

ORDINANCE No. 122343

*EW*

COUNCIL BILL No. 115843

*Tom Rasmussen*

# The City of Seattle--Legislative Department

AN ORDINANCE relating to the Fleets and Facilities Department, authorizing the execution of a lease with Goodwill Development Association, a Washington State non-profit corporation, for the residential home for teen parents located at 339 22<sup>nd</sup> Avenue East, Seattle, Washington.

Date Reported  
and Adopted

## REPORT OF COMMITTEE

Honorable President:

Your Committee on \_\_\_\_\_

to which was referred the within Council Bill No. \_\_\_\_\_  
report that we have considered the same and respectfully recommend that the same:

*passed 3-0 TR, SC, RM  
as amended*

*4-9-07 Passed 9-0*

COMPTROLLER FILE No. \_\_\_\_\_

Introduced: <i>3-12-07</i>	By: <i>Rasmussen</i>
Referred: <i>3-12-07</i>	To: <i>Housing, Human Svcs, Health</i>
Referred:	To:
Referred:	To:
Reported: <i>4-9-07</i>	Second Reading:
Third Reading: <i>4-9-07</i>	Signed: <i>4-9-07</i>
Presented to Mayor: <i>4-9-07</i>	Approved: <i>4-13-07</i>
Returned to City Clerk: <i>4-13-07</i>	Published: <i>TITLE ONLY ppg. 2</i>
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

*Law Department*

Committee Chair

ORDINANCE 122373

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3 AN ORDINANCE relating to the Fleets and Facilities Department, authorizing the execution of a  
4 lease with Goodwill Development Association, a Washington State non-profit  
5 corporation, for the residential home for teen parents located at 339 22<sup>nd</sup> Avenue East,  
6 Seattle, Washington.

7 WHEREAS, as authorized by Ordinance 99632, effective March 3, 1971, the City acquired the  
8 property at 339 22<sup>nd</sup> Avenue East, hereinafter referred to as the Facility, for use as a  
9 community juvenile treatment facility; and

10 WHEREAS, as authorized by Ordinance 114754, effective November 16, 1989, the Facility was  
11 leased by the City to the Children's Home Society of Washington as a residence for  
12 homeless teenaged parents, said lease expiring on July 31, 1993, and continuing on a  
13 month-to-month basis since that time by operation of law; and

14 WHEREAS, Goodwill Development Association assumed operations of the Facility, effective  
15 July 1, 2006, to continue to provide residential and social services to teenaged parents  
16 consistent with the Services Agreements between Goodwill Development Association  
17 and the City's Human Services Department; and

18 WHEREAS, the City now wishes to enter into a lease with Goodwill Development Association  
19 for continued operation of the Facility for teenaged parents; NOW, THEREFORE,

20 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

21 Section 1. As requested by the Fleets and Facilities Director and recommended by the  
22 Mayor, said Director is hereby authorized to execute, for and on behalf of the City of Seattle, a  
23 lease with Goodwill Development Association, a Washington State nonprofit corporation,  
24 substantially in the form of Exhibit "1" attached hereto, for the real property commonly known as  
25 339 22<sup>nd</sup> Avenue East in Seattle, Washington.

26 Section 2. The term of the lease shall be five (5) years, commencing on May 1, 2007, or  
27 as soon as practicable after the effective date of this ordinance, unless Goodwill Development  
28



1 Association exercises an option for a second five (5) year period, pursuant to the terms of the  
2 lease.

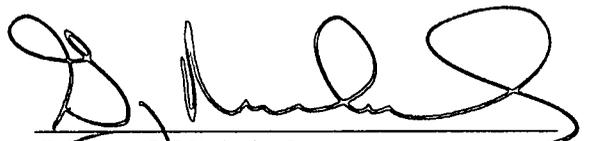
3 Section 3. There shall be no additional consideration for Goodwill Development  
4 Association's use of the leased premises beyond that required under the Master Agency Services  
5 Agreement between the City and Goodwill Development Association dated May 5, 2003, and  
6 implemented through annual Project Services Agreements between the parties.  
7

8 Section 4. This ordinance shall take effect and be in force thirty (30) days from and after  
9 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days  
10 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

11 Passed by the City Council the 9<sup>th</sup> day of April, 2007, and signed by me in open  
12 session in authentication of its passage this 9<sup>th</sup> day of April, 2007.  
13

14  
15   
16 President \_\_\_\_\_ of the City Council

17 Approved by me this 13<sup>th</sup> day of April, 2007.  
18

19   
20  
21 Gregory J. Nickels, Mayor  
22

23 Filed by me this 17<sup>th</sup> day of April, 2007.

24   
25  
26 City Clerk  
27



Hillary Hamilton/HH  
FFD Teen Mothers Home Lease  
February , 2007  
Version #3

(Seal)

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**Exhibit 1  
DRAFT**

**MUTUAL AND OFFSETTING BENEFIT  
LEASE AGREEMENT**

**PART A - SIGNATURE FORM**

**A-1. PARTIES**

THIS MUTUAL AND OFFSETTING BENEFIT LEASE AGREEMENT ("Lease") is entered into by and between THE CITY OF SEATTLE (hereinafter referred to as the "City" or "Lessor"), a municipal corporation of the State of Washington, and the Goodwill Development Association, (hereinafter referred to as "Lessee"), a non-profit corporation organized under the laws of the State of Washington.

**A-2. PREMISES**

The City hereby leases to Lessee and Lessee hereby leases from the City certain real property situated in the City of Seattle, King County, Washington, commonly known as 339 22<sup>nd</sup> Avenue East, and legally described as follows:

All of Lots 5 and 6; the east 10 feet of Lot 9; and the east 10 feet of the south half of Lot 10; all in Block 1, Capital Hill Heights Addition to the City of Seattle, as per plat recorded in Volume 16 of Plats, page 12, records of King County, Washington,

together with the structure located thereon (said real property and the structure located thereon are collectively referred to as the "Premises").

**A-3. USE/PURPOSE**

Lessee shall occupy and use the Premises only for the following purpose (the "Permitted Use"):

The Premises shall be used to operate The Teen Parent Home of Seattle, a residential facility for teenage parents, in a manner that is consistent with the Master Agency Services Agreement between City and Lessee, dated \_\_\_\_\_, and the annual Program Services Agreements contemplated therein (collectively, the "Services Agreements").

**A-4. TERM**

The term of this Lease begins May 1, 2007, and expires April 30, 2012, unless terminated earlier pursuant to the terms and conditions hereof, or extended subject to the provisions of section A-5 herein. However, notwithstanding anything in this Agreement to the contrary, this Lease shall automatically terminate if the City ceases to contract with Lessee to operate The Teen Parent Home.



**A.-5 OPTION TO EXTEND**

The Tenant shall have the right to extend the initial Lease Term for one (1) additional term of five (5) years, provided that:

- (1) the Tenant has given the Landlord written notice of the Tenant's exercise of such option at least ninety (90) days prior to the expiration of the initial Lease Term and,
- (2) the Tenant has not materially defaulted in the performance of its obligations under this Lease at any time or has materially defaulted in such performance but has cured all such defaults to Landlord's satisfaction.

Notwithstanding any other provision hereof, in the event Tenant materially defaults in the performance of any of its obligations under this Lease between the date it exercises such option and the expiration date of the initial Lease Term and fails to cure such default by such expiration date, Landlord, in the exercise of its sole discretion, may declare such option exercise null and void and deny Tenant the right to use and occupy the Premises during the succeeding Extended Term.

**A-6. RENT**

There is no cash rent due. Consideration for Lessee's use of the Premises is Lessee's obligations under the Services Agreements.

**A-7. AGREEMENT CONTENTS**

This Lease consists of this Part A – Signature Form and Part B – General Terms and Conditions.

**A-9. COMMUNICATIONS**

The City's address for all notices shall be:

City of Seattle  
Fleets & Facilities Department  
Facility Operations Division  
700 Fifth Avenue, Suite 5200  
P.O. Box 94689  
Seattle, WA 98124-4689



The Lessee's address for all notices shall be:

Goodwill Development Association  
1502 East Yesler Way, Suite 2  
Seattle, WA 98122

All notices shall be delivered as provided in Section B-15 of this Lease. Either party may change its notice address by providing notice in accordance with the terms hereof.

**A-11. EFFECTUATION OF AGREEMENT**

In order to be effective, this Lease must be: 1) signed by an authorized representative of the Goodwill Development Association, and returned to City at the address set forth above, accompanied by any required evidence of insurance; and 2) signed by the Fleets & Facilities Director ("Director") pursuant to ordinance or code authority. The signatures of the authorized representatives of the Goodwill Development Association and the City must each be acknowledged by a notary public.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures below:

**LESSOR:**  
**THE CITY OF SEATTLE**

**LESSEE:**  
**Goodwill Development Association**

By \_\_\_\_\_  
Brenda Bauer, Director  
Fleets & Facilities Department

By \_\_\_\_\_  
Leo White I, President  
Board of Directors

Date \_\_\_\_\_

Date \_\_\_\_\_

Authorized by Ordinance \_\_\_\_\_



STATE OF WASHINGTON )  
 ) ss. (Acknowledgment)  
COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2007, before me, personally appeared Leo White, I, to me known to be the President of the Board of Directors, Goodwill Development Association, the corporation that executed the annexed Lease; who acknowledged said signature to be the free and voluntary act and deed of said corporation for the uses and purposes therein set forth, and on oath state that he has been authorized to execute said Lease on behalf of said corporation.

GIVEN under my hand and official seal the day and year last above written.

\_\_\_\_\_  
(Signature) (Print or type name of notary)

NOTARY PUBLIC in and for the State of Washington,  
residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss. (Acknowledgment for The City of Seattle)  
COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2007, before me, personally appeared Brenda Bauer, known to be the Fleets & Facilities Director of The City of Seattle, who executed the foregoing instrument, and acknowledged the same to be the free and voluntary act and deed of The City of Seattle for the uses and purposes therein mentioned, and on oath stated that she has been authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.

