



INFORMATIONAL MEMORANDUM

TO: Finance and Governance

FROM: Brandon Miles, Director

CC: Thomas McLeod

DATE: October 7, 2024

SUBJECT: Sound Cities Association Lease Agreement (2025/26)

ISSUE

The current lease agreement for office space in the 6300 building with Sound Cities Association (SCA) expires on December 31, 2024. Staff is proposing to enter into a new two-year lease agreement with SCA.

BACKGROUND

SCA is a local non-profit corporation composed of member cities with a population of with 150,000 or fewer people that works locally and partners regionally to create livable, vital communities through advocacy, education, leadership, mutual support and networking. The City of Tukwila is a member of SCA. Since 2006 SCA has leased office space from the City in the 6300 building. The current two-year lease with SCA expires at the end of the year.

DISCUSSION

Staff is proposing a two-year lease agreement from January 1, 2025 – December 31, 2026, to coincide with the biennium budget cycle. The rent per square foot, per year, will increase modestly. The total annual revenue for 2025 will be \$28,495.00 and in 2026 the revenue will be \$29,189.00.

Revised Code of Washington 35A.11.010 and 35A.11.020 all lease agreements must go before City Council for authorization, unless the City Council has delegated its authority.

FINANCIAL IMPACT

Unless terminated, as permitted under the agreement, the lease agreement will generate \$57,684.00 in general fund revenue for the City.

RECOMMENDATION

The Committee is being asked to forward this item to the November 4 consent agenda for final approval to authorize the Mayor to execute the new lease agreement.

ATTACHMENTS

- Draft lease agreement with Sound Cities Association for office space in the 6300 building.



LEASE AGREEMENT

THIS LEASE AGREEMENT is made between the **City of Tukwila** (“the City” or “Lessor”) and **Sound Cities Association** (“Sound Cities Association” or “Lessee”).

IN CONSIDERATION OF the mutual benefits and conditions hereinafter contained, the parties hereto agree as follows:

- Premises.** Lessor is the owner of the commercial property located at 6300 Southcenter Boulevard, Tukwila, Washington (the “Property”). Lessor does hereby agree to lease to Lessee, a portion of the Property consisting of approximately 1,460 rentable square feet (the “Premises”). The Premises do not include the exterior walls, roof, land beneath, pipes, ducts, conduits, wires, fixtures and equipment above the suspended ceiling, or any other portion of the Property or the buildings thereon. The City and Lessee agree that the Lessee’s pro-rata share of the Property that the Premises are a part of is 3.45%, based on the ratio of the agreed rentable area of the Premises to the agreed rentable area of the entire Property as of the date of this Lease.
- Term.** This Agreement shall be in full force and effect for a period commencing January 1, 2025 and ending December 31, 2026, unless sooner terminated under the provisions set forth in Section 22. Upon termination of this Lease the Lessee shall surrender all keys and/or access cards to the City.
- Possession.** Lessee shall be deemed to have accepted possession of the Premises in an “as-is” condition. The City makes no representations to Lessee regarding the Premises including the structural condition of the Premises and the condition of all mechanical, electrical and other systems. Lessee shall be responsible for performing any work necessary to bring the Premises into condition satisfactory to Lessee. Lessee shall not engage in any improvements or alterations to the Premises without the express written consent of the City.
- Rent.** Base rent shall be set at \$19.50 per square feet per year, or \$28,459.00 per year, to be paid in monthly installments of \$2,371.62 for the period of January 1, 2025 – December 31, 2025 and \$20.00 per square feet per year, or \$29,189.00 per year, to be paid in monthly installments of \$2,431.43 for the period of January 1, 2026 – December 31, 2026. Rent shall be due on the first day of each month. If payment is not received by the fifth day of each month, Lessee shall be responsible for paying a late fee equivalent to five percent (5%) of the delinquent amount in addition to the past due payment. All delinquent sums not paid within thirty (30) days of the due date shall bear interest at the rate of twelve percent (12%) per



annum. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment. The City's acceptance of less than the full amount of any payment due from Lessee shall not be deemed an accord and satisfaction or compromise of such payment.

