

Ordinance No. 122662

Council Bill No. 116173

AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute an amendment to a lease agreement, approved by Ordinance 118967, with PTL Property LP, a Washington limited partnership, for office space at 220 3rd Avenue South in Seattle.

Related Legislation File:

Date Introduced and Referred: <u>03-31-08</u>	To: (committee): Finance and Budget (FAB)
Date Re-referred: <u>03-31-08</u>	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: <u>4-7-08</u>	Date Presented to Mayor: <u>4-8-08</u>
Date Signed by Mayor: <u>4.16.08</u>	Date Returned to City Clerk: <u>4.16.08</u>
Published by Title Only <input checked="" type="checkbox"/> <u>2</u>	Date Vetoed by Mayor:
Published in Full Text	
Date Veto Published:	Date Passed Over Veto:
Date Veto Sustained:	Date Returned Without Signature:

# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Jean Golden

## Committee Action:

Date	Recommendation	Vote
<u>4/13/08</u>	<u>Do Pass</u>	<u>Y- JG, SC, NL</u> <del>Harrell</del>

This file is complete and ready for presentation to Full Council.

## Full Council Action:

Date	Decision	Vote
<u>4-7-08</u>	<u>Passed</u>	<u>80</u> <u>(Excused: Harrell)</u>

*Law Department*

ORDINANCE 122662

1  
2 AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute an  
3 amendment to a lease agreement, approved by Ordinance 118967, with PTL Property LP,  
4 a Washington limited partnership, for office space at 220 3<sup>rd</sup> Avenue South in Seattle.

5 WHEREAS, Ordinance 118967 authorized a lease agreement with Main Street Associates for  
6 office space at 220 3<sup>rd</sup> Avenue South in Seattle for use as the Seattle Fire Marshal's  
7 Office; and

8 WHEREAS, PTL Property LP is the current owner and landlord for that property; and

9 WHEREAS, the original lease, executed in 1998, expires May 31, 2008; and

10 WHEREAS, the Seattle Fleets and Facilities Department anticipates a continuing need for office  
11 space for the Fire Marshal's Office for up to five more years; and

12 WHEREAS, the Fire Marshal's Office's need for office space cannot be accommodated within  
13 City-owned buildings for the foreseeable future; and

14 WHEREAS, the current location meets the Fire Marshal's Office's operational requirements and  
15 is more cost effective than moving to an alternative location; and

16 WHEREAS, Seattle Municipal Code 3.18.240 requires City Council approval of the lease  
17 amendment, because the total square footage leased in one calendar year exceeds 9,000  
18 square feet; NOW, THEREFORE,

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

20 Section 1. As requested by the Fleets and Facilities Department Director and  
21 recommended by the Mayor, said Director is hereby authorized to execute, for and on behalf of  
22 the City of Seattle, an amendment to a lease agreement with PTL Property LP, substantially in  
23 the form of Exhibit "1" attached hereto and identified as "Second Amendment of Lease",  
24 providing for the City of Seattle's tenancy and occupancy of a portion of the real property located  
25 at 220 3<sup>rd</sup> Avenue South in Seattle.  
26  
27  
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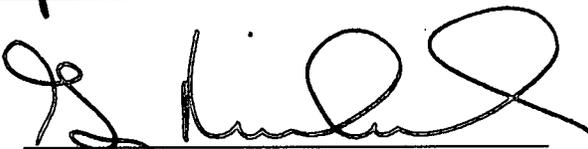
1 Section 2. The rental payments contemplated by the terms of the lease agreement  
2 authorized in Section 1 hereof shall be charged to the appropriate expenditure allowance or  
3 allowances in the budget of the Fleets and Facilities Department.

4 Section 3. This ordinance shall take effect and be in force thirty (30) days from and after  
5 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days  
6 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

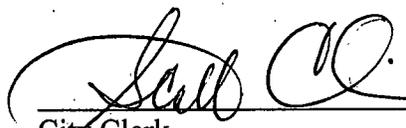
7 Passed by the City Council the 7<sup>th</sup> day of April, 2008, and  
8 signed by me in open session in authentication of its passage this  
9 7<sup>th</sup> day of April, 2008.

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

15 Approved by me this 16<sup>th</sup> day of April, 2008.

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

20 Filed by me this 16 day of April, 2008.

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

24 (Seal)

25 Exhibit 1: Second Amendment of Lease  
26  
27  
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Exhibit 1

**SECOND AMENDMENT OF LEASE**

THIS SECOND AMENDMENT OF LEASE is made in duplicate as of this \_\_\_\_ day of \_\_\_\_\_, 2008 by and between **PTL PROPERTY LP**, a Washington limited partnership ("Lessor") and **THE CITY OF SEATTLE**, a municipal corporation duly organized and existing under the laws of the State of Washington ("the City").

