

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Partnership with the Boys & Girls Clubs of Bellevue (BGCB) at Hidden Valley Sports Park.

STAFF CONTACTS

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DIRECTION NEEDED FROM COUNCIL

<input type="checkbox"/>	Action
<input checked="" type="checkbox"/>	Discussion
<input checked="" type="checkbox"/>	Information

Staff requests that Council endorse the basic elements of the proposal and direct staff to proceed with the next steps as described below.

POLICY QUESTION

Should the City enter into a long-term lease with the Boys & Girls Clubs of Bellevue (BGCB) that allows the BGCB to construct and operate a gymnasium at Hidden Valley Park in exchange for public benefits at the park commensurate with the estimated value of the property lease?

BACKGROUND

Hidden Valley Park

Hidden Valley Park is a 17.17-acre community park acquired by the City in 1965. It contains a full complement of park amenities, including one lighted baseball/softball field, two little league ballfields, a paved 140-car parking lot, playground, lighted tennis court, basketball court, restrooms, storage buildings, and pedestrian pathways (attachment 1). Vehicle access is via 112th Avenue NE. A second park access is located at the north end of the park off of NE 24th Street. The park is surrounded on three sides by single-family residential homes, and on the fourth side by low-rise office buildings. The park sits in a valley, with homes to the south/southwest rising 30-40 feet above the park and buffered by large trees. Homes to the west and the office buildings to the east sit 10-20 feet above the park.

Park use has remained similar over the years, with athletic uses dominating. It is currently used extensively by little league baseball, men's and women's softball, and sports camps. Spring and summer are the heaviest use periods. Company picnics and the use of the neighborhood park amenities at the north end of the park are also common. In the 1980's, the lighted field was home to the Pay 'N Pak fast pitch softball team, often drawing 500-1,000 spectators for games.

Boys & Girls Clubs of Bellevue

The BGCB is a 501(c)(3) non-profit corporation that currently operates in 14 sites throughout Bellevue, including their main facility in downtown Bellevue, as well as programs in seven schools and three public housing sites. Their downtown facility is located along 100th Avenue

NE, west of the Downtown Park, and includes the main club building, parking lot, a small house, and the Ground Zero teen center. BGCB has outgrown these facilities, and they have been seeking ways to expand their facilities for several years. BGCB determined that their downtown site was insufficient to accommodate their needs, and they developed plans to construct a new 45,000 square-foot “flagship” facility with multiple gymnasiums and program spaces on a new site. BGCB began exploring sites in west Bellevue to accommodate this larger facility.

Request to use Surrey Downs Park. In 2007, BGCB asked the City to consider providing a portion of Surrey Downs Park to construct this facility, with the idea that the City would contribute a portion of the construction costs and then utilize part of the facility for community-wide programming. BGCB participated in the park master planning process that began in late 2007. The resulting Surrey Downs Park Master Plan identified an approximate 2-acre “building zone” that included a series of parameters limiting the impact of a potential building at this location. These limitations, together with the uncertainties and timing surrounding the light rail alignment and relocation of the existing court facilities, made it clear that the Surrey Downs site would not meet BGCB needs, so they continued exploring alternate west Bellevue locations to accommodate their facility.

Request to use Chapin Property. In 2010, BGCB approached the City about acquiring the 4.26-acre City-owned Chapin property located at the SE corner of Bellevue Way and NE 20th Street. This property is undeveloped, but identified as a future neighborhood park in the Parks & Open Space System Plan. Council reviewed this request at their April 11, 2011 Study Session and authorized staff to continue exploring options with the BGCB. However, after thorough due diligence, BGCB determined that it would not be feasible to develop their flagship facility here.

Request to use Hidden Valley Park (HV). After exploring these and other site options, BGCB adjusted their facility program to require a smaller footprint than the previous flagship facility, allowing BGCB to seek smaller sites to accommodate their need. In 2011, BGCB proposed a partnership at the City-owned Hidden Valley Park that would allow BGCB to construct an approximate 20,000 square-foot multi-purpose gymnasium to accommodate three full-sized basketball courts. The proposal was presented to the City Manager on January 9, 2012. City staff and BGCB have been working together to develop the basic terms of an agreement that benefits both parties and also complies with state law. In short, BGCB is looking for a site to accommodate their gym, preferably near outdoor sports facilities to complement their indoor programs. At the same time, the City has been seeking ways to increase sportsfield capacity, especially in west Bellevue.

