



SEATTLE CITY COUNCIL

Legislative Summary

CB 118889

Record No.: CB 118889

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125244

In Control: City Clerk

File Created: 11/30/2016

Final Action: 01/13/2017

Title: AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute an amendment that extends and modifies a certain lease agreement between The City of Seattle and KBS SOR CENTRAL BUILDING, LLC, a Delaware limited liability company, for office space the City leases at 810 Third Avenue; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Burgess

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att 1 - Form of Lease

Drafter: adam.schaefer@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	12/06/2016	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk Notes:						
1	City Clerk	12/06/2016	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office Notes:						
1	Council President's Office	12/15/2016	sent for review	Affordable Housing, Neighborhoods, and Finance Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Affordable Housing, Neighborhoods, and Finance Committee						

Notes:

- | | | | | | |
|---|--|------------|------------------------------------|--|------|
| 1 | Full Council | 01/03/2017 | referred | Affordable
Housing,
Neighborhoods,
and Finance
Committee | |
| 1 | Affordable Housing,
Neighborhoods, and
Finance Committee | 01/04/2017 | pass | | Pass |
| Action Text: The Committee recommends that Full Council pass the Council Bill (CB). | | | | | |
| Notes: | | | | | |
| In Favor: 2 Chair Burgess, Vice Chair Herbold | | | | | |
| Opposed: 0 | | | | | |
| 1 | Full Council | 01/09/2017 | passed | | Pass |
| Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill: | | | | | |
| Notes: | | | | | |
| In Favor: 7 Councilmember Burgess, Councilmember González , Council President
Harrell, Councilmember Herbold, Councilmember Juarez, Councilmember
O'Brien, Councilmember Sawant | | | | | |
| Opposed: 0 | | | | | |
| Absent(NV): 1 Councilmember Johnson | | | | | |
| 1 | City Clerk | 01/10/2017 | submitted for
Mayor's signature | Mayor | |
| 1 | Mayor | 01/13/2017 | Signed | | |
| 1 | Mayor | 01/13/2017 | returned | City Clerk | |
| 1 | City Clerk | 01/13/2017 | attested by City
Clerk | | |
| Action Text: The Ordinance (Ord) was attested by City Clerk. | | | | | |
| Notes: | | | | | |
-

CITY OF SEATTLE

ORDINANCE 125244

COUNCIL BILL 118889

AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute an amendment that extends and modifies a certain lease agreement between The City of Seattle and KBS SOR CENTRAL BUILDING, LLC, a Delaware limited liability company, for office space the City leases at 810 Third Avenue; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle (City) has leased office space for the Human Services Department (HSD) and the Seattle Office for Civil Rights (SOCR) in the Central Building since 2005, as authorized by Ordinances 121934 and 121935, respectively; and

WHEREAS, in 2015 the City amended the lease agreement to reconfigure the space that was leased and extend the lease for an additional 10 years in the Central Building, as authorized by Ordinance 124841; and

WHEREAS, at the time of the 2015 amendment the City used the known information to space plan for the additional need of the Office of Labor Standards (OLS), however the scope and breadth of OLS responsibilities has changed and additional leased space is now needed for it to fulfill its duties;

WHEREAS, there is not sufficient office space within City-owned buildings for the foreseeable future in which to accommodate OLS's space needs; and

WHEREAS, the Central Building's 810 Third Avenue location provides public benefits including excellent transit service and accessibility to all people that are served by the services and programs that operate out of this location; and

WHEREAS, the City Council's approval of this lease amendment is required under Seattle Municipal Code Section 3.127.020, because the total office square footage leased in one

1 calendar year exceeds 5,000 square feet and the lease term exceeds five years; NOW,
2 THEREFORE,

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

4 Section 1. The Director of Finance and Administrative Services (Director), or the
5 Director's designee, is authorized to execute for and on behalf of The City of Seattle (City) the
6 Second Amendment to Lease Agreement (Second Amendment) between the City, as tenant, and
7 KBS SOR CENTRAL BUILDING, LLC, as landlord, substantially in the form of Attachment 1
8 to this ordinance and identified as "Second Amendment to Lease Agreement," providing for the
9 City's expanded occupancy of a portion of the real property located at 810 Third Avenue in
10 Seattle.

