

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Parks and Recreation	Brian Judd/206-615-0381	Anna Hurst / 733-9317

** 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

Legislation Title:

AN ORDINANCE relating to Seattle Parks and Recreation (SPR); authorizing the Superintendent of Parks and Recreation to execute an amendment to the amended and restated Concession Agreement with Tennis Center at Sand Point, LLC at Warren G. Magnuson Park.

Summary and background of the Legislation: The proposed Council Bill authorizes the Superintendent of Parks and Recreation to execute for and on behalf of the City an amendment to an existing Concession Agreement with Tennis Center at Sand Point (TCSP), LLC to:

- Remove Building 41 (“Building 41”) from the definition of the Premises and all references thereof from the Concession Agreement;
- Update mailing addresses;
- Update facility descriptions;
- Add an additional 5-year term extension option to the Concession Agreement;
- Redefine Public Benefits, Processes, Requirements and Offsets; and
- Amend fee payment due dates.

In the previous executed Agreement, the Base Concession Fee is referred to as Rent. The language is now consistent in the Amended and Restated Agreement and the Summary and Fiscal Note.

This Legislation will not generate any additional revenue over the initial Term of the Concession Agreement.

Background

SPR and TCSP entered into a 20-year Amended and Restated Concession Agreement (“Concession Agreement”), Ordinance #123331, on August 2, 2010, for TCSP to build, operate, and manage a tennis facility on a portion of Magnuson Park for the use and benefit of the public. TCSP invested \$6.2 million to build the facility and opened for business in September 2013. SPR and TCSP desire to clarify expectations and definitions of Public Benefits in the Concession Agreement. Additionally, at the commencement of the Concession Agreement, TCSP intended to demolish Building 41, the former Naval gas station, and build a new structure to use as a pro-shop and welcome center. After commencement of the Concession Agreement, SPR and TCSP discovered conditions present in and around Building 41 that make demolition or renovation of the building cost prohibitive. SPR and TCSP mutually desire to remove Building 41 from the Concession Agreement, releasing TCSP from obligations to improve or operate the space and allowing SPR to acquire funding elsewhere to renovate and activate Building 41. SPR also wishes

to grant TCSP an additional 5-year Term extension option and expressly cap public benefit offsets to 16% of concession fees due per year. SPR is satisfied that the removal of Building 41 from the Concession Agreement, and the provision of these additional facilities at Magnuson Park is in the City's and public's best interest.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

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?

No

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

SPR is the owner of Building 41 and ultimately is responsible for addressing its condition and developing the facility. If this legislation is not passed, then SPR will be less likely to obtain funding to renovate and activate the building during the term of the concession agreement. If funding is obtained to renovate and activate the building, it would result in decreased long-term maintenance and upkeep costs to the City and will provide additional rental revenue opportunities.

4. OTHER IMPLICATIONS

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

No

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. As a matter of SPR best practice in this proprietary transaction, available information about the premises and property has been supplied to TCSP, including hazardous materials report from the U.S. Navy, the former owner of the property.

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?

Yes – this legislation concerns Building 41, located at 6327 NE 74th St., Seattle, WA 98115 in Warren G. Magnuson Park. A site map of the building is attached as Exhibit A.

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?

The proposed legislation updates public benefit requirements and language to clarify delivery of services to underserved populations within Magnuson Park and the greater Seattle community.

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).

The purpose of this legislation is to remove Building 41 from the Concession Agreement and to define Public Benefits and the associated processes.

List attachments/exhibits below:

Summary Exhibit A – Building 41 Site Map