

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

a. **Legislation Title:** AN ORDINANCE relating to the funding, operations, and management for Central Waterfront improvements; identifying the philanthropic funding for construction and operations and maintenance and safety and security of public spaces on the Central Waterfront; identifying a timeline for philanthropic fundraising and contributions; authorizing the Seattle Department of Transportation and the Department of Parks and Recreation to execute a two-year pilot agreement in preparation for a long-term agreement with Friends of Waterfront Seattle to operate and manage public spaces on the Central Waterfront; dissolving the Central Waterfront Steering Committee; and creating the Central Waterfront Oversight Committee.

b. **Summary and background of the Legislation:**
The Office of Waterfront and Civic Projects (OWCP), in partnership with Department of Parks and Recreation (DPR) and the Department of Transportation (SDOT), is developing a partnership with Friends of Waterfront Seattle to clarify respective roles, responsibilities and funding expectations in providing high quality operations and maintenance (O&M) and safety and security of the Waterfront Seattle parks and open spaces, beginning with Pier 62 which opens in 2019. This partnership is anticipated to be similar to our partnership with DSA on Westlake and Occidental Parks.

The Waterfront Seattle Strategic Plan, endorsed by the Mayor and City Council in 2012 in Resolution 31399, recommended a partnership with a non-profit park conservancy for the delivery of O&M to the parks and open spaces delivered as part of the Waterfront Seattle improvements. Peer parks such as the Highline and Bryant Square Park in New York City and Discovery Green in Houston all rely on some form of this non-profit conservancy model, which enables an entity to focus solely on the successful management of these iconic parks while also allowing for greater ability to raise funds through donations and revenue generation. Here in Seattle, a similar model has been tested with success in the management partnership between DPR and the Downtown Seattle Association in Westlake and Occidental Parks. The City additionally has a history of turning to non-profits such as the Seattle Aquarium Society and Woodland Park Zoo to manage City facilities that required fundraising and focused management.

In the fall of 2017, City Council approved Resolution 31768, which reaffirmed the City's commitment to the LID, committed Friends to demonstrate \$25 million in committed pledges at the time of the LID formation, and outlined the framework for the Central Waterfront O&M partnership with Friends. The proposed partnership framework was

developed in a manner that was acceptable to the City, its labor partners, Friends' board and potential donors, and to property owners impacted by the proposed LID. To date, Friends has raised approximately \$32 million.

This ordinance identifies a fundraising contribution schedule for the remainder of Friends' \$110 million campaign and set a March 31, 2019 due date for the Friend to submit to the City Budget Director a fundraising plan. It would also further specify an O&M framework through the following actions:

1. Expressly authorize OWCP, SDOT, and Parks to enter into a two-year pilot agreement with Friends for Pier 62, which will inform a long-term agreement with City approval that includes other parks and open spaces within the central waterfront;
2. Formalize a term sheet that would inform the two-year pilot and future longer-term master agreement;
3. State the City's intention to review Special Event Committee policies,
4. State the City's intent to designate the open spaces located in the Right of Way as a "park boulevard;" and
5. Dissolve the current Central Waterfront Steering Committee and create a new Central Waterfront Oversight Committee which would provide oversight of the performance of the partnership, including outreach, public safety, programming, and maintenance of new Central Waterfront parks and public spaces as they are completed.

As part of this pilot agreement, Parks would maintain Pier 62 via a dedicated team of City staff, and Friends would provide activation, public programming, and safety/outreach services. Friends would be responsible for any non-First Amendment permitting and concessions; any revenues generated through these activities would be applied to programming and activation services in the park. SDOT and other appropriate City agencies would maintain their assets unless otherwise negotiated with another City agency. Pier 62 is anticipated to open in 2019.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project? ___ Yes ___x_ No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ___ Yes ___X_ No**
- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

This legislation identifies a March 31, 2019 due date for Friends of Waterfront Seattle to deliver to the City a fundraising plan for its \$110 million capital campaign. It also identifies a contribution schedule and ensures Friends will provide any financing needed

in order to meet the contribution schedule.

