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Clerk 07/09/99
Clerk 07/14/99

Introduced By: Rob McKenna
Cynthia Sullivan

Proposed No.: 1999-0375

ORDINANCE NO. 13592

AN ORDINANCE authorizing King County executive to enter into a thirty-year agreement to lease park and ride stalls in a garage to be privately constructed adjacent to the Renton Transit Center.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The King County executive is hereby authorized on behalf of the county to execute a lease with Dally Homes, Inc. for park and ride spaces consistent with the applicable terms and conditions described in Attachment A, "Essential Terms for County Lease of Renton Transit Center Park and Ride Stalls for Transit Oriented Development," and containing the usual and customary terms for such a lease.

SECTION 2. The appropriate county officials, agents and employees are hereby authorized to take all actions necessary to implement the lease and all actions up to now taken by county officials, agents and employees consistent with the terms and purposes of the lease agreement are hereby ratified, confirmed and approved.

SECTION 3. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the county is declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements,

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are null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and in no way affect the validity of the other provisions of this ordinance or of the lease agreement.

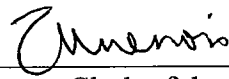
INTRODUCED AND READ for the first time this 12th day of July, 1999.

PASSED by a vote of 11 to 0 this 19th day of July, 1999.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Chair

ATTEST:


Clerk of the Council

APPROVED this 22 day of July, 1999


King County Executive

Attachments: A. Essential Terms for County Lease of Renton Transit Center Park and Ride Stalls for Transit Oriented Development (dated 7/19/99).

**Substitute Essential Terms for County Lease of Renton Transit Center
Park and Ride stalls for Transit Oriented Development.**

A. PARTIES/BASIC STRUCTURE

1. Lessor: Dally Homes, Incorporated, or as assigns to owner's LLC.
2. Lessee: King County, a municipal corporation of the State of Washington
3. Property: Parking garage to be constructed by lessor in the city of Renton, Washington, consisting of approximately 240 total stalls. Approximately 150 (between 145 and 155) stalls shall be leased to the County for park and ride purposes. Garage shall be privately built and owned and located between South 2nd and South 3rd streets, bordering along the east side of Burnett Avenue.
4. Project: Construction of a two level parking garage and approximately 90 units of housing above, 50% of which will be affordable for households earning not more than 80% of median income for King County. County shall lease approximately 150 stalls in the garage primarily for park and ride use over a term of 30 years. Dally Homes will design, construct, own, and operate garage and apartments above.
5. Lease: Lease of the approximately 150 park and ride stalls for a term of 30 years with an option for the City of Renton to assume the remainder of the lease term after year 10. Initial term to commence upon County's acceptance of garage construction. The lease will have usual and customary terms and shall be executed by County Department of Transportation staff pursuant to County Council approval of essential terms contained herein.
6. Title: Legal title to the underlying Property and all improvements shall be vested in Lessor.
7. Liens: Lessor shall keep the Property and the improvements to the Property free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessor.
8. Exhibits: There are Exhibits attached to this Summary of Terms and Conditions. Where referenced in the text, such Exhibits shall be deemed to be incorporated into the Summary as if fully set forth therein.

B. OBLIGATIONS/RENT/OPERATIONS AND MAINTENANCE

1. Development Obligations:
 - a. Within the parking structure, total of approximately 120 spaces to be set aside for park and ride use by 6 am every weekday morning, and 30 additional spaces to be available by 8 am;
 - b. Affordability restrictions on tenants and rentals to remain at least as long as King County is a party to the Lease.
 - c. Implementation of Transportation Demand Management program to include purchase by Lessor of 90 annual bus passes for Project residents

during the first 10 years of the lease term. Two additional Dally Homes apartment projects adjacent to the transit center (an additional 168 units) shall also participate in the bus pass program for at least two years. Cost of passes shall be the full-participation discounted rate of \$235.00 per year. Thereafter, the annual cost will be increased by three percent

Grant funds obtained by the Lessee will be made available to Lessor to further reduce the cost in years one and two of operation. The grant funding available to Lessor in years one and two will reduce the above discounted rate by 50% and 35%, in each year respectively.

If Lessor fails to purchase such bus passes, Lessee may deduct the cost thereof from the rent payable under the Lease.

- d. Lessor shall pay prevailing wages during construction of the garage. Prevailing wage shall be defined as the most recent wage rates reported by the State of Washington Department of Labor and Industries prevailing wage and fringe benefit rates for public works contracts. Report of 3-3-99 included as Exhibit A.
2. Rent Schedule: Rent to commence with initial three payments of \$329,048.00 each. The first payment of \$329,048.00 shall be payable upon Lessee's review and approval of Lessor site plan and preliminary design and upon issuance of final non-appealable SEPA approval of the Project. Second payment shall occur after Lessee review and acceptance of final construction drawings and after Lessor has received a building permit and closed a construction loan for the Project. Third payment shall occur upon Lessee acceptance of garage construction. Portions of these payments may be used for the cost of Lessee-required improvements.

Lessor shall repay these amounts to Lessee if Lessor abandons construction of the Project or it otherwise becomes apparent that Lessor does not intend to complete construction of the Project. Donald F. Dally shall personally guaranty such repayment obligation of Lessor.