CONTEXT

The City and BGCB have worked together in support of children and families for many years. Partnerships at the South Bellevue Community Center, Lake Hills Clubhouse, and Ground Zero Teen Center are examples. BGCB is continuing to expand youth and teen programming in the Crossroads and Lake Hills neighborhoods. The HV gymnasium proposal is part of a BGCB strategy for a targeted community-wide approach designed to serve more children with a broader footprint in multiple sites throughout the community. The plan includes:

- Reconstruction/modernization of the Main Club/Child Care/Admin building on the existing downtown site;
- Acquisition and remodeling of the surplus Lake Hills Library to facilitate program expansion to serve youth in east Bellevue including teen center activities and expansion of their current Lake Hills Technology Center (completed);

- Construction of a stand-alone multi-purpose gymnasium in West Bellevue (HV);
- Collaboration with the City to expand the after-school program for elementary school children at the Crossroads Community Center (completed); and
- Opening of three new club locations in King County Housing Authority sites in East Bellevue (Eastside Terrace, Spiritwood Manor, and Hidden Village).

These investments are in addition to BGCB's long-standing afterschool and summer school programs provided at several elementary schools in east Bellevue. BGCB also provides significant youth program subsidies and scholarships annually (\$794,000 in 2011).

THE PROPOSAL

BGCB and the City would enter into a partnership allowing BGCB to construct a gymnasium at Hidden Valley Park (HV) in exchange for public benefits at the park commensurate with the estimated value of the long term lease, as follows:

1. The City would provide a 50-year, \$1/year lease to the BGCB to construct an approximately 20,000 square-foot multi-purpose gymnasium facility (gym) at HV, located near the park's entry off of 112th Avenue NE.
2. BGCB would design, construct, and operate the gym solely at their cost, sized to include three full-sized basketball courts, and designed to accommodate multiple sport courts. The capital cost for the gym is estimated at \$4 million. The City has no financial obligation for the gym.
3. The City and BGCB share equally in the cost to construct additional athletic field and site improvements at HV as follows, at a total cost of up to \$6 million (attachment 2):
 - a. Install synthetic turf on the existing lighted adult softball field, staying within the current field footprint - estimated at \$1.9 million.
 - b. Add a third little league field with a synthetic turf infield, and add synthetic turf infields to the existing two fields - estimated at \$1.7 million.
 - c. Complete other site improvements required to support the total project including entry and circulation improvements, increased parking capacity, and storm water management code compliance - estimated at \$2.0 million.
 - d. If costs change as the project proceeds, both parties share equally in cost reductions or cost increases.
 - e. Third party institutional grants that reduce the cost of the athletic field and site improvements will be credited to the party that secures them. Any grant must be able to be utilized within the framework of a public works project, and cannot unnecessarily restrict the use of the park.
4. The City will have use of the gym space at no cost.
5. BGCB and City will work jointly to schedule the use of the gym and sports fields as follows:
 - a. BGCB will schedule the use of the gym for City programs during non-club times, generally daytime during the week.
 - b. The City will schedule the use of the HV fields for BGCB outdoor programs without displacing existing programs.

6. BGCB and City agree to work jointly towards ensuring that all Bellevue youth are served, regardless of their ability to pay.

The total capital project is estimated at \$9.6 million and includes a comprehensive redevelopment of HV Park as summarized below.

	BGCB	COB	Total
Gymnasium	\$4.0M	\$0.0M	\$4.0M
Site Improvements	1.0M	1.0M	2.0M
Sportsfields	1.8M	1.8M	3.6M
Total	\$6.8M	\$2.8M	\$9.6M

LEGAL/REGULATORY ISSUES

1. **Restrictions on the use of property purchased with voter-approved Park Bond funds.** The City purchased this site with proceeds from voter-approved General Obligation Bonds approved in 1965. The bonds were issued in 1966 “for the purpose of acquiring, constructing, developing and improving parks, parkways and other recreational facilities” within the City, and have since been paid off. The deed contains no language restricting the use of the property, and Bond Council has reviewed the deed and related bond ordinances and finds no conflict with the proposal.
2. **Authority to enter into this Partnership.** RCW 35.59.080 provides the authority for a city to lease “all or any part of a multi-purpose community facility” to any municipality, government agency, private corporation, or individual. The terms and conditions of any agreement are at the discretion of the City Council. RCWs 67.20.020 and 36.68.020 authorize cities to lease land to agencies or private parties and then “lease back” or contract for space to conduct recreational programs.
3. **Gift of Public Funds to Private Entities.** Article VIII, Section 7 of the Washington State Constitution prohibits gifting of public funds to private entities “except for the necessary support of the poor and infirm.” Thus the City cannot simply provide property to the BGCB without consideration received by the public. The form and amount of consideration is at the discretion of the City Council (Compensation section, page 6).
4. **Public Work Projects/Prevailing Wage.** Any project that includes City funding is defined as a Public Works project, and subject to the rules governing items such as public bid laws and prevailing wage rates. The current proposal contemplates BGCB being solely responsible to construct and pay for the gym, while the City would manage the remaining site work as a public works project, with the parties sharing the cost. Gymnasium construction would not be a public works project.
5. **Land Use Regulations.** The property is zoned R-3.5, and community recreation centers are allowed under the City’s Land Use Code as a conditional use; thus a Conditional Use Permit and environmental review (SEPA) will be required in addition to the standard array of earthwork and building permits.

COMPARATIVE AGREEMENTS

Several existing agreements provide similarities to the current proposal:

1. **Ground Lease Agreements with Kindering Center and Youth Eastside Services (1983, 1985).** Under the terms of two 50-year, \$1/year ground leases, YES and the Kindering Center leased specific building areas and constructed facilities in Crossroads Park to provide ongoing social services. Both agreements include provisions for shared parking within the park. Both agencies met the Constitutional definition of supporting the poor and infirm. Both agencies fully funded the cost of their facility, and ownership of the buildings reverts to the City upon expiration of the ground leases.
2. **Joint Operating Agreement (JOA) with the BGCB at the South Bellevue Community Center (2003).** The City originally identified the need for a community center south of I-90 and, after a selection process, identified the BGCB as our partner. Under the terms of the 30-year JOA, BGCB contributed \$1.5 million towards construction of the \$12 million South Bellevue Community Center. The City owns and maintains the facility. BGCB provides programs for youth and teens, while the City serves pre-school, adult, and senior populations in accordance with schedules developed jointly by the parties.
3. **Memorandum of Understanding and Joint Use Agreement (JUA) with Pacific Science Center at Mercer Slough Environmental Education Center (2004).** The City originally identified the need for an environmental education center at Mercer Slough. The City and PSC jointly obtained funding to construct MSEEC facilities through public and private sources. The City funded approximately \$5.5 million of the \$12 million project cost. Under the terms of the 20-year JUA, the City owns and manages all land and buildings. PSC has exclusive use of two buildings to conduct environmental education programs that complement City programs.

PLANNING AND POLICY GUIDANCE

Several relevant planning goals and policies helped guide the discussion.

1. The **Parks & Open Space System Plan** provides that multi-use community recreation centers be equitably distributed throughout the city. This facility provides a key component of a multi-use community center, and west Bellevue is among the least-served areas of the community for indoor recreation. The Plan also suggests establishing or expanding partnerships with the School District and other service providers to supplement programs and facilities provided in City-owned facilities.
2. The **Comprehensive Plan** provides relevant policy guidance regarding the delivery of community recreational services, as follows:
 - Develop and promote partnerships with public agencies and private service providers to plan, develop and utilize facilities to meet the cultural, recreational, and social needs of the community.
 - Provide geographically dispersed community centers, using city-owned facilities as well as partnerships with the school districts and other non-profit agencies, to meet residents' needs for indoor recreation, athletic instruction, arts, meeting space, and special activities.
 - Provide a variety of services and programs throughout the city serving the general population and placing special emphasis on programs and services for youth, seniors, the disabled, and the disadvantaged.

- Accommodate social services at recreation facilities and community centers when they complement recreation, cultural, and social programs.

COMPENSATION

Compensation must comply with the legal requirements established by state law, though the City Council is given latitude in establishing the form and extent of compensation. The City appraised the value of a 50-year lease of a 2.5-acre portion of HV along 112th Avenue NE to use as a benchmark for discussion. The parcel size was estimated to be the minimum needed to construct a 20,000 square foot gymnasium with requisite parking and setbacks. The independent appraisal, completed by Murray & Associates on March 27, 2012, established the leasehold value as \$2.3 million. The estimated value of the athletic field and site improvements to HV (item #3 above) is \$5.6 million, shared equally by the parties, or \$2.8 million each. In addition, proposal items 4 and 5 provide gym use time for City programs during weekday school hours at no cost, which represents a value to the City. Using only half of the available weekday time, the rental cost to the City is conservatively estimated to be \$86,000/year (using the South Bellevue Community Center gymnasium rental rates of \$55/court/hour).

NEXT STEPS

If Council wishes to proceed, the following steps remain before an agreement could be finalized:

- **Community outreach.** Multiple opportunities will be made available to inform the public about the project, to encourage feedback, and to allow the public to ask questions and express concerns. Both the City and BGCB would participate in this process.
- **Negotiate the agreement.** Many details must be worked out before returning to Council, including funding and payment schedules, design process and approval authority, construction sequencing, facility scheduling, shared parking, lease terms, signage, maintenance obligations, insurance provisions, and extension/termination clauses.
- **Funding.** Both parties must commit to a significant capital outlay before this partnership can proceed. BGCB is dependent on the success of a fundraising campaign. The City must obligate CIP funds.
- **Design and Engineering.** Conceptual designs have been completed in order to provide reliable cost estimates. Detailed design and engineering plans will be needed.

ATTACHMENTS

1. Hidden Valley Park existing conditions (aerial photo)
2. Hidden Valley Park proposed improvements



HIDDEN VALLEY SPORTS PARK



DRAFT