



King County

Budget and Fiscal Management Committee

STAFF REPORT

Agenda Item:	7 & 8	Name:	Polly St. John
Proposed No.:	PO 2011-0337 PO 2011-0338	Date:	August 16, 2011

SUBJECT:

Proposed Ordinances 2011-0337 and 2011-0338 would implement the long term space and strategic planning goals to consolidate District Court operations in the south county at the Norm Maleng Regional Justice Center (MRJC) and to do so by relocating the King County Sheriff's Office (KCSO) Criminal Investigations Division (CID) unit from the MRJC to another location.

SUMMARY:

This staff report discusses a proposal that would begin the implementation of tenant improvements and moves necessary to consolidate District Court operations in the MRJC and to move the KCSO CID unit from the MRJC to another location – preferably the Chinook Building. *The Facilities Management Division (FMD) continues to work with the KCSO on the relocation of CID to ensure that operational and security issues are fully addressed. Consequently, the final location for CID is not confirmed at this time.* This finalization is not anticipated to affect the purchase and sale agreement between King County and the City of Kent.

The proposed ordinances would do the following:

1. **Proposed Ordinance 2011-0337** would make 2011 appropriations of \$1,649,005 to fund the design phase of a remodel at the MRJC and a new location for CID (preferably the Chinook Building, the associated necessary moves, and to support a KCSO long-range facilities plan.
2. **Proposed Ordinance 2011-0338** would approve a purchase and sale agreement between King County and the City of Kent for the sale of the Aukeen Courthouse.

BACKGROUND:

The proposed sale of the Aukeen Courthouse will be mutually beneficial to both the jurisdictions. The county will have the ability to fulfill long term policy goals for court consolidation and expansion and the city will have the ability to expand their municipal court and other criminal justice functions. Further, selling the facility to the city will provide the county much of the funding needed to achieve District Court consolidation at the MRJC and, at the same time, will save the city a portion of their anticipated costs for expanding the Aukeen facility to meet their criminal justice needs.

The County Perspective

The District Court, Executive, and Council initiated a planning effort for King County District Court in 2004 to determine the most appropriate operational and facility configuration for the court. The District Court Operational Master Plan (OMP) – adopted by the Council in May, 2005 – and the subsequent Facilities Master Plan (FMP) – adopted in September, 2007 – evaluated and made recommendations for the provision of court services. Both plans recommended a long term goal to relocate CID to Seattle from the MRJC and to backfill the MRJC with additional District Court courtrooms. The OMP recommended the consolidation of *"District Court facilities that exist in the same city"*. The FMP stated that the plan *"promote(s) access to justice, (and) consolidate(s) facilities in the same city"* and that *"because the District Court OMP recommended it, and the County Council agreed, all options assume that there will be a consolidation of the two facilities in Kent"*. Although the FMP recommends consolidation of Kent facilities, it does not recommend the best way to do so.

In Ordinance 15328, adopting the 2005 County Space Plan stated that: *"It is the intent of the council that the space plan shall provide additional space needs for the district court at the regional justice center in Kent through the conversion of vacated criminal investigation division space into courtrooms, jury rooms, and associated support space."*

The adopted policy direction contained in the 2005 Space Plan was:

- 1. The criminal investigation division (CID) in the King County sheriff's office shall be relocated to the downtown Seattle core complex of King County buildings. Any vacancy in the administration building resulting from the relocation of elections related functions shall be considered a priority location for the relocation of the sheriff's departmental functions.*
- 2. The Regional Justice Center space vacated by the CID shall be converted to courtrooms, jury rooms, and associated support space for use by the district court.*

There are a series of steps necessary to accomplish the District Court consolidation and merger into the MRJC, ultimately creating seven consolidated courtrooms in the MRJC. First, sell the Aukeen property to the city, which will generate a major portion of the funding to accomplish the consolidation. Second, move KCSO CID from the MRJC to make room for the court. And third, expand court operations at the MRJC, including additional support staff and security screening.

The City of Kent Perspective

The City of Kent currently leases space from the county in the Aukeen Courthouse for the provision of municipal court services. Under the terms of that lease, the city would have the right of first offer to purchase the property if the county decided to sell.

The city had previously identified that expansion of their space in the building was needed and that the estimated cost would be \$7 million to accomplish the capital improvements. The city's expansion costs could be avoided if the District Court vacated the space. Under the terms of the proposed purchase and sale agreement the city would purchase the

facility for \$5.6 million, saving the city approximately \$1.4 million while fulfilling the city's criminal justice space needs.

Preliminary Agreement

In March 2011, the city and county signed a non-binding letter of intent that identifies the business terms for the sale of the facility. Those terms include:

- Purchase price of \$5.6 million
- Sold in "as is" condition
- Provides city a 90 day due diligence period
- Closing will occur 30 days after Council approval of purchase and sale agreement and a move out schedule

The City of Kent Council reviewed and approved the purchase and sale agreement at its July 5, 2011 meeting. Minutes of that meeting indicate that the city council staff estimated that the sale would be approved at the end of August.

ANALYSIS:

This analysis will focus on the two main agencies affected by the consolidation – District Court and KCSO CID. However, it should be noted that other criminal justice tenants located at the MRJC will be affected. Those tenants include the Superior Court, the Department of Adult and Juvenile Detention, the Prosecuting Attorney, and the Office of the Public Defender. FMD has worked collaboratively with these agencies to ensure that their operations will remain intact. **Attachment 6**, a District Court Consolidation report, takes into consideration the space needs for justice system operations at the MRJC and specifically recommends that a longer term look be taken at KCSO needs and possible Superior Court capacity.

The Court Consolidation

Currently, the District Court uses two areas in the MRJC – a courtroom located in the basement – and a courtroom "borrowed" from the Superior Court through an interlocal agreement that is located on the 4th floor. The court also currently leases three courtrooms in the Renton District Court. This allows the District Court five courtrooms to service the south end of the county.

The proposed consolidation and expansion of District Court operations will create four courtrooms and a multi-purpose room into the space vacated by CID at the MRJC. The court will continue to use the two spaces that are currently allocated to the court in the MRJC. The remodel of the MRJC will increase the number of District Court courtrooms at the MRJC to six courtrooms plus a multi-purpose room – often referred to as seven courtrooms. (The proposed remodel also includes all support staff required for court operations.)

The remodel of the MRJC would effectively provide the District Court with two additional courtrooms at the facility upon completion of the project in 2013. With court use of seven courtrooms in the MRJC and four courtrooms in Burien, District Court will finally have courtroom space for all eleven judges elected out of the south electoral divisions.

Tenant improvements and move costs are estimated to total \$7.2 million for District Court and \$900,000 for CID, assuming a CID move into the Chinook building is determined to be viable.

The CID Move

The consolidation report analyzes four "frontrunner" options for the relocation of CID: the Chinook Building, a combined Courthouse/Chinook, the Blackriver Building in Renton, and an undesignated eastside location. The location analysis considers accessibility, adjacency, access within the facility, and parking. The four options were also analyzed by doing a twenty year cash flow and economic analysis.

The preferred location is the Chinook Building, which is adjacent to other criminal justice functions and has access to major transportation corridors. The Chinook Building has underutilized space – as identified in the 2011 County Space Survey that was a part of the work used to develop the new asset management plan. However, some unanticipated security and operational issues have been identified and FMD continues to work with KCSO to resolve them. As a result, a final recommendation for a new location for CID has not been finalized.

The report states that early cost estimates for tenant improvement and move costs for CID relocation to Chinook are approximately \$900,000. \$405,000 of that amount will be directed for the 2011 design and final cost estimates required to place CID in another location. However, it should be noted that relocation estimates vary with the alternatives considered and that the relocation in the Chinook Building would be the most cost effective, with the other alternatives incurring greater costs. (The move into the Courthouse would have the greatest remodel costs, followed by an eastside lease and the Black River Building.)

Conveyance of the Property

The District Court does not currently occupy the Aukeen Courthouse. The county decided to vacate the building in 2009 to ensure that District Court service delivery would not be interrupted in the event that Howard Hanson dam structural faults resulted in flooding in the Green River Valley. The District Court currently leases a space at the Renton District Court. It is anticipated that the court will remain at this location until the MRJC improvements are completed in 2013 and the new space is ready for occupancy. (It is possible that the 2012 proposed budget could include construction costs, as well as funding to pay for the lease and related operations and maintenance costs during the construction period. However, this funding could be transmitted as a stand-alone request by the Executive.)

Because the court does not occupy space in the Aukeen facility, court operations will not be interrupted by the proposed sale of the property and the city would not require a delay in the sale to wait for relocation of the District Court. The city hopes to complete the sale on a timeline occurring prior to the Council's budget deliberations beginning at the end of September¹.

¹ It is anticipated that the Executive will transmit the 2012 proposed budget on Monday, September 26.

Purchase of the Property

The purchase price of the property is \$5.6 million. The purchase and sale agreement will transfer the property in "as is" condition; consequently, there is an understanding that any "warranties" that are found at a later date, such as hazardous materials, structural conditions, or environmental hazards will not be a liability for the county. The agreement terms allow the city to purchase some furniture and to retain ecology blocks for the area that guard against flooding.

Timelines

According to the consolidation report, FMD estimates that District Court could occupy the MRJC and be operational within 18 to 20 months – resulting in a projected move in date of March 2013.

Implementation of the project can begin upon approval of the proposal by the Council. The first step would be the consolidation of space in the Chinook Building and the possible move of CID to this preferred option. The report envisions that the design, bid, and permitting would be completed by September 2011, with tenant improvements completed and a CID move in January 2012. The CID move date may vary, depending on the ultimate location option chosen and the number of tenant improvements that are necessary. However, FMD has confirmed that even if the CID move is delayed through June of 2012, the court should still be able to occupy the building on schedule in 2013.

Next steps would include the remodel of the MRJC for District Court relocation. Of note, other MRJC functions such as the Prosecuting Attorney's Office and the Department of Judicial Administration spaces may be moved in support of the District Court. The work will also move forward to consider maximizing Superior Court capacity at the MRJC.

Funding Assumptions (not included in the supplemental request)

The fiscal note for the proposed changes at the MRJC shows the full impact of the relocation. Identified effects include the following:

1. Debt Service – The proceeds from the sale of the property will not be sufficient to cover all anticipated costs. The Executive proposes to bond fund this gap funding. Annual debt service of \$222,656 is calculated at 4% for 20 years on \$3,025,969, with payments beginning in 2013. Payments are anticipated to be supported from the General Fund.
2. Oversight of the Sale – \$5,000 will be required to cover the cost of the purchase and sale oversight/processing by Real Estate Services. This small revenue will accrue in the FMD internal service fund. No expenditure authority is requested by FMD.
3. O&M (operations and maintenance) Cost Changes – The county will lose approximately \$80,000 per year in O&M charges from the city. \$55,000 per year in direct costs from the court will be lost to the FMD internal service fund. The CID O&M charges at the MRJC will be reduced when the move is accomplished, as will

the O&M charges for the court at Aukeen. However, District Court O&M charges will increase when they move into the remodeled MRJC.

The fiscal note shows 2013 court charges for O&M increasing by approximately \$300,000 per year due to more space usage at the facility. This difference results in a bottom line impact of about \$100,000 to the General Fund – or the difference between the higher charges to District Court vs. charges for CID.

Future CID O&M charges have not yet been determined because exact relocation has not yet been determined. O&M at the MRJC will be reduced by approximately \$335,000. If CID is located in the preferred option in the Chinook Building, the O&M charges are estimated at \$121,429.

4. Parking Fees – The CID currently uses 47 parking spaces at the MRJC. The move to the downtown area would result in the spaces and charges being reallocated among other MRJC tenants – effectively increasing the costs for other tenants in the MRJC by approximately \$280,000 per year, but with no bottom line impact to the General Fund. If CID moves to the downtown area, it is anticipated that 40 stalls would be required and would be charged to KCSO at the published rate in the Goat Hill parking lot, which is \$260 per non-reserved parking space. The cash flow analysis estimates that KCSO would spend approximately \$125,000 per year – a savings of \$155,000 per year for KCSO.
5. District Court Lease –As noted earlier, the District Court currently leases space at the Renton District Court. The fiscal note indicates that the court will spend \$148,000 in 2012 for the lease, until they are able to move into the remodeled space at the MRJC. These costs will be partially offset by O&M savings not spent at Aukeen in 2012 of \$55,000 per year.
6. Security Screening – District Court will require additional provisions for security screening at the MRJC. The consolidation report cites five options – all of which would add to the costs of the base project. Estimates range from \$325,000 to \$868,000, with three options requiring \$76,500 in on-going costs for a fully-loaded new security screener. *Because the final configuration of security has not been determined, the fiscal note does not specifically address the increased costs for security changes.* Further, there may be some security concerns associated with the CID move. *Any costs associated with these needs have not been identified.*

Supplemental Request

The proposed total two year cost for the tenant improvements, moves, and planning is \$8,287,969. \$1.4 million is requested in 2011, with an additional \$6.9 million anticipated in 2012. Funding for three capital projects is requested in this supplemental appropriation:

Table 1. 2011 Supplemental and Projected Requests

Project	Description	2011	2012
395148	Programming and design of tenant improvements and move costs associated with the relocation of District Court from Aukeen to the MRJC	\$869,395	\$6,370,574
395149	Programming and design of tenant improvements and move costs associated with the relocation of the KCSO CID from the MRJC to another location*	\$405,000	\$493,000
395157	KCSO Long Range Facilities Plan and a separate evaluation to maximize MRJC courtroom capacity	\$150,000	
	Total Request	\$1,424,395	\$6,863,574

*Although the Chinook Building has been identified as the most likely new location for CID, the Facilities Management Division (FMD) continues to work with the KCSO to ensure that all operational and security issues relating to CID moving into the building can be resolved before making a final recommendation.

The requested appropriations for these capital projects does not include contingency budget for the design phase. However, contingency funds are assumed in the 2012 estimates for tenant improvements – \$130,391 for the remodel in the Chinook Building and \$568,154 for the MRJC remodel.

The appropriation request would transfer \$224,610 from the General Fund: \$150,000 to the Building Repair and Replacement Fund for the KCSO long range planning and \$74,610 to the Long Term Lease Fund for six month's rent at the Renton District Court.

This initial \$1.4 million supplemental funding will be used for planning and design and to initiate initial moves.

AMENDMENT:

The transmitted purchase and sale agreement did not include all the necessary exhibits to the agreement. Further, the City of Kent has requested non-substantive changes to the agreement. An amendment to Proposed Ordinance 2011-0338 will incorporate these changes by deleting the transmitted purchase and sale agreement and insert a new finalized agreement. Attorneys from both the City of Kent and the Prosecuting Attorney's Office have reviewed the final agreement.

REASONABLENESS:

The proposed sale of the Aukeen Courthouse will be mutually beneficial to both King County and the City of Kent. The county will have the ability to fulfill long term policy goals for court consolidation and the sale will provide the county much of the funding needed to achieve District Court consolidation at the MRJC. The proposal, as amended, would appear to be a reasonable business and policy decision.

INVITED:

- Dwight Dively, Director, Office of Performance, Strategy and Budget (PSB)
- Kathy Brown, Director, FMD
- Dave Preugschat, Assistant Manager, FMD
- The Honorable Judge Barbara Linde, Presiding Judge, District Court

ATTACHMENTS:

1. Proposed Ordinance 2011-0337
2. Amendment to Proposed Ordinance 2011-0338, including purchase and sale agreement
3. Proposed Ordinance 2011-0338, attachment A upon request
4. Executive Transmittal Letter, dated July 21, 2011
5. Fiscal Notes
6. District Court Consolidation report, dated July 2011



KING COUNTY

1200 King County Courthouse

516 Third Avenue

Seattle, WA 98104

Signature Report

August 15, 2011

Ordinance

Proposed No. 2011-0337.1

Sponsors Patterson

1 AN ORDINANCE making an appropriation of \$1,424,395
 2 to the building repair and replacement fund and of
 3 \$224,610 to the general fund transfer for the remodel of the
 4 Norm Maleng Regional Justice Center, for the remodel of
 5 the Chinook Building and for a King County sheriff's office
 6 long-range facilities plan; and amending the 2011 Budget
 7 Ordinance, Ordinance 16984, Sections 46 and 120, as
 8 amended, and Attachment B, as amended.

9 SECTION 1. Findings:

10 A. King County facilities management division is the custodian of the Aukeen
 11 building on parcel number 000660-0043, a 1.58 acre parcel located within Kent city
 12 limits. To date, this building has been used for King County district court and also leased
 13 by the city of Kent for municipal court.

14 B. In accordance with a lease between King County and the city of Kent, the city
 15 has standing right of first offer to purchase the property.

16 C. The city of Kent has expressed interest in purchasing the Aukeen property
 17 from King County for purposes of expanded municipal court services.

18 D. A premium has been incorporated into the purchase price because sale to
 19 buyer will force the seller to relocate its district court facilities normally located on the

20 property, which then will require the seller to relocate a portion of its sheriff's office
21 facilities. Both of the seller's relocations will involve tenant improvements and moving
22 expense, which will comprise additional costs to the seller. As for the buyer, this sale
23 will complete a significant property assemblage that will allow the buyer's municipal
24 court to expand within the existing structure without having to construct a costly addition,
25 and will secure a combined criminal justice/public safety assemblage where the buyer can
26 maintain its jail and court facilities within direct proximity to each other, with sufficient
27 property to allow for future expansion of both facilities.

28 D. The Kent city council has approved the purchase and sale agreement, which is
29 subject to approval by ordinance by the King County council.

30 SECTION 2. Ordinance 16984, Section 46, as amended, is hereby amended by
31 adding thereto and inserting therein the following:

32 CIP GF TRANSFERS - From the general fund there is hereby appropriated to:

33 CIP GF transfers \$224,610

34 SECTION 3. Ordinance 16984, Section 120, as amended, is hereby amended by
35 adding thereto and inserting therein the following:

36 From several capital improvement project funds there is hereby appropriated and
37 authorized to be disbursed the following amounts for the specific projects identified in
38 Attachment A to this ordinance.

39	Fund	Fund Name	Amount
40	3951	BUILDING REPAIR AND REPLACEMENT SUBFUND	\$1,424,395

41 SECTION 4. Attachment A to this ordinance hereby amends Attachment B to
42 Ordinance 16984, by adding and canceling additional projects to those listed in
43 Attachment B to Ordinance 16984.
44

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Gossett, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. General Government Capital Improvement Program

ATTACHMENT A GENERAL GOVERNMENT CAPITAL IMPROVEMENT PROGRAM

Fund Title	Project	Project Name	2011	2012	2013	2014	2015	2016	Grand Total
3951/BUILDING REPAIR AND REPLACEMENT SUBFUND									
	395148	District Court Relocation to MRJC	\$869,395	6,370,574					7,239,969
	395149	CID Tenant Improvements	\$405,000	493,000					898,000
	395157	KCSO Long Range Facility Planning	\$150,000						150,000
3951/BUILDING REPAIR AND REPLACEMENT SUBFUND Total			1,424,395						1,424,395
Grand Total			1,424,395	6,863,574	0	0	0	0	8,287,969



08-16-11

pj

Sponsor: Julia Patterson

Proposed No.: 2011-0338

1 **AMENDMENT TO PROPOSED ORDINANCE 2011-0338, VERSION 1**

- 2 Delete Attachment A, Real Estate Purchase and Sale Agreement, and insert Attachment
- 3 A, Real Estate Purchase and Sale Agreement, dated August 16, 2011

EFFECT: Will replace the transmitted agreement with one updated to include all necessary exhibits and minor revisions requested by the City of Kent.

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into as of _____, 2011, by and between **KING COUNTY**, a municipal corporation and political subdivision of the State of Washington (the "Seller") and the **City of Kent**, a municipal corporation of the State of Washington (the "Buyer")(collectively the "Parties").

RECITALS

A. Seller is the owner of that certain real property located in the City of Kent, County of King, State of Washington, which consists of two parcels of land occupied by a courthouse, parking area, and adjacent vacant parcel, commonly identified as the Aukeen District Courthouse, located at 1210 Central Avenue South, Kent, WA, the legal description of which is attached hereto as **EXHIBIT A** (the "Property").

B. Seller is desirous of selling the Property and Buyer is desirous of purchasing the Property.

C. Buyer and Seller had previously agreed, as reflected in that certain Lease Agreement between King County and the City of Kent dated December 22, 2008, as amended, (the "Lease") to construct extensive improvements to the Property at Buyer's expense to expand court operations. Buyer has elected to forego the expansion and purchase the Property, which will result in substantial savings.

D. As part of the total purchase price, Buyer and Seller have included increased consideration to compensate Seller for relocation expenses relating to Seller's governmental services.

E. Seller and Buyer are entering into this Agreement pursuant to the authority granted in Chapter 39.33 Revised Code of Washington, (Intergovernmental Disposition of Property Act) which permits a political subdivision of the State of Washington to sell real property to the state or any municipality or any political subdivision thereof on such terms and conditions as may be mutually agreed upon by the proper authority of the state and/or the subdivisions concerned.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants contained

herein, and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. PURCHASE AND TRANSFER OF ASSETS

1.1. PROPERTY TO BE SOLD. Subject to and upon the terms and conditions set forth in this Agreement, Seller shall sell, convey, assign, transfer and deliver to Buyer on the Closing Date (as hereinafter defined) and Buyer shall buy, assume and accept from Seller on the Closing Date the following assets and properties:

(a) all the Seller's right, title and interest in the Property, as described in EXHIBIT A;

(b) all of Seller's right, title and interest in improvements and structures located on the Property;

(c) all of Seller's right, title and interest in and to personal property, as listed in Exhibit D, attached hereto, owned by the Seller and attached, appurtenant to or used in connection with the Property ("Personal Property"), including the ecology blocks placed upon the Property for flood prevention purposes;

(d) all of Seller's right, title and interest in the Reciprocal Parking Easement, dated January 22, 2003 (King County Auditor's # 20030122002929), attached as EXHIBIT E.

