

9688 Rainier Avenue S.  
Seattle, WA 98118-5981

February 23, 2012

Mr. Tay Yoshitani, CEO  
Mr. Dan Thomas, Chief Financial & Administrative Officer  
Mr. Bill Bryant, Chairman & President, Seattle Port Commission  
Mr. Rob Holland, Vice President, Seattle Port Commission  
Mr. John Creighton, Secretary, Seattle Port Commission  
Mr. Tom Albro, Assistant Secretary, Seattle Port Commission  
Ms. Gail Tarleton, Seattle Port Commissioner

Port of Seattle  
P. O. Box 1209  
Seattle, WA 98111

**DRAFT, FOR REVIEW**

- Re: Washington State Auditor's Findings
- I. Lack of Authority to Finance -  
Highline School District's *Aviation High School*
  - II. Lack of Data to Support the \$300,000,000 Participation in the SR 99 Project  
per Memorandum of Agreement with WSDOT

Dear Port Administrators and Commissioners:

The Office of the State Auditor has advised me by letter dated February 13, 2012 that there are two major concerns that, to me, imply an appalling lack of due diligence on your part and, in the case of the illegal financing of the above referenced *Aviation High School*, where the Port has already expended some \$13.6 million, what must surely be both malfeasance and misfeasance on your collective part.

From your published budget, at page IX-1, Item A, **Tax at a Glance**, for the 2012 levy you show at the 6<sup>th</sup> bullet, "Highline School District, Aviation High School.

However, the auditor has noted in the referenced letter of the 13<sup>th</sup> instant "... that the Port did not have the authority to provide \$15 million for the construction and operation of Aviation High School." The auditor then notes, "The Port has contributed approximately \$13.6 million to fund Aviation High School ..."

Since this is not a legal undertaking, I am asking that you immediately request the King County Assessor remove this item from the 2012 Port levy and, in addition, take whatever action is required to obtain a full refund from the Highline School District. A blunder of this magnitude cannot be left to stand, I am sure you will agree.

To me, it is inconceivable that the Port, in exercising its taxing authority over all of King County, is fundamentally asking, for example, that some property owner in Fall City in the Snoqualmie Valley School District, pay for a new high school in the Highline School District far on the other side of the county. In this illustrative case is this not a violation of your fiduciary duty to the public? As a consequence, it is appropriate for you to right this wrong and obtain a refund for these misappropriated and misspent funds. When can I expect this task to be accomplished? When will you demand a refund from the Highline School District whom I suspect likely schemed with you to promote this scam? For now, the Port's coffers need to be reimbursed by \$13.6 million and, in turn, the taxpayers in King County reimbursed for your mistake with a property tax credit.

The second item arises from your Memorandum of Agreement (MOA) with WSDOT that all of you supported at your public meeting with WSDOT representatives, Messrs. Ron Paananen and Ron Judd, held at the Port's main auditorium on February 9<sup>th</sup>, 2010. This MOA carries an up-front cost to the Port, and by extension, to every property owner in King County, of \$300,000,000 (three hundred million). This sum does not include the time-value of money. If we take today's value of money, at the published rate from the municipal bond index of 4.58 percent, that sum for a 30-year bond is \$1.15 billion.

What do the property owners of King County receive for this billion-dollar gift to WSDOT and a few Seattle waterfront property owners, apart from a highway whose design abrogates no less than five (5) highway safety design standards and will consume 70 megawatts of power per day at an annual cost exceeding \$1.4 million?

Unfortunately, and as you may now be aware, the state auditor could not find any documentation describing what the \$300,000,000 is for. He doesn't know; nor do you.

