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City Council

Approval of a Resolution Authorizing an Option with Vine Street Associates to Lease Commercial Office Space at 925 Plum Street SE

Agenda Date: 3/5/2024
Agenda Item Number: 4.G
File Number: 24-0211

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of a Resolution Authorizing an Option with Vine Street Associates to Lease Commercial Office Space at 925 Plum Street SE

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Approve a Resolution Authorizing an Option with Vine Street Associates to Lease Commercial Office Space 925 Plum Street SE.

Report

Issue:

Whether to approve an option for the potential lease of office space at 925 Plum Street SE.

Staff Contact:

Rich Hoey, Assistant City Manager, 360.753.8227

Presenter(s):

None

Background and Analysis:

The City is currently exploring options for relocating its Municipal Court and associated functions from the current Lee Creighton Justice Center at 900 Plum Street SE. This is due to the age and condition of the current facility as well as the potential sale of the property to the Squaxin Island Tribe. In late December 2023, the City entered into an Exclusive Negotiating Agreement with Island Enterprises for the potential sale of the 900 Plum Street SE property.

City staff have identified the Town Square Building 4 at 925 Plum Street SE to be a potential option for the relocation of its Municipal Court and related functions. The Town Square building is owned by Vine Street Associates and is located directly across Plum Street from the current Lee Creighton Justice Center. The building is large enough (over 37,000 square feet) and potentially well suited to

house the necessary courtrooms, offices and workspaces for court staff, public defense/public defenders, prosecution, victim advocates, and other municipal court and police department related functions.

To allow time to perform due diligence, including design and cost estimating of necessary tenant improvements, City staff have negotiated an 8-month option for the lease of commercial office space from Vine Street Associates. The term would commence on the day following City Council approval. During the term of the agreement, the City would have the option to lease the building (or a portion of the building) in exchange for the following consideration:

- First 90 days - no charge
- Two 30 day extensions - \$5,000 per month
- Two additional 30 day extensions - \$10,000 per month
- Final 30-day extension - \$15,000

These option payments, totaling \$45,000 for the 8-month term, would nonrefundable if the City determines that the building is not suitable for relocation of the Olympia Municipal Court and associated offices. If the City chooses to exercise the option and lease the building, the option payments would be deducted from the rent owed to Vine Street Associates under the lease agreement.

If the option agreement is approved by City Council, staff is prepared to retain an architectural firm to evaluate the building, perform space planning, and design the needed tenant improvements. This information will be necessary to make a decision on whether to exercise the option and will help inform lease negotiations. Municipal Court Judge Pam Nogueira and the municipal court staff, along with staff from prosecution, public defense and OPD, will be heavily involved in the space planning efforts.

Neighborhood/Community Interests:

Ensuring a safe, secure and accessible municipal court is important for the entire community. Relocating the municipal court and associated functions from its longtime location is significant step for the City and will need to be done thoughtfully.

Climate Analysis:

While there are no direct emissions impacts associated with the option agreement, if approved, staff will evaluate projected energy use and emissions associated with the potential lease of this office space. Minimizing building energy use and emissions will be an important element of the evaluation and lease negotiation. Staff will also evaluate potential for EV charging of fleet and employee vehicles.

Equity Analysis:

If the option agreement is approved, staff will evaluate equity considerations as part of the design and future operation of a municipal court at this location. This will include building ADA accessibility and ensuring a healthy space for employees and users of the municipal court facilities.

Financial Impact:

If the City uses the full option period for its due diligence, the cost could be \$45,000 for the 8-month period. While this cost is non-refundable, it would be fully applied to future lease payments if the City

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elects to exercise the option and lease this office space. The source of funds is a one-time set aside of 2022 year-end funds (\$500,000) for Justice Center space needs.

Options:

1. Approve the Resolution authorizing an option with Vine Street Associates to Lease Commercial Office Space.
2. Do not approve the Resolution.
3. Take other action.

Attachments:

Resolution
Agreement