

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

Resolution No. 814 declaring the intent of the City Council to consider the formation of a local improvement district, to be known as the Wilburton Connections Local Improvement District (LID), for the purpose of constructing an extension to NE 4th Street between 116th and 120th Avenues NE and constructing improvements to 120th Avenue NE between the NE 4th Street Extension and NE 8th Street; and setting a public hearing date to consider the formation of the Wilburton Connections LID.

FISCAL IMPACT:

There is no immediate fiscal impact associated with this action. The Wilburton Connections LID Formation Special Benefit Study Final Report identifies a total estimated special benefit of \$13,565,000 within the proposed LID boundary. If the LID is formed, and assuming an assessment of special benefit ratio of 75 percent, \$10,173,750 would be proportionately assessed against the properties within the proposed LID boundary to fund a portion of the NE 4th Street Extension (CIP Plan No. PW-R-160) and 120th Avenue NE Improvements (Segment 1; CIP Plan No. PW-R-161).

STAFF CONTACT:

Goran Sparman, Director, 425-452-4338
Eric Miller, Capital Programming Division Manager, 425-452-6146
Transportation Department

Lori Riordan, City Attorney, 425-452-7220
Monica Buck, Assistant City Attorney, 425-452-4082
City Attorney's Office

POLICY CONSIDERATION:

This action supports the implementation of the NE 4th Street Extension and improvements to 120th Avenue NE between NE 4th and NE 8th Streets, both identified as high priority projects in the Mobility and Infrastructure Initiative due to their connecting corridor role between Downtown Bellevue and the Wilburton and Bel-Red Subareas. The projects are consistent with policies in the 2008 update to the Wilburton/NE 8th Subarea Plan, including improving local access and circulation (S-WI-25) and improving pedestrian/bicycle facilities on arterial streets (S-WI-28).

The Wilburton Connections LID Formation Analysis (Executive Summary provided as Attachment 1) supports implementation of the Mobility and Infrastructure Initiative Finance Plan approved by Council on January 20, 2009 and formation of the Wilburton Connections LID, which is the first of two LIDs assumed in the MII Finance Plan. The proposed LID would reduce the current funding gap of \$18 million for the NE 4th Street and 120th Avenue NE projects by approximately \$10 million.

BACKGROUND:

On September 13, Council passed a Motion directing staff to return with a proposed resolution of intent to form the Wilburton Connections LID and to set a date for a public hearing on the LID's formation (please refer to Attachment 7 for the proposed Resolution). As indicated in the proposed Resolution, the date and time of the public hearing before the Hearing Examiner has been set for Thursday, October 21, 2010, at 7:00 p.m. The hearing will be held in the City Council Chambers located at City Hall. Legal notice will be published and provided by mail to the owner of each parcel located within the proposed LID boundary.

By the September 13 Motion, Council also determined the boundary of the proposed LID. This proposed LID boundary is legally described within an exhibit to the proposed Resolution. Also by this Motion, Council indicated that the preliminary assessment ratio would be established at 75 percent of the total estimated special benefit.

Following the formation hearing, Council will vote on the Formation Ordinance which creates the LID and establishes the boundaries of the district. Based on the outcome of the hearing and the recommendation of the Hearing Examiner, Council may adjust the boundaries of the special benefit district in the Formation Ordinance. Assessments are not final until confirmation of the final assessment roll. In the event it is determined that a property does not receive special benefit or was inadvertently omitted from the district, this can be addressed any time prior to confirmation of the final assessment roll.

An LID provides a means for property owners who derive a "special benefit" from transportation improvements to pay a proportionate share of the costs of those projects through assessments. The "special benefit" a property gains from a capital improvement (road or utility) is the difference between the fair market value of the property before and immediately after the project is completed. An assessment to a property cannot exceed the special benefit to that parcel — it must be proportionate to the special benefit received in relation to other properties in the LID and cannot include general or public benefits of the project.

EFFECTIVE DATE:

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS:

1. Adopt Resolution No. 8141 declaring the intent of the City Council to consider the formation of a Local Improvement District (LID), to be known as the Wilburton Connections Local Improvement District, for the purpose of constructing an extension to NE 4th Street between 116th and 120th Avenues NE and constructing improvements to 120th Avenue NE between the NE 4th Street Extension and NE 8th Street; and setting a public hearing date to consider the formation of the Wilburton Connections LID.
2. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION:

Adopt Resolution No. 8141 declaring the intent of the City Council to consider the formation of a Local Improvement District (LID), to be known as the Wilburton Connections Local Improvement District, for the purpose of constructing an extension to NE 4th Street between 116th and 120th Avenues NE and constructing improvements to 120th Avenue NE between the NE 4th Street Extension and NE 8th Street; and setting a public hearing date to consider the formation of the Wilburton Connections LID.

MOTION:

Move to adopt Resolution No. 8141 declaring the intent of the City Council to consider the formation of a Local Improvement District (LID), to be known as the Wilburton Connections Local Improvement District, for the purpose of constructing an extension to NE 4th Street between 116th and 120th Avenues NE and constructing improvements to 120th Avenue NE between the NE 4th Street Extension and NE 8th Street; and setting a public hearing date to consider the formation of the Wilburton Connections LID.

ATTACHMENTS:

1. Executive Summary: Wilburton Connections LID Formation Special Benefit Study
2. Parcel by parcel special benefit appraisal spreadsheet
3. Wilburton Connections LID Proposed Boundary (and parcel) Map
4. Proposed Wilburton Connections LID Formation Schedule
5. Memo to City Council on Local Improvement District Formation Process (11/17/08)
6. Wilburton Connections Project Map
7. September 13, 2010 Agenda Memo on LID formation
8. Proposed Resolution No. 8141

AVAILABLE IN COUNCIL OFFICE:

Wilburton Connections LID Formation Special Benefit Study Final Report

Proposed City of Bellevue Wilburton Connections Local
Improvement District (LID) Project
Bellevue, Washington

**SUMMARY OF FORMATION SPECIAL
BENEFIT/PROPORTIONATE ASSESSMENT
STUDY-NARRATIVE DISCUSSION AND TABULATIONS
OF PRELIMINARY ASSESSMENTS**

Prepared for:

Mr. Goran Sparrman,
Transportation Director
City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004

Date of Valuation:

September 8, 2010

Date of Report:

September 8, 2010

Job #10-193

File: 10-193.0910

Prepared by:

Robert J. Macaulay, MAI
MACAULAY & ASSOCIATES, LTD.
Everett, Washington

September 8, 2010

Mr. Goran Sparrman,
Transportation Director
City of Bellevue
450 110th Avenue NE
Bellevue, WA 98004

RE: Proposed Wilburton Connections local improvement district (LID) project, Bellevue, WA. Job No. 10-193.

Dear Mr. Sparrman:

Our preliminary special benefit/proportionate assessment study in connection with the above-referenced LID project has been completed. A personal inspection has been made of the parcels within the LID project vicinity, together with a study of current market data in the subject area and surrounding market areas, for the purpose of forming an opinion as to the special benefit and recommended assessment to each affected parcel.

If formed, the LID would provide one of a number of funding sources for the planned extension of NE 4th Street between 116th and 120th Avenues NE and 120th Avenue NE Improvements (Segment 1) between NE 4th and 8th Streets, on the east side of Interstate Highway 405, approximately one mile from Bellevue's central business district. The total cost for these improvements is currently estimated at \$47,495,000.

Attached is a summary of the formation special benefit study, which uses mass appraisal techniques and is reported in a summary format including narrative and tabular presentation. This report is intended to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation for a summary mass appraisal report. As such, it includes limited discussions of the data, reasoning and analyses utilized in the valuation process; supporting documentation is retained in the appraiser's files. The depth of discussion contained in the report is specific to the needs of the client, the City of Bellevue, and for the intended use stated herein. It conforms with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include USPAP, as well as additional reporting requirements which are discussed herein. The appraiser is not responsible for unauthorized use of this report.

Briefly, the scope of the assignment was to propose an LID boundary encompassing the area specially benefitted and complete a preliminary special benefit/proportionate assessment study centering around two road improvement projects collectively known as the proposed Wilburton Connections Local Improvement District. One of the projects would construct a new section of NE 4th Street on the east side of Interstate 405, connecting 116th Avenue NE and 120th Avenue NE, and the other widens a section of 120th Avenue NE (beginning where the new NE 4th Street connects with 120th Avenue and ending south of NE 8th Street) in the Bellevue neighborhood known as Wilburton. Signalization would be installed at the

Mr. Goran Sparrman
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new NE 4th Street/120th Ave NE intersection and at the nearby intersection (to the north) of NE 6th Street and 120th Avenue NE. As stated above, the current total estimated project cost is \$47,495,000. Between the two projects considered herein, the estimates are \$38,400,000 for the NE 4th Street extension portion and \$9,095,000 for the 120th Avenue NE widening portion.

The nationwide economic recession, which began in late 2007, is having a profound and long-lasting effect on commercial real estate markets. The tightening of both national and global credit markets and a resultant reduction in liquidity are adversely impacting both current and future investments in real estate. This has resulted in limited real estate sales activity over the last several years in the Bellevue vicinity. Reductions caused by the ongoing recession have been especially severe when contrasted with the economic boom which preceded it in the early years of this decade.

As in the greater Seattle area, new development has been sharply curtailed and a number of large projects have been cancelled or put on hold in Bellevue and elsewhere on the "Eastside". According to the June 2010 issue of the Puget Sound Economic Forecaster (PSEF), the region added 3,600 new jobs in the first quarter of 2010. However, growth has remained slow this year and it is estimated that the region will not recoup the 135,000± jobs lost during the recession until some time in 2013. Current positive signs in the local market pertaining to new sale transactions and development activity remain limited.

To make estimates of probable increases in market value or special benefit resulting from the proposed LID project, market sales of land and improved properties were researched, together with rental rate information on the various types of property found within the proposed LID boundary. These property types consist primarily of office and retail uses. Also, engineering and economic studies relating to supply and demand, absorption and population growth trends were reviewed.

