

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** Shoreline Business & Professional Center Lease Extension  
(City Hall)  
**DEPARTMENT:** Public Works Department  
**PRESENTED BY:** Paul Haines, Director  
Jesus Sanchez, Operations Manager

**PROBLEM/ISSUE STATEMENT:**

In February 2000, the City of Shoreline and the Shoreline Business & Professional Center entered into a lease agreement for approximately 10,457 square feet of office space, located at 17544 Midvale Avenue North, Shoreline, WA.

The lease provided for three additional one-year renewal terms following the initial term, which ended on February 28, 2003. The Lessee and Lessor executed the Third Renewal Term Addendum on January 10, 2005, which expires on February 28, 2006.

The Lessee and Lessor have agreed upon an amended lease of two (2) years. If executed, the lease will commence on March 1, 2006 and expire on February 29, 2008. The terms of the amended lease call for a 4% increase in the monthly base rent (\$15,393.68) for the first year (March 1, 2006 – February 28, 2007) and \$16,009.43 for the second year (March 1, 2007 – February 29, 2008). The annual cost per square foot, calculated on the base rental cost for the first year would be \$17.67/Sq. Ft.

The total lease payments for the renewal will include the monthly base rental costs and our estimated proportionate share of the common areas (CAM charges) and general utility charges (\$7,974.32/mo). The total lease payments are estimated at approximately \$280,416 annually under the first year of the new term.

**ALTERNATIVES ANALYZED:**

Pending Council considerations and decisions relative to a new City Hall site, and the prohibitive costs of moving people and the telecommunication network system, no other alternative was analyzed.

**FINANCIAL IMPACT:**

For the first year (March 1, 2006-February 28, 2007), the lease expense for the City Hall is budgeted within the Facilities budget.

**RECOMMENDATION**

Staff recommends that Council authorize the City Manager to execute the amended lease to the Shoreline Business and Professional Center (City Hall) lease providing for a two (2) year extension from March 1, 2006 to February 29, 2008.

**Attachments**

Attachment A      Amendment to lease  
Attachment B      Lease Agreement

Approved By:      City Manager  City Attorney 

**Amendment to Lease Agreement Adding a  
Fourth Renewal Term**

THIS Amendment to the Lease Agreement is made as of this 12<sup>TH</sup> day of January 2006 between SHORELINE BUSINESS & PROFESSIONAL CENTER, L.L.C., a Washington limited liability company, hereinafter referred to as "Lessor," and the CITY OF SHORELINE, hereinafter referred to as "Lessee."

WITNESSETH:

- A. The parties executed a lease of approximately 10,457 square feet in the office building commonly known as the SHORELINE BUSINESS AND PROFESSIONAL CENTER, 17544 Midvale Avenue North, Shoreline, Washington on February 14, 2000 ("Lease").
- B. The Lease provided for three additional one-year Renewal Terms following the initial term, which ended on February 28, 2003.
- C. The Lessee and Lessor executed the First Renewal Term Addendum on February 27, 2003, which expired on February 28, 2004.
- D. The Lessee and Lessor executed the Second Renewal Term Addendum on February 26, 2004, which expired on February 28, 2005.
- E. The Lessee and Lessor executed the Third Renewal Term Addendum on March 1, 2005, which expires on February 28, 2006.
- F. The Lessee and Lessor, in signing this amendment, have agreed to amend Section 34 of the Lease Agreement by granting the Lessee renewal of the Lease for a Fourth Renewal Term of two (2) years. If exercised, the Fourth Renewal Term will commence on March 1, 2006 and expire on February 29, 2008. The monthly base lease payment will be increased by 4.0% for the Fourth Renewal Term. Additional rent shall be charged as determined under Section 3 of the Lease.

NOW THEREFORE, in consideration of the mutual terms and conditions of the Lease and this Addendum, the parties agree as follows:

1. Section 34 of the Lease is amended to read as follows:

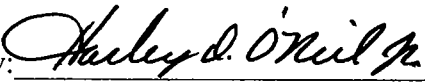
- 34. Renewal.** Provided that Lessee is not in default hereunder, either at the time of exercising this option to renew or upon the commencement of the renewal term, Lessor hereby grants to Lessee one additional term of two years ("Renewal Term") on the same terms and conditions as are provided by this Lease, except for the term, which shall commence March 1, 2006 and end February 29, 2008, and the base lease payment, which shall consist of \$15,393.68 from March 1, 2006 to February 28, 2007 and \$16,009.43 from March 1, 2007 - February 29, 2008. Additional rent shall be charged as determined under Section 3 of the Lease.

2. All other terms and conditions of the Lease shall remain in full force and effect during the Renewal Term.

Executed as of the day and year first above written.

**LESSOR:**

**SHORELINE BUSINESS & PROFESSIONAL  
CENTER, LLC**

By:   
Harley D. O'Neil, Jr.  
Managing Member

**LESSEE:**

**CITY OF SHORELINE**

By: \_\_\_\_\_  
Robert L. Olander  
Interim City Manager

Approved as to Form:

\_\_\_\_\_  
Ian Sievers, City Attorney