

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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|--------------------------------|------------------------------|---------------------------------|
| Department: | Contact Person/Phone: | CBO Analyst/Phone: |
| Office of Economic Development | Charlie Cunniff, 386-9748 | Jeannette Blankenship, 615-0087 |

Legislation Title:

AN ORDINANCE relating to the University Heights Center for the Community Association, modifying an existing agency agreement established by City Council Ordinance 123016 adopted on June 24th, 2009.

Summary of the Legislation:

This legislation allows the City to modify the existing Agency Service Agreement and Restrictive Covenant with University Heights Center, to provide greater flexibility for the University Heights Center for the Community Association to set the needs of current and future tenants while remaining consistent with consistent with the city's original requirements.

Background:

The 2008 Adopted Budget appropriated \$2,500,000 to provide financial assistance to the University Heights Center for the Community Association (the "University Heights Center") for the purchase and renovation of a Seattle Public Schools surplus site. In 2009, the City entered into an Agency Service Agreement with the University Heights Center that established very specific use requirements for the University Heights Center and parking lot use and programming to assure ongoing access to the premises by the community, including the University District Farmers Market (UDFM). The UDFM is now relocating to an adjacent street and no longer will be located at University Heights Center, based on a mutual agreement. For this reason, the University Heights Center has requested a modification to the restrictive covenant recorded on the property, which was established by City Council Ordinance 123016 adopted on June 24th, 2009.

The University Heights Center has requested an amendment to the agreement formerly held with the Office of Policy and Management and specifically to amend Exhibit A-1 that details specific types and levels of service. Furthermore they would like to make changes to the agreement consistent with the use requirements contained in the University Heights School Use Advisory Committee Zoning Criteria, Permitted Uses and Conditions for Use Agreement contained in Attachment 1. The requirements contained in the University Heights School Use Advisory Committee Zoning Criteria, Permitted Uses and Conditions for Use Agreement are consistent with the City's requirements but provide greater flexibility for the University Heights Center to meet the needs of current and future tenants. This change allows for more flexibility and expansion of current and new service and programming in the Center. This change has been negotiated with University Heights Center and has been found acceptable by all parties to the agreement.

X This legislation does not have any financial implications.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
N/A
- b) **What is the financial cost of not implementing the legislation?**
N/A
- c) **Does this legislation affect any departments besides the originating department?**
N/A
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** None
- 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:

- ATTACHMENT 1: ORIGINAL AGENCY AGREEMENT
- ATTACHMENT 2: ORIGINAL 2009 RESTRICTIVE COVENANT AGREEMENT

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Office of Policy and Management City of Seattle

MaryJean Ryan, Director
Gregory J. Nickels, Mayor



AGENCY SERVICE AGREEMENT

Contract No.: DC-2009-OPM-XX

Program Title: University Heights Center

Fund Source: 2009 General Fund

THIS AGREEMENT is made effective on _____, 2009 between The City of Seattle (called the "City") acting through its Director of the **Office of Policy and Management** (called the "Director") and the **University Heights Center for the Community Association** (called the "Agency") to provide the services described in the attached Exhibits (the "Services" or individually, a "Service"). The Services are to be provided within the **University Heights Center** located at 5031 University Way NE. in Seattle. The University Heights Center is located in the former University Heights Elementary School, which is comprised of 55,000 gross square feet (the "Facility") and is located on land that is legally described in the attached Exhibit C-1 (the "Property").

In consideration of the terms, conditions, covenants, and obligations contained in this Agreement, the parties agree as follows:

I. PROGRAM AND SERVICES

SECTION 101 - SCOPE OF SERVICES

- A. General Description of Services: Agency agrees to operate and maintain no less than 90% of the square footage of the Facility as a Community Center as defined in **Exhibit A-1**.
- B. Level of Service: Agency agrees to provide Services consistent with the type of services outlined in **Exhibit A-1** at a level similar to or exceeding the current level of service provided by the Agency within the Facility. **Exhibit A-1** establishes benchmarks that describe the current levels of service.
- C. Changes in Types of Services or in Level of Service provided: If the Agency wishes to 1) eliminate any of the Services outlined in **Exhibit A-1** or reduce the level of a particular Service provided in the Facility by 10% or more below the levels outlined in **Exhibit A-1**, or, 2) if the Agency wishes to convert some portion greater than 10% of the gross area of the Facility to an alternate use that is not within the Community Center description, the Agency shall request, in writing to the City, to make such change. Such written request shall include, as applicable, a) a list of eliminated or reduced Services, b) a description



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of any new Service(s) that will be provided in place of the eliminated Service, c) the square footage of the Facility that the new Service will occupy, d) the square footage of the Facility that had been used for the eliminated or reduced Service, e) proposed new and reduced levels of Service benchmark(s) for added or reduced Services; and f) rationale for the Agency's desire to change the level of Service or eliminate any Service.

The City, acting through the Director of the Office of Policy and Management, shall review and recommend approval or rejection of the proposed change in writing within 30 days of receipt of said request. Final approval shall require an Ordinance passed by the City Council.

The City's approval of a change in the level or type of a particular Service, including approval of an elimination of a particular Service shall be deemed to be an amendment to the attached *Exhibit A-1*.

Agency shall notify the City no less than fifteen (15) calendar days in advance in the event that any repair, maintenance or renovation of the Facility will result in a temporary change in level of Services or of the portion of the Facility dedicated to providing Services (unless such repair, maintenance or renovation of the Facility is made in response to an emergency posing an imminent risk to persons or property, in which case concurrent notice shall be sufficient). Such temporary change in the level of Services or the portion of the Facility dedicated to providing Services shall not be subject to the approval provision of this section 101C.

SECTION 102 – RESERVED

SECTION 103 - TIME OF PERFORMANCE

The Agency shall commence performance of this Agreement on _____, 2009 and this Agreement shall expire on _____, 2024. Specific Performance of this Agreement shall be secured by a Deed of Trust, the form of which is attached as *Exhibit C-2*, and a Restrictive Covenant, the form of which is attached as *Exhibit C-3*, both of which shall be recorded against the Property. Said Deed of Trust shall be reconveyed and Covenant shall be released upon the expiration date of this Agreement. The Agency's performance must have been reasonably certified as acceptable by the Director before final reconveyance of the Deed of Trust and release of the Restrictive Covenant is made.