(e) all of Seller's tenements, hereditaments, easements and rights appurtenant to the Property including but not limited to, all of the Seller's right, title, and interest in and to streets, alleys or other public ways adjacent to the Property, easements for public utilities, all sewers and service drainage easements, all rights of connection to the sewers, and all rights of ingress and egress, and all leases, licenses, government approvals and permits affecting the Property; and

Hereinafter, the items listed in Section 1.1 are collectively referred to as the "Purchased Assets."

ARTICLE 2. PURCHASE PRICE

2.1. PURCHASE PRICE AND PAYMENT. In consideration of the sale, transfer, conveyance, assignment and delivery of the Purchased Assets, Buyer shall, in full payment therefore, pay to Seller on the Closing Date a total purchase price of **Five Million Six Hundred Thousand Dollars (\$5,600,000.00)** (the "Purchase Price"), which Buyer and Seller agree represents full and fair value for the Purchased Assets.

2.2. ALLOCATION OF PURCHASE PRICE. Seller and Buyer agree that the portion of the Purchase Price allocable to the Personal Property is **Four Thousand Nine Hundred Ninety Nine Dollars (\$4,999.00)** as provided in Exhibit C.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.1. WARRANTIES AND REPRESENTATIONS OF SELLER. Seller represents and warrants as follows:

3.1.1. Definition of Seller. The Seller is a political subdivision of the State of Washington duly organized, validly existing and in good standing under the laws thereof. Seller has all requisite governmental power and authority to carry on its business as it is now being conducted in the place where such businesses are now conducted.

3.1.2. Execution, Delivery and Performance of Agreement, Authority. The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a county of the State of Washington, (ii) has been or will be on or before the closing date, duly authorized by all necessary action of the Seller's legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Seller is a party or which is presently in effect and applicable to Seller. This agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms thereof.

3.1.3. Litigation. There is no pending, or to the best of Seller's knowledge, threatened lawsuit or material claim against or relating to Seller with respect to the Property, which shall impede or materially affect Seller's ability to perform the terms of this Agreement. There is no pending or, to the best of Seller's knowledge, contemplated condemnation or similar proceeding with respect to the Property or any part thereof.

3.1.4. Assessments. There is no pending, or to the best of Seller's knowledge, contemplated local improvement district or other special assessment or charge with respect to the Property, except as may be disclosed in the Title Commitment described below.

3.1.5. Full Disclosure. No representation or warranty by Seller in this Agreement or in any instrument, certificate or statement furnished to Buyer pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or fails to state a material fact which is necessary to make the statements set forth therein not false or misleading.

3.1.6. No Broker. No broker, finder, agent or similar intermediary has acted for or on behalf of Seller in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding with Buyer or any action taken by Buyer.

3.1.7. Contracts. There are no contracts or other obligations outstanding for the sale, exchange, transfer, lease, rental or use of the Property or any portion thereof.

3.1.8. Future Agreements. From and after the date hereof unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Buyer:

(i) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way; or

(ii) sell, dispose of or encumber any portion of the Property;

3.1.9. Maintenance of the Property. Seller shall continue to maintain the Property in compliance with all applicable laws and pay all costs of the Property with respect to the period prior to Closing.

3.1.10. Condition of the Property. AS-IS. BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND BUYER IS PURCHASING THE PROPERTY ON AN "AS IS WHERE IS" BASIS AND THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 3, BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER, ITS AGENTS OR BROKER AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: Any warranties or representations with respect to the structural condition of the Purchased Assets, the area of land being purchased, the existence or non-existence of any Hazardous Substances or underground storage tanks, or the actual or threatened release, deposit, seepage, migration or escape of Hazardous Substances, from or into the Purchased Assets, and the compliance or noncompliance of the Purchased Assets with Environmental Laws, as defined herein. For purposes of this Agreement, "**Hazardous Materials**" shall mean, at any time, (a) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Laws or any occupational safety and health laws as a "hazardous substance," "hazardous contaminants," "hazardous constituents," "hazardous material," "hazardous waste," "infectious waste," "toxic substance," "toxic pollutant," "toxic emission," "air contaminant" or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, radioactivity, carcinogenicity, toxicity, reproductive toxicity, or "EP toxicity," (b) any oil, gas and other petroleum hydrocarbons or any products, by-products or fractions thereof (including, without limitation, gasoline, diesel fuel, and solvents), (c) PCBs, (d) urea formaldehyde, (e) mold, mildew and similar substances; (f) any substance potentially injurious to the public health, safety or welfare, the environment or the Purchased Assets, (g) asbestos, lead, cadmium, mercury and other heavy metals, cyanide, pesticides, chlorinated hydrocarbons, and (h) any substance which is a basis for liability to any governmental authority or third party under any applicable statute, regulation or common law theory. As used herein, "**Environmental Laws**" means collectively, all present and future laws (whether common law, statute, rule, regulation, ordinance or otherwise), the requirements of governmental authorities and any permits and guidance issued pursuant thereto relating to Hazardous Materials, human health or the environment, as heretofore or hereafter amended, and in any regulations promulgated pursuant thereto.

3.1.11. Risk of Loss. Until the Closing Date, the risk of loss relating to the Property shall rest with the Seller. Risk of Loss shall be deemed to include any property damage occurring as a result of an "Act of God," including, but not limited to, earthquakes, tremors, wind, rain or other natural occurrence.

3.1.12. Foreign Person. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986, as amended and shall deliver to Purchaser prior to the Closing an affidavit, as set forth in **Exhibit G**, evidencing such fact, and such other documents as may be required under the Code.

3.2. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer represents and warrants as follows:

3.2.1. Organization. Buyer is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Buyer has all requisite governmental power and authority to carry on its business as it is now being conducted in the place where such businesses are now conducted.

3.2.2. Execution, Delivery and Performance of Agreement, Authority. The execution, delivery and performance of this Agreement by Buyer (i) is within the powers of Buyer as a municipal corporation, (ii) has been or will be on or before the closing date, duly authorized by all necessary action of the Buyer's legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Buyer is a party or which is presently in effect and applicable to Buyer. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof.

3.2.3. Litigation. There is no pending or, to the best of Buyer's knowledge, threatened lawsuit or material claim against or relating to Buyer that shall impede or materially affect Buyer's ability to perform the terms of this Agreement.

3.2.4. Full Disclosure. No representation or warranty by Buyer in this Agreement or in any instrument, document, certificate or statement furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact.

3.2.5. Condition of Property. Buyer acknowledges that, within the Due Diligence Period, it will have conducted a physical inspection and made all investigations Buyer deems necessary in connection with its purchase of the Purchased Assets, and that, as of the date hereof, Seller has provided Buyer with copies of all reports in Seller's possession that have been requested by Buyer. Upon waiver or satisfaction by Buyer of its contingencies pursuant to Article 5, Buyer will be deemed to have approved the physical condition of the Property and agrees to accept and purchase the same "AS IS, WHERE IS", including, without limitation, the existence or non-existence of any Hazardous Substances, underground storage tanks or contaminated soil, or the actual or threatened release, deposit seepage, migration or escape of

such Hazardous Substances at, from or into the Purchased Assets and the compliance or noncompliance of the Purchased Assets with Environmental Laws. Buyer acknowledges and agrees that, except to the extent of Seller's representations and warranties in Section 3.1 of this Agreement, and to the extent of any fraud or deliberate misrepresentation by Seller, Seller shall have no liability for, and that Buyer shall have no recourse against the Seller for, any defect or deficiency of any kind whatsoever in the Property including without limitation those relating to Hazardous Substances, without regard to whether such defect or deficiency was discovered or discoverable by the Buyer or Seller.

3.2.6. No Broker. No broker, finder, agent or similar intermediary has acted for or on behalf of Buyer in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent, or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement, or understanding with the Buyer or any action taken by the Buyer.

ARTICLE 4. TITLE MATTERS

4.1. TITLE. Seller shall deliver to Buyer good and marketable title, free and clear of all liens, defects and encumbrances except the Permitted Exceptions.

4.1.1. Title Commitment. Within ten (10) days of execution of this Agreement, Seller shall cause to be delivered to Buyer a current ALTA form of commitment for an owner's standard policy of title insurance (the "Title Commitment") issued by Pacific Northwest Title Company, Inc. (the "Title Company"), describing the Property, listing Buyer as the prospective named insured and showing as the policy amount \$5,600,000.00 or the amount designated by Buyer. At such time as the Title Company causes the Title Commitment to be furnished to Buyer, the Title Company shall further cause to be furnished to Buyer legible copies of all instruments referred to in the Title Commitment as restrictions or exceptions to title to the Property.

4.1.2. Survey. Prior to the expiration of the Due Diligence Period (as defined in Section 5.2), Buyer shall the option, at its expense, to have prepared and furnished to the Title Company and Buyer a survey (the "Survey") of the Property prepared by a licensed public surveyor. The Survey shall be certified to Buyer and the Title Company, shall be satisfactory to the Title Company so as to permit it to issue an owner's extended coverage title policy, identify the Property by legal description and shall set forth the number of square feet contained within the Property, show all natural monuments, existing fences, drainage ditches and/or courses, flood plain limits, any building or other site improvements and/or objects, any rights-of-way for streets, existing driveways, alleys or highways, easements and other restriction lines existing and/or proposed which shall affect any portion of the Property, and such other items as required by Buyer.

4.1.3. Review of Title Commitment and Survey. Buyer shall have until fourteen (14) days after receipt of the Title Commitment (the "Review Period") as required by Section 4.1.1, in which to notify Seller of any objections Buyer has to any matters shown or

referred to in the Title Commitment and of any title insurance endorsements required by Buyer. Any exceptions or other items that are set forth in the Title Commitment and to which Buyer does not object within the Review Period shall be deemed to be permitted exceptions ("Permitted Exceptions"). With regard to items to which Buyer does object within the Review Period, Seller shall notify Buyer within ten (10) days after Seller receives Buyer's notice of objections of any exceptions to title or items on the survey which Seller is not able to remove or otherwise resolve and any endorsements that Seller is not able to provide following Buyer's request within the Review Period, and Buyer may, at Buyer's option, either waive the objections not cured or Buyer may terminate this Agreement by notice to Seller. Notwithstanding the foregoing, all monetary liens or encumbrances shall be paid by Seller at Closing.

4.2. OWNER'S TITLE INSURANCE POLICY. At the closing, Buyer shall cause an owner's policy of title insurance to be issued by the Title Company in the amount of \$5,600,000.00 or an amount designated by buyer effective as of the closing date, insuring Buyer that the fee simple title to the Property is vested in Buyer, subject only to the usual printed exceptions contained in such title insurance policy, to the matters approved by Buyer as provided herein, and to any other matters approved in writing by Buyer. The obligation of Buyer to provide the title policy called for herein shall be satisfied if, at the closing, the Title Company has given a binding commitment, in a form reasonably satisfactory to Buyer, to issue the policies in the form required by this section. Buyer shall pay any sum owing to the Title Company for the preparation of the preliminary and binding commitments generated by the Title Company.

4.3. CONVEYANCE. Seller shall convey to Buyer the title to the Property by statutory warranty deed in the form attached hereto as **Exhibit B**, subject only to the Permitted Exceptions. Rights reserved in federal patents or state deeds, building or use restrictions general to the district, and building or zoning regulations or provisions shall be deemed Permitted Exceptions.

ARTICLE 5. CONTINGENCIES

5.1. DUE DILIGENCE INSPECTION AND FEASIBILITY. Buyer shall satisfy itself by investigation and inspection, at its cost and expense in its sole and absolute discretion, that the condition of the Purchased Assets for Buyer's contemplated use meets with its approval. If Buyer approves of the condition of the Purchased Assets, Buyer agrees to notify Seller, in writing, thereby removing the contingency. Buyer shall make such determination within ninety (90) days following the date of mutual execution of this Agreement ("Due Diligence Period"). In the event this contingency is not satisfied or waived within the Due Diligence Period, Buyer may terminate this Agreement upon written notice to Seller on or before the expiration of the Due Diligence Period, and neither party shall have any further rights or obligations to the other hereunder.

5.1.1. Inspections. During the Due Diligence Period, Buyer, its designated representatives or agents shall have the right at Buyer's expense to (i) perform any and all tests, inspections, studies, surveys or appraisals of the Purchased Assets deemed necessary, on any subject, by Buyer (subject to the limitations set forth below and Paragraph 5.1.2 Right of Entry) ;

(ii) obtain a Phase I or Phase II Environmental Assessment on the Purchased Assets and perform any and all tests, inspections and studies deemed necessary therewith; and (iii) examine all Due Diligence materials that Buyer may reasonably request from Seller that are not subject to attorney-client privilege or that Seller is not otherwise prohibited from disclosing by law; (IV) determine to its satisfaction whether approvals, permits and variances can be obtained under applicable land use and zoning codes for Buyer's proposed development of the Property, (V) determine whether Buyer's proposed development of the Property is economically feasible.

5.1.2. Right of Entry. Buyer and Buyer's designated representatives or agents shall have the right and Seller hereby grants to Buyer and Buyer's designated representatives the right to enter the Purchased Assets pursuant to standard written consent or permits customarily issued by Seller for such purposes and conduct the tests, investigations and studies set forth in this Article 5 upon three (3) days advance written notice; provided that such right of entry will be limited to those times and dates that will not disrupt Seller's use of, or Seller's operations and activities on the Purchased Assets. Invasive tests of the Purchased Assets, such as drilling, penetration of walls or floors or excavation shall be subject to Seller's prior written approval. The Buyer will not be permitted to undertake activities that damage the Purchased Assets. In connection with such inspections, Buyer agrees to hold harmless, indemnify and defend Seller, its officers, agents and employees, from and against all claims, losses, or liability, for injuries, sickness or death of persons, including employees of Buyer caused by or arising out of any act, error or omission of Buyer, its officers, agents, contractors, subcontractors or employees in entering the Purchased Assets for the above purposes, to the extent not caused by or arising out of any act, error or omission of Seller, its officers, agents and employees.

ARTICLE 6. COVENANTS OF SELLER PENDING CLOSING

6.1 CONDUCT, NOTICE OF CHANGE. Seller covenants that between the date hereof and the Closing, Seller shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and all covenants of Seller set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided for in this Agreement. Seller shall give Buyer prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing Date.

ARTICLE 7. COVENANTS OF BUYER PENDING CLOSING

7.1 CONDUCT, NOTICE OF CHANGE. Buyer covenants that between the date hereof and the Closing, Buyer shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and that all covenants of Buyer set forth in this Agreement which are required to be

performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided in this Agreement. Buyer shall give Seller prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing Date.

ARTICLE 8. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All obligations of Buyer hereunder are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Seller shall exert its best efforts to cause each such condition to be fulfilled:

8.1. DELIVERY OF DOCUMENTS. Seller shall have delivered to Buyer at or prior to closing all documents required by the terms of this agreement to be delivered to Buyer.

8.2. REPRESENTATIONS, WARRANTIES AND COVENANTS. All representations, warranties and covenants of Seller contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date.

8.3. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by Seller at or before the Closing shall have been properly performed in all material respects. The requirements of this section specifically include, without limitation, Seller's removal of all its equipment, furniture, furnishings, and other tangible and portable personal property located on the Property, except for those items listed on **EXHIBIT D**, attached and included by this reference.

8.4. TITLE. Any and all matters shown or referred to in the Title Commitment to which Buyer has objected within the time specified in Section 4.1, shall have been cured by Seller, unless such objections have been waived by Buyer. The Title Company is irrevocably committed to issue an owner's extended coverage policy of title insurance containing no exceptions other than the Permitted Exceptions.

8.5. APPROVAL OF COUNSEL. Seller's counsel shall have approved this document as to form as evidenced by such counsel's signature on this Agreement.

8.6. CONDEMNATION. No portion of the Purchased Assets shall have been taken or damaged by any public or quasi-public body, and Seller shall not have transferred any portion of the Purchased Assets to any such body in lieu of condemnation.

8.7. APPROVAL BY THE CITY OF KENT. This Agreement shall be subject to approval by the City of Kent Council.

ARTICLE 9. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

All obligations of Seller to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing and Buyer shall exert its best efforts to cause each such condition to be so fulfilled:

9.1. REPRESENTATIONS, WARRANTIES AND COVENANTS. All representations, warranties and covenants of Buyer contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date.

9.2. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by Buyer at or before the Closing shall have been properly performed in all material respects.

9.3. APPROVAL OF COUNSEL. Buyer's counsel shall have approved this document as to form as evidenced by such counsel's signature on this Agreement.

9.4. DELIVERY OF DOCUMENTS. Buyer shall have delivered to Seller at or prior to Closing all documents required by the terms of this Agreement to be delivered to Seller.

9.5. TITLE. Buyer shall have caused the Title Company to be irrevocably committed to issue an owner's policy of title insurance for the Purchase Price or an amount to be determined by Buyer effective as of the Closing Date, containing no exceptions other than the Permitted Exceptions.

9.6. APPROVAL BY THE KING COUNTY COUNCIL. This Agreement shall be subject to approval by ordinance of the King County Council.

ARTICLE 10. CLOSING

10.1. CLOSING/CLOSING DATE. The Closing shall take place on the earliest date agreed upon by Buyer and Seller, but not later than December 31, 2011 unless extended pursuant to a written agreement executed by Buyer and Seller. Upon execution of this Agreement, the parties agree to set up an escrow account with Pacific Northwest Title Company (the "Escrow Agent"). The Escrow Agent shall serve as closing agent for the transaction contemplated herein and closing shall occur in the offices of Escrow Agent in Seattle, Washington. The title, right of possession and interest to the Purchased Assets shall pass to Buyer upon the Closing Date and thereafter the risk of loss thereof shall be the responsibility of Buyer.

10.2. PRORATIONS. All prorations, unless otherwise specifically provided for herein, shall be made as of the Closing Date.

10.2.1. Closing Costs. Seller shall pay the cost of one-half (½) of the escrow fee charged by the Escrow Agent, any real estate excise or other transfer tax due, and its own attorneys' fees. Buyer shall pay one-half (½) of the escrow fee charged by the Escrow Agent, the cost of the preliminary and binding title commitments from the Title Company, the recording fees for the deed and its own attorneys' fees. Except as otherwise provided in this Section 10.2,

and Section 9.4 above, all other expenses hereunder shall be paid by the party incurring such expenses.

10.3. SELLER'S DELIVERY OF DOCUMENTS AT CLOSING. At the Closing, Seller will deliver to Buyer the following properly executed documents:

(a) A Statutory Warranty Deed conveying the Property in the form of **Exhibit B** attached hereto;

(b) A Bill of Sale and Assignment duly executed by the Seller in the form of **EXHIBIT C**, attached hereto for the Personal Property, if any;

(c) Seller's Certificate of Non-Foreign status substantially in the form of **EXHIBIT F**, attached hereto

10.4. BUYER'S DELIVERY OF DOCUMENTS AND PURCHASE PRICE AT CLOSING. At the Closing, Buyer will deliver to Seller the following properly executed documents:

(a) Cash or immediately available funds in the amount of the Purchase Price.

ARTICLE 11. TERMINATION

11.1. TERMINATION BY EITHER PARTY. Either party may terminate this Agreement if a condition to its obligation to consummate the transactions contemplated by this Agreement as set forth in Articles 8 and 9 has not been satisfied by the Closing Date. In that event, if neither party is in default under this Agreement, the parties shall have no further obligations or liabilities to one another and all documents delivered into escrow shall be returned to the appropriate party.

ARTICLE 12. MISCELLANEOUS PROVISIONS

12.1. NATURE AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES. Each statement, representation, warranty, indemnity, covenant, and agreement made by Seller and Buyer in this Agreement or in any document, certificate or other instrument delivered by or on behalf of Seller or Buyer pursuant to this Agreement or in connection herewith shall be deemed the representation, warranty, indemnity, covenant and agreement of Seller and Buyer and shall survive the Closing Date unless a different time period is expressly provided for in this Agreement and all such statements are made only to and for the benefit of the parties hereto, and shall not create any rights in other persons.

12.1.1 OTHER OBLIGATIONS. As of Closing, all previous obligations and agreements between Buyer and Seller, including the Lease and its attachments and Exhibits which include that certain Parking Lot Lease Agreement, shall terminate and the Parties shall have no further obligations thereunder.

12.2. DEFAULT AND ATTORNEYS' FEES. In the event of default by either party to this Agreement, the non-defaulting party shall have the right to bring an action for specific performance, damages and any other remedies available to such party at law or in equity and the substantially prevailing party shall be entitled to recovery of attorney fees and costs. In the event of any litigation hereunder, the Superior Court of King County, Washington shall have the exclusive jurisdiction and venue.

12.3. TIME IS OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

12.4. NOTICES. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by overnight courier or two days after deposit in the United States mail if by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the parties at the addresses set forth below or at such other addresses as any parties may specify by notice to all other parties and given as provided herein:

If to Buyer:

With a copy to:

If to Seller:

King County facilities Management Division

500 Fourth Ave., Suite 500

Seattle, WA 98104

Attention: Manager, Real Estate Services

With a copy to:

Office of the King County Prosecuting Attorney

King County Courthouse, W400

516 Third Ave

Seattle, WA 98104

Attention: Civil Division

12.5. ENTIRE AGREEMENT AND AMENDMENT. This writing (including the Exhibits attached hereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement specifically referring to this Agreement and signed by all parties hereto.

