



**MEETING NOTES
CENTRAL WATERFRONT
FINANCE & PARTNERSHIPS/LONG TERM STEWARDSHIP SUBCOMMITTEES**

**JOINT MEETING #1 May 10th, 2011
3:30 — 5:00 PM Room #1610, Seattle Municipal Tower**

Meeting Attendees

Subcommittee Members & Advisors

- Gerry Johnson, Co-Chair
- John Nesholm, Co-Chair
- Carol Binder
- Bob Davidson
- Ron Turner
- Bob Donegan
- Maiko Winker-Chin
- Catherine Stanford
- Gary Johnson
- Kate Joncas
- Thatcher Bailey
- Ben Franz-Knight
- William Justen

City Staff & Consultants

- Hannah McIntosh
 - Nathan Torgelson
 - Marshall Foster
 - Steve Pearce
 - Bob Chandler
 - Candace Damon
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Committee Business

- **Finance & Partnerships Subcommittee Co-Chairs noted that:**
 - Finance & Partnerships Subcommittee advisors have been approved and several new members will be joining the Subcommittee, including:
 - Thatcher Bailey
 - Maud Daudon
 - Ben Franz-Knight
 - Kate Joncas
 - William Justen
 - Jean Baker
 - David Mosely
 - We have yet to hear from Dwight Dively and John Finke; Matt Griffin is still considering the invitation to join.

- **Long Term Stewardship Subcommittee Co-Chairs noted that:**
 - We have suggested that Kate Joncas (Downtown Seattle Association) and Tim Gallagher (Parks Department) become advisors; Tim has background with other parks departments and similar projects.
 - We'd like to propose additional names to our Subcommittee members and then have them confirmed at the June meeting.
 - We would also like to confirm that, moving forward, the Long Term Stewardship Subcommittee is meeting on the second Monday of each month.

National Peer Projects & Applicability to Seattle Situation

*Subcommittee reviewed and referenced documents including: *The Seattle Waterfront: Business Planning for a 21st Century Park System DRAFT – May 2011.*

- **Finance & Partnerships Subcommittee Co-Chairs noted that:**
 - The main purpose of our meeting today is to hear preliminary thoughts from Candace Damon of HR&A Advisors from New York; she has a depth and diversity of background in other projects like ours around the country and is deeply experienced.
 - Candace has been in Seattle for several days, has met with a number of us and has been taking in a wide variety of perspectives; we're fortunate to have her advice and council.

- **Consultants (C. Damon, HR&A Advisors) noted that:**
 - All of the parks and great open spaces in this country today, or at least the ones we've developed in the last decade or so, have emerged from a planning process that was:
 - Keenly focused on constantly revisiting the reason for the park's existence—an elevator speech: why are we building this, what is it about and what is its mission.
 - Secondly, whether it is public, private or not-for profit, those responsible have selected the best design they could find.
 - Lastly, they were always thinking about how the park was going to be funded: both capital for it's creation and ongoing, as well as what entity runs it.
 - The successful parks were constantly thinking about all three of these elements at the same time—rather than in a linear fashion: thinking about this circle all the time is critical.
 - The way of arriving at a mission falls into one or more of several categories:
 - Economic Development. Parks are sometimes conceived of as a piece of an economic development strategy—where you're looking at the expansion of a commercial or residential district as a new frontier with new kinds of programming that attracts residential critical mass, then demand for retail brings in commercial development.
 - Real Estate Development. Alternatively or differently, there are places that think about open spaces very much as linked to real estate development; either creating parkland because it's good and development is a necessary evil or in trying to build something but you want concessions—for example, open spaces viewed as a concession the developer has to build.
 - A third framework is all about whom are you trying to serve: How do you view the park as part of what you want your place to be? Serves downtown? City as a whole? One of those world-class parks that attract people from everywhere?
 - We've worked with variety of people and found various frameworks that are more or less compelling, however, fundamentally, the client needs to think about why.
 - If the park is being built, how do we describe it to the broadest constituency; how HR&A fits in is thinking about funding structures.

