

## **FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Parks and Recreation	Terry Dunning/684-4860	Jeff Muhm/684-8049

**Legislation Title:** AN ORDINANCE relating to McCurdy Park; accepting an offer from the Washington State Department of Transportation to acquire certain real property in connection with the SR 520 Project; authorizing the Superintendent of Parks and Recreation to execute a purchase and sale agreement and deed for such real property and to take other related actions; increasing appropriations in connection therewith; authorizing the Superintendent to execute a revived, amended and restated agreement with the Museum of History and Industry for the distribution of the proceeds from the conveyance such real property; superseding Ordinance 118477, which adopted Initiative 42, for purposes of this ordinance; and ratifying and confirming prior acts; all by a three-fourths vote of the City Council.

**Summary of the Legislation:** This legislation authorizes the Superintendent of Parks and Recreation to sign a Purchase and Sales Agreement, deed and other documents necessary for the sale of the lands formerly associated with the Museum of History and Industry (MOHAI), as it was formerly situated in McCurdy and East Montlake Parks. The legislation also revives the now expired agreement between the City and MOHAI for the distribution of proceeds from the sale to the State, appropriates the revenues to the City budget and supersedes Ordinance 118477. The proposed Ordinance also supersedes the requirements of Ordinance 118477 (Initiative 42) for this transaction.

**Background:** The former MOHAI site consisting of approximately 182,468 square feet is required by WSDOT for the 520 Bridge Replacement and HOV project. The MOHAI building occupying the site was acquired by WSDOT pursuant to Ordinance 123408 adopted October 7, 2010 for \$40,000,000. Prior to that transaction the City adopted Ordinance 123132 pertaining to a "Project Development Agreement" regarding the new MOHAI facility at Lake Union Park. That Agreement authorized the lease of the current building location at Lake Union Parks and the City's grant of the proceeds from the sale of the old MOHAI building, \$40,000,000 to MOHAI for use at Lake Union and other sites for capital purposes. That agreement also set out that MOHAI would be entitled to 40% (but not to exceed \$7,000,000) of the proceeds from the sale of subsequent real property interests (the land) in the MOHAI Use Area. The authorizing ordinance also superseded Ordinance 118477 as is also requested in the current legislation.

The original \$40,000,000 transaction was to be paid by WSDOT in two payments, each \$20,000,000. Prior to the receipt of the second payment, MOHAI agreed to defer payment of \$8,500,000 until February of 2013 in order to assist the City to balance its 2011-2012 budget. Since negotiations were still underway in February, MOHAI deferred re-payment of the \$8.5

million until the present. This Ordinance also revives that agreement to re-pay the \$8.5 million since, technically it expired in February.

The MOHAI Use Area consists of portions of McCurdy and East Montlake Parks and includes DNR Harbor Area lands to which the City holds use rights pursuant to the State Sessions Laws of 1925, Chapter 127. The DNR property also falls within the Section 6 (f) area defined by WSDOT in its EIS for the project. These various areas are shown on the attached map. The City's rights in the DNR property within the MOHAI Use Area will be relinquished and the property will be transferred from DNR to WSDOT as part of a subsequent transaction related to 6(f) properties. A small part of the MOHAI Use area, 6,788 square feet will be used by WSDOT during construction pursuant to a Temporary Construction Easement and returned to City ownership at the conclusion of the project.

The portion of the MOHAI Use Area that is owned by the City in fee that will be sold to WSDOT consists of 127,666 square feet. The sale price of all City interests in the MOHAI Use Area will be \$14,192,700. MOHAI has agreed that the Temporary Construction Easement area value should go to the City. Since the City already owes \$8.5 million to MOHAI and is also obligated to pay 40% of the proceeds from the land sale (minus the small Temporary Construction area) the total amount due MOHAI is 40% of the land value or \$5,677,080 less 4.88% for a reduced MOHAI use area acquisition = \$5,400,038. The City's share of the proceeds is \$14,192,700 – 5,400,038 (8,792,662) – 8,500,000 (previously deferred) or \$292,662. The City will also receive \$57,300 for Temporary Construction Easements, for a combined total of \$349,962. These levels of compensation were negotiated by the City and WSDOT, both of whom had access to a variety of appraisal information. The agreed price was slightly above the midway point between the City's appraisal and the highest of the several WSDOT appraisals reviewed by the City.

