



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 20, 2011

Motion 13496

Proposed No. 2011-0148.1

Sponsors Patterson

1 A MOTION responding to the 2011 Budget Ordinance,
2 Ordinance 16984, Section 89, Proviso P3, exploring the
3 feasibility of supporting the development of a regional,
4 indoor tennis facility in partnership with Tennis Outreach
5 Programs.

6 WHEREAS, the metropolitan King County council adopted the 2011 Budget
7 Ordinance, Ordinance 16984, and

8 WHEREAS, the council included a proviso in Ordinance 16984, Section 89,
9 requesting the executive, by April 1, 2011, to transmit a motion with a corresponding
10 report on the feasibility of supporting the development of a regional tennis facility in
11 partnership with Tennis Outreach Programs ("TOPs"), and

12 WHEREAS, TOPs is a nonprofit organization organized under Section 501(c)3 of
13 the Internal Revenue Code of 1986 and founded in 2003, whose mission is to enhance the
14 lives of King County youth with an emphasis on low-income and at-risk youth by
15 supporting their physical and mental health through affordable tennis, fitness and
16 education, and

17 WHEREAS, TOPs has operated tennis and tutoring programs out of school gyms
18 and community centers in Woodinville, Redmond and Kirkland since 2004, serving
19 fourteen hundred underserved and at-risk youth, and

20 WHEREAS, due to limited indoor tennis court capacity within King County,
21 TOPs is seeking to build and operate its own facility, and

22 WHEREAS, the estimated cost to build the regional, indoor tennis facility is
23 \$10,700,000. TOPs's project proposal includes funding the development of the facility
24 through the issuance of tax-exempt bonds as well as raising private contributions by
25 conducting a capital campaign, seeking donations and selling naming rights to the facility
26 and courts, and

27 WHEREAS, TOPs is seeking to partner with King County to help finance the
28 construction of the regional, indoor tennis facility by providing credit enhancement for
29 tax-exempt bonds issued to finance the project. TOPs would be fully responsible for
30 repayment of the debt and for operating the new facility, and

31 WHEREAS, the Washington state Housing Finance Commission determined that
32 TOPs and its proposed tennis facility project are eligible for tax-exempt bond financing,
33 and

34 WHEREAS, in February 2010, TOPs entered into a fifty-year lease agreement
35 with two ten-year extensions with the city of SeaTac to develop, construct and operate a
36 twelve-court, regional, indoor tennis facility and exterior landscaping using a four-acre
37 portion of Valley Ridge park, and

38 WHEREAS, the TOPs project is consistent with adopted King County policies
39 including the Equity and Social Justice Initiative and the King County Strategic Plan,
40 which call for King County to partner with organizations and support prevention and
41 early intervention programs for children and youth most at risk, and

42 WHEREAS, the metropolitan King County council has reviewed the feasibility
43 report, which is Attachment A to this motion, exploring the feasibility of supporting the
44 development of a regional, indoor tennis facility in partnership with TOPs and finds that
45 the executive has responded to proviso;

46 NOW, THEREFORE, BE IT MOVED by the Council of King County:

47 The council accepts the attached report, which satisfies the requirements of the
48 2011 Budget Ordinance, Ordinance 16984, Section 89, Proviso P3.
49

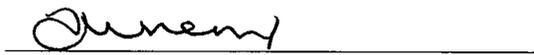
Motion 13496 was introduced on 4/18/2011 and passed by the Metropolitan King
County Council on 6/20/2011, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Patterson, Ms. Lambert, Mr. Ferguson, Mr. Dunn and Mr.
McDermott
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Tennis Outreach Programs (TOPS) Tennis Center Proposal and Feasibility Study

Tennis Outreach Programs (TOPs) Tennis Center Proposal and Feasibility Study

Background

Tennis Outreach Programs (TOPs) is a 501 C (3) nonprofit organization that was founded in 2003. For the last eight years, TOPs has offered tennis and tutoring programs to underserved and at-risk youth by operating out of community centers and school gyms. In 2010, TOPs provided tennis programs to over 400 preschool and elementary children in Woodinville, Redmond and Kirkland. Seventy-six (76) percent of those were minority and 10 percent received scholarships. According to TOPs, programs are offered to all regardless of geographic location, socio-economic status, race, ethnicity, gender, sexual orientation, age, physical ability and language. The TOPs programs are modeled after the Arthur Ashe Youth Tennis Centers which combine tennis and tutoring programs and operate within publicly-owned tennis facilities. However, because of the limited indoor public court capacity within King County, TOPs is seeking to build and operate its own facility.

