the proposed district.”).

Initiation of an LID by resolution is authorized by RCW 35.43.140 (“Any local improvement to be paid for in whole or in part by the levy and collection of assessments upon the property within the proposed improvement district may be initiated by a resolution of the city or town council or other legislative authority of the city or town...”).

II. State Law Treatment of Initiation Methods

LIDs, whether initiated by resolution or by petition, follow the same formation and confirmation process under RCW ch. 35.43. Each, for example, requires a hearing after initiation (RCW 35.43.125 if by petition (“Notice... shall be the same as for the... local improvement district that is initiated by resolution.”); RCW 35.43.140 if by resolution).

Regardless of the method of initiation (by petition or resolution), the subsequent formation process and assessment process is the same. The statutes generally do not draw further distinctions and refer to the methods collectively (e.g., “any petition or resolution” in RCW 35.43.043, .070, .100).

III. City Code Treatment of Initiation Methods

The City code acknowledges that an LID may be initiated by petition or resolution, and requires that the LID formation ordinance be approved by two-thirds vote if initiated by resolution, or simple majority if initiated by petition. SMC 20.04.020 (“No ordinance relating to local improvements shall be considered passed unless it shall have received the affirmative vote of at least a majority of the members of the City Council; provided, that unless a petition for any improvement is presented, the improvement shall not be ordered except by ordinance passed by the affirmative vote of two-thirds (2/3) of all members of the City Council at a regular meeting...”); see also RCW 35.43.070 (authorizing same).

SMC 20.04.050 provides that the mode for payment (payment by bonds or immediate payment) shall be as specified in the petition, or shall be designated in the formation ordinance if initiated by resolution.

The City code does not otherwise draw distinctions based on whether the LID process was initiated by resolution or petition.

IV. Property Owners Have a “Vote” on Proceeding for LIDs Initiated by Resolution

For an LID initiated by resolution, the property owners still have an opportunity to “vote” for whether the LID should be formed and assessed. If owners representing sixty percent of the cost of the improvement protest the formation of the LID, then the City may not proceed. RCW 35.43.180 (“The jurisdiction of the legislative authority of a city or town to proceed with any local improvement initiated by resolution shall be divested by a protest... signed by the owners of the property within the proposed local improvement district or utility local improvement district subject to sixty percent or more of the total cost of the improvement...”).