



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us

MEMORANDUM

To: Dave Ramsay, City Manager

From: Marilynne Beard, Assistant City Manager

Date: September 5, 2008

Subject: POTENTIAL LEASE OF PROPERTY FOR MAINTENANCE CENTER

RECOMMENDATION:

City Council authorize the City Manager to enter into an agreement to lease property adjacent to the City's Maintenance Center.

BACKGROUND:

The Maintenance Center – Administration building was constructed in 1989. Four other shop buildings were built prior to that to house the Public Works, Parks and Fleet Services crews and to provide storage for the Police Department (e.g. seized vehicles). Minor remodels have been completed to fully utilize all available space at the campus and Police Department storage has been moved off-site but remaining space has become inadequate to properly house the City's maintenance crews, administrative staff and storage of supplies and equipment. Growth in utility and parks maintenance personnel (from the Parks maintenance levy) and equipment, as well as the relocation of Facilities Maintenance personnel to the Maintenance Center has put space at a premium. Lack of storage space at the Maintenance Center has forced some departments to rent storage lockers or to store materials in spaces not intended for storage (e.g. McAuliffe Barn). Over the years, staff has reviewed adjacent properties as they became available to rent or buy and none were appropriately sized or configured without significant improvements. A project to expand the Maintenance Center has been in the unfunded portion of the CIP for a number of years (C GG 0037). The 2009-2014 CIP includes a funded portion of this project (\$50,000 in 2010 for a conceptual study) for a study and an unfunded project of \$15,000,000 for an actual expansion.

We were recently notified that a property owned by the King County Housing Authority adjacent to the Maintenance Center has become available for lease. The property is located at 1129 8th Street and was most recently occupied by the Green Car Company. The building is approximately 8,856 square feet with 6,218 of warehouse space and 2,638 square feet of office space. The owners are anxious to lease the facility as the previous tenants defaulted on their lease and the property has been vacant for some months.

The diagram on the following page shows the basic layout of the space (see attachment A). It has adequate parking surrounding the building and access to the warehouse space at a loading dock and from the ground level. The building has enclosed offices, open office space, a kitchen, restrooms and a shower.

Staff from Public Works, Parks and Facilities have toured the building and determined that the space would be well-suited for the Parks Department. The space vacated by Parks at the Maintenance Center would be reallocated to the utilities and street staff. The ongoing cost of rent and maintenance for 2008 is estimated at \$115,000 per year (subject to further negotiation). The utility funds are able to absorb the additional rent within their operating budgets and the street fund would use available fund balance for rent in the coming biennium to cover both lease and operating expenses. Reallocation of rental space to the utilities and street fund would result in a nominal impact to the General Fund. A summary of the net effect of the leased property is included as attachment B and a fiscal note is provided at the end of this report.

Staff believes that the lease of this building is well-timed and will in effect “buy time” before any major expansion of the Maintenance Center is needed. Although the King County Housing Authority has indicated that it is not interested in selling the property at this time, we will continue to explore that option with them. With Council’s approval, staff will negotiate a lease agreement through the Housing Authority’s leasing agent for the City Manager’s signature. We anticipate a minimum three to five year lease term, depending on whether lease provisions that can be negotiated based on the length of the lease.

King County Housing Authority Bldg

Former Green Car Company Bldg

1129 8th St, Kirkland, WA

FOR
LEASE



Features

- Available September 1, 2008
- 8,856 rentable square feet (2,638 sf office; 6,218 sf warehouse)
- LI Zoning, City of Kirkland
- 3 grade level and 1 dock high door
- 3.4/1,000 parking
- Ceiling height: 12' 10"
- \$1.30/sf, office; \$0.65/sf, warehouse
- Heavy power



