

Ordinance No. 123802

Council Bill No. 117374

AN ORDINANCE relating to the use of Seattle Center Department property; amending Section 17.16.030 of the Seattle Municipal Code to authorize the Seattle Center Director to enter into leases with terms of up to ten years for food and beverage services in the Seattle Center House; establishing an oversight committee to review such leases; and ratifying and confirming certain prior acts.

Related Legislation File: _____

Date Introduced and Referred: <u>Dec. 12, 2011</u>	To: (committee): <u>Parks and Seattle Center</u>
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: <u>12.19.11</u>	Date Presented to Mayor: <u>12.20.11</u>
Date Signed by Mayor: <u>12.28.11</u>	Date Returned to City Clerk: <u>12.29.11</u>
Published by Title Only <input checked="" type="checkbox"/>	Date Vetoed by Mayor:
Published in Full Text _____	
Date Veto Published:	Date Passed Over Veto:
Date Veto Sustained:	Date Returned Without Signature:

The City of Seattle – Legislative Department

Council Bill/Ordinance sponsored by: SqBaphe

Committee Action:

Date	Recommendation	Vote
<u>12.15.11</u>	<u>Adopt</u>	<u>2 aye</u>
		<u>SB, BM</u>

This file is complete and ready for presentation to Full Council. _____

Full Council Action:

Date	Decision	Vote
<u>12.19.11</u>	<u>Passed</u>	<u>9-0</u>

Law Department

ORDINANCE 123802

AN ORDINANCE relating to the use of Seattle Center Department property; amending Section 17.16.030 of the Seattle Municipal Code to authorize the Seattle Center Director to enter into leases with terms of up to ten years for food and beverage services in the Seattle Center House; establishing an oversight committee to review such leases; and ratifying and confirming certain prior acts.

WHEREAS, the City desires to maximize the revenues generated by Seattle Center grounds, facilities and properties to support the operation of Seattle Center; and

WHEREAS, the Seattle Center Director is responsible for negotiating rental agreements for Seattle Center facilities and grounds; and

WHEREAS, to provide Center House Food service tenants with the necessary time to amortize tenant investments in Center House, rental agreements of up to ten years in length are required; and

WHEREAS, current provisions of the Seattle Municipal Code limit the Seattle Center Director's authority to agreements of less than five years in length; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection B of Section 17.16.030 of the Seattle Municipal Code, which section was last amended by Ordinance 123446, is amended as follows:

17.16.030 Seattle Center Rental Agreements

The Seattle Center Director is hereby authorized to negotiate and to execute, for and on the behalf of The City of Seattle, rental agreements and to modify existing rental agreements for the use and occupancy of spaces within or on Seattle Center grounds or under the management of the Seattle Center for uses that are not Events, as defined in Attachment B to the Ordinance introduced as Council Bill 117022, and to execute all other necessary documents in connection therewith;

Provided, that:

* * *



1 Passed by the City Council the 19th day of December, 2011, and
2 signed by me in open session in authentication of its passage this
3 19th day of December, 2011.

4 

5 _____
6 President _____ of the City Council

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8 Approved by me this 28 day of December, 2011.

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11 Michael McGinn, Mayor

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13 Filed by me this 29 day of December, 2011.

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15 _____
16 Monica Martinez Simmons, City Clerk

17 (Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Center	Robert Nellams, 684-7334 Thomas Israel, 684-7298 Rebecca Keith, Law 684-8239	Greg Shiring, 386-4085

Legislation Title:

AN ORDINANCE relating to the use of Seattle Center Department property; amending Section 17.16.030 of the Seattle Municipal Code to authorize the Seattle Center Director to enter into leases with terms of up to ten years for food and beverage services in the Seattle Center House; establishing an oversight committee to review such leases; and ratifying and confirming certain prior acts.

Summary of the Legislation:

Currently the Seattle Center Director may enter into rental agreements for use and occupancy of non-event spaces within or on Seattle Center grounds for a maximum term of five years. This legislation increases the Director's authority to enter into such agreements to a maximum term length of ten years for food service rental agreements. This legislation applies only to Center House rental agreements for food and beverage service, all other non-event space rental agreements continue to be limited to five year terms.