II. DISBURSEMENT; BUDGET; AND RECORDS

SECTION 201 - BUDGET

The City shall compensate the Agency for its commitment to provide the Services described in *Exhibit A-1*, in the amount of **two million five hundred thousand dollars (\$2,500,000.00)**.

SECTION 202 – PAYMENT

- A. The City shall make one disbursement of \$2,500,000, to an escrow account established by Agency for the closing of the Agency's purchase of the Property.



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- B. To secure payment, the Agency shall submit an invoice as shown in *Exhibit B-2* to the City of Seattle, Office of Policy and Management, **Attention: Paul Fischburg**. The invoice shall bear the Agency's name, address and the agreement number. The invoice must be signed by an authorized representative of the Agency, who shall verify that the invoice is accurate. Payment from the escrow account will be made pursuant to escrow instructions to be provided by Agency and City in connection with the closing and in accordance with the Payment Structure as outlined in *Exhibit A-2*.
- C. The City shall be excused from payments if funds allocated by the Department cease to be available for any cause.
- D. **Conditions precedent to payment:** Funds will not be disbursed to the Agency until the following conditions are met:
- 1) City is satisfied after reviewing Agency's organizational structure and operating procedures that Agency is prepared to own and manage the Property and the Facility and provide the Services;
 - 2) City is satisfied after reviewing project plans, building condition reports and surveys, and financial plans, that Agency is prepared to undertake and pay for the acquisition of the Property and renovation of the Facility such that the City can be reasonably assured of a 15-year life of the Facility and its major building systems;
 - 3) Agency delivery to City of a signed Purchase & Sale Agreement for the Property, and an estimated settlement statement and escrow instructions for deposit of City funds and establishment of Replacement Reserve pursuant to Section 303C below, prepared by an escrow officer licensed and registered in the State of Washington;
 - 4) City funds will be disbursed through escrow at Closing only if the Agency is able to complete the purchase of the Property;
 - 5) Seattle City Council passage of an ordinance approving this Agreement;
 - 6) Agency execution and recording of a Deed of Trust and Restrictive Covenant against the Property both in form as attached hereto and that secure the Agency's obligations to the City consistent with this Agreement. The Deed of Trust shall be senior to any other encumbrances on the Property, except that the City acknowledges that the Agency has agreed to encumber the Property with a restrictive covenant in favor of Seattle Public School District #1, and agrees that said covenant may be a prior encumbrance. Agency shall pay all recording costs associated therewith.

SECTION 203 - DOCUMENTATION OF SERVICES PROVIDED

- A. The Agency agrees to keep records for each calendar year during the term of the Agreement as outlined in *Exhibit A-2*:
- B. The Agency will provide the City with a report summarizing the records described above upon request by the City but no more frequently than annually. The Agency shall furnish periodic reports in the manner and at the times contemplated by *Exhibit A-2* and such other statements and data relating to the Services provided under this Agreement as may be requested by the City. In the event that the Agency fails to provide a required report within **sixty (60)** days of its due date, the City shall have the right to immediately terminate this Agreement and recover its payment as set forth in **Section 409**.



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SECTION 204 - RECORDS AND FISCAL CONTROL SYSTEMS

The Agency shall maintain its financial records and fiscal control systems in a manner that meets the approval of the Director of the Department of Executive Administration and the Washington State Auditor. It shall maintain personnel and payroll records to identify adequately the source and application of funds; withhold all taxes; pay employment (social security), unemployment compensation, industrial insurance (worker's compensation) and other taxes as may be due; and, unless exempt, procure and maintain a City of Seattle Business License. The Agency shall maintain an effective system of internal control to assure that funds provided through the City are used solely for authorized purposes, including when requested by the City, fidelity bonding of personnel with fiscal responsibilities.

SECTION 205 - ACCESS TO RECORDS; AUDITS

The City and the State Auditor or any designated agents of the above mentioned agencies shall have access at any time during normal business hours and as often as necessary to any bank account and Agency books, records, documents, accounts, files, reports, and other property and papers of the Agency relating to the Services to be provided under this Agreement for the purpose of making an audit, survey, examination, excerpt or transcript. This requirement shall be included in all subcontracts entered into by the Agency.

SECTION 206 - NOTICE AFFECTING PERFORMANCE

The Agency shall notify the Director of any matters affecting the eligibility of the Agency to continue performance of this Agreement immediately after the Agency's discovery of the same.

III. MANNER OF PERFORMANCE

SECTION 301 - QUALITY OF PERFORMANCE

The Agency shall be responsible for the quality of Services provided through this Agreement. Its responsibilities shall not be reduced by recommendations or assistance received from the City or by any communications that vary from the terms and conditions of this Agreement unless a corresponding amendment is made to this Agreement.

The City shall judge the adequacy and efficiency of the Services provided, the sufficiency of records, and the results produced in accordance with the performance standards in **Exhibits A-1 and A-2** and the other requirements of this Agreement. If during the course of the Agreement, the Agency does not perform the Services as required hereby, said lack of performance shall constitute a material breach of this Agreement subject to the provision of Section IV of **Exhibit A-2**.

SECTION 302 - COMPLIANCE WITH LAW

In providing Services under this Agreement, the Agency, at its sole cost and expense, shall comply with all applicable laws of the United States and the State of Washington; the Charter and Ordinances of The City of Seattle; and rules, regulations, orders and directives of their administrative agencies and the officers thereof.

SECTION 303 - CONDITION OF THE FACILITY

- A. Agency agrees to commence a renovation of the Facility with the following scope of work within twenty-four (24) months of closing on the acquisition of the Facility. Upon completion of the renovation, Agency shall provide certification that the renovation scope



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of work has been completed to its satisfaction along with evidence of contractor's warranty for the work. Failure to commence said renovations within 24 months or failure to complete the renovations within twelve (12) months of commencement shall constitute a material breach of this Agreement and cause for termination. While the construction work required under this section 303 is a material part of this Contract, it is not to be considered part of the Services.