Special benefit to affected properties derives from enhanced relative location provided by the proposed road improvements, which results in reduced traffic congestion, improved circuitry of traffic flow and enhancement of the neighborhoods' reputation and aesthetic appeal. Also, with the NE 4th Street Extension in place, a number of parcels will be rezoned, allowing for more intensive land uses in the north-central portion of the proposed district.

Recognizing that the definition of market value requires well-informed market participants, estimates are made of the value of individual parcels without the road improvement project and again with the project assumed completed, as of the same date. Estimated value ranges without and with the LID are refined into valuation conclusions by making the appropriate adjustments based on factors affecting market value of individual parcels. For each assessable parcel within the LID boundary, this basis of valuation results in a special benefit estimate, which is the difference in value before (or without) the project as compared to the same parcel after (or with) the project. Electronic data based on records of the King County Assessor's office was provided by the client and forms the basis of the preliminary assessment roll spreadsheets which are integral parts of this report.

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The purpose of a preliminary special benefit/proportionate assessment study is to provide a fair and proportionate allocation of preliminary assessments, based on highest and best use and market value of affected property, without as opposed to with the LID project completed. This study can then be utilized by the city and the affected property owners to establish the LID boundaries and make a determination as to whether or not to form the district.

The preliminary assessments are reasonable and proportionate to each other; they are based on consideration of the physical characteristics and highest and best use of individual affected parcels with market value estimates derived from comparable sales data. In our research, market analysis, and subject to the accompanying assumptions and limiting conditions, the entire area outlined on the exhibit entitled "Proposed LID Boundary Map" has been considered. As shown on the map and discussed further herein, at the client's request, it was divided into what is termed the "core area" (vicinity which experiences the most special benefit due to the project), together with "option area 1" (to the south), which experiences much lesser degrees of special benefit, and "option area 2" (north of NE 8th Street), where special benefit due to the project is more similar to that experienced by properties just south of NE 8th Street. On the proposed LID boundary map included herein, most of the core area and option area 2 are outlined in blue and option area 1 is outlined in white. The proposed LID boundary (outlined in a continuous blue line), encompasses 83 tax parcels; 60 which are in the core area together with another 23 parcels to the north in option area 2.

In the first of two scenarios considered herein, special benefit to the 62 affected parcels in the core area is estimated. Also at the client's request, the spreadsheet prepared for scenario one includes two preliminary recommended assessment columns; the first shows the individual preliminary assessment amounts based on a 50% ratio of total assessment to total special benefit. The second column of preliminary assessments utilizes a 75% ratio.

The same process is followed for the second scenario, which encompasses the 62 parcels in the core area, together with 26 additional tax parcels in option area 1 (south of Main Street and SE 1st Street) and another 23 parcels in option area 2 (north of NE 8th Street). The second spreadsheet, which includes all 111 parcels, also has two preliminary assessment columns; the first showing the individual assessment amounts based on a 50% ratio of total assessment to total special benefit and the second, utilizing a 75% ratio of project costs (assessment) to total special benefit. The 83 parcels within the proposed boundary comprise the third spreadsheet ("Proposed Assessment Roll"), for which the 50% and 75% ratios are again shown.

Following the "Executive Summary" located near the front of this report are three tabulations (spreadsheets) listing map number, owner's name, tax parcel number, site address, land area, brief improvements description (if any), zoning, probable market value (land and improvements contribution) without the LID, probable market value with the LID, estimated special benefit and preliminary assessment to each parcel. As described above, the first spreadsheet pertains to the 62 tax parcels in scenario one (the core area), the second encompasses the core area together with option areas 1 and 2 (total of 111 tax parcels), and the third, the proposed assessment roll, encompasses 83 parcels.

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Below are the primary findings resulting from this study, subject to the accompanying assumptions and limiting conditions. The date of valuation for the following conclusions is September 8, 2010.

Scenario One (core area – 62 tax parcels)

Total estimated special benefit (R)\$13,190,000
Preliminary assessment @ 50% ratio (R)\$6,595,000
Preliminary assessment @ 75% ratio (R)\$9,890,000

Scenario Two (core area and two option areas – 111 tax parcels)

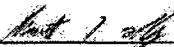
Total estimated special benefit (R)\$13,820,000
Preliminary assessment @ 50% ratio (R)\$6,910,000
Preliminary assessment @ 75% ratio (R)\$10,365,000

Proposed Boundary (60 parcels in core area and 23 parcels in option area two)

Total estimated special benefit (R)\$13,565,000
Preliminary assessment @ 50% ratio (R)\$6,785,000
Preliminary assessment @ 75% ratio (R)\$10,175,000

The total estimated special benefit for option area 1 alone is (R)\$220,000 and for option area 2 alone it totals (R)\$415,000. Additional narrative descriptions, maps and tabulations concerning the scope of the project, subject parcels and comparable market data are retained in our files. If you have questions or desire further clarification, please call.

Respectfully submitted,
MACAULAY & ASSOCIATES, LTD.



Robert J. Macaulay, MAI
WA State Certified - General Appraiser No. 1100517

Executive Summary

Preliminary Boundary:

As shown on the map on the prior page, the preliminary boundary analyzed is segregated into a core area and option areas 1 and 2; the core area extends south from NE 8th Street on both sides of 116th Avenue NE and 120th Avenue NE roughly to Main Street. Option area 1 encompasses property generally located south of Main Street on both sides of 116th Ave NE and west of 118th Ave NE, extending south to the Lake Hills Connector. Option area 2 is the vicinity north of NE 8th Street between 116th Ave NE to just east of 120th Ave NE and includes corner parcels at the Bel-Red/120th Ave NE intersection.

The core area experiences the greatest degree of special benefit due to the project as relative location of the affected parcels is enhanced, access and circuitry of traffic flow are significantly improved (enhancing the neighborhood's reputation), and rezoning of a number of parcels provides opportunities for increased intensity of use. The two option areas experience varying degrees of special benefit, due primarily to a lessening of traffic congestion, from the project. Option area 1 includes 26 tax parcels generally located south of Main Street/NE 1st Street, between I-405 and 118th Avenue SE. Option area 2 encompasses ownerships (23 individual tax parcels) fronting on the north side of NE 8th Street between 116th Ave NE and just east of the intersection of NE 8th Street and Bel-Red Road.

As discussed further in this report, the most significant special benefit accrues to property in the core area and in option area 2. Marginal special benefit (\$0.25/SF and less) is attributed to property in option area 1. Recognizing this, the proposed LID boundary consists of the core area except map numbers 11 and 13; the economic entity comprised of these two parcels is significantly impacted by wetlands and lacks any 116th Ave NE exposure. The proposed boundary also includes option area 2, situated north of NE 8th Street. Outlined in blue on the map, it includes a total of 83 tax parcels; 60 in the core area and another 23 in option area two.

Definition of Special Benefit:

Special benefit is defined as a specific, measurable increase in value of certain real property in excess of enhancement to the general area (and benefitting the public at large) due to a public improvement project. It is measured as the difference accruing by reason of the project, between the market value of each parcel studied without the LID project and market value of the same parcel with the LID project assumed completed as of the same date.

Project Overview:

Wilburton Connections is the name given to a group of three long-planned road construction projects in the west Wilburton area. They are designed to work together to improve connections between the downtown, Wilburton, Bel-Red and Overlake areas of the city. The projects are 120th Avenue NE Improvement (Segment 1) (includes no improvements to the NE 8th Street intersection) and NE 4th and 6th Streets (extensions). A neighborhood protection plan to address potential traffic impacts along NE 5th Street to the east of 120th Avenue NE may be developed in coordination with the neighborhood although this planned NE 5th Street traffic mitigation is not included in the LID project. The 6th Street extension is not part of the proposed LID and this study focuses on the first two; the widening of 120th Avenue NE and the NE 4th Street extension. The two are collectively termed herein the "proposed Wilburton Connections Local Improvement District". A more detailed description of the proposed projects is included in this report.

Neighborhood Description:

A close-in mixed use neighborhood (predominantly office and retail), the Wilburton commercial area is conveniently situated just across Interstate 405 from the intensely developed urban core of the City of Bellevue, Washington state's fifth largest city. Further description of the subject neighborhood is found on subsequent pages.

Without the project, the vicinity is characterized by poor traffic circulation, lack of contiguity in the arterial roadway network, congested arterials (NE 8th Street and 120th Avenue NE) and limited pedestrian/bicycle access to the local and regional trail systems.

With the LID in place, the vicinity is enhanced since the \$47.5± million project provides improved neighborhood reputation, enhanced arterial traffic capacity, improved intersection operations and reduced delays, and enhanced bicycle and pedestrian safety. All these factors create higher property values by improving the relative locations of affected parcels in the marketplace.

Total Land Area:

Based on information obtained from the City of Bellevue, which is derived from records of the King County Assessor and Treasurer, land area within the larger LID boundary (including all 111 tax parcels in the core area and both option areas) totals 6,769,351± SF or 155.4± acres.

Individual Parcel Sizes:

Tax parcels analyzed herein vary in size from 240± SF to 398,632± SF or from 0.01± to 9.15± acres. Land area to be acquired from a small number of parcels, needed for construction of the new NE 4th Street alignment and for improvements to 120th Avenue NE, has been deducted from the square footages shown on the spreadsheets. In other

words, the affected parcels are analyzed net of right of way acquisition, both without and with the project.

Railroad Corridor:

An unused rail line situated within a 100-foot wide right of way corridor extends in a generally north-south direction through the district. Due to its long, narrow configuration and lack of adequate access, highest and best use is severely limited. As part of a railroad corridor of indeterminate length, it has no development potential as a separate economic entity and therefore derives no special benefit from the project. Within this corridor on the south side of NE 8th Street are six small parcels for which the King County Assessor's office lists tax parcel numbers, land areas (all less than 8,500 square feet), and owners' names.

