

04/29/98

Introduced By: Rob McKenna

pj

Proposed No.: 97-038

ORDINANCE NO. **13125**

AN ORDINANCE amending King County Code chapter 4.56 and establishing new requirements for any property lease/leaseback arrangements entered into by the county.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Ordinance 12045, Section 15, as amended and K.C.C. 4.56.160 are hereby amended to read as follows:

Manner of awarding lease or rental agreement. A. Except as provided in paragraphs D and E of K.C.C. 4.56.150, and paragraphs D and E of this section, fair market rental value, as defined in K.C.C. 4.56.010, shall be the basis for all leases of county real property. All leases will be awarded upon the best terms and conditions available to the county.

B. Except as provided in paragraphs D and E of this section, when the county authorizes a new lease, or the renewal of a lease once executed and delivered, the property services division shall make an appraisal of the fair market rental value of such property, and such fair market rental value will serve as the basis for the new lease or renewal. After said review, the manager of the property services division shall determine whether the new lease, or renewal of an existing lease, is to be awarded by competitive bidding or by

1 negotiation with interested parties without bidding. New leases shall be awarded by
2 competitive bidding unless the manager of the property services division determines it is
3 advantageous to the county to negotiate without bidding. In the event the county
4 negotiates the award of lease contracts, the property services division shall submit to the
5 executive the reasons for recommending award through negotiation rather than
6 competitive bidding. At the option of the executive, competitive bidding may be required.
7 The county shall give notice of its intention to execute a lease by publishing a notice in a
8 legal newspaper at least once a week for the term of two weeks. The notice so published
9 shall adequately describe the property to be leased((,)) and shall contain a notice that a
10 copy of the lease is available for public inspection at the property services division. Such
11 notice requirement shall not apply to leases or renewals awarded through competitive
12 bidding((,)) or pursuant to the provisions of paragraphs D and E of this section. Every new
13 lease, or extension, modification or renewal of a lease, once executed and delivered, shall
14 be signed or caused to be signed((,)) by the county executive, in accordance with Section
15 320.20 of the King County (~~Home Rule~~) Charter, following analysis and
16 recommendations of the manager of the property services division and the county
17 department having custodianship of the property. After awarding of the new lease,
18 modification, extension or renewal, a copy of the instrument((,)) as executed and delivered
19 shall be available for public inspection at the property services division.

20 C. When the county elects to lease its property pursuant to public bidding, the county
21 shall advertise to the extent which the county deems necessary to effect an advantageous
22 lease. Such advertising shall include publishing a notice in a legal newspaper at least once
23 a week for three consecutive weeks, the last notice to appear no more than five days prior

1 to the date of the auction or bid opening. When a lease of county real property is awarded
2 through competitive bidding, the lease shall be awarded to the highest responsible bidder;
3 provided, that whenever there is reason to believe that the highest acceptable bid is not the
4 best rental obtainable, all bids may be rejected and the county may call for new bids or
5 enter into direct negotiations to achieve the best possible rental. Each bid, with the name of
6 the bidder, shall be recorded by the property services division, and each record, with the
7 name and address of the successful bidder and the amount of the successful bid, shall, after
8 the awarding of the lease, be open to public inspection at the property services division. In
9 determining the highest responsible bidder, in addition to rental, the following elements
10 shall be given consideration:

- 11 1. The financial responsibility of the bidder, and references therefor;
- 12 2. The previous and existing compliance by the bidder with the terms of other
13 leases of county real property and the laws relating thereto;
- 14 3. Such other information as may be secured relevant to the decision to award the
15 lease.

16 D. If property was obtained by the county through the proceeds of grants or other
17 special purpose funding from either ~~((or both))~~ the federal ~~((and))~~ or state government, or
18 both, ((wherein)) in which a specific public purpose(s) is set forth as a condition of use for
19 such property, the purpose(s) to be limited to the provision of social and health services or
20 social and health services facilities as defined in chapter 43.83D RCW, and upon
21 recommendation by the county executive and approval by the county council, the property
22 services division may obtain and lease out the property pursuant to such terms and
23 conditions as are consistent with said purposes; provided, that in the event such property

1 is leased pursuant to the provisions of this subsection, the lessee(s) shall be limited to
2 private, nonprofit corporations duly organized according to the laws of the state of
3 Washington, which (~~nonprofit corporations~~) are exempt from taxation under 26 U.S.C.
4 Section 501(b) as amended and which (~~nonprofit corporations~~) are organized for the
5 purpose of operating social and health services facilities as defined by chapter 43.83D
6 RCW.

7 E. If the county desires to have a building for its use erected on land owned or to
8 be acquired by the county, the property services division may lease the land for a
9 reasonable rental; provided, that the county shall lease back the building or a portion
10 thereof for the same term as established for the land lease. The leases shall include the
11 following provisions:

12 1. No part of the cost of construction of the building shall ever be or become an
13 obligation of King County;

14 2. King County shall have a prior right to occupy any or all of the building upon
15 payment of rent as agreed upon by the parties, which rent shall not exceed prevailing rates
16 for comparable space;

17 3. During any time that all or any portion of the building is not required for
18 occupancy by King County, the lessee of the land may rent the unneeded portion to
19 suitable tenants approved by King County; and

20 4. Upon expiration of the leases, all buildings and improvements on the land
21 shall become the property of King County.