\_\_\_\_\_  
(Signature) (Print or type name of Notary)

NOTARY PUBLIC in and for the State of Washington,  
residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_



**MUTUAL AND OFFSETTING BENEFIT  
LEASE AGREEMENT**

**PART B - GENERAL TERMS AND CONDITIONS**

**B-1. LIMITATION ON USE/PURPOSE**

Notwithstanding any other provision herein, Lessee shall not enter into any sublease of the Premises, or any portion thereof, or any assignment of any interest in this Lease, whether long or short term in nature, or engage in any activity with respect to or on the Premises other than that expressly authorized herein, without obtaining the prior explicit written authorization therefore from City. Authorization may be given or withheld in the City's sole discretion.

**B-2. POSSESSION**

In the event City is unable to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither City nor any of City' officers, employees, or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable, nor shall the term herein specified be in any way extended, but in such event, Lessee shall not be liable for any rent until such time as City can deliver possession.

**B-3. UTILITIES**

Lessee, at Lessee's sole expense, shall provide or shall otherwise pay for, when due, all costs for providing all utilities and other services on or to the Premises, including but not limited to elevator, electricity, gas, water, telephone, sewer, garbage removal, heating, janitorial, security, and grounds keeping service, and shall also pay all charges for utility installation and modifications thereto occasioned by Lessee' requirements. City, in its capacity as landlord, shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of any such service due to any cause whatsoever except City's gross negligence as landlord. Lessee shall not be entitled to an offset, reduction, or return of rent as a result of any interruption or failure of any such service, even if such service is provided by City in its capacity as utility.

**B-4. INDEMNIFICATION**

(1) Lessee's Indemnification. Lessee shall indemnify and hold City and its officers, employees, and agents, harmless from any and all losses, claims, actions, damages, fines, penalties, liabilities and expenses arising out of or resulting from any actual or alleged injury (including death) of any person, or from any actual or alleged loss of or damage to, any property arising out of or in connection with: i) Lessee's occupation, use or improvement of the Premises, or that of any of its employees, agents, contractors, licensees or invitees; ii) Lessee's breach of its obligations hereunder; or iii) any act or omission of Lessee or of any its officers, agents, employees, licensees or invitees in or on or about the Premises. In the event that any suit based upon such losses, claims, actions, damages, or expenses is brought against City, Lessee, upon notice of the commencement thereof, shall defend the same at its sole cost and expense, using



legal counsel acceptable to City; and if final judgment be adverse to City, or City and Lessee jointly, Lessee shall promptly satisfy the same. The liability described in this paragraph shall not be diminished by the fact, if it be a fact, that any such death, injury, damage, loss, cost or expense may have been contributed to, or may be alleged to have been contributed to, in part, by an act or omission of City or any of its officers, employees or agents. The indemnification obligation of Lessee under this provision specifically covers actions brought by Lessee's own employees, and shall survive the expiration or earlier termination of this Lease. This indemnification obligation is specifically and expressly intended to constitute a waiver of Lessee's immunity under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide City with a full and complete indemnity. Lessee shall promptly notify City of casualties or accidents occurring in or on or about the Premises. **CITY AND LESSEE ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS PARAGRAPH WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.**

(2) Release of Claims. Lessee hereby fully and completely waives and releases all claims against City for any losses or other damages sustained by Lessee or any person claiming through Lessee resulting from any accident or occurrence in or upon the Premises, including but not limited to: i) any defect in or failure of equipment in the Premises or the building in which the Premises are located; ii) any City failure to make repairs; iii) any defect, failure, surge in, or interruption of facilities or services provided to the Premises; iv) broken glass; v) water leakage; vi) the collapse of any component of the Premises; or vii) any act, omission or negligence of any co-tenant, licensee or any other person or occupant of the Premises.

(3) Limitation of Lessee's Indemnification. In compliance with RCW 4.24.115 as in effect on the date of this Lease, all provisions of this Lease pursuant to which City or Lessee (the "Indemnitor") agree to indemnify the other (the "Indemnitee") against liability for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Premises: i) shall not apply to damages caused by or resulting from the sole negligence of the Indemnitee or any of its agents or employees; and ii) to the extent caused by or resulting from the concurrent negligence of (a) the Indemnitee or any of the Indemnitee's agents or employees, and (b) the Indemnitor or any of the Indemnitor's agents or employees, shall apply only to the extent of the negligence of the Indemnitor or its employees or agents; provided, however, the limitations on indemnity set forth in this section shall automatically and without further act by either City or Lessee be deemed amended so as to remove any of the restrictions contained in this section no longer required by then applicable law.

## **B-5. INSURANCE**

(1) Insurance Coverages and Limits. Lessee shall maintain, or cause its Subtenant(s), if any, to maintain at no expense to City throughout the entire Lease Term minimum levels of insurance coverages and limits of liability as specified below:

A. Commercial General Liability (CGL) insurance including:



- Premises/Operations
- Products/Completed Operations
- Personal/Advertising Injury
- Contractual
- Stop Gap
- Host Liquor

Such insurance must provide a minimum limit of liability of \$2,000,000 each occurrence combined single limit bodily injury and property damage except:

- \$2,000,000 each offense Personal/Advertising Injury
- \$1,000,000 each Accident/ Disease/Employee Stop Gap (alternatively, may be evidenced as Employer's Liability insurance under Part B of a Workers Compensation insurance policy).

The limits of liability described above are minimum limits of liability only. They shall neither (1) be intended to establish a maximum limit of liability to be maintained by Lessee as respects this Agreement, nor (2) be construed as limiting the liability of any of Lessee's insurers, which must continue to be governed by the stated limits of liability of the relevant insurance policies.

- B. Property insurance under which the structure on the Premises (the "Building") and Lessee's furniture, equipment, inventory and trade fixtures, including tenant improvements ("Business Personal Property") are insured for "all risks" of physical loss or damage, including earthquake and flood, with an amount of insurance not less than the replacement cost thereof and not subject to any coinsurance clause. Lessee shall upon each insurance renewal of Lessee's Property insurance be responsible for (1) requesting Lessor's valuation of the Building, and (2) reviewing and adjusting as necessary the adequacy of the replacement values of Lessee's Business Personal Property.

(2) General Requirements for Lessee's Property and CGL Insurance.

- A. The CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include the City of Seattle as an additional insured for primary and non-contributory limits of liability for the total available limits of liability of each policy. The term "insurance" in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.
- B. With respect to property insurance on the Building, the City of Seattle shall be included as an additional insured and loss payee with a mortgagee clause.
- C. Coverage shall not be cancelled without thirty (30) days' written notice of such cancellation, except as may otherwise be specified in Revised Code of Washington (RCW) 48.18.290 (Cancellation by insurer.). The City and the



Lessee mutually agree that for the purpose of RCW 48.18.290 (1) (b), for both liability and property insurance the City is deemed to be a “mortgagee, pledge, or other person shown by (the required insurance policies) to have an interest in any loss which may occur thereunder.”

- D. Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section, and (2) be issued by an insurer rated A-:VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).
  - E. Any deductible or self-insured retention (“S.I.R.”) must be disclosed to, and shall be subject to reasonable approval by, the City. Lessee shall cooperate to provide such information as the City may reasonably deem to be necessary to assess the risk bearing capacity of the Lessee to sustain such deductible or S.I.R. The cost of any claim falling within a deductible or S.I.R. shall be the responsibility of Lessee. If a deductible or S.I.R. for CGL or equivalent insurance is not “fronted” by an insurer but is funded and/or administered by Lessee or a contracted third party claims administrator, Lessee agrees to defend and indemnify the City to the same extent as the City would be protected as an additional insured for primary and non-contributory limits of liability as required herein by an insurer.
  - F. The City shall have the right to periodically review the adequacy of property and liability insurance coverages and limits of liability in view of inflation, changing industry conditions and/or similar considerations and to require an adjustment in such coverage or limits upon ninety (90) days’ prior written notice.
- (3) Evidence of Insurance. On or before the commencement of this Lease, and thereafter not later the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by Lessee:
- A. A copy of the CGL and Property insurance policy declarations pages;
  - B. A copy of the CGL insurance policy provision(s) documenting that the City of Seattle is an additional insured on a primary and non-contributory basis;
  - C. A copy of the CGL and Property insurance policy provisions that document that coverage shall not be cancelled without thirty (30) days’ written notice of such cancellation, unless otherwise specified in RCW 48.18.290.

If the insurance policy documentation required herein is not available because policies have not been issued, received and/or reviewed, binders of insurance that otherwise evidence compliance with this Section may be substituted until copies of policy declarations pages, additional insured and cancellation provisions are reasonably



available. A certificate of insurance form alone will not satisfy the requirements for documentation specified in this Subsection.

## **B-6. CARE OF PREMISES**

(1) General Condition. The Premises shall at all times be kept in a neat, clean, safe and sanitary condition. Lessee shall not: 1) permit any waste, damage, or injury to the Premises; 2) use or permit on said Premises anything that will increase the rate of fire insurance thereon; 3) maintain anything on the Premises that may be dangerous to life or limb; 4) overload the floors; 5) permit any objectionable noise or odor to escape or to be emitted from said Premises; 6) permit anything to be done upon said Premises that in any way will tend to create a nuisance. If the Director determines, in her sole discretion, that a particular activity constitutes a nuisance, or is otherwise objectionable, then Lessee shall immediately cease said activity. The decision of the Director shall be final.

(2) Maintenance - Repairs. The Premises have been inspected by both parties and are accepted by Lessee in their existing condition as of the commencement date of this Lease, without reservation. All routine repairs to roof, walls and foundations, existing utility connections to and from the Premises and major electrical, plumbing, and heating systems necessary to maintain the Premises in a tenantable condition shall be done by or under the direction of City and at City's expense, except repair work necessitated by an act or omission of Lessee, or any of Lessee's officers, employees, agents, licensees or invitees, which repairs shall be made through the use of private vendors or the Fleets and Facilities maintenance shops, at the City's option, but at the sole expense of Lessee. All other maintenance and repairs to the Premises shall be the responsibility and at the sole expense of Lessee, provided that such maintenance and repairs shall be subject to the prior written approval of the City.

