

July 16, 2018

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing execution of a five-year extension of the lease agreement with Terranomics Crossroads Associates, L.P. for the Crossroads Mini City Hall site.

FISCAL IMPACT

This action obligates the City to approximately \$16,000-\$18,000 in annual lease payments beginning in December 2018. The term of the proposed lease extension is five years, at \$1,311.50 per month, based on \$43 per square foot, for the first 12 months. The annual lease payments will increase by an additional 3 percent from the previous year.

December 1, 2018 – November 30, 2019	\$15,738.00
December 1, 2019 – November 30, 2020	\$16,210.20
December 1, 2020 – November 30, 2021	\$16,696.44
December 1, 2021 – November 30, 2022	\$17,197.32
December 1, 2022 – November 30, 2023	\$17,713.20

Annual lease payments for 2018 are budgeted in the adopted 2017-2018 General Fund budget. Over the next five years, the total expense for the lease will be \$83,555.16.

STAFF CONTACTS

Mac Cummins, Director, 452-6191

Mike McCormick Huentelman, Assistant Director, Neighborhood Division, 452-4089

Ying Carlson, Mini City Hall Coordinator, 452-2800

Community Development

Ira McDaniel, Real Property Manager, 452-4182

Mike Murray, Sr. Real Property Agent, 452-6024

Civic Services

POLICY CONSIDERATION

Bellevue City Code:

Bellevue City Code 4.30.020B requires Council approval of leases that exceed one year in duration.

Council-established budget outcome:

One of the City Council's priorities is to establish Bellevue as an Innovative, Vibrant and Caring Community. This community is defined by being welcoming, supportive and demonstrative of caring for people through actions, as well as encouraging our diverse community in broad civic engagement. Mini City Hall (MCH) provides ease of access to City information, is a hub for community partnerships that provide essential human services, and is a pathway for residents to engage in greater civic participation.

BACKGROUND

Crossroads MCH originally opened in 1994 as a neighborhood service center with the goal of connecting with and providing services to East Bellevue residents who would not ordinarily frequent or have connections with City Hall. Within the first few weeks of opening, the Neighborhood Outreach team began to understand the need for culturally competent services at MCH including bilingual and multilingual staff - as approximately one half of all visitors to MCH had a language and/or cultural barrier. At the time, MCH recruited staff and community volunteers to help people in Russian and Spanish, the most common languages needed at the time.

Over 24 years, the little outpost at Crossroads has transformed the east Bellevue community, and fundamentally changed the way people interact with government. As a leader in best practices for culturally competent service delivery, Bellevue MCH provides customer service six days a week, holding office hours in eleven languages, and partners with community organizations to respond to emerging needs. In 2017, MCH staff responded to 46,300 citizen requests. In 2016-17, MCH partnered with King County Library System, Department of Social and Health Services, Hopelink, International Community Health Services, Chinese Information Service Center-Cultural Navigators, and multiple City departments (including Utilities Rate Reduction Program) to help make community services accessible to Bellevue's diverse community. This included providing access and cultural and language assistance to support all individual requests, which included 25,435 human service related requests (55 percent of total requests at MCH).

From immigrants who have newly arrived in Bellevue seeking services, to long term residents who need a convenient place to ask a question, MCH has provided a welcoming and accessible place for people to seek information and connect to City services.

Lease History

The City Council approved establishment of the MCH on August 1, 1994, and the facility opened its doors on October 17, 1994. A one-year lease with Terranomics Crossroads Associates was signed by the City Manager on October 31, 1994. A first amendment to that lease was approved by the City Council on November 20, 1995, and executed on January 2, 1996, renewing the lease for a three-year period, linking the annual increase rate to the federal Consumer Price Index, and recognizing six national holidays not acknowledged for other shopping center tenants.

Approved by the City Council on August 3, 1998, a second amendment to the lease agreement provided for relocation of the MCH within the Crossroads Shopping Center, and extension of the lease period to November 30, 2003. A third amendment extended the lease for another five-year period, to November 30, 2008, with no further changes in lease terms. A fourth amendment extended the lease for another five-year period, to November 30, 2013, with no further changes in lease terms. A fifth Amendment extended the lease for another five-year period, to November 30, 2018, with no further changes in the lease terms.

Proposed Sixth Amendment to Lease

The City is offered the competitive initial lease rate of \$43 per square foot, which is approximately 23 percent less than the total rate charged to other retail lessees. This compares favorably to the typical mall tenant gross rate of \$55.75/sf. MCH occupies a modest facility of 366 square feet. The City lease does not require common area maintenance or promotion fund contributions.

For the 2018-2023 extension term, the scheduled rent increases are 3 percent per year. The Consumer Price Index over the last ten years has averaged an increase of 1.85 percent per year.

EFFECTIVE DATE

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

OPTIONS

1. Adopt the Resolution authorizing execution of a five-year extension of the lease agreement with Terranomics Crossroads Associates, L.P. for the Crossroads Mini City Hall site.
2. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. authorizing execution of a five-year extension of the lease agreement with Terranomics Crossroads Associates, L.P. for the Crossroads Mini City Hall site.

ATTACHMENTS

Proposed Resolution No. 9436

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Sixth Amendment to Lease Agreement