These six parcels, map numbers 68 and 107 through 111, likewise lack development potential as separate entities and therefore derive no special benefit from the project. One additional parcel, map number 88, is situated within the railroad corridor on the north side of NE 8th Street. Although the assessor's office has no map, tax parcel number or any other information, the client's records show that it contains 20,049 SF and is owned by Whole Foods. It is currently utilized together with their property adjacent on the west, as parking and driveway. Therefore, special benefit as shown on the spreadsheet is attributable to map number 88.

Land Use Regulations:

In the core area of the proposed LID, primary zoning designations are OLB (Office and Limited Business); GC (General Commercial); O (Office); and PO (Professional Office). Part of one parcel is zoned for multi-family residential uses. Zoning in option area 1 is CB (Community Business), OLB, O, PO with one parcel designated R-20, multi-family residential. In option area 2, zoning is BR-GC (Bel-Red General Commercial) and GC. Upon completion of the proposed project, a number of parcels in the main (core) area will be rezoned from GC, General Commercial, to CB, Community Business. Current and proposed zoning designations are consistent with the city's Wilburton/NE 8th Land Use Plan (see map in Addenda).

Special Benefit/Proportionate Assessment Methodology:

Assessments that do not materially exceed the special benefit and proportionality between each assessment and its respective special benefit are the two basic legal requirements of an assessment of this type. This market value estimate is based on the inter-relationship between supply and demand for each property in the current economic marketplace. In this instance, it is a market for commercial property in a well-developed area featuring the amenities of excellent access to transportation networks and to all the major regional employment and population centers of Puget Sound.

This is a mass appraisal report prepared under the requirements set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute. Market value is estimated for each parcel within the LID boundary based on highest and best use, both without and with the improvement project completed as of the date of this study. The increase in value, if any, is the special benefit accruing to that parcel as a result of the project.

Estimated special benefits are totaled for all properties within the preliminary LID boundary, under each of the two scenarios discussed above, as requested by the client. The first encompasses only the core area, which experiences the greatest special benefit from the project and is made up of 62 tax parcels (map numbers 1 through 57, 61, 62, 107, 108 & 109). In the second scenario, the core area is combined with both option areas, yielding a total of 111 affected parcels. Proposed and shown in the third spreadsheet is a district encompassing 60 parcels in the core area and another 23 in option area 2, for a total of 83 parcels.

Also at the client's request, the spreadsheet prepared for scenario one includes two preliminary assessment columns; the first one shows the individual assessment amounts based on a 50% ratio of total assessment to total special benefit. The second column of assessments utilizes a 75% ratio. The same process is followed for the second scenario, which encompasses the 62 parcels in the core area, together with 26 additional tax parcels in option area 1 (south of Main Street and SE 1st Street) and another 23 parcels in option area 2 (north of NE 8th Street). The second spreadsheet, which includes all 111 parcels, also has two preliminary assessment columns; the first showing the individual assessment amounts based on a 50% ratio of total assessment to total special benefit and the second, utilizing a 75% ratio of project costs (assessment) to total special benefit. The third and final spreadsheet encompasses the proposed district of 83 parcels and also shows the 50% and 75% ratio columns.

Valuation Conclusions:

The spreadsheets on the following pages present pertinent tabulated data on the affected ownerships, some of which contain more than one map number. The map numbers represent individual tax lots and correspond to the preliminary LID boundary map on page 4. Each economic entity considered herein as a "parcel" is listed in the following tabulation on one to several lines, depending on the number of map numbers which make up the parcel.

The categories on each spreadsheet pertain to individual map numbers, the most significant of which are "Special Benefit" and "Preliminary Assessment". Compilation of this data on 62 individual map numbers

(scenario one), 111 map numbers (scenario two) and 83 map numbers (proposed boundary) results in the aggregate conclusions presented below and on the following spreadsheets, as of September 8, 2010.

Scenario One (core area – 62 tax parcels)

Total estimated special benefit (R) \$13,190,000
Preliminary assessment @ 50% ratio (R) \$6,595,000
Preliminary assessment @ 75% ratio (R) \$9,890,000

Scenario Two (core area and two option areas – 111 tax parcels)

Total estimated special benefit (R) \$13,820,000
Preliminary assessment @ 50% ratio (R) \$6,910,000
Preliminary assessment @ 75% ratio (R) \$10,365,000

Proposed Boundary

(60 parcels in core area and 23 parcels in option area two)

Total estimated special benefit (R) \$13,565,000
Preliminary assessment @ 50% ratio (R) \$6,785,000
Preliminary assessment @ 75% ratio (R) \$10,175,000

Scope of Assignment:

The scope of services Macaulay and Associates, Ltd. has been engaged to perform is to estimate the preliminary special benefit adhering to each affected parcel as a result of the LID-funded project. To reflect the market's perception of total special benefit accruing to affected property as a result of the project and to maintain proportionality amongst the special benefit estimates, market value is estimated both without the LID and with the LID in place, as of the same date. Under this valuation basis, properties are treated consistently and market value estimates without and with the completed LID most accurately reflect the special benefit indicated by the market. The special benefit estimated for each parcel reflects an increase in value under the same market conditions as the benefit estimated for every other assessable parcel within the proposed LID boundary.

Proposed Wilburton Connections Local Improvement District
Parcel by Parcel Estimated Special Benefit Appraisals - Sept. 8, 2010

