



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

Agenda Item No.: 5
Proposed No.: 2010-0280

Date: May 18, 2010
Prepared By: Polly St. John

STAFF REPORT

SUBJECT: AN ORDINANCE authorizing the Executive to enter into five executed leases in order to move programs and services threatened by failure of the Howard Hanson Dam from locations currently sited within the Green River Valley floodplain.

SUMMARY:

Proposed Ordinance 2010-0280 would authorize the Executive to execute five leases as part of the County's flood mitigation strategy. Two of the five leases – at Park Place and Renton Technical College – would implement temporary relocations of Superior Court and District Court services. Three leases are proposed as permanent relocations where a temporary solution was not deemed to be practically or economically advisable. These leases will accommodate Public Health's emergency preparedness warehouse, Superior Court's juvenile probation, and the Office of Information Resource Management's Radio Communication Services radio shop.

Approval of Proposed Ordinance 2010-0280 will allow the continuation of county services as directed in Ordinance 16680 and will enable FMD to move forward with executed leases to mitigate possible Green River flooding.

This ordinance advances the Council's priority of Trust in Government by ensuring the continuity of essential county services.

BACKGROUND:

The Council has had several presentations on the threat of flooding from damage to the Howard Hanson Dam, the county's Proclamation of Emergency related to the damage at the dam, and the many steps the county has undertaken to ensure county-owned assets are preserved and county functions would continue in the event of a flood.

In October of 2009, the Council adopted Ordinance 16680 that provided \$34.6 million to prepare county facilities so that high priority service delivery would not be interrupted in the event that Howard Hanson dam structural faults cause

flooding in the Green River valley. Just over \$27.2 million was appropriated in the Building Repair and Replacement (BR&R) Fund to cover costs associated with General Fund proposals. Of that amount, \$17.1 million was for preparation, with an additional \$9.9 million for contingency requests. \$7.4 million was appropriated in the Wastewater Treatment Fund. This funding was also split between two capital projects – providing \$6.4 million for flood preparation and \$1 million for contingency needs. The funding source for the flood mitigation appropriations is bond anticipation notes (BANs).

The Council adopted this funding strategy to allow flood mitigation costs to be centralized in specifically identified capital projects. This approach was approved to facilitate consistent accounting costs for FEMA in a format acceptable to them, which was critical for reimbursement purposes. As a best practice, the ordinance separated all flood related expenses from the county's non-flood related costs. This approach was considered highly desirable for audit purposes, insurance claims and in preparing for any FEMA or other government disaster funds which may end up being available.

ANALYSIS:

As provided for in K.C.C. 4.04.040, the Council must approve leases that extend beyond the end of a fiscal year unless (1) the entire term of the lease is included in a capital appropriation ordinance, (2) the lease contains a cancellation clause allowing unilateral termination by the county or (3) the lease is approved by ordinance. Council oversight for long term leases is intended to ensure that costs are controlled and reviewed regularly and that the leased space is consistent with the county's adopted space plan, which reinforces this policy.

When the Council approved Ordinance 16680 in October, the primary General Fund cost drivers in the BR&R Fund appropriation were directly related to the costs that would be incurred if there is a need to relocate or evacuate facilities. The five leases transmitted for approval are to relocate certain county services from the Green River Valley. The proposed leases were reviewed and approved by the Prosecuting Attorney's Office (PAO) prior to execution. The lease locations and terms are listed in the table below:

Table 1. Proposed Lease Terms

Lease	Agency	Term	Effective	Annual Cost Ranges
Permanent Relocation:				
Des Moines Logistics Center	Public Health – emergency preparedness warehouse	10 years 4 months	Nov. 2009	\$54,000 - \$77,000
Cedars Building	Superior Court – juvenile probation services	5 years, 8 months	Dec. 2009	\$55,000 - \$61,000
Seattle Logistics Center	Office of Information Resource Management (OIRM) – radio shop	10 years	Jan. 2010	\$104,000 - \$204,000
Temporary Relocation:				
Park Place	Superior Court	5 years	Nov. 2009	\$887,000 - \$1,019,000

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Lease	Agency	Term	Effective	Annual Cost Ranges
Renton Technical	District Court	5 years	Oct. 2009	\$252,000 - \$268,000

As shown in the table, three of the leases provide for permanent relocation from the flood zone and two are for temporary relocation. These permanent leases were either expired and were continuing through a month to month provision or were scheduled to expire in 2010. The Facilities Management Division (FMD) Real Estate Services section is responsible for county property oversight and lease management. FMD opted to permanently relocate these occupancies out of the flood zone and negotiate new term leases.

Permanent Relocation Leases:

The three permanent leases replace existing leases; therefore, there is existing budget for lease payments for the prior location. Rent and operating expenses are paid by the Long Term Lease Fund in the capital budget. *(Lease amounts are also budgeted in the agency operating budget to facilitate transfer of funds to the Lease Fund.)* However, expenses related to moving the facilities and early termination fees were covered by flood funding.