### (3) Alterations.

(a) Lessee shall not make, or cause to be made, any alteration, addition or improvement in said Premises without first obtaining the Director's written consent for such work. All alterations, additions and improvements made shall be at the sole cost and expense of Lessee and, unless otherwise so directed in writing by the Director, shall remain in and be surrendered with the Premises as a part thereof at the expiration or termination of this Lease and shall become the property of the City.

(b) City reserves an unqualified right to make alterations to the Premises: (i) where conditions deemed by the Director to constitute an emergency exist; or (ii) in order to correct any Code deficiencies. City also reserves the right to make general alterations to the Premises where such general alterations will not unreasonably interfere with the ordinary operation of the Premises by Lessee.

(4) Access. City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purpose of inspecting, cleaning, or making repairs, additions or alterations to the Premises or any other property owned by or under the



control of City, but this right shall not be construed as an agreement on the part of City to make said inspections, clean or make repairs, additions or alterations except as specifically required herein.

(5) Signs. Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except such as shall have been approved in writing by the Director, in her sole discretion, prior to such placement. City shall have the right to place and maintain "For Rent" signs in conspicuous places on said Premises and to show the Premises to prospective tenants during the thirty (30) days prior to the expiration of this Lease.

(6) Keys. Any change in locks must be requested, in writing, by Lessee and approved by the Director prior to installation. Said lock change shall be at the sole expense of Lessee. If a lock change is approved, Lessee shall provide the Director with one (1) key for each lock changed immediately after such change has been completed.

(7) Equipment; Personal Property. Special purpose equipment and all major appliances such as dishwashers, stoves, refrigerators, washers, and dryers located on the Premises shall be maintained and repaired and/or replaced, by Lessee at no cost to City.

#### **B-7. DAMAGE OR DESTRUCTION**

In the event the Premises are damaged by fire, earthquake, act of war, or other extraordinary casualty, to such an extent as to render the same untenable in whole or in substantial part thereof, or are destroyed, it shall be optional with City whether to repair or rebuild the same or whether to terminate this Lease. Within forty-eight (48) hours after the happening of any such event, Lessee shall give City or City's agent notice thereof. If City elects to repair or rebuild said Premises, City shall prosecute the work of such repairing or rebuilding without unreasonable delay as soon as insurance proceeds are available, in accordance with the then existing City procedures, and during such period the rent for said Premises shall be abated in the same ratio that the portion of the Premises rendered for the time being unfit for occupancy bears to the whole of the Premises; upon the completion of said rebuilding, Lessee shall immediately reoccupy the Premises and pay the rent as aforesaid. Notwithstanding any other provision herein, no party to this Lease shall be liable in damages to any other party for termination of this Lease in the manner described in this section, because of the damage or destruction of the Premises.

#### **B-8. INSTALLATION OR INTEGRATION OF ANY WORK OF VISUAL ART ON PREMISES**

(1) Reservation of Rights by City; Prohibition Against Installation or Integration of Any Work of Visual Art on Premises Without Fleets & Facilities Director's Consent. City reserves to and for itself the right to approve or disapprove of the installation or integration on or in the Premises of any "work of visual art," as that term is defined in the Visual Artists Rights Act of 1990, as now existing or as later amended, and to approve or disapprove of each and every



agreement regarding any such installation or integration. Lessee shall not install on or integrate into, or permit any other person or entity to install on or integrate into, the Premises any such work of visual art without the prior, express, written consent of the Director. The Director's consent to the installation of any such art work may be granted, granted upon one or more conditions, or withheld in the Director's discretion; provided, however, that the Director's consent shall not be required under the following three (3) circumstances:

(a) If such art work: i) weighs less than fifty (50) pounds; ii) is of a size and has such dimensions and material composition that makes its passage through an open 32" x 78" or larger doorway a simple and easy maneuver; and iii) is to be installed on the floor, a piece of furniture, or similar surface without further anchoring of any kind or nature, or on a wall using no more than two (2) simple picture hooks and wire; all so that the easy removability from the Premises of such art work without its destruction, distortion, mutilation or other modification by reason of such removal is undeniable; or

(b) If Lessee delivers to the Director a waiver appropriately executed by the art work creator, for the benefit of City and its successors and assigns as the owner of the Premises, of the creator's right of integrity regarding such art work, in a form of waiver that satisfies both the Director and the requirements of 17 U.S.C. §106A(e), as the same now exists or is hereafter modified; or

(c) If the Director executes with the creator of a work of visual art to be installed in the Premises a consent agreement of the type contemplated by 17 U.S.C. §113(d)(1), as the same now exists or is hereafter amended, and in the form and manner specified by the Director.

In the event the creator of any work of visual art installed in the Premises by or for Lessee has not executed a waiver, or such creator and City have not executed a consent agreement, each as described herein, Lessee shall ensure that, prior to removing or allowing the removal from the Premises of any such art work, such creator is given both notice, as contemplated in 17 U.S.C. §113(d)(2), of the intended removal of such art work, and the time required by that statutory provision to respond to such notice, and that Lessee take whatever other action(s) may be required by such legislation to ensure that no claim, action or suit alleging a violation of the Visual Artists Rights Act of 1990, as now existing or hereafter amended, and arising out of any act or omission of or for Lessee or any of their officers, employees, or agents, is filed or lodged against City in its capacity as the Premises owner.

(2) Lessee's Indemnification of City Against Liability Under Visual Artists Rights Act of 1990. Lessee shall protect, defend, and hold City harmless from and against any and all claims, suits, actions or causes of action, damages and expenses (including attorneys' fees and costs) arising as a consequence of: a) the installation or integration of any work of visual art on or into the Premises; b) the destruction, distortion, mutilation or other modification of the art work that results by reason of its removal; c) any breach of Subsection B-8 (1) of this Lease; or d) any violation of the Visual Artists Rights Act of 1990, as now existing or hereafter amended, by Lessee or any of its officers, employees or agents. This indemnification obligation shall exist



regardless of whether the Director or any other person employed by City has knowledge of such installation, integration, or removal or has consented to any such action or is not required to give prior consent to any such action. The indemnification obligation of this subsection shall survive the expiration or earlier termination of this Lease.

**B-9. COMPLIANCE WITH LAW**

(1) General Requirement. Lessee, at its sole cost and expense, shall perform and comply with all applicable laws of the United States and the State of Washington; the Charter and ordinances of The City of Seattle; and rules, regulations, orders, and directives of their administrative agencies and officers thereof.

(2) Licenses and Similar Authorizations. Lessee, at no expense to City, shall secure and maintain in full force and effect during the term of this Lease, all required licenses, permits, and similar legal authorizations, and comply with all requirements thereof.

(3) Taxes. Lessee shall pay, before delinquency, all taxes, levies, and assessments arising from its activities on or occupancy of the Premises, including, but not limited to taxes arising out of the activity or business conducted on the Premises such as the rental or sale of goods or services; taxes levied on its property, equipment, and improvements on the Premises; and taxes on Lessee's interest in this Lease and any leasehold interest deemed to have been created thereby under Ch. 82.29A RCW. In the event the State of Washington makes any demand upon City for payment of leasehold excise taxes resulting from Lessee's occupation of the Premises or withholds funds due to City to enforce collection of leasehold excise taxes, Lessee shall, at City's direction and at Lessee's sole expense, contest such action and in any event shall indemnify City for all sums expensed by, or withheld by the State from City in connection with such taxation.

(4) Non-Discrimination. Lessee shall promptly comply, at its sole cost and expense, with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and the City of Seattle, including but not limited to Chapters 14.04, 14.10 and 20.42 of the Seattle Municipal Code (SMC), as they may be amended; and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

**B-10. RENT CALCULATION AND PAYMENT PROCEDURE**

Section intentionally deleted.

**B-11. TERMINATION**

In addition to the event of termination described in Section A-4, this Lease may be terminated as follows:

(1) For Breach by Lessee. In the event that Lessee defaults in the performance of any of



the terms, provisions, covenants and conditions to be kept, observed and performed by Lessee, and such default is not corrected within thirty (30) days after the receipt of notice thereof from City, or such shorter period as the Director may specify in a written notice to Lessee; or if Lessee shall abandon, desert, vacate or remove from the Premises; or if Lessee shall file a petition for bankruptcy; or if Lessee shall be adjudicated as bankrupt after the filing of an involuntary petition in bankruptcy; or if Lessee shall take or receive the advantage or benefit of any insolvency; or if Lessee shall enter into an agreement of composition with Lessee's creditors; then, in such event, City, at its option at any time thereafter, may terminate this Lease together with all of the estate, right, and title thereby granted to or vested in Lessee, by giving notice of such election at least twenty (20) days prior to the effective date thereof; and as of such effective date, this Lease and all of the estate, right, title and interest thereby granted to or vested in Lessee shall then cease and terminate, and City may re-enter the Premises using such means as permitted by law. Notwithstanding such re-entry by City and anything to the contrary in this Lease, the liability of Lessee for the rent provided for herein for the balance of the term of this Lease shall not be extinguished. The Director shall have the right to determine on City's behalf the existence of any default in performance or other breach or violation of the terms and conditions hereof on the part of Lessee.

In addition to or in lieu of the foregoing remedies, City shall have all remedies available to it under this Lease and under the laws of the State of Washington.

(2) For Breach by City. City shall not be in breach of any obligation to perform under this Lease unless City fails to perform such obligation within a reasonable time, which time shall not extend more than thirty (30) days after notice by Lessee to City specifying the particular obligation that City has failed to perform; provided, however, that if the nature of City's obligation is such that more than thirty (30) days are reasonably required for performance, then City shall not be in breach if City commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

(3) For Convenience. This Lease may be terminated by either party, without cause, by providing notice of such termination to the other not less than sixty (60) days prior to the effective date thereof.

## **B-12. SURRENDER OF PREMISES**

Upon the expiration or termination of this Lease, including any extensions thereof, whichever is earlier, Lessee shall quit and surrender said Premises and all keys thereto, without notice and in as good condition as received at commencement of the term, except for changes due to ordinary wear and tear, damage or destruction by a circumstance uncontrollable by Lessee, and alterations, additions, and improvements made with the consent of the Director.