- B. The renovation scope of work shall include replacement of roof parapet caps and gutters, repairs and replacement of windows in the south façade, and installation of fire safety sensors in the attic of the building.
- C. Agency further agrees to maintain the Facility in good repair and at a minimum, consistent with the Agency's current building maintenance standards. In addition, Agency agrees to create a separate replacement reserve account (the "Replacement Reserve") at acquisition closing with an initial minimum capitalization of \$50,000 and minimum annual deposits of \$25,000. Funds in the Replacement Reserve shall be used solely for the replacement and/or significant repair of building systems and structural components of the Facility as they may be necessary from time-to-time during the Term of the Agreement, unless otherwise agreed to by the City.

SECTION 304 - EQUAL EMPLOYMENT OPPORTUNITY AND OUTREACH

- A. The Agency shall not discriminate against any employee or applicant for employment because of race, color, age, sex, marital status, sexual orientation, gender identity, political ideology, creed, religion, ancestry, national origin, or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. The Agency shall take affirmative efforts to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, age, sex, marital status, sexual orientation, gender identity, political ideology, creed, religion, ancestry, national origin, or the presence of any sensory, mental or physical handicap. Such efforts shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training, including apprenticeship. The Agency shall post in conspicuous places, available to employees and applicants for employment, notices as provided by the City setting forth the provisions of this nondiscrimination clause.
- B. If the Agency will hire employees to perform the Services, the Agency shall make affirmative efforts to recruit minority and women candidates. Affirmative efforts may include the use of advertisements in publications directed to minority communities and other targeted recruitment efforts, and using the services of available minority community and public organizations to perform outreach.
- C. Record-Keeping: The Agency shall maintain, for at least 24 months after the expiration or earlier termination of this Agreement and permit access to the Agency's records of employment, employment advertisements, application forms and other pertinent data and records requested by the Office of Policy and Management for the purposes of investigation to determine compliance with the requirements of this section.



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- D. The Agency, by executing this Agreement, is affirming that the Agency complies with all applicable federal, state, and local non-discrimination laws, particularly the requirements of SMC Ch. 20.42 as incorporated in this Agreement. Any violation of the requirements of the provisions of this section noted in paragraph A, B and C above, after the City has provided the Agency with thirty (30) days' written notice and opportunity to cure such violation, shall be a material breach of Agreement for which the Agency may be subject to damages and sanctions provided for by the Agreement and by applicable law, including but not limited to debarment from City contracting activities in accordance with SMC Ch. 20.70.
- E. The foregoing provisions of this section shall be inserted in all subcontracts for and/or leases of space in the Facility for the provision of Services as defined in *Exhibit A-1*.

SECTION 305 – NONDISCRIMINATION IN EMPLOYEE BENEFITS

- A. Compliance with SMC Ch. 20.45: The Agency shall comply with the requirements of SMC Ch.20.45 and Equal Benefits Program Rules implementing such requirements, under which the Agency is obligated to provide the same or equivalent benefits ("equal benefits") to its employees with domestic partners as the Agency provides to its employees with spouses. At the City's request, the Agency shall provide complete information and verification of the Agency's compliance with SMC Ch. 20.45. Failure to cooperate with such a request after thirty (30) days' written notice and opportunity to cure such failure shall constitute a material breach of this Contract. *(For further information about SMC Ch. 20.45 and the Equal Benefits Program Rules call (206) 684-0430 or review information at <http://cityofseattle.net/contract/equalbenefits/>.)*
- B. Remedies for Violations of SMC Ch. 20.45: Any violation of this Section 304, subject to applicable notice and cure provisions, shall be a material breach of Contract for which the City may:
- (1) Require the Agency to pay liquidated damages as specified in **Section 409** of this Agreement for each day that the Agency is in violation of SMC Ch. 20.45 during the term of the Contract; or
 - (2) Terminate the Contract; or
 - (3) Disqualify the Agency from bidding on or being awarded a City contract for a period of up to five (5) years; or
 - (4) Impose such other remedies as specifically provided for in SMC Ch. 20.45 and the Equal Benefits Program Rules promulgated thereunder, or as provided in this Agreement.

SECTION 306 - NO PARTNERSHIP OR AGENCY RELATIONSHIP

The sole relationship between the Agency and the City hereunder is that of an independent contractor. Nothing herein shall be construed to create any partnership or joint venture or to make either party the agent or employee of the other. Neither Agency nor any of its members, officers, or employees shall hold themselves out as the partner, employee or agent of the City or to bind the City in any matter.

SECTION 307 – AFFIRMATIVE EFFORTS TO USE WOMEN AND MINORITY BUSINESS ENTERPRISES

- A. If an Agency intends to subcontract out any part of a contract instead of performing the Services, then the following requirement applies: Agency shall use affirmative efforts to promote and encourage participation by women and minority businesses on



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subcontracting opportunities within the Services provided under this Agreement. Agency agrees to make such efforts as a condition of the Agreement.

- B. Outreach efforts may include the use of solicitation lists, advertisements in publications directed to minority communities, breaking down total requirements into smaller tasks or quantities where economically feasible, making other useful schedule or requirements modifications that are likely to assist small or WMBE businesses to compete, targeted recruitment efforts, and using the services of available minority community and public organizations to perform outreach.
- C. Record-Keeping: The Agency shall maintain, for at least 24 months after the expiration or earlier termination of this Agreement, relevant records and information necessary to document all Agency solicitations to subagencys and suppliers, all subAgency and supplier proposals received, and all subagencys and suppliers actually utilized under this Agreement. The City shall have the right to inspect and copy such records.
- D. Agency shall ensure that all employees, particularly supervisors, are aware of, and adhere to their obligation to maintain a working environment free from discriminatory conduct, including but not limited to harassment and intimidation of minorities, women, or WMBE businesses.
- E. Non-Discrimination: Agency shall not create barriers to open and fair opportunities for WMBEs to participate in the provision of Services contemplated in this Agreement.
- F. Sanctions for Violation: Any violation of paragraph A, B, C, D or E of this section, or a violation of SMC Ch. 14.04 (Fair Employment), SMC Ch. 14.10 (Fair Contracting), SMC Ch. 20.42 (Equality in Contracting), SMC Ch. 20.45 (Nondiscrimination in Benefits), or other local, state or federal non-discrimination laws, after the City has provided the Agency with thirty (30) days' written notice and opportunity to cure such violation, shall be a material breach of contract for which the Agency may be subject to damages and sanctions provided for by the Agreement and by applicable law. Agencies found to be in violation of the requirements may be subject to debarment from City contracting activities in accordance with SMC Ch. 20.70.

