

Central Waterfront Improvement Fund

Marshall Foster, Director, Office of the Waterfront

(206) 684-5000

<http://www.seattle.gov/transportation>

Department Overview

The Seattle Department of Transportation (SDOT) Office of the Waterfront is responsible for administration of the waterfront improvement program, and SDOT's Major Projects division is responsible for project delivery and management of the Elliott Bay Seawall Replacement project. The Office of the Waterfront is the central team coordinating the waterfront improvement efforts, including project management, design, construction, and financial management. The office director reports directly to the Mayor.

The Central Waterfront Improvement Fund supports certain costs associated with the design and construction of the waterfront improvement program, including costs eligible for financing by a future local improvement district (LID) and related costs for City administration. Appropriations made from the Central Waterfront Improvement Fund are for these purposes.

Budget Snapshot

| Department Support | 2014 Actuals | 2015 Adopted | 2016 Endorsed | 2016 Adopted |
|-----------------------------|--------------------|--------------------|---------------------|------------------|
| Other Funding - Operating | \$9,913,567 | \$2,799,258 | \$29,546,235 | \$416,555 |
| Total Operations | \$9,913,567 | \$2,799,258 | \$29,546,235 | \$416,555 |
| Total Appropriations | \$9,913,567 | \$2,799,258 | \$29,546,235 | \$416,555 |
| Full-time Equivalent Total* | 0.00 | 0.00 | 0.00 | 0.00 |

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.

Central Waterfront Improvement Fund

Budget Overview

The waterfront improvement program estimated cost totals \$1.12 billion. The 2016 Adopted Budget funds the program for \$139.3 million in 2016. The Office of the Waterfront employees are located organizationally within the Seattle Department of Transportation, allowing for effective coordination between the Seawall project management team and the Office of Waterfront for the 2016 budget. The funds shown in the tables herein represent the interfund loan amount to the Central Waterfront Improvement Fund.

The following paragraphs summarize the multiple elements in the waterfront improvement program:

Elliott Bay Seawall Replacement: In 2012, Seattle voters approved a levy lid lift to replace the Elliott Bay Seawall, and the project entered into construction in fourth quarter of 2013. In 2015, the project cost estimate was revised from \$330.8 million to \$410.2 million, and several funding sources were identified to fund the additional costs, including Commercial Parking Tax and Real Estate Excise Tax revenues. The SDOT CIP project for Elliott Bay Seawall Replacement (TC-367320) summarizes the revenue sources that pay for the seawall.

Alaskan Way Main Corridor: This project designs and constructs the rebuilt Alaskan Way/Elliott Way surface streets and the adjoining pedestrian promenade along the Seattle waterfront following the demolition of the Alaskan Way Viaduct. The Washington State Department of Transportation (WSDOT) is in the process of building a deep bore tunnel to replace the Alaskan Way Viaduct (viaduct), which is part of State Route (SR) 99. State Route 99 is currently planned to be relocated from the viaduct into the tunnel. WSDOT is responsible for demolishing the viaduct and decommissioning the Battery Street tunnel. The City of Seattle is responsible for the Alaskan Way/Elliott Way surface street and the promenade. The project also includes replacement of and improvements to four key connections impacted by the viaduct removal, namely Seneca Street, Columbia Street, and the Marion Street and Lenora Street pedestrian bridges. This project is detailed in the SDOT CIP project for Alaskan Way Main Corridor (TC-367330).

Overlook Walk and East/West Connections: Removing the viaduct provides the opportunity for the City to improve key connections between the downtown core and the waterfront. The specific east/west streets targeted for improving connections include: Bell Street, Union Street, Pike Street, Pine Street, Main Street, Washington Street, and Railroad Way. In addition to these east/west street connections, the waterfront improvement program also includes the Overlook Walk, which would provide a pedestrian oriented connection between the waterfront, the Aquarium and the Pike Place Market with ADA access, views, and public open spaces. In July 2015, the City Council approved the Seattle Aquarium Society's Master Plan for expansion. The master plan identifies the Overlook Walk as the primary site of this expansion, including a new major exhibit. This project is detailed in the SDOT CIP project for Overlook Walk and East/West Connections (TC-367620).