On or before the termination or expiration date, whichever is earlier, Lessee shall remove all furniture, equipment, supplies and other materials owned and controlled by Lessee. City may, at its election, retain or dispose of in any manner any of Lessee's trade fixtures or personal



property that Lessee does not remove from the Premises on expiration or within ten (10) days after termination of the Term by giving ten (10) days' notice to Lessee. Title to any such trade fixtures and personal property that City elects to retain or dispose of on expiration of such ten-(10) day period shall vest in City. Lessee waives all claims against City for any damage resulting from City's retention or disposition of any such trade fixtures and personal property. Lessee shall be liable to City for City's reasonable costs for storing, removing or disposing of Lessee's trade fixtures and personal property.

If Lessee fails to surrender the Premises to City on expiration or ten (10) days after termination of the Term as required by this Section, Lessee shall pay City, in advance, without deduction or offset of any kind, \$300 per week for each week that Lessee thus remains in possession. Lessee shall be liable for, shall indemnify City against and shall hold City harmless from all damages resulting from Lessee's failure to timely surrender the Premises, including without limitation, (i) any damages claimed by, any prospective tenant of any part or all of the Premises, and (ii) City's damages resulting from such prospective tenant rescinding or refusing to enter into the prospective lease of part or all of the Premises by reason of Lessee's failure to timely surrender the Premises. If Lessee, without City's prior consent, remains in possession of the Premises after expiration or termination of the Term, or after the date in any notice given by City to Lessee terminating this Lease, such possession by Lessee shall be deemed to be a tenancy at sufferance terminable at any time by either party.

### **B-13. WAIVER OF DEFAULT**

City does not waive full compliance with the terms and conditions of this Lease by acceptance of rent. No waiver of default by either party of any of the terms, covenants and conditions hereof shall be construed or operated as a waiver of any subsequent default of any of the terms, covenants and conditions hereon.

### **B-14. AMENDMENTS**

The parties hereto expressly reserve the right to amend this Lease, from time to time, as may be necessary; Provided, that no alteration or modification of the terms or conditions hereof shall be valid and binding unless made in writing and signed by an authorized representative of each of the parties hereto.

### **B-15. NOTICES**

All notices to be given by either of the parties hereto to the other party under this Lease, shall be in writing and may either be delivered personally or may be deposited in the United States Mail, postage prepaid, addressed as specified in Part A hereof, or to such other respective address as the receiving party shall have designated for itself by notice to the other party. Notices sent by mail shall be deemed to have been given when properly mailed. The postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.



**B-16. NO RELATIONSHIP**

In no event shall City be construed or held to have become in any way or for any purpose a partner, associate, or joint venturer of Lessee or any party associated with Lessee in the conduct of Lessee's business or otherwise. This Lease does not constitute Lessee the agent or legal representative of City for any purpose whatsoever.

**B-17. DEFINITION OF "FLEETS & FACILITIES DIRECTOR"**

The term " Fleets & Facilities Director" or "Director", as used throughout this Lease in regard to permissions, warrants, consents, approvals, rights, interpretations and discretionary matters shall mean the Fleets & Facilities Director or his or her designee; provided, that the action of the Fleets & Facilities Director pursuant to or in implementation of this Lease does not constitute any official action by any other City department or official that may be required by law, ordinance, rule or regulation before Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain or exercise any particular right or privilege under this Lease. Decisions to be made by the Fleets & Facilities Director, unless otherwise specified herein, shall be left to his/her reasonable discretion.

**B-18. VENUE**

This Lease shall be construed under all of the applicable laws, statutes, ordinances, rules and regulations of the United States, the State of Washington, and The City of Seattle. In the case of a dispute between the parties, jurisdiction over such dispute shall be with the Superior Court of King County, Washington.

**B-19. BINDING EFFECT**

This Lease shall be binding upon the heirs, successors, assigns and all other parties legally empowered with signatory rights of any or all of the parties hereto.

**B-20. HAZARDOUS SUBSTANCES**

In addition to all other indemnities provided for in this Lease, Lessee shall not, without City's prior written consent, keep on or about the Premises any substance designated as, or containing any component now or hereafter designated as hazardous, dangerous, toxic or harmful and/or subject to regulation under any federal, state or local law, regulation or ordinance ("Hazardous Substances"), except customary office and cleaning supplies in normal quantities handled in compliance with applicable laws. With respect to any Hazardous Substances stored with City's consent, Lessee shall promptly, timely and completely comply with all governmental requirements for reporting and record keeping; submit to City true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities; within five (5) days after City's request therefor, provide evidence satisfactory to City of Lessee's compliance with all applicable governmental rules, regulations and requirements; and comply with all governmental rules,



regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances. Any and all costs incurred by City and associated with City's inspections of the Premises and City's monitoring of Lessee's compliance with this Subsection, including City's attorneys' fees and costs, shall be Additional Charges and shall be due and payable to City within ten (10) days after City's demand therefor. Lessee shall be fully and completely liable to City for any and all cleanup costs and expenses and any and all other charges, expenses, fees, fines, penalties (both, civil and criminal) and costs imposed with respect to Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances in or about the Premises. Lessee shall indemnify, defend and hold City harmless from any and all of the costs, fees, penalties, charges and expenses assessed against, or imposed, upon City, (as well as City's attorneys' fees and costs) as a result of Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances.

## **B-21 RECORDS, BOOKS, AND DOCUMENTS FOR CITY ACCESS AND AUDIT**

A. Lessee to Maintain Records. Lessee shall maintain records documenting the following:

- \* Identify all in-kind services offered and performed as satisfaction of Lessee's Service Rent obligation
- \* Record attendance, dates and times of use and particular programming attended
- \* Maintain all forms and records related to taxes owed and paid.

These records shall be subject at all reasonable times to inspection, review, or audit in King County by personnel duly authorized by the City, the Office of the State Auditor, or other officials so authorized by law, rule, regulation, or contract.

B. Lessee to Assist City in Providing Data to State and Federal Governments. Upon the request of the City, Lessee shall promptly provide, at Lessee's sole expense, necessary data to enable the City to fully comply with any and every requirement of the State of Washington or the United States of America for information or reports relating to this Lease and to Lessee's use of the Premises.

C. Retention of Records. Lessee shall retain in King County all records, documents, and other material relevant to this Lease for six (6) years after the expiration or termination of this Lease, and make them available for inspection by the City at such times and on such forms as the City may require. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

## **B-22 LIENS AND ENCUMBRANCES**

Lessee shall keep the Premises free and clear of any liens and encumbrances arising or growing out of its use and occupancy of the Premises. At the City's request, Lessee shall furnish the City written proof of payment of any item that would or might constitute the basis for such a lien on the Premises if not paid.





# City of Seattle

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Gregory J. Nickels, Mayor

## Office of the Mayor

February 20, 2007

Honorable Nick Licata  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Licata:

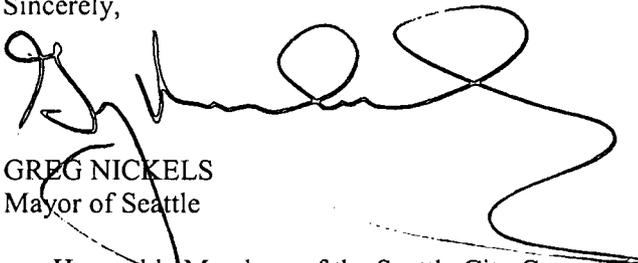
I am pleased to transmit the attached proposed Council Bill that authorizes execution of a lease with the Goodwill Development Association for continuing operation of a residence at 339 22<sup>nd</sup> Avenue East for teenaged parents. The facility provides housing for up to four parents and four children, and offers counseling services in parenting, basic living skills, and employment.

The facility was originally purchased as a community juvenile treatment facility in 1971, under the Seattle Model City program. In 1989, the City leased the facility to the Children's Home Society of Washington (CHSW) to provide transitional housing and a parenting program for young teenagers who had recently given birth. The teen parenting program gradually became secondary to CHSW's core mission of providing a range of non-residential services to families in need. Therefore, the Human Services Department helped CHSW turn over management and operation of the teen parenting program to the Goodwill Development Association, and monitored a year-long transition effort to ensure the program's continued success.

Teen parents residing at the facility are eligible for public assistance, and under Article VIII, Section 7 of the Washington State Constitution, the City can legally permit use of the facility without receiving compensation. Through the annual budget process, the General Fund allocates a modest amount to the Fleets and Facilities Department to offset administrative costs associated with owning the facility.

The lease authorized by this legislation will provide continued shelter and services for teenagers and infants who are at a vulnerable point in their lives. Thank you for your consideration of this legislation. Should you have questions, please contact Hillary Hamilton at 684-0421 or Barbara Brannan at 684-0414.

Sincerely,



GREG NICKELS  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

---

600 Fourth Avenue, 7<sup>th</sup> Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, Email: [mayors.office@seattle.gov](mailto:mayors.office@seattle.gov)

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.





1 Section 3. There shall be no additional consideration for Goodwill Development  
2 Association's use of the leased premises beyond that required under the Master Agency Services  
3 Agreement between the City and Goodwill Development Association dated May 5, 2003, and  
4 implemented through annual Project Services Agreements between the parties.

5 Section 4. This ordinance shall take effect and be in force thirty (30) days from and after  
6 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days  
7 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

8 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2007, and signed by me in open  
9 session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 2007.

10  
11  
12  
13 \_\_\_\_\_  
14 President \_\_\_\_\_ of the City Council

15 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2007.

16  
17  
18 \_\_\_\_\_  
19 Gregory J. Nickels, Mayor

20 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2007.

