



SOUND CITIES ASSOCIATION

38 Cities. A Million People. One Voice.

SCA Finance Committee

August 27, 2024

11:30 AM

Virtual

From computer, tablet, or smartphone:

<https://us02web.zoom.us/j/85824599790?pwd=L0hGY1lCcXBzUWpHVjM1Rk5SYW1YUT09>

To dial in: 822 5179 3957 Meeting ID: 858 2459 9790 Password: 366584

- 1) Call to Order Armondo Pavone, Treasurer
- 2) Public Comment
- 3) Approval of Minutes of the June 25, 2024 meeting [Attachment 1](#)
Recommended Action: *Approval of minutes of the June 25, 2024 SCA Finance Committee Meeting*
- 4) Review and approval of the June 2024 and July 2024 Financial Reports [Attachments 2-6](#)
Recommended Action: *Recommendation to the SCA board for approval of the June 2024 and July 2024 Financial Reports, consisting of the June 2024 Balance Sheet and June 2024 Profit & Loss Report; and the July 2024 Balance Sheet and July 2024 Profit & Loss Report*
- 5) 2023 End of Year Reports [Attachments 7-8](#)
Recommended Action: *Recommendation to the SCA board for approval of the 2023 End of Year Reports consisting of the 2023 Balance Sheet and 2023 Profit & Loss Report*
- 6) Update on Sponsors/RAMS/Partners [Attachments 9](#)
- 7) Office Lease [Attachments 10-11](#)
Recommended Action: *Recommendation to the SCA board for approval of the draft 2025-2026 office lease contract*
- 8) Other Updates
- 9) For the good of the order
- 10) Adjourn



DRAFT SCA Finance Committee Minutes

June 25, 2024

11:30 AM

Virtual

1. SCA Treasurer Armondo Pavone called the meeting to order at 11:35 AM. Present were members Dana Ralph and Amy Falcone, and SCA staff Leah Willoughby and David Hoffman.
2. Pavone inquired whether anyone from the public wished to give comment. Hearing none, this portion of the agenda was closed.
3. Pavone asked for any questions or concerns regarding the draft minutes of the May 28, 2024 SCA Finance Committee Meeting.

Ralph moved, seconded by Falcone, to approve the minutes of the May 28, 2024 Finance Committee Meeting. There was no discussion. The motion passed.

4. Treasurer Pavone summarized and asked for any questions or comments regarding the financial reports of May 2024.

Ralph moved, seconded by Falcone, to recommend to the SCA Board of Directors approval of the May 2024 financial reports, consisting of the May 2024 Balance Sheet and May 2024 Profit & Loss Report. The motion passed unanimously.

5. Executive Director David Hoffman noted sponsor invoices paid since the last meeting of the board, invoices sent since the last meeting of the committee, and sponsorship payments expected.

6. Chief Operating Officer Leah Willoughby reviewed for the committee current investment accounts held by SCA. One of the three CD reaches maturity in July of 2024. Willoughby reported on a meeting with the financial representative at the investment firm where the accounts are held, and summarized for the committee options for the maturing CD. After discussion, the committee took the following action:

Falcon moved, seconded by Ralph, to recommend to the Board approval for SCA staff to invest the full amount of the maturing CD, including earned interest, into a new CD with a term of three years. The motion passed unanimously.

The recommendation will be taken to the full Board for action at the July 2024 SCA Board of Directors meeting.

7. Treasurer Pavone asked for any questions regarding the 2024 Midyear Forecast.
8. There were no other updates.
9. Executive Director David Hoffman noted current hiring process for the position of Policy Analyst. There were no other items for the good of the order.
10. Treasurer Pavone adjourned the meeting at 11:49 AM.

