

## **BILL SUMMARY & FISCAL NOTE**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
Parks and Recreation	Donald Harris / 684-8018	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 sign a lease with Sprint Communications Company L.P. for continuing use of subsurface fiber-optic cable installed in the Burke-Gilman Trail.

#### **Summary and background of the Legislation:**

This Council Bill authorizes the Superintendent of Parks and Recreation to execute a ten-year lease with Sprint Communications for its continuing use of fiber-optic lines and associated conduits located under the Burke-Gilman Trail. The proposed lease will guarantee the City a fair market rental return, beginning at \$400,000 per year, with periodic increases throughout the term of the agreement. The lease guarantees Sprint secure use of the Burke-Gilman Trail which is critical to its operation of communications infrastructure for the entire northwest region.

The City entered into a 25-year agreement in 1988 with Sprint for the installation of fiber-optic conduits and lines underneath the Burke-Gilman Trail. The 1988 agreement provided for Sprint to offset some rent against a large number of trail improvements, including a one-mile extension of the trail, and provided for payment for a construction easement and use fees totaling \$530,185 over the life of the agreement. That agreement has expired and the proposed legislation authorizes a 10-year lease commencing retroactively to the termination date of the old agreement.

The fiber-optic installation in the Burke Gilman Trail is considered to be significant infrastructure and serves primarily as a data conduit for businesses (banks and others) in the Seattle metropolitan area that transmit data to businesses and facilities to the east. It also serves to provide voice transmission services to Seattle and neighboring communities.

The City contracted for the services of a highly qualified appraiser to determine fair market rental value of the Trail. The lease rental amount, beginning at \$400,000 per year, is consistent with the values concluded in the appraisal. The lease provides for upward adjustments at three-year intervals from July 14, 2013, by an amount equal to the non-compounded percentage change in the Consumer Price Index (CPI) for all Urban Consumers in the Seattle, Bremerton, Tacoma Area published by the Bureau of Labor Statistics. It is anticipated that the total rent the City will receive during the term of the lease will be between \$4,000,000 and \$6,000,000 depending on the amount of CPI change during the 10-year term of the lease.

The lease also includes an option to extend the term for an additional ten years on the same terms and conditions as the existing agreement provided that Sprint provides the City at least one

year’s advance notice of its intent to exercise the option.

**2. CAPITAL IMPROVEMENT PROGRAM**

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

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Please check one:

  X   This legislation has direct financial implications.

<b>Budget program(s) affected:</b>				
<b>Estimated \$ Appropriation change:</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Estimated \$ Revenue change:</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>(400,000)*</b>	<b>(400,000)</b>	<b>400,000*</b>	<b>400,000</b>
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Other departments affected:</b>				

\* Parks used the Sprint revenues to achieve General Fund savings in the 2015 Adopted Budget, and the budget already includes this funding. The lease agreement is needed so that revenues are received in 2015.

**3.a. Appropriations**

     This legislation adds, changes, or deletes appropriations.

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

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
Parks Fund/10200	DPR	Permit Revenues	\$400,000*	\$400,000
<b>TOTAL</b>				

Revenue/Reimbursement Notes: :

\* The 2015 adopted budget includes the revenue and appropriation authority for the 2015 payment. Most of the anticipated back payment is also reflected in the 2015 adopted budget as one time use of fund balance (Parks had anticipated receiving the funds in 2014) thereby reducing General Fund support to Parks in 2015. The remaining will be used to offset the combined 2% general fund savings goal established by the Council (0.6%) and Executive (1.4%) for 2015.

**3.c. Positions**

       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)
<b>TOTAL</b>							

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?**  
Yes. Approval of the lease will generate between \$4 million and \$6 million over the ten year term.
- b) **Is there financial cost or other impacts of not implementing the legislation?**  
Yes. Anticipated revenue will be lost.
- 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. DPR's portions of the Burke-Gilman Trail extend from NE 145<sup>th</sup> Street southerly and westerly to 25<sup>th</sup> Avenue NE, thence from NE 50<sup>th</sup> Street southerly to NE 45<sup>th</sup> Street where the Trail enters University of Washington property. At Pasadena Place NE (just east of I-5) City ownership, under DPR's jurisdiction, resumes. The Sprint installations continue from Pasadena Place NE to I-5 and then continue south within I-5 right-of-way. See Maps 1 through 5 attached hereto as Attachments A through E.
- 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?**  
No.
- 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.**  
This legislation does not include a new initiative or a major programmatic expansion.
- i) **Other Issues:** There are none.

**List attachments below:**

**Attachments A, B, C, D, E - maps showing location of Burke-Gilman Trail and Sprint installation.**