

July 6, 2015

## **CITY COUNCIL AGENDA MEMORANDUM**

### **SUBJECT**

Resolution No. 8935 authorizing execution of a sublease with the Bellevue Convention Center Authority (BCCA) for use of the Expansion Parcel for parking.

### **FISCAL IMPACT**

The City has upgraded the Expansion Parcel for temporary use as a parking lot. In order for the BCCA to have full use of the expansion parcel for convention center parking after the City's lease ends, the site would need to be brought into full compliance with Land Use and Building Codes. (The City is not required to make these improvements during their use because the use is temporary.) In lieu of rent during the City's use of the parcel, the City will split the cost of these future improvements with the BCCA should they decide to pursue use of the parcel for permanent parking. The improvements will be designed and installed by BCCA subject to required permits, with the City reimbursing the BCCA for 50% of the total costs, approximately \$37,500. Funding for this expenditure will be proposed in the 2017-2018 budget process.

Additionally, the City will pay approximately \$915/month to a parking contractor for lot monitoring services during its use of the parcel. Sufficient funding exists within the 2015-2016 General Fund budget for these expenditures.

### **STAFF CONTACT**

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### **POLICY CONSIDERATION**

#### **Bellevue City Code:**

Under Bellevue City Code 4.30.020, City Council must approve execution of real property leases that exceed one year in duration or \$50,000 per year in cost. This is a three year lease.

#### **State Law**

RCW 43.09.210 governs both the City and the Authority. It provides in part that all service rendered by, or property transferred from, one public entity to another shall be paid for at its true and full value and that no public entity shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

### **BACKGROUND**

The City owns undeveloped property located at 709 112<sup>th</sup> Avenue NE (known as the "Expansion Parcel"). However, under the existing operating agreements between the City and the Bellevue

Convention Center Authority, the BCCA has the right to use and control, as well as the duty to operate and manage, the Convention Center premises, including the Expansion Parcel.

The Sound Transit East Link rail alignment will eventually cut off the northern part of the City Hall Plaza and the North Parking Garage beneath it. During construction of the light rail station along Northeast Sixth Street, approximately 300 stalls in the North Garage will be lost or unavailable. Once the North Garage is restored, the permanent impact will be a loss of approximately 190 stalls.

Expansion of the East Garage on 112th Avenue NE will restore most of the lost parking. Construction to expand the East Garage by approximately 142 spaces is planned to start in mid-July and is anticipated to take approximately ten months to complete. Once the expansion is finished in 2016, Sound Transit will begin demolition on portions of the North Garage before starting construction of the light rail tunnel on 110th Avenue Northeast and the downtown light rail station on Northeast Sixth Street.

The BCCA has agreed to allow the City to temporarily use the Expansion Parcel for parking while the East Garage expansion and North Garage demolition and reconstruction occur. The City has made improvements to the Expansion Parcel to prepare it for surface parking of 154 vehicles. That project was planned and budgeted as part of the City Hall Parking Garage Redevelopment project (CIP Plan No. G-86) and included grading, paving, striping, storm water retention, and lighting.

#### Key Lease Terms

- **Term:** Three-year initial term (July 6, 2015 – June 30, 2018) with one 6-month option to renew.
- **Rent and Improvements:** The City pays no monthly cash rent during its use of the Expansion Parcel for employee parking. After the City's parking lease has ended, the City will reimburse the BCCA 50% of the cost of the work needed to make the improvements necessary to bring the Expansion Parcel "up to code" for Convention Center customer parking. It is anticipated that such improvements will include additional landscaping and fencing and cost approximately \$75,000.
- **City's Use:** In accordance with the terms of the City's Temporary Land Use Permit (TUP) for the Expansion Parcel, the City will have priority use of the Expansion Parcel for City parking purposes throughout the term of the agreement.
- City will have the responsibility for controlling and managing access to the lot during the rental term.
- **BCCA Use:** The BCCA will be allowed to access the lot for purposes of loading/unloading oversized vehicles to facilitate events at the Convention Center. When this access is needed, the BCCA will give the City 15 days' notice and provide alternate daily parking for displaced City parkers in the Convention Center garage. In addition, the BCCA may use the Expansion Parcel for customer/event overflow parking on the weekends, contingent upon the BCCA obtaining its own land use permit and in accordance with the terms of such permit.
- The parties will indemnify one another for their respective use of the lot.

#### EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

#### OPTIONS

1. Adopt the Resolution authorizing execution of a sublease with the Bellevue Convention Center Authority for use of the Expansion Parcel for parking.
2. Do not adopt the Resolution and provide alternate direction to staff.

**RECOMMENDATION**

Option 1.

**MOTION**

Move to adopt Resolution No. 8935 authorizing execution of a sublease with the Bellevue Convention Center Authority for use of the Expansion Parcel for parking.

**ATTACHMENTS**

Proposed Resolution

**AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

Proposed Sublease Agreement.