



TO: Phyllis K. Macleod, Hearing Examiner
FROM: Ralph K. Rodriguez, L.I.D. Administrator
SUBJECT: LID 8645
DATE: May 8, 2017



In response to the verbal and written comments submitted during the hearing on the assessment roll of LID 8645 and additional letters filed following the hearing, the Public Works Department provides the following response.

- **Exhibit No. 10** - Owens Financial Group, Parcels 900872-001-0 thru 900872-015-0
The Local Improvement District (LID) assessments for the Mecca Condominium are comprised of two components, their proportionate share of the \$7.6 million expense of the LID improvements shared by all parcels within the assessment district as authorized by Ordinance 27475 (\$97,959.21) and the expense of the reconstruction of the vaulted structural sidewalk abutting the property as requested by the previous property owner (\$170,181.69).
- **Exhibit No. 11** - YWCA, Parcels 200405-001-2, 200405-002-0, 200405-007-0, 200406-001-0 and 200406-002-0
Having the record held open for 30-days after the hearing accomplished the intent of the 30-day deferral requested by the YWCA.
- **Exhibit No. 12** – Judy Robinette, Parcel 900525-018-3
The final assessment amount of \$7,193.00 includes \$503.61 of requested supplemental work for the irrigation system installed in the planted area. The amount of \$3,849.31 was noted as the estimated assessment during the formation of the LID. In 2007 the owner was informed of the increase in assessment, Mr. Robinette responded favorably to the increased assessment amount of \$5,761.61 (Attachment 1).
- **Exhibit No. 13** – Evergreen Investments of WA, LLC, Parcel 900525-003-0
The final assessment amount of \$13,307.00 includes \$596.40 of requested supplemental work for the irrigation system installed in the planted area. The estimated assessment noted during the formation of the LID was \$4,558.52. In 2007 the owner was informed of the increase in assessment to \$6,830.26 and elected to not respond to the survey.
- **Exhibit No. 14** – SPI Enterprise LLC, Parcels 200705-003-3 and 200705-001-1
The owner did not provide proof that the property, a surface parking lot, was not benefitted.
- **Exhibit No. 15** – Linda Merelle, Parcel 900525-015-3
The final assessment amount of \$3,508.00 includes \$230.37 of requested supplemental work for the irrigation system installed in the planted area. The amount of \$1,760.80 was noted as the estimated assessment during the formation of the LID. In 2007 the

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owner was informed of the increase in assessment to \$2,638.30 and elected to not respond to the survey.

- **Exhibit No. 16** – William & Helen Abbott, Parcel 900913-013-0
The statutes governing LIDs allow local jurisdictions to use any other method or combination of methods other than zone and termini to compute assessments which may be deemed to more fairly reflect the special benefits to the properties being assessed. Due to the variety of uses of properties within the district, the Department opted for a special benefit analysis which more fairly allocates the expenses and assures that the assessments are not greater than the benefit received from the LID. All properties within the assessment district were reviewed. The statute cited by Mr. Abbott in section 6.B is used when parcels have been inadvertently left off the assessment roll and not included within the original assessment district, the reassessments must equal the original assessment total as approved by the legislative body.

With respect to Mr. Abbott's comment about unfair subsidy, the four City parcels along St Helens Avenue were included within the assessment district, the assessments of the parcels increased from \$568,785.25 to \$1,647,485.

The final assessment amount of \$433,764.00 includes \$43,927.45 of requested supplemental work not included with Mr. Abbott's objection. The final assessment includes all expenses related to construction, engineering, surveying, ascertaining the ownership of the lots or parcels of land, advertising, mailing, and publishing all necessary notices, accounting, clerical labor, legal, financial, appraisal services, financing, including the issuance of the Consolidated Local Improvement District Bonds associated with the improvements.

- **Exhibit No. 17** – Winthrop LP, Parcel 200705-015-0
The agreement signed by the owner for the structural walk was to fill the voided space and construct sidewalk on grade (Attachment 2). The PCS expenses are for a structural engineer to evaluate the lateral pressure that would be placed on the building foundation. The owner requested a change to leave the vaulted walk and shore up to meet H-20 load rating. The \$36,936.95 are costs associated for the design and redesign of the walk. The \$70,259.38 represents the portion of staff charges associated with the shoring up of the structural walk. The interest charges are short term financing expense associated with the work.

The term discount actually refers to the Consolidated Local Improvement District Bond issuance costs associated with the long term financing of the structural walk, if the assessment is paid in full within the 30-day interest free period the assessment would be reduced by 2.5%.