Public Health Emergency Preparedness Warehouse – This county function will be moved to a larger space that will also allow enough additional space to downsize Medic One storage at the Kent facility. The ten year lease will help insure consistency of service outside the flood zone. Due to the nature of the warehouse, no tenant improvements will be required and move costs were nominal. The 2010 lease costs will increase; however, the second year includes a four month abated rent period.

Superior Court Juvenile Probation Services – These offices were planned for a move in August 2010 when the current lease expired. The process was accelerated due to the flood threat from the Howard Hanson Dam. The rent costs included in this five year lease will decrease slightly, approximately \$280 per month compared to the previous facility. *FMD is currently negotiating the amount required for early termination of this lease. Those costs will be paid by the flood funding.* However, as an offset, the 2010 lease costs will decrease because FMD negotiations resulted in a lease in which the first 8 months of the year are not charged.

OIRM Radio Shop – The Radio Communications Service section is responsible for planning, constructing, operating and maintaining all radio communication systems for King County agencies (except Metro Transit), including the regional 800 MHz trunked radio system. The system supports approximately 14,000 radio users in county and suburban agencies, including police, fire, Emergency Medical Services (EMS), general government functions, school districts, water and sewer districts, etc. The ten year lease is for a slightly larger space that will also include an office area and will allow for more indoor work during inclement

weather. The 2010 net increase for lease costs is approximately \$52,000. However, FMD negotiated lower base rates for the first two years of this lease. Consequently, the range of costs is wider over the life of the lease – ranging from \$104,000 to \$204,000.

Temporary Leases:

Two of the leases – Park Place and Renton Technical College – are to provide for temporary relocation of court services that may be displaced by threatened or actual flooding.

Park Place Building

The Park Place space is leased for a “triggered” move in the event flooding is forecast and/or occurs at the Maleng Regional Justice Center (MRJC). Superior Court services that are currently located at the MRJC would be provided in this space and then could be relocated back to the MRJC, as needed. The term of the lease is five years.

This space is also proposed as a possible site for relocation of juvenile court services during construction of a new Youth Services facility at 12th and Alder. Decisions regarding the Alder site have not yet been made. However, pre-design analysis is considering whether it would be more cost-effective to keep the Youth Services courts operational during the construction of the new facility or whether moving operations entirely off-site into leased and/or County-owned space would be advisable. *The Park Place Building location would provide a viable option for consideration.* Facilities Management Division plans to transmit a report to Council on this matter in June.

According to the fiscal note, the annual rent and associated costs will be approximately \$900,000 to \$1 million per year for the Park Place lease. The space is currently unoccupied. By approving this lease, the Council will be committing this annual funding for “triggered” space in case of flooding in the Green River Valley for a five year period. However, the lease does provide that the County can terminate the lease every six months for up to three years. *If the lease were to be terminated, the County would be required to pay for unamortized tenant improvements.*

The lease cost was previously approved in the supplemental for flood mitigation. Contingency funding was used for the first six months of 2010. According to Executive staff, a second contingency request will be made soon for the second half of 2010 or through the end of the upcoming 2010 flood season.

Of note, the revenue backing for the contingency funding is Bond Anticipation Notes (BANs) until it is determined whether some of the costs will be reimbursed by FEMA. If FEMA does not reimburse these costs, then the revenue backing will be either bond financing or a one-time source of General Fund revenue.

Renton Technical College

District Court has been relocated into the Renton Technical College. FMD has signed a five year lease.

The District Court has provided a portion of “south end” court services in the Aukeen Courthouse in Kent. This county owned facility is shared with the City of Kent. The city has proposed a \$7 million upgrade and expansion of the facility with the understanding that improvements made and paid for by the city would give them the right of first refusal should the county decide to sell the facility. *(Sale of the facility would advance previously adopted policy goals to consolidate District Court functions at the MRJC.)*

Because District Court has vacated the facility for flood mitigation, the city is questioning whether to proceed with the expansion project. If the County does not reoccupy the space, the expansion will most likely not be needed to meet the city’s needs. *Talks are on-going between the County and the City of Kent regarding this issue.*

Costs

Some of these leases are “fully serviced”. In other words, all costs associated with occupancy are included by the landlord in the rent cost. The Park Place Building lease is fully serviced and will cost up to \$1 million per year.

The fiscal notes for the permanent leases also provide detail for costs that will be incurred by occupancy including such things as insurance, taxes, maintenance, electrical, gas, water, sewer and janitorial services.

An exception to this cost methodology is the Renton Technical College lease. The operating costs shown in the fiscal note show that the County – rather than the building owner – is providing the building operating services. The Facilities Management Division has assumed that the labor and utility costs of operating and maintaining the Renton facility would be approximately the same as the costs District Court sustained at the Aukeen facility. Because the District Court has temporarily moved out of the county-owned building, some “mothball level” operating costs for the vacated space (i.e. heating and basic maintenance costs) will still be incurred. According to Executive staff, FMD is not planning to charge the District Court or the Green River Fund for these costs. Consequently, there will be no net FMD operating cost difference for the District Court as a result of signing the Renton lease.

