



King County

Dow Constantine

King County Executive

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March 14, 2024

The Honorable Dave Upthegrove
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if enacted, will provide budget authority of \$36,640,000 to the Facilities Management Division (FMD) for the purchase of the Dexter Horton Building, located at 710 Second Ave., Seattle, Washington, in support of the provision of King County operations and services.

The King County Department of Public Defense (DPD) is currently occupying 86,988 square feet of the Dexter Horton building, with annual expenses of \$4,106,364 for the space. DPD has an immediate need for additional space. While the FMD was conducting a property search and lease analysis for additional space, the Dexter Horton building became available to purchase as the current ownership is in default of its loan repayment obligations.

After reviewing existing space needs for DPD, the FMD determined that purchasing the Dexter Horton Building would resolve existing DPD space issues with the added benefit of reducing DPD space costs. Based on this analysis, King County submitted a bid to purchase the Dexter Horton Building. After a competitive bidding process King County was selected as the winning bidder and entered into a Purchase and Sale Agreement for \$36,640,000. The current appraised value of the building, as of February 1, 2024, is \$46,000,000.

If approved, this \$36,640,000 purchase of the Dexter Horton Building will create debt service estimated to cost approximately \$2,650,000 a year. Upon purchase, the King County lease obligations of approximately \$4,615,210 will no longer be in effect, resulting in an estimated net savings of \$1,965,210.00 per annum.

This transaction is recommended per the rationale and considerations provided in the attached property summary.

Thank you for your consideration of this proposed Ordinance.

The Honorable Dave Upthegrove

March 14, 2024

Page 2

If your staff have any questions, contact Anthony Wright, Director, Facilities Management Division at 206-477-9352.

Sincerely,



for

Dow Constantine

King County Executive

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff

Melani Hay, Clerk of the Council

Karan Gill, Chief of Staff, Office of the Executive

Penny Lipsou, Council Relations Director, Office of the Executive

Lorraine Patterson-Harris, County Administrative Officer, Department of Executive Services (DES)

Anthony Wright, Director, Facilities Management Division (FMD), DES

Julie Ockerman, Manager, Real Estate Services, FMD, DES