

July 6, 2021

MEMORANDUM

To: Transportation and Utilities Committee
From: Eric McConaghy, Analyst
Subject: Seattle City Light Lease of Georgetown Steam Plant – Council Bill 120103

On July 7, the Seattle City Light staff will present to the Transportation and Utilities Committee (Committee) a proposal for a long-term lease and operating agreement between the City and the Georgetown Steam Plant Community Development Authority (GTSPCDA) for the use and occupancy of the City’s Georgetown Steam Plant property (GTSP). After the presentation, Transportation and Utilities Committee will discuss and possibility vote on [Council Bill \(CB\) 120103](#) that would authorize the Chief Executive Officer and General Manager (General Manager) of Seattle City Light (City Light) to execute the proposed lease and operating agreement on behalf of the City.

This memorandum provides background on the GTSP and describes key aspect of the proposed lease and operating agreement.

Background on the Georgetown Steam Plant

In 1906, the Seattle Electric Company built the GTSP to power an electric streetcar system in Seattle. City Light took ownership the GTSP in 1951 and employed it to generate power on a standby basis through 1974. City Light’s decision to take the GTSP out of service in 1977 prompted community interest in preserving the unique, historical character of the facility.

The GTSP was listed on the National Register of Historic Places in 1979 and was designated as National Historical Mechanical Engineering Landmark in 1980. Since 1984, the GTSP has been a National Historic Landmark and a Seattle Landmark.

From 1995 through early 2014, City Light contracted with the Georgetown Power Plant Museum, a non-profit, to maintain the GTSP and to provide public programming. City Light staff began volunteering to host free open houses and guided tours for the public in late 2014.

In 2016, City Light convened the Georgetown Steam Plant Advisory Committee (GTSP Advisory Committee) “as an outside and independent group representing a breadth of relevant expertise including non-profit management, operations and financing of museums and institutions, historic preservation, local government, community engagement, urban planning, neighborhood business, the arts, and history.”¹ In their report to City Light, the GTSP Advisory

¹ Recommendations from the Georgetown Steam Plant Advisory Committee, 2017. http://www.seattle.gov/light/georgetownsteampant/docs/GTSP_Advisory_Committee_Recommendation_Report_Final_with_Appendix_and_Budget_large2.pdf. Last accessed July 2, 2021.

Committee articulated their wish to “advise Seattle City Light on the best ways to restore the building for diverse public access, transition its management to an economically self-supporting model of operation and preserve the historic integrity of a nationally significant landmark.”² The GTSP Advisory Committee met ten times during 2016 and 2017 and delivered their report to City in September 2017.

The GTSP Advisory Committee discussed three models of owning and operating the GTSP: (1) private ownership and operation; (2) public ownership with non-profit operator; and (3) public ownership with a for-profit operator. The GTSP Advisory Committee recommended that City Light retain ownership of the GTSP and partner with a non-profit to raise money for maintenance and to manage the operating and programming of the GTSP.

They said in their report to City Light: “We find advantage in (City Light) partnering with a mission drive (sic) non-profit which will act in keeping with the requirements of the landmark status and the desired programming of the general public and Georgetown community. Non-profits also have access to a variety of funding sources including grants, individual gifts, sponsorships, memberships, admission fees, gift shops, classes, and workshops.”³ City Light followed the GTSP Advisory Committee’s recommendation to retain ownership and seek a non-profit partner.

Through a request for proposals process (RFP) conducted in 2018, City Light selected the team led by Equinox Development Unlimited, LLC (Equinox) to develop this partnership. In 2019, Equinox, incorporated a new 501(c)3 non-profit in the State of Washington, called the Georgetown Steam Plant Community Development Authority, exclusively for charitable and educational purposes “to restore and reinvigorate The Georgetown Steam Plant and empower the Greater Seattle Community using history, sciences, arts and culture as catalysts for equity, preservation, education and community centered activation.”⁴

GTSP Lease and Operating Agreement

Use and rent

The proposed lease would mandate that GTSP CDA Lessee use the GTSP “in a manner that preserves this National and Seattle Historic Landmark per the [Secretary of the Interior’s Standards for the Treatment of Historic Properties \(SOIS\)](#), and Seattle [Ordinance 111884](#), while:

- interpreting and protecting the Landmark and its history for the general public;
- fostering neighborhood identity and community pride;

² Ibid.

³ Ibid.

⁴ Washington Office of the Secretary of State, Corporations and Charities Filing System. <https://ccfs.sos.wa.gov/#/cftSearch>. Last accessed July 3, 2021.

- promoting arts, cultural activities, technological/engineering and other educational uses, and other community uses of and events/gatherings at the facility and its grounds; and
- promoting the participation and use of the Premises by the Georgetown and wider community, including historically underserved communities in Seattle.