- In terms of what the parks costs—there is the capital investment and ongoing operating concerns; it's very much a function of what park supposed to be—how its' designed and how it will be used; if it's built on a complicated infrastructure, that tends to be more expensive.
- Parks created by designers are more expensive than recreational; parks heavily utilized by diverse groups of people are more expensive than parks that are natural and used passively.
- In some parks that are created as signature urban downtown gathering spaces, they are more expensive to build and upgrade than parks that aren't.
- We've been finding in signature urban gathering spaces that, as a rule of thumb, annual operating costs run 7-10 percent of initial capital costs.
- For example, if you're looking at \$250m park, the level of quality inherent is likely to mean that the cost of operating that park is the \$15 million a year range.
- This amount varies by park, depending upon how it is conceived and designed, but it's something we need to keep in our heads; many signature parks have also found it useful to have dedicated security.
- In a time of highly constrained fiscal resources, more cities are looking for alternative funding and cities are increasingly turning to a range of private sector funding resources, including:
 - General Fund/Bond
 - Special Levy
 - BID Charge/Bond
 - Food & Beverage
 - Events & Promotions
 - Parking Fees/Bond
 - Philanthropy
 - Corporate Sponsorship
 - Real Estate Proceeds
- Naming could also be an option but that may be unpopular; it's unlikely that any of these options alone could satisfy the capital requirements.
- There will be more sources of income if the Waterfront is a destination park and that will provide more potential to create value; more people might find it interesting to participate in philanthropic or sponsorship opportunity.
- However, it's important to note that, even after you put together layers of funding, they don't all materialize on day one.
- It's critical that you think about how to have appropriate opportunities for funding the park, which is likely to be built in phases.
- You also need to think about how to start matching-up the phasing structures for capital with the operation funds as you receive them.
- There's a constant question of, "how do I create structure that can collect money responsibly and as much as I need to spend in way appropriate and accountable to public in need." It's important that you:
 - Have to be able to explain to the public why the governance entity wants to do what they're doing; that it's not just a real estate or power land grab—they need to understand this.
 - Secondly, it has to have expertise and capacity to do everything that needs to be done—either governance or partner entities have to be able to build the park, manage or influence the real estate development process and be able to operate the park through routine operations, maintenance and programming appropriate to a great downtown park.
 - And finally, you have to be accountable to the public.
 - We've done this in 15 or 20 different places and spaces, and I'll talk about four that strike on point: Brooklyn Bridge Park, Hudson River Park, Rose Kennedy Greenway and Waterfront Toronto.
- Building something this big and ambitious is long-term process and it won't be done for quite some time; you'll continue to build this out over years and what you'll end up doing is honing your story about why.
- Using a story to go get money allows you to refine and get more money; as time goes on you'll get better at telling and understanding what resonates. **Subcommittee members noted that, the story will also evolve depending upon the audience we speak with at any time.*

- There's a high level story to think about now: you should be telling your consultants when they get it wrong—I don't know quite what it is maybe something like this:
 - In the coming generation or so the world will become more centered on cities; they will become greater drivers of economic value.
 - There's been lots of talk about world class cities, think New York and Shanghai—it's important to have healthy, wonderful, authentic, unique places to be—cities that don't have this will be cities that don't succeed.
 - Seattle should be desirable to the best and brightest kinds of employees we want to attract, and all successful cities have great urban open spaces.
 - People can identify this to being part and parcel to what it means to be a Seattleite.
 - You've been clear this can't be about attracting new people; it's a park that's about retaining what's good about Seattle.
 - As people go out to Seattleites it's important to sell it as a park that helps retain them and their children for generations to come—we need a story we can start to tell to a broad range of constituencies while identifying those in favor so they want to advocate.
- Also, you need a grass roots community advocacy group; all of the new open spaces I can think of have had grass roots advocacy.
- The park needs to get up and running, staffed, fundraising; it's important to tell the story to different constituencies in a "what's in it for you" sort of way.
- It will probably be programmed on an interim basis by the advocacy group, which can also start to plan the construction phase.
- Where does the money come from? Since I've been here you've talked a lot about capital funds; in my view it's important to think about how great ideas and great designers attract capital.
- What's harder is the long-term sources of operations funding:
 - First you have to figure out need; is it indeed the 7 to 10 percent range, or could it be lower?
 - Multiple ownership of the site presents interesting opportunities; 7 to 10 percent may be the right range but there may be many opportunities to offload onto someone else's balance sheet.
 - For example, if it really is 10 percent, but a big portion is pier maintenance paid by someone else, that is so much the better.
 - On the other hand, there may be opportunities to consolidate ownership or control over leases to improve revenue side thinking through how ownership or leasing works needs to be done, too.
 - Third, think about what the public sector can commit to inform that conversation and show what pier cities are committing to their open spaces.
- The Seattle Parks Department shared some numbers:
 - Operating spending on parks in Seattle is in line with or better than many pier cities;
 - However, downtown park spending is probably half of what most signature parks are spending;
 - This starts to describe gap we're facing.
- If the city funds at the level it has committed to other parks in urban areas, then that has to rise—the money probably comes from real estate development.
- Ideas worth exploring: if the park is designed and built as well as it's starting out; you'll see new development to the east on soft sites along Alaskan Way and in the Ballpark District.
- You can't tap new development value for the LID so you'll need to explore how to tap this for operating costs.
- The second place we should be looking is that, if the park is properly designed and run, it should create better conditions for retail on piers.
- Those business and their landlords should do better and presumably there is some way to tap into that, maybe through common area maintenance charge.

- Thirdly, as the area gets used more you can expect existing parking garages and new parking developed and there are lots of precedents for how you tap into that parking.
- Those are three sources of new economic opportunity we ought to look at potential to generate revenue to park.
- Finally, think about philanthropic campaign and how it fills in the last piece of gap:
 - The first thing you need to do is create a grass roots group that will tell the story better than anyone else.
 - It's important to start telling the story about how a downtown residential neighborhood is a park for everyone; we want to welcome you downtown—this should be done by someone from here who is passionate about park.
 - Secondly, there are many things that need to be done that the city can't do politically, physically and institutionally—such as the marketing around bringing people to the Waterfront—throwing events, programming, etc.— if the City tries to do that it could come off oddly.
 - You need early wins—an advocacy group can do things that are additional early wins like having parties, which become a precursor to testing ideas about what the governance structure looks like, what programming works and what resonates with people.