You should know that I have been asking that same question of your liaison Ms. Charla Skaggs. For example, I asked her about this Port participation in person at the WSDOT corridor hearing of April 22<sup>nd</sup>, 2010, again by letter dated April 27<sup>th</sup>, 2010, and by e-mails dated May 11<sup>th</sup>, May 18<sup>th</sup>, May 25<sup>th</sup>, and June 3<sup>rd</sup>, 2010. In the absence of any financial or traffic data I then came to the conclusion that this billion-dollar "gift" to WSDOT is not fact-based. It is therefore no coincidence the state auditor has reached the same conclusion. No data of any kind exists in support of this surely arbitrary and impulsive amount, an amount nearly three times larger than your entire 2012 county tax levy.

Now, on the positive side of the argument, at least as far as the Port may be concerned, the auditor has pointed out to me by letter of February 13<sup>th</sup>, 2012 that under RCW 53.08.330 the Port is authorized to contribute funds to highway and street projects.

According to the Port's budget (page IX-3) at **Part C. Tax Levy Uses**, tax levy funds have been used for:

“... certain regional transportation projects, including the Port's contribution to the SR 99 tunnel.”

I must ask, is this a justifiable excuse to tax the many for the benefit of the very few?

Consequently, from the above, we are faced with the disturbing fact that all King County property owners are now financing, through the tax levy, some very lucrative “special benefits” (using the Allen-Brackett-Shedd term) to the tune of about half a billion dollars. These properties are owned by only a few downtown Seattle business interests. Does anyone of you consider this an equitable, fair, reasonable and just arrangement?

Can you rationally explain why all King County property owners are being taxed to essentially finance enormous “special benefits” for but a few downtown “central waterfront” Seattle property owners? As you may surmise, this comment applies to virtually all-860,000 plus King County households who, thanks to your judgment, based on nothing according to the State Auditor, are now burdened with this clearly unjust tax.

To summarize the foregoing, there can be no rebuttal to the charge that the Seattle Port Commission has failed in its duty to diligently understand, review, question or intelligently focus on this major financial undertaking, an undertaking of dubious transportation benefit, if indeed any benefit exists at all. As a result, I am asking that you correct this mistake and put the Port on an acceptable course where the ordinary King County property owner's pocket book is not so ruthlessly pillaged for the benefit of a small number of well-placed downtown Seattle property interests.

I will attend your February 28<sup>th</sup> meeting at Sea-Tac airport at 1:00 p.m. and trust this substantial tax component will also be on your agenda. At this forthcoming Port Commission meeting, how are you going to rectify this enormously costly financial obligation, if it is in fact a legitimate obligation, which was at last brought to light by the state auditor (and soon to be published at [www.sao.wa.gov](http://www.sao.wa.gov)).

Thank you for your attention. I look forward to your resolution.

Sincerely,

Christopher V. Brown, P.E.

cc Office of the King County Assessor

## Reasons to Rescind the Memorandum of Agreement with WSDOT

There are four main reasons to withdraw from the agreement with WSDOT.

1. The deep-bored tunnel promised to the legislature is not what is being built as of this time. It includes not less than 5 deviations from the current highway design standards.

Attached are two drawings. One shows the design submitted to the legislature on which funding was approved. The other shows what is now being designed. Note the changes to the lane and shoulder widths and vertical clearances.

More telling to the Port, grades cannot exceed 5% for more than 900 feet. NB it is 4,000 feet, SB it is 3,000 feet.

2. The tunnel does not provide for an escape route for the handicapped traveler in the lower, NB lanes. HC travelers are at great risk.

Attached are drawings of the NB-SB stairs to the longitudinal escape corridor. Note this is not handicapped accessible.