SOUND CITIES ASSOCIATION | BALANCE SHEET

As of June 30, 2024

1110 HomeStreet Bank	26,290.17
1120 HomeStreet Bank - Money Market	1,045,810.11
1130 PayPal Bank	434.05
Total Bank Accounts	\$ 1,072,534.33
Total Accounts Receivable	\$ 16,500.00
1140 Investments - Time Value	317,217.81
1145 Accrued Interest Receivable	1,670.41
1499 Undeposited Funds	0.00
1550 Prepaid Expenses	0.00
Other Current Asset	0.00
Total Other Current Assets	\$ 318,888.22
Total Current Assets	\$ 1,407,922.55
1410 Furniture and Fixtures	31,060.23
1415 Computers	0.00
1420 Accumulated Depreciation	-31,060.23
Total 1400 Fixed Assets	\$ 0.00
Total Fixed Assets	\$ 0.00
Other Long-term Assets	0.00
Total Other Assets	\$ 0.00
TOTAL ASSETS	\$ 1,407,922.55
Total Accounts Payable	\$ 3,612.84
2200 HomeStreet Credit Card	2,128.68
Total Credit Cards	\$ 2,128.68
2300 Accrued Payroll	10,480.15
2110 Federal Withholding	0.00
2111 Direct Deposit Liabilities	0.00
Total 2140 Medicare	\$ 0.00
2150 SDI	0.00
2405 FUTA	354.25
2410 SUI	841.97
Total 2415 FIT, SS, Medicare - 941	\$ 4,547.05
2420 L&I	396.10
2425 WA Paid Family & Medical Leave	741.71
2426 WA Cares	458.18
2435 PERS Payable	3,416.46
2440 DCAP / FSA Payable	0.00
2445 DRS DCP Payable	0.00
2450 Medical/Dental/Vision/Life Ins	0.02
2460 Accrued Vacation Pay	15,004.74
2470 withheld Supplemental Life	0.00
2499 Payroll Corrections	173.01
Car Allowance Payable	0.00
Total 2400 Payroll Liabilities	\$ 26,005.44
Accrued Liabilities	0.00
Deferred Revenue	0.00
Total Other Current Liabilities	\$ 36,485.59
Total Current Liabilities	\$ 42,227.11
Total Liabilities	\$ 42,227.11
3110 Equipment Purchase Reserve	15,000.00
3120 Operations Reserves	525,598.00
3130 Contractual Obligations Reserve	51,179.00
3140 Legal Reserves Fund	25,000.00
Total 3100 Board Designated Reserves	\$ 616,777.00
3200 Board Designated Contra	-616,777.00
3300 Fund Balance (Prior Years)	724,058.31
3999 Opening Bal Equity	0.00
Net Income	641,637.13
Total Equity	\$ 1,365,695.44
TOTAL LIABILITIES AND EQUITY	\$ 1,407,922.55

SOUND CITIES ASSOCIATION | Profit and Loss by Month

January - June, 2024

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Total	2024 Budget	Difference	% Budget Remaining
1010 Member Dues	915,709.33						915,709.33	915,709.00	0.00	0%
1020 Membership/Sponsorships	18,500.00	46,000.62	1,500.00	14,500.00	2,500.00	8,500.00	91,500.62	96,500.00	-4,999.38	5%
1030 Registration/Dinners Revenue	65.00	3,117.99	837.06		1,015.00	2,325.00	7,360.05	24,500.00	-17,139.95	70%
1040 Interest Income	1,716.20	1,250.32	-625.33	1,854.21	1,412.94	890.13	6,498.47	13,720.00	-7,221.53	53%
1150 CC Points Redeemed for Credit		150.00			50.00		200.00	900.00	-700.00	78%
Total Income	\$ 935,990.53	\$ 50,518.93	\$ 1,711.73	\$ 16,354.21	\$ 4,977.94	\$ 11,715.13	\$ 1,021,268.47	\$1,051,329.00	(\$30,060.86)	3%
Gross Profit	\$ 935,990.53	\$ 50,518.93	\$ 1,711.73	\$ 16,354.21	\$ 4,977.94	\$ 11,715.13	\$ 1,021,268.47			