**Subcommittee members noted that, with regard to the process just described, didn't we just do that with Lake Union Park? Wasn't that conceived of different ownerships and grass roots efforts? *Subcommittee Co-Chairs noted that the Seattle Parks Foundation took leadership in much of that. There was a stakeholders group formed that ran the campaign and did advocacy for the park in public sector. *Subcommittee members noted that it was the same thing with the Aquarium. *Subcommittee Co-Chairs noted that, in the model of the grassroots Highline group, two people talking became a committee and that advocacy morphed into an organization running it—it's a fine model and in our case we're thinking it's a subset of this committee that becomes the eventual committee that runs it; there's a choice there but we're not quite sure how that plays out yet; we'll have to think it through. *Subcommittee Co-Chairs asked, are you saying grassroots is more about function as opposed to how it arises? *Consultants noted that yes, although it has to appear sufficiently independent of City government. I would be very surprised if grass roots advocacy board didn't look substantially similar to the attendance in this room but you may want to take some risk and add people who might throw a couple of bombs; it would look like this group but it can't be the advisory group to a City. *Subcommittee Co-Chairs noted that it's a different tact than were currently using. *City staff noted that there could be potentials where you have dovetailing; it could be an outside effort following in parallel with the advisory group and in the future it could dovetail into an actual entity; it is a key issue.*

- **Subcommittee Members noted that:**

- Given the narrowness of the available property here and the constraints that are dictated by geography, how serious do you think the three areas of potential income generating development are?
- To the east and south it strikes me there are a fair number of soft sites that could be developed as soon as capital is freed up; sites around the ballpark strike me as great sites and it seems we should start to see value much further east which are places where you could draw larger area of influence.
- Have you seen revenue derived from parking? **C. Damon noted that, with the New York Parking authority, there could be parking tax. *City Staff noted that value creation is intriguing but challenging; how do we capture not just the local improvement district (LID) tax? *Consultant noted that you can only use the LID for capital; something more like a bid special assessment district or you wouldn't tap into sales tax unless you can tap into larger area. On retail maybe it's a CAM.*

- As we've done variations of rules before, we have time to change rules. I advocate that we do thinking about that while we have time and ability; over time we can make some adjustments and we shouldn't completely dismiss some structural changes to revenue. **C. Damon noted that, leaving on table the new value strikes me as stunning, to the extent that the story is about not necessarily wanting to attract newcomers and new development but if we have special tax on newcomers, new development starts to make political sense and generates revenue. *Subcommittee Co-Chairs noted that, one problem we'll have in an aggressive LID is going back to property owners with additional funding mechanisms. There's a lot you can do by contract in exchange for public investment; we can certainly think about that and it might be a particularly good way to deal with brand new development as opposed to increasing value of existing stuff.*
- **Subcommittee Advisors noted that:**
 - I'm struck by the comment about a need for a grassroots movement:
 - It will be component of what constraints should park live under—passive or active?
 - One of the things I think would be missing is music: is that an immediate call to action?
 - Do we need to look for a concert producer?
 - Or is it more about public space—is it a nature sanctuary in the middle of the city?
 - Then where are you going for call to action—this is something we should talk through as we think about what the call to action might be. U
 - Ultimately it goes to what the story is for the park; the concert has been lost and they want it back. **Subcommittee Co-Chairs noted that one of the challenges will be that there's not just one but multiple stories. The architect is capturing multiple stories along waterfront; we know there has to be elevator speech at some point but it's richer because of multiple uses.*
- **Finance & Partnerships Subcommittee Co-Chairs noted that:**
 - Candace is part of our consulting team and available for continuing work over time. Are there any last thoughts? **Committee Co-Chair noted that this was an extraordinarily good presentation—very practical and we have learned a lot. We've been talking a little about the notion of thinking in terms of Brooklyn Bridge Park v. us. There is a passion in the community; people being against something drove the grassroots energy and ignited the fire in that community like when they wanted to tear down our public market. We didn't have to sell the story; it was already there. Our story is different—we need to think about it; the passion around this effort is about something 150 feet underground. There's almost a disinterest and a lack of understanding—it is different and it requires a different approach; for example, you mention music and people cobbling together interest groups. *City Staff noted that, it's similar to the Highline—two individuals concerned about Highline begin demolished. *Subcommittee Co-Chairs noted that you get passion in terms of begin against or losing something. *Subcommittee members noted that, on the other hand we have a genesis of 700 people coming to talk about park not tunnel—it's there, we just have to figure out how to build on that. *C. Damon noted that she's never been anywhere where 1,000 people showed up for a public meeting.*
 - This was a great, thoughtful well-organized presentation and we will want to continue tapping HR&A's experience.