



Signature Report

Ordinance 18994

Proposed No. 2019-0392.1

Sponsors Balducci

1 AN ORDINANCE dissolving the endowment within the
2 youth sports facilities grant fund; and amending Ordinance
3 15044, Section 1.

4 **STATEMENT OF FACTS:**

5 1. The youth sports facilities grant program, also known as the youth and
6 amateur sports program ("the program"), has, since 1993, funded areas
7 such as ball fields, sports courts, climbing walls, playgrounds, rowing
8 facilities, skate parks, mountain biking courses, gymnasiums, swimming
9 pools and weight rooms.

10 2. The county has used a variety of funding sources to support the
11 program.

12 3. In a budget proviso in the 1998 Annual Budget Ordinance, Ordinance
13 12926, Section 92, the council requested the executive analyze the
14 possibility of creating a twenty-year annuity to support the program, to be
15 funded by the proceeds from sales of surplus Kingdome property. With
16 the completion of the new football stadium by the public facilities district
17 that replaced the Kingdome in the early 2000s, the county had over
18 \$600,000 left in the county's stadium fund.

19 4. In a budget proviso in the 2002 Annual Budget Ordinance, Ordinance

20 14265, Section 13, the council transferred the residual stadium fund
21 money to the program's fund to establish an endowment, whereby only the
22 interest earned on this money could be spent on the program. The budget
23 proviso also directed that as surplus Kingdome properties, including the
24 Johnson Building, were sold, those proceeds be added to the endowment.

25 5. Thus, the executive did not create a twenty-year annuity, as suggested
26 by the council in the budget proviso to the 1998 annual budget ordinance,
27 instead the new youth sports facilities grant endowment subfund (Fund
28 1291) was created in the youth and amateur sports fund to serve the same
29 purpose.

30 6. Over the course over the next several years, the council reaffirmed its
31 intent that the proceeds from the sale of the Johnson Building be added to
32 the corpus of the endowment, in Ordinance 14797, Motion 12374 and
33 Ordinance 15652.

34 7. In Section 1.N. of Ordinance 15044, which is the ordinance that
35 approved the sale of the Johnson Building, the council found that
36 consistent with its previous policy directions, the proceeds of the sale,
37 after meeting the requirements of Ordinance 13262 to support the housing
38 opportunity fund, be dedicated to the program's endowment.

39 8. In 2006, the Johnson Building sold for \$2.2 million, and \$1,973,553
40 was transferred to the program's endowment. Currently there is
41 approximately \$2.6 million in the endowment, which generates less than
42 \$50,000 in interest each year.

43 9. The 2017-2018 Biennial Budget Ordinance, Ordinance 18409,
44 appropriated and restricted \$9 million of general obligation bond proceeds
45 to be expended for youth and amateur sports grant projects. In June 2018,
46 approximately \$6.6 million of general obligation bonds were sold to
47 support grant projects that were ready to receive the proceeds at the time
48 of the bond sale, leaving approximately \$2.4 million of youth and amateur
49 sports grant projects unfunded.

50 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

51 **SECTION 1. Findings:**

52 A. The initial council intent of creating a twenty-year reserve, from which only
53 the interest from the reserve's principal could be used to support the program, has been
54 met.

55 B. Facing a different economic environment where the interest return on money is
56 significantly reduced from that available in 2006, and because the endowment does not
57 generate enough annual interest to adequately support the backlog of current projects.

58 C. The council's intent is to maximize using moneys on hand to support the
59 program.

60 D. By dissolving the endowment \$2.4 million of youth and amateur sports grant
61 projects that were appropriated during the 2017-2018 Biennial fiscal period can be
62 funded without a need for an additional bond sale, thereby saving both bond placement
63 costs, as well as interest payments over the life of the potential bonds.

64 **SECTION 2.** Ordinance 15044, Section 1, is hereby amended to read as follows:

65 **Findings:**

66 A. King County purchased the property known as the Johnson Hardware
67 Building from the Johnson family on May 27, 1980, for \$950,000.00 as part of the
68 Kingdome stadium development.

69 B. The subject property is located at 590 First Avenue South. It is irregular in
70 shape, lying between Railroad Way South and Occidental Avenue South. There is
71 approximately 265 feet of frontage on Railroad Way, and 241 feet on Occidental, with
72 the north boundary running about 142 feet. The land area is approximately 21,478 square
73 feet. The property is improved with a two story brick building which was built in 1903,
74 containing approximately 42,668 square feet. The property is zoned City of Seattle PSM
75 85-120, chapter 23.66.100 SMC, and is in the Pioneer Square Preservation District.
76 Building heights of 85-120 feet are permitted, with "all uses shall be permitted outright
77 except those specifically prohibited by Section 23.66.322 SMC and those subject to
78 special review under Section 23.66.324 SMC and that all uses not specifically prohibited
79 shall be permitted as both principle and accessory use."

80 C. Between 1980 and 1997 the property was used as by the Kingdome stadium
81 authority as a storage facility and as storage for the Mariners baseball organization.