	2024 Budget	Difference	% Budget Remaining	
Total 5100 Salaries	\$ 46,416.48	\$ 46,547.96	\$ 47,103.19	\$ 40,662.69
5210 Taxes-FUTA	55.49	14.95	18.29	7.77
5220 Taxes-SUTA	300.13	315.21	308.18	376.34
5230 Taxes - FICA, Medicare - 941	3,589.10	3,599.18	3,641.63	5,340.86
5240 Taxes - L & I	92.46	94.45	108.68	62.23
5250 Taxes-FMLA	-52.21	248.86	251.80	369.31
Total 5200 Payroll Taxes	\$ 3,984.97	\$ 4,272.65	\$ 4,328.58	\$ 6,156.51
5310 Pension Plan Contributions	4,310.87	4,334.66	4,388.93	3,765.18
5320 Medical/Dental/Vision/Life Ins	5,785.32	5,785.32	6,286.80	6,220.86
5330 Professional Development	23.54			
5345 ED Car Allowance	500.00	500.00	500.00	500.00
5346 Staff Travel Expenses	51.44	45.34	53.56	
Total 5340 Travel Reimbursement	\$ 551.44	\$ 545.34	\$ 553.56	\$ 500.00
Total 5300 Staff Benefits	\$ 10,671.17	\$ 10,665.32	\$ 11,229.29	\$ 10,486.04
Total 5000 Staff	\$ 61,072.62	\$ 61,485.93	\$ 62,661.06	\$ 57,305.24
6100 Rent	2,608.17	2,608.17	2,609.13	2,608.49
6200 Office Insurance				
6310 Copier/Printer Lease & Maint		495.14	238.96	475.39
6320 Outside Printing & Publication				371.92
Total 6300 Printing and Publication	\$ 0.00	\$ 495.14	\$ 238.96	\$ 847.31
6420 Website Design/Hosting		33.01		47.37
6430 IT Equipment	51.58			
6440 Software/Subscriptions	1,357.95	565.76	265.32	301.89
Total 6400 IT	\$ 1,409.53	\$ 598.77	\$ 265.32	\$ 349.26
6500 Cell Phone Service	308.82	308.94	307.92	307.92
6600 CC, Banking & Other Fees	5.00	5.00	21.00	5.00
6700 Accounting Fees				
6800 Legal Fees				
6900 Office Supplies / Misc.	48.47	27.72	70.04	78.64
Total 6000 Office / Overhead	\$ 4,379.99	\$ 4,043.74	\$ 3,512.37	\$ 4,196.62
7100 Food/Beverage/Rentals		60.76	3,788.98	
7200 Event Pmts Processing Fee		123.11	31.65	38.49
Total 7000 Event Expenses	\$ 0.00	\$ 183.87	\$ 3,820.63	\$ 0.00
8100 Insurance (D&O)				1,860.00
8200 Awards / Recognition	0.00			67.26
8300 Retreats/Mtgs/Conf/Dues/Events	1,104.15	611.83	705.97	229.31
8400 Consultants/Special Projects				50.00
Total 8000 Board / Org Development	\$ 1,104.15	\$ 611.83	\$ 705.97	\$ 2,156.57
9000 Contingency Fund	199.00			199.00
Reconciliation Discrepancies				-33.01
Total Expenses	\$ 66,755.76	\$ 66,325.37	\$ 70,700.03	\$ 63,625.42
Net Operating Income	\$ 869,234.77	-\$ 15,806.44	-\$ 68,988.30	-\$ 47,271.21
Investment returns	2,018.97	-637.58	-648.65	-190.67
Total Other Income	\$ 2,018.97	-\$ 637.58	-\$ 648.65	-\$ 190.67
Net Other Income	\$ 2,018.97	-\$ 637.58	-\$ 648.65	-\$ 190.67
Net Income	\$ 871,253.74	-\$ 16,444.02	-\$ 69,636.95	-\$ 47,461.88

SOUND CITIES ASSOCIATION | BALANCE SHEET

As of July 31, 2024

1110 HomeStreet Bank	44,951.21
1120 HomeStreet Bank - Money Market	979,106.85
1130 PayPal Bank	0.00
Total Bank Accounts	\$ 1,024,058.06
Total Accounts Receivable	\$ 8,000.00
1140 Investments - Time Value	323,598.02
1145 Accrued Interest Receivable	-1,247.15
1499 Undeposited Funds	0.00
1550 Prepaid Expenses	0.00
Other Current Asset	0.00
Total Other Current Assets	\$ 322,350.87
Total Current Assets	\$ 1,354,408.93
1410 Furniture and Fixtures	31,060.23
1415 Computers	0.00
1420 Accumulated Depreciation	-31,060.23
Total 1400 Fixed Assets	\$ 0.00
Total Fixed Assets	\$ 0.00
Other Long-term Assets	0.00
Total Other Assets	\$ 0.00
TOTAL ASSETS	\$ 1,354,408.93
Total Accounts Payable	\$ 371.92
2200 HomeStreet Credit Card	8,683.00
Total Credit Cards	\$ 8,683.00
2300 Accrued Payroll	13,450.32
2110 Federal Withholding	0.00
Total 2140 Medicare	\$ 0.00
2150 SDI	0.00
2405 FUTA	375.75
2410 SUI	151.74
Total 2415 FIT, SS, Medicare - 941	\$ 5,725.13
2420 L&I	106.65
2425 WA Paid Family & Medical Leave	130.74
2426 WA Cares	481.14
2435 PERS Payable	3,693.15
2440 DCAP / FSA Payable	0.00
2445 DRS DCP Payable	0.00
2450 Medical/Dental/Vision/Life Ins	0.03
2460 Accrued Vacation Pay	15,004.74
2470 w/held Supplemental Life	0.00
2499 Payroll Corrections	173.01
Car Allowance Payable	0.00
WA Cares Fund	77.61
Total 2400 Payroll Liabilities	\$ 25,607.03
Accrued Liabilities	0.00
Deferred Revenue	0.00
Total Other Current Liabilities	\$ 39,057.35
Total Current Liabilities	\$ 48,112.27
Total Liabilities	\$ 48,112.27
3110 Equipment Purchase Reserve	15,000.00
3120 Operations Reserves	525,598.00
3130 Contractual Obligations Reserve	51,179.00
3140 Legal Reserves Fund	25,000.00
Total 3100 Board Designated Reserves	\$ 616,777.00
3200 Board Designated Contra	-616,777.00
3300 Fund Balance (Prior Years)	724,058.31
3999 Opening Bal Equity	0.00
Net Income	582,238.35
Total Equity	\$ 1,306,296.66
TOTAL LIABILITIES AND EQUITY	\$ 1,354,408.93

SOUND CITIES ASSOCIATION | Profit and Loss by Month

January - July, 2024

Table with 11 main columns: Description, Jan 2024, Feb 2024, Mar 2024, Apr 2024, May 2024, Jun 2024, Jul 2024, Total, 2024 Budget, Difference, % Budget Remaining. Includes sections for Total Income, Gross Profit, Total Expenses, and Net Income.