Under the proposed lease, Seattle City Light would not collect any rent in the form of payment. Instead, the consideration for the lease (rent) would be the GSPCDA fully meeting its obligations of the lease for operating the GTSP facility as a historic building and museum, including but not limited to public tours, historical interpretation, maintenance, janitorial and other public services.

However, after the first year of the lease, GTSPCDA would be required to pay City Light ten percent of gross receipts that GTSPDA derives from commercial use of the GTSP during the immediately preceding one-year period. The lease would exclude from the calculation any gross receipts that GTSPCDA applies to the improvements to the GTSP or to programming.

Improvements, Alterations and Other Costs

Overall, the lease would require the City to maintain and repair the GTSP as it exists at time of the commencement of the agreement (commencement.) According to the terms of the proposed lease, the City would provide and be responsible for maintenance and repair of the following components of the GTSP:

- the roof of the building;
- the exterior envelope of the building;
- the supporting columns, beams and floor to protect the safety and integrity of the structure;
- major maintenance and repair to the electrical, heating, ventilation and plumbing system “as they exist and to the level of functionality and operation” that exists at commencement; and
- the fencing and gates.

The City would also be responsible for necessary repairs resulting from the failure of electrical or mechanical systems or the roof exterior shell and exterior doors as they exist and at the level of operation/condition at commencement. The City would retain sole discretion regarding repairs within existing staffing level and budget.

Following commencement, GTSP would be responsible for all necessary maintenance and repairs to:

- the components of the electrical, heating, ventilation and plumbing systems that GTSP augments or modifies after commencement;
- the interior of the facility for any improvements installed or constructed by GTSP; and
- any structures added to the property outside the main GTSP building by GTSP.

The terms of the lease would require that all improvements or alterations comply with all permitting and legal requirements, including but not limited to compliance with applicable building codes and with the Americans with Disabilities Act (“ADA”).

The lease would specify that the City is not responsible to pay the costs of improvements including but not limited to seismic or fire and life safety improvements, though the lease would require the City to support the Lessee’s pursuit of grant funds for these improvements. In general, the lease requires both parties to support each other in the pursuit of third-party grants appropriate to the purposes of the lease agreement.

The GSPCDA would indemnify the City and maintain insurance. The GSPCDA would pay all taxes, license fees and utility costs.

Oversight and management

As a requirement of the lease, the GSPCDA would be subject to an oversight board. Membership of the oversight would include at least the following members: (1) a representative of Equinox Studios COG; (2) a representative of a local historic preservation public development authority; (3) a representative of Seattle City Light (as a non-voting member); (4) a representative of a local community-based arts and cultural education non-profit organization; and (5) at least one local community representative. The lease would also require that the board be made up of people representing the “ethnic, racial and economic diversity of the South Park and Georgetown neighborhood” and that GSPCDA’s bylaws govern the appointment of members to the board.

The lease would require GSPCDA to submit an annual plan for management and operations to the City Light General Manager each year for review and comment. The lease would not require the City Light General Manager to approve the annual plan. The annual plan would be required to at a minimum to “include a description of: (1) the previous year’s activities and programs, the revenue...and expenses, programs offered, number of people served, outreach efforts to traditionally underserved communities, and improvements made to the (GTSP); and (2) the upcoming year’s programming, anticipated user fees/rental rates for third-party programming, (GSPCDA’s) outreach program to traditionally underserved communities, and anticipated improvements to the (GTSP).”

Default and Termination

The proposed lease would deem the GTSPCDA in default if GTSPCDA were to violate, breach, or fail “to keep or perform any term, provision, covenant, or any obligation of (the lease.)” The lease would also deem GTSPCDA in default if it filed for bankruptcy, went into receivership, became insolvent or experienced other adverse financial conditions specified in the lease terms.

If GTSPCDA were in default and did not remedy the default to the reasonable satisfaction of the City Light General Manager within thirty days after written notice had been provided to GTSPCDA, then the City could cure the default at GTSPCDA’s expense or terminate the lease.

However, that if the nature of GTSPCDA’s obligation was such that it needed more than thirty days to perform, then GTSPCDA would not be in default if it commenced performance within thirty days and “thereafter diligently prosecute(d) the same to completion.” This extension would not apply to default due to unmet monetary obligations or vacating or abandoning the GTSP.

Next Steps

If the Committee votes to recommend approval of CB 120103 on July 7, then Council could consider and take final action on the legislation as soon as July 12, 2021.

CB 120103 and the proposed lease and operating agreement anticipate a future access easement agreement with King County International Airport that would apply to the GTSP property. Such agreement would be subject to the City’s future approval under separate, future legislation.

cc: Dan Eder, Interim Director
Aly Pennucci, Policy and Budget Manager