12.6. SEVERABILITY. In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, then such holding shall not impact or affect the remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

12.7 WAIVER. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any prior or subsequent breach or default.

12.8 BINDING EFFECT. Subject to Section 12.12 below, this Agreement shall be binding upon and inure to the benefit of each party hereto, its successors and assigns.

12.9 LEGAL RELATIONSHIP. The parties to this Agreement execute and implement this Agreement solely as Seller and Buyer. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

12.10 CAPTIONS. The captions of any articles, paragraphs or sections contained herein are for purposes of convenience only and are not intended to define or limit the contents of said articles, paragraphs or sections.

12.11 COOPERATION. Prior to and after Closing the parties shall cooperate, shall take such further action and shall execute and deliver further documents as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement.

12.12 GOVERNING LAW. This Agreement and all amendments thereof shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law provisions.

12.13 NON-MERGER. The terms and provisions of this Agreement will not merge in, but will survive, the closing of the transaction contemplated under this Agreement.

12.14 ASSIGNMENT. Neither party may assign this Agreement or any rights hereunder without the other party's prior written consent.

12.15 NEGOTIATION AND CONSTRUCTION. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party. All parties acknowledge and represent, as an express term of

this Agreement, that they have had the opportunity to obtain and utilize legal review of the terms and conditions outlined in this Agreement, although each party must determine if they wish to obtain and pay for such legal review. Each party shall be and is separately responsible for payment of any legal services rendered on their behalf regarding legal review of the terms found in this Agreement.

12.16 EXHIBITS. The following Exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

EXHIBIT A	Legal Description
EXHIBIT B	Statutory Warranty Deed
EXHIBIT C	Bill of Sale and Assignment
EXHIBIT D	List of Personal Property to Remain with Buyer
EXHIBIT E	Reciprocal Parking Easement
EXHIBIT F	Certificate of Non-Foreign Status

EXECUTED as of the date and year first above written:

SELLER:

Name: _____
Title: _____

APPROVED AS TO FORM:

By _____
Deputy Prosecuting Attorney

BUYER:

Name: _____
Its: _____

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me _____, to me known to be the _____ of KING COUNTY, the municipal corporation and political subdivision of the State of Washington that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such municipal corporation and political subdivision, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2002.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me _____, the _____ of _____, known to me to be the Buyer that executed the foregoing instrument, and acknowledged such instrument to be [his/her] free and voluntary act and deed for the uses and purposes therein mentioned, and on oath stated that [he/she] was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2002.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

EXHIBIT A.

Legal Description

LOT 2, CITY OF KENT BOUNDARY LINE ADJUSTMENT NUMBER LL-2009-6 RECORDED UNDER RECORDING NUMBER 20100331900007, SAID BOUNDARY LINE ADJUSTMENT BEING A PORTION OF TRACT 24, HORSESHOE ACRES TRACTS TO KENT, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 15 OF PLATS, PAGE(S) 10, IN KING COUNTY, WASHINGTON, AND THAT PORTION OF THE S.W. RUSSELL DONATION LAND CLAIM IN SECTION 25, TOWNSHIP 22 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON,

TOGETHER WITH THE SELLER'S RIGHT UNDER RECIPROCAL PARKING AGREEMENT RECORDED UNDER KING COUNTY RECORDING NUMBER 20030122002929.

TOGETHER WITH UNDIVIDED INTEREST IN THE FOLLOWING:

LOT 3, CITY OF KENT BOUNDARY LINE ADJUSTMENT NUMBER LL-2009-6 RECORDED UNDER RECORDING NUMBER 20100331900007, SAID BOUNDARY LINE ADJUSTMENT BEING A PORTION OF TRACT 24, HORSESHOE ACRES TRACTS TO KENT, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 15 OF PLATS, PAGE(S) 10, IN KING COUNTY, WASHINGTON.

EXHIBIT B.

Statutory Warranty Deed

AFTER RECORDING RETURN TO:
K. C. Real Estate Services
500 King County Admin. Bldg.
500 Fourth Avenue
Seattle, WA 98104

STATUTORY WARRANTY DEED

GRANTOR - KING COUNTY
GRANTEE - CITY OF KENT
LEGAL -- lot 2 Kent BLA LL-2009-6
TAX NO. - #000660-0043 &

The Grantor, KING COUNTY, a political subdivision of the State of Washington, for and in consideration of _____, pursuant to King County Ordinance No. _____, does hereby convey and warrant unto the Grantee, _____, a municipal corporation of the State of Washington, and Grantee hereby accepts, the following described real estate, situate in King County, Washington:

SEE LEGAL DESCRIPTION IN EXHIBIT "A" ATTACHED HERETO
AND BY THIS REFERENCE INCORPORATED HEREIN.

GRANTOR
KING COUNTY

GRANTEE
CITY OF KENT

BY _____

BY _____

TITLE _____

TITLE _____

Date _____

Date _____

EXHIBIT "A"

LEGAL DESCRIPTION

LOT 2, CITY OF KENT BOUNDARY LINE ADJUSTMENT NUMBER LL-2009-6 RECORDED UNDER RECORDING NUMBER 20100331900007, SAID BOUNDARY LINE ADJUSTMENT BEING A PORTION OF TRACT 24, HORSESHOE ACRES TRACTS TO KENT, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 15 OF PLATS, PAGE(S) 10, IN KING COUNTY, WASHINGTON, AND THAT PORTION OF THE S.W. RUSSELL DONATION LAND CLAIM IN SECTION 25, TOWNSHIP 22 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON,

TOGETHER WITH THE SELLER'S RIGHT UNDER RECIPROCAL PARKING AGREEMENT RECORDED UNDER KING COUNTY RECORDING NUMBER 20030122002929.

TOGETHER WITH UNDIVIDED INTEREST IN THE FOLLOWING:

LOT 3, CITY OF KENT BOUNDARY LINE ADJUSTMENT NUMBER LL-2009-6 RECORDED UNDER RECORDING NUMBER 20100331900007, SAID BOUNDARY LINE ADJUSTMENT BEING A PORTION OF TRACT 24, HORSESHOE ACRES TRACTS TO KENT, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 15 OF PLATS, PAGE(S) 10, IN KING COUNTY, WASHINGTON.

EXHIBIT C.

Bill of Sale and Assignment.

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE is made as of this ____ day of _____, 200__, by KING COUNTY ("Seller"), in favor of _____, a political subdivision of the State of Washington ("Buyer"), with reference to the following facts.

NOW, THEREFORE, for consideration in the amount of Four Thousand Nine Hundred Ninety Nine Dollars (\$4,999.00), Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Buyer all of Seller's right, title and interest in and to any and all equipment, furniture, furnishings, fixtures and other tangible personal property owned by Seller that is attached, appurtenant to or used in connection with the real property legally described on the attached Exhibit A.

Seller represents and warrants that it is the sole owner of, and has good title to, such personal property, and has full right and authority to transfer and deliver the same, and will defend the sale hereby against each and every person claiming otherwise.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the date first above written.

SELLER:

By: _____

Its: _____

EXHIBIT D.

List of Seller's Personal Property to Remain with Buyer

EQUIPMENT – Ecology blocks and landscaping berms placed on the site by Seller for flood control purposes.

FURNITURE

Quantity

CHAIRS

	description	
DIRECTORS OFFICE	upholstered	1
LUNCH ROOMS	small chairs	8
DISPUTE ROOM	upholstered	4
VIPR ROOM	upholstered	3
COURT ROOM #1	upholstered	9
JURY ROOM #1	upholstered	6
COURTROOM #2	upholstered	2
JURY ROOM #2	upholstered	5
JURY ROOM # 3	upholstered	6
COURT ROOM #4	upholstered	10
JUDGES CHAMBERS 2	upholstered	1
JUDGES CHAMBERS 3	upholstered	2
JUDICIAL Chair	upholstered	1
Probation	upholstered	9

desks

DIRECTORS OFFICE	straight desk with return	1
CLERKS OFFICE	cube - desks	9
MAGISTRATES OFFICE	std desk	1
LOBBY	30 X 60 desk	1
Probation	old metal	5

Credenza

DIRECTORS OFFICE	basic	1
Probation	basic	2

tables

LUNCH ROOMS	small round	3
Probation Lunch room	small round	1
VIPR ROOM	std 6 person	1
COURT ROOM #1	std 6 person	2
JURY ROOM #1	std 6 person	3
JURY ROOM #2	std 6 person	1
JURY ROOM # 3	std 6 person	1
COURT ROOM #4	std 6 person	2

file cabinets	Probation	std 6 person	2
	MAGISTRATES OFFICE	laterals 2 drawer	2
	Probation	vertical	4
	Probation Lunch room	vertical	1
bookcases	bookcases		
	CLERKS OFFICE	metal bookcase 4 - shelf	1
	Probation	metal bookcase 4 - shelf	1
filing shelves			
	CLERKS OFFICE	attached metal shelving	4
judges suites			
	JUDGES CHAMBERS 1	elaborate desk	2
	JUDGES CHAMBERS 1	suite - credenza	3
	JUDGES CHAMBERS 1	end table - part of suite	2
	JUDGES CHAMBERS 2	wooden - bookcase	2
	amoire	part of suite	1
other items			
	Lobby Benches	stone benches	1
	lockers,		2
	refrigerator		1
	microwave		1

EXHIBIT E

Reciprocal Parking Easement

173
(IOP)

CONFORMED COPY

AFTER RECORDING RETURN TO:

20030122002929
KING COUNTY EAS
PAGE 001 OF 007
01/22/2003 15:01
KING COUNTY, WA 0.00

City of Kent
Attn: Property Manager
220 Fourth Avenue S
Kent, Washington 98032

Grantor: City of Kent, a Washington municipal corporation.

Grantee: King County, a political subdivision of Washington.

Abbreviated Legal Description: Ptn. Tract 24 Horseshoe Acre Tracts recorded in Vol. 15, page 10 and a Ptn. of S.W. Russell DLC lying in the NW 1/4, 25-22-04, King County, State of Washington.

Additional Legal Description on Exhibit A—page 5—of Document.

Assessor's Tax Parcel ID No. 346280-0205-0 and 000660-0043-0.

Project Name: Kent Municipal Court Parking Lot

Document Date: _____

RECIPROCAL PARKING EASEMENT

THIS INSTRUMENT made this 22nd day of January, 2003, by and between the CITY OF KENT, a municipal corporation of the State of Washington (the "City") and KING COUNTY, a political subdivision of the State of Washington (the "County").

1. **Purpose.** The City owns the real property legally described as Lot C in Exhibit A, which is incorporated by this reference. The County owns the adjoining real property legally described as Lot D in Exhibit A. The City has constructed two parking lots; Phase I and Phase II, over portions of Lot C and Lot D. The Phase I parking lot is depicted in the cross hatched portion of Exhibit B, which is incorporated by this reference. The Phase II parking lot is depicted in the cross hatched portion of Exhibit C, which is incorporated by this reference. The purpose of this Parking Easement is to grant the City and the County the right to use the portions of the parking lots constructed on the other party's real property and to establish the allocation of the parking stalls Phase I and Phase II as between the City and the County.

RECIPROCAL PARKING EASEMENT - Page 1 of 4
(between King County and City of Kent)

2. Grant to City. The County, for and in consideration of mutual benefits derived and/or other valuable consideration, receipt of which is hereby acknowledged by the County, does grant to the City, its successors and/or assigns, an easement for use of and access to any portion of the Phase I parking stalls depicted in Exhibit B and the Phase II parking stalls depicted on Exhibit C, which are located on the real property legally described in Exhibit A as Lot D. The County reserves the right to use the easement area, so long as that use does not unreasonably interfere with the use of the City and so long as that use is consistent with the conveyance by the City in the following paragraph.

3. Grant to County. The City, for and in consideration of mutual benefits derived and/or other valuable consideration, receipt of which is hereby acknowledged by City, does grant to the County, its successors and/or assigns, the following: an easement for use of and access to any portion of the Phase I parking stalls identified in Exhibit B and Phase II parking stalls depicted on Exhibit C, which are located on the real property legally described in Exhibit A as Lot C. The City shall retain the right to use the easement area, so long as that use does not unreasonably interfere with the use of the County and so long as that use is consistent with the conveyance by the County in the previous paragraph.

4. Parking Stall Allocation. The County will have use of and access to seven (7) of the twenty-one (21) Phase I parking stalls and use of and access to ten (10) of the thirty-three (33) Phase II parking stalls.

5. Maintenance. The City shall maintain and repair the parking lots as shown in Exhibit B and C.

6. Terms of Use. The City and County shall at all times exercise their rights under this Easement in accordance with the requirements of all applicable statutes, orders, rules and regulations of any public authority having jurisdiction. The City and County accept the easement areas in their present physical condition, as is.

7. Indemnification. County does hereby release, indemnify and promise to defend and save harmless City from and against any and all liability, loss, damage, expense actions and claims, including costs and reasonable attorney's fees incurred by City in connection therewith, arising directly or indirectly on account of or out of the negligent exercise by County, its servants, agents, employees, and contractors of the rights granted in this Easement. City does hereby release, indemnify and promise to defend and save harmless County from and against any and all liability, loss, damage, expense actions and claims, including costs and reasonable attorney's fees incurred by County in connection therewith, arising directly or indirectly on account of or out of the negligent exercise by City, its servants, agents, employees and contractors of the rights granted in this Easement.

8. Run with the Land. This Reciprocal Easement shall be a covenant running with the land forever and shall be binding on the City and County, their successors and assigns.

KING COUNTY:

CITY OF KENT:

By: [Signature]
Print Name: Harold Mcnelly
Its: Acting Chief Assessor/Agmt, DES
Date: 1-22-03

By: [Signature]
Print Name: Jim White
Its: Mayor
Date: 12-30-02

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I hereby certify that on the 22nd day of January, 2003 I know or have satisfactory evidence that Harold Mcnelly is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument on behalf of the KING COUNTY, as its Acting Chief Assessor, and such execution to be the free and voluntary act of such party for the uses and purposes mentioned in the foregoing instrument.

-Notary Seal Must Appear Within This Box-
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.
[Signature]
Mark R. Phillips
NOTARY PUBLIC in and for the State of Washington
residing at Bellview
My appointment expires 6/15/04

RECIPROCAL PARKING EASEMENT - Page 3 of 4
(between King County and City of Kent)

173

LOT "C": CITY OF KENT

TAX ACCOUNT NUMBER: 346280-0205-0

LEGAL DESCRIPTION: HORSESHOE ACRE TRS TO KENT POR TRACT 24 & POR S W RUSSELL DLC # 41 IN NW QTR STR 25-22-04 DAF; BEG AT INTSN E MGN EAST VALLEY HWY (AKA CENTRAL AVE) WITH N LN TRACT 24 HORSESHOE ACRES TH N 00-40-16 E ALONG E MGN EAST VALLEY HWY DIST 160.00 FT TH S 89-44-28 E PLL WITH N LN SD TRACT 24 DIST 143.00 FT TH W 00-40-16 E PLL WITH EAST VALLEY HWY 205.99 FT ML TO S MGN S 259TH ST TH EAST ALG S MGN 2 259TH ST 90.07 FT ML TO PT 187.12 FT W OF E LN SEC 25 TH S 00-35-50 W PLL WITH E LN SEC DIST 366.85 FT TO N LN TRACT 24 HORSESHOE ACRES TH N 89-44-28 W ALG SO N LN 68.95 FT TH S 00-30-26 W 53.83 FT TH S 45-54-33 E 94.10 FT TH S 00-03-47 W 84.40 FT TH S 89-35-24 E 128.73 FT TH S 00-07-57 W 114.25 FT TO S LN TRACT 24 HORSESHOE ACRES TH N 89-44-28 W ALG SD S LN 363.79 FT TO E MGN EAST VALLEY HWY TH N 00-40-16 E ALG SD E MGN 318.00 FT TO TPOB.

LOT "D": KING COUNTY

TAX ACCOUNT NUMBER: 000660-0043-0

LEGAL DESCRIPTION: S W RUSSELL D C #41 POR TRACT 24 HORSESHOE ACRE TRACTS & POR S W RUSSELL DLC IN NW QTR STR 25-22-04 DAF; BEG AT INTSN S BNDRY LN SD DLC WITH E LN SEC 25 TH N 89-44-28 W ALG S BNDRY SD DLC 58.86 FT TO TPOB TH S 00-07-57 W 203.74 FT TH N 89-35-24 W 128.73 FT TH N 00-03-47 E 84.40 FT TH N 45-54-33 W 94.10 FT TH N 00-30-26 E 58.83 FT TO S BNDRY SD DLC TH S 89-44-28 E 68.95 FT TO PT 187.12 FT W OF E LN SEC 25 TH N 00-35-50 E PLL TO SD ELN 366.85 FT ML TO S MGN S 259TH ST TH E ALG S MGN 102.13 FT ML TO PT 85.00 FT W OF E LN SEC 25 TH S 00-35-50 W 367.42 FT TO S LN SD DLC TH S 89-44-28 E ALG S LN 25.14 FT TO TPOB.

EXHIBIT "A"

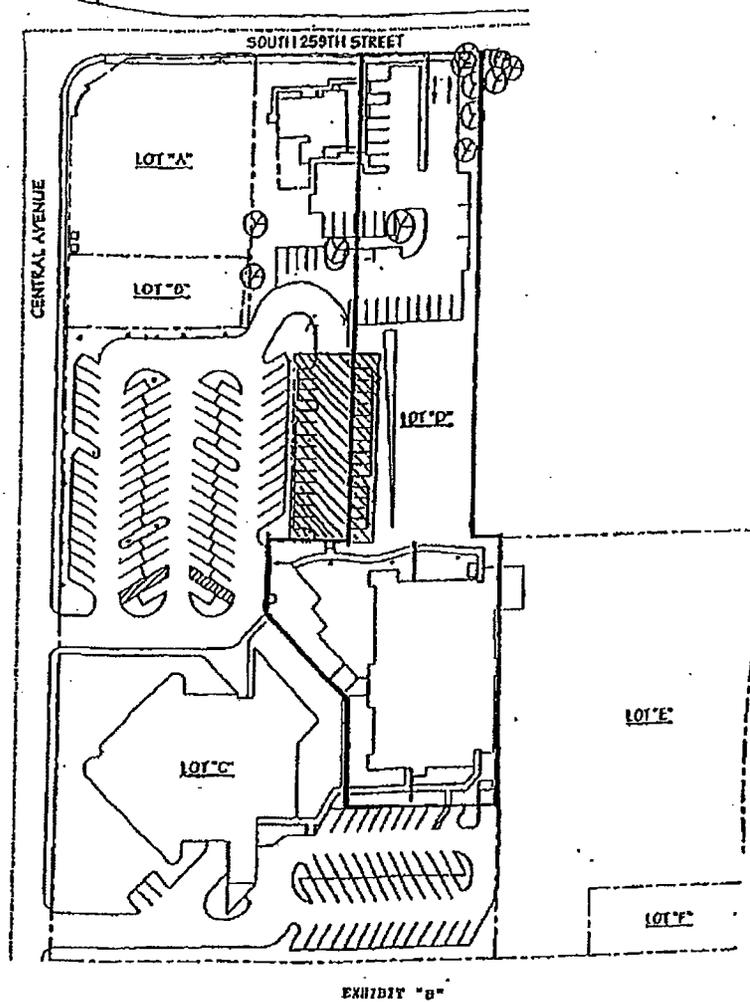


EXHIBIT "B"

EXHIBIT "C"

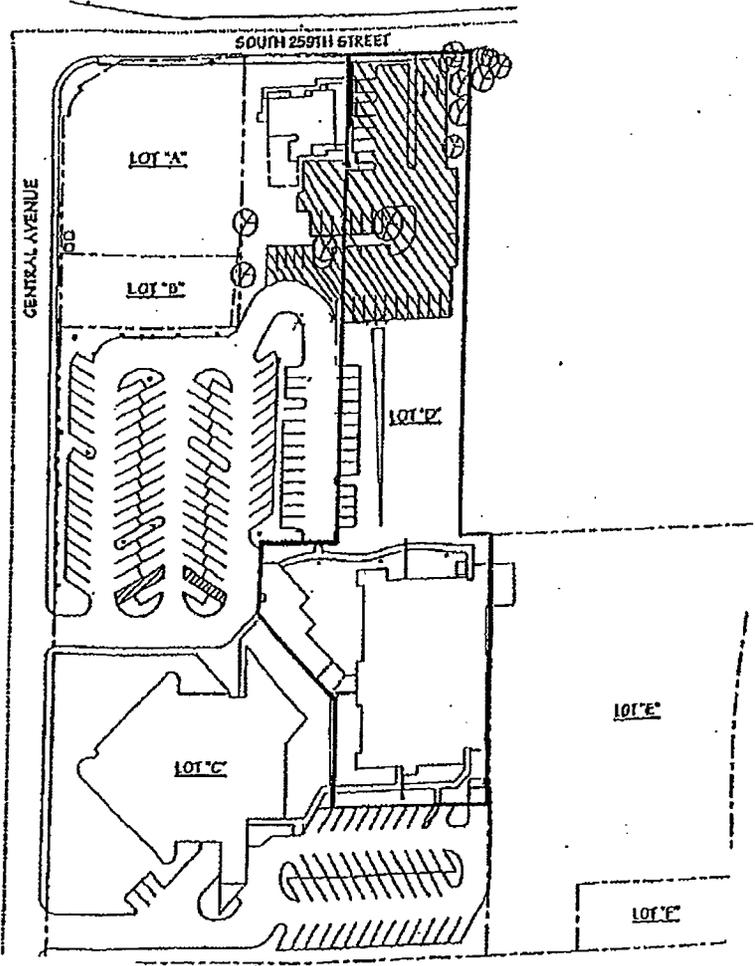


EXHIBIT F

Certificate of Non-Foreign Status.