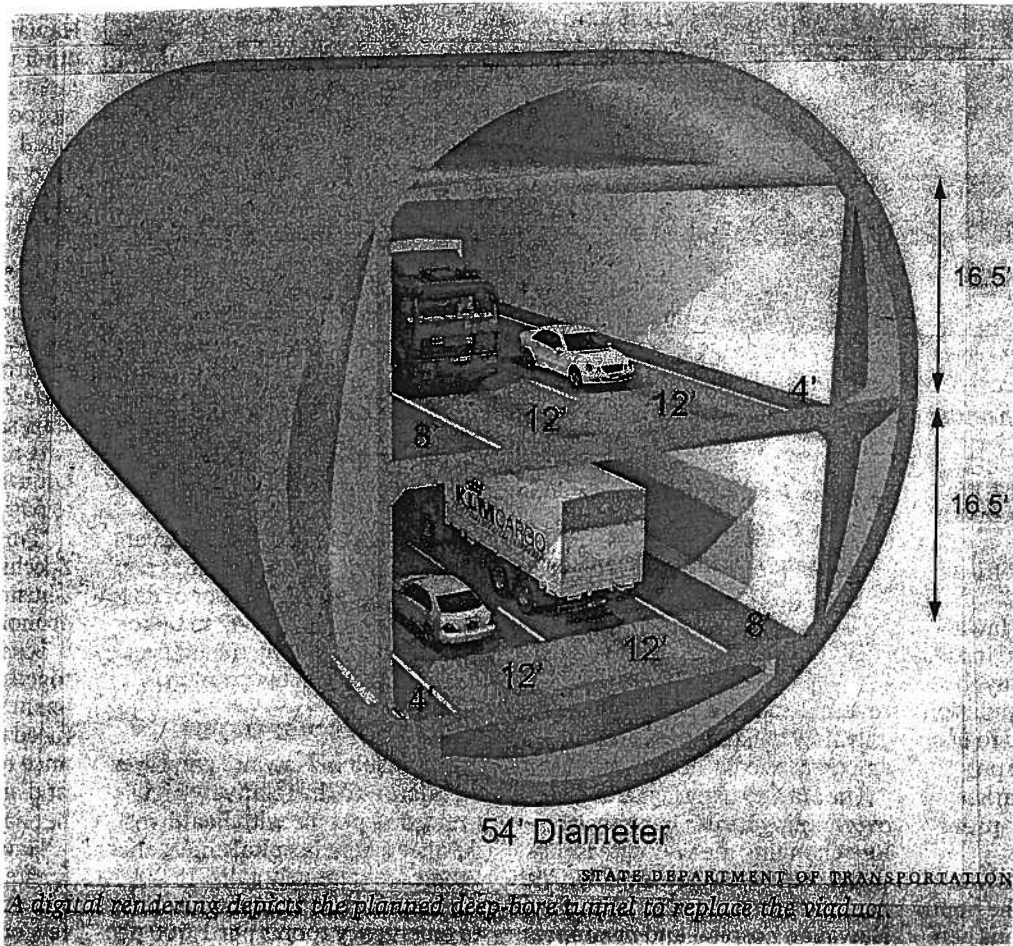
3. The tunnel, with no routing to Magnolia, Inter-bay, and Lower Queen Anne, coupled to its tolling requirements, will induce an enormous shift of vehicular traffic onto the local roadway network along the waterfront.

Excluding traffic diversion due to tolling, the shift to local streets from the SR 99 route will be at least 30,400 ADT according to 2015 forecasts. These enormous shifts remove any advantage to the Port. Clearly, the ***DBT OFFERS NO ADVANTAGE TO THE PORT: it is a large disadvantage.***

4. An independent study, attached, performed for Seattle DOT, shows that the benefits of the tunnel accrue to only a few property owners.

The Allen-Brackett-Shed appraisers show benefits to only some 11,000 properties along the waterfront. These owners gain a benefit of up to \$600,000,000. Yet, the Port levy of \$300,000,000 is to all of King County.

There is no question these items show that the county property owner does not gain a single benefit. Accordingly, you must rescind this agreement.



Seattle Times publication of the conceptual design of the Alaskan Way Viaduct.

Excludes tunnel wall protection – e.g. Jersey Style Barriers.

