

Overview

The City of Seattle's Capital Improvement Program (CIP) allocates existing funds and anticipated revenues to rehabilitate, restore, improve, and add to the City's capital facilities. Projects in the CIP cover a wide range of capital improvements, including construction of new libraries, street repairs, park restoration, and work on electrical substations. The CIP covers a six-year planning horizon, and is updated each year to reflect ongoing changes and additions. The document, prepared by the City Budget Office based on submissions from City departments, is approved by the Mayor, and is then submitted to the City Council for adoption, along with the City's annual budget. The six-year CIP does not appropriate funds, but rather functions as a budgeting tool, supporting the actual appropriations that are made through adoption of the budget. The CIP is consistent with the City's Comprehensive Plan and includes information required by the State's Growth Management Act (GMA).

The City Council recently adopted Resolution 30365 which provides a framework for the City's capital funding decisions. Criteria used in selecting capital priorities and projects include preservation of existing facilities, investment in facilities that support the Comprehensive Plan, implementation of neighborhood plans, support for economic development, leveraging of external funding sources, and consistency with the City's debt policies.

The City of Seattle 2002-2007 Adopted Capital Improvement Program can be found on the City of Seattle website at: <http://www.cityofseattle.net/budget/0207adopted/default.htm>

Citywide Summary

The 2002-2007 Adopted CIP supports the City's continued commitment to rehabilitate or restore existing infrastructure, including investment in major maintenance projects identified in Neighborhood Plans. In addition, the CIP includes several strategic capital acquisitions or developments that enhance the City's current infrastructure. Key projects are described in the CIP Highlights section. Other prominent CIP projects are described at the beginning of each departmental CIP section.

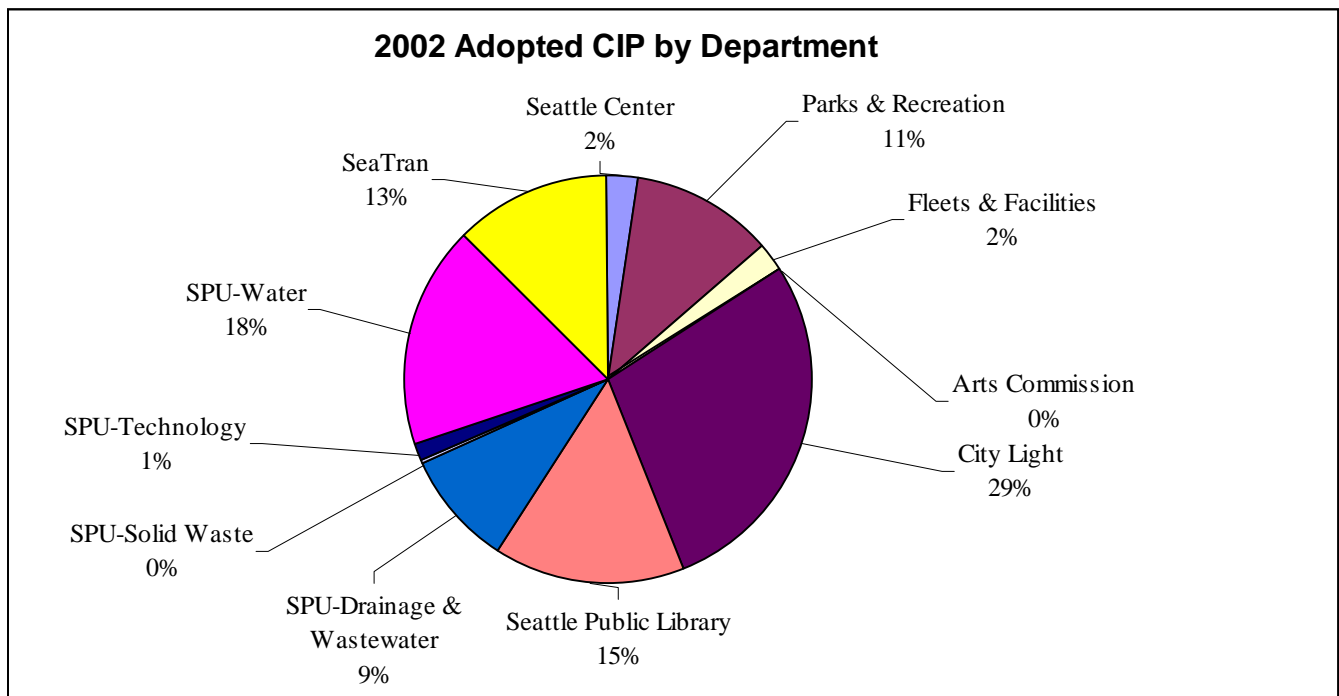
The 2002-2007 Adopted CIP totals more than \$2.5 billion for six years and includes more than 800 individual projects. About \$1.8 billion or 70% of this amount is allocated to utility projects that are funded and managed by Seattle City Light and Seattle Public Utilities (SPU). About \$404 million or 15% is allocated to Seattle Transportation. The remaining departments (Parks and Recreation, Fleets & Facilities, Seattle Arts Commission, Seattle Center, and Seattle Public Library) receive approximately \$397 million or 15%. The table on the next page shows the 2002-2007 allocations by department and the accompanying chart provides this information for 2002 only.