Background:

Seattle Center is currently underway with the first phase of renovation of the second floor atrium in the Center House. The renovation project will provide infrastructure improvements and reconfigure the food service areas with the intent of leveraging private investment to revitalize the food and beverage services, increase Seattle Center's revenue, and provide better food service offerings for the public. Earlier this year existing agreements with a number of Center House merchants were terminated and new tenants are being sought for the newly renovated space. The first phase Center House atrium renovation, primarily funded with \$3.4M of City issued LTGO bonds, addresses a number of Seattle Center's priorities – asset preservation, implementation of the Century 21 Master Plan, preparation for our 50th anniversary celebration ("The Next 50"), and revenue generation. The project will be complete in time for the beginning of The Next 50 in April 2012.

A key element of the Center House upgrade is to attract new food kiosk and full service restaurants to the facility. Because the City's capital funds are limited, tenants will be required to make some or all of their tenant improvements for their locations. The need for significant tenant investment is especially true for the new full service restaurants. These restaurants will be a key element in helping to transform the Center House into a dining destination. Given the level of private investment required to create the new food service spaces, longer lease terms are required for tenants to amortize their investment in physical improvements. In conversations with potential tenants, full service restaurant owners have indicated the need for a 10-year lease



term if they are to secure capital financing. While it might be possible to secure tenants willing to make a significant capital investment for a shorter lease term, to date, prospective tenants have said they would only consider this option if the rent was substantially reduced because they would need to amortize their investment over a shorter period of time.

Seattle Center is trying to act expeditiously so that new food service tenants can arrange their financing and begin design and construction in time to be open for the Next 50 celebration. The celebration presents a unique opportunity to change perceptions and rebrand the Center's food service offerings beginning in April, 2012.

Through Ordinance 123171, the Seattle Center Director has authority to enter into rental agreements for Seattle Center's non-event facilities for terms of up to 5 years. Long term rental agreements for non-event facilities are generally proposed to the Council through individual legislation. Authority to enter into agreements for single events is delegated to the Director through a facility rates and fees ordinance that is typically submitted as part of the budget process. In the rates and fees ordinance the Council establishes parameters under which the Director may rent commercial facilities to promoters and other clientele.

This legislation will allow the Seattle Center Director to enter into rental agreements for space in Center House for food and beverage service for up to a 10-year lease term. This is an increase of 5 years over the current 5-year lease term limit. The legislation applies only to Center House and only to tenants providing food and beverage service. This legislation also establishes an Oversight Committee comprised of representatives of City Council staff and the City Budget Office to review proposed food service agreements which are 10 years in duration. The Seattle Center Director's authority to enter into leases in all other non-event facilities will continue to be limited to 5-year terms. The facility rates and fees ordinances submitted with the budget will continue to establish the parameters for rental of commercial facilities to promoters and other clientele.

The Center will experience a large increase in visitors during the summer of 2012. The opening of the King Tut exhibit, the Chihuly Garden and Glass Exhibit, and the Bill and Melinda Gates Foundation Visitor's Center, together with six months of Next 50 activities, will ensure that campus attendance will be high. It is important that the Center be able to capitalize on these new visitors to establish the campus as a dining destination for tourists and neighbors alike. The proposed legislation will provide the Director with the needed authority to execute agreements which will enable the City to attract high quality food service operators to locate in the Center House.

X This legislation has financial implications.



Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2011 Revenue	2012 Revenue
TOTAL				

Revenue/Reimbursement Notes:

This legislation will enable Seattle Center to attract tenants with the resources to invest in Center House. Currently the Center earns approximately \$850,000 annually from Center House and on-grounds food service. Upgrading of food service in Center House will allow the department to ensure that this important revenue stream will remain strong and grow.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

This legislation will enable Seattle Center to attract new food service providers and capital investment in Center House and help us in achieving a significant piece of the vision for Center House in the Seattle Center Century 21 Master Plan in time for The Next 50 celebration.

b) What is the financial cost of not implementing the legislation?

