

**Peter S. Holmes**  
**Seattle City Attorney**

Office Lease Briefing  
July 2014



# Challenges to Delivering Quality Legal Services

- “Shoe-horned” into new City Hall almost 15 years ago – Shiels Oblatz Johnsen, Inc.
  - Inadequate conference rooms for depositions and arbitrations
  - Inadequate meeting areas
- Converted conference rooms to offices
- Converted libraries to offices
- Installed desks in hallways, including by the bathroom
- Expanded into Legislative Department
- Expanded into OIR Conference Rooms
- Doubled up staff in offices which compromises confidences
- Using storage areas to work
- Senior staff now spends enormous time shuffling people between leave vacancies and other short-term spaces with other departments
- Department employees are on floors 3, 4, and 5 of City Hall and floors 27 and 53 of Seattle Municipal Tower (spread across five floors in two buildings)
- Communication and collaboration suffers – CAO has not been in the same location for decades

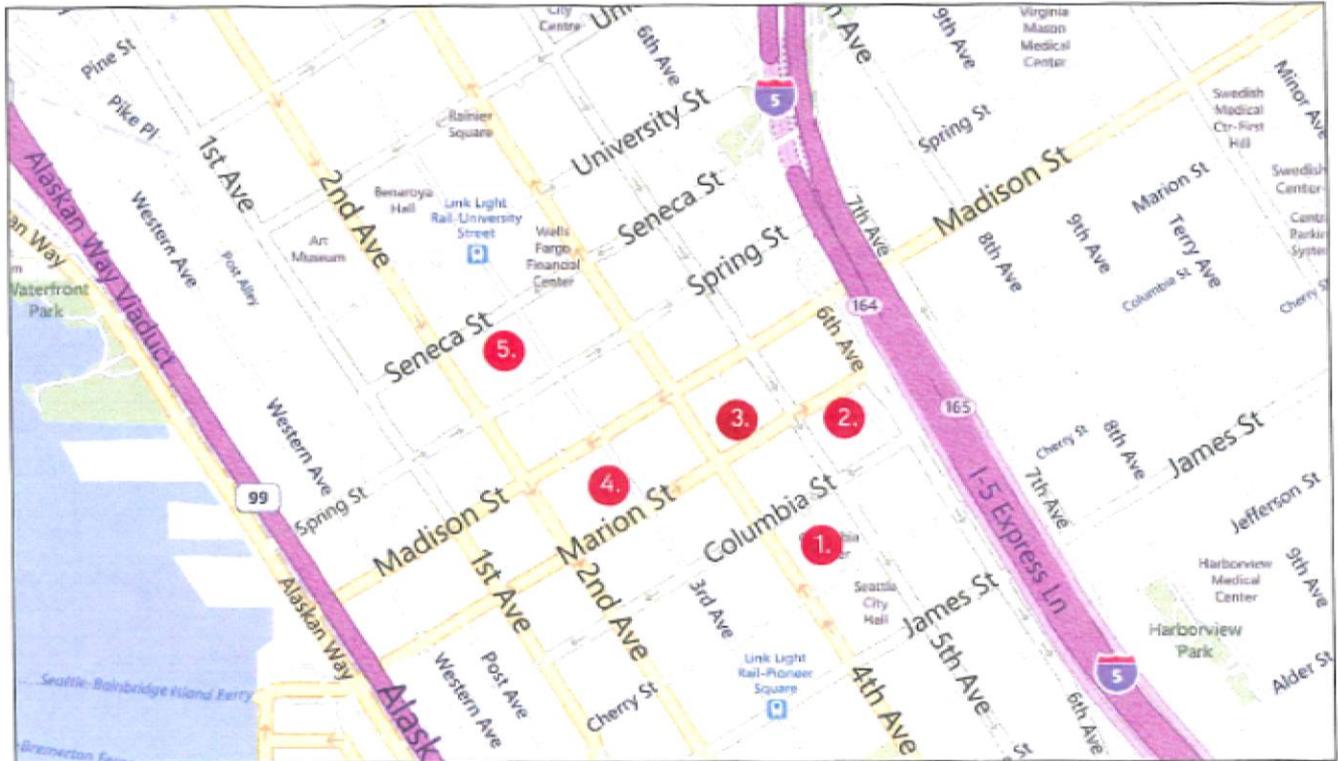
# What we did.