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2002-2007 Adopted CIP by Department (in thousands)

Department	2001 Revised*	2002 Proposed	2002 Adopted	2003-2007 Estimated	2002-2007 Total
General Government Depts.					
Arts Commission	183	120	120	600	720
Fleets & Facilities	237,384	15,216	12,016	35,981	47,997
Parks & Recreation	47,145	62,691	61,066	89,520	150,586
Seattle Center	157,433	12,965	11,765	31,815	43,580
Seattle Public Library	82,746	78,928	78,928	75,825	154,753
Seattle Transportation	90,587	66,869	66,729	337,919	404,648
Subtotal	\$615,478	\$236,789	\$230,624	\$571,660	\$802,284
City-owned Utilities					
City Light	186,252	147,006	147,006	799,026	946,032
SPU – Drainage & Wastewater	39,316	48,165	48,165	258,183	306,348
SPU – Solid Waste	2,160	1,321	1,321	37,542	38,863
SPU – Technology	7,095	7,707	7,707	43,004	50,711
SPU – Water	59,661	93,909	93,909	328,925	422,834
Subtotal	\$294,484	\$298,108	\$298,108	\$1,466,680	\$1,764,788
City Total	\$909,962	\$534,897	\$528,732	\$2,038,340	\$2,567,072

*2001 Revised = 2001 adopted budget, carryforward balances from prior years, and supplemental appropriations and abandonments.



CIP Project Types

In making investments in City facilities or infrastructure, the City tries to balance three goals:

- ◆ *Rehabilitation or restoration of existing facilities* to avoid the higher costs of deferred maintenance and to meet regulatory requirements;
- ◆ *Improvement of existing facilities* to meet growing demand or to improve efficiency; and
- ◆ *Development of new facilities* to provide additional services (i.e., new requirements imposed by regulation).

The following table shows the 2002 Adopted CIP allocations by these project types. Some departments use a fourth project type, New Investment, which includes capital investment in technology projects and software.

2002 Adopted CIP Allocations by Project Type (in thousands)

	Rehabilitation of Existing Facility	Improved Facility	New Facility	New Investment
Arts Commission	120	-	-	-
Fleets & Facilities (formerly Executive Services)	2,668	2,250	2,398	4,700
Parks & Recreation	21,887	10,876	28,303	-
Seattle Center	2,798	8,967	-	-
Seattle Public Library*	-	77,673	1,255	-
Seattle Transportation	24,792	22,855	19,082	-
Subtotal	\$52,265	\$122,621	\$51,038	\$4,700
City Light	53,422	33,168	44,740	15,676
SPU-Drainage & Wastewater	20,727	16,363	11,075	-
SPU-Solid Waste	91	200	1,030	-
SPU-Technology	-	-	-	7,707
SPU-Water	25,015	31,467	37,427	-
Subtotal	\$99,255	\$81,198	\$94,272	\$23,383
Total	\$151,520	\$203,819	\$145,310	\$28,083

* All of Seattle Public Library's "Libraries for All" projects are categorized as "improved facilities".

Highlights by Project Type

Rehabilitation and Restoration of Existing Facilities

Rehabilitation and restoration of the City's infrastructure and existing facilities continue to be major themes of the CIP. In February 1994, a Citizens' Capital Investment Committee created by the Mayor and City Council began the task of analyzing the City's capital investment program. As a result of the Committee's work, the City Council passed Resolution 28947, which incorporated many of the Committee's recommendations. This legislation called for the City to substantially increase its annual funding to maintain existing facilities in general government departments (Parks, Seattle Transportation, Arts Commission, Seattle Center, Fleets & Facilities, and the Library) from about \$4 million annually to \$15 million in 1997, \$17 million in 1998, and a similar level from each year forward. In 2001, the City updated its capital policies and adopted Resolution 30365 which raised this amount to \$18.7 million to reflect inflation since 1998.

To provide an initial funding source for increased funding for existing facilities, the Committee recommended that the City dedicate \$37.7 million in accumulated fund balances to reduce backlogged maintenance of City facilities. Since those balances were spent, future funding for the rehabilitation and restoration of City facilities comes primarily from Real Estate Excise Tax (REET) revenue. REET revenue flows through the Capital Projects Account of the Cumulative Reserve Subfund. The City proposes to spend \$63 million on rehabilitation and restoration of existing general government facilities in 2002.

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Key rehabilitation or restoration project allocations in 2002 include playfield improvements and grounds restoration in the Parks Department; open space restoration and repair at Seattle Center; library building renovations and repairs, including flooring, roofs and foundations; maintenance on the City's sited artworks; fire and police station renovations; and transportation projects including street resurfacing, seismic retrofitting of City bridges, replacement of bridge decking on the City's drawbridges, crosswalk and lane line markings, electrical and traffic control maintenance.

Beginning in 1999, the City set aside \$1 million per year of the Cumulative Reserve Subfund for major maintenance projects identified in neighborhood plans. The table on the next page lists the projects by neighborhood district that are to be funded with the money earmarked for this purpose in the 2002 Adopted Budget. These projects were identified by the community and selected for funding by the Department of Neighborhoods and the City Budget Office. More information can be found in the Seattle Transportation departmental section of the CIP.

2002 NSF/CRF Neighborhood Program

(for more information, see Transportation Project "2002 NSF/CRF Neighborhood Program")

District	Projects	Fund Source	Amount
Ballard	Repair sidewalk on NW 64 th	CRF	40,000
	Subtotal		\$40,000
Central	Install traffic circle at 24th Avenue S at Main and Washington	CRF	9,900
	Install curb and gutter and repair sidewalk at S Judkins between MLK Way and 26th S	CRF	49,000
	Subtotal		\$58,900
Delridge	Install channelization at Delridge Way at 17 th and Cambridge	CRF	23,000
	Subtotal		\$23,000
Downtown	Repair sidewalk at 2 nd Avenue S between Yesler and Washington	CRF	40,000
	Replace sidewalk at Jackson St between 4 th and 10 th	CRF	40,000
	Repair sidewalk at Western Avenue between Blanchard and Bell	CRF	35,000
	Subtotal		\$115,000
East	Landscape McGilvra Boulevard Divide (on 21 acres, install irrigation and drainage and drought tolerant planting)	CRF	40,000
	Replace sidewalks on University St between 9 th Ave & Terry Ave	CRF	50,000
	Subtotal		\$90,000
Duwamish	Replace fence at 24 th Avenue S & Spokane Street S (Jefferson Park)	CRF	45,000
	Install traffic calming device at 4 th Avenue S and S Barton Street	CRF	5,000
	Repair sidewalk at S Massachusetts between 14 th and 15 th Avenues	CRF	34,000
	Improve street surfacing on 3 rd Avenue S	CRF	6,000
	Subtotal		\$90,000
Lake Union	Improve median and crosswalk at Bridgeway N	CRF	65,000
	Subtotal		\$65,000
Magnolia/ Queen Anne	Install curb bulbs, parking at W McGraw St from 32 nd Avenue W to 35 th Avenue W	CRF	12,000
	Repave 10 th Avenue W from W Armour Street to W Bothwell Street	CRF	25,000
	Subtotal		\$37,000
North	Repair or improve walkways at TBD sites in the District	CRF	70,000
	Subtotal		\$70,000
Northeast	Research sidewalk/street improvements at Magnuson Park	CRF	25,000
	Re-pave the 1800 blocks of E Shelby, E Hamlin, and W Park Dr E	CRF	82,600
	Subtotal		\$107,600
Northwest	Repair existing walkways at sites TBD in the District	CRF	26,500
	Install curb/walkway/planting strip on 87 th NW	CRF	50,000
	Repair sidewalk, install traffic calming & pedestrian improvements on Dayton Ave N and 90 th	CRF	8,000
	Subtotal		\$84,500
Southeast	Install traffic calming and repair sidewalks on S Holgate	CRF	30,000
	South Leo Street Surface Improvement	CRF	7,000
	Install curb extensions, trees at Wabash Ave S at Rose and Rainier Ave	CRF	30,000
	Repair sidewalk on Rainier Avenue	CRF	20,000
	Subtotal		\$87,000
Southwest	Light entry to Hiawatha Park	CRF	49,000
	Repair sidewalks at Lafayette School at Lander and California SW	CRF	50,000
	Install curb bulb at SW Genesee St, Hillcrest Ave SW and 55 th Ave SW	CRF	33,000
	Subtotal		\$132,000
	Grand Total		\$1,000,000

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Rehabilitation and Restoration of Utility Infrastructure

The CIP also makes substantial allocations to rehabilitate or restore the City's utilities infrastructure. In 2002 the adopted amount is \$99 million. Including utilities, the City's total capital investment in the rehabilitation or restoration of existing City facilities for 2002 is \$162 million.

Improvements to Existing Facilities and Development of New Facilities

In addition to the rehabilitation and restoration of existing City facilities, the CIP also includes allocations for the improvement of existing facilities and the development of new City facilities. The City proposes to spend \$197 million on improved facilities in 2002. New facilities replace capital structures that are aging, are otherwise unusable, or help meet Seattle's emergent capital requests. The City proposes to spend \$147 million on new facilities in 2002. In the 2002-2007 Adopted CIP, key project allocations to existing facilities and new facilities include:

The Municipal Civic Center: The Council adopted the Civic Center Master Plan in May 1999. The Plan consists of the following: demolition of the existing Municipal and Public Safety Buildings, construction of a new Courthouse and Police Headquarters (Justice Center) building to be located at 5th and Cherry across the street from the Key Tower, construction of a new City Hall at the site of the Municipal Building and development of open space and campus elements on the rest of the land which currently is occupied by the Municipal Building and the Public Safety Building. The Council-approved cost estimates for this Plan total \$258.8 million, including \$92 million for the Courthouse/Police Headquarters Building, \$72 million for the City Hall, and \$14 million for open space and campus elements on the Municipal Building and Public Safety Building sites. In addition, the Plan calls for the City to relocate most of its downtown offices to the Key Tower and some police functions to the City's Park 90/5 facility located southeast of Safeco Field. These moves and associated tenant improvements are anticipated to cost \$43 million. Limited Tax General Obligation bonds and Historic Building sale proceeds will finance these projects. By late 2002, the Justice Center will be ready for occupancy; City Hall will be occupied in early 2003.

