



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 29, 2014

Ordinance 17854

Proposed No. 2014-0273.2

Sponsors McDermott

1 AN ORDINANCE relating to lease terms; and amending
2 Ordinance 12045, Section 17, as amended, and K.C.C.
3 4.56.180.

4 STATEMENT OF FACTS:

- 5 1. Offering lease terms of up to twenty-five years is consistent with
6 commercial retail leasing practices.
- 7 2. Longer lease terms allow King County to be competitive in securing
8 retail tenants, especially national, credit tenants.
- 9 3. Longer leases enable retail tenants to amortize tenant improvement
10 investments over a longer term.

11 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

12 SECTION 1. Ordinance 12045, Section 17, as amended, and K.C.C. 4.56.180 are
13 each hereby amended to read as follows:

14 A. The county may lease real property for a term of years and upon such terms
15 and conditions as may be deemed in the best interests of the public and the county. A
16 lease shall not be for a longer term in any one instance than ten years, except as follows:

- 17 1. If the county determines it to be in the best interest of the county, real
18 property necessary to the support or expansion of an adjacent facility may be leased to

19 the lessee of the adjacent facility for a term to expire simultaneously with the term of the
20 lease of the adjacent facility, but not to exceed thirty-five years;

21 2. If the county determines it to be in the best interest of the county, if the
22 property to be leased is improved or is to be improved and the value of the improvement
23 is or will be at least equal to the value of the property to be leased, the county may lease
24 the property for a term not to exceed thirty-five years;

25 3. If the property to be leased is to be used for public recreation and police
26 training purposes, for parks and recreation purposes, for a hospital or a medical training
27 and research facility, for a childcare facility to be improved with full or partial funding
28 from a government-sponsored childcare bonus program, for the county's own use in
29 accordance with a lease or leaseback arrangement entered into under K.C.C. 4.56.160.E.
30 or for major airport, industrial, office or other commercial purposes or transit-oriented
31 development, requiring extensive improvements, the county may lease the property for a
32 term equal to the estimated useful life of the improvements, but not to exceed fifty years;
33 unless the property is leased to a public housing authority or nonprofit organization in
34 accordance with RCW 36.34.135, in which case the term may extend to seventy-five
35 years; ((and))

36 4. Leases entered into under K.C.C. 4.56.160.D. may extend for the period of
37 years necessary to amortize the special purpose funds, not to exceed twenty-five years;
38 and

39 5. Leases and subleases for retail uses in county buildings, including those
40 originally developed in accordance with K.C.C. 4.56.160.E., may be leased for a term not
41 to exceed twenty-five years.

42 B. The lessee shall not improve or alter the leased property in any manner
43 without the prior written consent of the county, but shall, before making improvements or
44 alterations, submit plans and designs for the improvement or alteration to the county for
45 approval. If the plans and designs are disapproved, the improvements or alterations shall
46 be made only with such changes as may be required by the county. Unless otherwise
47 stipulated, all improvements or alterations erected or made on the leased property shall,
48 on expiration or sooner termination of the lease, belong to the county without
49 compensation to the lessee, but the county shall have the option, to be exercised on
50 expiration or sooner termination of this lease, to require the lessee to remove any or all of
51 the improvements or alterations. If the lessee fails substantially to make the
52 improvements or alterations required by the lease, the lease shall be terminated and all
53 rentals paid shall be forfeited to the county.

54 C. Except for lease or leaseback arrangements entered into under K.C.C.
55 4.56.160.E., any lease made for a period longer than five years shall contain provisions
56 requiring the lessee to permit the rents to be adjusted and fixed by the county every five
57 years, but any lease may provide for more frequent readjustments. If the lease permits
58 the county to adjust the rent, the county shall give the lessee written notice of the adjusted
59 rent, in accordance with the terms of the lease. The rent as adjusted shall take effect
60 thirty days after the date of the notice unless the lessee, within thirty days following the
61 receipt of the notice from the county, gives the county written notice of the lessee's
62 rejection of the adjusted rent. If the lessee and the county cannot agree upon the rental
63 readjustment, the rent shall be adjusted by arbitration. For arbitration, the lessee and the
64 county shall each select one disinterested arbitrator and the two selected arbitrators shall

65 select a third. If the two arbitrators have not selected a third arbitrator within thirty days
66 after the selection of the last selected of the two, either the lessee or the county shall
67 apply to the presiding judge of the superior court for King County for the appointment of
68 a third arbitrator. Each arbitrator must be a member of the American Institute of Real
69 Estate Appraisers, the Society of Real Estate Appraisers or other appraisal society or
70 association having equivalent ethical and professional standards. If a licensing
71 requirement for real estate appraisers is imposed by any legislative body, each arbitrator
72 shall also be so licensed. The three arbitrators shall determine a fair rent for the premises
73 based upon the fair market rental value of the property, as defined in K.C.C. 4.56.010.
74 The decision of a majority of the arbitrators shall bind both the lessee and the county. At
75 the conclusion of the arbitration, the arbitrators shall submit written reports to the lessee
76 and the county. The cost of the arbitration shall be divided equally between the lessee
77 and the county.

78 D. Except as provided in K.C.C. 4.56.150.D. and E. and 4.56.160.D. the rent of
79 all leases of county real property shall be based upon fair market rental value, as defined
80 in K.C.C. 4.56.010.

81 E. No lease shall be assigned or subleased without the assignment or sublease
82 being first authorized by the county in writing. All leases, when drawn, shall contain this
83 provision.

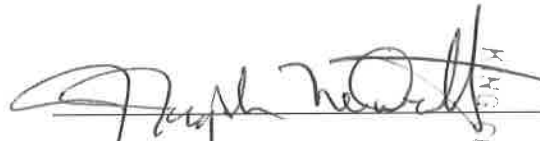
84 F. Notwithstanding the other provisions of this chapter and following such
85 procedures as may be determined appropriate by the council, the executive may enter into
86 long-term master leases of county property under which developers: would develop the
87 property into office and other space required or approved by the county; would lease

88 some of space back to the county and may lease space unneeded by the county to private
89 or public entities for private or public uses as approved by the county council; and would
90 convey all leasehold improvements to the county at the expiration or termination of the
91 master leases. A master lease shall be subject to approval by the council.
92

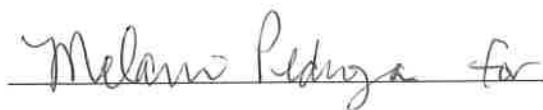
Ordinance 17854 was introduced on 7/7/2014 and passed by the Metropolitan King County Council on 7/28/2014, by the following vote:

Yes: 8 - Mr. von Reichbauer, Mr. Gossett, Ms. Hague, Ms. Lambert,
Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove
No: 0
Excused: 1 - Mr. Phillips

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:


Anne Noris, Clerk of the Council

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KING COUNTY COUNCIL
CLERK

APPROVED this 4 day of AUGUST, 2014.


Dow Constantine, County Executive

Attachments: None