Pike Place Market PC-1 North Waterfront Entrance project: The PC-1 North Waterfront Entrance project is being developed in partnership with the Pike Place Market Preservation and Development Authority (PPMPDA) to provide a mixed-use development building on the north side of the Pike Place Market. The development will include 300 below grade structured parking stalls, 40 low-income senior residential housing units, and new commercial, retail, and office space. The project will also have public pathways, and a rooftop deck that will serve as the waterfront entrance to the overlook walk connecting Pike Place Market to the waterfront. The 2016 Adopted Budget appropriates the remaining \$6 million of the City's \$34 million commitment. The General Fund backed debt supporting this funding will be authorized in the 2016 Bond Ordinance. Project details are located within the Department of Finance and Administrative Services (FAS) operating budget.

Parks - Aquarium Expansion: The Seattle Aquarium is planning a major expansion to its existing footprint to add new programming and visitor capacity. It will become a major destination for the newly redeveloped waterfront. Seattle City Council approved a master plan for this expansion in July 2015. The project intends to make improvements to piers 59 and 60 to allow for more exhibits. The master plan also identifies the Overlook Walk as the primary site of this expansion, including a new major exhibit. The aquarium is owned by the Department of Parks and Recreation (DPR) but operated by the nonprofit Seattle Aquarium Society. The 2016 Adopted Budget

Central Waterfront Improvement Fund

appropriates \$600,000 for Aquarium Expansion project design, and \$1.2 million has been funded through 2015. Prior to 2015, Aquarium Expansion project costs were budgeted in SDOT's Alaskan Way Main Corridor project. The initial memorandum of understanding between the Seattle Aquarium and the City of Seattle allows for reimbursement of project expenses of up to \$1 million, and through 2016 budget legislation this agreement is amended to provide additional funding. This project is detailed in the DPR CIP project for Aquarium Expansion (K-732492).

Parks - Central Waterfront Piers Rehabilitation: Waterfront Park and Pier 62/63 are public park facilities that provide public access to Elliott Bay and host a range of public events, markets and performances. Both piers need a full seismic upgrade to meet current life safety codes, and Waterfront Park needs significant access improvements. Waterfront Park is envisioned as a flexible public recreation and open space. Pier 62/63 is anticipated to be more heavily programmed, with a flexible activity rink, events, and performances. The Department of Parks and Recreation (DPR) owns the piers, but the Central Waterfront Improvement Fund will pay for the rehabilitation. This project is detailed in the DPR CIP project for Parks Central Waterfront Piers Rehabilitation (K-732493).

FAS - Local Improvement District Administration: The City plans to finance a portion of the costs for the waterfront improvement program by forming a local improvement district (LID). The LID is a financing mechanism that allows the City to construct capital improvement projects in a certain geographic area that would provide a special benefit to property owners. The formation of an LID would allow the City to assess property owners a fee that would capture a percentage of the increase in property values created by the local improvements. The LID administration will take place in FAS, and the financial details are located in the FAS operating budget.

Office of the Waterfront - Program Administration: Although there are multiple funding sources and multiple projects within the waterfront improvement program, the program itself is viewed as inclusive of these multiple projects. The Office of the Waterfront is charged with administering the overall program, and ensuring that the waterfront improvement program is true to that vision of a single program. The program administration costs are funded with Central Waterfront Improvement Funds through the Transportation Operating Fund in SDOT.

City Council Changes to the Proposed Budget

The Council made no changes to the 2016 Proposed Budget.

Incremental Budget Changes

Central Waterfront Improvement Fund

| | 2016 | |
|-----------------------------------|-----------------------|-------------|
| | Budget | FTE |
| Total 2016 Endorsed Budget | \$ 29,546,235 | 0.00 |
| Proposed Technical Changes | | |
| Technical Financial Adjustment | -\$ 27,850,000 | 0.00 |
| Technical Adjustment for Interest | -\$ 1,279,680 | 0.00 |
| Total Incremental Changes | -\$ 29,129,680 | 0.00 |
| 2016 Adopted Budget | \$ 416,555 | 0.00 |

Central Waterfront Improvement Fund

Descriptions of Incremental Budget Changes

Proposed Technical Changes

Technical Financial Adjustment - (\$27,850,000)

The current Central Waterfront Improvement Fund (CWF) interfund loan limit is \$31.2 million, of which the Office of the Waterfront expects to spend approximately \$23.3 million through the end of 2015. The 2016 Endorsed Budget assumed the interfund loan limit would be increased for 2016 program expenditures, however other funding sources have been identified for 2016 Central Waterfront program expenditures in the Department of Transportation's capital budget. Note that this adjustment does not include appropriations for Department of Parks and Recreation or Department of Finance and Administrative Services.

