



**MEETING NOTES
CENTRAL WATERFRONT
FINANCE & PARTNERSHIPS SUBCOMMITTEE**

**MEETING #4 March 22nd, 2011
3:30 — 5:00 PM Room #4080, Seattle Municipal Tower**

Meeting Attendees

Subcommittee Members

- Gerry Johnson, Co-Chair
- John Nesholm, Co-Chair
- Robert Klein
- Carol Binder
- Ron Turner

Other Central Waterfront Committee Members

- Maggie Walker
- Charley Royer

City Staff & Consultants

- Hannah McIntosh
- Nathan Torgelson
- Steve Pearce
- Paul Elliot
- Bob Chandler
- Norm Schwab
- Stephanie Brown
- David Conway
- Thatcher Bailey
- Donald Harris
- Gary Johnson
- Ken Johnsen

Other

- Kate Joncas
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Committee Business

- **Finance & Partnerships Subcommittee Co-Chairs noted that:**
 - We have Subcommittee advisory members present today that we're submitting for approval in the next Executive Committee meeting on April 12th, 2011.
 - The meeting notes from February 22nd, 2011 Finance & Partnerships Subcommittee should be on the website shortly.
 - The consultant team includes HR&A Advisors, a firm that specializes in the structuring and financing of large public projects with an emphasis on public-private partnerships.

- Candace Damon at HR&A will be working with us on financing opportunities and providing information based on her experiences.
 - She has contributed to the development of the Waterfront Seattle Peer Public Space Project Analysis matrix that we've been working on; 60 percent of the projects were worked on by HR&A Advisors.
 - She will be traveling to Seattle on May 9-10th, 2011 and we hope to constructively engage with her during this time, including during a meeting of the Finance & Partnerships Subcommittee.
 - Her work experience will be relevant to the Long Term Stewardship Subcommittee, as well, as it transcends construction and also includes operations and maintenance.
 - We've asked her to look at our work in detail and make sure that we're not missing any other possible sources of funding.
 - We also want to give her an in-depth download on this project and the work we're doing.
- **City Staff noted that:**
 - The entire Long Term Stewardship Subcommittee will be invited to the Finance & Partnerships Subcommittee meeting on May 10th to engage with Candace Damon.
 - She is currently reviewing the matrix and will be providing additional information that will be married into the document.
 - The most valuable part of her visit will likely be a download of lessons that she has learned from other similar projects, including a focus on funding capitol and the operations side.
 - We're trying to work out the timing so she has the big meeting closer to the end of her visit so she can reflect what she has learned from the smaller meetings with stakeholders.

ACTION: City Staff and Finance & Partnerships Subcommittee Co-Chairs to work together in coordinating the itinerary for Candace Damon's visit.

Seawall Update

*Subcommittee reviewed and referenced documents including: *2004 Army Corps of Engineering Agreement.*

- **City Staff (S. Brown) noted that:**
 - At the last meeting of the Finance & Partnership Subcommittee members asked us to update the Subcommittee on three topics:
 - Progress on design coordination between Waterfront Seattle and the Elliott Bay Seawall projects;
 - Cost estimates for the seawall; and
 - Seawall funding from the Army Corps of Engineers. **Finance & Partnerships Co-Chairs noted that much of the interest was associated with the assumption that City Council would be making a decision to go to voters with a seawall ballot measure in August or November; this seems like less of an issue now *City Staff agreed.*
 - In terms of design coordination status, we've since had two meetings with the Design Oversight Subcommittee related to the seawall design.
 - We've received many questions related to the history of how we arrived at certain structural solutions, and we're presenting more information in the Design Oversight Subcommittee meeting tomorrow.
 - We're bringing two alternatives into our Environmental Impact Statement (EIS):
 - One sits close to the existing wall and has the least environmental impacts;
 - The second pulls the wall back as much as feasible.

