

2013 - 2014 Seattle City Council Green Sheet

Ready for Notebook

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18	1	A	1

Budget Action Title: Pass C.B. 117611 authorizing FAS to amend the Concession Agreement between the City and the Benaroya Hall Music Center.

Councilmembers: Budget Committee

Staff Analyst: Tony Kilduff; Martha Lester

Council Bill or Resolution: C.B. 117611

Date		Total	SB	BH	TR	RC	TB	NL	JG	SC	MO
	Yes										
	No										
	Abstain										
	Absent										

Budget Action description:

C.B. 117611 would authorize FAS to execute an amendment to the Lease and Concession Agreement between the City, which owns Benaroya Hall, and Benaroya Hall Music Center (BHMC), a non-profit affiliate of the Seattle Symphony that operates Benaroya Hall on behalf of the City. The proposed lease amendment would reduce the annual amount and extend the term of BHMC’s “concession payments” to the City.

When Benaroya Hall was being designed, the City agreed to issue debt to pay for additional parking requested by the Symphony, with BHMC making concession payments to the City from 1997 through 2026 to repay the borrowing. The present value of the concession payments was calculated to match the present value of the City’s debt service, using the true interest rate on the bonds as the discount rate.

In 2004, the bonds were refinanced to capture lower interest rates. In Ordinance 122555, passed in November 2007, the Council authorized a lease amendment to pass on these interest rate savings to BHMC. BHMC chose to take the resulting savings in the form of a concession payment “holiday” between August 1, 2007 and July 31, 2013. Under the lease amendment, concession payments were to return to the original levels after July 2013.

BHMC has now requested that the City extend the term of the concession payments through 2037 (instead of through 2026) and thus reduce the annual concession payment amount. BHMC’s lease of Benaroya Hall extends through 2037, so under the amendment the concession payment schedule would match the lease term. Under the amendment, concession payments would resume in 2013 at an amount of \$381,724, and rise to a constant annual amount of \$760,000 for 2019 through 2037.

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The present value of the proposed revised concession payments equals the present value under the existing concession payment schedule.

The proposed amendment would result in a revenue reduction to the General Subfund of \$511,007 in 2014, which reduction is already reflected in the Mayor's 2013-2014 Proposed Budget.