Attachment 2

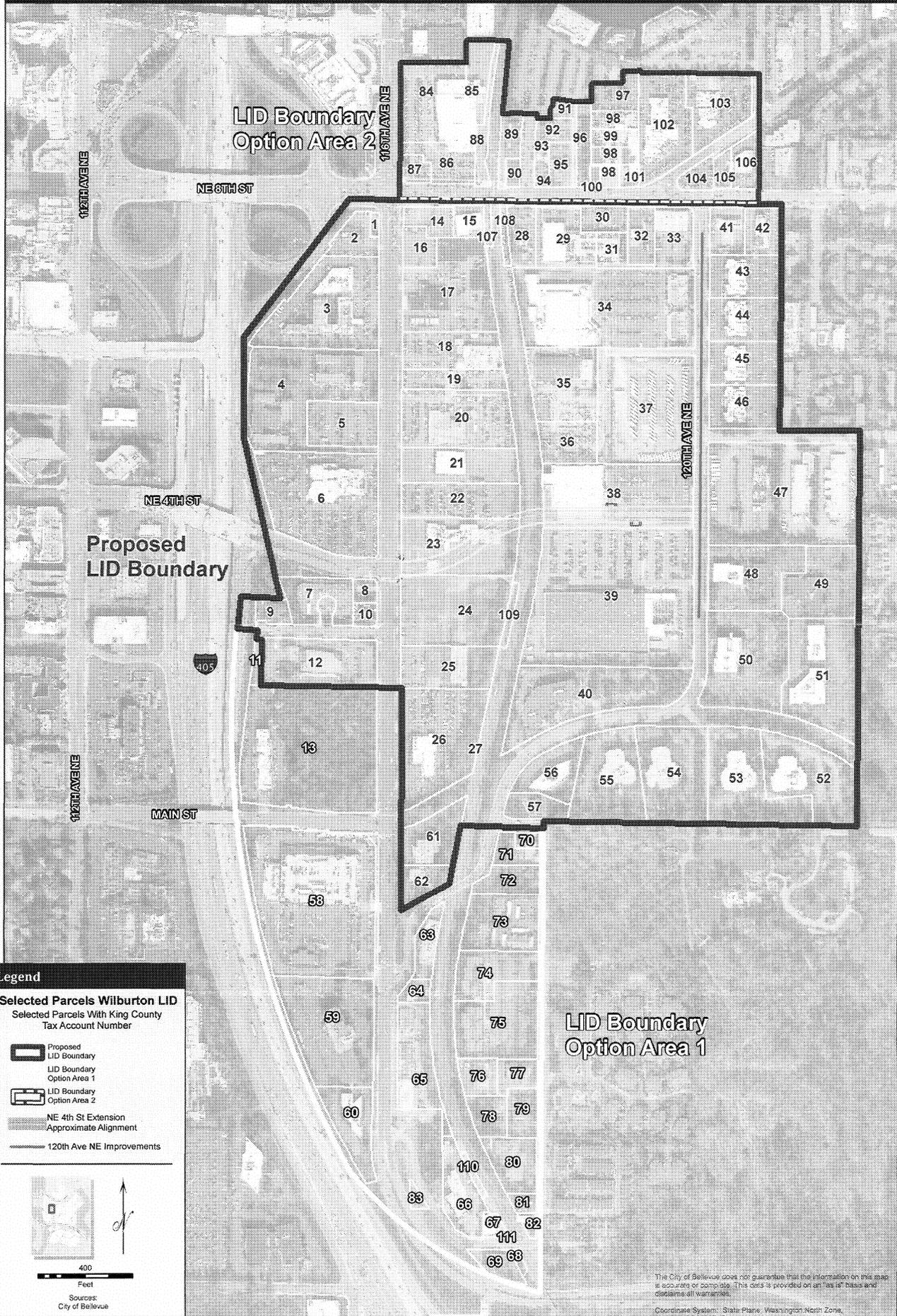
Map No.	Ownership	Estimated Special Benefit	Est. Special Benefit Per SF	///	50% Assessment		75% Assessment	
					Preliminary Assessment	Preliminary Assessment Per SF	Preliminary Assessment	Preliminary Assessment Per SF
1	HULING BROS PROPERTIES LLC	\$4,200	\$1.00	///	\$2,100	\$0.50	\$3,150	\$0.75
2	RASH & ASSOCIATES #47	\$26,672	\$1.00	///	\$13,286	\$0.50	\$19,929	\$0.75
3	GOLDTRUST HOTEL LLC	\$158,875	\$1.00	///	\$79,438	\$0.50	\$119,156	\$0.75
4	CITY OF BELLEVUE	\$184,005	\$1.00	///	\$92,003	\$0.50	\$138,004	\$0.75
5	BELLEVUE NORTHWEST LLC	\$85,500	\$1.50	///	\$42,750	\$0.75	\$64,125	\$1.13
6	CUSHMAN & WAKEFIELD INC	\$673,351	\$3.50	///	\$336,676	\$1.75	\$505,013	\$2.63
7	PUGET SOUND ENERGY/ELEC	\$0	\$0.00	///	\$0	\$0.00	\$0	\$0.00
8	PUGET SOUND ENERGY/ELEC	\$34,566	\$3.50	///	\$17,283	\$1.75	\$25,925	\$2.63
9	THOMAS M GILPIN	\$5,900	\$0.50	///	\$2,950	\$0.25	\$4,425	\$0.38
10	IGOR & KLARA CHULSKY	\$15,225	\$1.50	///	\$7,613	\$0.75	\$11,419	\$1.13
12	US POSTAL SERVICE	\$0	\$0.00	///	\$0	\$0.00	\$0	\$0.00
14	BP WEST COAST PRODUCTS LLC	\$23,090	\$1.00	///	\$11,545	\$0.50	\$17,318	\$0.75
15	R KIRK MATHEWSON	\$17,443	\$1.00	///	\$8,722	\$0.50	\$13,082	\$0.75
16	VOLKSTORF RENTALS PARTNERSH	\$22,950	\$1.00	///	\$11,475	\$0.50	\$17,213	\$0.75
17	BETA-BELLEVUE LLC	\$134,013	\$1.00	///	\$67,007	\$0.50	\$100,510	\$0.75
18	FAZENDA LLC % TOYOTA OF LAK	\$64,662	\$1.00	///	\$32,331	\$0.50	\$48,497	\$0.75
19	FAZENDA LLC % TOYOTA OF LAK	\$38,412	\$1.00	///	\$19,206	\$0.50	\$28,809	\$0.75
20	FAZENDA LLC % TOYOTA OF LAK	\$171,191	\$1.50	///	\$85,595	\$0.75	\$128,393	\$1.13
21	FORD LEASING & DEVELOPMENT	\$215,622	\$3.00	///	\$107,811	\$1.50	\$161,717	\$2.25
22	KG INVESTMENT MANAGEMENT	\$524,461	\$7.00	///	\$262,231	\$3.50	\$393,346	\$5.25
23	KG INVESTMENT MANAGEMENT	\$500,934	\$7.00	///	\$250,467	\$3.50	\$375,701	\$5.25
24	KG INVESTMENT MANAGEMENT	\$798,889	\$7.00	///	\$399,445	\$3.50	\$599,167	\$5.25
25	KG INVESTMENT MANAGEMENT	\$475,671	\$7.00	///	\$237,836	\$3.50	\$356,753	\$5.25
26	LINDSEY PROPERTIES LLC	\$441,900	\$3.00	///	\$220,950	\$1.50	\$331,425	\$2.25
27	GAIL A WYMAN	\$0	\$0.00	///	\$0	\$0.00	\$0	\$0.00
28	BURGER KING	\$58,900	\$2.00	///	\$29,450	\$1.00	\$44,175	\$1.50
29	SOUTH HEIGHTS/RICHARD SNYDER	\$120,378	\$2.00	///	\$60,189	\$1.00	\$90,284	\$1.50
30	DOLLAR DEVELOPMENT COMPANY	\$20,000	\$1.00	///	\$10,000	\$0.50	\$15,000	\$0.75
31	SOUTH HEIGHTS/RICHARD SNYDER	\$33,636	\$1.50	///	\$16,818	\$0.75	\$25,227	\$1.13
32	BOB BOLLMAN	\$57,072	\$2.00	///	\$28,536	\$1.00	\$42,804	\$1.50
33	BELLEVUE PROPERTIES	\$112,093	\$2.50	///	\$56,046	\$1.25	\$84,069	\$1.88
34	TRF CAPITAL LLC	\$744,141	\$3.00	///	\$372,071	\$1.50	\$558,106	\$2.25
35	MUTUAL MATERIAL CO	\$269,241	\$3.00	///	\$134,621	\$1.50	\$201,931	\$2.25
36	MUTUAL MATERIAL CO	\$129,750	\$3.00	///	\$64,875	\$1.50	\$97,313	\$2.25
37	BELLEVUE SCHOOL DIST 405	\$680,106	\$3.50	///	\$340,053	\$1.75	\$510,080	\$2.63
38	457-120TH AVENUE NE LLC	\$846,286	\$7.00	///	\$423,143	\$3.50	\$634,715	\$5.25
39	HD DEVELOPMENT OF MARYLAND	\$2,698,299	\$6.75	///	\$1,349,150	\$3.38	\$2,023,724	\$5.06
40	KBS REALTY ADVISORS	\$326,700	\$2.00	///	\$163,350	\$1.00	\$245,025	\$1.50
41	PAC WEST ENERGY	\$45,000	\$1.50	///	\$22,500	\$0.75	\$33,750	\$1.13
42	MEAD BUILDING LLC	\$15,000	\$0.50	///	\$7,500	\$0.25	\$11,250	\$0.38
43	PARK 120 INVESTMENTS LLC	\$40,889	\$0.75	///	\$20,445	\$0.38	\$30,667	\$0.56
44	PARK 120 INVESTMENTS LLC	\$41,491	\$0.75	///	\$20,745	\$0.38	\$31,118	\$0.56
45	PARK 120 INVESTMENTS LLC	\$41,385	\$0.75	///	\$20,693	\$0.38	\$31,039	\$0.56
46	PARK 120 INVESTMENTS LLC	\$40,692	\$0.75	///	\$20,346	\$0.38	\$30,519	\$0.56
47	BELLEVUE SCHOOL DIST 405	\$402,089	\$1.50	///	\$201,044	\$0.75	\$301,566	\$1.13
48	EOS AT RIDGEWOOD CORPORATE	\$196,352	\$2.00	///	\$98,176	\$1.00	\$147,264	\$1.50
49	EOS AT RIDGEWOOD CORPORATE	\$147,221	\$1.75	///	\$73,610	\$0.88	\$110,415	\$1.31
50	KBS REALTY ADVISORS	\$266,740	\$2.00	///	\$133,370	\$1.00	\$200,055	\$1.50
51	EOS AT RIDGEWOOD CORPORATE	\$239,034	\$1.75	///	\$119,517	\$0.88	\$179,276	\$1.31
52	BELLEVUE SCHOOL DIST 405	\$186,025	\$1.75	///	\$93,013	\$0.88	\$139,519	\$1.31
53	WILHELM TRU G INC	\$203,525	\$1.75	///	\$101,763	\$0.88	\$152,644	\$1.31
54	EASTRIDGE PARTNERS L L C	\$199,722	\$1.75	///	\$99,861	\$0.88	\$149,792	\$1.31
55	EASTRIDGE PARTNERS L L C	\$181,428	\$1.75	///	\$90,714	\$0.88	\$136,071	\$1.31
56	COSMOS INTERNATIONAL CORP	\$87,500	\$1.75	///	\$43,750	\$0.88	\$65,625	\$1.31
57	BELLEVUE CITY OFF/PARKS	\$44,632	\$1.75	///	\$22,316	\$0.88	\$33,474	\$1.31
61	EAST BELLEVUE OFFICE PROP	\$24,931	\$0.50	///	\$12,465	\$0.25	\$18,698	\$0.38
62	FOURTH BURROUGHS LLC	\$14,500	\$0.50	///	\$7,250	\$0.25	\$10,875	\$0.38
84	WHOLE FOODS MARKET	\$60,288	\$0.75	///	\$30,144	\$0.38	\$45,216	\$0.56
85	WHOLE FOODS MARKET	\$41,325	\$0.75	///	\$20,663	\$0.38	\$30,994	\$0.56
86	WHOLE FOODS MARKET	\$31,125	\$0.75	///	\$15,563	\$0.38	\$23,344	\$0.56
87	WHOLE FOODS MARKET	\$12,188	\$0.75	///	\$6,094	\$0.38	\$9,141	\$0.56
88	WHOLE FOODS MARKET	\$15,037	\$0.75	///	\$7,519	\$0.38	\$11,278	\$0.56
89	RBJK VENTURES LLC	\$10,678	\$0.50	///	\$5,339	\$0.25	\$8,008	\$0.38
90	THOMAS H COWDIN JR	\$4,950	\$0.75	///	\$2,475	\$0.38	\$3,713	\$0.56
91	BARRIER PROPERTIES LBSC LLC	\$2,645	\$0.75	///	\$1,322	\$0.38	\$1,983	\$0.56
92	BARRIER PROPERTIES LBSC LLC	\$12,226	\$0.75	///	\$6,113	\$0.38	\$9,169	\$0.56
93	BARRIER PROPERTIES LBSC LLC	\$1,436	\$0.75	///	\$718	\$0.38	\$1,077	\$0.56
95	BARRIER PROPERTIES LBSC LLC	\$14,250	\$0.75	///	\$7,125	\$0.38	\$10,688	\$0.56
96	BARRIER PROPERTIES LBSC LLC	\$15,450	\$0.75	///	\$7,725	\$0.38	\$11,588	\$0.56
97	BARRIER PROPERTIES LBSC LLC	\$13,735	\$0.50	///	\$6,868	\$0.25	\$10,301	\$0.38
94	R D & DANIELLE GRIFFITH	\$7,035	\$0.75	///	\$3,518	\$0.38	\$5,276	\$0.56
98	ANDERSON GREGORY N C/O TOOL CRIB OF THE EASTSIDE	\$27,782	\$0.75	///	\$13,891	\$0.38	\$20,836	\$0.56
99	ANDERSON GREGORY N C/O TOOL CRIB OF THE EASTSIDE	\$11,204	\$0.75	///	\$5,602	\$0.38	\$8,403	\$0.56
100	ANDERSON GREGORY N C/O TOOL CRIB OF THE EASTSIDE	\$2,645	\$0.75	///	\$1,322	\$0.38	\$1,983	\$0.56
101	ANDERSON GREGORY N C/O TOOL CRIB OF THE EASTSIDE	\$5,873	\$0.75	///	\$2,936	\$0.38	\$4,404	\$0.56
102	JIMMY R BARRIER	\$46,426	\$0.50	///	\$23,213	\$0.25	\$34,820	\$0.38
103	JIMMY R BARRIER	\$36,155	\$0.50	///	\$18,078	\$0.25	\$27,116	\$0.38
104	JIMMY R BARRIER	\$11,925	\$0.75	///	\$5,963	\$0.38	\$8,944	\$0.56
105	ERNEST H BAKKER	\$9,510	\$0.75	///	\$4,755	\$0.38	\$7,133	\$0.56
106	BAKKERS INC	\$19,559	\$0.75	///	\$9,779	\$0.38	\$14,669	\$0.56
107	MIDLAKES LLC	\$0	\$0.00	///	\$0	\$0.00	\$0	\$0.00
108	TRF CAPITAL LLC	\$0	\$0.00	///	\$0	\$0.00	\$0	\$0.00
109	DOUGLAS DICKEN	\$0	\$0.00	///	\$0	\$0.00	\$0	\$0.00
TOTALS		\$13,565,629			\$6,782,815		\$10,174,222	

Total Special Benefit	\$13,565,629
Project Cost Funded by LID	\$6,782,815
Special Benefit Ratio	0.50

Total Special Benefit	\$13,565,629
Project Cost Funded by LID	\$10,174,222
Special Benefit Ratio	0.75

Wilburton Connections

Proposed LID Boundary and Parcel Map



Legend

Selected Parcels Wilburton LID
Selected Parcels With King County Tax Account Number

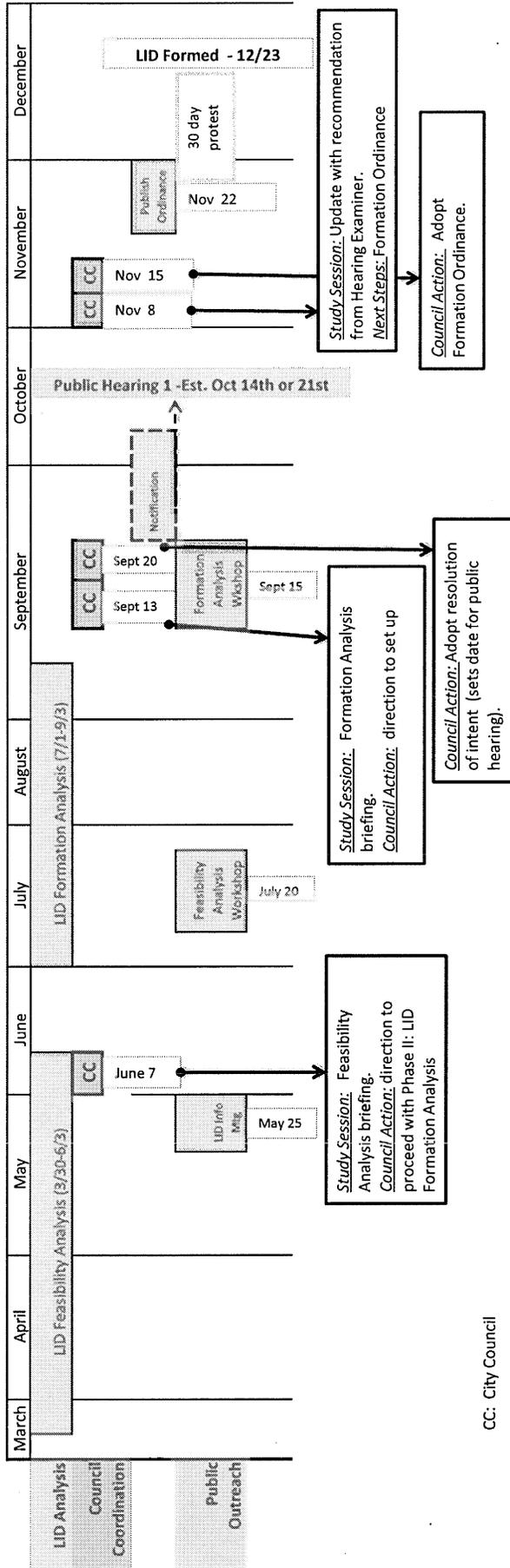
- Proposed LID Boundary
- LID Boundary Option Area 1
- LID Boundary Option Area 2
- NE 4th St Extension Approximate Alignment
- 120th Ave NE Improvements

400
Feet
Source:
City of Bellevue

The City of Bellevue does not guarantee that the information on this map is accurate or complete. This data is provided on an "as is" basis and disclaims all warranties.

Coordinate System: State Plane, Washington North Zone, NAD83, NRS2007 (Bellevue)

Wilburton Connections LID Formation
 PROPOSED 2010 Schedule -- All dates are estimates



CC: City Council



City of
Bellevue

Management Brief

TO: Mayor Grant Degginger and Bellevue City Councilmembers

FROM: Goran Sparrman, Director, Transportation Department
 Jen Benn, Program Manager – Transportation Department

DATE: November 17, 2008

SUBJECT: Local Improvement District Formation Process

cc: Steve Sarkozy, Brad Miyake, Myrna Basich

In response to Councilmember Davidson's request at the November 10, 2008 Council meeting, this memo provides a summary level discussion of Local Improvement District (LID) principles and process. The LID formation process is governed by Chapter 35.43 RCW and Chapter 15.04 Bellevue City Code.

What is an LID?

A Local Improvement District (LID) is a method of financing capital improvements constructed by the City that provide a special benefit to the properties within the boundary of the LID. The LID formation process leads to the sale of bonds and the retirement of those bonds via annual payments paid by the property owners within the district. The LID assessments become liens on the benefitted properties.

What is a Special Benefit?

The "special benefit" a property gains from a capital improvement (road or utility) is the difference between the fair market value of the property before and immediately after the project is completed. "Fair market value" is the amount of money a purchaser willing, but not obligated, to buy would pay an owner willing, but not obligated, to sell. Fair market value also takes into consideration the current and future land uses that might reasonably be applied to the property. An assessment to a property cannot exceed the special benefit to that parcel: It must be proportionate to the special benefit received in relation to other properties in the LID and cannot include general or public benefits of the project.

ESTABLISHING AN LID

LIDs can be created in two ways – in response to property owner petition or by Council direction. This memo will outline only the steps related to the Council directed process.

STEP 1: Feasibility Analysis

A feasibility analysis takes a broad look at categories of properties within a proposed LID boundary to determine the likelihood of special benefit to those categories and the degree of assessments that could be supported if an LID were to be formed. This analysis is usually completed by an appraiser and serves as a first decision point for Council to proceed.

STEP 2: Formation Analysis

A formation analysis is a property by property appraisal of the market value of a parcel before and after the completion of the improvement. This analysis determines the special benefit each property receives and is used to set the boundary of the LID and the proposed assessments for all property owners within the LID. The City may use any reasonable method to allocate costs among the various assessed properties. Common methods are square footage of property, front footage on the improvements, or "zone and termini." The formation analysis will help determine the most appropriate and defensible methodology for the proposed LID. (This work would be initiated if Council decides to include LIDs in the overall funding strategy.)

STEP 3: Resolution of Intent

Council adopts a resolution declaring its intent to form the LID and sets a hearing date. Notice of the hearing and an estimate of each property's assessment is mailed to all property owners and published at least 15 days before the hearing.

STEP 4: Formation Hearing

The purpose of the formation hearing is to hear objections to the formation of the LID. Testimony is allowed on the improvements to be constructed, what properties should be included in the LID, and whether it is appropriate to form an LID. The assessment methodology or amount of assessments are ordinarily not appropriate subjects for testimony, unless the City elects to use an alternative method (defined by the RCW) and provides notice of that method to the property owners prior to the formation hearing. Following the hearing, the Hearing Examiner will make a recommendation on the resolution to the City Council.

STEP 5: Formation Ordinance

Assuming no changes were made to the boundaries or the scope of the improvements to be funded based on the formation hearing, Council adopts an ordinance creating the LID and orders the construction of the improvements. If changes are made, a new hearing must be held.

STEP 6: 30-Day Protest Period.

The LID may be stopped if protests by property owners representing 60 percent or more of the estimated assessments are received within 30 days after the adoption of the formation ordinance. All lawsuits challenging the creation of the LID must be filed within 30 days from the end of the protest period. A successful protest does not bar the City from seeking to form the LID at a future date.

STEP 7: Project Development

The City and its competitively-selected contractors design, complete environmental documentation, and acquire right of way for the project and the advertisement for construction bids is issued.

STEP 8: Bond Anticipation Notes

Issue once the construction bid is awarded and construction begins.

STEP 9: Final Assessment Roll

Once construction is complete and all costs are known, the appraiser compiles the final assessment roll – maintaining the proportionality of costs to property benefits. The appraiser re-evaluates each property and makes any needed adjustments in the preliminary roll based on changes in use, new zoning, etc.

STEP 10: Final Assessment Resolution

Council adopts a resolution to set a date for the hearing on the final assessment roll. Notice of the hearing is published and mailed to all property owners at least 15 days before the hearing.

STEP 11: Final Assessment Roll Hearing

Hearing Examiner considers objections from property owners regarding their individual assessments. Only those property owners who have filed written objections at or prior to the hearing are allowed to speak at the hearing. The Hearing Examiner will consider the objections made and will make a recommendation to the Council to overrule objections or modify the final assessment roll based on the objections. If assessments are raised or reallocated based on Council's subsequent action, a new hearing must be held.

STEP 12: Council Adopts Ordinance to Confirm Final Assessments

STEP 13: Appeal Period

Property owners have 10 days from the effective date of the confirming ordinance to appeal assessments.