Certificate of Non-Foreign Status.

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a United States real property interest by **KING COUNTY** ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations); and
2. Transferor's United States employer identification number is 91-6001327; and
3. Transferor's office address is King County Facilities Management Division, Asset Development and Management Section, Room 500 King County Administration Building, 500 Fourth Avenue, Seattle, WA 98104

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

DATED this _____ day of _____, 2004.

TRANSFEROR:

KING COUNTY

By _____

Title _____



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

August 15, 2011

Ordinance

Proposed No. 2011-0338.1

Sponsors Patterson

1 AN ORDINANCE approving King County's sale of the
2 Aukeen Building located in the city of Kent within
3 council district five.

4 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

5 **SECTION 1. Findings:**

6 A. The King County facilities management division is the custodian of the
7 Aukeen Building on parcel number 000660-0043, a 1.58 acre parcel located within Kent
8 city limits. To date, this building has been used for King County district court and also
9 leased by the city of Kent for municipal court.

10 B. Pursuant to a lease between King County and the city of Kent, the city has
11 standing right of first offer to purchase the property.

12 C. The city of Kent has expressed interest in purchasing the Aukeen Building
13 from King County for purposes of expanded municipal court services.

14 D. Both the buyer and seller have agreed upon a purchase price of five million
15 six hundred thousand dollars.

16 E. A premium has been incorporated into the purchase price because sale to
17 buyer will force seller to relocate its district court facilities normally located on the
18 property, which then will require the seller to relocate a portion of its sheriff's office
19 facilities. Both of seller's relocations will also involve tenant improvements and moving

20 expense, which will comprise additional costs to seller. As for buyer, this sale will
21 complete a significant property assemblage that will allow buyer's municipal court to
22 expand within the existing structure without having to construct a costly addition, and
23 will secure a combined criminal justice/public safety assemblage where the buyer can
24 maintain its jail and court facilities within direct proximity to each other, with sufficient
25 property to allow for future expansion of both facilities.

26 F. Pursuant to K.C.C. 4.56.080.A, the King County council must approve the sale
27 of county-owned real property valued in excess of ten thousand dollars. The facilities
28 management division recommends council approval of this proposed sale with proceeds
29 to the building repair and replacement fund.

30 SECTION 2. The King County council, having determined that the sale of the
31 subject Aukeen Building in Kent is in the best interest of the public, does hereby approve
32 the proposed sale as provided for in the attached purchase and sale agreement and

33 authorizes the King County executive to execute any other documents necessary to
34 convey and deliver the property to the buyer.
35

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Gossett, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Real Estate Purchase and Sale Agreement

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July 21, 2011

The Honorable Larry Gossett
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Gossett:

Attached are two proposed ordinances. The first appropriates \$1,424,395 for three capital projects providing for: 1) programming and design of tenant improvements and move costs associated with the relocation of District Court from the Aukeen Courthouse to the Maleng Regional Justice Center (MRJC); 2) programming and design of tenant improvements and move costs associated with the relocation of the Sheriff's Office's Criminal Investigations Division (CID) from the MRJC to another location, preferably to the Chinook Building; and 3) a King County Sheriff's Office (KCSO) Long Range Facilities Plan and a separate evaluation to maximize MRJC courtroom capacity. Although the Chinook Building is the most likely new location for CID, the Facilities Management Division (FMD) continues to work with the KCSO to ensure that all operational and security issues relating to CID moving into Chinook can be resolved before making a final recommendation.

Proceeds from the sale of the Aukeen Courthouse to the City of Kent will provide \$5.6 million to offset the proposed expenditures. The remaining construction costs will exceed sale proceeds and may be funded through bond financing. The KCSO long-range planning costs will be funded by General Fund fund balance.

The second ordinance requests approval of the finalized Purchase and Sale agreement with the City of Kent for sale of the Aukeen Building. This agreement was approved by the Kent City Council on July 5, 2011.

The Honorable Larry Gossett

July 21, 2011

Page 2

Enclosed you will also find a report entitled *District Court Consolidation into the Maleng Regional Justice Center: Leveraging King County Real Estate Assets*. This report outlines the proposal and FMD's related analysis in detail. The proposal to consolidate District Court functions in Kent and to also increase the number of District Court courtrooms has been developed through a collaborative process involving all affected MRJC tenants. The proposal adds two needed new courtrooms to the District Court system. It also takes into consideration the space needs of justice system operations that are directly related to the District Court functions, or that are impacted by the reconfiguration of space. Additionally, the report recommends taking a longer term look at KCSO needs, as well as the ability to expand Superior Court capacity at the MRJC.

Although the most significantly impacted organizations are the CID and District Court, all MRJC tenants and justice functions related to District Court are affected. The Law Safety and Justice Facilities Master Planning Advisory Council (hereafter referred to as the FMP Advisory Council) was used as a forum for coordination. Members of the FMP Advisory Council include separately elected leadership and key staff from technical working groups established to evaluate the details of each option. The FMP Advisory Council is jointly chaired by Dwight Dively, Director of the Office of Performance, Strategy and Budget and Kathy Brown, Director of FMD.

This proposal is an excellent example of two local governments, King County and the City of Kent, working collaboratively to find regional solutions with limited financial resources. It also demonstrates the efficiencies and improved services to King County residents that can be realized through a cooperative, collaborative approach among the many separately elected entities involved. This proposal also is driven by the King County Strategic Plan, which calls for more efficient use of existing real estate assets to enhance their productivity and value.

The Honorable Larry Gossett

July 21, 2011

Page 3

Please join me in supporting this proposal. If you have any questions regarding the attached report, please call Facilities Management Division Director Kathy Brown at (206) 296-0630.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Acting Chief of Staff
Anne Noris, Clerk of the Council
Fred Jarrett, Deputy County Executive, King County Executive's Office (KCEO)
Rhonda Berry, Assistant Deputy County Executive, KCEO
Carrie Cihak, Director of Policy and Strategic Initiatives, KCEO
The Honorable Susan Rahr, King County Sheriff
The Honorable Judge Barbara Linde, Presiding Judge, District Court
The Honorable Judge Richard McDermott, Presiding Judge, Superior Court
The Honorable Dan Satterberg, King County Prosecuting Attorney
Dwight Dively, Director, Office of Performance, Strategy and Budget (PSB)
Jackie MacLean, Director, Department of Community and Human Services (DCHS)
David Hocraffer, The Public Defender, DCHS
Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)
Kathy Brown, Director, Facilities Management Division (FMD), DES
Claudia Balducci, Director, Department of Adult and Juvenile Detention
John Starbard, Director, Department of Development and Environmental Services
David Fleming, Director and Health Officer, Department of Public Health
Bill Kehoe, Chief Information Officer, King County Information Technology

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FISCAL NOTE

Ordinance/Motion No. 00-	
Title:	Renovation; relocation and consolidation of District Court functions in the City of Kent at the MRJC Building Repair & Replacement Fund - CIP; FMD Internal Service Fund; General Fund --District Court, KCSO, and Real Estate Services
Affected Agency and/or Agencies:	
Note Prepared By: Terri Flaherty	
Note Reviewed By: Krista Camenzind	

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenue to:

Fund/Agency	Fund Code	Revenue Source	Current Year	1st Year - 2012	2nd Year - 2013 DC moves into MRJC	3rd Year - 2014
Building Repair & Replacement Fund	3951	Sale of Aukeen Building #000660-0043	5,600,000			
Building Repair & Replacement Fund	3951	Bond sales		3,025,969		
Building Repair & Replacement Fund	3951	GF	150,000			
Construction & Facilities Management ISF ²	5510	Savings Aukeen			(55,199)	(56,855)
Construction & Facilities Management ISF ³	5510	Lost Rev - Kent		(81,294)	(83,733)	(86,245)
Long Term Lease Fund ⁴	0331	GF	74,610	149,220		
TOTAL			5,824,610	3,093,895	(138,932)	(143,100)

Expenditures from:

Fund/Agency	Fund Code	Department	Current Year	2012	2013	2014
Real Estate Services ⁵	0010	0440	5,000	0	0	0
Direct O&M at Aukeen ⁶	0010	0530			(138,932)	(143,100)
Base Rent for Renton District Court ⁷	0331	0447	74,070	148,140		
District Court O&M for remodeled MRJC Space ⁸	0010	0530			442,258	455,526
KCSO -- MRJC Office O&M savings ⁹	0010	0200		(334,793)	(344,837)	(355,182)
KCSO -- MRJC Parking Savings ¹⁰	0010	0200		(280,629)	(289,047)	(297,719)
Reallocation of CID MRJC costs during Construction ¹¹	Multiple Funds	Multiple depts		334,793	0	0
Reallocation of CID Parking Costs among MRJC tenants ¹²	0010	Multiple depts		280,629	289,047	297,719
Debt Service Payment ¹³	8400	0465		222,656	222,656	222,656
#395148 District Court Relocation to MRJC	3951	0605	869,395	6,370,574		
#395419 CID Tenant Improvement ¹⁴	3951	0605	405,000	493,000		
#395157 KCSO Long Range Facilities Plan ¹⁵	3951	0605	150,000	0		
TOTAL			1,503,465	7,234,370	181,145	179,899

Expenditures by Categories

	Current Year	1st Year	2nd Year	3rd Year
Operating/Lease	79,070	148,140	(41,511)	(42,757)
Debt Service		222,656	222,656	222,656
Capital	1,274,395	6,863,574		
Long-Range Planning	150,000			
TOTAL	1,503,465	7,234,370	181,145	179,899

Notes

- The fiscal note shows the full impact of the relocation of District Court into the MRJC and the move of CID to another location, most likely Chinook. The appropriation request is only for the programming and design portion of the capital costs, and the costs for long range planning for the Sheriff's Office.
- Reduction in direct O&M costs due to sale of Aukeen building. Savings in 2012 will be used to cover Renton O&M.
- Sale of Aukeen will terminate the current lease and Kent will no longer pay a portion of the O&M costs to the County.
- The Renton District Court lease was paid out of the Green River Flood appropriation for the first half of 2011. It will be paid for by the General Fund via the Long-Term Lease Fund for the remainder of 2011 and in 2012. The Long Term Lease fund does not need additional appropriation authority in 2011.
- To cover the cost of processing the Purchase and Sale Agreement. No appropriation needed.
- Sale of Aukeen lowers District Court O&M Costs (14,110 sq. ft. *\$11.004737 O&M Charge * 3%. Cumulative inflation of 6.09%). Savings in 2012 will be used to cover O&M at Renton.
- Base rent for Renton District Court for 2012 (\$12,345 per month). Cost partially offset by direct O&M savings related to sale of Aukeen.
- District Court O&M costs for added 21,992 sq. ft. in the MRJC (21,922 sq. ft. * \$14.780021 O&M charge * 3% for inflation. Cumulative inflation of 6.09%.)
- CID vacates MRJC Office Space (15,000 sq.ft. *\$14.780021 O&M charge * 3% for inflation. Cumulative inflation of 6.09%.)
- CID vacates MRJC Parking area (18,343 sq. ft. * \$14,780021 O&M charge * 3% for inflation. Cumulative inflation of 6.09%.)
- Because the former CID office space will be unoccupied during construction, the fixed costs (utilities) will be spread through the ISF rate model. Offsets savings in footnote 9.
- CID currently uses 47 parking spaces at the MRJC. These spaces and their costs will be reallocated among MRJC tenants. (18,343 sq. ft *\$14.780021 O&M charge * 3%. Cumulative inflation of 6.09%). Offsets savings in footnote 10.
- Debt Service is calculated at 4% for 20 years on \$3,0260,000. Payments will be supported by General Fund property tax.
- Cost estimate assumes CID moves to Chinook; however, that decision is not final and the estimate may change.
- The expenditures for long-range planning are shown in one year in the fiscal note, but may actually occur over multiple years.

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FISCAL NOTE

Ordinance/Motion No. 00-	
Title:	Sale of Aukeen Building
Affected Agency and/or Agencies:	District Court and FMD - Real Estate Services
Note Prepared By:	Krista Camenzind
Note Reviewed By:	Dave Preugschat

Impact of the above legislation on the fiscal affairs of King County is estimated to be:

Revenue to:

Fund/Agency	Fund Code	Revenue Source	Current Year	1st Year	2nd Year	3rd Year
Building Repair & Replacement Fund	3951	Sale of Aukeen Building #000660-0043	5,600,000	0	0	0
TOTAL			5,600,000	0	0	0

Expenditures from:

Fund/Agency	Fund Code	Department	Current Year	1st Year	2nd Year	3rd Year
Real Estate Services ¹	0010	0440	5,000			
Building Repair & Replacement	3951	0605	869,395	4,730,605	0	0
TOTAL			869,395	4,730,605	0	0

Expenditures by Categories

	Current Year	1st Year	2nd Year	3rd Year
#395148 District Court Reallocation to MRJC	869,395	4,730,605	0	0
				0
				0
TOTAL	869,395	4,730,605	0	0

Notes:

1. To cover costs associated with processing the Purchase and Sale agreement
2. The total estimated cost of the District Court Relocation to the MRJC project is \$7,239,969. The remaining amount will likely be bond financed.

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King County 2011
Space Planning Options Supporting
District Court Consolidation
into the
Maleng Regional Justice Center

Leveraging King County Real Estate Assets

July 2011
King County Facilities Management Division

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Background

The proposal outlined in this report describes a plan that, if executed, would achieve two objectives: 1) consolidate and expand King County District Court functions at the Maleng Regional Justice Center (MRJC) located in the city of Kent; and 2) move the King County Sheriff's Office Criminal Investigations Division (CID) to downtown Seattle, creating operating efficiencies for CID with closer proximity to the Sheriff's Office administration, the Property Management Unit, and the resources of the King County criminal justice system in Seattle.

Moving forward with the plan will require approval of the following accompanying pieces of legislation: 1) an ordinance approving the Purchase and Sale Agreement with the City of Kent for the Aukeen Courthouse; and 2) an ordinance approving the capital appropriations necessary to program and design both the tenant improvements for District Court at the MRJC and CID's preferred relocation space at the Chinook Building. Finally, this ordinance would also approve the appropriations necessary to undertake long-term planning for the Sheriff's Office and Superior Court.

This proposal to consolidate and expand District Court functions in Kent has been developed through a collaborative process involving all affected MRJC tenants. Although the most significantly impacted organizations are District Court and the Sheriff's Office, all MRJC tenants and justice functions related to District Court are affected by this space planning effort. The Law Safety and Justice Facilities Master Planning Advisory Council (hereafter referred to as the FMP Advisory Council) was used as a forum for coordination. Members of the FMP Advisory Council include separately elected leadership and key staff from technical working groups established to evaluate the details of each option. The FMP Advisory Council is jointly chaired by Dwight Dively, Director of the Office of Performance Strategy and Budget (PSB) and Kathy Brown, Director of the Facilities Management Division (FMD).

Below are brief descriptions of the King County agencies and facilities most significantly affected.

District Court

King County District Court is part of the judicial branch of King County government and is funded primarily through the General Fund. District Court generates revenues from filing fees, probation fees, passport fees, imposition of fines and costs, and city contracts for court services. The District Court currently operates at ten facilities located throughout King County: the Aukeen Courthouse in Kent, the MRJC in Kent, the King County Courthouse (KCCH) in Seattle, the King County Correctional Facility (Seattle-jail calendars only), and other facilities located in Bellevue, Burien, Issaquah, Redmond, Shoreline and on Vashon Island (one day per month).

The Aukeen Courthouse, the sale of which is central to this proposal, is located at 1220 Central Avenue South in Kent. Owned by King County, the facility is shared by District Court and the City of Kent for its Municipal Court. Through late 2009, King County District Court used two of the Aukeen courtrooms for its South Division matters, with the remainder of the facility leased

by the City of Kent. Per a 2009 Interlocal Agreement between the City and the County, Kent was to pay for improvements to the Aukeen Courthouse, expanding the building from four to seven courtrooms to meet the future capacity needs of both entities. The City of Kent had identified \$7,000,000 to fund this expansion. The proposal outlined in this report instead sells the Aukeen Courthouse to the City of Kent for \$5.6 million, allowing the City to avoid expanding the facility and partly funding the remodel of the MRJC for District Court.

King County Sheriff's Office Criminal Investigation Division

The King County Sheriff's Office CID includes the Major Crimes Unit, the Special Assault Unit, the Regional Criminal Intelligence Group, and the Criminal Warrants Unit, among others. The division serves citizens with follow-up investigations of homicides, robberies, fire investigations, major accidents, missing persons and sexual assaults. It also serves felony arrest warrants and addresses issues associated with child support enforcement, registered sex offenders, and asset forfeiture.

Maleng Regional Justice Center

Built in 1997, the MRJC is an 18 acre campus serving the criminal and civil justice needs of South King County. Located between 4th Avenue North and West James Street in downtown Kent, the MRJC is comprised of three buildings. These buildings include an adult detention facility, a three-story parking garage, and a courthouse. The MRJC courthouse features 21 courtrooms, hearing ex-parte, family law, dependency, criminal District Court matters, and general civil and criminal Superior Court matters. Courthouse functions include the CID, the Prosecuting Attorney's Office, court clerks of the Department of Judicial Administration, a branch of the King County Law Library, child care, and courts services including a Family Law Information Center. Over 300 personnel work in the MRJC courthouse.

Chinook Building

The Chinook Office Building is located in downtown Seattle on the corner of 5th Avenue and Jefferson Street. The Chinook Building is a 13-story office building with a capacity for over 1,400 employees. Currently, the following agencies operate within Chinook: Public Health Seattle & King County, the Office of Information Resource Management, Administration for the Department of Executive Services, the Executive's Office, PSB, the Department of Community and Human Services, Finance and Business Operations and the Ethics Office. Given the staffing reductions of the past few years, there is underutilized space in the Chinook Building which can be maximized for purposes of this proposal.

**SECTION 1:
Executive Summary**

In 2005, the King County Council adopted the District Court Operational Master Plan (OMP), which established the policy goal of having one single District Court building in any given city. In September 2007, the Council adopted the District Court Facilities Master Plan, which proposed fulfilling this OMP Policy goal by vacating the Aukeen Courthouse in Kent and consolidating those courtrooms with the District Court facilities at the Maleng Regional Justice Center (MRJC), also located in Kent. This move would consolidate south county functions for the Court, leading to efficiencies for both District Court and the public. The 2005 Space Plan identified the space occupied by the King County Sheriff's Office Criminal Investigations Division (CID) as the potential location for additional District Court courtrooms in the MRJC. It also identified moving CID to downtown Seattle to be close to Superior Court and the Sheriff's Office administration as a policy goal. However, remodeling space in the MRJC for District Court, as well as space for CID in a downtown location, requires a significant financial investment. Since the adoption of these policies, funding for the remodel and multiple moves has not been available.

The City of Kent has communicated its desire for expanded Municipal Court space within the Aukeen Courthouse, which provides an opportunity to leverage this asset for the benefit of the County's District Court operations. The City currently leases space in the Aukeen Courthouse for municipal court services and had previously identified approximately \$7 million to support the required capital improvement for a Municipal Court expansion at Aukeen. Given King County's simultaneous need to expand South end District Court operations, a new and cost-effective scenario has been identified by both governments: the City of Kent will purchase the Aukeen Courthouse from King County for less than the aforementioned \$7 million; and, in doing so, would have ample room for its Municipal Court after District Court vacates from Aukeen. South end District Court operations would then consolidate and expand within the MRJC, thereby allowing the Court to respond to its increased workload with operating space increasing from the current 14,905 square feet to 28,205 square feet. This consolidation of District Court functions into the MRJC is consistent with numerous ordinances adopted by the King County Council.

A proposal to consolidate District Court functions in Kent and to increase the number of District Court courtrooms from one to four (with a multipurpose room that can also be used for a courtroom) has been developed after discussions with the King County Sheriff and the District Court Presiding Judge. Enclosed as an attachment to the ordinance is the related Purchase and Sale Agreement, which has been approved by the City of Kent.

This proposal, if executed as planned, achieves the following:

1. Enables the City of Kent to expand its Municipal Court capacity within the Aukeen building at an estimated savings of \$1.4 million. Rather than renovating and expanding the County's Aukeen District Courthouse at the City of Kent's expense of \$7 million as provided by the original lease, the County will sell the Aukeen Courthouse to the city for \$5.6 million. With that sale and vacation of King County

District Court, the City of Kent will be able to utilize two more courtrooms.