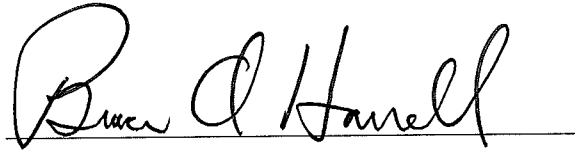
11 Section 2. The Second Amendment to the Lease incorporates an increase in the amount
12 of office space for the Office of Labor Standards (OLS), the expanded lease space will have the
13 same terms and conditions as the First Amendment to the Lease, as authorized by Ordinance
14 124841. Additionally, the Director is authorized to extend the term of the Second Amendment
15 for up to two additional five-year periods, each.

16 Section 3. The rental payments contemplated by the terms of the Second Amendment
17 authorized in Section 1 of this ordinance shall be charged to the appropriate expenditure
18 allowance or allowances in the budget of the Department of Finance and Administrative Services
19 (FAS), and shall be reimbursed to FAS by OLS.

20 Section 4. Any act consistent with the authority of this ordinance taken after its passage
21 and prior to its effective date is hereby ratified and confirmed.

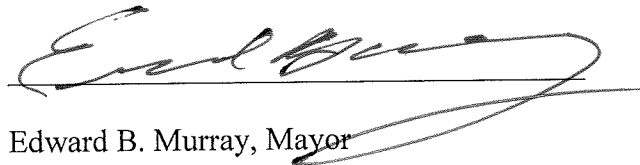
Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 9th day of January, 2017,
and signed by me in open session in authentication of its passage this 9th day of
January, 2017.



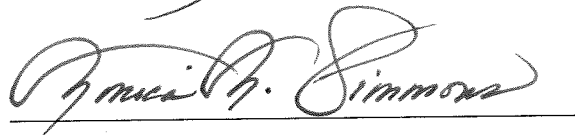
President _____ of the City Council

Approved by me this 13th day of January, 2017.



Edward B. Murray, Mayor

Filed by me this 13th day of January, 2017.



Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment 1 – Form of Lease

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
FAS	Bill Craven / 3-9238	Katy Tassery / 5-0703
OLS	Dylan Orr / 4-5397	Anna Hurst / 3-7274

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

1. BILL SUMMARY

Legislation Title: AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute an amendment that extends and modifies a certain lease agreement between The City of Seattle and KBS SOR CENTRAL BUILDING, LLC, a Delaware limited liability company, for office space the City leases at 810 Third Avenue; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This legislation authorizes the Finance and Administrative Services (FAS) Director to execute a Second Amendment to an existing lease agreement on behalf of the Office of Labor Standards (OLS) for space in the Central Building, located at 810 Third Avenue.

OLS is currently leasing temporary space in the Central Building. As OLS has grown from 11 FTE in the 2016 Adopted Budget to 23 FTE in the 2017 Adopted Budget, along with an expanded scope and mission to enforce recently-enacted labor laws and as the Mayor and Council have doubled funding and established OLS as an independent office, permanent office space is needed. The proposed lease will be for approximately 5,534 rentable square feet located in Suite 375. The Second Amendment to the lease also removes the option of leasing additional space on the 7th floor and returns several storage spaces that are no longer needed by the City. FAS looked at several options in the downtown core and determined that leasing space in the Central Building is the most ideal given its proximity to transit and other City services. Additionally, FAS has determined that the rental rate for this lease is competitive with similar types of office space in the downtown core.

The commencement date for this Second Amendment is April 1, 2017, and will expire with the existing lease, which is October 2025. The amendment includes two five-year extension periods which could be enacted by the Director to lease the space until 2035. The proposed cost for base rent is \$33.94 per square foot in the first year, rising one dollar per square foot annually over the eight-year lease term. Consistent with typical lease provisions, the rental rates for both five-year extension options will be negotiated at fair market rental rates at time the options are exercised. The landlord is providing approximately \$30.00 per square foot for tenant improvement allowances; these funds may be used for new carpet, paint, wall reconfiguration and furniture. A concise description of the basic terms of the lease agreement is attached as Attachment 1 to this Fiscal Note.