Without the requested authority Seattle Center will be hampered in its ability to upgrade food and beverage service in Center House in time for the 50th Anniversary celebration beginning in April 2012. The financial cost of not implementing the legislation is the loss of opportunity in attracting new food service providers to the Center, and the loss of revenue that new food service providers can generate.

c) Does this legislation affect any departments besides the originating department?

This legislation does not impact other departments.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

The Center could attempt to offer steep rebates on rent in order to allow tenants to amortize their investment over a shorter timeframe (five years). It is not clear that there would be sufficient cash flow to fully enable an offset to happen within a shorter time frame. Such a rebate would severely impact the Center's revenue streams on an annual basis.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.



g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below:

Not applicable





City of Seattle
Office of the Mayor

November 29, 2011

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that amends the Seattle Municipal Code to authorize the Seattle Center Director to enter into rental agreements for terms of up to ten years for food and beverage services in the Center House at Seattle Center. The Seattle Center Director currently has the authority to enter into rental agreements for non-event facilities at Seattle Center for terms of up to five years. This amendment increases the Director's authority to enter into non-event rental agreements from a maximum term length of five to ten years for only Center House food and beverage service agreements. All other non-event rental agreements continue to be limited to five year terms.

As one step toward implementing the Century 21 Master Plan and in preparation for the Center's 50th anniversary celebration, the second floor atrium of Center House is currently being renovated. Changes include providing infrastructure improvements and reconfiguring the food service areas with the intent of leveraging private investment, improving food service offerings for the public and increasing revenue to the City. While a number of the current food service providers in Center House will remain, new tenants are also being sought for the renovated spaces. These new tenants will be making capital investments in the site. Potential tenants have indicated that longer lease terms, especially for full service restaurants, are needed to secure capital financing and amortize their investment in the physical improvements. This Council Bill makes it possible for Seattle Center to enter into agreements with a term that is sufficient to attract tenants that will help to transform the dining experience at Center House.

Seattle Center strives to delight and inspire the human spirit in each person and bring together our rich and varied community and this change will help to make that possible. Thank you for your consideration of this legislation. Should you have questions, please contact Tom Israel at 684-7298.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
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STATE OF WASHINGTON – KING COUNTY

--SS.

279736
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:123774,790-123805

was published on

01/06/12

The amount of the fee charged for the foregoing publication is the sum of \$ 237.15, which amount has been paid in full.

Malcolm

Subscribed and sworn to before me on

01/06/12

Jennifer A. Borrero

Notary public for the State of Washington,
residing in Seattle



Affidavit of Publication

State of Washington, King County

City of Seattle

The full text of the following legislation passed by the City Council on December 19 2011, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>. Contact: Office of the City Clerk at (206) 684-8344.

ORDINANCE NO. 123774

AN ORDINANCE relating to land use and zoning; amending Chapter 23.32 of the Seattle Municipal Code at page 102 of the Official Land Use Map to rezone property located at 500 Fairview Avenue North from Industrial Commercial with a 65 foot height limit to Seattle Mixed with an 85 foot height limit; and accepting a Property Use and Development Agreement in connection therewith. (Petition by BMR-500 Fairview Avenue LLC, C.F. 311061, DPD Project 3011479)

ORDINANCE NO. 123790

AN ORDINANCE relating to land use and zoning, amending Seattle Municipal Code Section 23.47A.013, enacting new Section 23.47A.009, modifying development standards, and amending the Official Land Use Map Chapter 23.32, at pages 137 and 150 to rezone areas within the West Seattle Junction Hub Urban Village.

ORDINANCE NO. 123791

AN ORDINANCE relating to the Seattle Center; authorizing the Director of Seattle Center to execute a new ten-year lease agreement with The Children's Museum, Seattle for the use and occupancy of certain space in the Center House.

ORDINANCE NO. 123792

AN ORDINANCE authorizing the Interlocal Agreement between the City of Seattle and the Port of Seattle promoting music and musicians primarily associated with Seattle and the Puget Sound region.