5. **Leasehold Excise Tax.** Lessee shall pay leasehold excise tax due pursuant to RCW 82.29A to Lessor by the first day of each month at the rate of 12.84% of the base rent set forth in Section 4 herein, such amount being \$304.44.00 per month for January 1, 2025 – December 31, 2025 and \$312.15 per month for January 1, 2026 – December 31, 2026. The leasehold excise tax shall be paid in addition to the monthly rental payment and any other payments required under this Lease. If the State of Washington changes the leasehold excise tax, the tax payable by the Lessee each month under this Lease shall be correspondingly modified in compliance with RCW 82.29A without further action by the parties.
6. **Use of Premises by Lessee.** Lessee shall use the Premises for general office use. The Premises shall be used only for the uses specified herein and for not for any other business or purpose without the prior written consent of the City. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises or cause the cancellation of any insurance on the Premises. Lessee shall not commit or allow to be committed any waste upon the Premises or any public or private nuisance. Lessee shall not do or permit anything to be done on the Premises which will obstruct, cause injury or interfere with the rights of other tenants, or occupants of the Premises or their customers, clients and visitors.
7. **Lessee Maintenance and Repair Responsibility.** Lessee shall, when and if needed, at Lessee's sole expense, make repairs to the Premises and every part thereof; and Lessee shall maintain the Premises in a neat, clean, sanitary condition. Lessee shall surrender the Premises to the City in good condition upon the termination of this Lease, reasonable wear and tear expected.
8. **Signage.** Lessee shall obtain the City's written consent before installing any signs on the Premises and shall install any approved signage at Lessee's sole expense and in compliance with all applicable laws. Lessee shall not damage or deface the Premises when installing or removing signage and shall repair any damage to the Premises caused by such installation or removal.
9. **Utilities, Equipment and Services.** The City shall provide the Premises with the following services, the cost of which shall be included in the rent paid by Lessee: water, electricity, and heating/cooling seven (7) days per week and janitorial services five (5) nights per week, exclusive of holidays.



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The Lessee shall pay the City \$110 per month for internet service, payable on the first of each month along with rent.

The City shall provide six (6) extensions to the City phone system for use by the Lessee and will maintain the phone system at no additional cost to the Lessee. Lessee shall be responsible for all costs associated with long distance and other toll calls which may be billed separately by the City. Charges will be invoiced upon receipt of phone bill and will be payable within 30-days.

On an annual basis, the Lessee shall provide an inventory list to the City detailing hardware equipment and software utilized by the Lessee. Any hardware equipment or software requested for purchase by the City to update the Lessee's inventory will be billed to the Lessee at actual cost. Any hardware equipment or software purchased by the Lessee shall be reviewed by the City's Technology and Innovation Service Center for system compatibility and supportability prior to purchase and installation.

Virus checking software and that has been approved by the City's Technology and Innovation Service Center is mandatory on all Lessee computers, laptops and servers in use by the Lessee. Any virus signature files released by the virus checking software company shall be set to automatically update to keep the Lessee's software updated to the latest version available.

10. **Destruction of Premises.** If the Premises are completely or partially destroyed by fire or other casualty, or if they are damaged by an uninsured casualty, or by an insured casualty to such an extent that the damage cannot be repaired within sixty (60) days of the occurrence, the City shall have the option to restore the Premises or to terminate this Agreement on thirty (30) days written notice, effective as of any date not more than sixty (60) days after the occurrence. If this Section becomes applicable, the City shall advise the Lessee within thirty (30) days after such casualty whether the City elects to restore the Premises or to terminate this Agreement. If the City elects to restore the Premises, it shall commence and complete the restoration work with due diligence. For the period from the date of the casualty until completion of the repairs (or the date of termination of this Agreement, if the City elects not to restore the Premises) the monthly base rent shall be abated in the same proportion that the untenable portion of the Premises bears the whole thereof, unless the casualty results from Lessee's negligence or its breach of obligations under this Agreement.
11. **Hazardous Substances.** Lessee shall not generate, release, spill, store, deposit, transport or dispose of (collectively "Release") any hazardous substances, sewage, petroleum products,



radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants or substances defined as hazardous or toxic in accordance with applicable federal, state and local laws and regulations in any reportable quantities (collectively “Hazardous Substances”) in, on or about the Premises. Lessee shall attach a separate list of Hazardous Substances they propose to store on site and the City must accept the list in writing or Hazardous Substances cannot be stored on site. The Lessee shall indemnify, hold harmless and defend the City from any and all claims, liabilities, losses, damages, clean-up costs, response costs and expenses, including reasonable attorneys’ fees, arising out of or in any way related to the Release by the Lessee or any of its agents, representatives or employees, or to the presence of such Hazardous Substances in, on or about the Premises occurring at any time after the effective date of this Agreement to the full extent of the Lessee’s liability.

12. **Alterations and Additions.** After obtaining the prior written consent of the City, Lessee may make, at its sole expense, such additional improvements or alterations to the Premises which it may deem necessary or desirable. Any repairs or new construction done by Lessee shall be done in conformity with plans and specifications approved by the City. All work performed shall be done in a workmanlike manner and shall become the property of the City.
13. **Liens.** Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee.
14. **Insurance.** The Lessee shall procure and maintain for the duration of the Lease, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Lessee’s operation and use of the leased Premises.
 - a. **No Limitation**

The Lessee’s maintenance of insurance as required by the Lease shall not be construed to limit the liability of the Lessee to the coverage provided by such insurance, or otherwise limit the City’s recourse to any remedy available at law or in equity.
 - b. **Minimum Scope of Insurance.** The Lessee shall obtain insurance of the types described below:
 - i. Commercial General Liability insurance shall be at least as broad as Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover premises and contractual liability. The City shall be named as additional an insured on Lessee’s Commercial General Liability insurance policy using ISO Additional Insured-Managers or Lessors of Premises Form CG 20 11 or a substitute endorsement providing at least as broad coverage.
 - ii. Property insurance shall be written on an all risk basis.



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- c. Minimum Amounts of Insurance. Lessee shall maintain the following insurance limits:
 - i. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate.
 - ii. Property insurance shall be written covering the full value of the Lessee's property and improvements with no coinsurance provisions.
- c. Other Insurance Provisions. The Lessee's Commercial General Liability insurance policy or policies are to contain or be endorsed to contain that they shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be in excess of the Lessee's insurance and shall not contribute with it.
- d. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M Best rating of not less than A: VII.
- e. Verification of Coverage. Lessee shall furnish the City with original certificates and a copy of any applicable amendatory endorsements including, but not necessarily limited to, the additional insured endorsement evidencing the insurance requirements of the Lessee.
- f. Waiver of Subrogation. Lessee and the City hereby release and discharge each other from all claims, losses, and liabilities arising from or caused by any hazard covered by property insurance on or in connection with the Premises or said building. This release shall apply only to the extent that such claim, loss or liability is covered by insurance.
- g. City's Property Insurance. The City shall purchase and maintain during the term of this Lease, all-risk property insurance covering the Building for full replacement value without any coinsurance provisions.
- h. Notice of Cancellation. The Lessee shall provide the City with written notice of any policy cancellation, within two (2) business days of receiving such notice.
- i. Failure to Maintain Insurance. Failure on the part of the Lessee to maintain the required insurance shall constitute a material breach of this Lease upon which the City may, after giving five (5) business days notice to the Lessee to correct the breach, terminate this Lease or, at its discretion, procure or renew such insurance and pay and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.
- j. City Full Availability of Lessee Limits. If the Lessee maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Lessee, irrespective



of whether such limits maintained by the Lessee are greater than those required by this Lease or whether any certificate of insurance furnished to the City evidence limits of liability lower than those maintained by the Lessee.