Project Proposal

TOPs is proposing to build a regional, indoor tennis facility in Valley Ridge Park in the City of SeaTac. A preliminary design by Global Tennis Design proposes a facility with the following features:

- 12 indoor court facility built to United States Tennis Association (USTA) standards housed in pre-engineered steel structures.
- 3,300 square foot clubhouse situated between the court buildings with meeting rooms, locker rooms, recreational areas and study spaces for children to use before and after school.
- Courts lined for USTA Quick Start Tennis for young children.
- A tournament-quality viewing area.

TOPs would own and operate the facility which is estimated to cost \$10.7 million. TOPs is proposing to finance 80 percent of the construction cost (\$8.7 million) through tax-exempt bonds, and the remaining 20 percent (\$2 million) would be raised by fundraising and selling naming rights. As a qualified 501 C (3) nonprofit organization, TOPs proposes to use tax-exempt bond funding through the Washington State Housing Finance Commission. TOPs has asked King County to back tax-exempt bonds issued to finance the project.

As discussed below, the County may be able to support the project in a number of ways, however the Washington State constitution prohibits the County from pledging its credit in support of the TOPs tax exempt bonds.

Feasibility of Supporting TOPs

The Washington State Constitution (Article VII, Section 5 and Article VII, Section 7) prohibits the County from the making of loans to or the lending of credit to any private corporation. State law also limits the amount and the purpose of indebtedness for the County. RCW 39.36.020 requires that the County's debt may only be incurred for a "County purpose." As such, issuing bonds for a privately owned and operated tennis facility would not be allowed, nor would the use

of the County's full faith and credit as a credit enhancement that would benefit a private entity. Therefore, the request for a credit enhancement for the project as currently proposed by TOPs would be prohibited.

However, other options could be explored. If a new revenue source were identified, the County, or another public entity such as a city or school district, could issue bonds for a publicly-owned and -operated regional tennis facility. To the extent the County pursued constructing a county-owned facility, any debt issued would need to be consistent with the County's financial policies as adopted by Motion 12660, which adopted King County's debt management policy, and any such project would need to be included in the Capital Improvement Program (CIP) for the appropriate department. As discussed below, there is not current funding available for a new public regional, recreational facility.

The King County Parks and Recreation Division's CIP is supported by two revenue sources: the Capital Expansion Levy and the Real Estate Excise Tax (REET). Funding a regional indoor tennis facility would not be an allowable use of the Capital Expansion Levy pursuant to Ordinance 15760 which defines three eligible uses of levy proceeds: 1) acquisition of open space; 2) acquisition and development of King County's Regional Trails System; and 3) up to \$500,000 annually for the Community Partnerships & Grants (CPG) program. REET is an eligible use for this project, however revenues have declined 70 percent since 2006, and the limited revenues available on an annual basis are earmarked to repay debt service on previously issued bonds and address the backlog of major maintenance needs throughout King County's existing parks and trails system.

If a public entity elected to build a regional tennis facility at Valley Ridge Park, the same location proposed by TOPs, the public agency could arrange for a long-term lease with SeaTac or possibly arrange to have the non-profit assign its lease to the lead public agency. An agreement for the County to lease the county-owned facility to a private non-profit to operate could be precluded by collective bargaining agreements.

Another option would be for the City of SeaTac to issue bonds to construct a public facility. However, after recent inquiries on this matter, the City of SeaTac indicated that it is not planning to bond for any public facilities at this time.

Other opportunities for King County to support the TOPs project would be through capital grants provided by the CPG Program and/or the Youth Sports Facilities Grant (YSFG) Program. CPG is a public, private partnership initiative whereby community-based organizations are empowered to design, develop, construct, operate, program, and maintain new and enhanced public recreation facilities, typically on King County Parks and Recreation Division owned land, in a manner that does not result in new publicly funded operations and maintenance costs. The King County Parks and Recreation Division contributes long-term use of land and awards capital improvement grants, typically in the range of \$100,000 to \$250,000 for successful, large proposals. The community-based partner contributes the majority of capital resources, through donations, in-kind contributions and sweat equity as well as covering programming and maintenance at its expense.

The YSFG Program provides matching grant funds to rehabilitate or develop sports fields and facilities serving youth in King County. The program strives to facilitate new athletic opportunities for as many youth in King County as possible. Projects serving low-income areas are given additional consideration.

Eligible public sector entities include: school districts, park districts, utility districts, cities, or King County. Nonprofit organizations, such as youth sports leagues or community organizations, are also eligible, but must partner with the public entity on whose land the field or facility is or will be located. Only projects located in King County are eligible for funding. Grants typically range between \$50,000 and \$75,000.

