

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Parks and Recreation	Donald Harris/684-8018	Forrest Longman/684-0331

**Legislation Title:**

AN ORDINANCE authorizing the Superintendent of the Department of Parks and Recreation to execute an amended and restated 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.

**Summary of the Legislation:**

The proposed legislation authorizes the Superintendent to amend the existing ground lease between the City and the Center for Wooden Boats, making changes to better reflect the project that has been developed since the original lease was signed in 2009.

**Background:**

In 2009, by Ordinance 123207, the City Council authorized a ground lease between the City and the Center for Wooden Boats (CWB) for construction of a new education center at Lake Union Park. The lease was amended in 2011 by Ordinance 123797 to remove a requirement that the City and State Department of Natural Resources have a signed agreement requiring the education center be used for park and recreation purposes only *before* the project got underway. Removal of this provision from the lease allowed CWB to increase its fund raising efforts as they were able to show their control of the site, and they are currently negotiating with DNR regarding their use of Waterway 4 on Lake Union.

CWB's plans are now well funded and they are ready to proceed with construction. As CWB prepared to get Department of Planning and Development approval for construction, they realized that the original legal description of the property leased was no longer correct since the building design had evolved. Given that City Council action was required to correct the legal description of the leased property, CWB and DPR agreed to revisit several provisions of the lease agreement.

The proposed amendments:

1. Correct the legal description for the leased property, reflecting the current location/design (very close to the same square footage as the original lease);
2. Modify the 15% contingency fund requirement, allowing the contingency amount to be reduced as construction proceeds thus allowing the Center to realize some cost savings;

3. Allow CWB to build the education center to a LEED Silver standard in lieu of the Gold standard;
4. Revise the unknown hazardous substances section to reduce CWB's responsibilities if unknown hazardous substances are found on site;
5. Change the name of the architect to the one currently doing the work for CWB; and
6. Exchange the earlier site plan and proposed improvements exhibits for current ones that have evolved since the original 2009 lease was signed.

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

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**  
No, the proposed lease amendments do not change the financial structure of the lease. The change to the contingency requirement is not anticipated to have any financial impact to the City. The change to the unknown hazardous substance section lessened CWB's responsibilities for hazardous substance clean-up, but the City may have been ultimately responsible as the property owner.
- b) **What is the financial cost of not implementing the legislation?**  
If the City chose not to amend the existing lease, CWB might abandon their plans to build the education center due to inordinate financial exposure from the unknown hazardous substance provisions, and the City would lose the rental income.
- 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 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?**  
Yes. Attachment B shows a portion of Lake Union Park including the education center building pad location south of the Museum of History and Industry.
- h) **Other Issues:** None

**List attachments to the fiscal note below:**

Attachment A: Contract Summary Form

Louis Webster  
DPR Center for Wooden Boats Lease 2014 Amend FISC  
May 13, 2014  
Version #1

## Attachment B: Site Plan

Attachment A  
**Seattle Department of Parks and Recreation**

**CONTRACT SUMMARY**

May 19, 2014

**Name of Contracting Party/ Lessee/ Concessionaire/ Other:** Center for Wooden Boats (CWB)

**Contract Type:** Ground Lease, Amended and Restated

**Non-Profit**  **or For Profit** \_\_\_\_\_

**Term of Original Agreement:** Twenty-five years beginning with the date of receipt of a Certificate of Occupancy for the proposed education center.

**Purpose of Amendment:** The purpose of the amendment is to change the legal description of the ground lease area, revise the construction contingency requirements, revise LEED building requirements, acknowledge a new architect for the project, revise language regarding unknown hazardous substances and include improved exhibits for the ground lease.

**Brief description, overview, history, general terms and other pertinent info:** In 2009, the City Council authorized a ground lease between the City and the Center for Wooden Boats for construction of a new education center at Lake Union Park (Ord. 123207). In 2011 the lease was amended to remove a requirement for a City/Department of Natural Resources agreement on waterway use that inhibited fundraising by CWB (Ord. 123797). Fundraising has progressed and the CWB is now ready to construct the education center per the terms of the ground lease.

In 2014, CWB's plans for the education center evolved so as to require a change to the legal description of the ground lease. Given that City Council action was required to correct the legal description, CWB and DPR agreed to revisit several provisions of the original ground lease. Key changes include:

1. the 15% contingency fund requirement could be reasonably be modified to a lower level as construction proceeded thus allowing the Center to realize some cost savings;
2. CWB could build to a LEED Silver standard in lieu of the Gold standard;
3. list a new architect for the project;
4. reallocate responsibility for unknown hazardous substances, if any are discovered during construction; it was agreed that this section could be reasonably and fairly rewritten to protect the City and not unduly burden the Center;
5. substitute new exhibits that will assist DPR manage the lease.

# EXHIBIT A-1 - SITE PLAN

scale: 1" = 100'-0"  
date: 02/28/2014

0 50' 100' 200' 300'