ORDINANCE NO. 123793

AN ORDINANCE granting the Board of Regents of the University of Washington permission to maintain and operate an underground pedestrian concourse tunnel under and across 6th Avenue north of University Street, for a ten-year term, renewable for two successive ten-year terms; specifying the conditions under which this permit is granted; providing for acceptance of the permit and conditions; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123794

AN ORDINANCE granting 2020 Fifth Avenue, LLC permission to construct, maintain, and operate a pedestrian skybridge in the mid-block portion of the alley between 5th Avenue and 6th Avenue, south of Lenora Street, for a ten-year term, renewable for two successive ten-year terms; specifying the conditions under which this permit is granted; and providing for the acceptance of the permit and conditions.

ORDINANCE NO. 123795

AN ORDINANCE granting Cornish College of the Arts permission to maintain and operate a vehicular tunnel under and across the alley between 8th Avenue and 9th Avenue, north of Lenora Street, for a ten-year term, renewable for two successive ten-year terms; specifying the conditions under which this permit is granted; providing for the acceptance of the permit and conditions; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123796

AN ORDINANCE relating to affordable housing; authorizing the Director of the Office of Housing to enter into and administer an Interlocal Cooperation Agreement with King County for a Regional Affordable Housing Program using revenues from a surcharge on document recording fees authorized by State law; and ratifying and confirming prior acts.

ORDINANCE NO. 123797

AN ORDINANCE authorizing the Superintendent of the Department of Parks and Recreation to amend the Ground Lease between the City of Seattle and the Center for Wooden Boats for development, operation and maintenance of an Education Center in Lake Union Park.

ORDINANCE NO. 123798

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to accept an extension and modification to certain lease and interlocal agreements with the City of Renton, Washington, and ratifying and confirming certain prior acts.

ORDINANCE NO. 123799

AN ORDINANCE relating to Seattle Public Utilities, authorizing the Director of Seattle Public Utilities to enter into an agreement with the City of Renton for the sale of water in an emergency from the City of Renton to the City of Seattle; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123800

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to execute, for and on behalf of The City of Seattle, an easement agreement granting a non-exclusive easement for ingress, egress, and public utilities under, over, and across The City of Seattle's fee-owned [municipal water pipeline property] for the benefit of abutting property owned by 112 Skyway Associates LLC located in the Skyway area of unincorporated King County just south of Seattle in the NW 1/4 of the NE 1/4 of Section 11, Township 23 North, Range 4 East, W. M.

ORDINANCE NO. 123801

AN ORDINANCE, relating to a vehicular and pedestrian ramp over North Northlake Way beneath the George Washington Memorial (Aurora Avenue) Bridge, amending Ordinance 118908, as amended by Ordinance 121855, updating the insurance and bond requirements, and amending the annual fee; renewing the term of the permit to the Quadrant Corporation; providing for acceptance of the permit and conditions; and ratifying and confirming certain prior acts.

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ORDINANCE NO. 123802

AN ORDINANCE relating to the use of Seattle Center Department property; amending Section 17.16.030 of the Seattle Municipal Code to authorize the Seattle Center Director to enter into leases with terms of up to ten years for food and beverage services in the Seattle Center House; establishing an oversight committee to review such leases; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123803

AN ORDINANCE related to the Board of Park Commissioners; authorizing a Get Engaged young adult position to the Board of Park Commissioners; changing the membership composition and terms of Park Commissioners; and amending Section 3.26.010 of the Seattle Municipal Code.

ORDINANCE NO. 123804

AN ORDINANCE relating to Conservation Futures Levy proceeds; authorizing the Mayor to amend the Interlocal Cooperation Agreement between the City of Seattle and King County as authorized by City of Seattle Ordinance 114978; and authorizing the deposit of 2011 allocations from King County Conservation Futures Levy proceeds into the City of Seattle's 2008 Parks Levy Fund.

ORDINANCE NO. 123805

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Publication ordered by the City Clerk
Date of publication in the Seattle Daily
Journal of Commerce, January 6, 2012.

1/6(279736)