21  
22  
23 \_\_\_\_\_  
24 City Clerk

25 (Seal)

26 Exhibit 1: Mutual and Offsetting Benefit Lease Agreement  
27



**Exhibit 1**

**MUTUAL AND OFFSETTING BENEFIT  
LEASE AGREEMENT**

**PART A - SIGNATURE FORM**

**A-1. PARTIES**

THIS MUTUAL AND OFFSETTING BENEFIT LEASE AGREEMENT ("Lease") is entered into by and between THE CITY OF SEATTLE (hereinafter referred to as the "City" or "Lessor"), a municipal corporation of the State of Washington, and the Goodwill Development Association, (hereinafter referred to as "Lessee"), a non-profit corporation organized under the laws of the State of Washington.

**A-2. PREMISES**

The City hereby leases to Lessee and Lessee hereby leases from the City certain real property situated in the City of Seattle, King County, Washington, commonly known as 339 22<sup>nd</sup> Avenue East, and legally described as follows:

All of Lots 5 and 6; the east 10 feet of Lot 9; and the east 10 feet of the south half of Lot 10; all in Block 1, Capital Hill Heights Addition to the City of Seattle, as per plat recorded in Volume 16 of Plats, page 12, records of King County, Washington,

together with the structure located thereon (said real property and the structure located thereon are collectively referred to as the "Premises").

**A-3. USE/PURPOSE**

Lessee shall occupy and use the Premises only for the following purpose (the "Permitted Use"):

The Premises shall be used to operate The Teen Parent Home of Seattle, a residential facility for teenage parents, in a manner that is consistent with the Master Agency Services Agreement between City and Lessee, dated \_\_\_\_\_, and the annual Program Services Agreements contemplated therein (collectively, the "Services Agreements").

**A-4. TERM**

The term of this Lease begins January 1, 2007, and expires December 31, 2011, unless terminated earlier pursuant to the terms and conditions hereof. However, notwithstanding anything in this Agreement to the contrary, this Lease shall automatically terminate if the City ceases to contract with Lessee to operate The Teen Parent Home.



**A-5. RENT**

There is no cash rent due. Consideration for Lessee's use of the Premises is Lessee's obligations under the Services Agreements.

**A-6. AGREEMENT CONTENTS**

This Lease consists of this Part A – Signature Form and Part B – General Terms and Conditions.

**A-7. COMMUNICATIONS**

The City's address for all notices shall be:

City of Seattle  
Fleets and Facilities Department  
Facility Operations Division  
700 Fifth Avenue, Suite 5200  
P.O. Box 94689  
Seattle, WA 98124-4689

The Lessee's address for all notices shall be:

Goodwill Development Association  
1502 East Yesler Way, Suite 2  
Seattle, WA 98122

All notices shall be delivered as provided in Section B-15 of this Lease. Either party may change its notice address by providing notice in accordance with the terms hereof.

**A-8. EFFECTUATION OF AGREEMENT**

In order to be effective, this Lease must be: 1) signed by an authorized representative of the Goodwill Development Association, and returned to City at the address set forth above, accompanied by any required evidence of insurance; and 2) signed by the Fleets and Facilities Director ("Director") pursuant to ordinance or code authority. The signatures of the authorized representatives of the Goodwill Development Association and the City must each be acknowledged by a notary public.



IN WITNESS WHEREOF, the parties hereto have affixed their signatures below:

**LESSOR:**  
**THE CITY OF SEATTLE**

**LESSEE:**  
**Goodwill Development Association**

By \_\_\_\_\_  
Brenda Bauer, Director  
Fleets and Facilities Department

By \_\_\_\_\_  
Leo White I, President  
Board of Directors

Date \_\_\_\_\_

Date \_\_\_\_\_

Authorized by Ordinance \_\_\_\_\_



STATE OF WASHINGTON )  
 ) ss. (Acknowledgment)  
COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2007, before me, personally appeared Leo White, I, to me known to be the President of the Board of Directors, Goodwill Development Association, the corporation that executed the annexed Lease, who acknowledged said signature to be the free and voluntary act and deed of said corporation for the uses and purposes therein set forth, and on oath state that he has been authorized to execute said Lease on behalf of said corporation.

GIVEN under my hand and official seal the day and year last above written.

\_\_\_\_\_  
(Signature) (Print or type name of notary)

NOTARY PUBLIC in and for the State of Washington,  
residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss. (Acknowledgment for The City of Seattle)  
COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2007, before me, personally appeared Brenda Bauer, known to be the Fleets and Facilities Director of The City of Seattle, who executed the foregoing instrument, and acknowledged the same to be the free and voluntary act and deed of The City of Seattle for the uses and purposes therein mentioned, and on oath stated that she has been authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.

\_\_\_\_\_  
(Signature) (Print or type name of Notary)

NOTARY PUBLIC in and for the State of Washington,  
residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_



**MUTUAL AND OFFSETTING BENEFIT  
LEASE AGREEMENT**

**PART B - GENERAL TERMS AND CONDITIONS**

**B-1. LIMITATION ON USE/PURPOSE**

Notwithstanding any other provision herein, Lessee shall not enter into any sublease of the Premises, or any portion thereof, or any assignment of any interest in this Lease, whether long or short term in nature, or engage in any activity with respect to or on the Premises other than that expressly authorized herein, without obtaining the prior explicit written authorization therefore from City. Authorization may be given or withheld in the City's sole discretion.

**B-2. POSSESSION**

In the event City is unable to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither City nor any of City' officers, employees, or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable, nor shall the term herein specified be in any way extended, but in such event, Lessee shall not be liable for any rent until such time as City can deliver possession.

**B-3. UTILITIES**

Lessee, at Lessee's sole expense, shall provide or shall otherwise pay for, when due, all costs for providing all utilities and other services on or to the Premises, including but not limited to elevator, electricity, gas, water, telephone, sewer, garbage removal, heating, janitorial, security, and grounds keeping service, and shall also pay all charges for utility installation and modifications thereto occasioned by Lessee' requirements. City, in its capacity as landlord, shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of any such service due to any cause whatsoever except City's gross negligence as landlord. Lessee shall not be entitled to an offset, reduction, or return of rent as a result of any interruption or failure of any such service, even if such service is provided by City in its capacity as utility.

**B-4. INDEMNIFICATION**

(1) Lessee's Indemnification. Lessee shall indemnify and hold City and its officers, employees, and agents, harmless from any and all losses, claims, actions, damages, fines, penalties, liabilities and expenses arising out of or resulting from any actual or alleged injury (including death) of any person, or from any actual or alleged loss of or damage to, any property arising out of or in connection with: i) Lessee's occupation, use or improvement of the Premises, or that of any of its employees, agents, contractors, licensees or invitees; ii) Lessee's breach of its obligations hereunder; or iii) any act or omission of Lessee or of any its officers, agents, employees, licensees or invitees in or on or about the Premises. In the event that any suit based upon such losses, claims, actions, damages, or expenses is brought against City, Lessee, upon notice of the commencement thereof, shall defend the same at its sole cost and expense, using legal counsel acceptable to City; and if final judgment be adverse to City, or City and Lessee



jointly, Lessee shall promptly satisfy the same. The liability described in this paragraph shall not be diminished by the fact, if it be a fact, that any such death, injury, damage, loss, cost or expense may have been contributed to, or may be alleged to have been contributed to, in part, by an act or omission of City or any of its officers, employees or agents. The indemnification obligation of Lessee under this provision specifically covers actions brought by Lessee's own employees, and shall survive the expiration or earlier termination of this Lease. This indemnification obligation is specifically and expressly intended to constitute a waiver of Lessee's immunity under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide City with a full and complete indemnity. Lessee shall promptly notify City of casualties or accidents occurring in or on or about the Premises. **CITY AND LESSEE ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS PARAGRAPH WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.**

(2) Release of Claims. Lessee hereby fully and completely waives and releases all claims against City for any losses or other damages sustained by Lessee or any person claiming through Lessee resulting from any accident or occurrence in or upon the Premises, including but not limited to: i) any defect in or failure of equipment in the Premises or the building in which the Premises are located; ii) any City failure to make repairs; iii) any defect, failure, surge in, or interruption of facilities or services provided to the Premises; iv) broken glass; v) water leakage; vi) the collapse of any component of the Premises; or vii) any act, omission or negligence of any co-tenant, licensee or any other person or occupant of the Premises.

(3) Limitation of Lessee's Indemnification. In compliance with RCW 4.24.115 as in effect on the date of this Lease, all provisions of this Lease pursuant to which City or Lessee (the "Indemnitor") agree to indemnify the other (the "Indemnitee") against liability for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Premises: i) shall not apply to damages caused by or resulting from the sole negligence of the Indemnitee or any of its agents or employees; and ii) to the extent caused by or resulting from the concurrent negligence of (a) the Indemnitee or any of the Indemnitee's agents or employees, and (b) the Indemnitor or any of the Indemnitor's agents or employees, shall apply only to the extent of the negligence of the Indemnitor or its employees or agents; provided, however, the limitations on indemnity set forth in this section shall automatically and without further act by either City or Lessee be deemed amended so as to remove any of the restrictions contained in this section no longer required by then applicable law.

**B-5. INSURANCE**

(1) Insurance Coverages and Limits. Lessee shall maintain, or cause its Subtenant(s), if any, to maintain at no expense to City throughout the entire Lease Term minimum levels of insurance coverages and limits of liability as specified below:



A. Commercial General Liability (CGL) insurance including:

- Premises/Operations
- Products/Completed Operations
- Personal/Advertising Injury
- Contractual
- Stop Gap
- Host Liquor

Such insurance must provide a minimum limit of liability of \$2,000,000 each occurrence combined single limit bodily injury and property damage except:

- \$2,000,000 each offense Personal/Advertising Injury
- \$1,000,000 each Accident/ Disease/Employee Stop Gap (alternatively, may be evidenced as Employer's Liability insurance under Part B of a Workers Compensation insurance policy).

The limits of liability described above are minimum limits of liability only. They shall neither (1) be intended to establish a maximum limit of liability to be maintained by Lessee as respects this Agreement, nor (2) be construed as limiting the liability of any of Lessee's insurers, which must continue to be governed by the stated limits of liability of the relevant insurance policies.