**RECITALS**

A. On or about June 1, 1998, the City entered into a lease agreement (the "Lease") with John Y. Sato and Victor M. Loehrer, a partnership, for use and occupancy of certain real property located at 220 Third Avenue South, Seattle, Washington, and legally described in the Lease (the "Premises"). On or about June, 2003, the City and the partnership of John Y. Sato and Victor M. Loehrer agreed to amend the lease (Lease Amendment No. 1) to increase the square footage of the Premises to 9,462 square feet, to extend the term for five additional years, and to adjust the rent to \$12,718.51 per month. **PTL PROPERTY LP** is the successor to all the rights, obligations, and interests of John Y. Sato and Victor M. Loehrer in the Premises and under the Lease.

B. The term expires May 31, 2008.

C. The City and Lessor desire to extend the Lease, subject to the terms and conditions set forth in this Second Amendment (the "Second Amendment").

D. Capitalized terms used in this Second Amendment shall have the meanings given to them in the Lease, except as amended by this Second Amendment.

In consideration of the mutual covenants and conditions contained herein and for other good and valuable consideration, Lessor and The City agree as follows:

1. **EXTENSION TERM:** The term of the Lease is hereby extended for an additional three (3) year period, commencing June 1, 2008, and shall expire at midnight on May 31, 2011, (the "Extension Term"). The Extension Term shall be upon the same terms and conditions as set forth in the Lease and the First Amendment, except as otherwise expressly provided herein.

2. **ADDITIONAL OPTIONS TO EXTEND:** The City shall have the right to extend the Lease for two (2) additional terms of one year each ("Option Terms"). The City shall exercise its right by notifying the Lessor in writing no later than 120 days in advance of the expiration of the then current term.

3. **TERMINATION OPTION:** The City shall have the right to terminate this lease at any time during the Option Terms without penalty or additional liability to the Lessor, provided The City gives the Lessor six months prior written notice of such termination.



4. **RENT:** Effective June 1, 2008, and thereafter on the first day of each subsequent month during the Extension Term, the City shall pay to Lessor basic monthly rent (the "Rent"), as follows:

6/1/2008 – 5/31/2009	\$13,798.75 per month
6/1/2009 – 5/31/2010	\$14,212.71 per month
6/1/2010 – 5/31/2011	\$14,639.09 per month

5. **RENT DURING OPTION TERMS:** In the event that the City exercises its options to extend the Lease, the Rent during those periods shall be as follows:

6/1/2011 – 5/31/2012	\$15,078.26 per month
6/1/2012 – 5/31/2013	\$15,530.06 per month

6. **EFFECT OF AMENDMENT:** Wherever the word "Term" is used in the Lease it shall be construed to include the Extension Term and the Option Terms, if any. Except as expressly amended by this Second Amendment, the Lease and Lease Amendment No. 1 remain unmodified and in full force and effect as written.

IN WITNESS WHEREOF, Lessor and The City have executed this Second Amendment as of the date first above written.

LESSOR:

**PTL PROPERTY LP**  
a Washington Limited Partnership

By: \_\_\_\_\_  
Its: \_\_\_\_\_

THE CITY:

**CITY OF SEATTLE**  
a municipal corporation duly organized and  
existing under the laws of the State of Washington.

By: \_\_\_\_\_  
Brenda Bauer

Its: Director, Fleets and Facilities Department

Date: \_\_\_\_\_







**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
FFD	Barbara Brannan / 4-0414	Kathryn Wise / 733-9580

**Legislation Title:**

AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute an amendment to a lease agreement, approved by Ordinance 118967, with PTL Property LP, a Washington limited partnership, for office space at 220 3<sup>rd</sup> Avenue South in Seattle.

• **Summary of the Legislation:**

This legislation authorizes the Fleets and Facilities Department (FFD) to amend a lease agreement with PTL Property LP to continue providing approximately 9,462 square feet of office space at 220 3<sup>rd</sup> Avenue South in Seattle for a minimum of three years and for two additional option terms of one year each. The amendment requires legislation, because the amount of office space exceeds FFD statutory authority for leasing under Seattle Municipal Code 3.18.240.

• **Background:**

In 1998, Ordinance 118967 authorized a 5-year lease with a 5-year extension option for office space at 220 3<sup>rd</sup> Avenue South for the Seattle Fire Marshal's Office. That lease was amended in 2003 to add 1,082 square feet of space that had been occupied by DoIT's telephone equipment. There is still no suitable space available in City-owned buildings to accommodate the Fire Marshal's Office, so the amendment under this legislation will extend the lease for 3 years and provide two additional one-year extension options.

At commencement of the amended term, the rental rate will be \$17.50 per square foot per year, which is a very reasonable rate for office space in downtown Seattle. The landlord has recently spent approximately \$50,000 on improvements to the space, so no tenant improvement allowance is included. The lease allows the landlord to bill for annual operating expense adjustments. That cost is estimated at \$4.00 per square foot per year, even though no such expenses have been billed by the landlord since PTL Property LP has owned the building.

