

SUMMARY and FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
Parks and Recreation	Cheryl Fraser 684-7187	Forrest Longman 684-0331

1. BILL SUMMARY

Legislation Title:

AN ORDINANCE relating to the Department of Parks and Recreation; authorizing the Superintendent of Parks and Recreation to enter into a lease agreement with Oiselle Running Inc. to occupy and use a portion of Building 11 at Warren G. Magnuson Park for general office purposes.

Summary and background of the Legislation:

The proposed Council Bill authorizes the Superintendent of Parks and Recreation (“Superintendent”) to execute for and on behalf of the City a five-year lease agreement with Oiselle Running Inc. to complete the necessary upgrades and occupy a section of Building 11 at Warren G. Magnuson Park to use for office space. The proposed bill also authorizes options to extend the initial term of the agreement for two additional 5-year terms. This legislation will generate \$599,938 in revenue between 2016-2020.

- **Background:** Building 11 is a historic building in the North shore area of Magnuson Park. Following the failure of a prior development effort, Seattle Parks and Recreation recruited the Waldorf High School and Cascade Bicycle Club to sign long term leases to refurbish and lease the first floor of Building 11 (2013/14). In 2014 the City retained the services of CBRE to act as the City’s broker in marketing the second floor of Building 11. Oiselle Running Inc. is one of two groups negotiating leases which will fill most of the second floor of Building 11.

2. CAPITAL IMPROVEMENT PROGRAM

 This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

 X This legislation has direct financial implications.

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2015	2016	2015	2016
	N/A	N/A	N/A	N/A
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
	0	0	0	+ \$45,050
Positions affected:	No. of Positions		Total FTE Change	

	2015	2016	2015	2016
	N/A	N/A	N/A	N/A
Other departments affected:				

3.a. Appropriations

N/A This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/#*	2015 Appropriation Change	2016 Estimated Appropriation Change
TOTAL				

Appropriations Notes:

3.b. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
Park & Recreation Fund 10200	Parks & Recreation	Rent revenue from rental of Building 11 at Magnuson Park -K2553 Magnuson Park	0	\$45,050
TOTAL			0	\$45,050

Revenue/Reimbursement Notes:

The Lease authorized by this ordinance will continue to generate revenue beyond 2016, with payments and improvements through the initial term of the lease being made according to the following table.

	2015	2016	2017	2018	2019	2020	Total Value
Rent	\$ -	\$100,112	\$155,896	\$161,643	\$167,370	\$173,117	\$758,138
Less TIA		\$55,062	\$85,743	\$17,396	\$0	\$0	\$158,201
Revenue to Parks		\$45,050	\$70,153	\$144,247	\$167,370	\$173,117	\$599,937
Less O&M		\$20,300	\$21,300	\$22,400	\$24,700	\$26,000	\$114,700
Net Revenue		\$24,750	\$48,853	\$121,847	\$142,670	\$147,117	\$485,237
TI*	\$158,200						

* Tenant Improvements

3.c. Positions

N/A This legislation adds, changes, or deletes positions.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)
TOTAL							

Position Notes:

4. OTHER IMPLICATIONS

a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**

In addition to the projected cash income reflected above, Oiselle Running Inc. will make an investment of \$158,200 to build out the rented space, with the improvements becoming the property of the City. In addition, Oiselle will continue to pay rent for the space, generating an additional \$599,938 from 2016-2020; and if Oiselle exercises one or both of its options, generating additional rental revenues for the terms of those options.

b) **Is there financial cost or other impacts of not implementing the legislation?**

If the legislation is not approved, the space in Building 11 will continue to sit vacant and not generate rental revenue. There is a debt service as a result of the LLC Building 11 settlement agreement; this debt will impact the Parks and recreation budget until the space begins generating revenue to offset these costs.

c) **Does this legislation affect any departments besides the originating department?**

No.

- d) **Is a public hearing required for this legislation?** No.
- e) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- f) **Does this legislation affect a piece of property?**
Yes - this legislation concerns a portion of Building 11 (7777 62nd Ave NE) in Magnuson Park. A floorplan is included as exhibit B in Attachment 1 of the ordinance, and additional illustrations are included as Attachment 1 to this Bill Summary & Fiscal Note.
- g) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**
Parks and Recreation is not aware of any such implications.
- h) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**
The main purpose of this legislation is to complete the renovation of a section of Building 11 in Magnuson Park, and to generate revenue to offset the cost of debt service to Parks and Recreation.
- i) **Other Issues:**
Parks is aware of no other significant issues.

List attachments below:

Attachment 1: Map and Floor Plan