"Libraries for All" Capital Plan: Following approval of a bond issue in November 1998, the Library began an eight-year, \$239.5 million capital program – "Libraries for All" - to build a new Central Library and three new branches in the International District, Northgate, and Delridge areas. The program calls for the renovation, replacement, or expansion of each of the 22 branch libraries. The plan also includes startup book collections for new facilities and installation of state-of-the-art technology. In addition, the plan includes a \$6 million Opportunity Fund slated for two new branch libraries in South Park and Sand Point, a language center at the Beacon Hill branch; a meeting room addition at the Magnolia branch; and new Bookmobile service. In 2002, \$67.3 million is allocated from voter-approved bonds, \$4.02 million from bond interest earnings, and \$4.5 million from private donations. By the end of the biennium, new or replacement Branch Libraries are to be constructed at Capitol Hill, and Delridge. Renovation or expansion projects will be complete or under way at the following branches: Beacon Hill, West Seattle, Green Lake, Lake City, Douglass Truth, North East, Southwest, Columbia, and Rainier Beach. The community will be involved in planning new or replacement projects in the Ballard, Greenwood, High Point, Montlake, and Northgate neighborhoods, as well as a new library in leased space in the International District. The Central Library is temporarily housed at the Convention Center while the new building is under construction on the existing downtown site.

New or Renovated Community Centers: In the November 1999 General Election, Seattle voters renewed the 1991 Seattle Center and Community Centers Levy providing an additional \$36 million for capital improvements at community centers, neighborhood service centers and community-gathering places throughout the City. The eight-year levy renewal constructs six new community centers, neighborhood service centers and community gathering places, and renovates five others throughout the City. Voter approved projects include new facilities at Yesler, Northgate, Belltown, Chinatown/International district, Lake City, and Ballard, and renovations at High

Point, Jefferson, Sand Point, Southwest, and Van Asselt community centers. By the end of the biennium, the Sand Point Magnuson Park Community Center project is expected to be completed.

Seattle Center Redevelopment Phase II: The voter-approved Seattle Center and Community Centers levy lid lift provides \$36 million for capital improvements at the Seattle Center. The Seattle Center's share of the 1991 levy provided the initial funding to begin implementation of the Seattle Center 2000 Master Plan, including the renovation of Center House, the creation of the Broad Street Green, and the replacement of the International Fountain. The approved levy renewal continues this program of renovation and replacement by renovating the 74 year old Opera House into the modern Marion Oliver McCaw Hall and replacing the Flag Pavilion with the new Fisher Pavilion and new green space at Seattle Center. The funding plan for the McCaw Hall and Fisher Pavilion projects at Seattle Center includes funding from King County, the State of Washington, and \$72 million from the private sector. Construction of McCaw Hall begins in 2001. The building is scheduled to open in late spring, 2003. Construction on the Fisher Pavilion is began in September 2001, with the opening planned for August 2002.

South Lake Union: The City took acquisition of the Naval Reserve Property in the second quarter of 2000. The South Lake Union Park Master Plan was updated as well. In 2002, the City continues to perform major maintenance on the facility grounds and buildings, greening of the site, wharf design and reconstruction, and feasibility studies for the potential maritime museum. A Citizens' Advisory Panel has been appointed to help shape the future of this new acquisition. The Adopted Budget provides for the interim use of the site for open space, waterfront access, special events, and several tenants. Long-term development is dependent on the input of the Citizens' Advisory Panel, neighborhood groups, and funding opportunities. Earthquake damage to the area may result in a re-prioritization of project elements and schedule.

Southwest Police Precinct Station: A new Southwest Police Precinct Station is under construction in West Seattle. Completion of the new station is scheduled for first quarter 2003. This project will use \$15.8 million of Councilmanic debt (LTGO Bonds), and approximately \$250,000 of the construction cost is directed toward achieving building sustainability.

Neighborhood Plan Projects: The 2002-2007 Adopted CIP includes several key neighborhood projects, including the 12th Avenue Development street improvements, Georgetown Historic City Hall rehabilitation, the Ballard Neighborhood Service Center (also referred to as the Ballard Municipal Center - to be co-located with the new Ballard branch library), the Lake City Neighborhood Service Center (also referred to as the Lake City Civic Center), and the Wallingford Steps public right-of-way. All of these projects emerged as priorities in the neighborhood planning process.

Aquarium Master Plan: This CIP continues implementation of the Aquarium Master Plan, including refinement of the financial plan, review of the process for transferring governance, program planning and completion of schematic design, work on permitting, development of regional partnerships, and involvement of the public. These funds are to be used to pay for staff and consultants to continue the process to design and build an expanded aquarium and transfer development and management of that facility from the City to the Seattle Aquarium Society (SEAS).