STEP 14: Notice to Property Owners

Notice is mailed to property owners indicating the assessments may be paid without interest within an identified 30 day period or in annual installments (up to 20 years) with interest based on the interest rate set on the LID bonds to be sold by the City. First annual payment is due one year after the end of the 30 day pre-payment period.

STEP 15: City Sells Bonds

After the prepayment period ends, City sells bonds in the amount of the outstanding assessments.

The LID formation process is clearly defined in state law and City code. Following all the steps to establish an LID takes time, however. Steps 1 – 6 outlined above require at least 6-9 months to implement, depending on the size and complexity of the proposed LID.

If you require additional information about the process to form an LID or have questions about other LID-related topics, please contact Jen Benn at 425-452-4270 or jbenn@bellevuewa.gov or Monica Buck, City Assistant Attorney, at 425-452-4082 or mbuck@bellevuewa.gov.

Conceptual Layout for Wilburton Connections



V:\p\darcgis\Wilburton Connections Potential Project.rxd

Item No. 3(c)
September 13, 2010

CITY COUNCIL STUDY SESSION ITEM

SUBJECT:

Summary report on the Formation Analysis (Phase II) for the proposed Wilburton Connections Local Improvement District (LID) and request for Council direction to prepare a Resolution of Intent to form the LID and set a public hearing date to consider the LID formation.

STAFF CONTACT:

Goran Sparrman, Director, 425-452-4338

Eric Miller, Capital Programming Division Manager, 425-452-6146
Transportation Department

Lori Riordan, City Attorney, 425-452-7220

Monica Buck, Assistant City Attorney, 425-452-4082
City Attorney's Office

FISCAL IMPACT:

There is no immediate fiscal impact associated with this subject. On February 2, 2009, Council approved Resolution No. 7876 authorizing a professional services agreement with Macaulay & Associates, Ltd., to conduct a phased Feasibility and Formation Analysis of the proposed local improvement district for select Wilburton Connections projects. The agreement, in an amount up to \$194,400, is funded through the Mobility and Infrastructure Initiative (CIP Plan No. G-80). These Feasibility and Formation Analysis costs will be included in the total project costs once the benefit area is established and are recoverable, in part, through the LID assessments, if the LID is implemented. The final LID assessment roll, if the LID is formed, will become one component of the Wilburton Connections financing plan.

The LID Formation Special Benefit Study Final Report identifies a total estimated special benefit of \$13,565,000 within the proposed LID boundary. LID assessment scenarios including 75 percent (\$10,175,000) and 50 percent (\$6,785,000) of the total estimated special benefit are also described within the Formation Study.

POLICY ISSUES:

This work supports the implementation of the NE 4th Street Extension and improvements to 120th Avenue NE between NE 4th and NE 8th Streets, both identified as high priority projects in the Mobility and Infrastructure Initiative due to their connecting corridor role between Downtown Bellevue and the Wilburton and Bel-Red Subareas. The projects are consistent with policies in the 2008 update to the Wilburton/NE 8th Subarea Plan, including improving local access and circulation (S-WI-25) and improving pedestrian/bicycle facilities on arterial streets (S-WI-28).

The Wilburton Connections LID Formation Analysis (Executive Summary provided as Attachment 1) supports implementation of the Mobility and Infrastructure Initiative Finance Plan approved by Council on January 20, 2009. The Feasibility and Formation Analysis supports formation of the Wilburton Connections LID, which is the first of two LIDs assumed in the Mobility and Infrastructure Initiative Finance Plan.

DIRECTION NEEDED FROM COUNCIL:

- Action
- Discussion
- Information

Staff is seeking Council direction tonight on the following Wilburton Connections LID formation issues:

1. Direct staff to prepare a final Resolution of Intent to form the Wilburton Connections LID. With this direction, staff will return at the **September 20 Regular Session** with this legislation, which will include identification of the date of the public hearing to be held regarding the LID's formation.
2. Determination of the specific LID boundary to be identified in the Resolution of Intent for the Wilburton Connections LID.
3. Determination of a preliminary assessment ratio of the Total Estimated Special Benefit determined by the formation analysis (discussed further below).

Maintaining the LID formation timeline (refer to Attachment 5) will help to ensure the City continues to meet other project schedule and financing constraints. Federal grants awarded to the Wilburton Connections projects come with specific obligation dates. Failure to meet these obligation timeframes could put up to \$8.2 million in federal funding for the project at risk.

BACKGROUND/ANALYSIS:

On December 1, 2008, Council approved Ordinance No. 5851 adopting the 2009-2010 Budget and 2009-2015 CIP Plan, which included the Mobility and Infrastructure Initiative (MII) project (CIP Plan No. G-80). On January 20, 2009, Council approved Resolution No. 7874 endorsing the Mobility and Infrastructure Finance Plan, which included a variety of revenue options to fund high priority capital projects supporting planned growth in Downtown Bellevue, the Wilburton Subarea, and the emerging Bel-Red Corridor.

On February 1, 2010, Council approved Ordinance No. 5936 amending the 2009-2015 CIP Plan to include three new projects including the NE 4th Street Extension (CIP Plan No. PW-R-160) and 120th Avenue NE Improvements (Segment 1; CIP Plan No. PW-R-161) projects. [The third project created was the NE 6th Street Extension (CIP Plan No. PW-R-162), but this project is not part of the proposed LID package.] All three projects were created with only partial implementation funding.

The tables below summarize the Current Project Cost Estimates (Table 1) and Current Project Funding Status (Table 2) for the NE 4th Street Extension and 120th Avenue NE Improvements (Segment 1) projects. The estimated project costs total \$47,495,000 and there is an estimated funding gap of \$18,095,000. Financing options Council could consider to fund the gap include property owner participation through the proposed LID, right-of-way dedications, additional state and federal grants, general CIP allocation, and additional property tax increases.

Table 1 – Current Project Cost Estimates (\$000)

<u>NE 4th Street Extension (CIP Plan No. PW-R-160)</u>	
Design	\$ 3,600
ROW	24,200
Construction	10,600
Subtotal	\$38,400
<u>120th Ave NE Improvements (Seg. 1; CIP Plan No. PW-R-161)</u>	
Design	\$ 925
ROW	5,070
Construction	3,100
Subtotal	\$ 9,095
Total Cost Estimate	\$47,495

Table 2 – Current Project Funding Status (\$000)

<u>Currently Secured Funding (Both Projects)</u>	
Supplemental CIP	\$ 7,400
Mobility Initiative Funding*	2,200
Local Revitalization Financing	7,000
Federal Grant (120th)	2,600
Federal Grant (Portion NE 4th Grant)	2,300
Subtotal	\$21,500
<u>Other Probable Funding</u>	
Unallocated Mobility Initiative Funding*	\$ 4,600
Federal Grant (Remainder NE 4 th Grant)	3,300
Subtotal	\$ 7,900
Total Secured & Probable Funding	\$29,400

Current Projected Funding Gap	\$18,095
--------------------------------------	-----------------

* Mobility Initiative Funding assumes LTGO Bonds issued on 2009 3% Property Tax Lift

The Wilburton Connections Local Improvement District is one of two LIDs assumed in the Mobility and Infrastructure Initiative Finance Plan. An LID provides a means for property owners who derive a “special benefit” from transportation improvements to pay a proportionate share of the costs of those projects through assessments. The “special benefit” a property gains from a capital improvement (road or utility) is the difference between the fair market value of the property before and immediately after the project is completed. An assessment to a property cannot exceed the special benefit to that parcel — it must be proportionate to the special benefit received in relation to other properties in the LID and cannot include general or public benefits of the project.

The first step in advancing the development of an LID is to determine *if* the special benefit derived by properties within the proposed LID boundary is sufficient to support the LID assessments. This step is known as a Feasibility Analysis and evaluates benefits in relation to categories of properties and the degree of assessments that could be supported if an LID were to be formed. This analysis is usually completed by an appraiser and serves as a first decision point for Council to proceed with the formation process.

Staff presented the results of the Macaulay & Associates Feasibility Analysis to Council at the June 7, 2010 Study Session. Based on the research and analysis completed at that time, the Wilburton Connections LID Special Benefits range was estimated at between \$13 and \$18 million. Council directed that staff and the consultant proceed with the Formation Analysis phase of the process. (Please see Attachment 5 for the proposed Wilburton Connections LID Formation Schedule and Attachment 6 for more information about the LID Formation Process).

A Formation Analysis is a property-by-property appraisal of the market value of each parcel with and without the completion of the planned capital improvements. This analysis determines the special benefit each property is anticipated to receive and is used to set the boundaries of the LID and the proposed assessments for all property owners within the LID. The Formation Analysis will help determine the most appropriate and defensible methodology for allocating the proportionate project costs to the properties in the LID.

Special benefit to affected properties derives from enhanced relative location provided by the proposed roadway projects, which results in reduced traffic congestion and improved traffic circulation. In addition, with the NE 4th Street Extension in place, a number of parcels will be rezoned allowing for more intensive land uses in the north-central portion of the proposed district.

In summary, the Macaulay & Associates Formation Special Benefit Study evaluated each parcel within a preliminary LID boundary including a core or central area and two contiguous "Option Areas," a total of 111 parcels. The analysis concluded that a specific set of parcels within the preliminary boundary would receive a special benefit from the construction of the NE 4th Street Extension and the 120th Avenue NE Improvements (Seg. 1) projects. Based on the analysis, 83 parcels have been included within the Proposed LID Boundary. All remaining parcels within the study area and all parcels outside the preliminary boundary would receive no or only a very marginal special benefit. **The Formation Analysis Report indicates there is a total estimated special benefit of \$13,565,000 within the Proposed LID boundary.** Please refer to Attachment 1, Executive Summary: Wilburton Connections LID Formation Special Benefit Study; Attachment 2, parcel by parcel special benefit appraisal spreadsheet; and Attachment 3, Proposed LID Boundary (and parcel) Map.