Issues:

The Council has established policies to mitigate the impacts of possible flooding in the Green River Valley. It is still unclear whether the County will receive any type of compensation for the costs associated with either moving county functions or implementing flood barriers for county owned buildings. Although the leases implement Ordinance 16680, the committee should be aware that:

1. The Park Place Building is unoccupied and it is unclear whether the facility will be needed for flood mitigation or to house other county functions. It is still unclear how the lease will be paid – most likely through bond funding or one time General Fund support. *Of note, the federal government has appropriated \$44 million for continued repairs to the Howard Hanson Dam which could reduce possible flood impacts.*

Further, decisions about whether the space will be needed to provide options during construction on the youth services facility are not finalized. Because the rent is approximately \$1 million per year, the County's commitment to the lease is a significant cost for an unused facility.

2. The Council has previously approved long term policies to locate District Court functions at the MRJC. This goal will require that decisions be made regarding the Aukeen court facility and any necessary staffing and/or facility changes at the MRJC. Whether these policy choices will be accomplished within the five year term of the Renton Technical College lease is unknown.

REASONABLENESS:

The proposed leases have been reviewed by the Prosecuting Attorney's Office and meet the code requirements for Council review. Approval of Proposed Ordinance 2010-0280 will allow the continuation of county services as directed in Ordinance 16680 and will enable FMD to move forward with executed leases to mitigate possible Green River flooding.

INVITED:

- Kathy Brown, Director, FMD
- Steve Salyer, Manager, Real Estate Services, FMD
- Bob Thompson, RES, FMD
- Dwight Dively, Director, OMB
- Sid Bender, OMB

ATTACHMENTS:

1. Proposed Ordinance 2010-0280, excluding attachment, which are available upon request due to the size of the documents
2. Executive Summary for Leases
3. Transmittal Letter, dated April 30, 2010
4. Fiscal Notes



KING COUNTY

Signature Report

May 17, 2010

Ordinance

Attachment 1

1200 King County Courthouse

516 Third Avenue

Seattle, WA 98104

Proposed No. 2010-0280.1

Sponsors Patterson

1 AN ORDINANCE approving leases executed by the King
2 County executive in order to move various King County
3 services from the Green River Valley flood plain.

4 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

5 SECTION 1. Findings:

6 A. Part of King County's flood mitigation strategy, funded by King County
7 Ordinance 16680, included funding for leases as necessary to accommodate essential
8 county services that may be temporarily displaced by threatened or actual flooding within
9 the Green River valley.

10 B The King County executive has negotiated and executed leases for the
11 temporary relocation of King County superior court services from the Norm Maleng
12 Regional Justice Center and district court services from Aukeen District Court and the
13 Norm Maleng Regional Justice Center. These leases are:

- 14 1. Park Place (Superior Court); and
15 2. Renton Technical College (District Court).

16 C. In addition, the King County executive has negotiated and executed leases for
17 the permanent relocation of certain essential county services also within the Green River
18 Valley floodplain, where temporary relocation was not deemed to be practically or
19 economically advisable. These leases are:

- 20 1. Des Moines Logistics Center (Health);
- 21 2. Cedars Building (Superior Court); and
- 22 3. Seattle Logistics Center (OIRM).

23 D. In accordance with K.C.C. 4.04.040 the King County council may adopt an
24 ordinance permitting the county to enter into contracts requiring the payment of funds
25 from the appropriation of subsequent fiscal years. These leases are subject to K.C.C.
26 4.04.040.

27 SECTION 2. The appropriate county officials, agents and employees are hereby
28 authorized to take all actions necessary to implement these leases and all actions up to
29 now taken by county officials, agent and employees consistent with the terms and
30 purposes of the lease agreement are hereby ratified, confirmed and approved.

31 SECTION 3. If any one or more of the covenants or agreements provided in this
32 ordinance to be performed on the part of the county is declared by any court of competent
33 jurisdiction to be contrary to law, then such covenant or covenants, agreement or
34 agreements are null and void and shall be deemed separable from the remaining
35 covenants and agreements of this ordinance and in no way affect the validity of the other
36 provisions of this ordinance or of the lease.

37 SECTION 4. The leases at the following locations, executed by the King County
38 executive, are hereby approved:

- 39 A. Park Place (Superior Court);
- 40 B. Renton Technical College (District Court);
- 41 C. Des Moines Logistics Center (Health);

42 D. Cedars Building (Superior Court); and

43 E. Seattle Logistics Center (OIRM).

44

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Lease Agreement, B. Lease, C. Park Place Lease Agreement, D. AMB Des Moines Logistics Center, E. Seattle Logistics Center 1

Due to document size,
Attachments for 2010-0280
are available upon request

EXECUTIVE SUMMARY

SUPERIOR COURT PARK PLACE BUILDING, SEATTLE, WA

Landlord	WH Park Place LLC., a Delaware limited liability company
Building	Park Place: 1200 6 th Ave, Seattle, WA 98101-5300
Premises	44,325 rentable sq. ft. (RSF): 15,686 RSF on floor 3 (full floor), 15,686 RSF on floor 4 (full floor), 12,953 RSF on floor 6
Commencement Date	December 1, 2009
Term	Five-years

Early Possession (FF&E) – Upon Lease execution, Tenant may install furniture, fixtures and equipment subject to not unreasonably interfering with Landlord’s construction of Tenant Improvements.