SECTION 308 – FAIR CONTRACTING PRACTICES

Each party is required to comply with the Fair Contracting Practices Ordinance of the City of Seattle (Ordinance 119601), as amended. The Fair Contracting Practices Ordinance prohibits discrimination in contracting between entities doing business in the City of Seattle. The ordinance applies to private and public contracting and establishes monetary penalties for violations. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine for forfeiture under the Seattle Criminal Code as well as various civil remedies.

SECTION 309 – AMERICANS WITH DISABILITIES ACT

The Agency shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 (ADA) in performing its obligations under this Agreement. In particular, if the Agency is providing services, programs, or activities to City employees or members of the public as part of this Agreement, the Agency shall not deny participation or the benefits of such services, programs, or activities to people with disabilities on the basis of such disability. Failure to comply with the provisions of the ADA, after the City has provided the Agency with thirty (30)



days' written notice and opportunity to cure such violation, shall be a material breach of, and grounds for the immediate termination of this Agreement.

Notwithstanding the foregoing, the parties acknowledge that the Facility is historic and currently contains certain physical barriers to access, and agree that the Agency is not required to remove such barriers where removal is not easily accomplishable and able to be carried out without much difficulty of expense, pursuant to federal ADA regulations. 28 CFR 36.304.

IV. GENERAL CONDITIONS

SECTION 401 – INDEMNIFICATION AND INSURANCE

- A. Indemnity: The Agency shall defend, protect, and save harmless the City, its officers, elected officials, agents and employees from and against all claims, suits, actions, liabilities, losses, damages, and expenses (including attorneys' fees) ("Claims") arising out of any acts, omissions, work or services provided under this Agreement, or any breach thereof, by the Agency, its officers, agents, employees or subcontractors. The indemnifications provided herein shall not extend to Claims arising out of the negligent acts or omissions of the City. The obligations of this section shall survive the expiration or termination of this Agreement.
- B. Commercial General Liability: The Agency shall at its own expense secure and maintain in full force and effect during the term of this Agreement a policy of commercial general liability insurance providing coverage of at least \$1,000,000 in connection with the work to be performed by the Agency under this Agreement. The Agency shall furnish evidence of such insurance to the City in such forms and at such times as the City shall reasonably require. The "City of Seattle" shall be named as an additional insured for primary and non-contributory limits of liability.
- C. Property: The Agency shall at its own expense secure and keep all improvements now or hereafter erected on the Property continuously insured against loss by fire or other hazards in an amount not less than the replacement value of the improvements.

SECTION 402 - IDENTITY OF PROGRAM PARTICIPANTS/BENEFITS RECIPIENTS

Except as required by applicable law, the use or disclosure by the Agency of any identifying information concerning the identity of any participant in the program(s) or any of the services or benefits provided under this Agreement for any purpose not directly connected with the administration of the City's or Agency's responsibilities with respect to services provided under this Agreement is prohibited except on written consent of the participant or recipient or client, his or her attorney, or responsible parent or guardian.

SECTION 403 - COPYRIGHTS AND PATENTS

If the Services provided under this Agreement results in a book or other copyrightable material, the author is free to copyright the work, but the City reserves a royalty-free non-exclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use all such copyrighted material and all materials which can be copyrighted.

Any discovery or invention arising out of or developed in the course of performing the Services shall be promptly and fully reported to the City for determination as to whether patent protection on such invention or discovery shall be sought and how the rights to the invention or discovery,



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including rights under any patent issued thereon, shall be disposed of and administered in order to protect the public interest. (If project funds are derived from the United States, federal agency regulations relating to inventions and materials generated under this Agreement apply.)

SECTION 404 - RESERVED

SECTION 405 - CONFLICT OF INTEREST

No member, officer, or employee of The City of Seattle or its designee or agents, and no member of the Seattle City Council or any other public official of the City, who exercises any function or responsibilities with respect to the program(s) affected by this Agreement, shall have any financial interest, direct or indirect, in any contract or subcontract or the proceeds thereof, for work to be performed in connection with such program(s); nor shall they for one year after completion of this Agreement have any financial interest with the Agency or any sub-Agency under this Agreement.

SECTION 406 - POLITICAL ACTIVITIES

No funds paid or facilities provided by The City of Seattle shall be used directly or indirectly for, and the Agency shall not request or receive reimbursement for the direct or indirect costs of, assisting any campaign for election of any person to any office or for the promotion of or opposition to any ballot measure. If the Agency engages in any such assistance, promotion or opposition, the Agency shall maintain records clearly documenting that such activities are paid for solely from funds not provided by the City. No funds provided by the City shall be applied directly or indirectly to lobbying any legislative body or any member or staff thereof.

SECTION 407 - SUBCONTRACTING

This Agreement is personal to each of the parties hereto and neither party may assign or delegate any of its rights or obligations hereunder without first obtaining the written consent of the other party provided that the City may allocate functions among its departments. Notwithstanding the foregoing, the City agrees that the Services may be, and acknowledges that some Services are now, provided by tenants of the Agency and not by the Agency directly. Agency shall not need written consent of the City to lease space within the Facility if the lease is to a tenant that will participate in providing the Services described in *Exhibit A-1*. Any such assignment or subcontract shall be subject to each provision of this Agreement. All provisions of this Agreement shall apply to all subcontracts entered into by the Agency. Any and all Services contemplated by the Agreement and provided by subcontractors shall be subject to the Terms of the Agreement as if they were provided by the Agency.

SECTION 408 - CHANGES

No change or amendment of the provisions of this Agreement shall be effective unless such change is specified in a separate, written agreement signed by the parties to this Agreement.