MOHAI: The 2002-2007 Adopted CIP includes \$1.5 million for the planned Museum of History and Industry (MOHAI) downtown facility in addition to the \$500,000 that was appropriated in 2001. These funds, which come from the CRF, will be provided for the facility in exchange for specified public benefits to the City at MOHAI's new facility at the Washington State Convention and Trade Center. No funds will be released until such time as the City Council approves a memorandum of agreement that details the benefits, agreements, and arrangements that have been negotiated in the City's interest.

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Olympic Sculpture Park (OSP): The City and the Seattle Art Museum have completed a design agreement that allows for joint planning of the OSP and public improvements. The OSP is being developed on two parcels north of Broad Street, between Western Avenue and Alaskan Way, and is to be free to the public.

New Investment

This project type provides for capital investment in technology projects and software. Most of these projects are located in Seattle Public Utilities and the Fleets & Facilities Department. Fleets & Facilities proposes allocating \$4.5 million in Limited Tax General Obligation Bonds in 2002 for the Law, Safety & Justice Information Technology Projects. Seattle Public Utilities has a range of projects, from customer service technology improvements to an automated meter reading project which implements radio frequency capable meter reading equipment on meters that are difficult to access and costly to read. Seattle Public Utilities' new investment allocation for 2002 is \$7.7 million. Finally, Seattle City Light is proposing \$15.7 million of technology projects in 2002, bringing the 2002 Citywide total of New Investment projects to \$28 million.

CIP Funding Sources

Like all large municipalities, Seattle relies on a variety of sources to finance capital projects, such as locally generated revenues (taxes, fees, and user charges), intergovernmental revenues, and debt issuance. Unlike pay-as-you-go sources of funding, the issuance of debt requires a later revenue stream from which to repay the principal and interest expenses. These traditional funding sources will continue to provide the majority of funds for capital facility investments. New revenue sources may be needed to augment existing ones. The City's level of capital investment is based on the mix and level of financial resources available to the City.

The table below identifies funding sources for the 2002-2007 Adopted CIP by fund group (thousands of dollars).

Fund Source Category	2001 Adopted	2002 Proposed	2002 Adopted	2003-2007 Estimated	2002-2007 Total
County	2,843	2,767	2,767	0	2,767
Cumulative Reserve Fund	22,645	32,417	27,792	74,151	101,943
Department Operating Fund	1,000	0	0	65	65
Federal/State	41,798	41,259	39,867	210,384	250,251
General Subfund	233,598	23,444	25,036	53,929	78,965
To Be Determined	19	8,471	5,470	33,085	38,555
Other Local Govt.	1,483	34,942	6,971	46,097	53,068
Private	29,469	5,710	34,942	24,959	59,901
Utility	268,598	301,276	301,276	1,467,478	1,768,754
Voter-Approved Funding	75,054	84,611	84,611	128,192	212,803
Total	\$673,507	\$534,897	\$528,732	\$2,038,340	\$2,567,072

Cumulative Reserve Subfund (CRF)

This subfund is a reserve fund authorized under State law and is used primarily for maintenance and development of City capital facilities. The subfund is currently divided into two accounts, the Capital Projects Account and the Revenue Stabilization Account. The purposes and uses of these accounts are described below:

- ◆ The **Capital Projects Account** provides funds for a wide array of capital projects. The account is divided into four subaccounts that reflect different revenue sources.
- ◆ The **Real Estate Excise Tax I (REET I) Subaccount** is funded by a 0.25% tax on real estate transactions. A portion of these proceeds is used to pay debt service on bonds issued in 1991 and 1992 for low-income housing and recreation facilities. These 1992 low income housing bonds retire in 2001. The City intends to

issue \$3 million in 2001 of housing infrastructure bonds to be paid from REET I proceeds beginning in 2002. The remaining REET I funds are used for other capital projects.

- ◆ The Real Estate Excise Tax II (REET II) Subaccount is funded from an additional 0.25% tax on real estate transactions and is kept separate due to different State requirements regarding the use of these funds.
- ◆ The South Lake Union Property Proceeds Subaccount receives funding from sales of certain surplus City property located adjacent to South Lake Union, investment earnings attributable to the Subaccount, and other associated revenues. This is a new Subaccount that was created through Ordinance 120411 in June of 2001.
- ◆ The Unrestricted Subaccount receives funding from a variety of sources, including revenues from the sale of surplus City property (net of sale proceeds deposited into the South Lake Union Property Proceeds Subaccount), transfers of General Fund balances, investment earnings (net of investment earnings attributable to the South Lake Union Property Proceeds Subaccount), and other unrestricted contributions to the Cumulative Reserve Subfund.

For the last few years, the vast majority of the expenditures from the Capital Projects Accounts has been devoted to maintaining and rehabilitating existing City facilities. Per Ordinance 119761, the Major Maintenance Reserve Account was eliminated in 2000 and all continuing appropriations, remaining fund balance, and cash was transferred to the Unrestricted Subaccount of the Capital Projects Account of the Cumulative Reserve Subfund.