Early Possession (Flood) – Prior to Landlord’s delivery of the Premises, in the event of a flood (or Tenant’s reasonable anticipation of a flood) in the Green River Valley impacting Tenant’s existing locations, Landlord shall make diligent efforts to provide the Premises, or alternate premises at the Building subject to availability, for Tenant’s use on an emergency short-term basis. Such emergency occupancy shall be subject to not unreasonably interfering with Landlord’s completion of Tenant’s Improvements and shall be subject to the terms and conditions of the Lease including the obligation to pay Rent.

Options	<u>Termination</u> – Tenant may terminate effective on the following dates subject to notice no later than the date indicated, subject to payment to Landlord of unamortized tenant improvements and broker’s commissions (“Landlord’s Fees and Concessions”) with interest at 9% per annum. The total of Landlord’s Fees and Concessions shall be confirmed upon completion of the Landlord’s Work.
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<u>Notice Date</u>	<u>Termination Date</u>
May 1, 2010	June 30, 2010
November 1, 2010	December 31, 2010
May 1, 2011	June 30, 2011
November 1, 2011	December 31, 2011
May 1, 2012	June 30, 2012
June 1, 2012	November 30, 2012

Extension – Tenant may extend the term for an additional 5-years, at fair market rent (see Lease Article 3.4), by forwarding notice between September 1 and October 31, 2013.

Right of First Offer – Tenant shall have a continuous right of first offer to lease additional space coming available on the 5th and 6th floors subject to existing rights held by other tenants (see Lease Article 1.3).

Minimum Rent	<u>Months</u>	<u>Rate PSF/Year</u>	<u>Rent/Month</u>
	01 – 24	\$20.00	\$73,875
	25 – 36	\$21.50	\$79,416
	37 – 60	\$23.00	\$84,956

Adjusted Rent

Payment Schedule

Tenant shall pay Minimum Rent during the first six months of the Term as follows: (i) Tenant shall pay for Lease Months 1 and 2 on or before the Commencement Date (December 1, 2009); (ii) Tenant shall pay for Lease Months 3 and 4 on or before February 1, 2010; (iii) Tenant shall pay for Lease Months 5 and 6 on or before April 1, 2010.

Note: The accelerated rent payments are intended to provide cash flow to the Landlord to reduce construction cost interest carry which is a Project Cost included in the Tenant Improvement Allowance.

Tenant Improvement Allowance

\$15.00 PSF: Any unused portion shall be credited to Tenant as free rent. In the event of Tenant Improvements costing in excess of the Allowance, Tenant shall reimburse Landlord. Tenant shall also reimburse Landlord for costs associated with expediting the construction schedule subject to Tenant's prior approval.

Operating Expense

Base Year Lease: Tenant is responsible for its prorata share (14.1%) of any increase in the Building's taxes, utilities and operating expense in excess of the Base Year (2010).

Security Deposit

None

Repair and Maintenance	Landlord shall furnish utilities to provide lighting, power and HVAC service; elevators; five-day per week janitorial; water for drinking, lavatory and toilet purposes; and fluorescent tubes for standard lighting fixtures (see Lease Article 7). Tenant shall be responsible for repair and maintenance of the Premises (see Lease Article 8). Landlord shall be responsible for repair and maintenance of the Common Areas (see Lease Article 5) subject to reimbursement (see Operating Expense above).
Operating Hours	Monday – Friday 6:00 a.m. to 6:00 p.m. Tenant shall be entitled to 100 hours per year of additional/after hours HVAC on Saturdays at no additional charge requested no less than 24 hours in advance.
Parking	Tenant shall have ongoing access to 25 parking stalls in the Building garage at the then market rate (currently \$260/stall). Within 60 days of the Commencement Date, Tenant shall notify Landlord of how many of the 25 stalls it initially chooses to use. Thereafter, Tenant shall have the right at any time on 90 days' notice to relinquish up to 20 of the 25 parking stalls for a minimum period of 12 months. After the 12 month minimum period, on 90 days' notice, Tenant may resume use of all or any portion of the 25 stalls for a minimum period of 12 months.
Additional Costs	There will be additional costs including security and telephones that are the county's responsibility outside of the lease.

DISTRICT COURT
RENTON TECHNICAL COLLEGE

Lessor	State of Washington, State Board for Community and Technical Colleges, Renton Technical College, acting through the Department of General Administration
Building	3407 NE. Second Street, Renton, WA
Premises	Approximately 9,948 sf. building (gross) on approximately 2.04 acres of land
Term	Five-years
	<u>Early Possession (TI's/FF&E)</u> - Lessee shall have the right of early possession of the Leased Premises for the purpose of Lessee's

completion of construction of tenant improvements and installation of furniture, fixtures and equipment.