- ▣ Tried to expand into OIR Space and 1<sup>st</sup> floor at City Hall
  - Insufficient space
  - Not desired by City officials
  - Inadequate timeline for improvements
- ▣ Tried to find floors in Seattle Municipal Tower
- ▣ Explored Bank of America under FAS lease
  - Inadequate Tenant Improvement Budget (about a \$2m gap btw B of A and CC)
  - Less desirable floor plans with fewer offices
  - Possibly not enough floors available given other City demands on the building
  - Too far away from city officials, City Hall
- ▣ Explored five buildings nearby
- ▣ Explored Columbia Center, new lease

# Map of Buildings We Considered

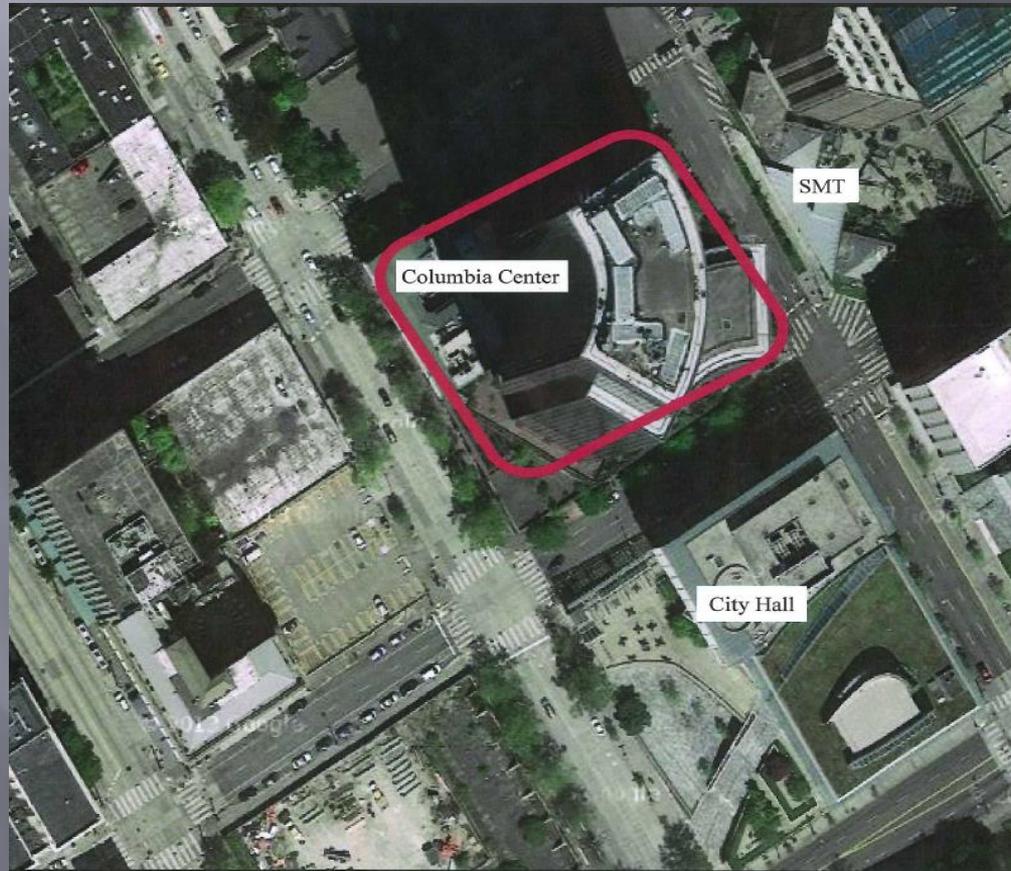
## Buildings

1. Columbia Center
2. 800 Fifth Avenue
3. 901 Fifth Avenue
4. Wells Fargo Center
5. 1111 Third Avenue





# Columbia Center



# Columbia Center

- ▣ Room for full City Attorney Program
- ▣ Close to City Hall
- ▣ Closer to Seattle Municipal Tower
- ▣ Closer to Seattle Municipal Court
- ▣ Generous Tenant Improvement Allowance
- ▣ Rent is comparable to City Hall rent
- ▣ Good timeline for moving in sooner than later
- ▣ Room to Grow
- ▣ Approved and recommended by FAS
  - ▣ FAS acknowledges this is an excellent economic deal for the City
  - ▣ Getting 14,000 square feet at Columbia Center for the price of 5,000 square feet at City Hall

