

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

<b>AGENDA TITLE:</b>	Shoreline Business & Professional Center, L.L.C. Lease Extension (City Hall)
<b>DEPARTMENT:</b>	Public Works Department
<b>PRESENTED BY:</b>	Mark Relph, Public Works Director Jesus Sanchez, Public Works Operations Manager

**ISSUE STATEMENT:**

In February 2000, the City of Shoreline (Lessee) and the Shoreline Business & Professional Center, L.L.C. (Lessor) 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. Subsequently, the Lessee and Lessor exercised the options for a First Renewal Term Addendum expiring on February 28, 2004; a Second Renewal Term Addendum expiring on February 28, 2005; and a Third Renewal Term Addendum expiring on February 28, 2006.

On January 12, 2006, the Lessee and Lessor executed a Fourth Renewal Term Addendum which expires on February 29, 2008.

The Lessor has agreed to amend Section 34 of the Lease Agreement by granting the Lessee renewal of the Lease Agreement for a Fifth Renewal Term of Eighteen Months. If exercised, the Fifth Renewal Term will commence on March 1, 2008 and expire on August 31, 2009.

The terms of the Fifth Renewal Term call for a 4% increase in the monthly base rent for the period March 1, 2008-February 28, 2009 (\$16,649.81/mo.) and a 4% increase in the monthly base rent for the remaining six months from March 1, 2009 – August 31, 2009 (\$17,315.80/mo.). The annual cost per square foot, calculated on the base rental cost for the first twelve (12) months of the renewal term is \$19.11/ per sq. ft.

The total lease payments for March 1, 2008 – February 28, 2009 is estimated at approximately \$300,121 which includes the annual estimated base rent (\$198,517) and our estimated proportionate share of the annual cost of the common areas (CAM charges) and general utility charges (\$101,604). Additional rent shall be charged as determined under Section 3 of the Lease Agreement.

**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, 2008-February 28, 2009), the lease expense for the City Hall is budgeted in Public Works' Facilities Division.

**RECOMMENDATION**

Staff recommends that Council authorize the City Manager to execute a Fifth Renewal Term of Eighteen Months to the Shoreline Business and Professional Center, L.L.C. (City Hall) lease providing for an eighteen month extension from March 1, 2008 to August 31, 2009.

**Attachments**

Approved By:

City Manager



City Attorney