SOUND CITIES ASSOCIATION

A/R Aging Summary

As of August 13, 2024

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Amazon					6,000.00	\$6,000.00
Desimone Consulting Group					500.00	\$500.00
Green River College					500.00	\$500.00
King County Dept. of Assessments					500.00	\$500.00
Langton Spieth, LLC					500.00	\$500.00
TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$8,000.00	\$8,000.00

SOUND CITIES ASSOCIATION | Profit and Loss

January - December 2023

	Total	2023 Budget	Difference	
1010 Member Dues	837,671.23	837,671.23	0.00	
1020 Membership/Sponsorships	110,500.00	105,500	5,000.00	
1030 Registration/Dinners Revenue	21,242.29	27,500	-6,257.71	
1040 Interest Income	13,107.95	5,860	7,247.95	
1150 CC Points Redeemed for Credit	600.00	900	-300.00	
Total Income	\$ 983,121.47	\$977,431.23	5,990.24	
Gross Profit	\$ 983,121.47			
		2023 Budget	Difference	% Budget Remaining
Total 5100 Salaries	\$ 629,373.01	630,013.00	639.99	0%
5210 Taxes-FUTA	358.46	252.00	-106.46	-42%
5220 Taxes-SUTA	2,498.55	2,730.00	231.45	8%
5230 Taxes - FICA, Medicare - 941	45,971.12	46,488.00	516.88	1%
5240 Taxes - L & I	1,478.17	3,372.00	1,893.83	56%
5250 Taxes-FMLA	3,490.78	2,092.00	-1,398.78	-67%
Total 5200 Payroll Taxes	\$ 53,797.08	54,934.00	1,136.92	2%
5310 Pension Plan Contributions	55,608.10	62,622.00	7,013.90	11%
5320 Medical/Dental/Vision/Life Ins	73,163.42	72,310.00	-853.42	-1%
5330 Professional Development	1,572.92	5,000.00	5,000.00	100%
5345 ED Car Allowance	6,000.00			
5346 Staff Travel Expenses	1,517.25			
Total 5340 Travel Reimbursement	\$ 7,517.25	10,000.00	2,482.75	25%
Total 5300 Staff Benefits	\$ 137,861.69	149,931.00	12,069.31	8%
Total 5000 Staff	\$ 821,031.78	834,878.00	13,846.22	2%
6100 Rent	31,797.96	32,644.00	846.04	3%
6200 Office Insurance	604.00	604.00	0.00	0%
6310 Copier/Printer Lease & Maint	2,921.19	3,048.00	126.81	4%
6320 Outside Printing & Publication	733.02	600	-133.02	-22%
Total 6300 Printing and Publication	\$ 3,654.21	3,648.00	-6.21	0%
6420 Website Design/Hosting	180.00	1,400.00	1,220.00	87%
6430 IT Equipment	623.86	2,000.00	1,376.14	69%
6440 Software/Subscriptions	6,406.17	6,600.00	193.83	3%
Total 6400 IT	\$ 7,210.03	10,000.00	2,789.97	28%
6500 Cell Phone Service	3,748.88	3,830.00	81.12	2%
6600 CC, Banking & Other Fees	415.00	150	-265.00	-177%
6700 Accounting Fees	15,262.75	12,850.00	-2,412.75	-19%
6800 Legal Fees		5,000.00	5,000.00	100%
6900 Office Supplies / Misc.	1,493.90	2,500.00	1,006.10	40%
Total 6000 Office / Overhead	\$ 64,186.73	70,622.00	6,435.27	9%
7100 Food/Beverage/Rentals	24,616.63	27,500.00	2,883.37	10%
7200 Event Pmts Processing Fee	813.32			
Total 7000 Event Expenses	\$ 25,429.95	27,500.00	2,070.05	8%
8100 Insurance (D&O)	2,118.00	1,774.00	-344.00	-19%
8200 Awards / Recognition	1,529.82	1,200.00	-329.82	-27%
8300 Retreats/Mtgs/Conf/Dues/Events	10,601.03	13,000.00	2,398.97	18%
8400 Consultants/Special Projects	1,486.00	7,550.00	6,064.00	80%
Total 8000 Board / Org Development	\$ 15,734.85	23,524.00	7,789.15	33%
9000 Contingency Fund	199.00	15,000.00	14,801.00	99%
Bad Debt Write Off	8,000.00	0.00	-8,000.00	
Depreciation	0.00	0.00	0.00	
Reconciliation Discrepancies	-150.05	0.00	150.05	
Total Expenses	\$ 934,432.26	972,129.00	37,696.74	4%
Net Operating Income	\$ 48,689.21			
Investment returns	3,394.85			
Total Other Income	\$ 3,394.85			
Net Other Income	\$ 3,394.85			
Net Income	\$ 52,084.06			

