

**WHATCOM COUNTY
ADMINISTRATIVE SERVICES**
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ROB NEY
Project & Operations Manager

MEMORANDUM

TO: Whatcom County Council

FROM: Rob Ney, Project & Operations Manager

DATE: November 21, 2022

RE: Lease of 104 Unity Street Suite for Health

▪ **Background & Purpose**

As discussed during my Council check in on October 25th, Whatcom County is seeking additional office space for our expanding staff. Specifically, there is an immediate need for additional space for our Community and Organizational Development Division of the Health Department. Attached you will find a Letter of Intent (LOI) which outlines the details of a proposed lease of office space at 104 Unity Street.

The suite is located on Unity Street, just three blocks from the Courthouse, and four blocks from the Girard Street Health location. The suite is mostly turn key, and will only require installation of data cables to serve the suite. The suite is connected to a fiber optic line from the County's current fiber vendor.

The suite is comprised of 9 double occupancy offices, a bull pen area with built in cubical work spaces, a lunchroom and two restrooms.

Staff is requesting the Council authorize the County Executive to execute a lease with the terms outlined in the attached LOI. The proposed lease is a five-year lease with an option for a three-year renewal. Listed costs are for the 2023-2024 biennium; cost must be re-appropriated for future years. A small prorated portion of December 2022 is also included in these costs.

▪ **Funding Amount and Source**

Funding amount needed for the lease is approximately \$88,512 (y1 & y2). Additionally, there are \$216,000 for utilities, custodial fees, tenant improvement costs and other expenses for the two-year period (see attached spreadsheet for total costs). This project is funded out of the Health Department budget, WA State Department of Health – Foundational Public Health Services Award; Cost Centers #610525. These funds are to

build the public health system's capacity and increase the availability of Foundational Public Health Services statewide.

▪ **Details of Lease**

The proposed lease is a hybrid of lease types. Year 1 and 2 are a "Gross Lease", which means that the lease is an "All-In" type of lease (with the exception of utilities paid by the tenant or lessee). Year 3, 4 and 5 are Triple Net (NNN), which is a more standard or typical type of lease which includes a pro-rata share of property taxes, common area expenses, etc. Utilities are also paid by lessee.

The Y1 and Y2 lease amounts are very favorable for the County as an incentive to for the County to occupy as soon as possible. Years 3-5 are still at or below market costs in the Civic Center core.

Please contact Rob Ney at extension x5365, if you have any questions or concerns regarding the terms of this agreement.

Enclosures