

CITY COUNCIL REGULAR SESSION

Resolution authorizing execution of an amendment to the agreement with Hyo Sung Kim (dba Pepper Tree Café) for the lease of space at City Hall to extend the agreement by one additional year and allow for a temporary suspension of rent obligations.

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Finance and Asset Management Department

EXECUTIVE SUMMARY

This Resolution authorizes execution of an amendment to the agreement with Hyo Sung Kim (dba Pepper Tree Café) for the lease of space to operate a food and beverage service at City Hall.

RECOMMENDATION

Move to adopt Resolution No. 9899

BACKGROUND/ANALYSIS

Since March 1, 2016, Pepper Tree Café has successfully operated a food and beverage service on the third floor of City Hall. Having the café on premise has been beneficial to both employees and visitors by providing convenient access and consistent, quality menu items at competitive prices. Although City Hall is currently closed to the public, essential employees continue to report onsite for work. Continuing to provide on-premise food and beverage service offers a convenient and safe option for these employees. Due to the unprecedented impacts the COVID-19 pandemic has had on the hospitality industry and on employee and public presence at City Hall, current market conditions do not favor using the competitive proposal process at this time to solicit new vendors. Based on favorable results for both parties during the past five years of service, staff propose amending the agreement with the current vendor to extend the term for one additional year as the best option to continue providing this service in the near term.

Under the current agreement with this vendor, the City charges a nominal rent based on fair market value and taking into consideration the limitations and restrictions of the location. Because City Hall remains closed to the public and most employees are working remotely, the proposed amendment allows the City to temporarily suspend rent obligations until conditions improve.

POLICY & FISCAL IMPACTS**Policy Impact**

One of the City's core values is its commitment to employees, which includes providing services and resources to them to meet workload demands and fostering an environment that nurtures and retains high-performing employees. Providing convenient and high-quality food and beverage options to employees at City Hall furthers this core value.

Under Bellevue City Code 4.30.020, a lease of real property will be submitted to Council for approval if it exceeds two years, if the consideration exceeds \$90,000 per year, or where City property is leased for less than fair market rent.

Fiscal Impact

Approval of this action will result in the Facility Services Fund receiving monthly rent of approximately \$569 once the City resumes charging the vendor rent for use of the space. Revenue will be used to offset utility costs and other operating expenses incurred to support this service.

OPTIONS

1. Adopt the Resolution authorizing execution of an amendment to the agreement with Hyo Sung Kim (dba Pepper Tree Café) for the lease of space at City Hall to extend the agreement by one additional year and allow for a temporary suspension of rent obligations.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

Proposed Resolution No. 9899

AVAILABLE IN COUNCIL LIBRARY

Lease agreement with Pepper Tree Café and lease amendment