Under Washington state statutes, the full special benefit amount can be assessed against individual affected parcels. The amount funded by an LID varies considerably from project to project depending on construction and other costs, funding sources and the extent of special benefit. However, in order to provide an economic incentive to property owners, an LID assessment is typically 50% to 75% of the full special benefit. Based on a 75% ratio, the above estimated special benefit within the Proposed LID Boundary would support an LID that could fund \$10,175,000 of total project costs. With a 50% ratio, the estimated special benefit would support \$6,785,000.

The next step in the LID development process would be for Council to adopt a Resolution of Intent to Form the Wilburton Connections LID, setting the date for a public hearing on the formation and the proposed LID boundary. Please refer to Attachment 4 for a Draft of the Resolution of Intent to Form the Wilburton Connections LID. Additional steps in the LID formation process following the formation hearing, including the formation ordinance, protest period, project development, final assessment roll, and final assessment roll hearing were outlined within a Management Brief provided to Council in November 2008 (See Attachment 6).

ALTERNATIVES:

1. Direct staff to return to Council on September 20, 2010, with a Resolution of Intent to form the Wilburton Connections LID.
2. Direct staff to provide additional information for further discussion at a subsequent meeting.
3. Direct staff to discontinue the Wilburton Connections LID formation process.
4. Provide alternative direction to staff.

RECOMMENDATIONS:

1. Direct staff to return to Council on September 20, 2010, with a Resolution of Intent to form the Wilburton Connections LID.
2. Direct staff to include the LID Boundary consistent with the Proposed LID Boundary line on the attached map (Attachment 3).
3. Direct staff to develop a Preliminary Assessment Role based on a specific percentage of the Total Estimated Special Benefit indicated in the Macaulay & Associates, Ltd. Wilburton Connections LID Formation Special Benefit Study Final Report.

ATTACHMENTS:

1. Executive Summary: Wilburton Connections LID Formation Special Benefit Study
2. Parcel by parcel special benefit appraisal spreadsheet
3. Wilburton Connections LID Proposed Boundary (and parcel) Map
4. Draft Resolution of Intent to Form the Wilburton Connections LID
5. Proposed Wilburton Connections LID Formation Schedule
6. Memo to City Council on Local Improvement District Formation Process (11/17/08)
7. Wilburton Connections Project Map
8. June 7 Council Minutes regarding LID Feasibility Analysis

AVAILABLE IN COUNCIL OFFICE:

1. Wilburton Connections LID Formation Special Benefit Study Final Report
2. Executive Summary – Preliminary Economic Feasibility Study Findings for the proposed Wilburton Connections LID project

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 8141

A RESOLUTION of the City Council of the City of Bellevue, Washington, declaring the intent of the City Council to consider the formation of a local improvement district, to be known as the Wilburton Connections Local Improvement District (LID), for the purpose of constructing an extension to NE 4th Street between 116th and 120th Avenues NE and constructing improvements to 120th Avenue NE between the NE 4th Street Extension and NE 8th Street; and setting a public hearing date to consider the formation of the Wilburton Connections LID.

WHEREAS, the City Council of the City of Bellevue intends to order the improvements described in Exhibit A, attached hereto and incorporated by this reference; and

WHEREAS, the Council desires to form a local improvement district (LID) for the purpose of making said improvements described in Exhibit A; and

WHEREAS, the date, time and place of a public hearing to consider the proposed local improvement district and improvements should be established; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. Declaration of Intent to Form LID. The City Council hereby declares its intent to form a local improvement district pursuant to the resolution method established in RCW 35.43.140 for the NE 4th Street Extension and the 120th Avenue NE (Segment 1) improvements, more particularly described in Exhibit A, attached hereto and incorporated by this reference. All of the foregoing improvements shall be in accordance with the plans and specifications therefore prepared by the City and may be modified by the City as long as that modification does not affect the purpose of the improvements. Pursuant to RCW 35.43.140, the nature and territorial extent of the improvements are set forth on Exhibit A.

Section 2. Cost of Improvements. The cost and expense of all labor and material required to make a complete improvement, including legal, engineering, administrative, printing, costs of acquisition, financing, and all other expenses of every kind, is approximately \$47,495,000.00, and shall be paid from the special assessments against the property specially benefited by the improvements and from other funds legally available to the City for such improvements. A local improvement district shall be established embracing as near as may be all the property specially benefited by such improvements and such specially benefited property shall be assessed to pay a proportionate share of the cost of such improvements under the mode of payment of bonds.

Section 3. Public Hearing. A public hearing shall be conducted before the city of Bellevue hearing examiner, previously designated by the City Council, in the City Council Chambers located at City Hall, 450 110th Avenue NE, Bellevue, Washington, on the 21st day of October, 2010 at the hour of 7:00 p.m., then and there to present their objections thereto, if any they have. NOTICE IS HEREBY GIVEN THAT THE ACTUAL ASSESSMENTS FOR THE LOCAL IMPROVEMENT DISTRICT MAY VARY FROM ASSESSMENT ESTIMATES SO LONG AS THEY DO NOT EXCEED A FIGURE EQUAL TO THE INCREASED TRUE AND FAIR VALUE THE IMPROVEMENTS ADD TO THE PROPERTY ASSESSED.

Section 4. Benefit Area. The Director of the Transportation Department of the City of Bellevue is hereby directed to submit to the hearing examiner at or prior to the day of the hearing, the estimated cost and expense of the proposed improvements together with a diagram or print showing thereon the lots, tracts, or parcels of lands or other property which will be especially benefited thereby. The benefit area identified for purposes of the public hearing is depicted on Exhibit B and legally described in Exhibit C.

Section 5. Notices. The City Clerk is hereby directed to have this resolution published in two consecutive issues of the official newspaper of the City, with the first publication to be at least 15 days before the day fixed for the hearing. In addition, the City Clerk is hereby directed to give notice of the hearing upon formation of the Local Improvement District by mail at least 15 days before the day fixed for the hearing to the owners of all lots, tracts, and parcels of land or other property to be specially benefited by the proposed improvement, as shown on the rolls of the County Assessor, direct to the address thereon shown. The notice shall set forth the nature of the proposed improvements, the estimated cost, the estimated benefits to the particular lot, tract or parcel, and the method of assessment described in Section 3 of this resolution.

Passed by the City Council this _____ day of _____, 2010,
and signed in authentication of its passage this _____ day of _____,
2010.

(SEAL)

Don Davidson, DDS
Mayor

Attest:

Myrna L. Basich, City Clerk

EXHIBIT A
PROJECT DESCRIPTION
NE 4TH STREET EXTENSION AND 120TH AVENUE NE IMPROVEMENTS
(SEGMENT 1) OF THE
WILBURTON CONNECTIONS MOBILITY IMPROVEMENTS

The NE 4th Street Extension project will extend the roadway from 116th Avenue NE to 120th Avenue NE and includes an at-grade crossing of the Burlington Northern-Santa Fe railroad corridor. The new five-lane arterial road consists of two travel lanes in each direction and a center turn lane where needed. The project will include bike lanes, curb, gutter and sidewalk on both sides, illumination, landscaping and irrigation, storm drainage and detention. The project will accommodate other utility infrastructure as needed. The project will include a new signalized intersection at NE 4th Street and 120th Avenue NE and will modify the existing signalized intersection at NE 4th Street and 116th Avenue NE.

The 120th Avenue NE (Segment 1) improvement project consists of widening the roadway to five lanes, including two travel lanes in each direction with a center turn lane, turn pockets, and medians from south of NE 4th Street to south of NE 8th Street. The project will improve, or install where missing, bike lanes, curb, gutter and sidewalk on both sides, a traffic signal at the NE 6th Street intersection, illumination, landscaping and irrigation, and storm drainage systems. The project will be designed and constructed to accommodate intersections with the NE 4th Street Extension, the planned extension of NE 6th Street, and other utility infrastructure.