SOUND CITIES ASSOCIATION | BALANCE SHEET

As of December 31, 2023

1110 HomeStreet Bank	44,070.47
1120 HomeStreet Bank - Money Market	442,171.24
1130 PayPal Bank	0.00
Total Bank Accounts	\$ 486,241.71
Total Accounts Receivable	\$ 930,709.33
1140 Investments - Time Value	309,652.65
1145 Accrued Interest Receivable	3,249.04
1499 Undeposited Funds	0.00
1550 Prepaid Expenses	0.00
Other Current Asset	0.00
Total Other Current Assets	\$ 312,901.69
Total Current Assets	\$ 1,729,852.73
1410 Furniture and Fixtures	31,060.23
1415 Computers	0.00
1420 Accumulated Depreciation	-31,060.23
Total 1400 Fixed Assets	\$ 0.00
Total Fixed Assets	\$ 0.00
Other Long-term Assets	0.00
Total Other Assets	\$ 0.00
TOTAL ASSETS	\$ 1,729,852.73
Total Accounts Payable	\$ 47.21
2200 HomeStreet Credit Card	5,249.97
Total Credit Cards	\$ 5,249.97
2300 Accrued Payroll	14,546.40
2110 Federal Withholding	0.00
2111 Direct Deposit Liabilities	0.00
Total 2140 Medicare	\$ 0.00
2150 SDI	0.00
2405 FUTA	551.35
2410 SUI	401.61
Total 2415 FIT, SS, Medicare - 941	\$ 6,258.98
2420 L&I	607.90
2425 WA Paid Family & Medical Leave	729.10
2426 WA Cares	599.18
2435 PERS Payable	4,040.78
2440 DCAP / FSA Payable	0.00
2445 DRS DCP Payable	259.50
2450 Medical/Dental/Vision/Life Ins	13.50
2460 Accrued Vacation Pay	43,657.05
2470 w/held Supplemental Life	50.64
2499 Payroll Corrections	173.01
Car Allowance Payable	0.00
Total 2400 Payroll Liabilities	\$ 57,342.60
Accrued Liabilities	398.91
Deferred Revenue	928,209.33
Total Other Current Liabilities	\$ 1,000,497.24
Total Current Liabilities	\$ 1,005,794.42
Total Liabilities	\$ 1,005,794.42
3110 Equipment Purchase Reserve	15,000.00
3120 Operations Reserves	486,064.50
3130 Contractual Obligations Reserve	84,358.00
3140 Legal Reserves Fund	25,000.00
Total 3100 Board Designated Reserves	\$ 610,422.50
3200 Board Designated Contra	-610,422.50
3300 Fund Balance (Prior Years)	671,974.25
3999 Opening Bal Equity	0.00
Net Income	52,084.06
Total Equity	\$ 724,058.31
TOTAL LIABILITIES AND EQUITY	\$ 1,729,852.73

Highlighted have been invoiced and payment is not yet received.

Sponsor/Entity	Invoiced Month	Amount Invoiced	Paid Month	Amount Paid
Amazon	February 2024	\$ 6,000.00		
AWC	February 2024	\$ 500.00	February 2024	\$ 500.00
Boeing	November 2023	\$ 12,500.00	December 2023	\$ 12,500.00
Boeing	June 2023	\$ 2,500.00	July 2024	\$ 2,500.00
Boeing	June 2023	\$ 6,000.00	July 2024	\$ 6,000.00
Comcast	April 2024	\$ 6,000.00	April 2024	\$ 6,000.00
Comcast	April 2024	\$ 2,500.00	April 2024	\$ 2,500.00
Desimone Consulting Group	March 2024	\$ 500.00		
EMC Research	February 2024	\$ 500.00	March 2024	\$ 500.00
Foster Garvey	March 2024	\$ 500.00	April 2024	\$ 500.00
Green River College	February 2024	\$ 500.00		
Jurassic Parliament			In-Kind	
KC Dept of Assessments	February 2024	\$ 500.00		
King County Library Systems	February 2024	\$ 500.00	May 2024	\$500.00
Langton Spieth, LLC	February 2024	\$ 500.00		
Lumen	March 2024	\$ 6,000.00	May 2024	\$ 6,000.00
Marketing Solutions			In-Kind	
Microsoft	February 2024	\$ 6,000.00	February 2024	\$ 6,000.00
Port of Seattle	February 2024	\$ 6,000.00	February 2024	\$ 6,000.00
PRR	March 2024	\$ 500.00	April 2024	\$ 500.00
Puget Sound Energy	February 2024	\$ 6,000.00	April 2024	\$ 6,000.00
Puget Sound Energy	May 2024	\$ 2,500.00	May 2024	\$ 2,500.00
Republic Services	February 2024	\$ 6,000.00	April 2024	\$ 6,000.00
Seattle Building and Constr.	February 2024	\$ 500.00	February 2024	\$ 500.00
Sound Transit	February 2024	\$ 6,000.00	February 2024	\$ 6,000.00
ValleyCom	February 2024	\$ 500.00	March 2024	\$ 500.00
Waste Management	February 2024	\$ 6,000.00	March 2025	\$ 6,000.00
		\$ 85,500.00		\$ 77,500.00