- **Exhibit No. 18** – Paul Grigsby, Parcel 2007065-013-0
The Department contacted the Grigsby's in December 2006, September 2008, May 2009, and September 2009 regarding the structural sidewalk. The owner returned the response form in September 2009 indicating he approved including the structural sidewalk work in his LID assessment. The contested expenses are for the work

associated with the structural walk performed prior to the City being notified by Mr. Grigsby that the void would instead be filled through a private work order issued June 2010. (Attachments 3 thru 7)

- **Exhibit No. 19** – David Fischer, Parcel 900804-015-0
The final assessment amount of \$8,712.00 includes \$1,277.30 of requested supplemental work. The estimated amount of \$4,580.45 identified in Schedule B of the First American Title report is an estimated amount and does not include the expense of the additional work, nor the assessments as allocated by the special benefit study.

Please see the response from Valbridge Property Advisors.

- **Exhibit No. 20** – Larry Strege, Parcel 900913-025-0
Please see the response from Valbridge Property Advisors.
- **Exhibit No. 21** – 1300US LLC, Parcels 900915-001-0 thru 900915-006-0
Please see the response from Valbridge Property Advisors.
- **Exhibit No. 22** – William Riley, Parcels 200406-006-0, 200406-007-0, 200705-014-0, 200706-001-6, 200706-003-0, 200706-004-0, 200706-006-0, 200706-009-0 and 200706-010-0

The City did contact Mr. Riley to discuss costs related to the ADA ramp, the repointing of the brick veneer and the removal of the UST, the City provided Mr. Riley with the costs associated with the improvements. (Attachments 21A thru 21N)

The City provided Mr. Riley's personal assistant with an electronic copy of the Broadway LID spreadsheet. The spreadsheet noted how the costs were allocated and which items were specifically assessed to Mr. Riley's parcels.

The quantities for the improvements were agreed upon between the contractor (Wm Dickson) and the City on November 2012, with the retainage bond being released January 2013, the retainage bond for the structural walk (R.L. Alia) and portions of the LID abutting the structural walk was released July 2013, the retainage bond for the abated structural walk (Anthony Construction Co) and portions of the LID abutting was released January 2013. The final quantities paid to the contractor were needed to determine the final project costs and could not have been completed prior to the releases.

Please see the response from Valbridge Property Advisors.

- **Exhibit No. 24** – Metera Investment, Parcel 900678-006-0
The record has been held open for additional time to provide an opportunity for a 3rd party to review the 'Special Benefit Study' and to provide additional testimony. As of May 1st no additional information was submitted.
- **Exhibit No. 25** – Blaine Johnson, Parcels 900599-004-0 & 900599-019-0, Nancy Brown, Parcel 900599-014-0 and Steven Bellinghausen, Parcel 900599-007-0

The overhead costs, specifically staff costs, allocated as part of the LID assessments are below what a typical project of this size would incur. The preliminary engineering costs of \$269,633.84 represent 6% of the construction costs being borne by the owners, typically the costs for this size of project would range between 8 to 12%. The construction management, inspection and construction surveying expenses of \$599,806 represent 13.6%, on a comparable project the costs would range between 12 to 15%. The LID staff expense of \$296,236 represents 6.6%. The other costs are unique to this LID.

PCS, the Structural Engineer, provided an engineering report on the integrity of the structural walk. The expense of that report was assessed to the units within the Vintage 'Y'.

Exhibit No. 28 – The Passages Partnership, Inc., Parcel 900312-001-0

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The statutes governing LID allow local jurisdictions to include the cost for financing of the local improvements.

Exhibit No. 29 – The Roberson on Ledger Square, Parcels 900804-001-0 thru 900804-047-0

The overhead costs, specifically staff costs, allocated as part of the LID assessments are below what a typical project of this size would incur. The preliminary engineering costs of \$269,633.84 represent 6% of the construction costs being borne by the owners, typically the costs for this size of project would range between 8 to 12%. The construction management, inspection and construction surveying expenses of \$599,806 represent 13.6%, on a comparable project the costs would range between 12 to 15%. The LID staff expense of \$296,236 represents 6.6%. The other costs are unique to this LID.

A copy of the additional or requested work was provided to Blaine Johnson, the representative of the Roberson on Ledger Square Condominium.

Exhibit No. 30 – Jamie Brooks, Parcel 900678-001-0

The overhead costs, specifically staff costs, allocated as part of the LID assessments are below what a typical project of this size would incur. The preliminary engineering costs of \$269,633.84 represent 6% of the construction costs being borne by the owners, typically the costs for this size of project would range between 8 to 12%. The

construction management, inspection and construction surveying expenses of \$599,806 represent 13.6%, on a comparable project the costs would range between 12 to 15%. The LID staff expense of \$296,236 represents 6.6%. The other costs are unique to this LID.