Contact

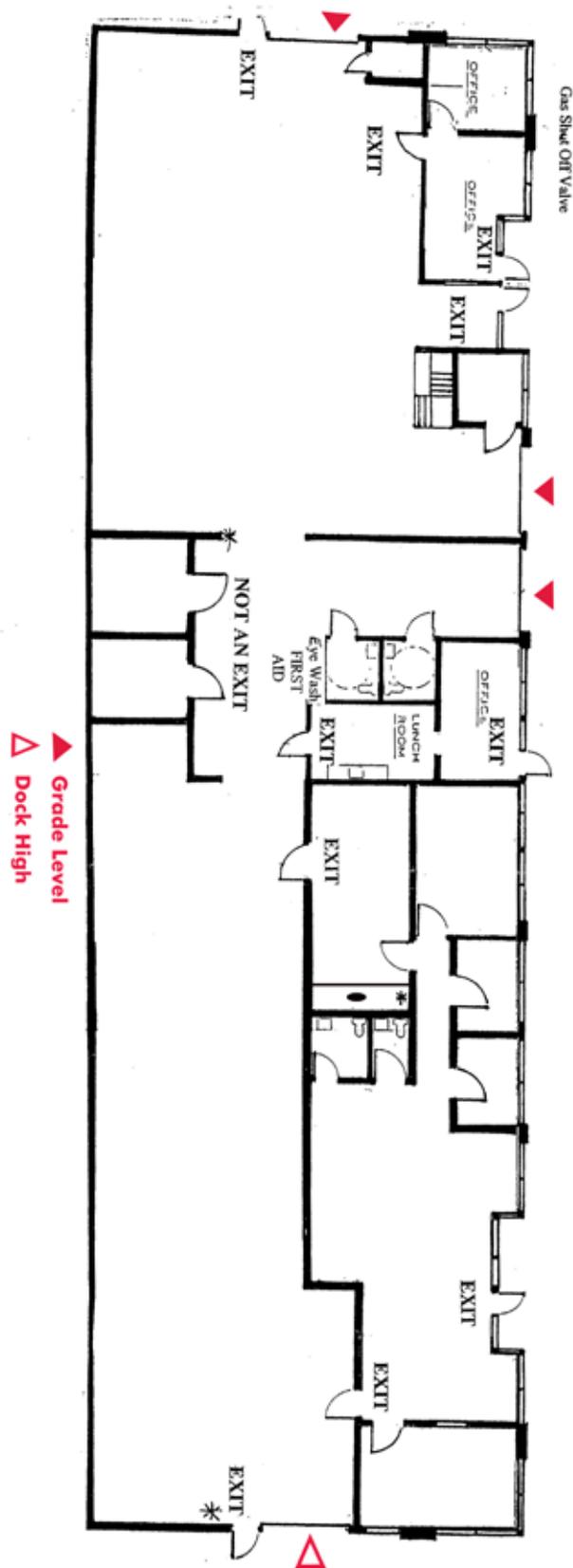
Tom Robison
425.450.1109
tomr@gvakm.com

Dave Bernard
425.450.1103
dbernard@gvakm.com

www.gvakm.com

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Tom Robison
425.450.1109
tomr@gvakm.com

Dave Bernard
425.450.1103
dbernard@gvakm.com

www.gvakm.com

KCHA Building Cost Analysis

8/28/2008

Attachment B

	2009				2010			
	Parks	Streets	Wtr/Swr	Surface Wtr	Parks	Streets	Wtr/Swr	Surface Wtr
Current Maint Center Share	27.0%	10.3%	20.4%	10.3%	27.0%	10.3%	20.4%	10.3%
Bdgtd Facilities Rental Charge	113,737	118,932	163,914	43,389	119,871	45,729	90,570	45,729
Reallocated Maint Center Share	0.0%	17.0%	34.0%	17.0%	0.0%	17.0%	34.0%	17.0%
KCHA Rent	90,000	-	-	-	90,000	-	-	-
Janitorial Services	10,000	-	-	-	10,000	-	-	-
Utilities	15,200	-	-	-	16,720	-	-	-
Tenant Improvements	23,000	-	-	-	-	-	-	-
Revised Facilities Charge	-	147,214	221,086	71,671	-	75,536	150,826	75,536
Subtotal Ongoing	115,200	147,214	221,086	71,671	116,720	75,536	150,826	75,536
Subtotal One-time	23,000	-	-	-	-	-	-	-
Total	138,200	147,214	221,086	71,671	116,720	75,536	150,826	75,536
Net Ongoing Cost Incr./(Decr.)	1,463	28,282	57,172	28,282	(3,151)	29,807	60,256	29,807