2. Creates seven consolidated District Court courtrooms in the MRJC through the following steps: 1) building four new courtrooms and a multipurpose room (that can be used as a courtroom) in the MRJC to accommodate relocated functions from the Aukeen Courthouse and to provide designated courtrooms for the recently added District Court judges; and 2) combining the four new courtrooms and the multipurpose room with the existing District Court space at the MRJC that includes one dedicated District Court courtroom and one borrowed Superior Court courtroom (presently used for Domestic Violence Court). The proposed consolidation plan is consistent with the Council adopted District Court operational and facility master plans that specifically identify the need for six courtrooms plus one multipurpose room in Kent for District Court. The early cost estimates for tenant improvements and the courtroom capacity evaluation costs at the MRJC are \$7.2 million (see #5 below). The County Executive is seeking \$869,395 for design and development of final cost estimates for the necessary tenant improvements at the MRJC.
3. The final location of the KCSO Criminal Investigations Division (CID), now housed in the MRJC, is preferably the Chinook Building in underutilized space consistent with Council policy to relocate CID to the Seattle downtown core. However, FMD continues to work with the KCSO to ensure that all operational and security issues relating to CID moving into Chinook can be resolved before making a final recommendation. The early cost estimates for tenant improvements and move costs for CID's relocation to Chinook are \$0.9 million. The County Executive is seeking \$405,000 for design and final cost estimates for the tenant improvements required to place the CID at a location other than the MRJC.
4. Provides for development of a KCSO long-term facilities plan to support the Sheriff's ongoing business improvement process to address changing service dynamics and anticipated contract service trends. The estimated cost for this portion of the project is \$150,000.
5. Provides for an evaluation to maximize courtroom capacity throughout the MRJC in anticipation of future District and Superior Court needs.
6. Manages renovations and multiple relocations and consolidations in a manner that will ultimately save the county money.

Simply put, this proposal expands the number of District Court courtrooms in Kent by two; reduces the County's space inventory by 14,110 square feet; reduces related annual operating and maintenance costs by \$155,276; and improves the utilization of approximately 37,000 square feet of existing office space. A 20-year net present value analysis including all of the proposed capital, operating and debt service requirements concludes that the proposal costs are almost negligible when compared to current operations.

Proposed Strategy for District Court Consolidation
July, 2011

In March 2011 the City of Kent signed a Letter of Intent (LOI) to purchase the Aukeen Courthouse. That document is enclosed as Attachment A. In April 2011, both FMD and the City of Kent signed and executed an amendment to the Aukeen lease, reflective of this new strategy. The lease amendment is also included as Attachment B, and the Purchase and Sale Agreement, which has been approved by the Kent City Council is also being transmitted with this report. (See Attachment C)

This is an excellent example of two governments working collaboratively to find regional solutions with limited financial resources. Selling Aukeen to the City of Kent provides much of the required financing to expand District Court capacity at the MRJC. The County's interest in selling the Aukeen Courthouse is driven by the need to consolidate and expand south county District Court. and the consolidation and expansion of District Court capacity is supported by the revenue from the sale of the Aukeen Courthouse.

To achieve the aforementioned steps, the Executive has transmitted for Council consideration and approval a proposed ordinance appropriating \$1,424,395 for three capital projects providing for: 1) programming and design of tenant improvements and move costs associated with the relocation of District Court from the Aukeen Courthouse to the MRJC; 2) programming and design of tenant improvements and move costs associated with the relocation of the CID from the MRJC to another location, preferably to the Chinook Building; and 3) a KCSO Long Range Facilities Plan and a separate evaluation to maximize the MRJC courtroom capacity. Proceeds from the sale of the Aukeen Courthouse to the City of Kent will provide \$5.6 million to offset the proposed expenditures and subsequent expenditures. The remaining construction costs will exceed sale proceeds and may be funded through bond financing. The KCSO long-range planning costs will be funded by General Fund fund balance. Subsequent legislation will include further expenditure and funding requests.

All branches of King County government are working cooperatively to manage operations efficiently, given the current economic challenges. King County has successfully created operational efficiencies through improved technology, staff changes and improved business practices, while meeting ever-increasing demands for service. The proposal outlined in this report leverages underutilized space for the benefit of District Court services and is just one of many ways that King County is responding to the reality of declining public sector resources. FMD will coordinate with all MRJC tenants to accommodate the needs associated with this project.

SECTION 2:

Implementing King County Strategic Plan Policies

The King County Strategic Plan, approved in July 2010 is a key tool in the Executive's efforts to reform King County government. The Strategic Plan focuses on customer service, partnerships, and various approaches for reducing the costs of government. This proposal leverages the value of the Aukeen Courthouse facility in Kent in order to meet multiple goals of the King County Strategic Plan.

The sale of the Aukeen Courthouse and subsequent consolidation and expansion of District Court services within the MRJC, as well as the relocation of the Sheriff's CID to the Chinook Building supports the Strategic Plan in the following ways:

- Reducing the County's cost of doing business, including keeping growth in costs below the rate of inflation by working with cities to identify opportunities to provide services more efficiently;
- Improving public safety by collaborating with local jurisdictions to define and provide regional law, safety and justice services;
- Supporting safe communities and an accessible justice system by consolidating District Court functions and co-locating those functions with other justice agencies in a regional justice complex;
- Moving CID to a more advantageous and strategic location in downtown Seattle;
- Enhancing King County's natural environment by reducing both its carbon footprint and helping the City of Kent to meet its needs without creating new facilities; and
- Exercising sound financial management through more efficient use of existing real estate assets, thereby enhancing their productivity and value.

The importance of partnerships with local jurisdictions to ensure efficient use of limited resources cannot be overstated. The sale of the Aukeen Courthouse to the City of Kent represents a better investment strategy for both the city and county residents. Consolidating the County's District Court services at the MRJC provides a single point of access to District Court in south King County, thereby eliminating public confusion and barriers to court access.

King County's facilities must be service oriented, convenient, accessible and efficient. The related facility decisions must be fiscally responsible and cost effective, seeking to maximize the value of our long term investments. To realize efficiencies and minimize costs, the County must work to leverage existing facilities and co-location functions. These priorities, linked to the proper actions, reflect sound financial management.

SECTION 3:

Policy and Legislative Directives

There are several historical legislative and strategic documents supporting the recommendation to sell the Aukeen Courthouse, consolidate and expand South District Court facilities, and relocate the King County Sheriff's Office CID to the downtown area. The discussions about consolidating District Court facilities in Kent and relocating the CID to downtown Seattle have occurred over an almost ten year period. Relocating CID to Seattle was mentioned as early as the 2002 Space Plan. The consolidation of the District Court facilities within the City of Kent has been considered by the Council on a number of occasions, the first of which was in the 2005 District Court Operational Master Plan (OMP), mentioned in Section 1 of this report. Described below are the more recent county planning documents and ordinances applicable to the various components of this recommendation.

3.1 Potential Sale of the Aukeen Courthouse to the City of Kent

Ordinance 16321 adopted in December 2008 authorized the County Executive to enter into a twenty year lease with the City of Kent for space in the Aukeen Courthouse. The lease gave the City a right of first offer to acquire Aukeen in event that the County opted to sell the building, or in the event that the County terminated the lease for convenience.

The purchase price of \$5.6 million provides the City with the additional court capacity it needs. This strategy also saves the City of Kent \$1.4 million, since it had identified \$7 million for Aukeen capital improvements (the original lease agreement stipulated that the City would pay for the needed Aukeen expansion). With the City's purchase and the associated King County District Court vacation, the originally envisioned capital improvements to Aukeen are no longer necessary for the City of Kent.

3.2 Consolidation and Expansion of District Court Facilities

King County Code 2.68.005 (adopted via Ordinance 15195 in May 2005) reaffirmed the Council's interest in the District Court. Below are portions from the ordinance:

- *Continue and make explicit the strategy of improving efficiency through unification of governance, administration and planning, centralizing workload where appropriate;*
- *Continue to support the District Court's function to serve cities through contracts and support flexibility in providing services and facilities for District Court customers;*
- *Continue to support a unified, countywide District Court, using existing facilities, to provide for a more equitable and cost effective system of justice for the citizens of King County;*
 - *ensuring court facilities promote system efficiencies, quality services and access to justice; and*
 - *consolidating District Court facilities that exist in the same city; and*

- *Work together with stakeholders to gain cooperation and assistance to meet the needs of the judicial system at the state and local levels.*

The District Court's 2005 Operational Master Plan (OMP) recognized that having fragmented District Court facilities in a single community did not improve access to justice and lead to increases in costs and public confusion. The OMP recommended that the two offices should be consolidated at one of the two locations, preferably at the MRJC in order to leverage existing county infrastructure.

The 2005 Space Plan (Ordinance 15328) provided that the MRJC space ultimately vacated by the CID should be converted to courtrooms, jury rooms, and associated support space for use by the District Court, consistent with the OMP. More specifically, it was the intent of the council that the Space Plan provide additional space for the District Court at the MRJC through the conversion of vacated CID space into courtrooms, jury rooms, and associated support space.

2007 District Court Facility Master Plan noted that the preferred option was to have District Court consolidate the State criminal caseload into Seattle, MRJC, and Issaquah facilities. It also assumed the eventual consolidation of the Kent facilities.

3.3 Downtown Location for the Sheriff's CID

The 2005 Space Plan (Ordinance 15328), under the section, *Location of County Agencies*, stipulated that CID should be relocated to the downtown Seattle core complex of King County buildings. Any vacancy in the Administration Building resulting from the relocation of elections-related functions shall be considered a priority location for the relocation of the Sheriff's departmental functions.

SECTION 4:

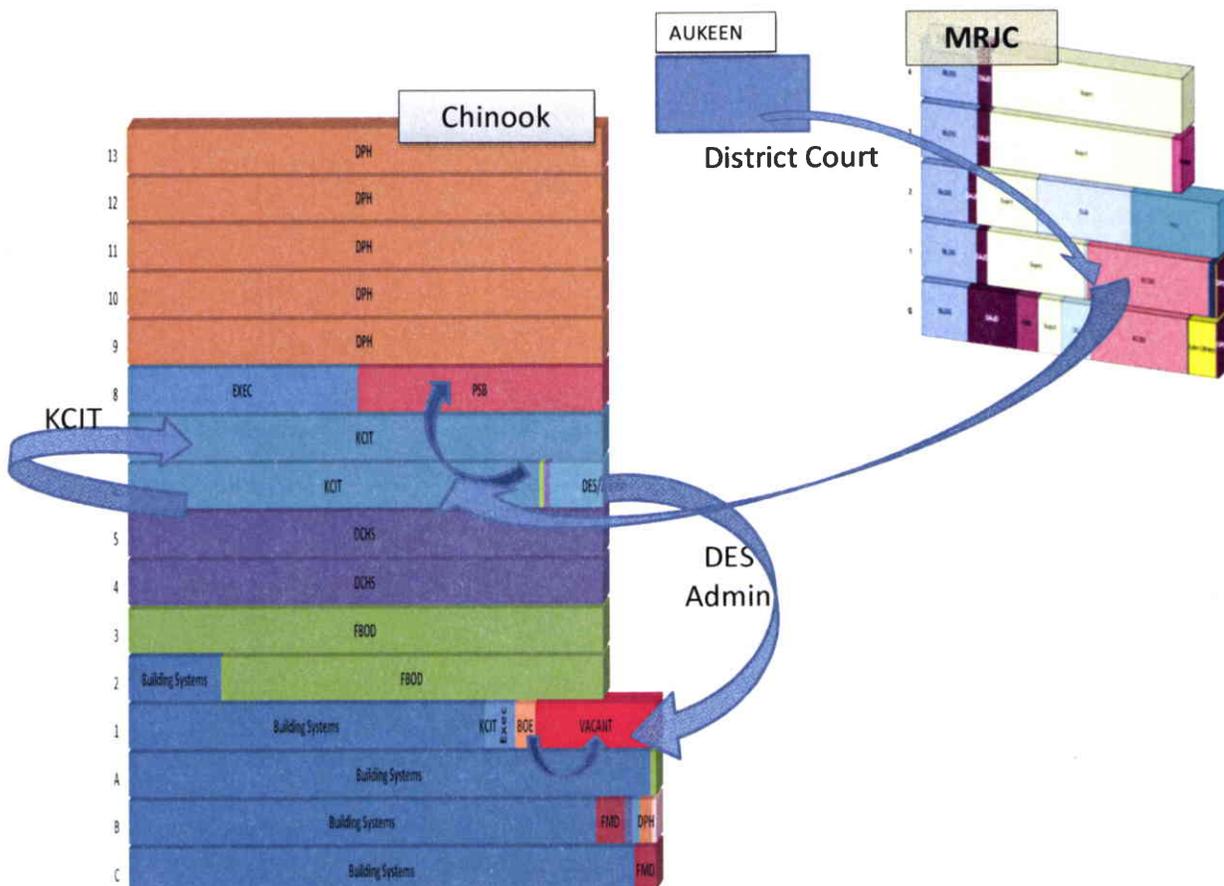
Sequence of Steps and Associated Detail for Achieving District Court Consolidation

A series of critical steps are required in order to achieve the customer service and space efficiency goals associated with consolidating and expanding District Court services:

1. Sell the Aukeen Courthouse to the City of Kent;
2. Move KCSO CID from the MRJC to a new site, the Chinook Building being the goal; and
3. Consolidate and expand District Court operations at the MRJC.

These three steps are discussed respectively below in Sections 4.1, 4.2 and 4.3, and Figure 1 below also depicts the series of necessary moves.

Figure 1: Series of Required Moves for Consolidating and Expanding District Court Services



4.1 Sell the Aukeen Courthouse to the City of Kent

Under a separate interlocal agreement between King County and the City of Kent, Kent had agreed to expand the Aukeen Courthouse at a cost of \$7 million, allowing for continued co-location with District Court until King County ultimately fulfills its stated policy intent of consolidating District Court functions at the MRJC. Under this agreement, Kent would have the first opportunity to purchase the Aukeen Courthouse when it vacated, with consideration given to the value of the expansion.

To avoid the estimated \$7 million in construction costs (which would result in a building size exceeding Kent's long-term needs) and to preserve their criminal justice campus, the City of Kent has proposed that the City buy the Aukeen Courthouse from King County for a price of \$5.6 million. Discussions between FMD and the City of Kent have resulted in a non-binding Letter of Intent (LOI) identifying the business terms of selling the Aukeen Courthouse to the City of Kent (see Attachment A). The LOI was signed in March 2011.

Most notable of the LOI terms are:

- A purchase price \$5,600,000;
- Aukeen will be sold in "as is" condition;
- Provides the City a 90 day due diligence period;
- Provides the City full access for inspections;
- Within 30 business days after mutual execution of the letter, King County shall prepare and deliver to the City a Purchase and Sale Agreement reflecting the terms of this letter (See Attachment C); and
- Closing will occur within 30 days following approval by the King County Council of 1) the Purchase and Sale Agreement; and 2) the move-out schedule associated with Aukeen operations (currently occurring from the Renton District Court as a flood preparedness measure).

The sales proceeds will partially finance the tenant improvement costs necessary to consolidate Kent District Court operations at the MRJC.

4.2 Move KCSO CID from the MRJC

The King County Sheriff's Office (KCSO) employs over 1,000 sworn officers and professional staff who provide law enforcement services to twelve contract cities, the Muckleshoot Tribe, Metro and Sound Transit, and unincorporated King County. The CID provides citizens with follow-up investigative, warrant, and intelligence-gathering services. Specifically, it investigates crimes including homicide, domestic violence, child abuse and neglect, custodial interference, and sexual assault. CID also addresses child support enforcement issues and manages court security for King County Superior and District Court locations.

CID consists of three sections: Major Investigations, Special Operations, and Advanced Training. The Major Investigations Section is located on the first floor of the MRJC. This Section has a total of 83 FTE detectives and support staff administered by a Major, a Captain and

a division secretary – for a total of 86 FTEs. Of the 86 FTEs in Major Investigations, 10 would not be moved to a new CID office as they are assigned elsewhere. Only 76 FTEs would be relocated to a downtown location.

The CID Major Investigations Unit occupies 21,992 square feet on the first floor of the MRJC. The Unit also has an additional 18,434 square feet of dedicated underground parking on the ground floor. Due to recent staff reductions, the assigned MRJC space is now much larger than required for current operations. For 2011, KCSO is paying approximately \$600,000 in operating and maintenance charges for its assigned MRJC spaces; the General Fund is charged approximately \$119,000 for Major Maintenance for these spaces.

Command staff and administrative support for Special Operations and the Advanced Training Unit will also be located with Major Investigations/CID. An additional two captains and one administrative support staff will be included in the move estimates, for a total of 79 FTEs in the new location.

During the last few months a staff team with members from the KCSO, PSB and FMD met to develop, review and recommend relocation strategies for CID. This analysis began with eight options, but ultimately was narrowed down to 4 frontrunner options. These frontrunner options were then subjected to a more detailed analysis, which is summarized below.

FMD is working with the KCSO to see if the Chinook Building can function effectively for the CID and also minimize risk to the County. If these goals can be achieved, then the Chinook Building would be the preferred location for CID. This recommendation would be based on the programmatic advantages of the Chinook Building, the economics of this scenario, and previous Council direction to move CID to a downtown location.

An Executive recommendation to relocate CID to approximately 15,000 rentable square feet of space in the Chinook Building would not come without cost. However, those costs are offset by the fact that the Chinook Building occupancy takes advantage of existing vacant space. Included in the project costs is the relocation of the current Chinook tenant(s) to other county-owned and currently vacant space and an estimate for the required tenant improvements.

As stated previously, the recommendation to relocate District Court from the Aukeen Courthouse into the Maleng Regional Justice Center depends on CID vacating their current space at MRJC.

4.2a KCSO CID Relocation Requirements Analysis

Working with CID staff, FMD Capital Planning staff first determined that approximately 15,000 rentable square feet was needed at a new site to relocate 79 KCSO FTEs at a new location. The current office space layout in the MRJC provides an open office with a series of work stations/cubicles, and few private offices are provided. Except for a limited number of specialty rooms, the existing CID office space resembles a standard open office space layout. In addition to a reception area, the new site needs an enclosed interview room, a small secure evidence storage room, a small decontamination station and the necessary technology and data lines.

The following eight sites were initially considered for temporarily relocating the KCSO CID: the King County Courthouse; the Chinook Building; generic Eastside leased space; Precinct #2 in Kenmore; Precinct #3 in Maple Valley; the King County Administration Building; the Blackriver Building in Renton; and the Yesler Building.

Precinct #2 and Precinct #3 were included in the initial site list since both the Executive and the Sheriff have recommended to the County Council vacating these facilities as part of the package to create a new East Precinct Command Center in Sammamish City Hall in support of the new KCSO operational model this proposal is currently pending Council review. However, Precinct #2 was eliminated as an option early in the process, since it is not large enough to meet CID's space needs. (Precinct #2 is 8,700 square feet.) In addition, neither precinct offers good access to existing KCSO and criminal justice facilities, and both would increase transportation times between CID and other criminal justice locations.

4.2b Detail on Relocation Options

The relocation options summarized below were developed with the remaining sites after Precinct #2 and Precinct #3 were discarded as options. FMD also worked closely with KCSO to assess CID's operational needs at a new site, and those KCSO priorities are summarized in Table 1 and also discussed below.

Option 1A, Move CID into the King County Courthouse (KCCH): This alternative requires three moves: 1) Administration Building tenants moving out to another building (perhaps Yesler) to make room for the KCSO technical staff. It is likely that 175 FTEs would be impacted with a total of 45,000 sq. ft. requiring some level of tenant improvements (TIs); 2) KCSO technical staff moving from the KCCH first floor to the Administration Building; and 3) CID moving to the first floor of the KCCH. Although this strategy has been contemplated in the past by KCSO, the Executive and the Council, it was ruled out because of the high capital costs and number of FTEs involved in the moves.

(Frontrunner) Option 1B, Move CID to the King County Courthouse: This alternative requires two separate moves: 1) Move KCSO Technical Services or other administrative functions (approximately 75 employees) from the King County Courthouse to the Chinook Building; and 2) Move the CID into the King County Courthouse space vacated by KCSO administrative staff 79 employees). Although this option involves two separate moves and greater expense, it remains an option because of its ability to address KCSO security requirements.

Option 2, Moving CID into the Administration Building: This alternative was discarded as the building does not have a "private access" for suspect or witness escort. Witnesses and suspects arriving from the Administration Building loading dock would be required to walk through the public lobby area on the first floor using the public elevators to the proposed work site.

(Frontrunner) Option 3, Maximizing existing vacant space within Chinook: This alternative requires at least two moves: First, consolidating existing tenants within Chinook using vacant cubicles requiring 1 or 2 moves, depending upon the floor selected for CID. It is likely that 40

or more FTEs would be impacted. Then second, moving CID into the Chinook Building. Minimal tenant improvements (TIs) would be needed for approximately 25,000 sq. ft.

Option 3a, Move CID into the Chinook with existing Chinook tenants relocated to another building: This alternative would require two moves: 1) Chinook tenants would be relocated to another building (perhaps Yesler); and 2) CID would move into Chinook. It is likely that 135 FTEs would be impacted with 15,000 sq. ft. in Chinook requiring minimal TIs and approximately 10,000 sq. ft. in another building requiring normal TIs. This option was not ultimately considered, given the amount of vacant space that currently exists within Chinook.

(Frontrunner) Option 4, Maximize existing vacant space with Blackriver: This alternative requires at least two moves: 1) DDES would consolidate in the remaining area in Blackriver; and 2) CID would move into Blackriver on the 2nd floor. Approximately 135 FTEs would be impacted and approximately 15,000 sq. ft. would be outfitted with normal CID TIs with the DDES relocation requiring minimal TIs.

(Frontrunner) Option 5, Leasing Eastside office space: This alternative requires a single move with significant TIs to a privately owned building. Only 79 CID FTEs would be impacted with approximately 15,000 sq. ft. in TIs.

Option 6, Move CID to vacant space in the Yesler Building was also quickly discarded, since there is no loading dock or private access to any Yesler floor. This eliminates the ability to transport witnesses or suspects in and out of the building without coming into contact with the public.

