

## SUMMARY and FISCAL NOTE

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Finance and Administrative Services	Layne Cubell	Lorine Cheung

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of Finance and Administrative Services to negotiate and execute a real property lease with Neptune III TT, LLC, on behalf of the Human Services Department for its Aging and Disability Services Division; and ratifying and confirming certain prior acts.

**Summary and Background of the Legislation:** Since 2004, the Human Services Department (HSD) Aging and Disability Services Division (ADS) has leased office space in a building in a suburban office park known as Time Square, located at 600 Southwest 39th Street, Renton, Washington. The Time Square lease is for 19,258 square feet and expires on August 31, 2024. HSD/ADS has determined that the Time Square office space is no longer suitable for its needs.

HSD/ADS retained the Department of Finance and Administrative Services (FAS) Real Estate and Planning Services Division to conduct a search for new office space. As a result of the search, HSD/ADS has elected to relocate its offices from Time Square to Triton Towers Three, located at 707 South Grady Way, in Renton, WA to better serve the needs of its clients throughout King County. Operating as the federal/state designated Area Agency on Aging (AAA) for King County, ADS is responsible for providing aging network services to over 50,000 clients across the County, including over 14,000 clients receiving Medicaid long-term care case services, the majority of whom reside in south King County. The new location is on the seventh floor and has increased security, is closer to transit services, has ample parking and has amenities for clients and staff.

The new lease will allow HSD/ADS to downsize its office space to approximately sixty-five percent of its current footprint to better align with workplace needs and will result in cost savings in rent. FAS Real Estate and Planning Services and the Triton Towers Three landlord Neptune III TT, LLC have reached agreement on the form of the lease for new Aging and Disability Services Division offices, some 12,410 square feet, for an initial term of ten years, with a right on the part of the City to extend the term for two additional terms of five years each. Pursuant to Seattle Municipal Code Section 3.127, leases of office space for more than five years or where the premises exceed 5,000 square feet require City Council approval.

### **2. CAPITAL IMPROVEMENT PROGRAM**

**Does this legislation create, fund, or amend a CIP Project?**

Yes  No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

Does this legislation have financial impacts to the City?  Yes  No

<b>Expenditure Change (\$); General Fund</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
<b>Expenditure Change (\$); Other Funds</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
	<b>\$336,000</b>	<b>-\$93,000</b>	<b>-\$83,000</b>	<b>-\$74,000</b>	<b>-\$64,000</b>

<b>Revenue Change (\$); General Fund</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
<b>Revenue Change (\$); Other Funds</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>

<b>Number of Positions</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total FTE Change</b>	<b>2024</b>	<b>2025 est.</b>	<b>2026 est.</b>	<b>2027 est.</b>	<b>2028 est.</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

While there are one-time costs related to the move, the new lease will result in lower annual rent payments and significant savings over the initial ten-year lease term. In 2024, there is an annual estimated rent savings of \$32,000 and \$368,000 in one-time moving costs related to moving furniture, supplies and records and setting up City technology systems, leading to a total expenditure change of \$336,000 in 2024. Years 2025-2028 reflect annual rent savings under the new lease. All expenditures associated with entering into a new lease and relocating will be covered by Title XIX Federal Grant funds, which are restricted for use in supporting allowable case management/nursing services per 45 CFR 75 Subpart E-Cost Principles for Health and Human Services funding.

**3.d. Other Impacts**

**Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.**

There may be additional rent savings in 2024 due to an initial rent credit offered by the landlord. Additionally, one-time moving costs are lower than anticipated because the Triton Towers space already has some cubicles, conference rooms and other improvements from previous tenants.

**If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.**

The initial one-time costs of the lease can be absorbed within existing operations because of Title XIX salary savings. During the pandemic, AAA had difficulty hiring and retaining direct service staff in the Case Management program, resulting in increased caseloads for staff due to vacancies and medical leaves. ADS has recently attained adequate staff capacity to support required caseload ratios and will use salary savings from 2023 to cover one-time costs associated with the office move. Per the terms of the AAA contract with the State Unit on Aging, ADS is required to reinvest salary savings and related fund balances into aging network services and operations.

**Please describe any financial costs or other impacts of *not* implementing the legislation.**

Without the adoption of this legislation, the City would no longer have an agreement for the use of leased premises in Renton, out of which HSD ADS has operated for the last twenty years. Absent such an agreement, the continued operation of that office and efficient service to South King County clients would be in jeopardy.

#### **4. OTHER IMPLICATIONS**

**a. Please describe how this legislation may affect any departments besides the originating department.**

This legislation affects, and is for the benefit of, the Human Services Department – specifically its Aging and Disability Services Division which is the federal/state designated Area Agency on Aging for Seattle and King County, chartered under the Older Americans Act. The Division supports older people, adults with disabilities, and caregivers throughout Seattle-King County.

ADS is required to provide onsite technical assistance training for community organizations focused on aging and our subcontracted community organizations: Lifelong, Chinese Information Service Center, Asian Counseling and Referral Services, and Neighborhood House. The Renton location is used for other community purposes such as hosting the community public comment session required to update the AAA Area Plan, and, prior to COVID, ADS hosted meetings for the 13 WA State AAA directors.

**b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.**

Yes. This legislation will authorize the execution of a real property lease for the City to occupy premises in Renton, Washington. See attached property map.

**c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.**

- i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**

With respect to vulnerable and historically disadvantaged populations, this legislation allows the HSD Aging and Disability Services Division to establish a more convenient, transit-friendly, and accessible location from which to serve older adults and disabled clients in South Seattle and King County.

ADS collects population data and contracts with community agencies to provide culturally specific services to communities of color. Approximately 59% of our Medicaid LTSS case management clients are vulnerable people of color, the majority of whom reside in South King County.

- ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

N/A

- iii. What is the Language Access Plan for any communications to the public?**

HSD will manage all communication to the public about its office move, including a multi-lingual notice to all its existing clients and updating its website and other contact tools with its new address location and access information.

**d. Climate Change Implications**

- i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

This legislation is not expected to have any material effect on carbon emissions.

- ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

This legislation is not expected to have any material impact on Seattle's resiliency with respect to climate change.

- e. 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)? What mechanisms will be used to measure progress towards meeting those goals?**

This legislation represents neither a new initiative nor a major programmatic expansion.

## 5. CHECKLIST

- Is a public hearing required?**
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**
- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

## 6. ATTACHMENTS

**Summary Attachments:** Summary Attachment 1 – FAS HSD Triton Towers Lease Property Map