

CITY COUNCIL AGENDA TOPIC

Ordinance authorizing and providing for the acquisition of real property interests for the construction of the Cedar Terrace Pump Station Rehabilitation S-16 Project; providing for condemnation, appropriation, and the taking of land and property rights necessary therefore; providing for payment; directing the initiation of appropriate proceedings in the manner provided by law for said condemnation; and establishing an effective date.

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EXECUTIVE SUMMARY**ACTION**

This Ordinance will authorize the acquisition of property rights necessary for the Cedar Terrace Pump Station Rehabilitation S-16 Project, including the use of eminent domain if mutual agreement cannot be reached through voluntary negotiations.

RECOMMENDATION

Move to adopt Ordinance No. 6861

BACKGROUND/ANALYSIS

The Utilities Department is committed to delivering essential wastewater services to its sewer customers, in both Bellevue and the adjacent communities, that protect public health, ensure environmental stewardship, and support long-term growth and resilience.

In furtherance of this mission, the Department's administration of the public system is guided by several strategic documents – including but not limited to the *Comprehensive Plan (Utilities Element)* – which emphasize the following goals and policies:

- **System Reliability:**
Manage utility systems effectively to provide reliable, sustainable, quality service and to mitigate service disruptions (UT-1).
- **Asset Management:**
Build and maintain City-owned infrastructure to reduce service disruptions and risks to public safety, economic vitality, property, and the environment caused by asset failure (UT-2).
- **Design Standards and Sustainability:**
Use design and construction standards that are environmentally sensitive, safe, cost-effective, and appropriate for long-term system performance (UT-3).
- **Public Health and Environmental Protection:**
Provide a wastewater disposal system that safeguards the public health and protects the environment (UT-31).

The Cedar Terrace Pump Station (located at 3205 – 115th Ave. NE) is one of several aging facilities identified in the sewer pump station rehabilitation or replacement program (S-16) that is funded in the 2021-2027 Capital Investment Program (CIP). After a thorough evaluation, the Department plans to decommission this pump station and replace it with a gravity-based system.

The rationale for eliminating the station includes:

- **Obsolete Equipment:**
The mechanical components are at the end of their useful life and system failures have been increasing. The pump station relies on components that are no longer manufactured, making maintenance increasingly difficult and costly.
- **Operational Risks:**
During severe weather, power outages, and/or equipment failures, the station requires manual operation, increasing the risk of sewer backups and diverting staff from other critical duties.
- **Systemwide Strain:**
Service delays at this pump station place additional strain on the larger sewer system.
- **Cost-Effectiveness:**
The station serves only a single apartment complex. Replacing the station with a gravity-based system avoids the high cost of a full rehabilitation and reduces long-term maintenance and energy expenses. The proposed gravity system provides additional capacity for future development within the service basin.

In the short term, the Cedar Terrace Pump Station Rehabilitation Project will reduce the likelihood of catastrophic system failures and associated costs. In the long term, it will improve service reliability and help maintain affordable customer rates by managing the system efficiently.

To complete the Cedar Terrace Pump Station Rehabilitation Project as presently designed, the City must acquire property rights to construct and support the new gravity-based sewer system. This includes a total of three permanent easements and three temporary construction easements, which will encumber three privately owned parcels.

The City has secured two permanent easements and two temporary construction easements from two of the three privately owned parcels required for the project. One permanent easement and one temporary construction easement remain outstanding for the property located at 1120 NE 33rd Place, which has multiple recorded owners.

The City has been negotiating with the owners of the property at 1120 NE 33rd Place for approximately 12 months to obtain the remaining property rights required for the project. Despite good-faith efforts, the parties have not yet reached an agreement to convey the necessary easements.

At the request of the property owners, the City agreed to fund a feasibility study – at its sole cost – to evaluate an alternative project alignment proposed by the owners. Upon completion, the study concluded the alternative alignment was not recommended.

The analysis found that the proposed alternative would not deliver comparable public benefits in terms of design, future service connections, safety, operations and maintenance, environmental considerations, permitting feasibility, or overall costs. These findings have been shared with the property owners.

Adoption of the proposed ordinance would authorize the City Attorney's Office to initiate a condemnation proceeding, if necessary, to acquire the outstanding property rights required for the project. While the ordinance grants authority to proceed with litigation, the City remains hopeful a mutually agreeable resolution can be reached with the property owners to obtain the rights required.

In accordance, with applicable law, notice of the City Council meeting to consider the proposed ordinance has been sent via certified mail to the recorded property owners and published in the *Seattle Times*.

The Cedar Terrace Pump Station Rehabilitation Project is fully funded. All costs associated with acquiring the necessary property rights will be covered by the City's CIP Plan or other available Utilities funds.

POLICY & FISCAL IMPACTS

Policy Impact

Under RCW 8.12.040 and BCC 4.30.010, major real property acquisitions must be approved by the City Council.

RCW Chapter 8.12 establishes the authority and procedure for cities to acquire property by condemnation for streets, street improvements, and other public purposes. The statutes provide that when a city seeks to condemn property for a public purpose, it must first provide notice in the local newspaper as well as by certified mail to the affected property owners. The statutes further provide that the city indicate that compensation for acquisitions be made from applicable city funds, or, if applicable, by special assessment upon the property benefitted by the project.

Under WAC 458-61A-206, transfers of real property to a governmental entity under an imminent threat of the exercise of eminent domain are not subject to real estate excise tax.

Under 26 U.S. Code § 1033, transfers of real property to a governmental entity under an imminent threat of the exercise of eminent domain may qualify for federal tax benefits, including tax-deferred exchanges.

Fiscal Impact

There is no fiscal impact as a result of this action.

OPTIONS

1. Adopt the Ordinance authorizing and providing for the acquisition of real property interests for the construction of the Cedar Terrace Pump Station Rehabilitation S-16 Project; providing for condemnation, appropriation, and the taking of land and property rights necessary therefore; providing for payment; directing the initiation of appropriate proceedings in the manner provided by law for said condemnation; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

- A. Property Rights Acquisition Table - Cedar Sewer Pump Station Rehabilitation S-16 Project

- B. Legal Descriptions of Properties
 - C. Vicinity / Project Map
 - D. Copy of Publication Notice
- Proposed Ordinance No. 6861

AVAILABLE IN COUNCIL LIBRARY

N/A