Not Yet Invoiced for 2024

Sponsor	Amount	Invoice Due Month
Gordon Thomas Honeywell	\$500.00	May-24
King County Elections	\$500.00	Jun-24
Seattle King County Realtors	\$6,000.00	Sep-24
Seattle Metro Chamber	\$6,000.00	Sep-24
Recology	\$6,000.00	Sep-24
Google Fiber	\$500.00	Sep-24
McDonald's	\$500.00	Nov-24
	\$20,000.00	

SCA Finance Committee – August 27, 2024

Item 7: 2025-26 Office Lease

Leah Willoughby leah@soundcities.org

SCA's current two-year lease with the city of Tukwila expires on December 31, 2024. City staff has provided the attached draft renewal lease for 2025 – 2026. Changes from the previous lease are noted below.

1. Rent

Rent increased at a rate of \$0.50 per square feet, each year. This is in line with previous increases. Total annual rent for 2025 will be \$28,459 – an increase of \$719 (or about 2.5%) over 2024 annual rent. Total for 2026 will be \$29,189 – an increase of \$730 over 2025. Leasehold tax amounts were adjusted accordingly.

2. IT

- Outdated data backup requirements language was removed. SCA maintains backup data digitally.
- The city will withdraw IT support at the end of 2025.
- The city plans to move to away from current phone systems and will no longer provide phone extensions after the end of 2025.
- Internet service remains intact and price has not changed since prior lease agreement.



City of Tukwila

6200 Southcenter Boulevard, Tukwila WA 98188

Agreement Number:

LEASE AGREEMENT

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

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

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

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

5. **Leasehold Excise Tax.** Lessee shall pay leasehold excise tax due pursuant to RCW 82.29A to Lessor by the first day of each month at the rate of 12.84% of the base rent set forth in Section 4 herein, such amount being ~~\$304.44,00~~ per month for January 1, 2025 - December 31, 2025 and ~~\$312.15~~ per month for January 1, 2026 - December 31, 2026. The leasehold excise tax shall be paid in addition to the monthly rental payment and any other payments required under this Lease. If the State of Washington changes the leasehold excise tax, the tax payable by the Lessee each month under this Lease shall be correspondingly modified in compliance with RCW 82.29A without further action by the parties.
6. **Use of Premises by Lessee.** Lessee shall use the Premises for general office use. The Premises shall be used only for the uses specified herein and for not for any other business or purpose without the prior written consent of the City. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises or cause the cancellation of any insurance on the Premises. Lessee shall not commit or allow to be committed any waste upon the Premises or any public or private nuisance. Lessee shall not do or permit anything to be done on the Premises which will obstruct, cause injury or interfere with the rights of other tenants, or occupants of the Premises or their customers, clients and visitors.
7. **Lessee Maintenance and Repair Responsibility.** Lessee shall, when and if needed, at Lessee's sole expense, make repairs to the Premises and every part thereof; and Lessee shall maintain the Premises in a neat, clean, sanitary condition. Lessee shall surrender the Premises to the City in good condition upon the termination of this Lease, reasonable wear and tear expected.
8. **Signage.** Lessee shall obtain the City's written consent before installing any signs on the Premises and shall install any approved signage at Lessee's sole expense and in compliance with all applicable laws. Lessee shall not damage or deface the Premises when installing or removing signage and shall repair any damage to the Premises caused by such installation or removal.
9. **Utilities, Equipment and Services.** The City shall provide the Premises with the following services, the cost of which shall be included in the rent paid by Lessee: water, electricity, and heating/cooling seven (7) days per week and janitorial services five (5) nights per week, exclusive of holidays.