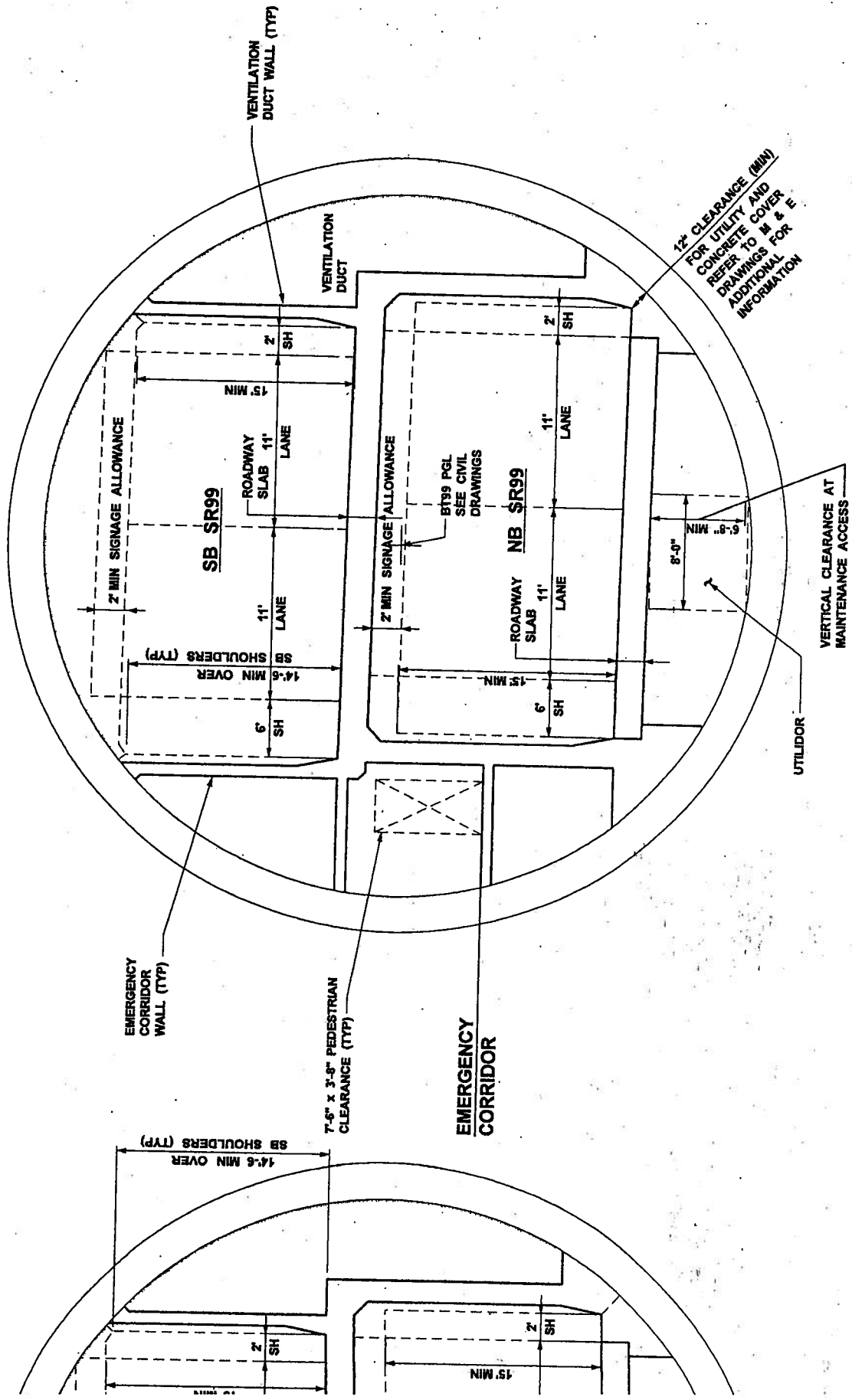
Excludes emergency escape routes in the event of fire or catastrophic events.

Excludes ADA capable pedestrian escape routes on lower NB roadway.

Presumes traffic operations are less problematic than the re-built Hood Canal Bridge.