- B. Property insurance under which the structure on the Premises (the "Building") and Lessee's furniture, equipment, inventory and trade fixtures, including tenant improvements ("Business Personal Property") are insured for "all risks" of physical loss or damage, including earthquake and flood, with an amount of insurance not less than the replacement cost thereof and not subject to any coinsurance clause. Lessee shall upon each insurance renewal of Lessee's Property insurance be responsible for (1) requesting Lessor's valuation of the Building, and (2) reviewing and adjusting as necessary the adequacy of the replacement values of Lessee's Business Personal Property.

(2) General Requirements for Lessee's Property and CGL Insurance.

- A. The CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include the City of Seattle as an additional insured for primary and non-contributory limits of liability for the total available limits of liability of each policy. The term "insurance" in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.
- B. With respect to property insurance on the Building, the City of Seattle shall be included as an additional insured and loss payee with a mortgagee clause.
- C. Coverage shall not be cancelled without thirty (30) days' written notice of such cancellation, except as may otherwise be specified in Revised Code of



Washington (RCW) 48.18.290 (Cancellation by insurer.). The City and the Lessee mutually agree that for the purpose of RCW 48.18.290 (1) (b), for both liability and property insurance the City is deemed to be a "mortgagee, pledge, or other person shown by (the required insurance policies) to have an interest in any loss which may occur thereunder."

- D. Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section, and (2) be issued by an insurer rated A-VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).
  - E. Any deductible or self-insured retention ("S.I.R.") must be disclosed to, and shall be subject to reasonable approval by, the City. Lessee shall cooperate to provide such information as the City may reasonably deem to be necessary to assess the risk bearing capacity of the Lessee to sustain such deductible or S.I.R. The cost of any claim falling within a deductible or S.I.R. shall be the responsibility of Lessee. If a deductible or S.I.R. for CGL or equivalent insurance is not "fronted" by an insurer but is funded and/or administered by Lessee or a contracted third party claims administrator, Lessee agrees to defend and indemnify the City to the same extent as the City would be protected as an additional insured for primary and non-contributory limits of liability as required herein by an insurer.
  - F. The City shall have the right to periodically review the adequacy of property and liability insurance coverages and limits of liability in view of inflation, changing industry conditions and/or similar considerations and to require an adjustment in such coverage or limits upon ninety (90) days' prior written notice.
- (3) Evidence of Insurance. On or before the commencement of this Lease, and thereafter not later the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by Lessee:
- A. A copy of the CGL and Property insurance policy declarations pages;
  - B. A copy of the CGL insurance policy provision(s) documenting that the City of Seattle is an additional insured on a primary and non-contributory basis;
  - C. A copy of the CGL and Property insurance policy provisions that document that coverage shall not be cancelled without thirty (30) days' written notice of such cancellation, unless otherwise specified in RCW 48.18.290.

If the insurance policy documentation required herein is not available because policies have not been issued, received and/or reviewed, binders of insurance that otherwise evidence compliance with this Section may be substituted until copies of policy declarations pages, additional insured and cancellation provisions are reasonably

available. A certificate of insurance form alone will not satisfy the requirements for documentation specified in this Subsection.

**B-6. CARE OF PREMISES**

(1) **General Condition.** The Premises shall at all times be kept in a neat, clean, safe and sanitary condition. Lessee shall not: 1) permit any waste, damage, or injury to the Premises; 2) use or permit on said Premises anything that will increase the rate of fire insurance thereon; 3) maintain anything on the Premises that may be dangerous to life or limb; 4) overload the floors; 5) permit any objectionable noise or odor to escape or to be emitted from said Premises; 6) permit anything to be done upon said Premises that in any way will tend to create a nuisance. If the Director determines, in her sole discretion, that a particular activity constitutes a nuisance, or is otherwise objectionable, then Lessee shall immediately cease said activity. The decision of the Director shall be final.

(2) **Maintenance - Repairs.** The Premises have been inspected by both parties and are accepted by Lessee in their existing condition as of the commencement date of this Lease, without reservation. All routine repairs to roof, walls and foundations, existing utility connections to and from the Premises and major electrical, plumbing, and heating systems necessary to maintain the Premises in a tenantable condition shall be done by or under the direction of City and at City's expense, except repair work necessitated by an act or omission of Lessee, or any of Lessee's officers, employees, agents, licensees or invitees, which repairs shall be made through the use of private vendors or the Fleets and Facilities maintenance shops, at the City's option, but at the sole expense of Lessee. All other maintenance and repairs to the Premises shall be the responsibility and at the sole expense of Lessee, provided that such maintenance and repairs shall be subject to the prior written approval of the City.

(3) **Alterations.**

(a) Lessee shall not make, or cause to be made, any alteration, addition or improvement in said Premises without first obtaining the Director's written consent for such work. All alterations, additions and improvements made shall be at the sole cost and expense of Lessee and, unless otherwise so directed in writing by the Director, shall remain in and be surrendered with the Premises as a part thereof at the expiration or termination of this Lease and shall become the property of the City.

(b) City reserves an unqualified right to make alterations to the Premises: (i) where conditions deemed by the Director to constitute an emergency exist; or (ii) in order to correct any Code deficiencies. City also reserves the right to make general alterations to the Premises where such general alterations will not unreasonably interfere with the ordinary operation of the Premises by Lessee.

(4) **Access.** City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purpose of inspecting, cleaning, or making repairs, additions or alterations to the Premises or any other property owned by or under the control of City, but this right shall not be construed as an agreement on the part of City to make



said inspections, clean or make repairs, additions or alterations except as specifically required herein.

(5) Signs. Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except such as shall have been approved in writing by the Director, in her sole discretion, prior to such placement. City shall have the right to place and maintain "For Rent" signs in conspicuous places on said Premises and to show the Premises to prospective tenants during the thirty (30) days prior to the expiration of this Lease.

(6) Keys. Any change in locks must be requested, in writing, by Lessee and approved by the Director prior to installation. Said lock change shall be at the sole expense of Lessee. If a lock change is approved, Lessee shall provide the Director with one (1) key for each lock changed immediately after such change has been completed.

(7) Equipment; Personal Property. Special purpose equipment and all major appliances such as dishwashers, stoves, refrigerators, washers, and dryers located on the Premises shall be maintained and repaired and/or replaced, by Lessee at no cost to City.

**B-7. DAMAGE OR DESTRUCTION**

In the event the Premises are damaged by fire, earthquake, act of war, or other extraordinary casualty, to such an extent as to render the same untenable in whole or in substantial part thereof, or are destroyed, it shall be optional with City whether to repair or rebuild the same or whether to terminate this Lease. Within forty-eight (48) hours after the happening of any such event, Lessee shall give City or City's agent notice thereof. If City elects to repair or rebuild said Premises, City shall prosecute the work of such repairing or rebuilding without unreasonable delay as soon as insurance proceeds are available, in accordance with the then existing City procedures, and during such period the rent for said Premises shall be abated in the same ratio that the portion of the Premises rendered for the time being unfit for occupancy bears to the whole of the Premises; upon the completion of said rebuilding, Lessee shall immediately reoccupy the Premises and pay the rent as aforesaid. Notwithstanding any other provision herein, no party to this Lease shall be liable in damages to any other party for termination of this Lease in the manner described in this section, because of the damage or destruction of the Premises.

**B-8. INSTALLATION OR INTEGRATION OF ANY WORK OF VISUAL ART ON PREMISES**

(1) Reservation of Rights by City; Prohibition Against Installation or Integration of Any Work of Visual Art on Premises Without Fleets and Facilities Director's Consent. City reserves to and for itself the right to approve or disapprove of the installation or integration on or in the Premises of any "work of visual art," as that term is defined in the Visual Artists Rights Act of 1990, as now existing or as later amended, and to approve or disapprove of each and every agreement regarding any such installation or integration. Lessee shall not install on or integrate into, or permit any other person or entity to install on or integrate into, the Premises any such work of visual art without the prior, express, written consent of the Director. The Director's



consent to the installation of any such art work may be granted, granted upon one or more conditions, or withheld in the Director's discretion; provided, however, that the Director's consent shall not be required under the following three (3) circumstances:

(a) If such art work: i) weighs less than fifty (50) pounds; ii) is of a size and has such dimensions and material composition that makes its passage through an open 32" x 78" or larger doorway a simple and easy maneuver; and iii) is to be installed on the floor, a piece of furniture, or similar surface without further anchoring of any kind or nature, or on a wall using no more than two (2) simple picture hooks and wire; all so that the easy removability from the Premises of such art work without its destruction, distortion, mutilation or other modification by reason of such removal is undeniable; or

(b) If Lessee delivers to the Director a waiver appropriately executed by the art work creator, for the benefit of City and its successors and assigns as the owner of the Premises, of the creator's right of integrity regarding such art work, in a form of waiver that satisfies both the Director and the requirements of 17 U.S.C. §106A(e), as the same now exists or is hereafter modified; or

(c) If the Director executes with the creator of a work of visual art to be installed in the Premises a consent agreement of the type contemplated by 17 U.S.C. §113(d)(1), as the same now exists or is hereafter amended, and in the form and manner specified by the Director.

In the event the creator of any work of visual art installed in the Premises by or for Lessee has not executed a waiver, or such creator and City have not executed a consent agreement, each as described herein, Lessee shall ensure that, prior to removing or allowing the removal from the Premises of any such art work, such creator is given both notice, as contemplated in 17 U.S.C. §113(d)(2), of the intended removal of such art work, and the time required by that statutory provision to respond to such notice, and that Lessee take whatever other action(s) may be required by such legislation to ensure that no claim, action or suit alleging a violation of the Visual Artists Rights Act of 1990, as now existing or hereafter amended, and arising out of any act or omission of or for Lessee or any of their officers, employees, or agents, is filed or lodged against City in its capacity as the Premises owner.