The statutes governing LIDs allow local jurisdictions to include the cost for financing of the local improvements. Statutes also allow local jurisdictions to use any other method or combination of methods other than zone and termini to compute assessments which may be deemed to more fairly reflect the special benefits to the properties being assessed. Due to the variety of development of properties within the district, the Department opted for a special benefit analysis which more fairly allocates the expenses and assures that the assessments are not greater than the benefit received from the LID.

Exhibit No. 31 – Madelynn Leifson, Parcel 237200-002-0 and 237200-027-0

The final assessment amounts of \$4,085.00 for parcel 237200-002-0 and \$4,755.00 parcel 237200-027-0 are for the respective parcels currently owned by Ms. Leifson. The amounts of \$2,642.52 for parcel 237200-002-0 and \$3,199.03 for parcel 237200-027-0 were noted as the estimated assessment during the formation of the LID. In 2007 the owner was informed of the increase in assessment to \$3,959.42 for parcel 237200-002-0 and voted against proceeding (Attachment 9). Parcel 237200-027-0 was owned by Mr. & Mrs. Lovely they were provided with a revised assessment of \$4,793.28 and voted not to proceed with the project (Attachment 8).

Exhibit No. 32 – Jacqueline Wihbey, Parcel 900546-001-0

This parcel is at the northerly end of the project. The electrical, telecommunication and cable-tv distribution lines were placed underground, the utility pole abutting the parcel provides secondary service to the building. City staff could not reach an agreeable solution to place the secondary lines underground with the owners during the construction phase of the project.

Exhibit No. 33 – Stella Jones, Parcel 237200-003-0

The final assessment amount is \$4,106.00. The amount of \$2,642.52 was noted as the estimated assessment during the formation of the LID. In 2007 the owner was informed of the increase in assessment to \$3,959.42 and voted against proceeding (Attachment 10).

Exhibit No. 34 – Kim Patino, Parcel 237200-028-0

The final assessment amount is \$5,114.00. The amount of \$3,516.33 was noted as the estimated assessment during the formation of the LID. In 2007 the parcel was owned by Mr. & Mrs. Lovely. They were provided with a revised assessment of \$5,269.70 and voted not to proceed with the project (Attachment 11).

The quantities for the improvements were agreed upon between the contractor (Wm Dickson) and the City on November 2012, with the retainage bond being released January 2013, the retainage bond for the structural walk (R.L. Alia) and portions of the

LID abutting the structural walk was released July 2013, the retainage bond for the abated structural walk (Anthony Construction Co) and portions of the LID abutting was released January 2013. The final quantifies paid to the contractor were needed to determine the final project costs and could not have been completed prior to the releases.

Exhibit No. 35 – Terry Balish, Parcel 900550-024-0

The final assessment amount is \$3,793.00. The amount of \$1,729.28 was noted as the estimated assessment during the formation of the LID. In 2007 the owner Mr. and Mrs. McDowell were informed of the increase in assessment to \$2,591.07, they voted in favor of proceeding. The updated assessment amounts were provided to the City Treasurer's office to update their records. The information provided by the title company does not reflect the updated assessment amounts or the information provided in 2012 (Attachments 12 & 13).

The statutes governing LIDs allow local jurisdictions to include the cost for financing of the local improvements.

Exhibit No. 36 – Julie Hill, Parcel 900550-026-0

No updates have been provided to Ms. Hill, the only correspondence is a letter to Windermere Real Estate dated September 6, 2011 with an estimated assessment amount of \$1,945.45. The amount of \$1,252.24 was noted as the estimated assessment during the formation of the LID.

Exhibit No. 37 – Roxanne Auge, Parcel 237200-009-0

The final assessment amount is \$4,755.00. The amount of \$3,079.73 was noted as the estimated assessment during the formation of the LID. In 2007 the previous owner Mr. & Mrs. Toth were informed of the increase in assessment to \$4,614.53 and voted to proceed with the project. The updated assessment amounts were provided to the City Treasurer's office to update their records which are available to the title companies. On July 24, 2015 the department provided a letter to Rainier Title with an updated assessment amount.

Exhibit No. 38 – Eric Lawrence, Parcel 900913-027-0

The final assessment amount of \$5,308 includes \$540.86 of requested additional work requested by the developer which is included in their final assessment. The special benefit is deemed to more fairly reflect the special benefits the properties received from the improvements instead of the zone and termini method of assessment.

