

SUMMARY and FISCAL NOTE*

| Department: | Dept. Contact/Phone: | CBO Contact/Phone: |
|-------------------------------------|-----------------------------|----------------------------|
| Finance and Administrative Services | Karen Gruen 733-9238 | George Dugdale 733-9297 |

* 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 the transfer of City property located at 500 30th Avenue South; authorizing the conveyance of the property to the Central Area Senior Center, a Washington non-profit corporation, consistent with the intent of Resolution 31856 and to provide for the continued delivery of social services; making findings of fact about the consideration for the transfer; superseding Resolution 31837 for the purposes of this ordinance; and authorizing the Director of Finance and Administrative Services or designee to execute and deliver documents necessary to carry out the conveyance of such property on the terms and conditions of this ordinance.

Summary and background of the Legislation: For many years, the City has contemplated conveying title to certain senior centers/community centers, each to its non-profit operator, so long as the operator demonstrates the capacity to own and operate the property. The City is now prepared to move forward with the transfer of title on one such property to its non-profit operator, Central Area Senior Center CASC), pursuant to City Council Resolution # 31856 for Mutual and Offsetting Benefit Properties.

The Central Area Senior Center, founded in 1972, is a nonprofit volunteer-supported resource providing services to support the emotional, social, and physical well-being of older adults and their families. In 1975, the City purchased Sunrise House/Newhaven (formerly Sunrise House, Inc.), an existing building on an approximately 57,600-square-foot site located at 500 30th Avenue South (commonly known as “Central Area Senior Center”) for use as a neighborhood senior center. In 1983 the City entered into a long-term, mutual and offsetting benefit lease (“Central Area Senior Center MOB Lease”) with Senior Services and Centers, Inc., pursuant to which the tenant paid de minimis cash rent in exchange for the promise to use the Central Area Senior Center to deliver senior services, and which then converted to a month to month lease in 1987. Over time, Central Area Senior Center, Inc. (CASC), a Washington non-profit corporation, took over management of the property from Senior Services and Centers, Inc., with the CASC acquiring all of the tenancy right, title and interest in the Central Area Senior Center MOB Lease. In 2019, CASC ended a long-standing management agreement with Sound Generations to provide contracted social service programs at its property. CASC continues in possession of the property, out of which it delivers social services.

Pursuant to the 2019 *Memorandum of Agreement Implementing Criteria for Initiating Transfer of Mutually Offsetting Facilities to Tenants*, by and amongst six City of Seattle

departments and offices (FAS, OPCD, DON, OED, OH and HSD), an interdepartmental team within the City of Seattle has determined that the proposed new property owner, CASC – in all material respects – meets the transfer criteria established by the City for transferring property to tenants who have been operating properties under mutually and offsetting benefit lease agreements.

FAS and CASC have entered into an agreement regarding the consideration, terms and conditions for the City’s conveyance of Central Area Senior Center to CASC, subject to the City Council’s authorization.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

| Appropriation change (\$): | General Fund \$ | | Other \$ | |
|--------------------------------|-------------------------|------|------------------------|-----------|
| | 2020 | 2021 | 2020 | 2021 |
| | \$0 | | | -\$16,000 |
| Estimated revenue change (\$): | Revenue to General Fund | | Revenue to Other Funds | |
| | 2020 | 2021 | 2020 | 2021 |
| | \$0 | | | -\$2,957 |
| Positions affected: | No. of Positions | | Total FTE Change | |
| | 2020 | 2021 | 2020 | 2021 |
| | 0 | 0 | 0 | 0 |

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?
 Conveying title to its nonprofit operator in exchange for a commitment to furnish needed social services or a combination of social services and affordable housing means that the City will forego the monetary value of these properties in its citywide real estate holdings. In 2020, the King County Assessor assigned a value of \$4.9 million to Central Area Senior Center.

Is there financial cost or other impacts of *not* implementing the legislation?
 The financial impact of not conveying title to the property is that the City would continue to receive modest revenue from rent, but also still be responsible for the cost of major maintenance expenses. For example, the City spent approximately \$22,000 in 2018 and

\$10,000 in 2019 on corrective and preventative maintenance for Central Area Senior Center. For 2020 and 2021, those costs are estimated to be roughly \$16,000.

If there are no changes to appropriations, revenues, or positions, please delete sections 3.a., 3.b., and 3.c. and answer the questions in Section 4.

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

| Fund Name and number | Dept | Budget Control Level Name/#* | 2020 Appropriation Change | 2021 Estimated Appropriation Change |
|-----------------------------|------|------------------------------|---------------------------|-------------------------------------|
| Facility Operations - 50300 | FAS | Space Rent - PO-FA-SPACERENT | \$0 | - \$16,000 |
| TOTAL | | | \$0 | - \$16,000 |

*See budget book to obtain the appropriate Budget Control Level for your department.

Is this change one-time or ongoing?

This change would be ongoing.

Appropriations Notes:

The reduced appropriation reflects a best estimate of annual maintenance costs in 2021 and subsequent years for the facility, since that will no longer be the responsibility of the City.

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from this Legislation:

| Fund Name and Number | Dept | Revenue Source | 2020 Revenue | 2021 Estimated Revenue |
|-----------------------------|------|----------------|--------------|------------------------|
| Facility Operations - 50300 | FAS | Annual Rent | \$0 | -\$2,956.66 |
| TOTAL | | | \$0 | -\$2,956.66 |

Is this change one-time or ongoing?

This change would be ongoing.

Revenue/Reimbursement Notes:

The reduced revenue reflects the loss of rent in 2021, presuming changes go into effect year end 2020.

3.c. Positions

— This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Yes. Representatives from six departments and offices have participated in an interdepartmental team tasked with overseeing the disposition of Mutual and Offsetting Benefit (MOB) properties.
- 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. However, pursuant to Washington Administrative Code section 197-11-800(5)(b), the disposition of each property requires the making of a threshold determination under the State Environmental Policy Act (SEPA). In the case of this property, the threshold determination resulted in a determination of non-significance. A notice of such determination was published in *The Daily Journal of Commerce*.
- e. Does this legislation affect a piece of property?**
Yes. See Summary Attachment A – Property Map for Central Area Senior Center.
- 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? What is the Language Access plan for any communications to the public?**
The impact of the legislation is limited to vesting title to the property in its non-profit operator, with no disruption to the ongoing delivery of social services.

However, a key tenet of MOB property transfers is that by putting control of each property that much closer to the property's clients, the legislation will ultimately benefit the local community for each property.

Central Area Senior Center has historically served the local African American community, other communities of color, and low-income communities in the Central District. Transferring this property is a community priority and this transfer is aligned with City priorities such as community wealth building and community ownership.

Overall, the MOB property transfer process is rooted in the Race and Social Justice Initiative's goals.

No language access plan was prepared as much of the outreach for the disposition of this property pre-dates the 2017 Executive Order implementing the requirements for a language access plan.

- 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).**

Not a new initiative. City Council Resolution # 31856 for Mutual and Offsetting Benefit Properties dates from November 2018.

List attachments/exhibits below:

Summary Attachment A – Property Map for Central Area Senior Center