SECTION 409 - TERMINATION AND SUSPENSION

This Agreement can be terminated for cause only. If the Agency breaches the Agreement and does not cure the breach after being given a reasonable cure period, the City has the right to terminate the Agreement. Upon termination, the City is entitled to all remedies available at law or in equity, including without limitation, bringing an action for injunctive relief or specific performance, it being recognized that monetary damages may not be an adequate remedy for the City. If the City elects to pursue monetary damages, the City will be entitled to liquidated damages calculated on a straight line prorata basis (\$2,500,000/180 months x the number of months remaining in the Term of the Agreement). The City shall have the right to foreclose on



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the Deed of Trust to ensure payment of liquidated damages. The fact that the parties have specified an appropriate amount of liquidated damages is not intended as a waiver of the City's right to seek specific performances in the event of termination. Notice of termination pursuant to this Section shall be given to the Agency in writing.

SECTION 410 - FUTURE SUPPORT

The City makes no commitment of future support and assumes no obligation for future support of the activity contracted herein except as set forth in this Agreement.

SECTION 411 - RESERVATION OF RIGHTS

Neither payment by the City nor performance by the Agency shall be construed as a waiver of either party's rights or remedies against the other. Failure to require full and timely performance of any provision at any time shall not waive or reduce the right to insist upon complete and timely performance of such provision thereafter.

SECTION 412 - SEVERABILITY

If any provisions of this Agreement are held invalid, the remainder of this Agreement shall not be affected thereby, if such remainder would then continue to serve the purposes and objectives contemplated by the parties hereto.

SECTION 413 - SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon the parties hereto and their respective successors and assigns, and shall insure to the benefit of the parties hereto, any assignees expressly permitted pursuant to Section 407, the United States, and the State of Washington. This Agreement is not intended to confer any legal rights or remedies on any other persons.

SECTION 414 - ADDRESSES

Written notices, requests, grievances or adjustments to the Department shall be made to:

**MaryJean Ryan, Director
City of Seattle, Office of Policy and Management
600 5th Ave, 6th Floor
PO Box 94745
Seattle, WA 98124-4745**

Written notices, requests, grievances or adjustments to the Agency shall be made to:

**Mike Dash
UHCCA Board President
5031 University Way NE
Seattle, WA 98105**

Notice shall be effective when hand-delivered during normal business hours or two (2) business days after mailing, postage prepaid, to the proper address. Either party may change its address for notices by written notice as specified above.

SECTION 415 - INTEGRATED DOCUMENTS

This Agreement, including documents incorporated by reference and the laws, regulations and OMB Circulars cited herein or therein, embodies the entire Agreement of the parties with respect to the subject matter hereof, provided that nothing in this Agreement waives or



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supersedes obligations arising from any contract between the parties regarding the same or similar services for any prior years or periods. No verbal agreements or conversation with any officer, agent or employee of the City shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement. Any such verbal agreement shall be considered as unofficial information and in no way binding upon either party.

SECTION 416 - TIME IS OF THE ESSENCE

Time is of the essence of all of the Agency's obligations hereunder.

This Agreement consists of Articles I - IV above, plus Exhibits, which by this reference are incorporated herein.

IN WITNESS WHEREOF, THE CITY AND THE AGENCY HAVE EXECUTED THIS AGREEMENT.

AGENCY

THE CITY OF SEATTLE

By _____
Michael Dash, President
University Heights Center for the Community
Association

By _____
MaryJean Ryan, Director
Office of Policy and Management

Date: _____

Date: _____



EXHIBIT A-1

COMMUNITY CENTER DEFINITION
TYPES AND LEVELS OF SERVICE

Community Center Defined: For the purposes of this Agreement, the term "Community Center" shall refer to the following collection of services ("Services"), offered without discrimination to all members of the community seeking to participate in the Services. To qualify as a Community Center, the Property shall be used to continuously provide Services in all four of the following categories at the Levels described. It is recognized by the Parties that the Types and Levels of Services will vary to some extent over the term of the Agreement; however, any deviation of more than ten percent (10%) in either the Types or Levels of Services and any reduction of the gross area of the Facility by more than ten percent (10%), requires the Seattle City Council's prior approval, by ordinance.

1. Early Learning

| Type of Service | Level of Service Benchmarks |
|--|---|
| Child care services | <ul style="list-style-type: none"> • Minimum of two leased spaces (9,000 square feet or 28% of facility) provided for childcare services with access to outdoor playspace • Minimum of 90 children/day • In new leases and in lease renewals, childcare tenants will be required to provide scholarship assistance for a minimum of 5% of children enrolled in their program |
| Education and support for families with children that have special needs | <ul style="list-style-type: none"> • Leased space (at least one classroom daily per year) to be provided for children with special needs at a cost no greater than current rates charged by Seattle Parks and Recreation for similar space • Space for special needs parent meetings will be provided at no cost |

2. Education/Arts

| Type of Service | Level of Service Benchmarks |
|--|---|
| Youth education in the arts and access for the community to cultural activities including theater, dance and music | <ul style="list-style-type: none"> • At least two leased spaces, in addition to childcare space listed above, shall be dedicated to tenants providing year round classes, serving 1,200 children per year • Minimum of 20 performances per year • Tenants will provide a scholarships/ discounts program to qualifying individuals |
| Education for all ages in a broad variety of fields is made available through the rental of space on an hourly basis each week. This includes dance, exercise, art, and reading. | <ul style="list-style-type: none"> • Minimum of 60 classes offered/month. Daily rental rates shall be at a cost no greater than current rates charged by Seattle Parks and Recreation for similar |



| | |
|--|-------|
| | space |
|--|-------|

3. Park and Open Space

| Type of Service | Level of Service Benchmarks |
|--|---|
| Formal and informal outdoor open space | <ul style="list-style-type: none"> • Informal outdoor community gathering space of a minimum 1,000 square feet open to the public shall be maintained on the plaza at the building's south entrance. • Playground made available for public use evenings and on weekends when not in use by the childcare provider. |

4. Community Gathering and Meeting Spaces (Use of space at the UHCC is open to anyone regardless of race, religion, sexual orientation or special abilities).