This legislation would authorize DPR, SDOT and OWCP to enter into a two-year pilot agreement using Seattle Park District allocations of \$310,000 and \$315,250 to fund DPR maintenance on Pier 62 in 2019 and 2020, respectively. Originally budgeted as \$3,779,886 and \$3,874,383 (the \$3.5M base increased to include inflation) for these same years, the amounts were reduced as part of an agreement between OWCP and DPR in 2017 that led to the reallocation of the original funding to partially fund capital improvements for the Pier 62 rebuild and the remainder to land bank site development by DPR elsewhere in the City. These 2019 and 2020 funds will fund a base maintenance program for Pier 62 in 2019 and 2020 and any money left over could be used for upfront capital investments in equipment. OWCP will work with DPR to identify annual funding needs in 2021 and 2022 based on the phased completion of the project.

The legislation additionally commits the City to include in its annual budget \$4.8 million for waterfront operations and maintenance and safety and security starting in 2023 and inflating consistent with the Seattle Park District Financial Plan and the City's adopted budget. The sources for this funding would be the Seattle Park District, DPR operations and maintenance budget that had been previously allocated to Pier 62 and Waterfront Park, the City's general fund support and commercial parking taxes (CPT).

The legislation is governed by and subject to a fiscal emergency provision that would allow for a reduction in O&M funding in the event of a decline in expected General Fund revenue to ensure O&M budgets for the Waterfront parks and open spaces are reduced consistent with other City budget reductions in a financial downturn.

SDOT has allocated a portion of future CPT revenues from the 2.5% increase approved in 2011 for Alaskan Way Viaduct/Seawall-related uses to cover maintenance and capital reserves for portions of the transportation elements, such as the roadway and lighting, Light Penetrating Panels in the Seawall and other pavement improvements. \$206k is allocated in 2019 from SDOT funding, and SDOT will continue to include additional funding to address this higher level of maintenance in future years.

The pilot agreement would provide Friends the ability to issue, schedule, and collect revenues for non-First Amendment permitting and operate concessions and require that any revenues generated be dedicated to programming in the same spaces. These are revenues that would normally be collected by the City. In the longer-term agreement, the City intends to delegate to Friends the ability to lease kiosks, the Washington Street Boat Landing, and provide other concession opportunities in the spaces subject to the agreement. These delegations, along with occasional ticketed events, are important for Friends to have the ability to plan for diverse and interesting programming while also earning revenue to underwrite free activities for City residents, workers, and visitors. All agreements will include provisions to guarantee access to the spaces (including First Amendment activities) by the public and strict requirements for any revenue generated to fund programming and activation efforts. This model is very similar to the partnership between DPR and the Downtown Seattle Association in Westlake and Occidental Parks.

c. Is there financial cost or other impacts of *not* implementing the legislation?

This legislation is an important element to ensure that the capital investments by the City, the property owner community and philanthropy are well-maintained and ensure the public's use and enjoyment. These O&M commitments are a condition of the Protest Waiver Agreement which is being considered simultaneously via a separate ordinance.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

This legislation affects Seattle Parks and Recreation, as well as SDOT.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No, the legislation does identify future actions that may affect a piece of property.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

This legislation supports the provision of improved public spaces along Seattle's Waterfront that encourages use by people of all ages, incomes, and abilities, and supports free expression. It also helps to ensure that any employment associated with operating and maintaining waterfront parks and public spaces will provide living-wage jobs to local citizens regardless of their age, ethnicity, gender, or sexual orientation.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

This legislation outlines a process for operations and maintenance of the Waterfront improvements and authorizes a pilot agreement. It also identifies capital funding to construct the improvements. The Waterfront Improvement Program spans the waterfront from Pioneer Square to Belltown. It includes improved connections between center city neighborhoods and Elliott Bay, critical utility infrastructure, and new Alaskan Way and Elliott Way surface streets to serve all modes of travel and twenty acres of new and improved public space.

h. Other Issues:

List attachments/exhibits below: