

Option 9- Long-Term Lease of Entire Community Center: An outside organization assumes total responsibility for operation of a community center that would otherwise be closed (see Options 3 and 4). Parks retains ownership of the facility and responsibility for major maintenance costs.

Estimated Potential Budget Impact: Avoided General Fund net expense of \$(400,000) per standard center, \$(100,000) per current limited use center. Rent payments by lessee would provide additional savings.

Summary:

- Parks conducts an RFP process to identify an outside partner to assume operations of a community center that has been or is about to be closed.
- Operator assumes all operational costs including staffing, equipment, janitorial, and utilities.
- Parks retains responsibility for major maintenance costs although the operator may contribute.
- Rent charges may be offset by public benefit or capital investment credits. Public benefits would include offering scholarships, reduced fees, or free public meeting space. Capital investments would include paying for major maintenance or building renovations.
- Lessee could offer programs similar to or different from Parks' programs.

Advantages

- Keeps some public use of a facility that would otherwise be closed.
- Provides relatively low-cost space to a community-based organization.
- Allows a community to continue to provide service that the City can no longer afford to provide.

Disadvantages

- Amount of time required to implement means that centers would likely close before being reopened by an outside operator.
- Parks must still budget for all or part of major maintenance costs in its CIP.
- Long-term leases make it difficult to resume use as a Parks operated community center.
- May be difficult to find organizations that provide similar service and can afford to operate our facilities.

Similar Practice in Seattle and Other Jurisdictions:

- Current examples of Parks facilities operated by others include Lake City Community Center, Pratt Fine Arts Center, Madrona Dance Studio, Bathhouse Theater, Seward Park Clay Studio, Seward Environmental and Audubon Center, and Cascade People's Center.
- Examples of organizations that have made major investments in buildings that they now use exclusively under very long-term leases are the Mountaineers Club (Building 67 in Magnuson Park) and Arena Sports (Building 27 in Magnuson Park).
- Phinney Neighborhood Association and various senior centers are examples of non-government organizations that run facilities similar to community centers.
- San Jose instituted a facility reuse program in 2008 that has grown to include 23 former community centers. They are now operated by community-based groups and nonprofits.
- Denver has three Transition Sites that were previously Neighborhood Centers but are now run by nonprofits.

- Portland has two centers where a nonprofit organization has assumed responsibility for operations (Interstate Firehouse Cultural Arts Center and Woodstock Community Center) and the Multnomah Arts Center where six nonprofits lease space in a facility that is still managed by City staff.
- A recommendation of the study Sustaining Seattle's Parks: A Study of Alternative Strategies to Support Operations and Maintenance of a Great Urban Parks System prepared for the Seattle Parks Foundation by Tom Byers and Ken Bounds in January 2011 particularly mentions the long-term agreements with the Woodland Park Zoological Society and the Seattle Aquarium Society that provide for the full operation of the zoo and aquarium by those organizations.

Impacts:

System Flexibility

- Partners might respond more quickly to the changing needs of the community.
- The longer the lease the harder it is for Parks to resume operations in the building.
- The longer the lease the more program stability is given to the operating organization.
- Other organizations may be more flexible than Parks.

Community Needs/Access:

- A community assets analysis can help determine what services and programs are being offered by other organizations and what additional programs and services are needed.
- The lease provisions could address community access and public benefits.
- Parks could offer the facility operator incentives to offer scholarships and/or free or reduced-fee programming.
- Because the RFP process and lease negotiation take significant time, the center will likely be closed before it reopens, and this will result in a temporary loss of services.

Partnership Potential:

- Potential for Parks to partner with a variety of organizations that have diverse expertise.
- Operator could sub-contract with other partners to expand program offerings.
- There may be a limited number of partners with capability of running a whole center.

Implementation Issues:

- RFP process and negotiation of agreement require significant effort and time.
- Leasing to another operator would involve laying off all Parks staff. Employees may not be hired by the lessee and existing labor contracts may not be assumed by the lessee.
- More easily implemented in a new facility provided that the facility was not debt financed, in which case "private use" restrictions apply.

Potential Budget Impacts:

- Average general fund (GF) savings of \$400,000 per standard center closed, \$100,000 per limited use center closed. Rent payments by the lessee provide additional GF savings.
- Parks must still budget for all or part of major maintenance costs in the CIP.
- A longer lease could reward capital investments by the lessee.
- The City might provide a short-term operational subsidy with a phase-out period as did San Jose.