



City of Seattle
Seattle Public Utilities

August 20, 2014

Fred Podesta
Director
City of Seattle
Department of Finance and Administrative Services
P. O. Box 94689
Seattle, WA 98124-4689

RE: Property at 3500 Interlake Avenue North

Dear Mr. Podesta,

In response to the June 18, 2013, Excess Property Notice for PMA 91, Seattle Public Utilities (SPU) declared its interest in acquiring the property at 3500 Interlake Avenue North. This property is under the jurisdiction of the Department of Finance and Administrative Services (FAS). SPU desires to use this property for the construction of an underground combined sewer system storage facility.

The City of Seattle, acting through SPU, owns and operates a combined sewer system that overflows when the capacity of the downstream pipes and treatment facilities is overwhelmed by heavy rainfall events. These combined sewer system overflows are governed by the State of Washington under the terms of a National Pollutant Discharge Elimination System (NPDES) permit. This permit mandates that SPU limit untreated overflows at each combined sewer outfall to an average of no more than one per year. SPU is also bound by a Federal Consent Decree which requires that SPU construct control measures to limit untreated combined sewer system overflows so that the combined sewer system meets the State of Washington's requirements (no more than an average of one overflow per outfall per year) by December 31, 2025.

Overflows from the combined sewer outfalls in Ballard, Wallingford, and Fremont exceed the State's requirements and impact water quality in Salmon Bay, the Salmon Bay Waterway and the Lake Washington Ship Canal. Correcting these problems is a priority under the Consent Decree. New underground storage facilities are being designed that would contain the overflow. In Fremont, SPU is considering building either an underground storage tank or the eastern end of a storage tunnel between Ballard and Fremont. Construction of the new facilities is scheduled to start in 2017 and must be completed by December 31, 2025.

Available property is rare in Fremont, and SPU has strong interest in acquiring FAS's property at 3500 Interlake Avenue North, even though SPU has not yet decided which alternative to build and the property won't be needed until at least 2017. During a June 30, 2014, meeting with FAS (including Hillary Hamilton) and SPU staff, the suggestion was made by FAS that FAS could retain jurisdiction over the property and lease (five year with option to terminate after three years [2017]) the property as a

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parking lot to a private party until SPU needed it for the underground storage facilities. This suggestion has several merits for SPU and hopefully also for FAS. The private party would demolish the existing dilapidated building, the neighborhood would have additional parking, and SPU would be relieved of the responsibility of managing the property prior to start of construction. If the property leaves City ownership before construction of SPU's storage facilities, SPU would need to acquire other property possibly through condemnation and probably involving business or residential relocation(s).

SPU requests that FAS hold onto and manage PMA 91 (3500 Interlake Avenue North) until 2017 by which time SPU will have completed its design, conducted community outreach, and obtained the necessary approvals for the new storage facilities.

Thank you for your help. If you have any questions or concerns, please contact Sr. Real Property Agent Pree Carpenter at 386-9754.

Sincerely,



Ray Hoffman
Director
Seattle Public Utilities

cc: Chris Potter, Director Facility Operations FAS
Hillary Hamilton, Real Estate Manager, FAS
Judith Cross, Director of Facilities and Real Property Services, SPU