



CITY OF WOODINVILLE, WA
REPORT TO THE CITY COUNCIL
17301 133rd Avenue NE, Woodinville, WA 98072
WWW.CI.WOODINVILLE.WA.US

To:	Honorable City Council	Date: 05/02/2017
By:	Blaine Fritts, Finance Director	
Subject:	12-Month Lease Extension of Public Works Building to Sierra Construction	
FINANCIAL ACTION SUMMARY		
Expenditure Required	Amount Budgeted/Approved	Additional Amount Required
\$0	\$0	\$0

ISSUE: Shall the City Council approve a twelve-month lease extension of the Public Works building to Sierra Construction?

RECOMMENDATION: To approve the lease extension as presented.

BACKGROUND/DISCUSSION: In 2010, the City purchased a new Public Works facility at 19900 144th Avenue NE. Part of that purchase included a two-year lease of approximately 10,000 square feet of the building to Sierra Construction (the seller of the property). That lease has subsequently been extended seven times since then, mostly recently through December 31, 2017. Sierra Construction has expressed a desire to extend the existing lease terms another 12 months, to December 31, 2018. Historically, each annual lease extension would include a 2% rent increase. However, Sierra is spending over \$50,000 on long term improvements to their space, including new carpet, new entry tile, new bathroom plumbing fixtures and lights, as well as repainting all the interior walls throughout the office. In light of the tenant improvements the lease extension proposed maintains the rent at the 2017 lease amount of \$8,200 per month.

We've operated the Public Works Facility since 2010 with Sierra Construction as a tenant and have found the current lease situation to be satisfactory, under current conditions. Extending the lease for twelve additional months is not expected to negatively affect our operation of the facility and will provide adequate cash flow to help maintain and operate the facility.

ALTERNATIVES:

1. Approve the lease extension, as presented
2. Reject the lease extension, and provide direction to the staff
3. Take no action

RECOMMENDED MOTION:

I MOVE TO APPROVE A 12-MONTH LEASE EXTENSION, THROUGH DECEMBER 31, 2018, FOR THE PUBLIC WORKS FACILITY WITH SIERRA CONSTRUCTION, SUBSTANTIALLY IN THE FORM PRESENTED; AND AUTHORIZE THE CITY MANAGER TO TAKE ALL NECESSARY ACTIONS TO IMPLEMENT THIS DECISION.

Attachment 1: Lease Amendment #8 with Sierra Construction at the Public Works Shop.

LEASE AMENDMENT #8

Dated: April 3, 2017

To that certain Lease Agreement made by and between City of Woodinville, as Landlord, and Sierra Construction Company, Inc., as Tenant.

WITNESSETH:

Landlord and Tenant are parties to a Lease Agreement dated December 15, 2010, along with Amendment #1 dated November 22, 2010, Amendment #2 dated February 1, 2012, Amendment #3 dated May 2, 2014, Amendment #4 dated September 15, 2014, Amendment #5 dated February 23, 2015, Amendment #6 dated July 9, 2015 and Amendment #7 dated 8/10/16 ("The Lease Agreement"), which leases office space located at 19900 144th Ave NE, Woodinville, WA 98072.

Landlord and Tenant hereby agree that the Lease Agreement shall be amended in consideration of the mutual covenants set forth hereinafter and accordance with the terms and conditions set forth herein.

- 1) The term of the Lease Agreement shall be extended for twelve (12) months. The new Termination Date will be December 31, 2018.

All other terms and conditions of The Lease Agreement as amended shall remain in full force and effect.

Approved and Accepted on the date indicated below.

LANDLORD:

City of Woodinville, a Washington government Entity

Name: Dated
Title:

TENANT:

Sierra Construction Company, Inc., a Washington Corporation



Roger Collins Dated 4/3/17
CEO