- ◆ The **Revenue Stabilization Account**, as created in the 2000 Adopted Budget through Ordinance 119761, provides a cushion from the impact of sudden, unanticipated shortfalls in revenue due to economic downturns that could undermine City government's ability to maintain services. The account is limited by ordinance to 2.5% of the prior tax year revenues.

2002 Adopted Cumulative Reserve Subfund Appropriations

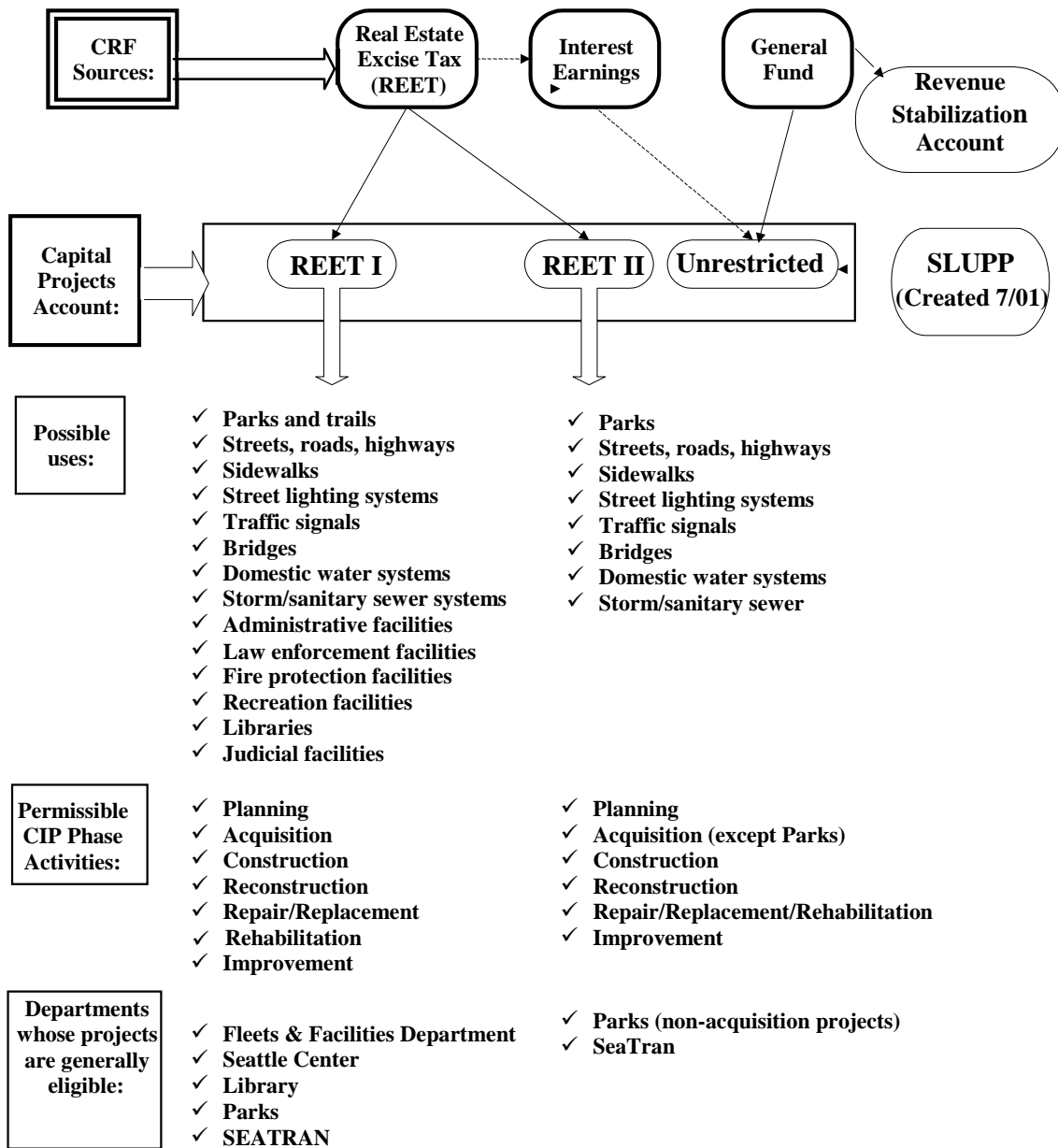
Appropriations shown below from the Cumulative Reserve Subfund (CRF) are for special purposes such as debt service payments and the City's Tenant Relocation Assistance Program. Department CRF summaries are shown for informational purposes only. Actual appropriations for capital projects funded by the CRF are made in the appropriate department's section. Department capital projects are fully described in the 2002-2007 Adopted Capital Improvement Program.