The facility requirements for a functional CID are also outlined on the next page in Table 1.

Table 1: KCSO CID Facility Requirements for Maximum Effectiveness

Facility Criteria	Description	Benefits/Impacts
<p>A. Central and Accessible</p>	<ul style="list-style-type: none"> • Proximity to freeways and arterials for both public and CID access. • Availability of bus transportation. • Continuity of operations during disaster/flood response. 	<ul style="list-style-type: none"> • Reduces transport time. • Improves public access. • Continues operation during critical response periods.
<p>B. Access to Other Criminal Justice Infrastructure</p>	<ul style="list-style-type: none"> • Proximity to and ability to use office amenities within King County-owned buildings, i.e. conference rooms, mail rooms. • Proximity to other criminal justice entities, i.e. Prosecuting Attorney's Office or Superior Court for trial and hearing preparation and for accessing incarcerated individuals. • Proximity to other KCSO sites, i.e. Property Management unit for evidence storage, etc. 	<ul style="list-style-type: none"> • Leverages existing resources. • Avoids the cost of duplicating amenities. • Improves CJ coordination, avoids travel time and facilitates multi-tasking while awaiting appearance at trial. • Reduces transport time to and from existing KCSO sites.
<p>C. Security Within Facility</p>	<ul style="list-style-type: none"> • Availability of private access to the CID area for transport of witnesses and crime scene evidence • Availability of access by the public to the CID reception area with the area designed to prevent intrusion into the "back" offices. 	<ul style="list-style-type: none"> • On a frequent basis CID staff escort witnesses to their office for interviews. The public must not be able to see the witnesses being interviewed. • The public needs access to the CID reception area. At the same time, access within the CID office must be controlled with card access , panic buttons, etc.
<p>D. Parking</p>	<ul style="list-style-type: none"> • Availability of semi-secure parking. • Ability to park CID specialty vehicles away from public view. 	<ul style="list-style-type: none"> • CID relies on assigned vehicles to conduct their operations in the field. The vehicles are specifically outfitted and must be left in a semi-secure facility in order to prevent vandalism.

Facility Criteria	Description	Benefits/Impacts
Parking, cont'd.		<ul style="list-style-type: none"> CID uses specialty vehicles for surveillance and other investigation activities. These vehicles must be kept from public view.
E. KCSO Operational Impacts	<ul style="list-style-type: none"> Potential for operational efficiencies. Potential for additional operating costs. 	<ul style="list-style-type: none"> Reduces evidence and warrant runner time. Need to duplicate polygraph equipment. Need to increase or decrease supply delivery.
F. Schedule	<ul style="list-style-type: none"> The time required to complete all the steps necessary to relocate CID. 	<ul style="list-style-type: none"> Vacating the existing CID location is critical to moving DC out of the temporary Renton District Court and into the MRJC.
G. King County Real Estate Portfolio Benefits	<ul style="list-style-type: none"> Assess alternatives based on the full range of capital and operating costs to the County. Agency service needs the lowest cost. 	<ul style="list-style-type: none"> Maximize use of King County sites.
H. Tenant Improvement and Move Costs	<ul style="list-style-type: none"> The cost of tenant improvements for both CID as well as any moves to make space available to CID. 	<ul style="list-style-type: none"> A full array of all project costs will lead to a more informed decision process.

4.2c Additional Analysis of KCSO Facility Requirements

Central/Accessible: The Chinook Building, Courthouse and the generic Eastside leased space alternatives are located in close proximity to major highways and bus lines, although the eastside does not have direct bus service to all parts of the county. Gaining access to the KCSO service area would occur with relative ease. The Blackriver Building is three miles from the I-5 corridor and less than a mile from I-405. Neither the Blackriver Building nor the Eastside lease would offer direct bus service to all parts of the county.

Adjacencies: The Chinook Building has open unassigned conference rooms on the first floor. Both the Chinook and Courthouse options offer easy access to KCSO facilities in the KCCH and easy access to the photo lab in the Yesler Building. The Chinook Building and the Courthouse are also both near the King County Correctional Facility (KCCF), eliminating the need to transport in-custody individuals for interview.

The Blackriver Building has existing conference space that could be assigned to CID without the need for additional tenant improvements (TIs). However, the building is not located adjacent to KCSO facilities or other criminal justice agencies. As a result, there would be additional transportation costs and officer down time. The Eastside location would not have existing amenities, i.e., conference rooms, and all such amenities would need to be built on site. As with the Blackriver Building, additional transportation costs and officer down time would be required for officers to attend court and interface with KCSO administration.

Access within facility: The Chinook Building and the Courthouse both have freight elevators accessible from loading docks which could be modified to allow occupant control to the CID floor while witnesses or suspects are escorted to the work site. For the Blackriver Building, while there are doors not accessible by the general public, such doors do not have elevator access. The main lobby of the Blackriver Building would need to be modified to restrict public access to just one entrance, and split the main lobby to allow employees and escorted public only on at least one of the elevators. Access to the elevators is currently through the public lobby area. It is presumed that the Eastside leased space could be fashioned with TIs to include private access and the escort of witnesses.

All four building alternatives could accommodate a CID reception area where the public would have easy access, but could not access the remaining CID work area beyond the reception area.

Parking: For the Chinook Building, parking would be available at the published rate in the Goat Hill parking lot. Both Blackriver and the Eastside leased location (with some TIs) could include a designated semi-secure parking area that would be free for use. The likely TIs include fencing and a lockable entrance.

4.2d Facility Limitations and Impacts to Other County Agencies

The eastside leased location is relatively isolated from other King County agencies and, accordingly, creates no issue for other county agencies. While housed in a multi-tenant leased building, adequate infrastructure can be constructed to appropriately segregate CID operations from private tenants and the footprint for CID could be sized for maximum efficiency.

The Blackriver, Chinook and Courthouse options all require that CID share a building with other King County tenants. The floorplates for all three buildings are larger than what is required for CID, meaning the division must share the floor with another agency to avoid the floor being left only partially occupied. If shared, some degree of physical separation on individual floors will increase costs, as will dedication of an entire floor to CID. The CID's escorted and private access to the Chinook Building will affect access to both the loading dock and the freight elevator. Furthermore, the CID requirements for storage may require other agencies to accommodate their storage in other county buildings. Care must be taken to make sure that CID functions placed in both the Blackriver Building and the Chinook Building are consistent with the permitted use of those buildings, do not detract from the security and use of other tenants in the buildings, and meet the functional requirements of the Sheriff's Office.

4.2e Scheduling Analysis

Tentative schedules were developed to daylight the differences among the four potential locations. The potential CID move-in dates for the relocation strategies range from January to July 2012. The strategies using county buildings require less time because the TIs can be completed faster under FMD supervision. The potential move dates among the four frontrunner locations are as follows:

- **Chinook - January 2012**
- Blackriver - January 2012
- Eastside Lease - July 2012
- King County Courthouse/Chinook - June, 2012

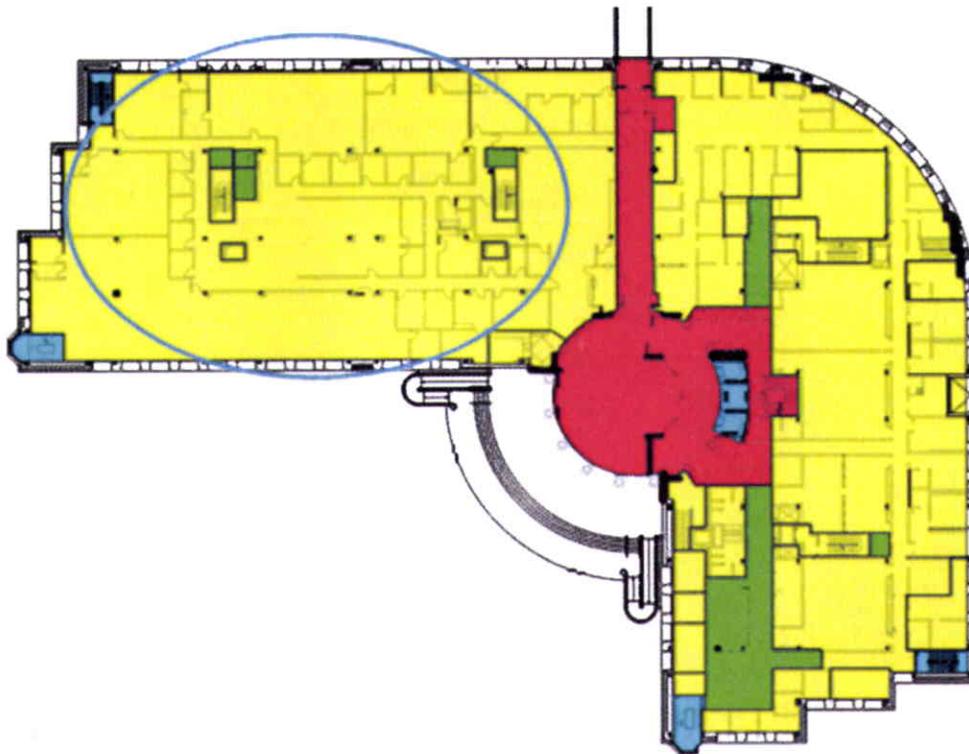
4.3 Consolidate and Expand District Court Operations at MRJC

The third element to this plan would add courtroom capacity to the MRJC, thus achieving consistency with the long term plans for that site as envisioned in the District Court Facilities Master Plan adopted by the Council as Ordinance 15899 on September 17, 2007.

The long term plan for the MRJC was developed in 2009 to ensure that the site could accommodate anticipated needs for adult inmate housing and potential growth of both Superior and District Courts. As envisioned in the plan, the site has the capacity to increase inmate housing by 460 operational beds by adding four additional housing units in the northwest corner, and increasing the total number of courts for both Superior and District Courts by eighteen with a four story addition on the south side of the existing courthouse. The long term plan also assumed the relocation of CID offsite and the conversion of their space to courtrooms for District Court. Figure 2 on the following page illustrates the existing CID location at the Maleng Regional Justice Center.

This conversion will result in a centralized, more efficient South District Court facility, and will also accommodate an increasing case load. This move also allows the County to terminate its existing lease at the Renton District Court, which is a temporary location for Aukeen District Court operations associated with the threat of Green River flooding. It is assumed that the District Court will remain at the leased Renton District Court location until the necessary tenant improvements are completed at the MRJC and the space is ready for occupancy. The Executive's 2012 proposed budget will include sufficient funding to pay for the lease and related operations and maintenance costs during the construction period.

Figure 2: Existing CID Location on First Floor at the Maleng Regional Justice Center



4.3a Amenities for District Court at MRJC

The new District Court space in the MRJC would provide the following amenities:

1. Court Functions
 - a. Consolidated and expanded District Court functions will include five courtrooms, one multipurpose room (that can be used as a courtroom), five judges chambers, four jury rooms, four attorney/client conference rooms, a clerk area with pay stations, a conference room, and staff and public toilets.
 - b. The aforementioned facilities would be located on the first floor in the area vacated by CID (see Figure).
 - c. Transfer of inmates from the jail will occur via the existing secure elevators used by Superior Court for the courtrooms on floors 3 and 4.
2. Probation
 - a. The remodel will include workstations for probation officers, an office for the Probation Manager, conference rooms for probation officers to interview clients, and office space for two Regional Mental Health Court staff.
 - b. Probation will not be located in the former CID space. Rather, it will be located on the ground floor in space located next to the existing District Court courtroom used for first appearance hearings. This area will be made available when the

District Court clerks who are currently located here are relocated to the first floor with the other clerks moving in.

3. Prosecuting Attorney

- a. Space will be allocated for Prosecuting Attorney staff transferring from the Burien District Court, once the State cases are transferred to the MRJC. Space will be provided for prosecuting attorneys, a supervising attorney, a police and witness waiting area, and a domestic violence advocate.
- b. A final location within the MRJC for the Prosecuting Attorney staff has not been determined yet. However, there are two options for accommodating the PAO at MRJC: 1) consolidating Department of Judicial Administration (DJA) space on the 2nd floor adjacent to the existing Prosecuting Attorney's office space (this appears workable because DJA file storage needs have decreased with implementation of the Electronic Records Management System); or 2) a reconfiguration of the existing Law Library on the ground floor. The Superior Court and DJA are currently determining how to address overcrowding issues in the Family Law area of the first floor, and the DJA space may be part of the solution. The Court's needs in this area will be considered along with the needs of this proposal.

4. Parking

- a. The relocation and expansion of District Court operations to the MRJC may create a need for additional parking for employees, general customers, litigants and jurors. A parking plan will be developed concurrent with design and construction of MRJC tenant improvements. This plan will be developed in consultation with the City of Kent, District Court, Superior Court, and the Department of Adult and Juvenile Detention.
- b. CID currently has 47 dedicated parking stalls at the MRJC that will be available for the building tenants to use, once CID relocates. Therefore, the total additional parking stalls needed at the MRJC once District Court is relocated will be 218. This can be accommodated by the existing joint use agreement between King County and the City of Kent allowing the County to use 450 parking stalls at the ShoWare Center during the day.
- c. Because the ShoWare Center is located across James Street, the County will have to develop a parking policy to determine where employees, visitors, jurors, and judges will park.

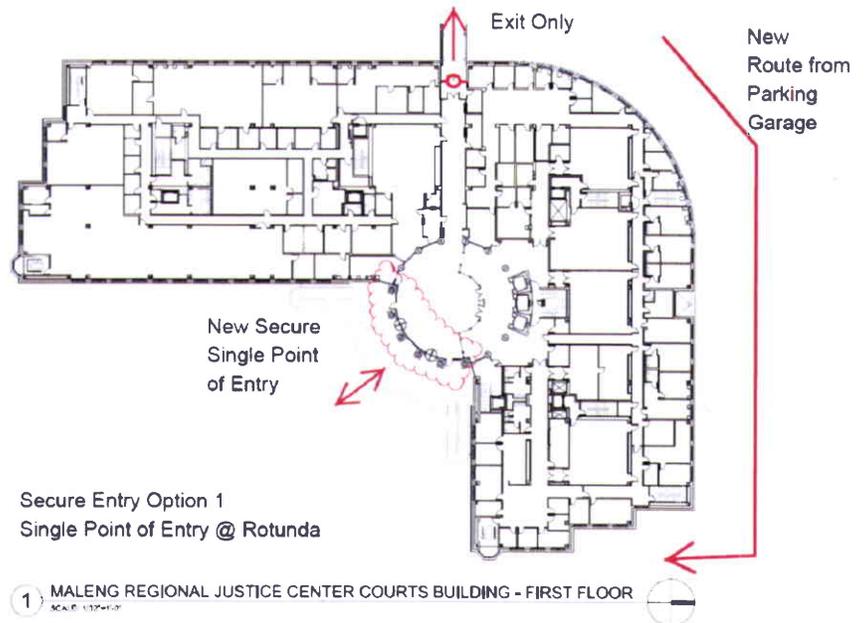
5. Security

The MRJC space currently occupied by CID is outside of the security perimeter within the MRJC, and individuals entering this space are not screened for weapons. Once this space is converted to District Court space, provisions for weapons screening will have to be made. FMD has held several meetings with the KCSO Court Protection Unit, the FMD security unit, District Court, Superior Court, PAO, and DJA to review the security needs of the building and tenants after District Court is relocated to the MRJC. From these meeting, five security options were considered and all would add to the costs of the base project.

The supplemental request for the MRJC remodel includes capital funding for the highest construction cost option, which is option #2 at \$868,414. The final decision on which security option to construct will be made late in 2011. Under all scenarios, the existing screener and marshal currently assigned to the Aukeen Courthouse (currently working from the Renton Courthouse as a flood preparedness measure) will be reassigned.

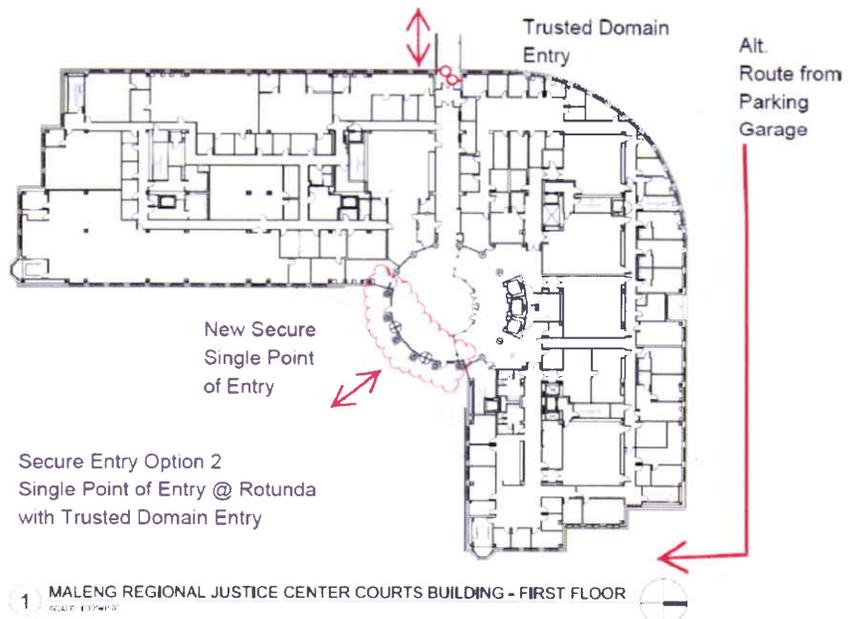
Security Option 1: Estimated One Time Cost = \$ 550,000

This security option will create a single point of entry at the east side of the MRJC in the existing rotunda area. The current entry to the building from the parking garage would be closed off and become an exit-only door, similar to the existing King County Courthouse 4th Avenue entry. The single point of entry will accommodate two full screening stations, but will not require an increase in security staff.



Security Option 2: Estimated One Time Cost = \$868,414

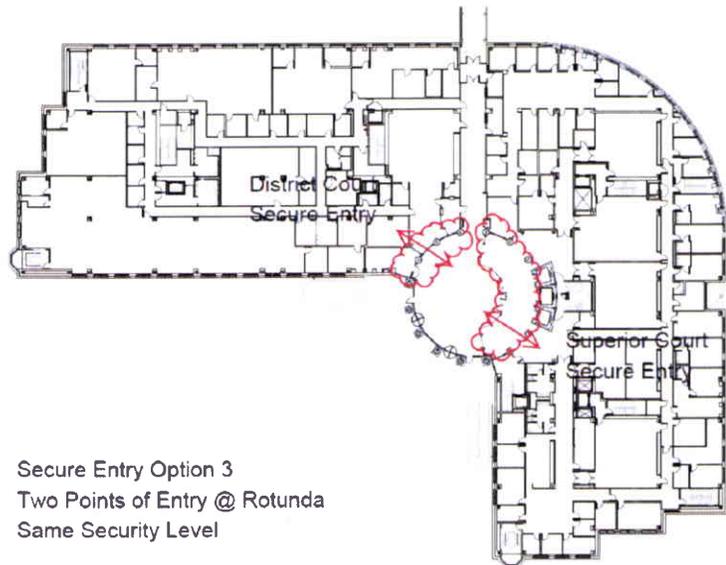
This security option will create a single point of entry at the east side of the MRJC in the existing rotunda area. The current entry to the building from the parking garage would be converted to a trusted domain (employee only) entry with appropriate security devices and controls to prevent unauthorized entry. The single point of entry on the building's east side will accommodate two full



screening stations, but would not require an increase in security staff. It has not been determined if the trusted domain entry would require additional security staff.

Security Option 3: Estimated One Time Cost = \$605,000, plus the fully-loaded cost for a new security screener, \$76,500

This security option will create two points of entry and egress at the east side of the MRJC, with screening stations set up in both locations. The first screening station would remain in place at the building's east entrance, however the station would be upgraded and the area would be modified to relieve congestion. The second screening station would be located at the entry to the new District Court area. The existing screening would not require an increase in security staff. The new screening station would be staffed by the existing security team currently located at Aukeen, but would require an additional screener for the new x-ray machine.