(2) Lessee's Indemnification of City Against Liability Under Visual Artists Rights Act of 1990. Lessee shall protect, defend, and hold City harmless from and against any and all claims, suits, actions or causes of action, damages and expenses (including attorneys' fees and costs) arising as a consequence of: a) the installation or integration of any work of visual art on or into the Premises; b) the destruction, distortion, mutilation or other modification of the art work that results by reason of its removal; c) any breach of Subsection B-8 (1) of this Lease; or d) any violation of the Visual Artists Rights Act of 1990, as now existing or hereafter amended, by Lessee or any of its officers, employees or agents. This indemnification obligation shall exist regardless of whether the Director or any other person employed by City has knowledge of such installation, integration, or removal or has consented to any such action or is not required to give prior consent to any such action. The indemnification obligation of this subsection shall survive the expiration or earlier termination of this Lease.



**B-9. COMPLIANCE WITH LAW**

(1) General Requirement. Lessee, at its sole cost and expense, shall perform and comply with all applicable laws of the United States and the State of Washington; the Charter and ordinances of The City of Seattle; and rules, regulations, orders, and directives of their administrative agencies and officers thereof.

(2) Licenses and Similar Authorizations. Lessee, at no expense to City, shall secure and maintain in full force and effect during the term of this Lease, all required licenses, permits, and similar legal authorizations, and comply with all requirements thereof.

(3) Taxes. Lessee shall pay, before delinquency, all taxes, levies, and assessments arising from its activities on or occupancy of the Premises, including, but not limited to taxes arising out of the activity or business conducted on the Premises such as the rental or sale of goods or services; taxes levied on its property, equipment, and improvements on the Premises; and taxes on Lessee's interest in this Lease and any leasehold interest deemed to have been created thereby under Ch. 82.29A RCW. In the event the State of Washington makes any demand upon City for payment of leasehold excise taxes resulting from Lessee's occupation of the Premises or withholds funds due to City to enforce collection of leasehold excise taxes, Lessee shall, at City's direction and at Lessee's sole expense, contest such action and in any event shall indemnify City for all sums expended by, or withheld by the State from City in connection with such taxation.

(4) Non-Discrimination. Lessee shall promptly comply, at its sole cost and expense, with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and the City of Seattle, including but not limited to Chapters 14.04, 14.10 and 20.42 of the Seattle Municipal Code (SMC), as they may be amended; and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

**B-10. RENT CALCULATION AND PAYMENT PROCEDURE**

Section intentionally deleted.

**B-11. TERMINATION**

In addition to the event of termination described in Section A-4, this Lease may be terminated as follows:

(1) For Breach by Lessee. In the event that Lessee defaults in the performance of any of the terms, provisions, covenants and conditions to be kept, observed and performed by Lessee, and such default is not corrected within thirty (30) days after the receipt of notice thereof from City, or such shorter period as the Director may specify in a written notice to Lessee; or if Lessee shall abandon, desert, vacate or remove from the Premises; or if Lessee shall file a petition for bankruptcy; or if Lessee shall be adjudicated as bankrupt after the filing of an involuntary petition in bankruptcy; or if Lessee shall take or receive the advantage or benefit of any insolvency; or if Lessee shall enter into an agreement of composition with Lessee's creditors;



then, in such event, City, at its option at any time thereafter, may terminate this Lease together with all of the estate, right, and title thereby granted to or vested in Lessee, by giving notice of such election at least twenty (20) days prior to the effective date thereof; and as of such effective date, this Lease and all of the estate, right, title and interest thereby granted to or vested in Lessee shall then cease and terminate, and City may re-enter the Premises using such means as permitted by law. Notwithstanding such re-entry by City and anything to the contrary in this Lease, the liability of Lessee for the rent provided for herein for the balance of the term of this Lease shall not be extinguished. The Director shall have the right to determine on City's behalf the existence of any default in performance or other breach or violation of the terms and conditions hereof on the part of Lessee.

In addition to or in lieu of the foregoing remedies, City shall have all remedies available to it under this Lease and under the laws of the State of Washington.

(2) For Breach by City. City shall not be in breach of any obligation to perform under this Lease unless City fails to perform such obligation within a reasonable time, which time shall not extend more than thirty (30) days after notice by Lessee to City specifying the particular obligation that City has failed to perform; provided, however, that if the nature of City's obligation is such that more than thirty (30) days are reasonably required for performance, then City shall not be in breach if City commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

(3) For Convenience. This Lease may be terminated by either party, without cause, by providing notice of such termination to the other not less than sixty (60) days prior to the effective date thereof.

## **B-12. SURRENDER OF PREMISES**

Upon the expiration or termination of this Lease, including any extensions thereof, whichever is earlier, Lessee shall quit and surrender said Premises and all keys thereto, without notice and in as good condition as received at commencement of the term, except for changes due to ordinary wear and tear, damage or destruction by a circumstance uncontrollable by Lessee, and alterations, additions, and improvements made with the consent of the Director.

On or before the termination or expiration date, whichever is earlier, Lessee shall remove all furniture, equipment, supplies and other materials owned and controlled by Lessee. City may, at its election, retain or dispose of in any manner any of Lessee's trade fixtures or personal property that Lessee does not remove from the Premises on expiration or within ten (10) days after termination of the Term by giving ten (10) days' notice to Lessee. Title to any such trade fixtures and personal property that City elects to retain or dispose of on expiration of such ten-(10) day period shall vest in City. Lessee waives all claims against City for any damage resulting from City's retention or disposition of any such trade fixtures and personal property. Lessee shall be liable to City for City's reasonable costs for storing, removing or disposing of Lessee's trade fixtures and personal property.

If Lessee fails to surrender the Premises to City on expiration or ten (10) days after termination of the Term as required by this Section, Lessee shall pay City, in advance, without deduction or offset of any kind, \$300 per week for each week that Lessee thus remains in possession. Lessee shall be liable for, shall indemnify City against and shall hold City harmless from all damages resulting from Lessee's failure to timely surrender the Premises, including without limitation, (i) any damages claimed by, any prospective tenant of any part or all of the Premises, and (ii) City's damages resulting from such prospective tenant rescinding or refusing to enter into the prospective lease of part or all of the Premises by reason of Lessee's failure to timely surrender the Premises. If Lessee, without City's prior consent, remains in possession of the Premises after expiration or termination of the Term, or after the date in any notice given by City to Lessee terminating this Lease, such possession by Lessee shall be deemed to be a tenancy at sufferance terminable at any time by either party.

#### **B-13. WAIVER OF DEFAULT**

City does not waive full compliance with the terms and conditions of this Lease by acceptance of rent. No waiver of default by either party of any of the terms, covenants and conditions hereof shall be construed or operated as a waiver of any subsequent default of any of the terms, covenants and conditions hereon.

#### **B-14. AMENDMENTS**

The parties hereto expressly reserve the right to amend this Lease, from time to time, as may be necessary; Provided, that no alteration or modification of the terms or conditions hereof shall be valid and binding unless made in writing and signed by an authorized representative of each of the parties hereto.

#### **B-15. NOTICES**

All notices to be given by either of the parties hereto to the other party under this Lease, shall be in writing and may either be delivered personally or may be deposited in the United States Mail, postage prepaid, addressed as specified in Part A hereof, or to such other respective address as the receiving party shall have designated for itself by notice to the other party. Notices sent by mail shall be deemed to have been given when properly mailed. The postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

#### **B-16. NO RELATIONSHIP**

In no event shall City be construed or held to have become in any way or for any purpose a partner, associate, or joint venturer of Lessee or any party associated with Lessee in the conduct of Lessee's business or otherwise. This Lease does not constitute Lessee the agent or legal representative of City for any purpose whatsoever.



**B-17. DEFINITION OF "FLEETS AND FACILITIES DIRECTOR"**

The term " Fleets and Facilities Director" or "Director", as used throughout this Lease in regard to permissions, warrants, consents, approvals, rights, interpretations and discretionary matters shall mean the Fleets and Facilities Director or his or her designee; provided, that the action of the Fleets and Facilities Director pursuant to or in implementation of this Lease does not constitute any official action by any other City department or official that may be required by law, ordinance, rule or regulation before Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain or exercise any particular right or privilege under this Lease. Decisions to be made by the Fleets and Facilities Director, unless otherwise specified herein, shall be left to his/her reasonable discretion.

**B-18. VENUE**

This Lease shall be construed under all of the applicable laws, statutes, ordinances, rules and regulations of the United States, the State of Washington, and The City of Seattle. In the case of a dispute between the parties, jurisdiction over such dispute shall be with the Superior Court of King County, Washington.

**B-19. BINDING EFFECT**

This Lease shall be binding upon the heirs, successors, assigns and all other parties legally empowered with signatory rights of any or all of the parties hereto.

**B-20. HAZARDOUS SUBSTANCES**

In addition to all other indemnities provided for in this Lease, Lessee shall not, without City's prior written consent, keep on or about the Premises any substance designated as, or containing any component now or hereafter designated as hazardous, dangerous, toxic or harmful and/or subject to regulation under any federal, state or local law, regulation or ordinance ("Hazardous Substances"), except customary office and cleaning supplies in normal quantities handled in compliance with applicable laws. With respect to any Hazardous Substances stored with City's consent, Lessee shall promptly, timely and completely comply with all governmental requirements for reporting and record keeping; submit to City true and correct copies of all reports, manifests and identification numbers at the same time as they are required to be and/or are submitted to the appropriate governmental authorities; within five (5) days after City's request therefor, provide evidence satisfactory to City of Lessee's compliance with all applicable governmental rules, regulations and requirements; and comply with all governmental rules, regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances. Any and all costs incurred by City and associated with City's inspections of the Premises and City's monitoring of Lessee's compliance with this Subsection, including City's attorneys' fees and costs, shall be Additional Charges and shall be due and payable to City within ten (10) days after City's demand therefor. Lessee shall be fully and completely liable to City for any and all cleanup costs and expenses and any and all other charges, expenses, fees, fines, penalties (both, civil and criminal) and costs imposed with respect to Lessee's use, disposal, transportation, generation and/or sale of



Hazardous Substances in or about the Premises. Lessee shall indemnify, defend and hold City harmless from any and all of the costs, fees, penalties, charges and expenses assessed against, or imposed, upon City, (as well as City's attorneys' fees and costs) as a result of Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances.