82 D. On June 17, 1997, Washington State voters approved Referendum 48 ("the
83 Stadium Act"), authorizing the financing, construction, ownership and operation of a
84 stadium and exhibition center suitable for National Football League football and Olympic
85 and World Cup soccer, with adjacent exhibition facilities, together with associated
86 parking facilities and other ancillary facilities.

87 E. The Stadium Act authorized the Washington State Public Stadium Authority
88 ("PSA") and First and Goal, Inc. ("FGI"), to determine the site and overall design of the

89 stadium property.

90 F. The Stadium Act required King County to assemble property that the county
91 and PSA mutually determine to be necessary for the project.

92 G. In accordance with the Stadium Act, King County and Football Northwest
93 LLC entered into a letter of intent dated June 30, 1997 to assemble and contribute such
94 property in the event the Kingdome site was chosen.

95 H. In accordance with Ordinance 12807, dated June 30, 1997, King County
96 amended its Kingdome use agreement which allowed it to assign its interest in the
97 Kingdome to the PSA.

98 I. On April 30, 1998, Resolution 43 was adopted by the PSA designating the site
99 occupied by the Kingdome as the location for the new stadium complex.

100 J. In accordance with the letter of intent, on September 8, 1998, King County
101 passed Ordinance 13262 authorizing the King County executive to enter into an
102 agreement which among other things, allowed the PSA to purchase an option for the
103 Johnson Hardware Building.

104 K. A special use permit was granted to the PSA outlining the PSA's use of the
105 Kingdome property, including the Johnson Hardware Building. The special use permit,
106 beginning on November 1, 1999, authorized the PSA to use the Johnson Hardware
107 Building for storage during the pendency of, and until termination of the option to
108 purchase.

109 L. An option to purchase the Johnson Hardware Building was granted to FGI on
110 March 16, 2000. The option period was to extend one year from the issuance of the
111 certificate of occupancy for the stadium property, which was issued on July 19, 2002.

112 Purchase price was to be determined by fair market appraisal at the time of execution of
113 the option.

114 M. FGI has not executed the option, which has subsequently lapsed.

115 N. ~~((In accordance with K.C.C. 4.56.070, the property has been declared surplus
116 to the needs of the county. Consistent with the policies established in the 1998 Budget
117 Ordinance, Ordinance 12926, any proceeds from the sale of the Kingdome property
118 known as the Johnson Hardware Building, after meeting the requirements of Ordinance
119 13262 to support the housing opportunity fund, shall be used only for the acquisition,
120 development, maintenance and operation of outdoor sports fields for youth and dedicated
121 to the youth sports facility grant fund as an endowment reserve.~~

122 Θ.)) The Nisqually earthquake on February 28, 2001, caused approximately
123 \$250,000.00 in damage to the building, and restricted its utility for warehousing and
124 storage. Repair of the earthquake damage would allow resumption of its current use as a
125 warehouse. An upgrade to current seismic code would permit change in land use. This
126 upgrade has been estimated to cost \$750,000.00.

127 ~~((P.))~~ O. K.C.C. 4.56.070 states that, if the property is not needed for the
128 provision of essential government services, the facilities management division shall then
129 determine if the parcel is suitable for affordable housing. Suitable for affordable housing
130 means the parcel is located within the Urban Growth Area, is zoned residential, and the
131 housing development is compatible with the neighborhood. Although the Johnson
132 Building meets these minimum criteria, the real estate services section has determined
133 that due to unusually high costs of redevelopment, the subject property is not suitable for
134 redevelopment as affordable housing. Affordable housing developers have been

135 contacted regarding the suitability for conversion of the building to affordable housing.
136 Interest in the property is high, if acquisition costs to the developers would be less than
137 \$800,000.00. Fair market value of the property has been established by appraisal, at
138 \$2,350,000.00 in its "as is" condition.

139 ~~((Q-))~~ P. K.C.C. 4.56.070 also states that the facilities management division shall
140 make recommendation for uses other than sale of surplus real property including the use
141 of the property by other governmental organizations and use by nonprofit organizations
142 for public purposes.

143 ~~((R-))~~ Q. The Pioneer Square Community Association, a non-profit corporation,
144 has expressed their desire for the Johnson Building to be devoted to mixed use, which
145 may include but not be limited to street-level retail, market rate and affordable housing
146 and historic preservation.

147 ~~((S-))~~ R. K.C.C. 4.56.100 allows for the negotiated sale of County surplus
148 property under certain specific conditions.

149 SECTION 3. The youth sports facilities grant endowment (Fund 1291) subfund is
150 dissolved and all moneys therein shall be transferred to the youth and amateur sports
151 fund, created by K.C.C. 4A.200.810.
152

Ordinance 18994 was introduced on 9/18/2019 and passed by the Metropolitan King
County Council on 10/16/2019, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles
and Ms. Balducci



KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Rod Dembowski, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this 28 day of OCTOBER 2019

Dow Constantine, County Executive

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CLERK
KING COUNTY COUNCIL

Attachments: None