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

The City's Technology Services department shall provide the Lessee with basic technology support to maintain hardware equipment and software applications, such support being performed during the City's regular, non-holiday business hours of 8:30 a.m. to 5:00 p.m. Any after-hours emergency callouts or mutually agreed upon project work will be billed in one-hour increments at a flat rate of \$150/hour with a minimum charge of one hour. Charges will be invoiced upon completion of the work and will be payable within 30-days. The City's obligation to provide technology support shall terminate on December 31, 2025 and Lessee shall be responsible for providing its own technology support.

The City shall provide six (6) extensions to the City phone system for use by the Lessee and will maintain the phone system at no additional cost to the Lessee. Lessee shall be responsible for all costs associated with long distance and other toll calls which may be billed separately by the City. Charges will be invoiced upon receipt of phone bill and will be payable within 30-days. The City's obligation to provide phone extensions shall terminate on December 31, 2025 and Lessee shall be responsible for providing its own phone extensions and service.

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

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

- 10. **Destruction of Premises.** If the Premises are completely or partially destroyed by fire or other casualty, of if they are damaged by an uninsured casualty, or by an insured casualty to such an extent that the damage cannot be repaired within sixty (60) days of the occurrence, the City shall have the option to restore the Premises or to terminate this Agreement on thirty (30) days written notice, effective as of any date not more than sixty (60) days after the

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occurrence. If this Section becomes applicable, the City shall advise the Lessee within thirty (30) days after such casualty whether the City elects to restore the Premises or to terminate this Agreement. If the City elects to restore the Premises, it shall commence and complete the restoration work with due diligence. For the period from the date of the casualty until completion of the repairs (or the date of termination of this Agreement, if the City elects not to restore the Premises) the monthly base rent shall be abated in the same proportion that the untenable portion of the Premises bears the whole thereof, unless the casualty results from Lessee’s negligence or its breach of obligations under this Agreement.

- 11. **Hazardous Substances.** Lessee shall not generate, release, spill, store, deposit, transport or dispose of (collectively “Release”) any hazardous substances, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants or substances defined as hazardous or toxic in accordance with applicable federal, state and local laws and regulations in any reportable quantities (collectively “Hazardous Substances”) in, on or about the Premises. Lessee shall attach a separate list of Hazardous Substances they propose to store on site and the City must accept the list in writing or Hazardous Substances cannot be stored on site. The Lessee shall indemnify, hold harmless and defend the City from any and all claims, liabilities, losses, damages, clean-up costs, response costs and expenses, including reasonable attorneys’ fees, arising out of or in any way related to the Release by the Lessee or any of its agents, representatives or employees, or to the presence of such Hazardous Substances in, on or about the Premises occurring at any time after the effective date of this Agreement to the full extent of the Lessee’s liability.
- 12. **Alterations and Additions.** After obtaining the prior written consent of the City, Lessee may make, at its sole expense, such additional improvements or alterations to the Premises which it may deem necessary or desirable. Any repairs or new construction done by Lessee shall be done in conformity with plans and specifications approved by the City. All work performed shall be done in a workmanlike manner and shall become the property of the City.
- 13. **Liens.** Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee.
- 14. **Insurance.** The Lessee shall procure and maintain for the duration of the Lease, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Lessee’s operation and use of the leased Premises.

a. No Limitation

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The Lessee’s maintenance of insurance as required by the Lease shall not be construed to limit the liability of the Lessee to the coverage provided by such insurance, or otherwise limit the City’s recourse to any remedy available at law or in equity.

- b. Minimum Scope of Insurance. The Lessee shall obtain insurance of the types described below:
 - i. Commercial General Liability insurance shall be at least as broad as Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover premises and contractual liability. The City shall be named as additional an insured on Lessee’s Commercial General Liability insurance policy using ISO Additional Insured-Managers or Lessors of Premises Form CG 20 11 or a substitute endorsement providing at least as broad coverage.
 - ii. Property insurance shall be written on an all risk basis.
- c. Minimum Amounts of Insurance. Lessee shall maintain the following insurance limits:
 - i. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate.
 - ii. Property insurance shall be written covering the full value of the Lessee’s property and improvements with no coinsurance provisions.
- c. Other Insurance Provisions. The Lessee’s Commercial General Liability insurance policy or policies are to contain or be endorsed to contain that they shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be in excess of the Lessee’s insurance and shall not contribute with it.
- d. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M Best rating of not less than A: VII.
- e. Verification of Coverage. Lessee shall furnish the City with original certificates and a copy of any applicable amendatory endorsements including, but not necessarily limited to, the additional insured endorsement evidencing the insurance requirements of the Lessee.
- f. Waiver of Subrogation. Lessee and the City hereby release and discharge each other from all claims, losses, and liabilities arising from or caused by any hazard covered by property insurance on or in connection with the Premises or said building. This release shall apply only to the extent that such claim, loss or liability is covered by insurance.
- g. City’s Property Insurance. The City shall purchase and maintain during the term of this Lease, all-risk property insurance covering the Building for full replacement value without any coinsurance provisions.

