



## Motion No. M2021-78

### Lease Agreement for the North Maintenance of Way Facility Project

Meeting:	Date:	Type of action:	Staff contact:
System Expansion Committee	12/09/2021	Final Action	<b>Faith Roland, Director Real Property, DECM</b> John Weston, Director Corridor Operations <b>Taylor Carroll, Senior Project Manager – North Corridor, PEPD</b>

### Proposed action

Authorizes the chief executive officer to execute a five-year lease agreement with L&R Linden, LLC for the North Maintenance of Way Facility, in an amount not to exceed \$4,856,466.

### Key features summary

- Authorizes the chief executive officer to execute a lease agreement with L&R Linden, LLC to occupy the improved property located at 920 North 137th St., Seattle WA 98133. The lease totals approximately 51,565 square feet with 41,479 square feet of warehouse space, 8,114 square feet of office space and 1,972 square feet of mezzanine space.
- A fully operational North Maintenance of way (MOW) facility is required by October 2023 to support operation of the Lynnwood Link Extension. This property location is well-situated to enable Sound Transit operations staff to respond to incidents within a 15-minute response-time goal. A MOW facility at this location would also provide additional needed operations capacity to the existing MOW facilities. The proposed lease will provide Sound Transit the ability to put in place a temporary North MOW facility in time for the October 2023 need date and time to evaluate and consider a final location for a North MOW facility, whether at the lease property or elsewhere.
- The five-year lease includes an option for Sound Transit to purchase the property within a stated number of months of commencement of the lease. Authorization for purchasing the property would be subject to a future Board decision.
- The lease rate is a monthly \$1.10 per square foot, confirmed with an appraisal, with a quoted yearly 3 percent rate increase over a period of five years for a total not to exceed amount of \$4,856,466, which includes triple net operating expenses with an annual 5 percent rate increase and 10 percent contingency.

### Background

The North MOW facility, to be located in north Seattle, will serve stations on Northgate Link, Lynnwood Link and Ballard Link Extensions. The facility will be designed to support the needs of Link MOW, Link facilities, LRV Maintenance fault response, and IT transit systems. The need for this facility was identified in the *Link Light Rail Service Delivery Support Requirements: Option Evaluation (Steer Report)*, which reviewed Sound Transit's operations facilities. The Steer Report identified the North MOW facility as necessary to support Sound Transit Operations response times and increase capacity

for Operations staff and storage. The North Seattle area is the ideal location to meet Sound Transit's goal of responding to incidents within 15 minutes along the entire alignment, comparable with peer agencies. Additionally, the North MOW facility may be used to supplement the capacity of the other planned MOW facilities serving other parts of the Light Rail system. Once the Ballard Link Extension is built, the North MOW facility would also serve the Smith Cove to Ballard stations.

Given the timing of Lynnwood Link Extension (LLE) opening in mid-2024, there is a near-term need for a North MOW facility. The goal is for the near-term facility at the location of the lease property to be fully operational by Q4 2023, to align with the timing of pre-revenue service on LLE. This site is ideal for meeting Sound Transit's locational needs to respond to incidents.

The property in question is currently on the market, which provides Sound Transit with the ability to secure the property via the lease in time to have a fully operational North MOW facility in place by Q4 2023. The lease includes an option for Sound Transit to purchase the property, which would allow the North MOW facility to remain on the property in the long term if the property is determined to be suitable for long-term needs and negotiations are successful. Any purchase of the property would be subject to a future Board action.

Sound Transit environmental staff reviewed the Phase I Environmental Site Assessment report completed for others by Environmental Associates, Inc. (August 16, 2001) and concluded that no environmental concerns exist in association with Sound Transit's lease of the property. Sound Transit has determined that leasing the property and near-term use of this site is categorically exempt from review under the State Environmental Policy Act (SEPA), and a City of Seattle Master Use Permit (which might otherwise require a SEPA determination) is not likely required.

## **Fiscal information**

This action is within the authorized project allocation and sufficient monies remain after approval of this action to fund the remaining work in the Right-of-Way phase.

The authorized project allocation for the North Corridor MOW is \$22,857,000. Within that amount, \$20,007,000 has been allocated to the right-of-way phase. The action would commit \$4,856,466 and leave a budget balance of \$15,127,686 in the right-of-way phase.

The current cost estimate for the North Corridor MOW is \$55.5 million in year of expenditure (YOE) dollars and is affordable within the Agency's Finance Plan. Staff are managing the project to a 2023 delivery, consistent with both Affordability and Target Schedules. This action is in alignment with Resolution No. R2021-05 and does not impact the affordability of any other system expansion project.

**North Corridor MOW**  
(in thousands)

Project Phase	Authorized Project Allocation	Board Approvals	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Agency Administration	\$952	\$478	\$	\$478	\$474
Preliminary Engineering	1,839				1,839
Final Design					
Third Party Agreements	59				59
Right of Way	20,007	23	4,856	4,879	15,128
Construction					
Construction Services					
Vehicles					
<b>Total Current Budget</b>	<b>\$22,857</b>	<b>\$500</b>	<b>\$4,856</b>	<b>\$5,357</b>	<b>\$17,500</b>
<b>Phase Detail</b>					
Right of Way					
ROW Acquisition	\$12,050	\$	\$4,856	\$4,856	\$7,194
Other	7,957	23		23	7,934
<b>Total Phase</b>	<b>\$20,007</b>	<b>\$23</b>	<b>\$4,856</b>	<b>\$4,879</b>	<b>\$15,128</b>

Agreement Detail	Board Approvals to Date	Current Approved Agreement Status	Proposed Action	Proposed Total for Board Approval
<b>L&amp;R Linden, LLC</b>				
Agreement Amount			\$4,420	\$4,420
Contingency			436	436
<b>Total Contract</b>	<b>\$</b>	<b>\$</b>	<b>\$4,856</b>	<b>\$4,856</b>
Percent Contingency	0%	0%	10%	10%

**Notes:**

Amounts are expressed in Year of Expenditure \$000s.

\* Board Approvals = Commitment and PO Contingency Remaining as of 11/23/21

For detailed project information, see page 73 of the 2022 Financial Plan & Proposed Budget.

## Disadvantaged and small business participation

Not applicable to this action.

## Public involvement

Not applicable to this action.

## Time constraints

A one-month delay would cause Sound Transit to lose this on-market lease opportunity and likely cause a delay to the opening of the temporary North MOW facility to support Lynnwood Link Extension.

**Environmental review – KH 11/30/21**

**Legal review – MV 12/3/21**



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A motion of the System Expansion Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a five-year lease agreement with L&R Linden, LLC for the North Maintenance of Way Facility, in an amount not to exceed \$4,856,466.

### Background

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**Motion**

It is hereby moved by the System Expansion Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized [insert proposed action]

APPROVED by the System Expansion Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on \_\_\_\_\_.

\_\_\_\_\_  
Claudia Balducci  
System Expansion Committee Chair

**Attest:**

\_\_\_\_\_  
Kathryn Flores  
Board Administrator