- We're working closely with the Design Oversight Subcommittee and jcfo to determine what's feasible and to make sure we capture the full range of impacts that we can have.
 - In certain areas, the team is not interested in pulling the wall back, such as the ferry terminal, but in Zone 4 (near the aquarium) and Zone 1 (Washington Street Boat Landing) you'll see changes.
 - We haven't updated the full City Council for about a year and, subsequently, we're included on the April 25th City Council agenda to brief them on where we are.
 - We have scoped with our Consultant team to update the cost estimates for each of the two alternatives; we're still working on the estimates.
 - The current plan is to bring a cost estimates range to the April 25th City Council meeting; this will also be the first time we've presented new numbers since January 2010.
- **City Staff (B. Chandler) noted that:**
 - With regard to Army Corps of Engineers (Corps) funding:
 - Basically the Corps' focus is on storm damage and flood reduction; not seismic damage.
 - The Corps conducts their environmental process and feasibility study together; they carry to 35 percent design, which is further than most agencies.
 - Once completed, they develop a Chief's Report that's taken to Congress and that's where it's determined if they have money.
 - Before that, an analysis is done to see if the project might qualify; one important element is determining whether it has an economic value at a level that has significance nationally:
 - This can include vehicle traffic, rail traffic and shipping impacts; for the seawall, we're doing a feasibility study that includes all three.
 - It also includes businesses, primarily local, as well as Port operations and railroad, which have a national affect.
 - Our analysis assumes the viaduct is no longer there; the time period for construction is after the viaduct has come down, which has some bearing.
 - The other part is the cost-benefit ratio, in other words, we must demonstrate that the damages that could happen in a failure are more than the expense of the project.
 - Congress has directed the Corps to consider seismic damages; however, the Corps does not have to do so and is not likely to do that.
 - However, it can and does take into account if the seawall were damaged or destroyed in the event of a storm or a seismic event that causes wave damage. **Finance & Partnerships Subcommittee Co-Chairs asked, Congress directed in the form of what? *City Staff noted that the seismic addition got in the 2007 Water Resources Development Act (WRDA) bill. In that bill, the top, second and third priorities got in. We're required to have the Chief's Report before construction, although many projects get congressional authority to construct ahead of the Chief's Report. Our number one goal is to get authorization to construct prior to the Chief's Report. We've been working with the congressional delegation as a number one priority for the City, and we submitted again for the 2012 WRDA bill. There's a lot of speculation but we're probably likely to go to 2013 before we get through the WRDA authorization process. *City Staff noted that we'd like to be able to count the money spent now as a local match so we receive money for the second phase (Pine to Broad) then the seawall will be eligible for a 65 percent reimbursement.*
- **Finance & Partnerships Subcommittee Co-Chairs noted that:**
 - In some places we have the options for a seawall and steps, the seawall and the water, the seawall and an amenity structure, etc. **City Staff noted that when we go through the full*

presentation it will be clear that we will have options for leaving existing soil and having the flexibility to add steps or other amenities later.

- Is it possible that the design will be evolved enough that we won't need to add elements later? **City Staff noted that we've gone through what percentage of the cost of the project is allocated to each; 80 percent of the cost goes to the structure and the rest of the cost is based on whatever the most expensive thing is that we might want to put there. Our assumption is that there will be a lot of flexibility in what the public amenity is, as long as it is bracketed right.*
- Does this mean that as much as 20 percent of the money available will be put toward figuring out the face of the seawall? **City Staff noted that the 20 percent includes utilities and roadways; this is quite small when combined with the structure.*
- What else does the seawall budget include? Utilities, roads and sidewalks? **City Staff noted that indeed, a 40 foot section east of the existing wall will have to be dug up and they'll have to restore the roadway after the viaduct is demolished; even though we all hope it's an interim condition between the two projects, it's the same cost as if it was done permanently.*
- Is the permanent road constructed after the removal of the Viaduct not in your costs? **City Staff noted that it is not.*
- So the cost estimate includes a structural seawall, as well as restored access and utility relocations? **City Staff noted that the estimate also includes public amenities; we also have a category specifically focused on habitat, which is separate from public amenities.*
- Is that mitigation? **City Staff noted the project is trying to be self-mitigating. *City Staff noted that a lot doesn't require mitigation, but we're doing habitat regardless. *City Staff noted that we haven't yet created the PowerPoint we're planning to use for City Council—we recognize we have to be very clear that it is based on square footage and be clear about what is included in the estimate.*
- If it would be helpful, you might want to think about giving us part of the PowerPoint to review. **City Staff noted that any help would be appreciated.*
- Is it possible to get retroactive reimbursement for a part of the wall that's already built? We'll get some share of the whole project of which the total of local funding for the first part is a match? **City Staff noted that we will not build to the north until we get Corps funding. *City Staff noted that the Corps could potentially be managers of the second phase of construction; if we paid for the first phase entirely, we'd certainly exceed the 35 percent obligation.*
- So even though you're over the required amount, they'd be unlikely to reimburse for the first phase? **City Staff noted we probably wouldn't get that much.*
- The way they're compiling this is to say they assume it's seismically damaged in a way that gets hit by storm or flood? **City Staff noted that's how they're choosing to do the evaluation.*
- Is this statutory language? **City Staff noted that there is one "should" which should have been "shall"—we got a letter back from the Corps when we asked for clarification on how they're interpreting; at this point they feel they're complying. They'll make the final determination in terms of how we land on the seismic issue; we're having the delegation talk to the Corps now. *Finance & Partnerships Subcommittee Members noted that this would be controlling language; it's not equivocal.*
- In terms of the issue of going out to voters with a lack of certainty—is there any way you can schedule a vote on a bond for the whole thing? **City Staff noted that any help that the Finance & Partnerships Subcommittee can offer to help the City get credit for the first phase would be appreciated; we've been working closely with Senator Patty Murray's office.*
- Most of us were extremely concerned about going to ballot this year, and the more time we have to fill in some of the pieces, the better, as we'll almost certainly have more information within the next year.