| Type of Service | Level of Service Benchmarks |
|--|--|
| Classrooms at the UHCC are available for hourly rental for educational purposes, events, meetings, seminars and retreats | <ul style="list-style-type: none"> • 20% of the useable space in the building is set aside for hourly rental at a cost no greater than current rates charged by Seattle Parks and Recreation for similar space. • A minimum of \$1,000 in room rental discounts to be provided annually for non-profit and community groups that serve children, arts, lifelong education and local sustainability |
| Outdoor spaces for public events in support of local agriculture and community initiatives | <ul style="list-style-type: none"> • Providing free space for community garden (eg: P-patch or education garden focused on children and youth) • Weekly farmer's market on a year-round basis • Weekly pick up site for local food bank donations • Gathering location for annual community clean-up • Plaza Days event - a free weekly gathering from May through December featuring fresh cooked seasonal and local foods and entertainment |



EXHIBIT A-2**PAYMENT STRUCTURE/ REPORTING/ PERFORMANCE STANDARDS**

The Agency shall carry out this Agreement and perform the Services described in Exhibit A-1 in accordance with the following performance standards.

I. PAYMENT STRUCTURE

The City shall compensate the Agency in advance for satisfactorily performing the services described in *Exhibit A-1* in accordance with the performance standards contained therein. Payment will be disbursed as described in Section 202 of the Agreement, and upon receipt of an invoice for building acquisition, an estimated settlement statement and escrow instructions provided by an escrow officer licensed and registered in the State of Washington, and an executed Deed of Trust and Restrictive Covenant. The Agency shall use the Agency's Invoice Form (*Exhibit B-2*) to invoice the City, the Deed of Trust (*Exhibit C-2*) and the Restrictive Covenant (*Exhibit C-3*).

The total contract amount for the period of this Agreement is **two million five hundred thousand dollars and zero cents (\$2,500,000.00)**. A single payment shall be made for this amount into an escrow account established for the purchase and sale of the Property as described in *Exhibit C-1*.

II. REPORT REQUIREMENTS & SUBMITTAL OF REPORTS

Upon request from the City, the Agency shall provide performance reports, no more frequently than annually, summarizing activities performed as outlined in *Exhibit A-1* during the reporting period. Reports shall include data for the period since the previous report, in fiscal year periods, covering:

- a) All building repairs that exceed \$5,000;
- b) An accounting of deposits to and expenditures from the Replacement Reserve;
- c) Any notices of building code violations;
- d) Square footage of space in the Facility used as a Community Center and square footage of space not used as a Community Center;
- e) A list of programs offered at the Property in each of the following categories: 1) Youth Enrichment and Family support, 2) Arts and Education, 3) Community Service, and 4) Community Gathering and Meeting Space;
- f) List of space provided at no or reduced cost to community groups, and the value of that space provided at no or reduced cost; and
- g) Total number and total amount of scholarships and/or subsidies provided to low income program participants within the Facility.

SUBMITTAL OF REPORTS

Attention: Paul Fischburg
 City of Seattle
 Office of Policy and Management
 600 Fifth Avenue, 6th Floor
 PO Box 94745
 Seattle, WA 98124-4745



DRAFT

III. PERFORMANCE STANDARDS

The Agency shall maintain a current City of Seattle Business License during the term of this Agreement as described in Section 204 – Records and Fiscal Control Systems.

The Agency shall maintain insurance coverage during the term of this Agreement as described in Section 401 – Indemnification.

IV. CORRECTIVE ACTION

If the Agency fails to perform the Services or to provide the level of Services indicated in Exhibit A-1 of the Agreement, the Agency, upon written notice from the City of such failure, shall submit a written narrative outlining barriers to performing at planned levels and a corrective action plan to bring performance into compliance with this Agreement. The corrective action plan shall include, at a minimum, specific actions and timeframes the Agency will implement to address the barriers. Agency failure to implement the stated corrective action and continuation of inadequate performance shall be considered a material breach of this Agreement and cause for termination.



DRAFT

EXHIBIT B-1

In order for invoices to be processed, the following form must be completed and include the authorized signatures (Refer to Section 202.).

CONTRACT PAYMENT AUTHORIZATION FORM

To: City of Seattle, Office of Policy and Management
Agency Name: University Heights Center for the Community Association
Contract No: DC-2009-OPM-xx

| PRINT NAME | SIGNATURE | POSITION |
|------------|-----------|--------------------|
| Mike Dash | | Executive Director |
| | | |
| | | |

| |
|---|
| Payments are to be made to the Agency and mailed to the following address: |
| |
| |
| |
| |

I hereby certify that the officers named above are duly authorized on behalf of the Agency to submit and verify requests for payment and all related materials under the above contract, and that the information on this form is true and correct.

Signature

Executive Director
Title

Mike Dash

Typed Name

Date



DRAFT

EXHIBIT B-2

INVOICE

**CITY OF SEATTLE
OFFICE OF POLICY AND MANAGEMENT**

AGENCY'S INVOICE No. 1 **Invoice Date:** _____

Agency Name: University Heights Center for the Community Association

Address: 5031 University Way NE Seattle, WA 98105

Contact Person: Mike Dash **Tel no.** 206.527.4278 **Fax no:** 206-527-7617

Contract No. DC-2009-OPM-XX **Contract Title:** University Heights Center

Term of Contract: _____, 2009 - _____, 2024

| Activity/Project Description | Budget | Paid To Date | Current Invoice | Balance Remaining |
|--|-----------------------|---------------|------------------------------|-----------------------|
| Acquisition of U-Heights School Property from Seattle School District and associated costs | \$2,500,000.00 | | \$2,500,000.00 | \$0.00 |
| | | | | |
| Total | \$2,500,000.00 | \$0.00 | \$2,500,000.00 | \$0.00 |
| | | | Subtotal | \$2,500,000.00 |
| | | | Adjustments (Specify Amount) | |
| | | | Total Invoice | \$2,500,000.00 |

INVOICE CERTIFICATION

I, the undersigned, do hereby certify under penalty of perjury, that this invoice represents eligible expenses incurred by the Agency to provide the services rendered or the labor performed in full compliance with the Agreement in the amounts stated. I also certify that I am authorized to authenticate and certify to said claim.