D E F G H

1 2 3 4



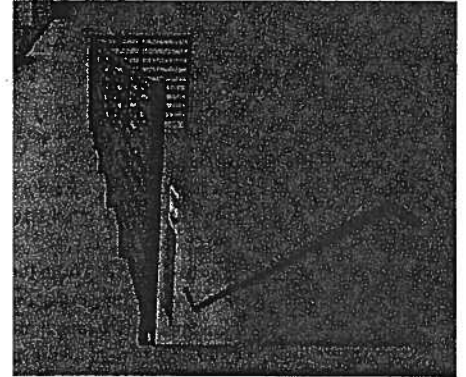
12" CLEARANCE (MIN)  
FOR UTILITY AND  
CONCRETE COVER  
REFER TO M & E  
DRAWINGS FOR  
ADDITIONAL  
INFORMATION

**NOTES:**  
1. THE DIMENSIONS SHOWN ARE  
CONCEPTUAL AND ARE PROVIDED  
FOR INFORMATION ONLY. THE  
CONTRACTOR MAY WANT TO

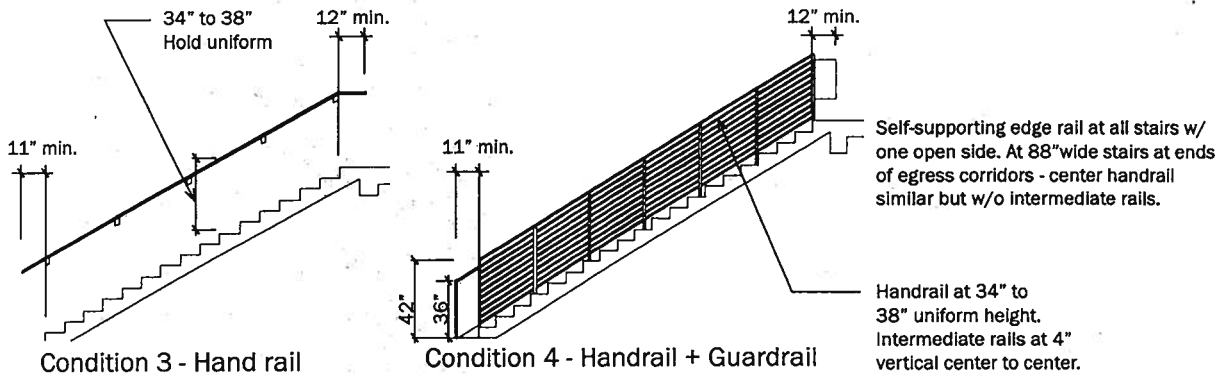
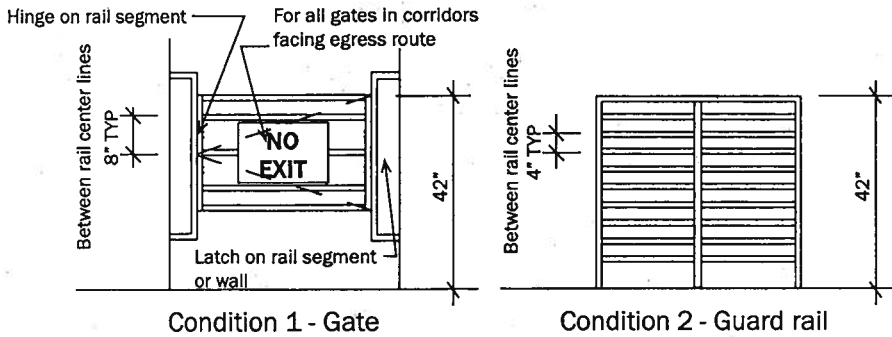
## Tunnel Interior Railing

**Objectives:**

- Provide safe, code-compliant rail elements
- Reduce maintenance and fabrication costs with simple, limited range of sub-elements
- Serve widest range of users by incorporating ADA standards where reasonable
- Coordinated, aesthetically acceptable visual appearance from one rail type to the next