## Law Department Rent Comparison

			Occupancy 4-1-15	
	Projected \$30.31 sf		\$31.5 sf	\$32.72 sf
	58,354 sf*		63,534 sf	63,534 sf
<b>2015</b>	<b>2015 Rent at SMT/CH</b>		<b>2015 Rent at CC</b>	<b>2016 Rent at CC</b>
Jan	147,414		147,414	150,168
Feb	147,414		147,414	150,168
Mar	147,414		147,414	150,168
April	147,414		0	155,982
May	147,414		0	155,982
June	147,414		0	155,982
July	147,414		0	155,982
Aug	147,414		0	155,982
Sept	147,414		0	155,982
Oct	147,414		0	155,982
Nov	147,414		0	155,982
Dec	147,414		150,168	155,982
<b>RENT TOTAL</b>	<b>\$1,768,968</b>		<b>\$592,410</b>	<b>\$1,854,342</b>
<b>2015 Savings Comparing SMT/CH to CC</b>			<b>\$1,176,558</b>	
		<b>OR</b>		
<b>2015 Savings Based on Lease Terms:</b>				
<b>Value of free rent (8 mos. @166,853)</b>			<b>\$1,334,823</b>	
<b>Value of 10% free space pocket (in Dec. 2015)</b>			<b>\$16,685</b>	
<b>TOTAL</b>			<b>\$1,351,508</b>	

\* Includes approx. 70 % load factor in City Hall; resulting in 14,500 sf unusable space in CH

# Budget Impacts

**2014:** No budget impact

**2015:** Law Department savings of \$1.2M - \$1.4M  
from free rent

## Basic Lease Terms: Columbia Center

Landlord	Columbia Center Property, LLC, a Delaware limited liability company
Premises:	Floor 18, approximately 23,372 rentable square feet Floor 19, approximately 23,372 rentable square feet Floor 20, approximately 16,819 rentable square feet (partial floor)
Term:	12 years (144 months), plus two 5-year options to extend. City has the right to terminate the lease at the end of the 93 <sup>rd</sup> month of occupancy.
Rental Rate:	Rate begins at \$31.50 per square foot per year, with \$1.00 per square foot annual increases.
Anticipated Commencement	March 1, 2015
Abated Rent	The rent is abated for the first 8 months (anticipated March – October 2015). In 2015, the City will pay rent to Columbia Center in November and December only.
Tenant Improvements	\$85.15/rsf. Landlord will provide up to \$80.15/sf for tenant improvement allowance ( <b>\$5.1 million</b> ) plus \$5.00/sf moving allowance ( <b>\$317,815</b> ). Any unused portion of the T.I. allowance can be used to offset the rent, up to \$15.00/sf (approximately <b>\$900,000</b> ).
Parking	Right, but no obligation to rent from landlord, on a monthly basis, up to one unreserved parking pass per 2,000/rsf of lease space (approximately 31 stalls).

2-Jul-14									
Prepared by Dana Anderson									
<b>Law Department Columbia Center Construction Project</b>									
<b>BUDGET</b>	Allowance	RSF							
<b>TI</b>	<b>80.15/sf</b>	<b>63,563</b>	<b>5,094,574</b>						
Hardwall construction			4,131,595		\$65/sf x 63,563; includes 9.5% sales tax				
AV for conf rms			55,000		Per FAS using vendor Blue Sky				
Signage and nameplates			25,000		\$20 x 200 + \$20K for signs				
CC Landlord fee 2%			100,000		Per lease agreement				
Architect fee			130,000		Per estimate from Burgess				
Construction Management			100,000		\$75-\$100 K				
Permits			32,200		Per FAS				
DoIT cabling			240,000		200 empl @ \$1,200 each; 10K for Summit Riser + 160K for DoIT				
Keycard security system			52,500		\$3,500 x 15 readers				
FAS oversight charges			65,000		DD signed CRTI 6-9-14; \$10,400 ytd				
Contingency			100,000						
<b>TOTAL</b>			<b>5,031,295</b>						
		<b>Balance</b>	<b>63,279</b>						
<b>Moving Allowance</b>	<b>5.00/sf</b>	<b>63,563</b>	<b>317,815.00</b>						
Moving (\$750-\$1000/empl)			175,000		\$1000 per employee @ 175; includes move management				
New furniture			200,000		\$2,000 per empl @ 100				
Conference room tables			10,000		\$3,000 @ 3; move existing conf rm tables				
Conference room chairs			12,000		\$400 each @ 30; move existing conf rm chairs				
Business cards			2,500		160 @ \$15				
New copier lease in 2015			6,000		\$500 per month x 12				
<b>TOTAL</b>			<b>405,500</b>						
		<b>Shortfall</b>	<b>-87,685</b>						
		<b>Total shortfall</b>	<b>-24,406</b>						

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## **Columbia Center is filling up with new tenants; is a sale next?**

The 76-story tower, in turnaround mode for the past few years, has landed several tech firms and filled much of its vacant space, spurring speculation that a sale could be on the horizon.

By [Sanjay Bhatt](#)

Seattle Times business reporter

**“The only big blocks of contiguous space left, Wattula said, are floors 18, 19 and 20, and the 63rd and 64th floors.”**

Thank You