

**SUMMARY and FISCAL NOTE\***

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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of Finance and Administrative Services, on behalf of the City, to negotiate and execute real property lease agreements and amendments to existing lease agreements with the U.S. General Services Administration, for warehouse space in the Federal Center South Complex located at 4735 East Marginal Way South; and ratifying and confirming certain prior acts.

**Summary and background of the Legislation:** This legislation authorizes the Department of Finance and Administrative Services (FAS) to enter Supplemental Lease Agreements (the Amendments) with the U.S. General Services Administration (GSA). The City currently leases approximately 22,359 square feet of warehouse at the GSA’s Federal Center South Facility, located at 4735 East Marginal Way South, Seattle under two separate lease agreements. The Amendments extend the lease term of both leases for five years, are retroactively effective April 1, 2016 and will terminate on March 31, 2021. The legislation is required because the leased space exceeds FAS’s leasing authority (under Seattle Municipal Code 3.127 020.C.2) of 9,000 square feet for improved space other than office space in a single industrial building in one calendar year.

SPD first moved into Federal Center South in 2006. The warehouse space assigned to SPD consists of three separate spaces. A 2007 lease agreement (Ordinance 122490) consolidated the two lease agreements into one amended agreement. A second amendment was authorized by the Seattle City Council (Ordinance 123400), which extended the lease term for an additional three years. The third amendment authorized by the Seattle City Council (Ordinance 124124) to extend until March 31, 2016. A lease for a separate warehouse space for battery charging was signed in 2013.

In addition to authorizing FAS to retroactively amend the two existing leases, this legislation authorizes the Director of FAS to enter new lease agreements, and to further amend and extend existing lease agreements at Federal Center South so long as the total square footage leased by the City does not exceed 30,000 square feet and so long as the terms to not go beyond March 31, 2026 without additional Seattle City Council authorization by ordinance. The rent payable by the City shall not exceed fair market rent. This additional authority will give FAS the flexibility to reduce or expand the space leased by the City as appropriate to the needs of the City without requiring new legislation for each amendment.

SPD uses the leased warehouse space to store “evidence vehicles,” vehicles seized in connection with criminal investigations, and to store supplies and equipment associated with homeland security programs. The Federal Center South facility provides a combination of site security,

proximity to downtown, and rental costs that meet SPD requirements. The rental rate for the term of this amendment will increase to \$163,663 annually (\$13,639 monthly) to accurately reflect the current market rate and includes all utilities and site security. The rental rate also remains flat for the entire term of the lease extensions.

Like most external leases, FAS will pay the lease costs to the landlord directly and get reimbursed by the tenant department; in this case, SPD.

**2. CAPITAL IMPROVEMENT PROGRAM**

This legislation creates, funds, or amends a CIP Project.

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Please check one:

This legislation has direct financial implications.

**3.a. Appropriations**

This legislation adds, changes, or deletes appropriations.

Appropriations Notes:

At this point, the 2016 City Budget appears to have sufficient appropriations in the Seattle Police Department and the Department of Finance and Administrative Services for this lease agreement. If needed, SPD or FAS will include revisions to appropriations in budget supplemental legislation.

The 2017-2018 Proposed Budget will include sufficient appropriations for FAS and SPD to be able to fund the on-going annual cost of \$163,663 associated with this lease.

**3.b. Revenues/Reimbursements**

This legislation adds, changes, or deletes revenues or reimbursements.

Revenue/Reimbursement Notes:

Table 1: illustrates the rental rate and FAS overhead for the duration of the lease term

**Table 1:**

Rent Payments for SPD at Federal Center South for 2016 - 2021				
	2016		2016 total	2017-2021
	Jan – March	April - Dec		Jan – Dec
Period Subtotal	\$15,308	\$122,748	\$138,055	\$163,663
FAS Overhead at 3%	\$459.	\$3,682	\$4,141	\$4,910
<b>Annual Rent</b>	<b>\$15,767</b>	<b>\$126,430</b>	<b>\$142,197</b>	<b>\$168,573</b>

**4. OTHER IMPLICATIONS**

- a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

This legislation will obligate the City to pay to the GSA the monthly rental amount as described above for a period of five years.

**b) Is there financial cost or other impacts of not implementing the legislation?**

The annual lease for this location offers the City of Seattle the lowest price in the SODO area and continues to offer a fair market rate even with the rate increase. This location suits SPD's needs and would be beneficial to continue our lease for the next five years.

**c) Does this legislation affect any departments besides the originating department?**

Yes, the occupant of the leased space is the SPD. As noted above, FAS manages the lease payments on a pass-through basis for SPD.

**d) Is a public hearing required for this legislation?**

No

**e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No

**f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**g) Does this legislation affect a piece of property?**

Yes, this legislation authorizes the Director of Finance and Administrative Services to execute a lease agreement on a portion of property located at 4735 East Marginal Way. A map is attached.

**h) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?** No

**i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

N/A

**j) Other Issues:**

No

**List attachments/exhibits below:**

Attachment 1 - Federal Center SPD Storage Lease Map