



Legislation Text

File #: 2014-0239, **Version:** 3

AN ORDINANCE authorizing the King County executive to enter into a development agreement and ground lease under which Neighborcare Health will construct and operate a new facility on the site of the North District Multiservice Center located in council district four.

STATEMENT OF FACTS:

1. The King County executive recommends that the county enter into a ground lease with a term of fifty years for approximately 3.17 acres of county property located at 10501 Meridian Ave N, in Seattle, Washington to Neighborcare Health, a Washington not-for-profit corporation, in accordance with K.C.C. 4.56.150.E.1.d., whereby Neighborcare Health will construct and operate a new social and health services facility.
2. An exhibit to the ground lease is a development agreement between the county and Neighborcare Health for the construction and operation the new social and health services facility.
3. In the new facility, Neighborcare Health will provide primary medical and dental services, will partner with a behavioral health provider, and will offer public health an option to lease space in the facility to provide public health services, all vital public services, which will be provided in an integrated manner and targeted for the benefit of low income and uninsured residents of north Seattle and north King County.
3. The development agreement also provides the county with an option for the county to lease back approximately ninety-six hundred square feet of the facility for use by Public Health -

Seattle & King County to provide health and social services to the poor and indigent and replace the space currently occupied at the North District Multiservice Center. A proposed lease is an exhibit to the development agreement.

4. K.C.C. 4.04.040.B.5.a. requires that any lease wherein the county is a tenant with a cumulative term of two years or more be approved by ordinance.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. **Findings:** Public Health - Seattle & King County is facing dramatic budget shortfalls and the county executive is developing a budget that is likely to propose significant changes to King County's public health center operations. Finalization of any of these anticipated significant changes would not be approved until the county council completes its budget process in November 2014. Given the financial challenges facing Public Health - Seattle & King County, the county council finds that there is a public interest in ensuring continued legislative consideration of Public Health - Seattle & King County's financial capacity to support its obligations if the county were to choose to exercise the option to lease space in Neighborcare Health's new facility.

SECTION 2. The executive is authorized to execute a ground lease with Neighborcare Health for the property located at 10501 Meridian Avenue North, in Seattle, Washington, substantially in the form of Attachment A to this ordinance and to execute the development agreement attached as exhibit C to Attachment A to this ordinance.

SECTION 3. A. The director of the office of performance, strategy and budget, or the director of the office of performance, strategy and budget's designee, and the director of Public Health - Seattle & King County, or the director of Public Health - Seattle & King County's designee, shall transmit a report to the council that demonstrates that Public Health - Seattle & King County has the financial capability to support its obligations if the county were to exercise its option to lease space in the Neighborcare Health facility to be built

and as more fully described in Section 5.1 of the development agreement. The report shall identify all revenue sources that would fully fund the lease payments to Neighborcare Health required under the lease and describe any known risks to those revenue sources. The report shall also describe options for the redevelopment of the County Property, as described in Article 1, Recital 5 of the Ground Lease, including the potential value from selling the County Property and the extent to which the need to sell or redevelop the County Property is necessary to fund the lease payments.

B. The report shall be filed in the form of a paper original and an electronic copy with the clerk of the council no later than February 15, 2015, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff and the lead staff to the budget and fiscal management committee or its successor.

C. The executive or the executive's designee is not authorized to exercise the option to lease as described in Section 5.1 of the development agreement if, by March 31, 2015, the council approves a motion that finds that public health - Seattle & King County does not have the financial capability to support its obligations under the lease agreement.

SECTION 4. The director of the office of performance, strategy and budget shall transmit a letter in the form of a paper original and an electronic copy to the chair of the council, the chair of the budget and fiscal management committee, or its successor, and the clerk of the council, as well as an electronic copy transmitted to the council chief of staff and the lead staff for the budget and fiscal management committee, or its successor, within ten working days of recommending to the county executive approval or disapproval of Neighborcare Health's financing plan, as described in Section 4.6 of the development agreement.

SECTION 5. This ordinance takes effect after Ordinance xxxxxx (Proposed Ordinance 2014-0321), which amends K.C.C. 4.56.180, takes effect.