Mike Dash _____
Print Name Authorized Signature Date

| | |
|---|-------------|
| PAYMENT AUTHORIZATION | |
| Amount Authorized for Payment: \$ _____ | |
| By _____ Signature | Date: _____ |
| Payment Voucher No: _____ | Date: _____ |



DRAFT

Exhibit C-1

THE PROPERTY AND THE FACILITY

LEGAL DESCRIPTION:



After recording return to:

Paul Fischburg
 City of Seattle
 Office of Policy and Management
 600 4TH Avenue, Floor 6
 PO Box 94745
 Seattle, WA 98124-4745



20090731001230

STEWART TITLE COV 72.00
 PAGE-001 OF 011
 07/31/2009 14:26
 KING COUNTY, WA

Grantor: University Heights Center for the Community Association
 Grantee: The City of Seattle
 Abb. Legal: Ptn. Lts. 1-9, 16-26, Blk. 6, University Heights, recorded in King
 County, Washington

Tax Parcel No.: 881640-0900-00

Stewart Title 951530 (10)

RESTRICTIVE COVENANT AGREEMENT

THIS RESTRICTIVE COVENANT AGREEMENT ("Agreement") is made as of this 31st day of July, 2009, by and between THE UNIVERSITY HEIGHTS CENTER FOR THE COMMUNITY ASSOCIATION, a Washington nonprofit corporation ("Grantor"), which is the owner of that parcel of real estate located in King County, Washington, and legally described in the attached Exhibit A and THE CITY OF SEATTLE, a Washington municipal corporation ("Grantee").

RECITALS

1. Grantor, as of the date hereof, has acquired certain property located in King County, Washington at 5031 University Way NE. in Seattle, Washington and legally described in Exhibit A (the "Property"), in part with funds provided by Grantee. The Property is improved with one structure, commonly known as the University Heights Elementary School, consisting of 55,000 gross square footage of building area (the "Facility").

2. Since 1990, Grantor, as lessee, has used the Facility to provide a variety of community benefits and activities that have contributed substantially to the health, educational and welfare of Seattle residents.

3. In partial consideration for Grantee's contribution of funds for the acquisition of the Property, Grantor has agreed to dedicate no less than 90% of the Facility to use as a Community Center and to provide certain services to the public in order that the City and its residents will continue to enjoy the above-noted advantages.

4. Grantor and Grantee are parties to the Agency Services Agreement, attached as Exhibit B and dated as of the date herein, under which Grantor has committed to use the Property for providing services and public benefits for a specified term.

AGREEMENT

In consideration of the mutual promises of the parties hereto and other good and valuable consideration, the receipt of which is hereby acknowledged, Grantee declares and Grantor agrees, that the Property shall be held, transferred, sold, conveyed, leased, used and occupied subject to the following restrictions:

1. Grant of Restrictive Covenant. Throughout the term of this Agreement, Grantor no less than 90% of the Facility shall be dedicated to the operation of a Community Center in compliance with the terms and conditions in the Agency Services Agreement and related uses and for no other purpose whatsoever.

2. Term of Restrictive Covenant. This Agreement shall commence and become effective upon the date hereof and shall terminate on the earlier to occur of (a) the fifteenth (15th) anniversary of this Agreement, at which time this Agreement shall automatically expire; or (b) the recording of an instrument executed by Grantee's Mayor or his designee, expressly terminating this Agreement; provided, however, that the execution and delivery of such instrument shall not be necessary for or a prerequisite to the termination of this Agreement in accordance with its terms.

3. Transfer of Property. As a condition of closing any conveyance, assignment or other transfer of ownership of the Property, Grantor agrees to cause any transferee, successor in interest or assign of the Property to execute at closing an assumption of Grantor's obligations hereunder and acknowledgement that said transferee is bound by all of Grantor's obligations set forth herein. The form and substance of such document must be reasonably satisfactory to Grantee.

3. Enforcement of Restrictive Covenant. In the event this Restrictive Covenant is violated, Grantee shall be entitled to all remedies at law or in equity to enforce the Restrictive Covenant, including without limitation bringing an action for injunctive relief or specific performance, it being recognized that monetary damages may not provide an adequate remedy to Grantee.

4. Successors. The covenants, conditions, and restrictions of this Agreement shall (a) be covenants running with the land and equitable servitudes that touch and concern the Property, (b) inure to the benefit of and be enforceable by the parties and their successors and assigns, and (c) be binding upon all subsequent owners of the Property for the term of this Agreement.

5. Exhibits. The following exhibits to this Restrictive Covenant are incorporated by this reference

Exhibit A Legal Description of the Property

Exhibit B Agency Services Agreement, including all exhibits thereto.

6. Attorneys' Fees and Expenses of Litigation. If either party shall bring suit to recover damages under this Agreement or to otherwise enforce or interpret this Agreement and a judgment is entered, the substantially prevailing party shall be entitled to a reasonable sum as attorneys' fees, and all costs and expenses in connection with such suit, which sum shall be included in any such judgment or decree. Such attorneys' fees and expenses shall include both those incurred at the trial and the appellate level.

7. Notices. Any notice, request or written communication required or permitted to be delivered under this Agreement shall be: (1) in writing; (2) transmitted by personal delivery, express or courier service, United States Postal Service in the manner described below, or electronic means of transmitting written material; and (3) deemed to be delivered on the earlier of the date received or four (4) business days after having been deposited in the United States Postal Service, postage prepaid. Such writings shall be addressed to Grantee or Grantor, as the case may be, at the respective designated addresses set forth opposite their signatures, or at such other address(es) as they may, after the execution date of this Agreement, specify by written notice delivered in accordance with this paragraph, with copies to the persons at the addresses, if any, designated opposite each party's signature.

8. Prior Agreements; Amendments. This is the full, final and complete expression of the agreements of the parties with respect to any matter covered or mentioned in this Agreement, and no prior agreements or understandings, promises or representations, oral or otherwise, pertaining to any such matters shall be effective for any purpose with respect to any matter covered or mentioned in this Agreement. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.

9. Severability. The provisions of this Agreement shall be independent and severable and the unenforceability of any one provision shall not affect the enforceability of any other provision.