One year after the garage acceptance and opening, Lessee shall pay Lessor monthly amounts of \$21,250.00. This shall equal \$255,000.00 per year for 29 consecutive years ending in year 30. See attached rent payment schedule, Exhibit B.

Lessee review and approval or disapproval of the site plan, preliminary design, and construction drawings shall not exceed three business days upon acknowledged receipt of documents from Lessor.

3. Operations and Maintenance: Operations, maintenance, and security of the garage facility shall be the responsibility of the Lessor. Lessee shall pay \$45,000 per year, commencing with the beginning of the first year of operation. Payment shall continue over the term of the lease, and be adjusted based on increases in the Seattle/Tacoma/Bremerton CPI index as measured from a "base index" three months prior to the anniversary date of each year.

C. PARKING MANAGEMENT

Lessor and Lessee agree to develop a detailed Parking Management Plan consistent with the essential terms contained in this document. The Parking Management Plan shall become a part of the fully executed lease agreement.

The Parking Management Plan shall include requirements that vehicles remaining in the garage beyond applicable time periods will be towed. If Lessor fails to tow such vehicles as required, Lessee may have such vehicles towed itself and charge Lessor for the cost thereof.

D. MANAGEMENT RESPONSIBILITIES

1. **Lessor Responsibilities.** Lessor shall be responsible for management, operations, maintenance and repair of all improvements associated with the Project. Lessor shall adopt and continue in effect for the lease term a maintenance, repair and replacement schedule for the improvements that shall meet all applicable standards, rules, regulations and underwriting requirements, throughout the lease term. It is the intent of the parties to maintain the improvements to a standard that continues the Project's viability for its intended parallel purpose as an affordable residential development throughout the lease term.
2. **Lessee Responsibilities:** Lessee shall be responsible for maintenance and operation of the transit facilities external to the structured parking, in accordance with Lessee's separate Renton Transit Center agreement entered into with the City.

E. PROJECT REVIEW AND APPROVAL REQUIREMENTS

1. **Renton Permit Application Package.** Lessor shall be responsible for obtaining all permits, licenses and approvals necessary to construct and occupy the Project and shall pay all associated fees and costs.
2. **Design and Construction Documents.** Lessor shall be responsible for completion of design and for all services required for construction of the Project. Lessor and Lessee shall agree to the conceptual plan for the garage before the Project moves forward. Modifications and refinements to this plan may be made, provided the key elements and assumptions of the plan are carried forward into final design.
3. **Construction of Structured Parking.** Lessee shall have the right to review, inspect and approve the work related to the design (at 30%, 60%, and 100% design) of the garage. Prior to acceptance of a contractor's work by Lessee, Lessor and Lessee shall participate jointly in periodic and final inspections of the contractor's work.
4. **Construction of Residential Improvements.** Lessor shall be primarily responsible for the design and construction of the residential improvements for the Project.
5. **Post Construction Inspections.** Beginning in the 10th year of occupancy and every 5 years thereafter during the lease term, in addition to the normal lease provisions granting Lessee access to the Property for inspections and similar activities, upon reasonable notice to the Lessor, Lessee will conduct a more formal inspection of the improvements. Lessor will provide access to all improvements to Lessee upon Lessee's request. The results of the inspection will be reduced to writing, with a copy to Lessor. If the inspection results indicate a deficiency in Lessor's maintenance, repair and replacement activities or schedule, the parties will meet to negotiate the corrective actions to be taken by Lessor. If the parties are unable to agree on said corrective action, the matter will be submitted to non-binding arbitration, which may be initiated by either party at any time. Nothing in this section shall be deemed to impair Lessee's authority under the Lease to terminate the lease for cause; provided

that while the negotiations and arbitration are pending, except for emergencies, Lessee will not terminate the lease for Lessor's failure to effect the maintenance, repairs and replacements which are the subject of the negotiations and arbitration.

Renton Exhibit B

Note: All payment amounts assume 150 stalls and should be adjusted within the range of 145 to 155 to reflect the actual number of stalls constructed for use by King County.

Pre-opening payments:

<u>Year</u>	<u>Amount</u>
1999 (projected)	329,048
2000	658,096

Lease term payments:

<u>Year</u>	<u>Amount</u>
2001 (anticipated year 1)	-0-
2002 (year 2)	255,000 (\$21,250 paid monthly years 2 through 30)
2003	255,000
2004	255,000
2005	255,000
2006	255,000
2007	255,000
2008	255,000
2009	255,000
2010	255,000
2011	255,000
2012	255,000
2013	255,000
2014	255,000
2015	255,000
2016	255,000
2017	255,000
2018	255,000
2019	255,000
2020	255,000
2021	255,000
2022	255,000
2023	255,000
2024	255,000
2025	255,000
2026	255,000
2027	255,000
2028	255,000
2029	255,000
2030 (year 30)	255,000

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Operations and Maintenance payments:

<u>Year</u>	<u>\$ Amount</u>
2001 (1 st year of operation)	45,000
2002 thru 2030	adjusted for inflation per agreement