Appropriations	Summit Number	CRF Subaccount	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
<i>Special Projects</i>					
1991B Low Income Housing Bonds - Debt Service	CC3001	REET I	391,000	--	--
1998B Capital Facilities Refunding	CC3002	REET I	3,013,000	3,024,000	3,024,000
Tenant Relocation Assistance Program	TRANEW	Unrestricted	179,000	179,000	179,000
Special Projects Total			\$3,583,000	\$3,203,000	\$3,203,000
<i>Department Summaries</i>					
Department of Parks and Recreation			12,419,000	12,314,000	12,189,000
Fleets and Facilities Department			3,117,000	4,918,000	4,918,000
Seattle Arts Commission			120,000	120,000	120,000
Seattle Center			2,925,000	2,900,000	2,900,000
Seattle Public Library			528,000	3,150,000	3,150,000
Seattle Transportation			3,536,000	9,015,000	4,515,000
Department Summaries Total			\$22,645,000	\$32,417,000	27,792,000
Grand Total			\$26,228,000	\$35,620,000	\$30,995,000

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The flow chart below highlights types of projects for which CRF subaccounts can be used.

CUMULATIVE RESERVE SUBFUND (CRF) ACCOUNTS AND RESTRICTIONS



Capital Projects Funds

In addition to the Cumulative Reserve Subfund, the City establishes capital project funds to account for resources set aside to acquire or construct major capital facilities, except those financed by proprietary funds. These funds have been established to monitor the revenue and expenditures of specifically authorized revenues such as voter-approved and Councilmanic bonds and levies. Descriptions of various types of capital projects funds follow.

General Subfund

General Fund dollars appear in the CIP in two places: the General Fund contribution to the Cumulative Reserve Subfund, and appropriations to capital projects from a department's operating budget. The Seattle Police Department will be using lease savings from their budget towards one-time capital projects including equipment, furniture costs, and debt service associated with their new training facility. (See Fleets & Facilities Department CIP.)

Limited Tax General Obligation Bonds

The City's operating budget includes expenditures to pay debt service on general obligation bonds which were issued to finance certain projects. Limited tax general obligation ("LTGO," or "Councilmanic") bonds, are bonds that are issued by the City Council without voter approval. The debt service on these bonds is typically repaid from existing general government revenues or from revenues generated by the project(s) financed with the bonds.

Funds set up to monitor the expenditures of specific LTGO bonds include:

The **Capital Facilities Project Fund (CFB)**, established in 1992 for financing housing, health, open space, and parks and recreation facilities included in the City's Comprehensive Plan (Ordinance 116105).

The **Public Safety Facilities and Equipment Fund**, established in December 1990 for the improvement of public safety equipment (Ordinances 115453, 116797, 118108, 118184, 118225, 118364).

The **Public Safety Information Technology Fund**, established in 1999 for the purpose of acquiring public safety information technology (Ordinance 119630).

The **Sand Point Redevelopment Fund**, established in 1997 to pay for the cost of upgrading infrastructure, buildings, and other facilities at the former United States Naval Station at Sand Point (Ordinance 118423).

The **South Police Stations Fund**, established in 1999 for the design of the new South Police Station and modification of existing stations (Ordinance 119432).

The **Transportation Bond Fund**, established in 1997 for designated transportation programs and projects (Ordinances 118503 and 118528).

Unlimited Tax General Obligation Bonds

Funds have also been established to account for expenditures of a second type of general obligation bond – unlimited tax general obligation ("UTGO," or "voted") bonds. These voted bonds are issued after receiving approval by 60% of the voters in an election with at least a 40% turn-out. The debt service on these bonds is repaid from additional ("excess") property tax revenues, which voters approve as part of the bond measure. The "Libraries for All" (LFA) measure (Proposition One) on the November 1998 ballot is an example of voter-approved bonds. The **LFA UTGO Bond Series One** fund, was established in 1999 to account for proceeds from the sale of voter-approved bonds (approximately \$100 million) to be used for the "Libraries for All" capital program. The 1998 **Libraries for All Fund** was established in 1999 to hold proceeds from a line-of-credit borrowing (approximately \$1.5 million) that were used to finance LFA operations until the voter-approved bonds could be sold (Ordinance 119185).

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Utility Funds

These funds exist to account for both the operating and capital expenses of Seattle Public Utilities and Seattle City Light. The Utility Funds are: **Seattle City Light Fund, Drainage and Wastewater Fund, Solid Waste Fund, and Water Fund.**

Other Funds include:

The **Municipal Civic Center Fund** was established in 1998 to account for the planning, design, and construction of the new Civic Center (Ordinance 119304).

The **Neighborhood Matching Fund** (NMF) receives annual appropriations from the General Subfund to match investments made by neighborhood associations in neighborhood-initiated improvement projects.

The **Seattle Center Redevelopment/Parks Community Center Fund** (SCRPCCF) was established in 1991 to provide partial funding for certain needed improvements to the Seattle Center and full City funding for certain improvements to selected community centers (Ordinances 115844 and 116720). The **Seattle Center Flag Pavilion and Community Centers Fund** was established in 1999 to account for the levy of property taxes for the purpose of improvements to the Seattle Center Opera House, replacement of the Flag Pavilion with a new Festival Pavilion and for building and remodeling community centers. Private money that the City will use to pay project costs will be deposited into this fund (Ordinance 119522).

The **Shoreline Park Improvement Fund** (SPIF) accounts for local improvement subprogram monies for shoreline and beach park improvements that were received as Metro mitigation grants related to the expansion of the West Point sewage treatment plant. This fund is expected to be fully appropriated in this biennium.