15. **Indemnification and Hold Harmless.** Lessee shall defend, indemnify, and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of Lessee's use of Premises, or from the conduct of Lessee's business, or from any activity, work or thing done, permitted, or suffered by Lessee in or about the Premises, except only such injury or damage as shall have been occasioned by the sole negligence of the City. It is further specifically and expressly understood that the indemnification provided herein constitutes the Lessee's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated and agreed to by the Lessee and City. The provisions of this section shall survive the expiration or termination of this Lease.
16. **Assignment and Subletting.** Lessee shall not assign this Lease or sublet any portion of the Premises. Any sublease or assignment made in violation of this provision shall be void.
17. **Default.** Failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease, where such failure shall continue for a period of ten (10) days after written notice from the City to cure the default, shall constitute a default and breach of this Lease. Lessee shall notify the City promptly of any default not by its nature necessarily known to the City.
18. **Access.** After reasonable notice from the City (except in the cases of emergency where no notice is required) the Lessee shall permit the City and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, alterations, improvements or inspections. This section shall not impose any repair or other obligation upon the City not expressly stated elsewhere in this Agreement.
19. **Compliance with Laws, Rules and Regulations.** Lessee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force relation to or affecting the conditions, use, or occupancy of the leased premises. Lessee shall faithfully observe and comply with City rules and regulations.
20. **Permits.** Lessee shall, at its sole cost and expense, be responsible for obtaining any required permits and licenses necessary to perform the work and covenants of this Lease.



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21. **Notices.** All notices under this Lease shall be in writing and shall be effective when mailed by certified mail or delivered to the addresses listed below.

Notices to Lessor shall be sent to:
City of Tukwila
ATTN: Mayor's Office
6200 Southcenter Boulevard
Tukwila WA 98188

Notices to Lessee shall be sent to:
Sound Cities Association
ATTN: Executive Director
6300 Southcenter Blvd, Suite 206
Tukwila WA 98188

22. **Termination.** Either party may terminate this Agreement if the other party is in default as outlined in Section 17 or at any time on or before the expiration of this Lease by providing a minimum of thirty (30) days written notice to the other party.
23. **Applicable Law; Venue: Attorneys' Fees.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding is instituted to enforce any term of this Agreement, the parties specifically understand and agree that venue shall be in King County, Washington. The prevailing party in any such action shall be entitled to its attorneys' fees and costs of suit.
24. **Authority of Lessee.** The Lessee and the individual executing this Lease on behalf of the Lessee represent and warrant that s/he is duly authorized to execute and deliver this Lease and upon execution this Lease is binding upon the Lessee in accordance with the terms herein.
25. **Waiver and Forbearance.** No waiver by the City of any breach or default by the Lessee of any of its obligations or covenants herein shall be deemed to be a waiver of any subsequent breach or default of the same or any other obligation or covenant, nor shall forbearance by the City to seek remedy for any break or default of the Lessee be deemed a waiver by the City of its rights and remedies with respect to such breach or default.
26. **Entire Agreement - Modification.** This Lease Agreement together with all exhibits or addenda expressly incorporated herein by reference and attached hereto shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. Except as otherwise provided, no modification or amendment of this Lease Agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.
27. **Severability and Survival.** If any term, condition or provision of this Lease is declared void or unenforceable or limited in its application or effect, such event shall not affect any other provisions hereof and all other provisions shall remain fully enforceable.



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CITY OF TUKWILA

SOUND CITIES ASSOCIATION

By: _____
Thomas McLeod
Mayor

By: _____
Executive Director

Attest:

By: _____
Andy Yuon City Clerk

Approved as to form:

By: _____
City Attorney

DRAFT



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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Allan Ekberg is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the City of Tukwila to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 2022.

(Print Name)

Residing at _____

My appointment expires _____

[Stamp or Seal]

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Deanna Dawson is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it the Executive Director of Sound Cities Association to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 2022.

Notary Public for Washington

(Printed or Stamped Name of Notary)

Residing at _____

My appointment expires: _____

[Stamp or Seal]