Early Possession (Flood) - In the event of a flood in the Green River Valley impacting Lessee's existing occupancy therein, or in reasonable anticipation of a flood, Lessee may occupy the Leased Premises prior to completion of the Tenant Improvements and installation of furniture, fixtures and improvements on an emergency basis. In such an event, the Lease Commencement Date and Lessee's obligation to pay Rent shall be the effective date of such emergency occupancy.

Commencement
Date

The date that Lessee completes construction of tenant improvements and installation of furniture, fixtures and equipment and provides written notice to the Lessor that the Premises are ready for occupancy. Said notice was given on December 14, 2009.

Options

Termination – Lessee may terminate at any time during the initial 5-year term on 60-days' written notice.

Extension – Lessee may extend the term for an additional 5-years on 60-days' notice during the fifth year of the initial term. Rent shall be based on fair market rent as reasonably negotiated between the parties.

Base Rent

\$12,435/month (\$15 PSF/year)

Operating Expense

Net Lease: Tenant is responsible for payment of taxes, utilities and operating expense.

Security Deposit

None

Repair and
Maintenance

Lessee is responsible for repair and maintenance of the Premises. Lessor is responsible for repair and maintenance of the building foundation, roof and providing the building in reasonable operating condition; inside and outside walls (including windows and entrance and exit doors); all structural portions of the building (including the roof and the watertight integrity of same); parking lot striping as required; wheel bumpers; drainage; and continuous satisfaction of all governmental requirements generally applicable to similar office buildings in the area.

PUBLIC HEALTH (Emergency Preparedness Warehouse)
DES MOINES LOGISTICS CENTER

Landlord AMB Institutional Alliance Fund III, L.P.

Building Des Moines Logistics Center: 19240 Des Moines Memorial Drive
 South, Suite 400, SeaTac, WA

Premises 6,477 rentable sq. ft. (includes 384 sf. ft. of office; 6,093 sq. ft. of
 warehouse)

Commencement December 22, 2009
 Date

Term Ten-years and four-months

Early Possession (FF&E) - Lessee shall have the right of early possession of the Leased Premises for the purpose of Lessee's installation of furniture, fixtures and equipment.

Early Possession (Flood) - In the event of a flood in the Green River Valley impacting Lessee's existing occupancy therein, or in reasonable anticipation of a flood, Lessee may occupy the Leased Premises prior to completion of the Tenant Improvements and installation of furniture, fixtures and improvements on an emergency basis. In such an event, the Lease Commencement Date and Lessee's obligation to pay Rent shall be the effective date of such emergency occupancy.

Options Termination – Tenant may terminate effective December 31, 2010 subject to written notice not later than July 31, 2010 and payment to Landlord of a termination fee equal to two-months' base rent and unamortized commissions.

Minimum Rent	<u>Months</u>	<u>Rate PSF/Year</u>	<u>Rent/Month</u>	
	01 – 12	\$8.16	\$4,404.36	= =
	13 – 16	\$0	\$0	
	Thereafter escalated 3% per year			

Tenant Improvement Allowance None (as-is).

Tenant Refurbishment Allowance \$3,840 (\$10 PSF) to install new carpet and paint for the office portion of the Premises.

Operating Expense Net Lease: Tenant shall reimburse Landlord for its prorata share of taxes, utilities and common area operating expense.

Security Deposit None

Repair and Maintenance Landlord shall repair and maintain the common area subject to reimbursement by Tenant of its prorata share. Tenant shall be responsible for repair and maintenance of the Premises.

Parking Tenant shall have the right to use 6 parking spaces on a nonexclusive basis.

JUVENILE COURT SERVICES (Superior Court/Juvenile Probation)
CEDARS BUILDING

Landlord Institute for Family Development, a Washington Non-Profit Corporation

Building Cedars Building: 34004 16th Avenue South, Suite 101, Federal Way, WA 98003

Premises 3,222 rentable sq. ft.

Commencement Date March 1 or substantial completion of tenant improvements, whichever is later.

Term 70 months

Early Possession (FF&E) - Lessee shall have the right of early possession of the Leased Premises for the purpose of installing furniture, fixtures and equipment.

Options Termination – Tenant may terminate based on approval of the lease by the King County Council, or, if appropriation for future funding is not approved by the King County Council, the lease will terminate at the end of the calendar year in which appropriation does not occur. Tenant shall reimburse Landlord for all unamortized improvements/advisory fees on a straight line basis.

Minimum Rent	<u>Months</u>	<u>Rate PSF/Year</u>	<u>Rent/Month</u>
	03/01 - 10/31	\$17.50	\$0
	11/01 - 12/31	\$17.50	\$4698.75
	Thereafter, escalated 3% per year		

Tenant Improvement Allowance	None (as-is).
Tenant Refurbishment Allowance	Lessor shall provide tenant improvements on a “turnkey” basis including minor wall revisions, new paint and carpet.
Operating Expense	Base Year Lease: Tenant is responsible for its prorata share of any increase in the Building’s taxes, utilities and operating expense in excess of the Base Year (2010).
Security Deposit	None
Repair and Maintenance	Landlord shall repair and maintain the common area and Premises subject to reimbursement by Tenant of its prorata share of the increase in cost above the Base Year.
Parking	Tenant shall have the right to use 51 parking spaces on a nonexclusive basis and 1 parking space on a reserved basis.

