

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Department of Parks and Recreation	Eric Friedli/4-8369	Jeff Muhm/4-8049

Legislation Title: AN ORDINANCE related to a settlement agreement between the City of Seattle and Building 11 Investors, LLC; authorizing the Superintendent of Parks and Recreation to implement the terms of the settlement agreement; and increasing appropriations in connection thereto; all by a 3/4 vote of the City Council.

Summary of the Legislation:

This legislation authorizes the Superintendent of Department of Parks and Recreation (Superintendent) to expend funds necessary to pay for costs associated with implementation of a settlement agreement between the City and the LLC, under which the City has agreed to settle litigation by buying out the LLC's leasehold interest in Building 11 at Magnuson Park, and compensating the LCC for past and future construction work on the building. This legislation also authorizes the Superintendent to undertake steps necessary to implement the terms of the settlement, including terminating the existing lease between the City and the LLC.

Background:

In September of 2008, the City Council passed Council Bill No. 116313 and Ordinance No. 122814 authorizing the Superintendent of Parks and Recreation to enter into a 30-year lease agreement with the LLC. The lease was signed in February 2009. Disagreements arose between the City and the LLC concerning the lease, which led to litigation. The City and the LLC have since agreed to settle the litigation in a manner that will, among other things, terminate the leasehold interest of the LLC; compensate the LLC for past work on the project, including capital improvements, professional services, and permits; compensate the LLC for future construction work required for code compliance and subsequent planned operation of Building 11 by Parks and Recreation; and resolve all differences between the LLC and the City relating to Building 11.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
Parks Fund (10200)	Parks	Policy Direction and Leadership (K2553)	\$7,250,000	0
TOTAL			\$7,250,000	\$0

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

Appropriations Notes:

Parks will use \$5.85 million from the Emergency Subfund and \$1.4 million of Parks Fund balance to pay the LLC the full settlement cost of \$7.25 million.

The 2014 Proposed Budget will include a proposal to repay the Emergency Subfund.

Anticipated Revenue/Reimbursement Resulting from this Legislation: N/A

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
TOTAL	Parks	Rental Revenue	\$0	\$585,835

Revenue/Reimbursement Notes:

Please see the note included under “Spending/Cash Flow Notes.”

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

N/A

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
TOTAL							

* 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.

Position Notes:

Do positions sunset in the future? N/A

Spending/Cash Flow: N/A

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
Parks Fund (10200)	Parks	Policy Direction and Leadership (K2553)	0	\$194,652
TOTAL	Parks		0	\$194,652

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

Spending/Cash Flow Notes:

It is estimated that Parks will receive \$585,835 in rental revenue annually and incur \$194,652 annually in maintenance and operations costs (based on Parks' experience at Magnuson Park's Building 30). The annual net revenue to Parks is estimated to be \$391,273. This revenue will be used to repay the settlement costs of \$5.85 million over 15 years. The \$585,835 in rental revenue is based on an assumption that the building will rent at \$12 per square foot.

Other Implications:

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

Parks will use rental revenue from Building 11 to repay the settlement costs over an estimated 15 year period.

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

If the legislation (and thus the settlement) is not implemented, it could lead to additional litigation.

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

No.

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

There are no alternative ways to fulfill the City's obligations in the settlement.

- 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?

The settlement agreement returns Building 11 at Magnuson Park to Parks' control.

h) Other Issues:

List attachments to the fiscal note below:

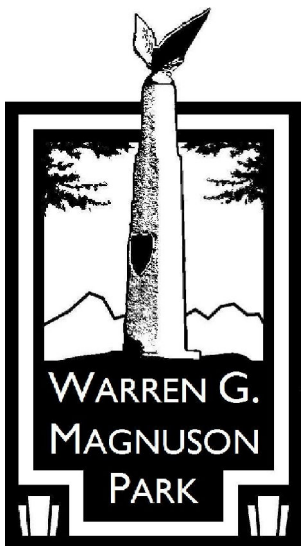
Attachment A: Map showing Building 11 at Magnuson Park

Warren G. Magnuson Park

7400 Sand Point Way NE



0 625 1,250 2,500 3,750 5,000 Feet 1:6,600



Legend			
	Parking Lot		Open Space
	Restroom		Baseball Infield
	Sanican		Turf Ballfield
	Picnic Shelter		Artificial Turf Ballfield
	Environmental Learning Center		P-Patch
	Dog Off Leash Area		Parking
	Play Area		Road
	Ballfield		Park Boundary
	Building		University of Washington