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- h. Notice of Cancellation. The Lessee shall provide the City with written notice of any policy cancellation, within two (2) business days of receiving such notice.
 - i. Failure to Maintain Insurance. Failure on the part of the Lessee to maintain the required insurance shall constitute a material breach of this Lease upon which the City may, after giving five (5) business days notice to the Lessee to correct the breach, terminate this Lease or, at its discretion, procure or renew such insurance and pay and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.
 - j. City Full Availability of Lessee Limits. If the Lessee maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Lessee, irrespective of whether such limits maintained by the Lessee are greater than those required by this Lease or whether any certificate of insurance furnished to the City evidence limits of liability lower than those maintained by the Lessee.
15. **Indemnification and Hold Harmless**. Lessee shall defend, indemnify, and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of Lessee's use of Premises, or from the conduct of Lessee's business, or from any activity, work or thing done, permitted, or suffered by Lessee in or about the Premises, except only such injury or damage as shall have been occasioned by the sole negligence of the City. It is further specifically and expressly understood that the indemnification provided herein constitutes the Lessee's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated and agreed to by the Lessee and City. The provisions of this section shall survive the expiration or termination of this Lease.
16. **Assignment and Subletting**. Lessee shall not assign this Lease or sublet any portion of the Premises. Any sublease or assignment made in violation of this provision shall be void.
17. **Default**. Failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease, where such failure shall continue for a period of ten (10) days after written notice from the City to cure the default, shall constitute a default and breach of this Lease. Lessee shall notify the City promptly of any default not by its nature necessarily known to the City.
18. **Access**. After reasonable notice from the City (except in the cases of emergency where no notice is required) the Lessee shall permit the City and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, alterations, improvements or

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inspections. This section shall not impose any repair or other obligation upon the City not expressly stated elsewhere in this Agreement.

- 19. **Compliance with Laws, Rules and Regulations.** Lessee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force relation to or affecting the conditions, use, or occupancy of the leased premises. Lessee shall faithfully observe and comply with City rules and regulations.
- 20. **Permits.** Lessee shall, at its sole cost and expense, be responsible for obtaining any required permits and licenses necessary to perform the work and covenants of this Lease.
- 21. **Notices.** All notices under this Lease shall be in writing and shall be effective when mailed by certified mail or delivered to the addresses listed below.

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

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

- 22. **Termination.** Either party may terminate this Agreement if the other party is in default as outlined in Section 17 or at any time on or before the expiration of this Lease by providing a minimum of thirty (30) days written notice to the other party.
- 23. **Applicable Law; Venue: Attorneys’ Fees.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding is instituted to enforce any term of this Agreement, the parties specifically understand and agree that venue shall be in King County, Washington. The prevailing party in any such action shall be entitled to its attorneys’ fees and costs of suit.
- 24. **Authority of Lessee.** The Lessee and the individual executing this Lease on behalf of the Lessee represent and warrant that s/he is duly authorized to execute and deliver this Lease and upon execution this Lease is binding upon the Lessee in accordance with the terms herein.
- 25. **Waiver and Forbearance.** No waiver by the City of any breach or default by the Lessee of any of its obligations or covenants herein shall be deemed to be a waiver of any subsequent breach or default of the same or any other obligation or covenant, nor shall forbearance by

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the City to seek remedy for any break or default of the Lessee be deemed a waiver by the City of its rights and remedies with respect to such breach or default.

- 26. **Entire Agreement - Modification.** This Lease Agreement together with all exhibits or addenda expressly incorporated herein by reference and attached hereto shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. Except as otherwise provided, no modification or amendment of this Lease Agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.
- 27. **Severability and Survival.** If any term, condition or provision of this Lease is declared void or unenforceable or limited in its application or effect, such event shall not affect any other provisions hereof and all other provisions shall remain fully enforceable.

CITY OF TUKWILA

SOUND CITIES ASSOCIATION

By: _____ By: _____
Thomas McLeod _____
 Mayor Executive Director

Deleted: Allan Ekberg

Attest:

By: _____
Andy Yeon, City Clerk

Deleted: Christy O'Flaherty,

Approved as to form:

By: _____
 City Attorney

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City of Tukwila

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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

Dated this ____ day of _____, 2024.

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(Print Name)
Residing at _____
My appointment expires _____

[Stamp or Seal]

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

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

Dated this ____ day of _____, 2024.

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Notary Public for Washington

(Printed or Stamped Name of Notary)
Residing at _____
My appointment expires: _____

[Stamp or Seal]

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