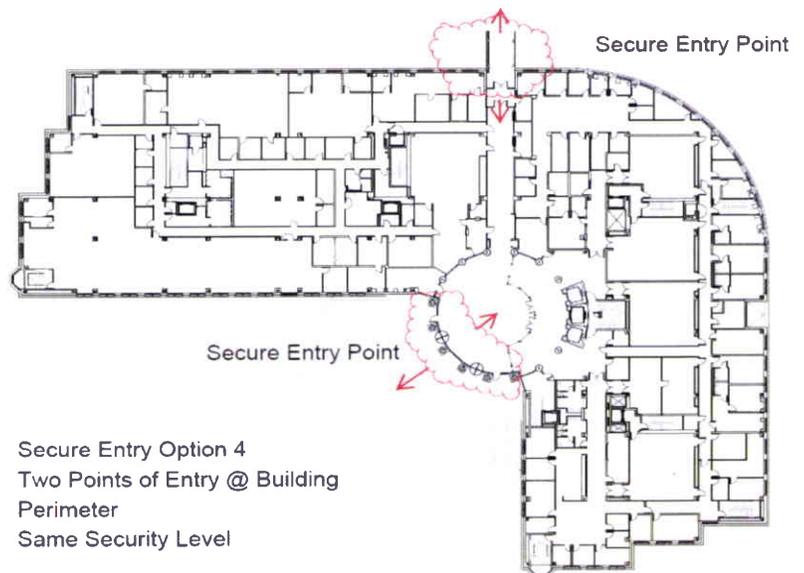


Secure Entry Option 3
Two Points of Entry @ Rotunda
Same Security Level

1 MALENG REGIONAL JUSTICE CENTER COURTS BUILDING - FIRST FLOOR
SCALE: 1/32"=1'-0"

Security Option 4: Estimated One Time Cost = \$665,000, plus the fully-loaded cost for a new security screener, \$76,500

This security option will create two points of entry and egress to the MRJC with screening stations set up in two locations. One secure point would be established at the east side of the building in the rotunda area, and the other at the entry to the building from the parking garage. Both secure points would be designed to accommodate two full screening stations. During peak hour arrivals in the



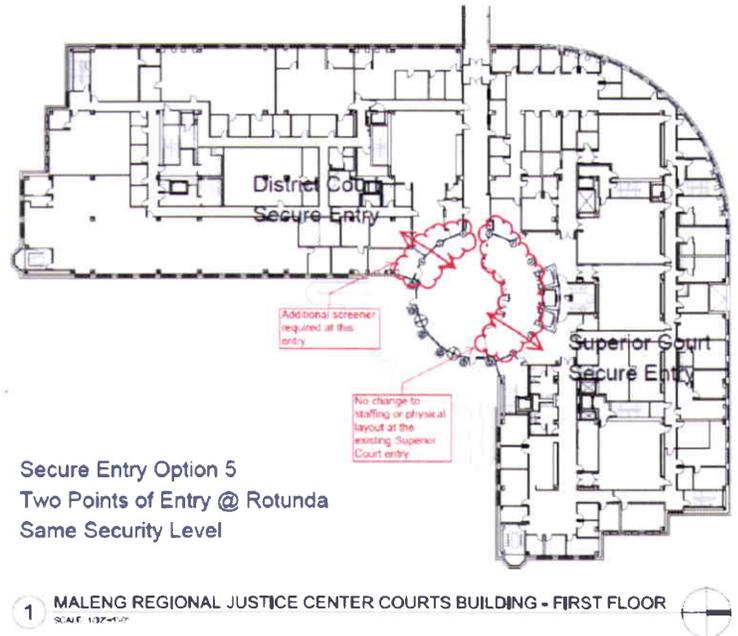
Secure Entry Option 4
Two Points of Entry @ Building
Perimeter
Same Security Level

1 MALENG REGIONAL JUSTICE CENTER COURTS BUILDING - FIRST FLOOR
SCALE: 1/32"=1'-0"

morning, a larger screening team could be located at the parking garage entry with a smaller security staff located at the rotunda entry. Then, during peak lunch time hours, the staffing levels could be rotated to the rotunda entry to accommodate the increased volume in traffic. This option would require an additional screener for the new x-ray machine.

Security Option 5: Estimated Costs = \$ 325,000, plus the fully-loaded cost for a new security screener, \$76,500

This security option will create two points of entry to the MRJC with screening stations set up in two locations. The current screening station at the building's east entrance would remain in the same location with no changes to either staffing, technology or wall layout. The second screening station would be located at the entry to the new District Court area. The existing screening station would not require an increase in security staff. The new screening station at the District Court would be staffed by the existing security team currently located at Aukeen, but would require an additional screener for the new x-ray machine.



For purposes of this report, the most expensive option was assumed in the cash flow analysis contained later in this section, which is security option #2.

Toward the end of 2011, FMD will work with criminal justice agencies, the Security Oversight Panel, and the Executive's Office to determine a final security design and operations plan for the MRJC. It will also be necessary to work out the operational impacts relating to security, and the needs of the KCSO Court Protection Unit will be addressed in the final security configuration.

FMD will also work with District Court to assess the traffic impacts within the MRJC resulting from the consolidation and expansion of District Court services (e.g. increased numbers of jurors, litigants, etc.). This involves working with the Courts to assess where additional jurors will be housed, given that the current jury assembly room is often at capacity. Critical factors such as staffing and construction costs, customer convenience and overall security effectiveness will all be considered and the specific impacts will help determine which security option is chosen.

Proposed Strategy for District Court Consolidation
July, 2011

Finally, once the District Court consolidation and expansion is completed at the MRJC, FMD will carefully monitor the janitorial and other maintenance needs. However, significant changes from current protocols are not anticipated at this time.

SECTION 5:

**Economic and Cash Flow Analyses for District Court Consolidation and Expansion
 Including CID Relocation Alternatives**

Both a cash flow and an economic analysis were completed for the project. These analyses examined the four final CID relocation options: the Chinook Building, the Blackriver Building in Renton, a generic Eastside lease, and a combined Courthouse/Chinook option. A 20-year period was used for both analyses. The cash flow analysis reflects the *budgetary requirements for all agencies affected by this project*, while the economic analysis reflects the *values of space occupied* before and after implementation of this project. The Chinook Building option results in the smallest negative cash flow over 20 years, while the Eastside Lease has a high economic cost compared to Chinook and Blackriver. While the Courthouse/Chinook option results in a higher cost, a careful consideration of placing some CID functions in the Courthouse and moving other Sheriff administrative functions to the Chinook Building will result in better security for other County agencies and appropriate functionality for CID spaces. The ongoing programming and design work will prioritize minimizing the costs associated with this last option.

Nevertheless, the aforementioned costs of all options are substantially lower than would otherwise be the case if the County had not divested its interest in the Aukeen District Court Building. Consolidating and expanding District Court services at the MRJC without liquidating the Aukeen Building would result in significantly increased costs to King County because the Aukeen Building would still need to be operated and maintained.

The final results of both the economic and cash flow analyses are shown in table 2. Note that a positive number constitutes a present value savings over 20 years, while a negative number (in parentheses) constitutes additional present value costs to the County over 20 years.

**Table 2: Net Present Value of CID Relocation Options
 Cash and Economic Analysis**

Results in Millions of Dollars (positive is net savings)				
	Chinook	Blackriver	Eastside	Courthouse/Chinook
Cash Flow Analysis	(.335)	(.386)	(3.024)	(1.580)
Economic Analysis	.460	2.045	(2.291)	(.785)

The variables and assumptions contributing to these conclusions are shown in Table 4. For a higher level summary, the following key assumptions are identical for both the cash flow and economic analyses:

- A financial analysis period of 20 years;
- Inflation rates of 3%;
- Interest rates on borrowing: 4% for 10 years, or 5% for 20 years;
- District Court rentable square feet (RSF) would go from 14,905 to 28,205;
- KCSO rentable square feet would go from 21,992 to 15,000;
- All proceeds from the sale of the Aukeen District Court (\$5.6 million) are applied to the District Court expansion at MRJC;
- Cost of tenant improvements (TIs) at the MRJC (\$7.2 million);
- Cost of tenant improvements (TIs) at the Chinook Building (\$898,000);
- Debt service on borrowing for the MRJC at \$131,595 annually;
- Debt service on borrowing for the Chinook Building at \$74,305 annually; and
- King County Sheriff’s Office savings related to the central location of the Chinook Building is \$76,000 for the first year of occupancy, inflating thereafter.

The table below summarizes the differences between the Cash Flow and the Economic Analysis:

Table 3: Differences Between Cash Flow and Economic Analyses

Differences Between Cash Flow and Economic Analyses		
	Cash Flow Analysis	Economic Analysis
CID Occupancy at MRJC	Cost per rentable square foot includes internal charges for O&M and Major Maintenance assessments	Cost per rentable square foot includes the market value of rental space in South King County
CID Occupancy at Eastgate	Cost per rentable square foot equals the estimated rent for an Eastside lease including operating costs	Cost per rentable square foot equals the estimated rent for an Eastside lease including operating costs
CID Occupancy at Blackriver	Cost per rentable square foot includes internal service charges for O&M, major maintenance assessment, and allocated debt service	Cost per rentable square foot is market value of rental space in South King County
CID Occupancy at Chinook	Cost per rentable square foot includes internal charges for O&M, major maintenance assessments, and building rent (debt service)	Cost per rentable square foot is the market value of class A rental space in downtown Seattle

Differences Between Cash Flow and Economic Analyses, cont'd.

Differences Between Cash Flow and Economic Analyses		
	Cash Flow Analysis	Economic Analysis
CID Base Year Parking at MRJC	Includes the internal amount the King County Sheriff's Office currently pays for parking garage space at the Maleng Regional Justice Center	Market value of parking space in Kent
CID Base Year Parking Charge at Goat Hill – Post Move	Includes the amounts expected to be paid by the King County Sheriff's Office for parking at the Goat Hill Garage	Includes the amounts expected to be paid by the King County Sheriff's Office for parking at the Goat Hill Garage

5.1 Elements Common to All Four CID Location Scenarios

There were several elements of this proposal common to all four CID relocation options. First, the full \$5.6 million in proceeds from the sale of the Aukeen Courthouse to the City of Kent is applied to the remodel costs at MRJC¹. This amount was used for both the cash and economic analysis.

Second, \$7.2 million is required for move and remodel costs related to relocating District Court into the MRJC. The base construction amount is estimated at \$6,371,555, including a contingency amount of \$568,164. There are also five add-on security features under consideration, with costs ranging from \$325,268 to \$868,414. For the purposes of this analysis, the high end \$868,414 was used. Most options would involve increased security staffing for weapons screening at an added entry way. These construction costs were used for both the cash and the economic analysis. It is assumed that the District Court's rental amount and O&M costs at the Renton District Court location will be included in the 2012 operating budget, rather than capitalized as a cost of this project.

Third, the difference between the Aukeen sale proceeds and the full project cost will be bond financed. For the purpose of both the cash and the economic analysis, it was assumed that the term of the financing will be 19 years. Under the high-end cost estimate and assuming a full \$5.6 million of proceeds applied to the MRJC tenant improvements, over \$1.6 million would be bonded for MRJC improvements with estimated annual debt service over 19 years of about \$135,700.

¹ The King County Code creates a policy issue regarding the use of surplus sales proceeds: KCC 4.56.130 provides that, for sales transactions with proceeds in excess of \$250,000 that accrue to the Current Expense (General) Fund, 10% of the gross sale proceeds are to be deposited into the Arts and Culture Development Fund. This report therefore assumes that no proceeds will transfer to the Arts and Culture Development Fund as a result of this sale.

Forth, the ongoing costs of space at the MRJC for District Court occupancy once the project is complete.

Finally, a long-term facilities plan for the King County Sheriff's Office, as well as analysis of options for expanding Superior Court capacity at the MRJC, are included at a cost of \$150,000. This issue is discussed in detail in Section 6 of this report.

5.2 Existing Tenant Savings – Credits for Occupying Vacant Space

FMD makes recommendations to acquire, assign, and allocate work space and strives to reduce unused or underutilized existing office space whenever possible. Both the Chinook and Blackriver Buildings currently have blocks of unused space that could be reconfigured for CID with consolidation moves in King County Information Technology (KCIT) for Chinook and the Department of Development and Environmental Services (DDES) for Blackriver. The FMD cost to operate a building does not change as small blocks of vacant space emerge; the County is simply paying for unused space. However, when existing tenants reduce their assigned square footage through consolidation, there is an opportunity for county facilities to become more efficient and to reduce costs for existing tenants through operational savings.

For purposes of the cash analysis (see Section 5.4), the credit for occupying vacant space is assumed for the entire 20-year period. For the cash analysis, the credit is an acknowledgement that the occupying agency is incurring costs that would otherwise be incurred as vacant space by other County agencies. While the occupying agency would actually pay for their occupancy, the actual savings associated with that occupancy would be accrued to other County agencies through reduced occupancy rates. The beneficiary agency is occupying space that is not in use and the occupancy does not result in increased costs to the County.

For the purposes of the economic analysis, the credit for occupying vacant space is assumed for only a five-year period. This period is predicated on an assumption that the County would, in the absence of CID occupancy, find some other productive use of vacant space for years 5 thru 20 in the analysis period. The contributing factors and differences between long term costs and long term savings in the cash flow and economic analyses are summarized in Tables 4 and 5.

There is, however, an argument that leasing out the pockets of vacant space to outside parties may not be a feasible solution. The County could be hard pressed to lease out vacant space which is not configured for easy marketing, which is certainly the case at Chinook. Under these circumstances, the rent credit in the economic analysis could apply for a longer period up to the full 20-year term of the analysis. The bottom line is extremely sensitive to this assumption. If one assumes that the County cannot lease out the applicable vacant space over the entire 20-year period, the economic analysis results in savings of \$1.6 million and \$1.1 million for the Blackriver and Chinook options respectively. There is no rent credit factored for the Eastside Lease Option because that option results in an increase in the County's operational footprint rather than more efficient use of vacant space.

**Table 4: Assumption and Key Variable Comparisons
 Between the Economic and Cash Flow Analyses (Utilizing the 5-Year Rent Credit)**

Assumption and Key Variables For Both the Cash Flow and Economic Analyses (Utilizing the 5-Year Rent Credit)					
	Status Quo	Chinook	Blackriver	E.S. Lease	Courthouse/ Chinook
Inflation for Analyses	3%	3%	3%	3%	3%
CID Space Occupancy (RSF)	21,992	15,000	15,000	15,000	15,000
CID Tenant Improvement Costs	n/a	\$898,000	\$1,781,146	\$1,795,314	\$2,610,832
CID Base Year Total Rent (RSF) for Cash Flow Analysis	n/a	\$29.97	\$30.84	\$15.50	\$29.97
CID Base Year Total Rent (RSF) for Economic Analysis	\$20.00	\$25.00	\$20.00	\$15.50	\$25.00
Years of Rent Credit For Cash Flow Analysis		20	20	n/a	20
Years of Rent Credit for Vacant Space for Economic Analysis		5	5	n/a	5
CID Parking Base Year for Cash Flow Analysis	\$280,628	\$124,800			\$124,800
CID Parking Base Year for Economic Analysis		\$124,800			\$124,800
CASH FLOW ANALYSIS CONCLUSION		(\$334,835)	(\$386,355)	(\$3,024,837)	(\$1,579,900)
ECONOMIC ANALYSIS CONCLUSION		(\$2,589,684)	(\$394,833)	(\$2,291,771)	(\$3,834,749)

**Table 5: Assumption and Key Variable Comparisons
Between the Economic and Cash Flow Analyses (Utilizing the 20-Year Rent Credit)**

Assumption and Key Variables For Both the Cash Flow and Economic Analyses (Utilizing the 20-Year Rent Credit)					
	Status Quo	Chinook	Blackriver	E.S. Lease	Courthouse/ Chinook
Inflation for Analyses	3%	3%	3%	3%	3%
CID Space Occupancy (RSF)	21,992	15,000	15,000	15,000	15,000
CID Tenant Improvement Costs	n/a	\$898,000	\$1,781,146	\$1,795,314	\$2,610,832
CID Base Year Total Rent (RSF) for Cash Flow Analysis	n/a	\$29.97	\$30.84	\$15.50	\$29.97
CID Base Year Total Rent (RSF) for Economic Analysis	\$20.00	\$25.00	\$20.00	\$15.50	\$25.00
Years of Rent Credit For Cash Flow Analysis		20	20	n/a	20
Years of Rent Credit for Vacant Space for Economic Analysis		20	20	n/a	5
CID Parking Base Year for Cash Flow Analysis	\$280,628	\$124,800			\$124,800
CID Parking Base Year for Economic Analysis		\$124,800			\$124,800
CASH FLOW ANALYSIS CONCLUSION		(\$334,835)	(\$386,355)	(\$3,024,837)	(\$1,579,900)
ECONOMIC ANALYSIS CONCLUSION		\$460,091	\$2,044,987	(\$2,291,771)	(\$3,834,749)

5.3 Tenant Improvement Costs

The tenant improvement and related move costs for the relocation strategies are shown below in Table 3. The costs range from just under \$900,000 for Chinook Building tenant improvements to just under \$1.8 million for both the Blackriver and Eastside Lease options. The costs are a function of the amount of square feet of tenant improvements that are required, and ease with which the spaces can be modified for CID specialty needs.

Table 6: Tenant Improvement & Move Costs

CID Relocation Strategy	Tenant Improvements & Move Costs
Option 1: Maximize Space in Chinook	\$ 898,000
Option 2: Maximize Space in Blackriver	\$1,781,146
Option 3: Eastside Leased Space	\$1,795,313
Option 4: King County Courthouse/Chinook	\$2,610,832

It is possible that the optimum plan will involve some combination of Options 1 and 4, with strategic placement of certain CID functions in the Courthouse and placement of other Sheriff's Office administrative functions in the Chinook Building.

5.4 Cash Flow Analysis

A cash flow analysis calculating the present value of operating costs and capital investments over a 20-year period was also completed. The purpose was to determine the relative economic merits of the aforementioned four options.

The CID occupancy for all four frontrunner options was assumed at 15,000 rentable square feet. Both the Chinook and Blackriver Building locations allow the County to leverage existing vacant space and create opportunity cost savings while the Eastside lease option actually increases the County's programmatic footprint. The cost of downtown parking increases the economic cost of the Chinook and Courthouse/Chinook options, but those increased costs are partially offset by savings created by the Chinook Building's central location.

The resulting net present value analysis is shown in Table 7.

Table 7: Cash Flow Analysis

20-Year Cash Flow Analysis for CID Site Alternatives				
	Chinook	Blackriver	Eastside Lease	Courthouse/ Chinook
Current Cash Flow				
Aukeen/MRJC Bldgs O&M	\$12,006,017	\$12,006,017	\$12,006,017	\$12,006,017
Revised Cash Flow				
MRJC O&M	(\$9,847,383)	(\$9,847,383)	(\$9,847,383)	(\$9,874,383)
District Court TI Debt payment	(\$1,250,266)	(\$1,250,266)	(\$1,250,266)	(\$1,250,266)
CID TI Debt Payment	(\$705,960)	(\$1,294,723)	(\$1,411,381)	(\$1,951,025)
CID Lease			(\$2,521,824)	
Parking	(\$1,509,984)			(\$1,509,984)
Sheriff Staff Efficiencies (with closer proximity)	\$972,743			\$972,743
NPV Costs (spread over 20 years)	(\$334,834)	(\$386,355)	(\$3,024,837)	(\$1,579,984)

5.5 Other Considerations Related to the Chinook Building

The Chinook Building has significant merit for its location since it is adjacent to other criminal justice functions, is located near major transportation corridors, specifically I-5 for easy transportation access. For the purpose of this cash flow analysis, it was assumed that the KCSO could achieve location efficiencies of at least \$76,000, inflating annually. This efficiency is not possible at either the Eastside or Blackriver locations. Positive factors not shown in this analysis include the average reduced travel time that a central location creates for detectives as they carry out their field work. The central location contributes materially to the actual time that detectives dedicate directly to their public safety duties.

On the negative side, a downtown location does incur parking costs, which is a significant factor in the cash flow analysis for any downtown location. It is assumed that the CID parking will be provided at the Goat Hill Parking Garage and that the KCSO will pay for that parking at

employee parking rates. While the KCSO has requested 60 parking stalls, FMD has assumed the CID will use a block of 40 parking stalls to accommodate 45 vehicles. With CID vehicles coming and going all day long, 40 stalls should be sufficient. This assumption improves the economics of this option.

5.6 The Most Likely Location for CID: Chinook Building

In the event that CID security issues can be addressed, the County Executive's preferred and recommended location for CID is the Chinook Building, since it provides superior programmatic and efficiency opportunities when compared to both the Eastside and Blackriver locations. The King County Sheriff endorses the downtown location, which is also consistent with previous legislative direction from the County Council, as covered earlier in this report.

The Chinook Building was also designed with a "generic" open office plan and furnished with cubicles placed to maximize the use of the floor plate with minimal enclosed offices and small conference/break rooms in the interior core. The design and furnishing flexibility enables tenants to move in and out with minimal disruption and expense, since cubicles and office furniture remain when tenants move out. For these reasons, relocation strategies placing CID in Chinook can occur within a few months. Strategies requiring significant tenant improvements take much longer with office layout designs, permits, and lengthy construction periods.

The Chinook location also gives the County opportunities to leverage vacant space in the Blackriver Building to the financial benefit of the County: absent CID, the large amount of vacant space in the Blackriver Building creates an opportunity to sell the building or enter into a sale-leaseback arrangement to the financial benefit of the County. These possibilities are not factored into FMD's conservative cash flow analysis.

In summary, this proposal is very efficient: the District Court consolidation and expansion would have a present value cost *in excess of \$12 million* without the following project elements, all of which were discussed earlier:

- Leveraging the sale of the Aukeen District Court Building;
- Eliminating County occupancy costs at the Aukeen District Court Building;
- Using King County's existing vacant space to house CID operations; and
- Achieving operating savings created through placement of CID in close proximity to other justice facilities.

SECTION 6:

KCSO and Superior Court Long Term Facilities Planning

King County is the state's largest metropolitan county, spanning more than 2,100 square miles with a population of more than 1.9 million residents. The King County Sheriff's Office serves over 575,000 people every day – nearly 1/3 of the county's total population. KCSO is the primary law enforcement agency for 12 contract cities, the Muckleshoot Tribe, Metro and Sound Transit, the King County International Airport, and over 250,000 people living in unincorporated King County. Similarly, Superior Court operations are large and complex and are conducted in four different locations including KCCH, MRJC, the Alder Youth Services Center and the Ninth and Jefferson Building.

6.1 King County Sheriff's Office Long Term Facilities Planning

Given the changing needs of the County, its citizens and its continuing financial challenges, it is increasingly important for the Sheriff's Office to strategically improve business practices within the confines of limited resources. In response to changing service dynamics, anticipated contract service trends and for financial efficacy, the Sheriff is reorganizing how the department delivers its services. Over the last three years, KCSO has undertaken an internal business improvement process focused on providing services to the eastside in a more efficient and effective manner. The first phase resulted in consolidation of four precincts into two new North and South Precincts, meeting the strategic objective of increasing KCSO's visibility and community access at lower total cost.