TOPs Agreement with SeaTac

In February 2010, TOPs signed a ground lease agreement with the City of SeaTac authorizing TOPs to develop, construct and operate the facility within a portion of Valley Ridge Park. TOPs has a deadline of July 2013 to complete the fundraising necessary to develop and construct the facility, or the City of SeaTac may terminate the agreement. Other major provisions of the agreement include:

- 50-year term with two 10-year extensions;
- Annual lease rate of \$19,179 to be adjusted annually based on the Consumer Price Index (CPI);
- Lease payments begin once the certificate of occupancy is granted;
- TOPs is responsible for all facility costs including, general and major maintenance and utilities and exterior landscaping;
- Access to the facility will not be limited to restrict use by non-city residents;
- Hours of operation shall be 6:00 a.m. to 10:00 p.m.;
- TOPs will build additional park amenities including: a public restroom for the outdoor sports fields; a concession stand; and a storage space;
- TOPs will provide the City with non-monetary services with a value of at least \$20,000 (scholarships, transportation for SeaTac children);
- The City of SeaTac will provide and maintain parking for the facility; and
- The City of SeaTac has no obligation to finance construction or maintenance of the facility.

Project Need

Based on data available from USTA regions and the Tennis Industry Association, the Seattle/King County area ranks last in tennis court density per 100,000 of population. The available data is summarized in the table below and is based on public and private club courts (except as noted).

**Tennis Court Density
For Selected Cities & States (as available)**

City/Region	Court Density/ 100,000 population	Population (in millions)	Total Courts	Outdoor Courts	Indoor Courts	Indoor Court Density
Georgia	252.5	4.5	11,260			
North Carolina	69.4	5.15	3,575			
Mississippi	64.3	1.5	976			
Arkansas	47.4	1.6	749			
Alabama	45.5	2.2	1,019			
St. Paul, MN*	40.7	.287	117	117		
Portland, OR	38.4	.568	218	167	51	9.0
Minneapolis, MN*	34.1	.369	126	126		
Louisiana	25.6	3.4	868			
Chicago, IL	25.3	2.8	716	622	94	3.3
Tennessee	20.7	3.96	822			
Indianapolis, IN	20.5	1.2	250	190	60	4.9
King County	17.3	1.9	331	252	79	4.1

Source: USTA and Tennis Industry Association (State population figures include only those counties with tennis facilities.)

*Figures are for public courts only

Although many of the Southern states have a high court density because of their warmer weather, all the other cold-weather cities have higher court density than the King County/Seattle area. Portland's court density is almost three times greater than that for this area. The statistics for St. Paul and Minneapolis are based on public courts only (private club courts are not included in the figures) and these cities have a higher court density than the King County area.

There are currently only two public indoor tennis facilities in the King County area to serve 1.9 million people:

- The Amy Yee Tennis Center –the largest indoor facility, is owned and operated by Seattle Parks and Recreation, and has 10 indoor courts and 4 outdoor courts, and
- The Robinswood Tennis Center - owned and operated by Bellevue Parks, with 6 indoor courts and 4 outdoor courts.

Approximately 50 percent of the adults who wish to register for classes at Amy Yee are turned away due to lack of court availability. During the winter months, there are typically 40 to 50 people on the waiting list for a court and thus turned away each day. During the rainy season, Robinswood Tennis Center typically has up to 12 people on their waiting list for indoor courts each day and the facility does not take names after that. The facility routinely has 20+ people per session on their waiting lists for adult classes who get turned away. There are currently no public indoor courts in south King County.

The situation at private clubs with indoor courts is not much better. Many of the private clubs have multi-year waiting lists for membership, are operating at 100 percent capacity and are very expensive to join.

South King County Demographics

An indoor facility in south King County would be accessible to at least 338,370 people within 15-20 minutes. Furthermore, the south King County cities have a mix of minorities and homes with children, TOPs' main client base.

South King County City Demographics

City	Population	Median Income	Percent Minority	% Homes with Children
SeaTac	25,530	\$41,202	37	31
Kent	86,660	\$50,053	29	36
Tukwila	18,000	\$40,718	41	28
Renton	60,290	\$45,820	32	22
Federal Way	87,390	\$41,577	24	27
Burien	31,410	\$49,278	31	28
Des Moines	29,090	\$48,971	25	30

Source: 2000 Census

SeaTac is part of the Highline School District which serves many low income and minority children. Over 90 languages are spoken by children attending school in the Highline School District. The table below shows that a high percentage of kids are currently on federal free lunch programs. The statistics also show that a high percentage of kids could benefit from additional tutoring opportunities.

SeaTac and Highline School District Statistics

Statistic	SeaTac	Highline School District
% on Free/Reduced Lunch Program	75%	62%
% English Spoken in Home	46%	63%
10 th Grade % Meeting WASL Standard		
Reading	70%	78%
Math	23%	34%
Science	17%	30%

Source: Highline School District and Washington State Report Card 2008/2009