



City Council

Approval of Lease Agreement with the Family Support Center of South Sound

Agenda Date: 10/14/2014
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File Number: 14-0980

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Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the lease agreement between the City of Olympia and the Family Support Center of South Sound and authorize the City Manager to sign the lease.

Report

Issue:

Whether to renew the lease agreement with the Family Support Center of South Sound for City building located on the northwest corner of Capitol Way and State Avenue in Olympia.

Staff Contact:

Jay Burney, Assistant City Manager, 360.753.8740
Debbie Sullivan, Deputy Director, Public Works Department, 360.753.8494

Presenter(s):

None.

Background and Analysis:

The City and the Family Support Center of South Sound (Family Support Center) entered into a 21-year lease in June 1993 for the "Old Olympia City Hall" building located on the northwest corner of Capital Way and State Avenue in Olympia. The initial lease agreement provided the City with the option of renewing the initial lease for a period of 10 years, or developing a new lease agreement. Because the initial lease contained outdated language in several areas, staff decided that the best option moving forward is a new lease agreement that better clarifies maintenance responsibilities, insurance requirements, and subtenant lease requirements and monitoring.

Rather than a new 20-year agreement, the proposed lease agreement provides for a 5-year initial term with three additional 5-year optional terms. This will allow for more regular conversations with

the Family Support Center about its future needs, and provides flexibility to the City should needs change in terms of future uses for this site.

The lease rate for both the initial and optional terms is \$1.00 per year, conditioned on the Family Support Center providing the community benefits described in Exhibits B and C of the lease agreement.

The new lease agreement has been approved by the Board of the Family Support Center. Staff is seeking Council approval and authorization to execute the lease.

Neighborhood/Community Interests (if known):

The services provided by the Family Support Center provide a substantial community benefit. The full list of services provided is shown in the lease agreement as Exhibit "B".

Options:

- 1) Move to approve the lease agreement between the City of Olympia and the Family Support Center of South Sound and authorize the City Manager to sign the lease.
- 2) Do not approve the lease agreement. Provide direction to staff on next steps.

Financial Impact:

The lease agreement calls for a lease rate of \$1 per year for the initial term and the option periods. The Family Support Center is responsible for all operating costs associated with the building and their service offerings, as well as general maintenance items (janitorial, equipment and furnishings, interior painting, landscaping, routine maintenance. The City is responsible for maintenance and replacement of major building systems (HVAC, roof, electrical, plumbing, elevator, exterior envelope, fire sprinkler system). The estimated cost to the City for its maintenance obligations during the initial 5-Year term is \$90,000 per year.