



September 8, 2020

**To:** Executive Committee  
**From:** Brenda Wilson  
**Subject:** Park Place Building – Update

**Action Recommended:** None. Information Only.

**Background:**

When Fiscal Year 20 started in June of 2019, the projections for the Park Place Building (PPB) were positive, both for revenues and expenses with excess revenues going into the Capital Improvement Contingency account. With the Covid-19 Pandemic, those projections were adjusted for FY20 and the projections for FY21 will also need to be adjusted.

It had been my intent to revise the Preservation and Maintenance Strategy and bring a recommendation to the Board this month. With the necessary adjustments, I want the final PPB numbers for FY20 before revising the Strategy and once we have those numbers, I will bring that item back for discussion.

**Rental Properties** – LCOG leases out space in its Park Place Building. Current annual rent roll totals \$598,368, not including LCOG’s annual occupancy costs, which are currently \$398,150. Currently, there are four vacant spaces in the Park Place Building; one of which WIXII will occupy. The rental income for these spaces is estimated to be about \$71,000, annually.

Earlier this year, The Executive Committee approved the deferment of rent for four tenants: Bao Bao House (Ji Li), Shred, Public SCC, and Locus

Marketing. Currently, two tenants are behind on rent by two months: Bao Bao House and Public SCC; one tenant is behind one month: Microtech. We will work with the Property Manager and these tenants to find a reasonable accommodation or solution.

**Capital Contingency Account** - The Capital Contingency Account, started in 2014 with funds leftover from the sale of the Schaefers and Springfield Buildings, as well as the refinancing of the Park Place Building and excess revenues. The only amounts taken out of this Account have been for the elevator replacement project (see below). The Account will have \$670,966 once FY20 budgeted for transfers occur.

Rental income has been exceeding expenses, and excess amounts go into the Contingency Account, however, with the vacancies and the Pandemic, excess funds may be lower than budgeted. We will know by how much once the final numbers for FY20 are in.

**Elevators** - In June 2019, the Board approved the Preservation and Maintenance Strategy developed by staff which called for the replacement of the elevators as the first Capital Project. The project was completed in July and the total cost was \$570,796. This project was paid for out of the Contingency Account.