**OFFICE of INFORMATION RESOURCE MANAGEMENT (Radio Shop)
SEATTLE LOGISTICS CENTER**

Landlord	AMB Institutional Alliance Fund III, L.P.
Building	Seattle Logistics Center: 855 South 192 nd Street, Suite 100, SeaTac, WA
Premises	20,399 rentable sq. ft. (includes 5,428 sf. of office; 13,564 sq. ft. of warehouse/service area; and 1,407 sq .ft. of mezzanine storage space)
Commencement Date	Lease execution.
Term	Ten-years

Early Possession (FF&E) - Lessee shall have the right of early possession of the Leased Premises for the purpose of Lessee’s installation of furniture, fixtures and equipment.

Early Possession (Flood) - In the event of a flood in the Green River Valley impacting Lessee’s existing occupancy therein, or in reasonable anticipation of a flood, Lessee may occupy the Leased Premises prior to completion of the Tenant Improvements and

installation of furniture, fixtures and improvements on an emergency basis. In such an event, the Lease Commencement Date and Lessee's obligation to pay Rent shall be the effective date of such emergency occupancy.

Options Termination – Tenant may terminate effective December 31, 2010 subject to written notice not later than July 31, 2010 and payment to Landlord of a termination fee equal to two-months' base rent and unamortized commissions.

Minimum Rent	<u>Months</u>	<u>Rate PSF/Year</u>	<u>Rent/Month</u>
	01 – 12	\$5.28	\$8,349.00
	13 – 24	\$6.30	\$9,969.00
	25 – 36	\$8.13	\$12,870.00
	Thereafter escalated 3% per year		

Tenant Improvement Allowance Landlord shall construct certain office improvements as detailed in the Lease (minor wall revisions, insulation and a vehicle ramp) subject to reimbursement by Tenant not to exceed \$301,155 (current estimate).

Tenant Refurbishment Allowance \$24,120 to install new carpet and paint for the office portion of the Premises.

Operating Expense Net Lease: Tenant shall reimburse Landlord for its prorata share of taxes, utilities and common area operating expense.

Security Deposit None

Repair and Maintenance Landlord shall repair and maintain the common area subject to reimbursement by Tenant of its prorata share. Tenant shall be responsible for repair and maintenance of the Premises.

Parking Tenant shall have the right to use 14 parking spaces located directly in front of the Premises and 6 parking space located directly behind the Premises, on a nonexclusive basis.

April 30, 2010

The Honorable Bob Ferguson
Chair, King County Council
Room 1200
COURTHOUSE,

Dear Councilmember Ferguson:

I am pleased to transmit proposed legislation approving five leases that have been negotiated and executed by the Real Estate Services Section of the Facilities Management Division, moving King County programs and services from locations currently within the floodplain of the Green River Valley, as authorized by the Green River supplemental budget ordinance, adopted October 19, 2009.

The leases are authorized in a single omnibus ordinance covering the following leases and programs:

- Park Place (Superior Court)
- Renton Technical College (District Court)
- Des Moines Logistics Center (Department of Public Health)
- Cedars Building (Superior Court)
- Seattle Logistics Center (Office of Information and Resource Management)

The Park Place and Renton Technical College leases provide for relocation of essential county services that may be temporarily displaced by threatened or actual flooding in the Green River Valley. In the case of the Park Place lease, space is provided for a “triggered” move in the event flooding is forecast and/or occurs. The Renton Technical College is now occupied by District Court, relocated from the Aukeen Courthouse.

The remaining three leases provide permanent relocation of the applicable programs and services from privately owned leased space to leased space out of the flood plain.

In addition to the enclosed lease agreements, a lease has been negotiated by the Real Estate Services Section for approximately 7,000 square feet of space in the Meridian Valley Professional Plaza to house the remainder of the Health Department's Alder Clinic. The lease term is for two years, does not involve funding from the existing supplemental ordinance. As a result, that lease is not included in the attached ordinance.

Finally, no lease for Emergency Medical Services (EMS) Headquarters is included within this legislative package, but may be submitted at a later time. Several potential locations have been investigated for EMS but relocation has been deferred subject to review of the program plan, based on whether or not to consolidate EMS units #1 and #7 into a single facility. In the meantime, EMS has an emergency evacuation plan in place in the event of flooding.

The anticipated costs of the Park Place and Renton Technical College leases, as well as rent and building operating costs for elections at the Airport Operations Center, are accounted for in a contingency letter that is being transmitted to the council this month. I am also transmitting an ordinance that makes certain technical adjustments, extends the expiration date of the Green River Flood Supplemental Ordinance 16680 to September 30, 2010, and extends the deadline from June 30 to August 31 for the response for Proviso P-13 of Ordinance 16680 relating to the Green River Flood risk.