- **Finance & Partnerships Subcommittee Members noted that:**
 - Can you clarify which are the first and second phases of the project? **City Staff noted that the first phase is in the south: Washington Street boat landing up to Pine Street in the north. The Second Phase is Pine Street to the Olympic Sculpture Park at Broad Street. They are very similar in length and linear feet.*
 - One thing that strikes me is that, if they approve funding, a big part of the money we're asking for will go towards a road that is torn down again in four to five years—that is difficult to explain, even if it's torn out for something better. **City Staff noted that we recognize the restored elements are not ideal, but we must have them to build all of these projects—it's the street you're using while you build the new street. *City Staff noted that, comparatively, in terms of percentages, these funds are a much smaller number.*
 - There is concern about numbers floating in the public regarding what the cost estimates are; we should be careful about our messaging here given the additional time. **City Staff noted that it's difficult to come up with a set number before we've even arrived at 10 percent design; we are comfortable enough, however, that we can release a range of cost estimates. *City Staff noted the existing number was created a year and a half ago.*
 - Is it likely, if the work is phased, that we'll go out to the public for additional funding again? **City Staff noted that the Waterfront, as we're designing now, goes to Pine Street. *Finance & Partnerships Subcommittee Co-Chairs noted that it seems impossible to get \$290 million for the central portion, then another \$290 million for the north portion. *City Staff noted that the northern section—Alaskan Way between Pine and Broad—will include our design effort; we may do some smaller temporary projects to get some of the effect in the interim and we may not do a full rebuild of the street.*
 - Is the Aquarium zone in the second phase? **City Staff noted that it's all included in the first phase; from Pine Street to Piers 62-63.*
 - In terms of some of the major connections, opportunities could help us here because the Battery and the Western replacement and even Broad Street—all of those are in the second phase—but if those projects were thought about separately and on their own they could be done before you really developed the second phase. **City Staff asked if Finance & Partnerships Subcommittee members mean the connection to Elliot and the Western Waterfront? The central Waterfront ends at Pine on the water connection to the Battery Street Tunnel and it's part of what we're looking at now.*

ACTION: Finance & Partnerships Subcommittee Co-Chairs to distribute additional copies of the 2004 Army Corp of Engineers agreement to Subcommittee members.

Survey of Existing Major Funding Resources

**Subcommittee reviewed and referenced documents including: Waterfront Seattle Potential Funding Sources and Potential Funding Sources for the Acquisition & Development of Parks and Open Space.*

- **City Staff (B. Chandler) noted that:**
 - In terms of existing major funding sources, we have:
 - The commercial parking tax, which is listed as the number one option we're using right now for partial funding of the seawall. **Finance & Partnerships Subcommittee Co-Chairs asked if this money must only be used for transportation purposes? Is this money encumbered by the Spokane or Mercer Street improvements? *City Staff noted that the \$12.5 million includes bond funding and the Waterfront is being funded by cash out of that source, as well—we're*