#### **B-21. RECORDS, BOOKS, AND DOCUMENTS FOR CITY ACCESS AND AUDIT**

A. Lessee to Maintain Records. Lessee shall maintain records documenting the following:

- \* Identify all in-kind services offered and performed as satisfaction of Lessee's Service Rent obligation
- \* Record attendance, dates and times of use and particular programming attended
- \* Maintain all forms and records related to taxes owed and paid.

These records shall be subject at all reasonable times to inspection, review, or audit in King County by personnel duly authorized by the City, the Office of the State Auditor, or other officials so authorized by law, rule, regulation, or contract.

B. Lessee to Assist City in Providing Data to State and Federal Governments. Upon the request of the City, Lessee shall promptly provide, at Lessee's sole expense, necessary data to enable the City to fully comply with any and every requirement of the State of Washington or the United States of America for information or reports relating to this Lease and to Lessee's use of the Premises.

C. Retention of Records. Lessee shall retain in King County all records, documents, and other material relevant to this Lease for six (6) years after the expiration or termination of this Lease, and make them available for inspection by the City at such times and on such forms as the City may require. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

#### **B-22. LIENS AND ENCUMBRANCES**

Lessee shall keep the Premises free and clear of any liens and encumbrances arising or growing out of its use and occupancy of the Premises. At the City's request, Lessee shall furnish the City written proof of payment of any item that would or might constitute the basis for such a lien on the Premises if not paid.



**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
Fleets and Facilities	Barbara Brannan/4-0414	Ellen Schroer 3-9841

**Legislation Title:**

AN ORDINANCE relating to the Fleets and Facilities Department, authorizing the execution of a lease with Goodwill Development Association, a Washington State non-profit corporation, for the residential home for teen parents located at 339 22<sup>nd</sup> Avenue East, Seattle, Washington.

• **Summary of the Legislation:**

This legislation authorizes execution of a lease with the Goodwill Development Association for continuing operation of a residence for teenaged parents at 339 22<sup>nd</sup> Avenue East. The facility provides housing for up to four parents and four children, and offers counseling services in parenting, basic living skills, and employment for the teenage parents who live there.

• **Background:**

As authorized by Ordinance 99632, the City originally purchased the property in 1971 as a community juvenile treatment facility under the Seattle Model City Program. Use of the property changed in 1989, when Ordinance 114754 authorized the former Department of Administration to execute a four year mutual and offsetting benefit (MOB) lease agreement with the Children's Home Society of Washington. (CHSW) to provide transitional housing and a parenting program for teenage parents.

This lease agreement was extended on a month-to-month basis until mid-2006. By that time, the teen parenting program had become secondary to CHSW's evolving core mission of providing a range of non-residential services to families in need. Therefore, the Human Services Department (HSD) helped CHSW turn over management and operation of the teen parenting program to the Goodwill Development Association (GDA) and monitored a year-long transition effort to ensure continued program success. HSD has entered into a Master Services Agreement, supplemented with an annual Program Services Agreement, with GDA.

The term of the new lease with the Goodwill Development Association is five (5) years. In the event that the services agreement between the City and GDA is terminated, the lease also terminates. No cash rent is required of the lessee because the use of the premises directly supports low-income, homeless youth, satisfying the "poor and infirm" provisions of the Washington State Constitution. Specifically, through an existing contract between the Human Services Department and Goodwill Development



Association, the City requires that all youth served in the Teen Parent Home of Seattle will be pregnant or parenting youth under the age of 18 who are low income, homeless, and willing to go to school or participate in work training. At least 95% of residents will be from low- or moderate-income families who are at or below 80% of the Standard Metropolitan Statistical Area (SMSA) median income, adjusted for family size.

Under the proposed MOB lease, the City is responsible for normal repairs to the roof, walls and foundations, existing utility connections to and from the premises, and major electrical, plumbing, and heating systems necessary to maintain the premises. The Tenant is responsible for all other maintenance and repairs to the premises. This division of responsibilities is common to other City MOB leases.

Through the annual budget process, the General Fund allocates a modest amount to the Fleets and Facilities Department to offset administrative and maintenance costs associated with the facility.

The Goodwill Development Association has expressed an interest in acquiring the property or entering into a long term lease of 20-40 years. Either option would provide GDA the capacity to serve a larger number of homeless teen parents and enable GDA to seek funding for redevelopment. Having a current lease in place would help both FFD and GDA to pursue these options.

- *Please check one of the following:*

**This legislation has financial implications.**

*Appropriations:*

<b>Fund Name and Number</b>	<b>Department</b>	<b>Budget Control Level*</b>	<b>2006 Appropriation</b>	<b>2007 Anticipated Appropriation</b>
50330	Fleets and Facilities	Facility Operations	NA	NA
<b>TOTAL</b>			<b>NA</b>	<b>NA</b>



**Notes:**

No appropriations are a direct result of the proposed individual MOB lease for the Goodwill Development Association. The City's 2007 Adopted - 2008 Endorsed Budget allocates \$40,000 in aggregate per year from the General Fund to support eight (8) mutual and offsetting benefit facilities, including the facility to be leased under this legislation. Appropriation authority to spend this funding is budgeted within the Facility Operations Division. During 2005 and 2006, the Fleets and Facilities Department has spent between \$5,000 and \$10,000 per year on maintenance for the Goodwill Development Association facility. No major maintenance projects are planned during 2007-2008 for this facility, and the 2007-2012 CIP includes no capital improvement projects for the facility..

**Anticipated Revenue/Reimbursement: Resulting From This Legislation:**

<b>Fund Name and Number</b>	<b>Department</b>	<b>Revenue Source</b>	<b>2006 Revenue</b>	<b>2007 Revenue</b>
Not Applicable	Fleets and Facilities	NA	NA	NA
<b>TOTAL</b>			<b>NA</b>	<b>NA</b>

**Notes:**

This MOB lease generates no revenue, because the Goodwill Development Association provides services in lieu of rent to the City. The recipients of services at this facility qualify as poor and infirm, and thus under the Washington State Constitution, no consideration is required.

**Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact:**

None

• **What is the financial cost of not implementing the legislation?**

If the City cancels the MOB lease, the transitional housing and parenting program for teenage parents might have to move to another location. A new location would be more costly for the agency, potentially resulting in the loss of the program or an increased City subsidy to continue the services to this vulnerable population.

If the City were to lease the property at market rents, the estimated revenue would be approximately \$25,000 per year. However, the City does not rent residential properties.



- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

Alternatives include the following:

1. Sell the current site to the Goodwill Development Association at a discounted price that recognizes the mutual and offsetting benefit of providing transitional housing and parenting program services for teenage parents.

During 2007, FFD will explore the feasibility of conveying the property to the Goodwill Development Association. A sale or long-term lease would provide GDA with the potential to seek State Housing Trust Fund monies for expansion and redevelopment of the facility.

2. Lease the property to another non-profit agency under a mutual and offsetting benefit or other lease.
3. Sell the property at market value in an open competitive process.

Alternatives 2 and 3 could jeopardize the program for homeless teen parents, because group homes are difficult to site and typically operate with low budgets.

- **Is the legislation subject to public hearing requirements:**

No.

- **Other Issues** (including long-term implications of the legislation):

**STATE OF WASHINGTON – KING COUNTY**

--SS.

210121  
CITY OF SEATTLE, CLERKS OFFICE

No.

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

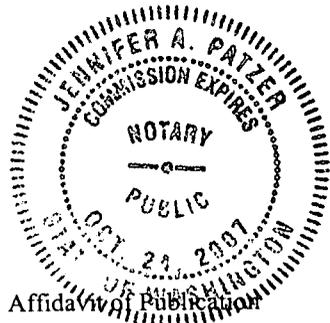
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122373-378 TITLE ONLY

was published on

04/18/07

The amount of the fee charged for the foregoing publication is the sum of \$ 97.65, which amount has been paid in full.



*[Handwritten signature]*

\_\_\_\_\_  
Subscribed and sworn to before me on  
04/18/07 *[Handwritten signature]*

\_\_\_\_\_  
Notary public for the State of Washington,  
residing in Seattle

# State of Washington, King County

## City of Seattle

### TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on April 9, 2007, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

#### ORDINANCE NO. 122373

AN ORDINANCE relating to the Fleets and Facilities Department, authorizing the execution of a lease with Goodwill Development Association, a Washington State non-profit corporation, for the residential home for teen parents located at 339 22nd Avenue East, Seattle, Washington.

#### ORDINANCE NO. 122374

AN ORDINANCE relating to the King County Local Care Management program (KCLCM); authorizing a grant agreement with the Washington State Department of Social and Health Services (DSHS) for funding to operate the program; authorizing the execution of contracts in connection with this grant funding; increasing an appropriation in the 2007 budget of the Human Services Department (HSD) contingent upon the receipt of this grant funding; creating two new positions in HSD contingent upon receipt of this grant funding; and ratifying and confirming prior acts.

#### ORDINANCE NO. 122375

AN ORDINANCE relating to the Seattle Center Capital Reserve Plan; approving the Seattle Center Capital Reserve Plan; lifting the budget proviso that restricts expenditures from the Seattle Center Capital Reserve Subfund for certain specified projects in the Capital Reserve Plan; increasing appropriations to the Seattle Center Department in the 2007 budget; and amending the 2007-2012 Capital Improvement Program, all by a three-fourths vote of the City Council.

#### ORDINANCE NO. 122376

AN ORDINANCE relating to the Seattle Center Department; authorizing the Seattle Center Director to execute an agreement with The Vera Project for 2007 and 2008 for presentation of an all-ages music and art program.

#### ORDINANCE NO. 122377

AN ORDINANCE relating to City employment, authorizing execution of a collective bargaining agreement effective January 1, 2006 through December 31, 2008, between the City of Seattle and the Seattle Police Management Association, and ratifying and confirming prior acts.

#### ORDINANCE NO. 122378

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Publication ordered by JUDITH PIPPIN,  
City Clerk

Date of publication in the Seattle Daily  
Journal of Commerce, April 18, 2007.

4/18(210121)