It should be noted that the Park Place and Renton Technical College leases could, potentially, meet other policy objectives as well as flood preparedness. Park Place could be used for Youth Services Center (YSC) court relocation space when the YSC replacement project moves forward. The Renton lease could be used by District Court, either during the City of Kent's expansion project at the Aukeen courthouse, or if viable, during a potential build-out of space at the Maleng Regional Justice Center for District Court. More on these two possible uses of the Park Place and Renton sites will follow in future legislative transmittals regarding the YSC and Aukeen projects.

The Honorable Bob Ferguson
April 30, 2010
Page 3

A summary of the lease terms and copies of the five flood preparedness leases are attached. Please contact Kathy Brown, Director, Facilities Management Division, at 206-296-0630, if you should have any questions about the leases or the lease costs identified above.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
 ATTN: Tom Bristow, Chief of Staff
 Anne Noris, Clerk of the Council
The Honorable Bruce Hilyer, Presiding Judge, King County Superior Court
The Honorable Barbara Linde, Chief Presiding Judge, King County District Court
The Honorable Dan Satterberg, King County Prosecutor
The Honorable Sue Rahr, King County Sheriff
Dr. David Fleming, Director, Department of Public Health
Roger Kirouac, Acting Director, Office of Information and Resource
 Management
Paul Sherfey, Chief Administrative Officer, King County Superior Court
Trish Crozier, Chief Administrative Officer, King County District Court
Barbara Miner, Director, Department of Judicial Administration
Dwight Dively, Director, Office of Management and Budget (OMB)
Sid Bender, Capital Budget Supervisor, OMB
Caroline Whalen, County Administrative Officer, Department of Executive
 Services (DES)
Kathy Brown, Director, Facilities Management Division, DES
Steve Salyer, Manager, Real Estate Services Section, FMD, DES
Jackie MacLean, Director, Department of Community and Human Services

FISCAL NOTE
PAGE 1

Attachment 4

Ordinance/Motion No. _____ Note Prepared by: Mark Phillips
 Title: _____ Note Reviewed by: _____
 Affected Agency and/or Agencies: Superior Court Park Place Building

Fiscal notes are required for any motion or ordinance that impacts the expenditures or revenues of King County. (K.C.C. 4:04:075)

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenues* to:

Fund Title	Fund/Dept. Code	Revenue Source	Current Year	2nd Year*	3rd Year*	4th Year*
			\$0	\$0	\$0	\$0
		Total:	\$0	\$0	\$0	\$0

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Assumptions used in deriving revenues: (attach separate sheet if necessary):

Expenditures* from: LEASE COSTS: 1200 6th Ave., Seattle, WA

Fund Title	Fund/Dept. Code	Department/ Item	Current Year	2nd Year*	3rd Year*	4th Year*
Rent		Superior Courts	\$886,550	\$886,550	\$952,987	\$1,019,475
Overhead costs				\$44,325	\$45,654	\$47,023
		Total:				

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Expenditure Categories:

Categories either programmatic or by grand accounts (depending on nature of legislation)	Current Year	2nd Year	3rd Year	4th Year
N/A				
Total:				

The 2010 net effect of the Cedar Building lease is a decrease of \$55,634 to Superior Court's lease cost.

FISCAL NOTE

PAGE 2

Ordinance/Motion No. _____ Note Prepared by: Mark Phillips
 Title: _____ Note Reviewed by: _____
 Affected Agency and/or Agencies: King County District Court

Fiscal notes are required for any motion or ordinance that impacts the expenditures or revenues of King County. (K.C.C. 4:04:075)

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenues* to:

Fund Title	Fund/Dept. Code	Revenue Source	Current Year	2nd Year*	3rd Year*	4th Year*
			\$0	\$0	\$0	\$0
		Total:	\$0	\$0	\$0	\$0

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Assumptions used in deriving revenues: (attach separate sheet if necessary):

Expenditures* from: (LEASE COSTS: 3407 NE 2nd St., Renton WA)

Fund Title	Fund/Dept. Code	Department/ Item	Current Year	2nd Year*	3rd Year*	4th Year*
Rent		District Courts	\$149,220	\$149,220	\$149,220	\$149,220
Overhead costs		\$10.35/ft/yr (DCFM rate). w/5% inc./yr.	\$102,961.80	\$108,109.89	\$113,515.39	\$119,191.16
		Total:	\$252,181.80	\$257,329.89	\$262,735.39	\$268,411.16

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Expenditure Categories:

Categories either programmatic or by grand accounts (depending on nature of legislation)	Current Year	2nd Year	3rd Year	4th Year
N/A				
Total*:				

**Total in all tables should equal for every year.*

= =

FISCAL NOTE

PAGE 3

Ordinance/Motion No. _____ Note Prepared by: Mark Phillips
 Title: Green River Flood Leases Note Reviewed by: Bobbie Faucette
 Affected Agency and/or Agencies: King County Public Health