- funded through 2012. *Finance & Partnerships Subcommittee Members asked if the parking tax was initially estimated to fund several major projects including Mercer, Spokane Street and Union Station? *City Staff noted that it also includes Bridging the Gap.*
- Additionally, there is money that WSDOT set aside for the roadway we spoke of earlier, which includes:
 - Demolition of the viaduct, closing the Battery Street tunnel, building the roadway and building the sidewalks; and
 - Some share of what we have is pedestrian improvements—we have design, not just roadways, which is important to recognize.
 - If we're using the State Gas Tax as a funding program for Highway 99, it could be some combination of federal money; the commitment of \$290 million doesn't say what flavor of \$290 million it is.
 - We've talked about the Local Improvement District (LID) quite a few times:
 - The study basically said that \$200 to 225 million is a good number for that. **Finance & Partnerships Co-Chairs asked if that's for the entire project—seawall and Waterfront? *City Staff noted as programmed right now, it's for everything but the seawall. * Finance & Partnerships Co-Chairs asked if the benefits study is for everything? *City Staff noted that there are benefits for demolishing the viaduct and the roadway to get the maximum value of the LID.*
 - We'll need a commitment on the whole project by the start of 2013.
 - Next year will be a very important seawall financing discussion:
 - Roadway pieces are eligible for federal money but those programs are mostly oversubscribed; the bridge structure could be eligible for a smaller federal grant.
 - We also have to be thoughtful that we're not competing with ourselves directly—i.e., what do we not do if we do something else; there is limited federal money available.
 - In the past we have received federal money for roads, utility work and buildings through the Economic Development Administration; depending upon the health of the federal economy there might be funds here.
 - As we go through the planning process, there are portions that can be separated so we have individual progress and this is important to think about, for example:
 - If there's a connection from First Avenue to the Waterfront it might fit nicely into a program like this. **City Staff noted there are also options here to make an economic development case although as we talk about federal grants there is probably a threshold, especially if we use federal money for the big Corps project. *City Staff noted that when it comes to putting federal grants together a lot of the success depends upon where there is community support; this project has huge stakeholder and community support and would be attractive in a competitive grant process.*
 - In terms of State grants, there is not a lot of funding available from a highway standpoint:
 - The State transportation board usually allocates on a yearly basis; and
 - Funds are directly dependent upon how much the legislation makes available.
 - In terms of quite feasible funding sources:
 - The Corps of Engineers funding is where a lot of the seawall discussion has been focused. **Finance & Partnerships Co-Chairs asked, if you hold the price of the seawall constant, is the percentage delta of what a homeowner pays between 8 and 9 percent? *City Staff noted they will determine the answer and share the details with the Subcommittee.*
 - Another funding source is Transportation Benefit Districts. **Finance & Partnerships Co-Chairs noted they understand this money will not be accessible to the Waterfront.*
 - There are also a few items that are not on our list, including private donations and public-private partnerships.

- What you're hearing about today are traditional resources—we assume there are viable resources beyond the LID. **Finance & Partnerships Subcommittee Co-Chairs noted that it's important to maximize public resources before turning to the private sector. Additionally, a good deal of funding may not come from the Central Waterfront budget, but rather for the aquarium through improvement for that zone. *Finance & Partnerships Subcommittee members noted that this project seems to be a series of small projects in terms of connections and achieving connections and that affects how we fund it.*
- **City Staff noted that:**
 - Donald Harris is an Open Spaces Acquisitions Manager in the City of Seattle Parks & Recreation Department.
 - He is constantly searching the horizon for funding sources to match the Parks and Green Spaces Levy program, and is here to provide information for us, as well.
- **City Staff (D. Harris) noted that:**
 - Funding sources include the following:
 - Conservation Futures Tax (CFT).
 - This is the most predictable and/or constant source of funding; funds are collected from property taxes (.625%) levied throughout King County and its cities for the purchase and permanent protection of open space lands.
 - Aquatic Lands Enhancement Account.
 - This has to be related to harbor areas; there is a ceiling of half a million dollars for funding.
 - Boating Facilities Program and Boating Infrastructure Grant.
 - These are derived from boater gas taxes; if the street boat ramp is improved, the project would be eligible.
 - Estuary and Salmon Restoration Program.
 - These moneys are limited and recipients tend to be fisheries.
 - Land and Water Conservation Fund.
 - Washington Wildlife and Recreation Program.
 - Private Donations.
 - We have funding available so there is no cost to the donor to give money to us; there are certainly tax incentives and the City does qualify as a Charity—we also accept property. **Finance & Partnerships Subcommittee Co-Chairs asked if D. Harris is available to help the Subcommittee navigate these additional potential funding resources? *City Staff (D. Harris) noted that he is, indeed.*

ACTION: City Staff to determine the percentage delta that a homeowner would pay and share the details with the Subcommittee.

Next Steps

- **City Staff noted that:**
 - We have conflicts surrounding the April 12th Finance & Partnerships Subcommittee meeting; the Full Committee meeting has been re-scheduled during the same date and time.
- **Finance & Partnerships Subcommittee Co-Chairs noted that:**
 - We only need one meeting in late April; this will allow us enough time to prepare for a visit from Candace Damon.

ACTION: Consultants to cancel meeting request for April 12th Finance & Partnerships Subcommittee meeting.