Private Dollars

Some departments show private funding contributing to their capital projects. There are two ways in which private funds appear in the CIP: private dollars that go towards a capital project, but do not pass through the City in any way; and private dollars which are deposited in City funds, appropriated in the City Budget, and spent on a department's capital project. Both of these types of transactions are reflected in two Seattle Center CIP projects: the Festival Pavilion and Marion Oliver McCaw Hall.

Additional Policies Guiding the City's Capital Investments

Regulatory Compliance

The City's utilities have several new facilities projects in their Capital Improvement Programs to meet Federal and State regulatory requirements. The City must abide by U.S. Endangered Species Act regulations, which are designed to assist in species recovery efforts. In response to the listing of mid-Puget Sound salmon under the Act, Seattle Public Utilities is implementing measures to facilitate fish passage near the Landsburg Diversion Dam on the Cedar River. The Cedar Sockeye Hatchery project includes an incubation facility capable of producing 34 million "swim-up" fry and housing for the on-site hatchery managers. Other projects include creating Cedar River downstream fish habitat and fish passage facilities, and protective fish screening to prevent salmon entrapment in the water supply system. City Light and Seattle Public Utilities are also planning to begin acquiring salmon habitat in the Green/Duwamish, Cedar/Lake Washington, Skagit, and Snohomish watersheds as part of the City's Early Action Plan.

The utilities have several other projects in their CIPs to meet regulatory requirements. City Light must meet environmental mitigation statutes under the terms of Seattle's Federal Energy Regulatory Commission licenses to operate its hydroelectric dams. Projects include an environmental education center on Diablo Lake, a visitor center at Newhalem, the acquisition of additional wildlife lands on the Skagit Basin, and an enhanced wetlands and salmon spawning habitat on the Tolt River. Seattle Public Utilities has entered into a design, build, operate

(DBO) contract for the development of new Tolt treatment facilities that will ensure reliable water supplies and allow the department to meet stringent water quality guidelines. Seattle Public Utilities has also entered into a compliance agreement with the Washington Department of Health and the U.S. Environmental Protection Agency concerning the installation of the Cedar River ozonation water treatment facility. Other programs include: the continuation of the City's Combined Sewer Overflow (CSO) program; and the Elliott Bay/Duwamish Restoration Program (Estuary Enhancement), a cooperative program implemented by the National Oceanic and Atmospheric Administration (NOAA), the U.S. Fish and Wildlife Service, Washington State Department of Ecology, Suquamish Tribe, Muckleshoot Tribe, King County, and the City of Seattle.

Financial Policy Review

Throughout 2002, the Executive has been working on a comprehensive review and update of the City's financial policies, including policies governing capital planning and funding. The capital planning and funding policies were adopted by Council on August 6, 2001. The new policies incorporate policies that were developed based on the work of the Citizen's Capital Investment Committee in 1994, as well as more recent policies and practices established for financial review of capital projects.

Highlights of the adopted capital planning and funding policies include: a new definition for facility improvements that do not expand capacity; inflation adjustments to the funding for preservation and maintenance of existing infrastructure; incorporation of policies about LEED and sustainable building practices; and revisions to the type of information requested in capital fiscal notes. The adopted policies also commit the Executive to coordinate a study to update the desired funding levels to maintain existing City facilities, with a plan to present study results to Council in the summer of 2002.

Sustainable Building Policy

In February 2000, the City Council adopted a Sustainable Building Policy for the City of Seattle (Resolution 30121). The policy is based on criteria given by the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) rating system. All capital construction which falls under the Sustainable Building Policy is expected to budget to meet the LEED "silver standard" or higher. Sustainable building uses materials and methods that promote environmental quality, economic vitality, and social benefit through the design, construction, and operation of the built environment.

Requirements for Some Capital Projects

Design Commission

Established in 1968, The Seattle Design Commission advises the Mayor, City Council and appropriate City departments on the both design and environmental aspects of the City's Capital Improvement Program.

Commission members are citizens of the City appointed by the Mayor for a renewable two year term. Membership is comprised of two licensed architects, one professional fine artist and one lay member; and at least one and no more than two from each of the following categories, for a maximum total of five: professional urban planner, professional environmental or urban designer, landscape architect and licensed professional engineer.

Commission involvement in capital improvement projects begins as early in the planning process as possible, starting with participation in the consultant selection process and continuing through the many stages of project development. This includes project reviews at the scope briefing or pre-design stage, conceptual design, schematic design, design development and sometimes construction documents stages. The Commission's collective design expertise is a valuable resource for the City.

OVERVIEW

1% for Art Program

The 2002-2007 Adopted CIP includes 1% for Art allocations for each project eligible for art funding in compliance with the ordinance establishing the program (SMC Chapter 20.32). The total of the 1% for Art allocations for 2002 is \$1,541,690 and is shown in the Seattle Arts Commission 2002-2007 Adopted CIP introductory section. If the expected allocations for a project change in future years (either in the budget or through a separate ordinance), then the anticipated 1% for Art allocations changes accordingly. Project costs for the purposes of calculating the 1% for Art allocations cover all phases of a construction project (e.g., studies, planning, design, and construction), except property acquisition.