

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
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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 Seattle Public Utilities, to negotiate and execute real property lease agreements and amendments with Broadacres LLC, for office space and ancillary uses in the Wharf Building located at 4209 21<sup>st</sup> Ave W; 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 into a Lease Agreement (the Lease) with Broadacres LLC or their Assigns, for the use by Seattle Public Utilities. (SPU)

SPU will use this space for the office of the Source Control Team which has 19 employees and 16 work vehicles. The team is responsible for protecting the drainage and wastewater systems in the city through business inspections, investigations and spill response. This work is done as part of the City’s compliance with the Phase I Municipal Stormwater and Wastewater Permits. The 7,759 square feet of lease space will be used for office, locker rooms, and warehousing. Sixteen secure and reserved vehicle and equipment parking spaces are provided. The initial rental rate for the term of this lease is \$300,661 annually, (\$25,055 monthly) (\$38.75 per square foot per year) and includes all utilities, common area charges, parking and site security. The lease provides tenant improvements credit of \$40 per square foot. Accessibility improvements or other code required upgrades may result in the total tenant improvements costs to exceed the credit amount, although the lease allows for additional tenant improvements costs to be amortized over the lease term. The Lease provides for yearly increases.

The legislation is required because the leased space exceeds FAS’s leasing authority (under Seattle Municipal Code 3.127 020.C1) of 5,000 square feet office space in any single building or other facility and \$26 dollars per square foot for a lease rate. The market rate for fully serviced lease space in this area is \$35- \$40 per square foot. This legislation authorizes the Director of FAS to enter a lease agreement, and to further amend and extend the lease agreement at the Wharf Building so long as the total square footage leased by the City does not exceed 10,000 square feet. FAS has verified that the lease payment per square foot is the fair market rate for similar office space and location. The ordinance allows for the flexibility to reduce or expand the space leased in this building as appropriate to the needs of the City without requiring new legislation for minor changes in operational needs.

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

The Source Control and Pollution Prevention (SCPP) Division moved into the Ballard Operations Building in 2017 from the Seattle Municipal Tower. The team does field inspection and sampling work and is best suited to a field facility to maximize efficiency. It also helped to consolidate staff from other floors of SMT onto 44 after a reorganization. The intention was that the SCPP Division would move to the South Operations Center in Fall 2019/early 2020 and would occupy that facility with the System Maintenance Division, who were being relocated from Charles Street.

In late 2018, the South Operations Center project was re-evaluated to focus on maximizing System Maintenance operational needs. As the Ballard Operations building and site is needed for up to eight years for construction of the Ship Canal Water Quality project, the SCPP Division needed a new location which is near the Ballard Operation Building where their boat is currently moored for spill response operations.

## 2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project?  Yes  No

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget?  Yes  No

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

The costs of not implementing this lease could result delays in the Ship Canal Construction Project.

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

If this space is not leased, the team will not be able to vacate the Ballard Office Building in time Ship Canal Construction Project team's use. This would delay the start of a major capital improvement project.

### 3.d. Appropriations

This legislation adds, changes, or deletes appropriations.

**Appropriations Notes:** Additional appropriation will not be needed in 2019 but will be added to the department's 2020 budget during the budget process.

### 3.e. Revenues/Reimbursements

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

#### Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2019 Revenue	2020 Estimated Revenue
FAS Operating Fund 50300	FAS	SPU	-	\$ 325,480
<b>TOTAL</b>				

**Is this change one-time or ongoing?** This is an on-going charge for rents.

**Revenue/Reimbursement Notes:** The 2020 estimated revenue reflects lease rate potential lease rate increases due lease rate, utilities, taxes, and amortized tenant improvement costs.

### 3.f. Positions

This legislation adds, changes, or deletes positions.

## 4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**  
This legislation is to provide rental office, equipment and locker room space for SPU's Source Control Team.
- b. Is a public hearing required for this legislation?**  
No public hearing is required.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**  
This legislation does not involve purchase of real estate.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
This legislation does not require publication of notice.
- e. Does this legislation affect a piece of property?**  
This legislation relates to lease of space in a building. A map is attached as Attachment 1 to this Summary and Fiscal Note.

**f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

This lease is for space in an existing vacant office building. It is not anticipated to have any impact on vulnerable or historically disadvantaged communities.

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

This is not a new initiative or a programmatic expansion. It fulfills the long-term goals of the City to assure point source pollution is controlled.

**List attachments/exhibits below:**

Summary Attachment 1 – Map of Property Location