



TO: Mark Lauzier, Acting City Manager
FROM: Rich Price, Senior Real Estate Officer, Public Works/Facility Management, *JKD*
Real Property Services
Kurtis D. Kingsolver, P.E, Public Works Director/City Engineer
Chris E. Larson, P.E., Engineering Division Manager, Public Works
COPY: City Council and City Clerk
SUBJECT: Resolution – Lease agreement at 942 Pacific Avenue – February 21, 2017
DATE: January 27, 2017

SUMMARY:

A resolution authorizing the execution of a lease agreement with Republic Parking Northwest, LLC, for the office space located at 942 Pacific Avenue, for the purpose of creating a joint-use business office to support the City's Parking System.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

Approval of this lease will energize a currently under-utilized City space as well as provide a centralized location for Tacoma's Parking System management. The value of the lease agreement is based on market rate. The rent will be deposited into the Parking Enterprise System to provide a return on investment for the tenant improvement expense.

BACKGROUND:

On June 21, 2016, City Council adopted Resolution No. 39471, which awarded a contract to Construct, Incorporated, for interior tenant improvements of leasable office space in the North Parking Garage facility located at 942 Pacific Avenue. At that time, the City intended to lease a portion of the space to Republic Parking Northwest, LLC. This unique cost saving arrangement consolidates system-wide parking operations for the benefit of customers and citizens. The Parking Fund will benefit from ongoing revenues from monthly rents. This lease fulfills that vision to reactivate a highly visible space on Pacific Avenue that has been vacant for nearly ten years. Monthly base rent revenue will be \$4,300 for the initial term through December 31, 2017. Monthly rent revenue may increase annually beyond the initial term based on the Consumer Price Index. The lease agreement will terminate on December 31, 2019.

ISSUE:

Authorizing this lease will allow Public Works to fully utilize the space within the newly built out offices that has been without a tenant for over ten years.

ALTERNATIVES:

The Council could choose to not approve the lease. The City would lose the opportunity to receive additional revenue and partnering with our contracted parking operator to further enhance our service offerings to the citizens of Tacoma. This space would continue to remain vacant until such time another interested party comes forward. The City would continue to maintain the space with no new revenues.

RECOMMENDATION:

The Public Works Department recommends the City Council approve the execution of the lease agreement.



FISCAL IMPACT:

The funds from this lease will be deposited into the 4140-Parking Enterprise Fund.

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4140-Parking Enterprise Fund	532600	6221000	\$155,000
TOTAL			\$155,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$102,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A