Railings in Egress Corridor



**Consulting Report – Preliminary  
Feasibility Analysis of Special Benefits**

**Various Program Elements of the Alaskan Way  
Viaduct and Seawall Replacement Program,  
Including Central Waterfront, Seawall,  
1<sup>st</sup> Avenue Streetcar and Mercer West**

**Location**

Near Seattle Central Waterfront  
From King Street to Mercer/Roy Streets  
Seattle, Washington

**Date of Report**

June 1, 2010

**Date of Analysis**

June 1, 2010

**Consultant**

Deborah A. Foreman, Senior Associate  
Matthew C. Sloan, Senior Associate



# Allen ■ Brackett ■ Shedd

Real Estate Appraisers and Consultants

S. Murray Brackett, MAI, Principal  
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Deborah Foreman  
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Chris McGarvey  
Heidi Klansnic

June 1, 2010

Bob Chandler, Project Manager  
Seattle Department of Transportation  
City of Seattle  
P.O. Box 34996  
Seattle, WA 98124-4996

RE: PRELIMINARY FEASIBILITY ANALYSIS OF SPECIAL BENEFITS FOR VARIOUS PROGRAM ELEMENTS OF THE ALASKAN WAY VIADUCT AND SEAWALL REPLACEMENT PROGRAM, INCLUDING CENTRAL WATERFRONT, SEAWALL, 1ST AVENUE STREETCAR AND MERCER WEST, NEAR SEATTLE CENTRAL WATERFRONT, IN SEATTLE, KING COUNTY, WASHINGTON

Dear Mr. Chandler:

As requested, we have completed a *Preliminary Feasibility Analysis of Special Benefits/ Consulting Assignment* for the various program elements of the Alaskan Way Viaduct and Seawall Replacement Program (AWVSR), including Central Waterfront, Seawall, 1st Avenue Streetcar and Mercer West ("Project"), near the Seattle Central Waterfront in Seattle, King County, Washington. The purpose of this analysis is to assist the City of Seattle in decision making regarding the potential feasibility for a Local Improvement District (LID) or multiple LIDs, in advance of completing a more detailed Preliminary Special Benefits Study for LID formation.

The intended user of this analysis is the City of Seattle. Due to the brief timeframe and preliminary nature of this analysis, our expectation is a reader of this report should be knowledgeable of the project, surrounding commercial, multifamily, residential, and industrial real estate markets, and LID matters.

For this preliminary feasibility analysis, we identified about 11,000 properties in a study area proximate to the project, including over 9,000 residential condominiums. Summaries of our analysis and conclusions are presented in several charts and analysis maps within this report. This report addresses our understanding: 1) of the project(s) based on a summary review of project documents and mapping; 2) our scope and methodology for the preliminary feasibility analysis of special benefits; 3) preliminary analysis conclusions and reliability; and 4) anticipated LID challenges.

Our analysis supports the following range of potential special benefits resulting from the "Project" as of June 1, 2010:

Low:	\$395,000,000
Mid:	\$810,000,000
High:	\$1,495,000,000

In our opinion, the most probable range of total potential special benefits for the project is:

**PROBABLE RANGE: \$675,000,000 TO \$900,000,000**

The above "Probable Range" of benefits is allocated as follows:

Central Waterfront	\$450,000,000	to	\$600,000,000
Seawall	\$12,000,000	to	\$15,000,000
1 <sup>st</sup> Avenue Streetcar:	\$200,000,000	to	\$260,000,000
Mercer West	\$13,000,000	to	\$25,000,000

This consulting report was made in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and is intended to conform to the report standards of the entity requesting this assignment. This report is specific to the needs of the client and for the intended use and users stated in this report. The consultant is not responsible for unauthorized use of this report.

If you have any questions regarding this preliminary feasibility analysis, process or any of the summary exhibits, please give us a call at (425) 450-4040. We are available to consult with the City regarding our findings and recommendations.

Sincerely,

ALLEN BRACKETT SHEDD



Deborah A. Foreman, Senior Associate

Matthew C. Sloan, Senior Associate

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Enclosures