EXHIBIT B
LID BOUNDARY MAP
WILBURTON CONNECTIONS LOCAL IMPROVEMENT DISTRICT

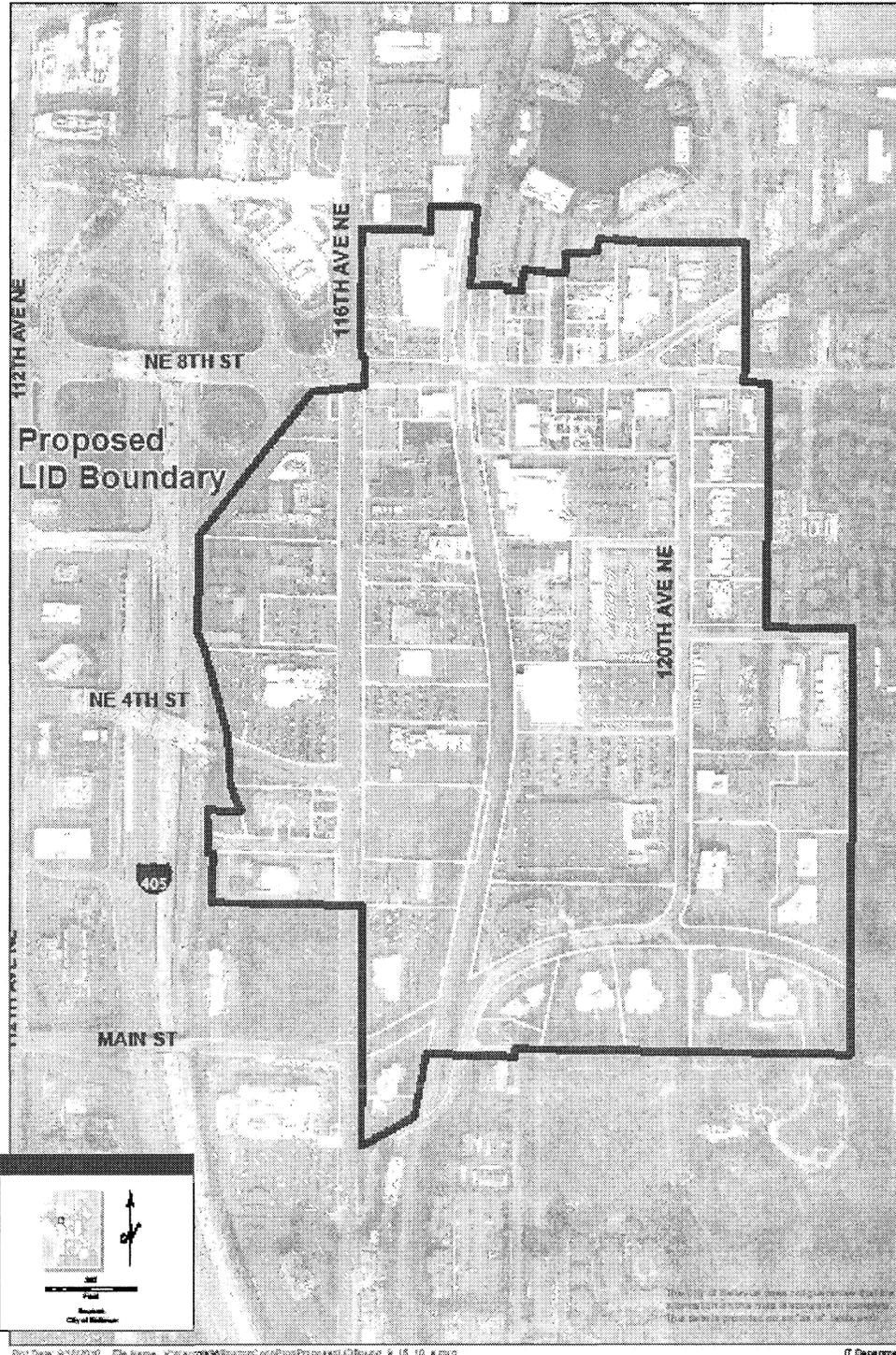


EXHIBIT C
LID BOUNDARY – LEGAL DESCRIPTION
WILBURTON CONNECTIONS LOCAL IMPROVEMENT DISTRICT

That portion of the Southwest quarter of Section 28, the Northeast quarter of Section 32, the Northwest quarter of Section 33 and the Southwest quarter of Section 33, all in Township 25 North, Range 5 East of the Willamette Meridian in King County, Washington, described as follows:

Beginning at the Southwest corner of Section 28;

Thence Easterly along the South line thereof to the East line of the West 30.00 feet of the Southwest quarter of Section 28;

Thence Northerly along said East line, the same also being the Easterly right of way margin of 116th Avenue N.E., to a point being 567.85 feet North of the Southwest corner of Section 28 as measured along the West line thereof and referenced in deeds recorded in King County Auditor's File Nos. 20040622001748 and 20010517002010 and 199804160180;

Thence North $88^{\circ}38'49''$ East a distance of 273.72 feet;

Thence North $0^{\circ}57'40''$ West a distance of 93.80 feet;

Thence South $89^{\circ}10'30''$ East to the Westerly margin of the Burlington Northern Railroad right of way and continuing South $89^{\circ}10'30''$ East to the Easterly margin of the Burlington Northern Railroad right of way;

Thence Southerly along said Easterly margin to the Southwest corner of Nine Lake Bellevue a Condominium, recorded in Volume 58 of Condominiums, Pages 82-86;

Thence Easterly along the South line thereof to the Westerly line of Lot 3, Lake Bellevue Division 3, recorded in Volume 117 of Plats, pages 67-68;

Thence southerly along said Westerly line to the most southerly Southwest corner of Lot 3;

Thence easterly along the South lines thereof to the most easterly Southeast corner of Lot 3, the same also being along the West line of Parcel "X", City of Bellevue Boundary Line Adjustment No. 02-149105 LW, recorded in King County Auditor's File No. 20030206900008;

Thence Northerly along the East line of Lot 3 and common with the West line of Parcel "X" to the Northwest corner of Parcel "X";

Thence Easterly along the North lines of Parcel "X", to the most easterly Northeast corner thereof, the same also being along the West line of Lot 1, Lake Bellevue Division 4, recorded in Volume 122 of Plats, pages 53-54;

Thence Southerly along the East line of Parcel "X" and common with the West line of Lot 1 to the Southwest corner of Lot 1, also being the Northwest corner of Lot 84, Brierwood Park, recorded in Volume 17 of Plats, page 18;

Thence Easterly along the South line of said Lot 1 to the Southeast corner thereof, the same also being along the Westerly margin of 120th Avenue N.E. (60.00 feet wide right of way);

Thence Southerly along said Westerly margin and the southerly prolongation thereof to the southerly margin of N.E. Bellevue Redmond Road – Rev. No. 1387 (60.00 feet wide right of way);

Thence Northeasterly along the Southerly margin of N.E. Bellevue Redmond Road – Rev. No. 1387 to a point along the centerline of vacated 120th Avenue N.E. (vacated under City of Bellevue Vacation Ordinance No. 2154);

Thence Southerly along said centerline to the North line of the South 40.00 feet of the Southwest quarter of Section 28, the same also being the Northerly right of way margin of N.E. 8th Street;

Thence Easterly along said North line and Northerly margin to the northerly prolongation of the East line of City of Bellevue Short Plat No. 77-55R, recorded in King County Auditor's File No. 8106179004;

Thence Southerly along said prolongation and continuing along the East line thereof to the Southeast corner of Lot 4;

Thence Westerly along the South line thereof, the same also being the North line of Lot 1, City of Bellevue Short Plat No. 80-27 recorded in King County Auditor's File No. 8111199007, to the Northwest corner of said Lot 1;

Thence Southerly along the West line thereof to the Southwest corner of Lot 1;

Thence Easterly along the South line thereof, the same also being the Northerly margin of N.E. 5th Street (60.00 feet wide right of way) to the East line of the West Half of the East Half of the Northwest quarter of Section 33;

Thence Southerly along the East line of said subdivision to the South line of the North 30.00 feet of the Southwest quarter of Section 33, the same also being the Southerly right of way margin of Main Street;

Thence westerly along said South line and Southerly margin to the Westerly margin of the Burlington Northern Railroad right of way;

Thence Southerly along said Westerly margin to the Northerly margin of S.E. 1st Street (60.00 feet wide right of way);

Thence Southwesterly along said northerly margin to the East line of the West 50.00 feet of the Southwest quarter of Section 33;

Thence Northerly along said East line, and continuing along the East line of the West 50.00 feet of the Northwest quarter of Section 33, the same also being the Easterly right of way margin of 116th Avenue N.E., to the easterly prolongation of the South line of Fir Creek, recorded in Volume 44 of Plats, page 89;

Thence North 88°40'27" West along said prolongation to the Southeast corner of Lot 1, Fir Creek;

Thence continuing along the South line of Fir Creek a distance of 494.04 feet as described in deed recorded in King County Auditor's File No. 8702020652;

Thence along the West line of said parcel North $01^{\circ}49'32''$ East a distance of 192.83 feet to the South margin of N.E. 2nd Street, as described in City of Bellevue Vacation Ordinance No. 344;

Thence Westerly along said South margin to the centerline of vacated 114th Avenue N.E.

Thence Northerly along said centerline to the Westerly prolongation of the North line of Lot 21, Fir Creek;

Thence Easterly along said prolongation and continuing along the North line thereof to the Northeast corner of Lot 21, the same also being referenced as DOT Station 320+33.54 (328.80 feet RT.) in the State of Washington Department of Transportation (DOT) right of way plans titled SR 405 S.E. 30TH ST. VIC. TO N.E. 40TH ST. VIC. (sheets 19 and 21 of 36) approved February 11, 2005, and also referenced in Record of Survey filed in King County Auditor's File No. 20041230900005;

Thence Northwesterly along said DOT plans and the Easterly margin thereof to DOT Station 321+34.99 (288.33 feet RT.), the same also being the Northwest corner of Lot 23, Fir Creek;

Thence Northwesterly to DOT Station 323+27.21 (273.75 feet RT.);

Thence Northwesterly continuing along said Easterly margin to DOT Station 326+67.00 (182.30 feet RT.);

Thence Northwesterly along said Easterly margin to DOT Station 327+31.25 (152.01 feet RT.);

Thence Northerly along said Easterly margin to DOT Station 328+25.80 (147.00 feet RT.);

Thence Northerly along said Easterly margin to DOT Station 330+81.08 (166.89 feet RT.);

Thence Northeasterly along said Easterly margin to DOT Station 331+03.79 (179.06 feet RT.);

Thence Northwesterly along said Easterly margin to DOT Station 331+09.85 (168.55 feet RT.);

Thence Northeasterly along said Easterly margin to DOT Station 331+45.66 (177.21 feet RT.);

Thence Northeasterly along said Easterly margin to DOT Station 331+68.98 (194.59 feet RT.);

Thence Northeasterly along said Easterly margin to DOT Station 333+08.00 (305.73 feet RT.); **Excepting therefrom** those parcels lying between DOT Stations 327+00 and 331+50 dedicated to the State of Washington Department of Transportation and described in deeds recorded in King County Auditor's File Nos. 20080930001534 and 20080930001583;

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Thence Southeasterly continuing along said Easterly margin to DOT Station 332+98.64 (317.45 feet RT.);

Thence Northeasterly along said Easterly margin to DOT Station 335+32.96 (504.78 feet RT.);

Thence Northwesterly along said Easterly margin to DOT Station 335+42.32 (493.07 feet RT.);

Thence Northeasterly along said Easterly margin to DOT Station NE 8TH 13+45.82 (75 feet RT.), the same being along the South line of the North 75.00 feet of the Northeast quarter of Section 32;

Thence Easterly along said South line to the East line of said subdivision;

Thence Northerly along said East line to the **Point of Beginning**, and there ending, all in King County, Washington.