**X This legislation has financial implications.**

**Appropriations:**

Fund Name and Number	Department	Budget Control Level	2008 Appropriation	2009 Anticipated Appropriation
NA	NA	NA	NA	NA
<b>TOTAL</b>	NA	NA	NA	NA

**Notes:** The SFD 2008 Adopted Budget includes the rental payments for this space.



**Calculation of Lease Cost (Rent + FFD Overhead (OH) + Operating Expenses) for the Fire Marshal's Office**

**Table 1: Rent Payments for Fire Marshall's Office 2008 and 2009 covered by this legislation.**

Cost	2008	2009	
	June-Dec 2008	Jan - May 2009	June - Dec 2009
Rent/month	\$13,798.75	\$13,798.75	\$14,212.71
Rent/year	\$96,591.25	\$68,993.75	\$99,488.99
FFD OH 3%	\$2,897.74	\$2,069.81	\$2,984.67
Annual Rent + OH	\$99,488.99	\$71,063.56	\$102,473.66
Annual Op Exp	\$22,078.00	\$15,770.00	\$22,740.34
<b>Total</b>	<b>\$121,566.99</b>	<b>\$86,833.56</b>	<b>\$125,214.00</b>
		Total 2008 + 2009	<b>\$333,614.55</b>

Both rent and expenses are increased at 3% per year.

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

None.

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

If the lease is not extended for the space at 220 3<sup>rd</sup> Avenue South, the Fire Marshal's Office will need to be relocated to another leased office building that would likely have higher rent. Move costs would also be substantial.

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

The only viable alternative would be to lease space in another commercial building.

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

No.

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

None.

**Please list attachments to the fiscal note below:**

None.





# City of Seattle

Gregory J. Nickels, Mayor

## Office of the Mayor

March 25, 2008

Honorable Richard Conlin  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill authorizing the Fleets and Facilities Department (FFD) to amend a lease agreement with PTL Property LP to continue providing the Seattle Fire Marshal's Office with approximately 9,462 square feet of office space at 220 3rd Avenue South in Seattle. The amendment will extend the lease term for three years and give the City two additional one-year extension options. The first year rental rate for this office space is below market at \$17.50 per square foot, fully serviced.

FFD has leased office space at this location since 1985, when it housed the City's computer center. The site is located halfway between the new Fire Station 10 and the old Fire Station 10, and provides a convenient central location for Fire Marshal purposes. Suitable space alternatives within City-owned buildings will not be available for the foreseeable future. Legislation is required, because the amount of leased space exceeds FFD's statutory authority for leasing.

Continuing to lease this property will serve all neighborhoods of Seattle by providing cost-effective office space for the Fire Marshals who serve them. Thank you for your consideration of this legislation. Should you have questions, please contact Barbara Brannan at 684-0414.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels", written over a large, stylized flourish that extends across the signature area.

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) 615-0476 Fax: (206) 684-5360, Email: [mayors.office@seattle.gov](mailto:mayors.office@seattle.gov)

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127602

STATE OF WASHINGTON - KING COUNTY

--SS.

223110  
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

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:122659-122663

was published on

04/17/08

The amount of the fee charged for the foregoing publication is the sum of \$ 77.28, which amount has been paid in full.

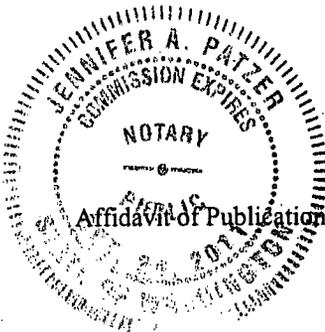
*[Handwritten signature]*

Subscribed and sworn to before me on

04/17/08

*[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 7, 2008, and published here by title only, will be mailed, at no cost, on request for two months after this publication. For further information, contact the Seattle City Clerk at 684-8344.

#### ORDINANCE NO. 122663

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

#### ORDINANCE NO. 122662

AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute an amendment to a lease agreement, approved by Ordinance 118967, with PTL Property LP, a Washington limited partnership, for office space at 220 3rd Avenue South in Seattle.

#### ORDINANCE NO. 122661

AN ORDINANCE authorizing the Fleets and Facilities Department Director to execute an amendment to a lease agreement, approved by Ordinance 121149, with MUSREP Spokane Street LP, a Washington limited partnership, for warehouse space at 3807 2nd Avenue South in Seattle.

#### ORDINANCE NO. 122660

AN ORDINANCE authorizing acceptance of donations from public and private sources, in support of South Lake Union Urban Center planning efforts, and increasing appropriation authority in the 2008 Adopted Budget contingent upon receipt of said donations.

#### ORDINANCE NO. 122659

AN ORDINANCE relating to the federal Justice Assistance Grant (JAG) program, authorizing the execution of agreements under which the City will receive financial assistance from the US Department of Justice (DOJ), Bureau of Justice Assistance (BJA), authorizing an application for allocation of funds under those agreements; accepting the money when received; and increasing appropriations to the Seattle Police Department, Seattle Municipal Court, Human Services Department and the Office of Policy and Management in the 2008 Budget; all by a three-fourths vote of the City Council.

Publication ordered by JUDITH PIPPIN,  
City Clerk

Date of publication in the Seattle Daily  
Journal of Commerce, April 17, 2008

4/17(228110)