

McDaniel, Ira

From: Berens, Mary Kate
Sent: Monday, September 10, 2018 4:48 PM
To: Chelminiak, John; McCommon, Nathan; Stannert, Kyle
Cc: Lee, Conrad; Leland, Laurie; McDaniel, Ira
Subject: RE: Item 5 b -- ADDITIONAL INFORMATION
Attachments: E-Mail - NMCommon to Council re Azose Agreement 7-31-2018.pdf

Thank you, staff is prepared to give a presentation this evening and recommends keeping this item on the agenda for discussion and Council action.

In addition to the information that was contained in the e-mail provided to Council prior to the August break (attached), below are responses to the additional questions and can be discussed in the public session this evening:

The combined tenant leases pay the City well in excess of the fee and commission that the City pays the vendor. Our current rental revenue is \$18,000 per month. The property management fee of \$2,500 per month won't increase unless total rental revenue exceeds \$62,500 per month. For illustration, in 2017 the City collected \$200,764 in rent from the property and paid the vendor total fees of \$32,596. The vendor in turn performs all typical property management services, including routine maintenance, repairs, responding to tenant requests for services, and leasing inquiries from potential tenants.

As to how CFH fits into this structure – CFH does lease the space from the City. They pay a discounted rent, which was determined by legal analysis to be appropriate based on their direct services to men experiencing homelessness (which fits the state constitutional definition of city funds being used to support the poor and infirm). CFH is a separate entity from the city and receives its operating budget revenue from a variety of sources, including government funders and private donations, and presumably uses those funds to support their operations, including rent.

Finally, with respect to the continued advisability of renting out the remaining spaces in the building, given the fee structure and the rents, we are more than covering our administrative costs for maintaining the building with current and future tenants while the Council considers the long term public use of the property. If the costs of maintaining the property become such that that is no longer the case, we will revisit the question of keeping the building open for tenants. Nothing about the Azose contract limits the Council's ability to terminate leases and close the building to use in the future if the costs at some future date exceed the rent.

Staff will be at the meeting tonight to make a short presentation and to answer any questions from Council. We continue to recommend action on this contract this evening, given the current end date of the contract.

Kate Berens | Deputy City Manager
 City of Bellevue

From: Chelminiak, John
Sent: Monday, September 10, 2018 3:16 PM
To: Berens, Mary Kate <MKBerens@bellevuewa.gov>; McCommon, Nathan <NMccommon@bellevuewa.gov>; Stannert, Kyle <KStannert@bellevuewa.gov>
Cc: Lee, Conrad <CLee@bellevuewa.gov>
Subject: Re: Item 5 b

The contract expires Thursday. We may need to do this publicly tonight altho could pull from consent to allow for a "no" vote.

If you can get us answers prior to meeting it would help. Conrad I will try to get there by 5:15.

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From: Chelminiak, John

Sent: Monday, September 10, 2018 2:27:10 PM

To: Berens, Mary Kate; McCommon, Nathan; Stannert, Kyle

Cc: Lee, Conrad

Subject: Item 5 b

Please pull item 5b from consent.

Have Sandy or Michele set up meeting with me and conrad and appropriate staff. I can meet Wednesday AM with a start time from 10 to 12n altho I may need to do by phone.

Is the arrangement with building management covering the revenue we receive.

How does the CFH relationship fit in this.

Does it make sense to continue to re.nt out the other space in this building.

How much revenue does the property produce from rentals.

There are probably some other questions in here

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