2. CAPITAL IMPROVEMENT PROGRAM

None

3. SUMMARY OF FINANCIAL IMPLICATIONS

 x This legislation has direct financial implications

Proposed rental rate:

<u>Period</u>	<u>Annual Rate/rsf for 5,534 rsf</u>	<u>Monthly Installment</u>	<u>Annual Total</u>
04/01/2017 to 08/31/2017	\$33.94	\$15,652.00	\$78,260 (5 months)
09/01/2017 to 08/31/2018	\$34.94	\$16,113.16	\$193,358
09/01/2018 to 08/31/2019	\$35.94	\$16,574.33	\$198,892
09/01/2019 to 08/31/2020	\$36.94	\$17,035.50	\$204,426
09/01/2020 to 08/31/2021	\$37.94	\$17,496.66	\$209,960
09/01/2021 to 08/31/2022	\$38.94	\$17,957.83	\$215,494
09/01/2022 to 08/31/2023	\$39.94	\$18,419.00	\$221,028
09/01/2023 to 08/31/2024	\$40.94	\$18,880.16	\$226,562
09/01/2024 to 08/31/2025	\$41.94	\$19,341.33	\$232,096

Note that the above costs are based on the lease rate and do not include other charges like Common Area Maintenance (CAM) charges.

3.a. Appropriations

 This legislation adds, changes, or deletes appropriations.

Appropriations Notes:

The 2017 Adopted Budget for OLS and FAS provides adequate appropriation authority for this lease.

4. OTHER IMPLICATIONS

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

This legislation will obligate the City to pay to the Landlord the monthly rental amount as described in Table 1 for the duration of the lease agreement.

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

The need for additional office space still remains in the event that this legislation is not approved. Additional office space will need to be secured for OLS, whether it is in the Central Building or another similar office building. FAS determined that the least cost scenario is to enter into this Second Amendment to the existing Central Building lease.

FAS engaged the services of a FlinnFerguson Corporate Real Estate to assist in the negotiations of this First Amendment. In doing so, FAS sought proposals from other nearby office buildings and at the conclusion of the survey the Central Building provided the most comprehensive and financially advantageous lease terms to the City. With the assistance of FlinnFerguson we believe that this lease is competitive with other commercial office leases in the Central Business District.

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

Yes, this legislation affects the Seattle Office of Labor Standards. FAS administers and manages the lease agreement and passes through any charges, including rent, and operating costs.

d) Is a public hearing required for this legislation?

No public hearing is required.

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

No, though this is a real estate transaction, this Second Amendment does not fall within the requirements of RCW 64.06.080.

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

No publication is required for this legislation.

g) Does this legislation affect a piece of property?

Yes, this legislation authorizes the Director of Finance and Administrative Services to execute a lease agreement on a portion of property located at 810 Third Avenue. Please see Attachment 2, proximity map of the leased office space.

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

This legislation will advance RSJI principles and positively impact vulnerable and historically disadvantaged communities by increasing the capacity of the Office of Labor Standards to develop and direct innovative and collaborative programs to achieve compliance with labor standards ordinances. While all Seattle workers will benefit from implementation of labor standards that protect wages and promote workplace equity, people of color, women, LGBTQ workers, people with disabilities and immigrants and refugees represent a substantial portion of the low income working community that would otherwise not have access to the minimum requirements and protections of these ordinances.

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

The long-term and measurable goals of the work of the Office of Labor Standards

promote workplace equity for all Seattle workers, with a particular focus on vulnerable and historically disadvantaged workers. OLS's mission is to advance labor standards through thoughtful community and business engagement, strategic enforcement and innovative policy development, with a commitment to race and social justice.

OLS works toward these goals by providing education and outreach to Seattle's workers and businesses about labor standards requirements, with an emphasis on our most vulnerable communities; identifying and resolving labor violations in a timely manner that recovers money owed to workers, penalizes bad actor businesses, and equips all businesses with the necessary tools to achieve compliance in the future; and developing innovative labor standards policies through collaboration with community, City leaders, and other jurisdictions.