10. Governing Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of Washington.

11. No Waiver. No party to this Agreement shall be deemed to have waived any rights under this Agreement unless notice of such waiver is given in writing.

12. Recordation. This Agreement shall be recorded in the offices of the King County Recorder.

DATED as of the day and year first above written.

Address:
Mike Dash
University Heights Center for the
Community Association
5031 University Way NE.
Seattle, WA 98105
Phone: (206) 527.4278

GRANTOR:
UNIVERSITY HEIGHTS CENTER FOR
THE COMMUNITY ASSOCIATION,
a Washington nonprofit corporation

By: Michael Dash
Name: MICHAEL DASH
Its: PRESIDENT, BOARD OF DIRECTORS

with copy to:
Susan Boyd
Kantor Taylor Nelson & Boyd P.C.
1501 Fourth Avenue, Suite 1610
Seattle, WA 98101-1662
Phone: (206) 625-9898
Fax: (206) 625-9951

Address:
MaryJean Ryan
Seattle Office of Policy & Management
600 5th Ave, 6th Floor
PO Box 94745
Seattle, WA 98124-4745

GRANTEE:
THE CITY OF SEATTLE,
a Washington municipal corporation

By: SEE ATTACHED
Name: _____
Its: _____

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Seattle, WA 98105
Phone: (206) 527.4278

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UNIVERSITY HEIGHTS CENTER FOR
THE COMMUNITY ASSOCIATION,
a Washington nonprofit corporation

By: SEE ATTACHED
Name: _____
Its: _____

with copy to:
Susan Boyd
Kantor Taylor Nelson & Boyd P.C.
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PO Box 94745
Seattle, WA 98124-4745

GRANTEE:
THE CITY OF SEATTLE,
a Washington municipal corporation

By: MJR
Name: Mary Jean Ryan
Its: _____

4. Successors. The covenants, conditions, and restrictions of this Agreement shall (a) be covenants running with the land and equitable servitudes that touch and concern the Property, (b) inure to the benefit of and be enforceable by the parties and their successors and assigns, and (c) be binding upon all subsequent owners of the Property for the term of this Agreement.

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10. Governing Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of Washington.

EXHIBIT A
LEGAL DESCRIPTION

Lots 1 through 9, inclusive, and Lots 16 through 26, inclusive, Block 6, University Heights, An Addition To The City Of Seattle, according to the plat thereof recorded in Volume 9 of Plats, Page(s) 41, records of King County, Washington;

Together with that portion of the alley contained within said Block 6, as vacated by City of Seattle Ordinance No. 8361 as attached by operation of law;

Except the East 10 feet of said Block 6 taken for the widening of University Way by City of Seattle Ordinance No. 55773;

Situate in the County of King, State of Washington.

EXHIBIT B
COMMUNITY CENTER DEFINITION
TYPES AND LEVELS OF SERVICE

Community Center Defined: For the purposes of this Agreement, the term "Community Center" shall refer to the following collection of services ("Services"), offered without discrimination to all members of the community seeking to participate in the Services. To qualify as a Community Center, the Property shall be used to continuously provide Services in all four of the following categories at the Levels described. It is recognized by the Parties that the Types and Levels of Services will vary to some extent over the term of the Agreement; however, any deviation of more than ten percent (10%) in either the Types or Levels of Services and any reduction of the gross area of the Facility by more than ten percent (10%), requires the Seattle City Council's prior approval, by ordinance.

1. Early Learning

| Type of Service | Level of Service Benchmarks |
|--|---|
| Child care services | <ul style="list-style-type: none"> • Minimum of two leased spaces (9,000 square feet or 28% of facility) provided for childcare services with access to outdoor playspace • Minimum of 90 children/day • In new leases and in lease renewals, childcare tenants will be required to provide scholarship assistance for a minimum of 5% of children enrolled in their program |
| Education and support for families with children that have special needs | <ul style="list-style-type: none"> • Leased space (at least one classroom daily per year) to be provided for children with special needs. • Meeting space for parents of these special needs children will be provided at no cost |

2. Education/Arts

| Type of Service | Level of Service Benchmarks |
|--|---|
| Youth education in the arts and access for the community to cultural activities including theater, dance and music | <ul style="list-style-type: none"> • At least two leased spaces, in addition to childcare space listed above, shall be dedicated to tenants providing year round classes, serving 1,200 children per year • Minimum of 20 performances per year • Tenants will provide a scholarships/ discounts program to qualifying individuals |
| Education for all ages in a broad variety of fields is made available through the rental of space on an hourly basis each week. This includes but is not limited to dance, exercise, art, and reading. | <ul style="list-style-type: none"> • Minimum of 60 classes offered/month. Hourly rental rates shall be at a cost no greater than current rates charged by Seattle Parks and Recreation for similar space |

3. Park and Open Space

| Type of Service | Level of Service Benchmarks |
|--|---|
| Formal and informal outdoor open space | <ul style="list-style-type: none"> • Informal outdoor community gathering space of a minimum 1,000 square feet open to the public shall be maintained on the plaza at the building's south entrance. • Playground made available for public use evenings and on weekends when not in use by the childcare provider. |

4. Community Gathering and Meeting Spaces (Use of space at the UHCC is open to anyone regardless of race, religion, sexual orientation or special abilities).

| Type of Service | Level of Service Benchmarks |
|--|--|
| Classrooms at the UHCC are available for hourly rental for educational purposes, events, meetings, seminars and retreats | <ul style="list-style-type: none"> • 20% of the useable space in the building is set aside for hourly rental at a cost no greater than current rates charged by Seattle Parks and Recreation for similar space. This includes space provided for cooperative use. • A minimum of \$1,000 in room rental discounts to be provided annually for non-profit and community groups that serve children, arts, lifelong education and local sustainability |
| Outdoor spaces for public events in support of local agriculture and community initiatives | <ul style="list-style-type: none"> • Providing free space for community garden (eg: P-patch or education garden focused on children and youth) • Weekly farmer's market on a year-round basis • Weekly pick up site for local food bank donations • Gathering location for annual community clean-up • Plaza Days event - a free weekly gathering from May through December featuring fresh cooked seasonal and local foods and entertainment |