The work will continue for the next 24 months focusing on the remaining KCSO operations which are currently somewhat fragmented across multiple locations. These services and locations include:

- Precinct #4 in Burien serving both the unincorporated area and contract cities;
- The King County Courthouse in Seattle, where administrative offices and AFIS staff are located;
- The Criminal Investigations Division, which is currently located in the MRJC, but will be moved with the MRJC remodel;
- The Property Management warehouse, located in Seattle's SODO area;
- Automobile storage in the Major Accidents and Response Reconstruction (MARR) lot and various other operations located throughout King County; and
- The Special Operations group, including the Air Support and Search and Rescue functions which are located at the Renton International Airport, and administrative and command staff, which will be located with CID in the future

This strategic work will also examine the current and future needs for both the KCSO operations and the facilities supporting those operations, including:

- Increasing regionalization of services;
- Region-wide operational impacts such as State Route 520 tolling;

- Ongoing service consolidation;
- Safety and security; and
- The interrelationship between KCSO operations and facility needs with other regional and King County criminal justice partners.

KCSO's business improvement process will continue to be a large and internal staff effort. During the first phase, in house work teams developed alternatives, sought input and advice from affected staff, and then prepared recommendations for the Sheriff's consideration. However, given the substantial investment in existing facilities and the potential across and savings resulting from relocation and consolidation of existing operations, it is important to expand the work team to leverage existing county analytical and financial resources. Representatives from PSB, FMD, and Council staff as well as contract staff for facilitation and report writing, will be engaged at critical milestones during the next 24 months. The project is estimated to require about 1,400 work hours of non-KCSO time, at a cost of \$150,000 during the 24 month process.

Along with the lasting benefits resulting from KCSO's business improvement processes, a report will be prepared clearly identifying the costs and savings associated with preferred business operation and facility models. In light on King County's ongoing financial constraints, developing cost neutral operations and facility alternatives will be a high priority.

6.2 Superior Court Long Term Facilities Planning

Extensive long term operational and facilities planning has been done over the past five years with regard to Superior Court Children and Family Justice operations. These planning efforts focused on the replacement of the Youth Services Center and are still underway. Although these program areas have been the highest priority, Superior Court has identified the need for long term planning for other court functions, particularly those at the MRJC. Included in this request is funding to evaluate options for expanding Superior Court capacity at the MRJC. This work will build on the recently completed MRJC Site Master Plan.

SECTION 7:

Next Steps

The information below summarizes the steps and timeframe required to complete this project. To begin moving forward, the Executive is requesting approval of the legislation transmitted with this report: 1) an ordinance approving the Purchase and Sale Agreement with the City of Kent for the Aukeen Courthouse; and 2) an ordinance approving the capital appropriations necessary to move District Court into the MRJC and CID into the Chinook Building.

If these ordinances and motions are adopted by the King County Council, the Executive will move forward with the following next steps.

7.1 Execute the Purchase and Sale for the Aukeen Courthouse

Facilities Management Real Estate Services and the City of Kent entered into a Letter of Intent (LOI) dated March 17, 2011 summarizing business terms for a proposed sale of the Aukeen Courthouse from King County to the City. Subsequently, both parties have finalized a Purchase and Sale Agreement based on the provisions of the Letter of Intent and subject to approval by both the City and County Councils. The Kent City Council approved the terms of the agreement on July 5, 2011 and it is awaiting County Council approval as part of this legislative package.

7.2 Choosing a Security Option for MRJC

As mentioned in Section 4 of this report, the existing security station that is located in the MRJC rotunda lobby will be inadequate for meeting the needs of both Superior and District Courts once the District Court consolidation and expansion occurs. Toward the end of 2011, FMD will work with criminal justice agencies and the Executive's Office to determine a final security design and operations plan for the MRJC. Critical Factors such as staffing and construction costs, customer convenience and overall security effectiveness will be considered.

7.3 Program and Design Tenant Improvements Required to Move CID, Preferably to a Downtown Location

As previously reported, the Executive needs to carefully consider the placement of CID functions in the Chinook Building. This building was designed for general office use and does not have the same level of security as the Courthouse. It may be that certain CID functions would be better placed in the Courthouse, with other Sheriff's Office administrative functions moved from the Courthouse to the Chinook Building. The subsequent programming and design phase will bring clarity to the ultimate location of Sheriff functions.

7.4 Supplemental Appropriation Request for Construction

Once design is complete, the Executive will proceed with a supplemental appropriation request for construction of tenant improvements at the MRJC, Chinook Building, and possibly the Courthouse, depending on the results of functional programming.

7.5 Project Implementation

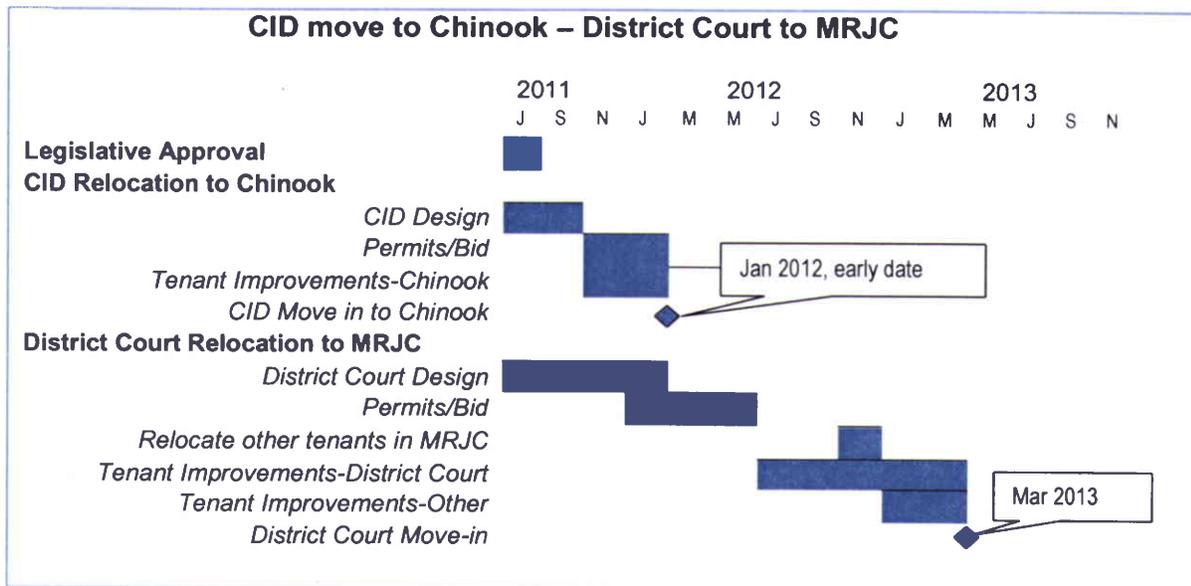
Implementation can begin at once. The first step, which should be undertaken in any case, is the consolidation of space within the Chinook Building to maximize available usable vacant space for CID (or, if this proposal is not approved, for some other tenant if possible). The next steps would involve the remodel of the MRJC space and final move of District Court into the new District Court space. Other functions, such as the PAO and DJA, would be moved in support of the District Court move.

As the design work moves forward for the MRJC space for District Court, options will be evaluated for maximizing courtroom capacity for Superior Court within the MRJC. Additionally, this proposal includes funding for long-term strategic planning for Sheriff's Office operations and facilities.

7.6 Proposed Project Timeline

Given agreement to move forward, FMD estimates that District Court will occupy the MRJC and be operational within 18 to 20 months after approval as portrayed in Figure 3.

Figure 3: Proposed Project Timeline



The CID move date may vary, depending on the ultimate location option chosen and the amount of tenant improvements required inside the Courthouse, in the event that the Courthouse is chosen as the temporary location for CID. As long as the CID tenant improvements are completed by June 2012, the project schedule shown above will still allow District Court to begin consolidated and expanded operations within the MRJC by March 2013.

Attachment A

**Letter of Intent Between King County and the City of Kent
Regarding
The City's Proposed Purchase of the Aukeen Courthouse**



King County

Real Estate Services
Facilities Management Division
Department of Executive Services
500 Fourth Avenue, Room 500
Seattle, WA 98104
Phone: (206) 205-5772
Email: Steve.Salyer@kingcounty.gov

March 11, 2011

Mr. John M. Hodgson, Chief Administrative Officer
City of Kent
Office of the Mayor
220 Fourth Avenue South
Kent, WA 98032

Re: **Letter of Intent to Purchase
Aukeen District Courthouse
1210 Central Avenue South
Kent, WA**

Dear John:

King County is pleased to present the following letter of intent to sell to the City of Kent the real property commonly known as the Aukeen District Courthouse. This offer will outline the general terms and conditions pursuant to which King County ("Seller") would be willing to sell to the City of Kent ("Buyer") the property more fully described below (the "Property"):

Property: The property consists of two parcels, one approximately 57,060 square foot unimproved tax parcel abutting the Green River (Tax Account # 346280-0206) and one approximately 125,885 square foot tax parcel improved with a courthouse/office building containing approximately 15,224 square feet of area. The improved parcel is benefited by a reciprocal parking easement between Buyer and Seller (King County recording # 20030122002929). All property interests collectively consist of the "Property," and are generally located at 1210 Central Avenue South, Kent, WA.

Purchase Price: The purchase price for the Property shall be Five Million Six Hundred Thousand Dollars (\$5,600,000.00) payable in cash at closing subject to applicable adjustments and prorations, as defined herein.

Additional Consideration: A premium has been incorporated into the Purchase Price because sale to Buyer will force Seller to relocate its District Court facilities currently located on the Property, which then will require the Seller to relocate a portion of its Sheriff's office facilities. Both of Seller's relocations will also involve attendant tenant improvements and moving expense, which will comprise additional costs to

Seller. As for Buyer, this sale will complete a significant property assemblage that will allow Buyer's municipal court to expand within the existing structure without having to construct a costly addition, and which will secure a combined criminal justice/public safety assemblage where the Buyer can maintain its jail and court facilities within direct proximity to each other, with sufficient property to allow for future expansion of both facilities.

Earnest Money:

No Earnest Money deposit shall be required from Buyer.

***Contingencies
Due Diligence:***

Buyer shall be granted a due diligence period of ninety (90) days after full execution of a Purchase and Sale Agreement within which to inspect the property and conduct any engineering, environmental and/or economic feasibility studies. Seller will provide Buyer, as requested, copies of all designs, drawings, reports and studies in Seller's possession or control related to the Property, including without limitation any property surveys, environmental studies, soils studies, mechanical, structural, electrical, plumbing records, leases, contracts and warranties. Buyer in its sole discretion may determine whether the Property is suitable for its needs. If Buyer fails to waive its contingencies in writing within such 90-day period, the Purchase and Sale Agreement shall be automatically terminated.

Inspections:

Seller shall allow Buyer and/or its designee to have full access to the Property to conduct its investigations. Buyer agrees that all inspections will be conducted at reasonable times agreed upon in advance by Buyer and Seller and, at Seller's election, Seller may have a representative present at each inspection. All such inspections shall be at Buyer's sole expense. Upon completion of any such inspection, Buyer shall restore the Property to its condition prior to such inspection. Buyer shall indemnify, hold harmless and defend Seller from any loss, cause of action, or claim arising out of or resulting from Buyer's actions.

***Title and
Conveyance:***

Title to the property will be conveyed by bargain and sale deed free and clear of all encumbrances, liens, easements, liabilities and other charges except as approved in writing by Buyer. Upon execution of a Purchase and Sale Agreement, Seller shall order a preliminary commitment for an owner's coverage policy of title insurance from the Title Company for delivery to Buyer and shall provide Buyer with any surveys of the Property in Seller's possession or control. Seller shall pay the cost of the premium for owner's standard coverage title insurance.

Buyer, at Buyer's option, may obtain a current as-built survey of the land or an updated version of any existing survey, and may obtain extended coverage title insurance, all at Buyer's sole expense. Seller shall cooperate with Buyer as necessary to obtain such survey.

***Condition of
Property:***

Buyer understands and acknowledges that the Property is being sold in its current "AS IS" condition.

Closing: Closing will occur within thirty (30) days following approval of the Purchase and Sale Agreement by the King County Council and the move-out schedule for Seller's existing occupants utilizing the Premises.

Closing Costs: Seller shall pay all conveyance or transfer taxes, the title insurance premium for the owner's standard coverage policy and one-half of the escrow fee. Buyer shall pay the cost of the premium for extended coverage title insurance, if any, recording costs and one-half of the escrow fee. All other closing costs shall be paid in accordance with local custom.

Purchase and Sale Agreement: Within thirty (30) business days after mutual execution of this letter of intent, Seller shall prepare and deliver to Buyer a Purchase and Sale Agreement reflecting the terms of this letter. The Purchase and Sale Agreement shall be fully negotiated by Buyer and Seller subject to approval by the King County Council and the Kent City Council, if required.

Brokerage: Buyer and Seller represent that neither party has worked with any broker, finder or intermediary in conjunction with this transaction and agree to indemnify each other against all claims for fees, commissions or other compensation claimed to be due any broker, finder or intermediary with whom the indemnifying party may have dealt in connection with this transaction.

Confidentiality: Seller represents that it has not entered into any agreement, option or right of first refusal with respect to the sale of the Property, other than the existing Lease with Buyer, as amended. For a period of forty five (45) days after the execution of this letter, Seller agrees that it will not negotiate for the sale of the property with any other prospective buyer. The parties shall maintain as confidential the terms of this non-binding letter of intent except as otherwise provided by law and except for disclosure to necessary third parties, such as title company, surveyor, attorneys, and other third parties actually involved in the negotiation and consummation of this transaction, who agree to hold the information as confidential.

Non-Binding Buyer and Seller agree that the above information serves as an outline of the general terms and conditions of the proposed transaction and that this letter is not a contract or binding agreement. Completion of this transaction is subject to, and neither party shall be bound until, the full execution of a mutually acceptable Purchase and Sale Agreement and approval by ordinance of the King County Council. This letter shall create absolutely no rights or obligations upon the parties hereto, whether by contract, implied covenant of good faith and fair dealing, tort or otherwise.

This proposal shall be available for your acceptance until 5:00 PM Pacific Time on February 17, 2011. If the City of Kent concurs that the terms set forth are satisfactory, please confirm your approval by signing and dating this letter in the space provided below and returning to the undersigned on or before the aforementioned date.

We look forward to your favorable response to this offer and the opportunity to work together to consummate this transaction.

Sincerely,

KING COUNTY

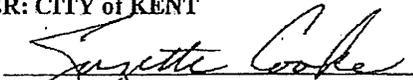


Stephen L. Salyer
Real Estate Services

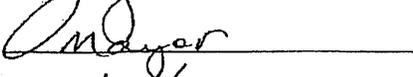
ACKNOWLEDGED AND AGREED:

BUYER: CITY of KENT

By:



Its:



Date:

3/17/11

cc: Kathy Brown

Tim Barnes

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Attachment B

**Lease Amendment Between King County and the City of Kent
Pertaining to the Aukeen Courthouse**

SECOND AMENDMENT TO LEASE AGREEMENT

BETWEEN

KING COUNTY AND CITY OF KENT

AUKEEN DISTRICT COURT BUILDING

THIS AMENDMENT TO LEASE AGREEMENT (the "Amendment") is made and entered into by and between KING COUNTY, a political subdivision of the State of Washington ("Landlord"), and the CITY OF KENT, a municipal corporation of the State of Washington ("Tenant"). The date of this agreement for reference purposes only shall be April 28, 2011. Capitalized terms in this Amendment shall have the meanings set forth in the Lease, unless defined herein. In case of conflicting definitions or terms, the definitions and terms contained herein shall control. The Parties covenant and agree as follows:

RECITALS

A) Landlord and Tenant, entered into that certain Lease dated December 22, 2008, as amended (the "Lease") establishing Tenant's leasehold in the Premises, which is located within landlord's Building at 1210 S. Central Avenue, Kent WA. Both Landlord and Tenant occupy and provide court services within the Building. The parties entered into the First Amendment to the Lease on or about February 5, 2010 to expand the leasehold area.

B) As part of Tenant's consideration for the Lease, it undertook certain construction obligations (hereafter "Tenant's Construction Obligations") to construct tenant improvements to expand the Premises. Tenant's construction obligations are provided in Exhibit C (Work Letter Addendum Tenant Improvements and Tenant's Work) to the Lease.

C) Pursuant to Section 2(B)(5) of the Lease, Tenant was required to initiate Tenant's Construction Obligation within 11 months of the Lease Commencement date, and was to have completed tenant's Construction Obligation, according to Section 2(B)(5), 11 months later. The parties have by written agreement extended these deadlines three (3) times due to an inability of the parties to agree on 100% drawings and to manage the increased risk of flooding. Given these extensions, the Tenant has not completed its Construction Obligation.

D) Tenant has standing to purchase the Property pursuant to that certain Right of First Offer to Purchase Property, as amended and attached to the Lease as Rider One. Landlord has indicated a willingness to sell the Property and Tenant has expressed interest in purchasing same.

E) Landlord and Tenant desire to defer the required completion dates for Tenant's Construction Obligation in the Lease while engaging in good faith negotiations of the terms and conditions for a purchase and sale agreement providing for the sale of the Building to Tenant.

NOW, THEREFORE, the parties hereby agree as follows:

1) Temporary Deferral of Required Initiation and Completion of Construction. Tenant's obligations to initiate and complete Tenant's Construction Obligation, as provided in Sections 2(B)(5) and 3(D)(1) and (2) of the Lease, and Exhibit C thereto, are hereby deferred for 180 days from the date of this Second Amendment.

2) Purchase and Sale Agreement. The purpose of said deferral of Tenant's Construction Obligations, as provide herein, shall be to permit Landlord and Tenant to engage in good faith negotiations for the sale of the Building by King County to the City of Kent. So long as the parties are engaged in good faith negotiations for said sale, the deferral of Tenant's Construction Obligations may be extended by mutual written agreement.

3) Termination of Sale Negotiations. Either party hereto may terminate said sale negotiations subject to 10 days' prior written notice to the other party. In this event, Tenant's Construction Obligation as provided in the Lease including, without limitation, Exhibit C and Sections 2(B)5 and 3(C) and (D), shall be in full force and effect, except that construction and performance requirements with required action related to the Lease Commencement Date shall be extended by 180 days from the date of receipt of notice to terminate sale negotiations.

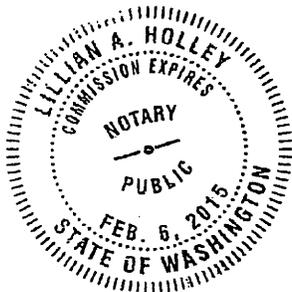
4) Indemnification. Landlord and Tenant each agree to indemnify and hold harmless the other to the full extent allowed by law from any liability, claims, costs and damages, including attorney fees, arising from the exercise by the indemnifying party or its elected officials, employees, managers, agents, or contractors of the rights or obligations created herein by the indemnified party. The foregoing indemnity has been specifically negotiated and applies to actions brought by each party's own employees and is specifically and expressly intended to constitute a waiver of each party's immunity under RCW Title 51, but only to the extent necessary to indemnify against claims made from each party's own employees.

All other terms and conditions of the original Lease, as amended, shall remain in full force and effect.

STATE OF WASHINGTON)
)ss
COUNTY OF KING)

On this day personally appeared before me Stephen P. Salyer to me known to be the MANAGER, REAL ESTATE SA of the KING COUNTY that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and that he was authorized to execute the said instrument.

GIVEN under my hand and official seal this 20th day of April, 2011.



Lucy P. Hally

NOTARY PUBLIC in and for the State of Washington residing at SEATTLE
My appointment expires FEB. 6, 2015

STATE OF WASHINGTON)
)ss
COUNTY OF KING)

On this day personally appeared before me Suzette Cooke to me known to be the mayor of the City of Kent that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and that he was authorized to execute the said instrument.

GIVEN under my hand and official seal this 25 day of April, 2011.



Lee P. Briggs

NOTARY PUBLIC in and for the State of Washington residing at King County
My appointment expires 7-18-12

IN WITNESS WHEREOF the parties hereto have signed this Lease as of the day and year first above written.

LANDLORD:
King County, a Political Subdivision of
the State of Washington

TENANT:
CITY OF KENT, a municipal corporation of
the State of Washington

By: 

By: 

Title: Manager, Real Estate Services

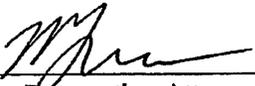
Title: MAYOR

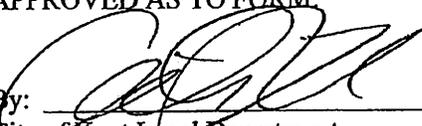
Date: 4/28/11

Date: 4/25/11

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: 
Senior Deputy Prosecuting Attorney

By: 
City of Kent Legal Department

Attachment C:

**Kent City Council Meeting Minutes
Approving the
Purchase and Sale Agreement for the Aukeen Courthouse**

services would be housed there, and that District Court would move their services to the Maleng Justice Center. He added that the sale would be approved at the end of August.

Perry moved to authorize the Mayor to sign all necessary documents to complete the purchase and sale of the Aukeen District Court properties, with the purchase price not to exceed established budgets, and subject to final terms and conditions acceptable to the City Attorney. Thomas seconded and the motion carried.

ADJOURNMENT

The meeting adjourned at 8:22 p.m. (CFN-198)

Brenda Jacober, CMC
City Clerk