22 SECTION 2. Ordinance 12045, Section 17, as amended and K.C.C. 4.56.180 are
23 hereby amended to read as follows:

1 Lease terms. A. The county may lease real property for a term of years and upon such
2 terms and conditions as may be deemed in the best interests of the public and the county. No
3 lease shall be for a longer term in any one instance than ten years; provided, that when the
4 county determines it to be in the best public interest, real property necessary to the support or
5 expansion of an adjacent facility may be leased to the lessee of the adjacent facility for a term
6 to expire simultaneously with the term of the lease of the adjacent facility, but not to exceed
7 thirty-five years, provided((§)) further, that when the county determines it to be in the best
8 public interest, where the property to be leased is improved or is to be improved, and the
9 value of the improvement is or will be at least equal to the value of the property to be leased,
10 the county may lease such property for a term not to exceed thirty-five years; provided((§))
11 further, that where the property to be leased is to be used for public recreation and police
12 training purposes, for a hospital or a medical training and research facility, for the county's
13 own use pursuant to a lease/leaseback arrangement entered into pursuant to the provisions of
14 K.C.C. 4.56.160E or for major airport, industrial, office or other commercial purposes,
15 requiring extensive improvements, the county may lease such property for a term equal to the
16 estimated useful life of the improvements, but not to exceed fifty years; provided further, that
17 leases entered into pursuant to the provisions of paragraph D of ((Section)) K.C.C. 4.56.160
18 may extend for the period of years necessary to amortize the special purpose funds, not to
19 exceed twenty-five years.

20 B. The lessee shall not improve or alter the leased property in any manner without the
21 prior written consent of the county, but shall, before making improvements or alterations,
22 submit plans and designs therefor to the county for approval. In the event that the plans and
23 designs are disapproved, such improvements or alterations shall be made only with such

1 changes as may be required by the county. Unless otherwise stipulated, all improvements or
2 alterations erected or made on the leased property shall, on expiration or sooner termination
3 of the lease, belong to the county without compensation to the lessee; provided, however, that
4 the county shall have the option, to be exercised on expiration or sooner termination of this
5 lease, to require the lessee to remove any or all such improvements or alterations. If the
6 lessee fails substantially to make the improvements or alterations required ~~((of him))~~ by the
7 lease, the lease shall be terminated and all rentals paid shall be forfeited to the county.

8 C. Except for lease/leaseback arrangements entered into pursuant to the provisions of
9 K.C.C. 4.56.160E, ~~((A))~~ any lease made for a longer period than five years shall contain
10 provisions requiring the lessee to permit the rentals to be adjusted and fixed by the county
11 every five years; provided that any lease may provide for more frequent readjustments.
12 When the lease permits the county to adjust the rent, the county will give the lessee written
13 notice of the adjusted rent, in accordance with the terms of the lease. The rent as adjusted
14 shall take effect thirty days after the date of the notice. Unless the lessee, within thirty days
15 following the receipt of the notice from the county, gives the county written notice of
16 ~~((his/her))~~ his or her rejection of the adjusted rent, the rent as adjusted by the county will be
17 the rent for the appropriate period. If the lessee and the county cannot agree upon the rental
18 readjustment, the rent for the period will be adjusted by arbitration. The lessee and the
19 county will each select one disinterested arbitrator ~~((each))~~, and the two selected arbitrators
20 will select a third. If the two arbitrators have not selected a third arbitrator within thirty days
21 after the selection of the last selected of the two, either the lessee or the county will apply to
22 the presiding judge of the ~~((S))~~ superior ~~((C))~~ court in King County for the appointment of a
23 third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate

1 Appraisers, the Society of Real Estate Appraisers((s)) or other appraisal society or association
2 having equivalent ethical and professional standards. If, in the future, a licensing requirement
3 for real estate appraisers is imposed by any legislative body, each arbitrator will also be so
4 licensed. The three arbitrators will determine a fair rent for the premises based upon the fair
5 market rental value of the property, as defined in K.C.C. 4.56.010. The decision of a
6 majority of the arbitrators will bind both the lessee and the county. At the conclusion of the
7 arbitration, the arbitrators will submit written reports to the lessee and the county. The cost
8 of the arbitration will be divided equally between the lessee and the county.

9 D. Except as provided in paragraphs D and E of ~~((Section))~~ K.C.C. 4.56.160, the rent
10 of all leases of county real property shall be based upon fair market rental value, as defined in
11 K.C.C. 4.56.010.

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

14 F. Notwithstanding the other provisions of this chapter, following such procedures as
15 may be determined appropriate by the council, the executive may enter into long-term master
16 leases of county property under which developers would develop such property into office
17 and other space required or approved by the county, would lease certain of such space back to
18 the county and may lease space unneeded by the county to private or public entities for

1 private or public uses as approved by the county council, and would convey all leasehold
2 improvements to the county at the expiration or termination of such master leases. Each such
3 master lease shall be subject to approval by the council.

4 SECTION 3. The effective date of this ordinance shall be June 15th, 1998.

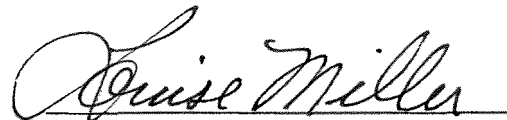
5 INTRODUCED AND READ for the first time this 13th day of

6 January, 1997

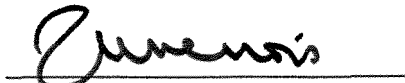
7 PASSED by a vote of 12 to 0 this 4th day of May

8 1998.

9 KING COUNTY COUNCIL
10 KING COUNTY, WASHINGTON

11 
12 Chair

13 ATTEST:

14 
15 Clerk of the Council

16 APPROVED this 13 day of May, 1998.

17 
18 King County Executive

19 Attachments: none