OLS measures progress toward these goals by creating internal data collection systems and tracking enforcement and outreach outcomes. OLS publicly shares information through an online dashboard tracking its progress each month, including but not limited to the number and type of employer inquiries it has responded to, the number and type of employee inquiries it has responded to, the number and type of investigations opened and closed, and the amount of money assessed and recovered for workers across each of the ordinances it enforces. OLS also submits information to the Mayor on performance measures including the amount of technical assistance provided to employers and the percentage of money collected for violations. OLS's goal is to collect 90% of money assessed for violations; this is an important measure of success since research shows that other labor standards agencies encounter significant obstacles with collections, sometimes collecting less than 50% of the amount assessed for workers. OLS also closely monitors the contracts with community and business organizations, maintaining a close relationship that strengthens our relationships, deepens the impact of these funds, and builds trust in the community.

This legislation will help reach the desired goals by providing critical work space allowing for OLS to expand as proposed and effectively meet its mission.

j) Other Issues:

List attachments/exhibits below:

Summary Attachment 1 – Summary of Lease Terms
Summary Attachment 2 – Central Building Location

Basic Lease Terms
Pacific Building

Landlord:	KBS SOR Central Building, LLC
Premises:	Floor 3, Suite 350, approximately 5,534 rentable square feet
Commencement:	April 1, 2017
Terminate:	October 31, 2025
Term:	Initial term and two 5 year options to extend.
Rental Rate:	Rate begins at \$33.94 per square foot per year, with \$1.00 per square foot annual increases.
Tenant Imp.:	\$30.00 per rentable square feet.

Central Building Lease



City of Seattle
Office of Labor Standards

FAS Facility Operations Division
BCraven Nov 2015
All rights reserved. No guarantee of any sort is implied,
including accuracy, completeness, of fitness for use.

STATE OF WASHINGTON -- KING COUNTY

--SS.

345468

No. 55

CITY OF SEATTLE, CLERKS OFFICE

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 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

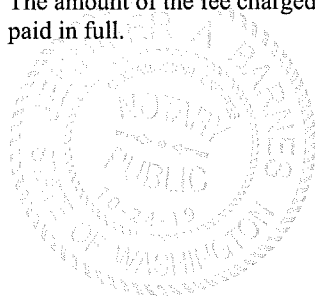
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

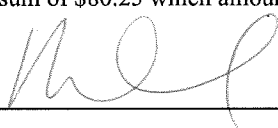
CT; ORDINANCE 125241, 42, 43

was published on

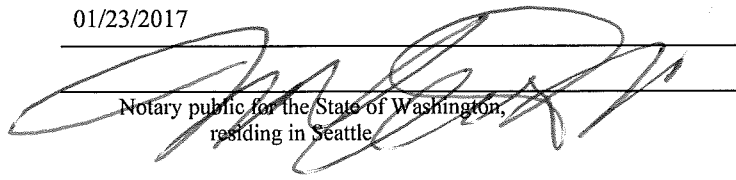
01/23/17

The amount of the fee charged for the foregoing publication is the sum of \$80.25 which amount has been paid in full.




Subscribed and sworn to before me on

01/23/2017


Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on January 9, 2017, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125241

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

Ordinance 125242

AN ORDINANCE relating to City employment, commonly referred to as the Fourth Quarter 2016 Employment Ordinance; designating positions as exempt from Civil Service status; amending Section 4.13.010 of the Seattle Municipal Code; and ratifying and confirming certain prior acts; all by a 2/3 vote of the City Council.

Ordinance 125243

AN ORDINANCE relating to the sale of City real property for multifamily development; declaring the property located at 12705 80th Avenue Northeast surplus to the City's needs and authorizing its sale to the Low Income Housing Institute or its designee; and authorizing the Director of Finance and Administrative Services to execute and deliver the contract for transfer of land, deed, and related documents.

Ordinance 125244

AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute an amendment that extends and modifies a certain lease agreement between The City of Seattle and KBS SOR CENTRAL BUILDING, LLC, a Delaware limited liability company, for office space the City leases at 810 Third Avenue; and ratifying and confirming certain prior acts.

Date of publication in the Seattle Daily Journal of Commerce, January 23, 2017.

1/23(245468)