Exhibit No. 39 – City of Destiny, LLC, Parcel 200807-004-7

The LID assessments for the parcel are comprised of two components, their proportionate share of the \$7.6 million total assessment of the LID improvements shared by all parcels within the assessment district as authorized by Ordinance 27475, the parcels share being \$6,889.25 and the expense of the reconstruction of the vaulted

structural sidewalk abutting the property as requested, \$121,273.75. The expenses are for the construction, design, bidding, construction management, financing and long term financing for the structural sidewalk. The original assessment for the LID improvements in 2006 was estimated at \$11,509.73, in 2007 the amount increased to \$17,245.62, the owners did not indicate a preference. The appraiser determined that the parcel received less benefit than determined by using the zone and termini method of assessment, therefore the assessment was lowered. The cost of the reconstruction of the structural sidewalk was estimated \$85,604. During construction a void was discovered and added to the walk replacement expense. The department is not aware of any water coming from the reconstructed sidewalk, and made no guarantee of preventing water from the abutment wall.

Exhibit No. 40 – Tom Krilich for the Granville Condominiums, Parcels 900669-001-0 thru 900669-006-0

The final total assessment for the parcels within the Granville Condominiums totaled \$80,914. Using the zone and termini method of assessment the 2006 estimated assessment amount for the parcel (pre-condo) amounted to \$33,668.72. In 2007 the owners were informed of the increase in assessment with the revised total of \$50,447.59, with five of the six owners responding (Attachments 14 thru 18). The special benefit analysis more accurately reflects the special benefit the properties received from the improvements instead of the zone and termini method of assessment.

The expense for the reconstruction of the structural sidewalk was not prorated throughout the district but was allocated to the specific parcels with a structural sidewalk. The Wm. Dickson contract on LID 8645 was awarded on April 15, 2008 and final quantities agreed upon on November 2012. The retainage bond was released in 2013. The other two contacts retainage bonds were also released in 2013.

The purchasers of the units should check their title reports, the information was provided to the City Treasurer's office on November 11, 2008 with the assessment information provided to the title companies.

Exhibit No. 42, 43 and 44 – Court C Condominium, Parcels 900915-001-0 thru 900915-006-0.

While the land area and their buildings are approximately the same size, the appraiser has determined that the parcels for the Court 'C' Condominium receive less benefit than the 732 Broadway Condominiums. The assessments calculated in 2006 reflect the assessments using the zone and termini method of assessment.

Exhibit No. 45 – Terry Balish, Parcel 900550-024-0

The final assessment for unit 560, of the Skyview Terrace Condominium is \$3,793.00. The \$1,729.28 was noted as the estimated assessment during the formation of the LID. In 2012, Attorney's Title was provided a letter indicating that the preliminary assessment for Unit 560 was \$2,612.29. Rainier Title Company appears to have relied on the 2006 assessment amount and did not check for updates with the City Treasurer's office.

Exhibit No. 46 – Hugh Moore, Parcel 900913-012-0

The overhead costs, specifically staff costs, allocated as part of the LID assessments are below what a typical project of this size would incur. The preliminary engineering costs of \$269,633.84 represent 6% of the construction costs being borne by the owners, typically the costs for this size of project would range between 8 to 12%. The construction management, inspection and construction surveying expenses of \$599,806 represent 13.6%, on a comparable project the costs would range between 12 to 15%. The LID staff expense of \$296,236 represents 6.6%. The other costs are unique to this LID.

The title report should have disclosed that there was a preliminary LID assessment against the parcel prior to the sale being processed. With the disclosure, the preliminary LID assessment could have been negotiated between buyer and seller with funds being placed in escrow or the cost of the unit lowered to have the new owner responsible for the LID assessment. Those issues are between buyer and seller.

Exhibit No. 50 – Pat Wagner, Parcel 900550-008

The allocation of costs could not have started until after the quantities were agreed upon and it was verified that the subcontractors did not have a claim against the general contractor. The prefinal contractor payments were paid in late 2012, with the releases being received in 2013. The review of costs and allocation of expenses took more time than anticipated. Until that process was completed, the appraiser could not complete the Special Benefit Study.

Exhibit No. 51 – Tom Krilich for the Granville Condominiums, Parcels 900669-001-0 thru 900669-006-0

The final total assessment for the parcels within the Granville Condominiums totaled \$80,914. Using the zone and termini method of assessment the 2006 estimated assessment amount for the parcel (pre-condo) amounted to \$33,668.72. In 2007 the owners were informed of the increase in assessment with the revised total of \$50,447.59. The special benefit analysis more accurately reflects the special benefit the properties received from the improvements instead of the zone and termini method of assessment.

The expense for the reconstruction of the structural sidewalk was not prorated throughout the district but was allocated to the specific parcels with a structural sidewalk. The Wm. Dickson contract on LID 8645 was awarded on April 15, 2008 and final quantities agreed upon on November 2012. The retainage bond was released in 2013. The other two contacts retainage bonds were also released in 2013.

The purchasers of the units should check their title reports, the information was provided to the City Treasurer's office on November 11, 2008 with the assessment information was available to the title companies.