Technical Adjustment for Interest - (\$1,279,680)

Due to the \$27,850,000 reduction for the 2016 Adopted Budget, the expected interest expense for the 2016 Adopted Budget has been reduced accordingly. This technical adjustment reflects this reduction in the Central Waterfront Fund interest expense for 2016.

City Council Provisos

There are no Council provisos.

Expenditure Overview

| Appropriations | Summit Code | 2014 Actuals | 2015 Adopted | 2016 Endorsed | 2016 Adopted |
|--|--------------------|---------------------|---------------------|----------------------|---------------------|
| Central Waterfront Improvement Fund Interest Expense Budget Control Level | CWIF-INT | 394 | 349,258 | 1,696,235 | 416,555 |
| Central Waterfront Improvement Fund Support to Transportation Budget Control Level | CWIF-CAP | 9,913,173 | 2,450,000 | 27,850,000 | 0 |
| Department Total | | 9,913,567 | 2,799,258 | 29,546,235 | 416,555 |
| Department Full-time Equivalents Total* | | 0.00 | 0.00 | 0.00 | 0.00 |

** FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.*

Central Waterfront Improvement Fund

Appropriations By Budget Control Level (BCL) and Program

Central Waterfront Improvement Fund Interest Expense Budget Control Level

The purpose of the Central Waterfront Improvement Fund Interest Expense BCL is to appropriate interest expense allocated to the Fund.

| | 2014 | 2015 | 2016 | 2016 |
|--|----------------|----------------|------------------|----------------|
| Program Expenditures | Actuals | Adopted | Endorsed | Adopted |
| Central Waterfront Improvement Fund Interest Expense | 394 | 349,258 | 1,696,235 | 416,555 |
| Total | 394 | 349,258 | 1,696,235 | 416,555 |

Central Waterfront Improvement Fund Support to Transportation Budget Control Level

The purpose of the Central Waterfront Improvement Fund Support to Transportation Budget Control Level is to appropriate funds from the Central Waterfront Improvement Fund to the Transportation Operating Fund for support of the Waterfront Improvement Program.

| | 2014 | 2015 | 2016 | 2016 |
|--|------------------|------------------|-------------------|----------------|
| Program Expenditures | Actuals | Adopted | Endorsed | Adopted |
| Central Waterfront Improvement Fund Support to Transportation Budget Control Level | 9,913,173 | 2,450,000 | 27,850,000 | 0 |
| Total | 9,913,173 | 2,450,000 | 27,850,000 | 0 |

Central Waterfront Improvement Fund

Central Waterfront Improvement Fund Table

Central Waterfront Improvement Fund

| | 2014 Actuals | 2015 Adopted | 2015 Revised | 2016 Endorsed | 2016 Adopted |
|--|--------------------|-------------------|--------------------|--------------------|--------------------|
| Beginning Fund Balance | -9,339,676 | 10,024,785 | -19,370,959 | 6,421,426 | -19,728,046 |
| Accounting and Technical Adjustments | 0 | 0 | 0 | 0 | 0 |
| Plus: Actual and Estimated Revenues* | 117,716 | 0 | 3,246,272 | 0 | 0 |
| Less: Actual and Budget Expenditures for Interest Expense | 394 | 349,258 | 349,258 | 1,696,235 | 416,555 |
| Less: Actual and Budgeted Expenditures for Transportation(SDOT) | 9,913,567 | 2,450,000 | 2,450,000 | 27,850,000 | 0 |
| Less: Actual and Budgeted Expenditures for Finance and Administrative Services (FAS)** | 0 | 554,101 | 554,101 | 2,234,378 | 2,870,000 |
| Less: Actual and Budgeted Expenditures for Parks and Recreation (Parks)*** | 0 | 250,000 | 250,000 | 6,200,000 | 2,247,000 |
| Ending Fund Balance | -19,370,959 | 6,421,426 | -19,728,046 | -31,459,187 | -25,261,601 |
| Ending Unreserved Fund Balance | -19,370,959 | 6,421,426 | -19,728,046 | -31,459,187 | -25,261,601 |

*The Central Waterfront fund is authorized up to a \$(31,225,000) balance; revenues are not recorded to the fund as they are to be received from a future Local Improvement District and other sources.

** The Finance and Administrative Services expenditures are located in the FAS Proposed Budget pages.

*** The Parks and Recreation Department expenditures are located in the proposed Parks CIP.