(Include a brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable.)

Please check one of the following:

☐ **This legislation does not have any financial implications.**

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

☒ **This legislation has financial implications.**

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

**Appropriations:**

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not supported by revenue/reimbursements, please confirm that there is available fund balance to cover this appropriation in the note section.)

<b>Fund Name and Number</b>	<b>Department</b>	<b>Budget Control Level*</b>	<b>2013 Appropriation</b>	<b>2014 Anticipated Appropriation</b>
Cumulative Reserve Subfund - Unrestricted (00164)	Cumulative Reserve Subfund	MOHAI Replacement Facilities (KMOHAI)	\$13,900,038	0
<b>TOTAL</b>			<b>\$13,900,038</b>	<b>0</b>

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

### **Anticipated Revenue/Reimbursement Resulting from this Legislation:**

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

<b>Fund Name and Number</b>	<b>Department</b>	<b>Revenue Source</b>	<b>2013 Revenue</b>	<b>2014 Revenue</b>
Cumulative Reserve Subfund – Unrestricted (00164)	Cumulative Reserve Subfund	Washington State Department of Transportation	\$14,250,000	0
<b>TOTAL</b>			<b>\$14,250,000</b>	<b>0</b>

### Revenue/Reimbursement Notes:

### **Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact: N.A.**

(This table should only reflect the actual number of positions affected by this legislation. In the event that positions have been, or will be, created as a result of other legislation, please provide details in the Notes section below the table.)

<b>Position Title and Department</b>	<b>Position # for Existing Positions</b>	<b>Fund Name &amp; #</b>	<b>PT/FT</b>	<b>2013 Positions</b>	<b>2013 FTE</b>	<b>2014 Positions*</b>	<b>2014 FTE*</b>
<b>NA</b>							
<b>TOTAL</b>							

*\* 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:

NA

### **Do positions sunset in the future?**

(If yes, identify sunset date)

NA

### Spending/Cash Flow:

(This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.)

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
<b>TOTAL</b>				

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

### Spending/Cash Flow Notes:

### Other Implications:

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

(If yes, explain them here.) When the Freeway project is completed, portions of this property will return to City use. Operation of those areas may require resources unneeded during the interim.

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

(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs.)

The cost is unknown, however the Freeway construction [project would be delayed and the City would risk potential litigation that could result in smaller proceed accruing to the City.

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

(If so, please list the affected department(s), the nature of the impact (financial, operational, etc), and indicate which staff members in the other department(s) are aware of the proposed legislation.) Law Department –additional processing of agreements and possible additional negotiation through close of escrow - Helaine Honig 684-8222, Seattle Public Utilities-this -property is underlain by a sewer line which will require relocation during the course of WSDOT's project – Bill Benzer - 684-7845.

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?** (Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)None

**e) Is a public hearing required for this legislation?**

(If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned for the future?)No

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

(For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.)No

**g) Does this legislation affect a piece of property?**

(If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.) Yes

**h) Other Issues:**

**List attachments to the fiscal note below:** Attachment A – MOHAI Use Area Sale to WSDOT

# Attachment A

Terry Dunning  
DPR MOHAI Use Area ATT A  
June 25, 2013  
Version #1



## MOHAI Use Area Sale to WSDOT

### Legend

- Use Area
- Building outline
- Parcel Boundary



50 0 50  
Feet

1 inch = 100 feet

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No warranties of any sort, including  
accuracy, fitness or merchantability  
accompany this product.

Map date: June 25, 2013

Document Path: Y:\Project\CENTRAL\East Montlake - McCurdy Park\MOHAI Use Area - legis (l-ansi a).mxd

The map is intended for illustrative or  
informational purposes only and is not  
intended to modify anything in the legislation.

