



## Legislation Text

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

### STATEMENT OF FACTS:

1. The youth sports facilities grant program, also known as the youth and amateur sports program ("the program"), has, since 1993, funded areas such as ball fields, sports courts, climbing walls, playgrounds, rowing facilities, skate parks, mountain biking courses, gymnasiums, swimming pools and weight rooms.
2. The county has used a variety of funding sources to support the program.
3. In a budget proviso in the 1998 Annual Budget Ordinance, Ordinance 12926, Section 92, the council requested the executive analyze the possibility of creating a twenty-year annuity to support the program, to be funded by the proceeds from sales of surplus Kingdome property. With the completion of the new football stadium by the public facilities district that replaced the Kingdome in the early 2000s, the county had over \$600,000 left in the county's stadium fund.
4. In a budget proviso in the 2002 Annual Budget Ordinance, Ordinance 14265, Section 13, the council transferred the residual stadium fund money to the program's fund to establish an endowment, whereby only the interest earned on this money could be spent on the program. The budget proviso also directed that as surplus Kingdome properties, including the Johnson Building, were sold, those proceeds be added to the endowment.
5. Thus, the executive did not create a twenty-year annuity, as suggested by the council in the budget proviso to the 1998 annual budget ordinance, instead the new youth sports facilities grant

endowment subfund (Fund 1291) was created in the youth and amateur sports fund to serve the same purpose.

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

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

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

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

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

**SECTION 1. Findings:**

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

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

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

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

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

**Findings:**

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

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

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

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

E. The Stadium Act authorized the Washington State Public Stadium Authority ("PSA") and First and

Goal, Inc. ("FGI"), to determine the site and overall design of the stadium property.

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

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

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

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

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

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

L. An option to purchase the Johnson Hardware Building was granted to FGI on March 16, 2000. The option period was to extend one year from the issuance of the certificate of occupancy for the stadium property, which was issued on July 19, 2002. Purchase price was to be determined by fair market appraisal at the time of execution of the option.

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

N. ~~((In accordance with K.C.C. 4.56.070, the property has been declared surplus to the needs of the county. Consistent with the policies established in the 1998 Budget Ordinance, Ordinance 12926, any proceeds~~

~~from the sale of the Kingdome property known as the Johnson Hardware Building, after meeting the requirements of Ordinance 13262 to support the housing opportunity fund, shall be used only for the acquisition, development, maintenance and operation of outdoor sports fields for youth and dedicated to the youth sports facility grant fund as an endowment reserve.~~

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

((P:)) Q. K.C.C. 4.56.070 states that, if the property is not needed for the provision of essential government services, the facilities management division shall then determine if the parcel is suitable for affordable housing. Suitable for affordable housing means the parcel is located within the Urban Growth Area, is zoned residential, and the housing development is compatible with the neighborhood. Although the Johnson Building meets these minimum criteria, the real estate services section has determined that due to unusually high costs of redevelopment, the subject property is not suitable for redevelopment as affordable housing. Affordable housing developers have been contacted regarding the suitability for conversion of the building to affordable housing. Interest in the property is high, if acquisition costs to the developers would be less than \$800,000.00. Fair market value of the property has been established by appraisal, at \$2,350,000.00 in its "as is" condition.

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

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

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

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