Fiscal notes are required for any motion or ordinance that impacts the expenditures or revenues of King County. (K.C.C. 4:04:075)

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenues* to:

Fund Title	Fund/Dept. Code	Revenue Source	Current Year	2nd Year*	3rd Year*	4th Year*
			\$0	\$0	\$0	\$0
		Total:	\$0	\$0	\$0	\$0

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Assumptions used in deriving revenues: (attach separate sheet if necessary):

Expenditures* from: (LEASE COSTS: 19240 Des Moines Mem. Dr., Suite 400, SeaTac WA)

Fund Title	Fund/Dept. Code	Department/Item	Current Year	2nd Year*	3rd Year*	4th Year*
Rent		Health	\$52,852	\$36,292	\$55,527	\$57,192
Overhead costs			\$16,860	\$17,703	\$18,588	\$19,518
		Total:	\$69,712	\$53,995	\$74,115	\$76,710

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Note that year two has a four month abated rent period. Total is therefore less than year one.

Expenditure Categories:

Categories either programmatic or by grand accounts (depending on nature of legislation)	Current Year	2nd Year	3rd Year	4th Year
N/A				
Total:				

Note: This is a replacement of an existing lease and therefore there is existing budget for lease payments in the Public Health budget. The net 2010 fiscal effect, in a comparison of the budgeted lease costs and the new proposed lease costs, is a \$58,421 increase to the to the Department of Public Health's lease cost.

FISCAL NOTE

PAGE 4

Ordinance/Motion No. _____ Note Prepared by: Mark Phillips
 Title: Green River Flood Leases Note Reviewed by: Bobbie Faucette
 Affected Agency and/or Agencies: Superior Court – Juvenile Court Services

Fiscal notes are required for any motion or ordinance that impacts the expenditures or revenues of King County. (K.C.C. 4:04:075)

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenues* to:

Fund Title	Fund/Dept. Code	Revenue Source	Current Year	2nd Year*	3rd Year*	4th Year*
			\$0	\$0	\$0	\$0
		Total:	\$0	\$0	\$0	\$0

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Assumptions used in deriving revenues: (attach separate sheet if necessary):

Expenditures* from: (LEASE COSTS: 19240 Des Moines Mem. Dr., Suite 400, SeaTac WA)

Fund Title	Fund/Dept. Code	Department/ Item	Current Year	2nd Year*	3rd Year*	4th Year*
Rent		Juvenile Court Services	\$9,938	\$56,385	\$57,996	\$59,607
Overhead costs			\$0	\$1,208	\$1,268	\$1,332
		Total:	\$9,938	\$57,593	\$59,264	\$60,939

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Note that year two has a four month abated rent period. Total is therefore less than year one.

Expenditure Categories:

Categories either programmatic or by grand accounts (depending on nature of legislation)	Current Year	2nd Year	3rd Year	4th Year
N/A				
Total:				

Note: This is a replacement of an existing lease and therefore there is existing budget for lease payments in the Superior Court budget for the prior lease location. The net 2010 fiscal effect, in a comparison of the budgeted lease costs and the new proposed lease costs, is net decrease of \$44,706 to the Superior Court's lease cost. This windfall in 2010 is due to the new lease terms that allow for no lease payments in the first 8 months

FISCAL NOTE

PAGE 5

Ordinance/Motion No. _____ Note Prepared by: Mark Phillips
 Title: Green River Lease Note Reviewed by: _____
 Affected Agency and/or Agencies: Office of Information Management—Radio Shop

Fiscal notes are required for any motion or ordinance that impacts the expenditures or revenues of King County. (K.C.C. 4:04:075)

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenues* to:

Fund Title	Fund/Dept. Code	Revenue Source	Current Year	2nd Year*	3rd Year*	4th Year*
			\$0	\$0	\$0	\$0
		Total:	\$0	\$0	\$0	\$0

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Assumptions used in deriving revenues: (attach separate sheet if necessary):

Expenditures* from: LEASE COSTS: 855 South 192nd St., SeaTac WA

Fund Title	Fund/Dept. Code	Department/ Item	Current Year	2nd Year*	3rd Year*	4th Year*
Rent		OIRM	\$75,141.00	\$114,768.00	\$145,737.00	\$157,914.00
Overhead costs			\$29,673.00	\$41,542.00	\$43,619.00	\$45,800.00
		Total:	\$104,814.00	\$156,310.00	\$189,356.00	\$203,714.00

**Each year should be the cumulative impact. Cumulative means the annual total budget impact.*

Expenditure Categories:

Categories either programmatic or by grand accounts (depending on nature of legislation)	Current Year	2nd Year	3rd Year	4th Year
N/A				
Total:				

Note: This is a replacement of an existing lease and therefore there is existing budget for lease payments in the OIRM Radio Shop budget for the prior lease location. The net 2010 fiscal effect, in a comparison of the budgeted lease costs and the new proposed lease costs, is net increase of \$51,770 to the OIRM Radio Shop lease cost.

