

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2002-61

Tacoma Field Office Lease Extension

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	5/16/02	Discussion/Possible Action	Al Lowe, Real Estate Manager	(206) 398-5250

Contract/Agreement Type:	3	Requested Action:	3
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	3
Memorandum of Agreement		Contingency Funds Required	
Purchase/Sale Agreement	3	Budget Amendment Required	

4 Applicable to proposed transaction.

OBJECTIVE OF ACTION

- To extend the term of the lease agreement for the Link Light Rail Tacoma field office.
- To increase the monthly rent.

ACTION

- Authorize the Executive Director to execute a Lease Amendment with W.T.E., LLC to extend the term of the existing lease agreement 18.5 months, commencing June 15, 2002 through December 31, 2003. The lease amendment would also include a monthly rental adjustment based on the Consumer Price Index from the inception of the original lease commencement date of June 1998. All other lease terms remain the same.

KEY FEATURES

- Authorizes the Executive Director to execute a lease amendment with W.T.E., LLC. to extend the existing lease agreement 18.5 months, June 15, 2002 through December 31, 2003. Initial lease term was forty-eight (48) months – June 15, 1998 through June 14, 2002.
- Increase the monthly rent from \$3,000/month to \$3,357/month. This rental increase is based on the Consumer Price Index for past four years:
 - 1998 - 1.0%
 - 1999 – 2.8%
 - 2000 – 3.8%
 - 2001 – 4.3%
11.9%

BUDGET IMPACT SUMMARY

Project Description: Tacoma Link

Current Status: Under Construction

Projected Completion Date: 09/03

Action Outside of Adopted Budget:	Y/N	Y Requires Comment
This Line of Business	N	
This Project	N	
This Phase	N	
This Task	Y	Requires a transfer from uncommitted funds within the construction phase.
Budget amendment required	N	
Key Financial Indicators:	Y/N	Y Requires Comment
Contingency funds required	N	
Subarea impacts	N	
Funding required from other parties other than what is already assumed in financial plan	N	

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

The total adopted budget for Tacoma Link, as amended is \$80.4 million. Within that budget, the activity contemplated within this motion is identified within the Construction phase. This activity was included within the cost estimate. The budget for the office lease is \$160,000. For this item, there is a budget deficit of \$46,000. Within the construction phase, there are sufficient uncommitted funds available for this action. With the approval of this item, there is sufficient budget remaining to complete the project.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The proposed action is consistent with the current Board adopted budget and is affordable within the agency's current long-term financial plan and sub-area financial capacity. The action will have no new revenue impacts on Sound Transit.

SUMMARY FOR BOARD ACTION

Summary for Board Action (Year of Expenditure \$000)

Action Item: Office Lease

Tacoma Link	Current Board Adopted Budget (A)	Committed To Date (B)	This Action (C)	Total Committed & Action (D)	Uncommitted (Shortfall) (E)
1 Agency Administration	4,552	2,145		2,145	2,406
2 Preliminary Engineering	6,242	6,566		6,566	(324)
3 Final Design	6,007	6,511		6,511	(504)
4 Right of Way	2,944	1,654		1,654	1,290
5 Construction	49,498	39,434	2,300	41,734	7,764
6 Vehicles	9,485	7,980		7,980	1,504
7 System Testing and Startup	760	-		-	760
8 Contingency	928	-		-	928
9 Total Current Budget	80,416	64,291	2,300	66,591	13,825

Phase Budget Detail

10 Field Office Lease	160	144	62	206	(46)
11 Other Construction	49,338	39,290		39,290	10,048
12 Total Phase	49,498	39,434	62	39,496	10,002

Contract Budget	Current Approved Contract Value (F)	Spent to Date (G)	Proposed Action (H)	Proposed Total Contract Value (I)
13 Field Office Lease	144	144	62	206
14 Contingency				0
15 Total	144	144	62	206
16 Percent Contingency	0%	0%	0%	0%

M/W/DBE – SMALL BUSINESS PARTICIPATION

M/W/DBE – Small Business Participation is not applicable to this transaction.

HISTORY OF PROJECT

Sound Transit entered into a 4-year lease agreement with W.T.E., LLC for approximately 2,663 square feet of office space located at 1001 Pacific Avenue, Suite 200, Tacoma, Washington, for the Link Light Rail construction field office. The initial term of this lease commenced on June 15, 1998. The monthly rent was \$3,000 and the total amount due for term of lease agreement was \$144,000. This lease extension includes a monthly rental adjustment of \$357 based on the Consumer Price Index.

The extension of this lease is required due to unanticipated construction delays for the Tacoma Link Light Rail project. The 18.5 month extension is in concert with the expected completion of the Tacoma Link project. Real estate brokers familiar with the Pacific Avenue rental market indicate the new rental rate falls in the middle of the range of market rates for similar property. Costs of moving and advertising a new location would offset any gains from reduced rent if a substitute property could be found.

**Prior Board or Committee Actions
and Relevant Board Policies**

Motion or Resolution Number	Summary of Action	Date of Action
Resolution No. R2001-17	Adopt 2002 Annual Budget	12/13/01
Resolution No. 78-1	Establishing delegated authority and procurement procedures	4/9/98

LEGAL REVIEW

JDW 5/6/02

SOUND TRANSIT

MOTION NO. M2002-61

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to extend the term of the existing lease with W.T.E., LLC for the Tacoma Link Light Rail field office for an additional 18.5 months, commencing on June 15, 2002 and extending through December 31, 2003; increase the monthly rent from \$3000 per month to \$3,357 per month; and increase the current approved value of \$144,000 by adding \$62,000, for a new total authorized contract amount not to exceed \$206,000.

Background:

Sound Transit entered into a 4-year lease agreement with W.T.E., LLC for approximately 2,663 square feet of office space located at 1001 Pacific Avenue, Suite 200, Tacoma, Washington, for the Link Light Rail construction field office. The initial term of this lease commenced on June 15, 1998. The monthly rent was \$3,000 and the total amount due for term of lease agreement was \$144,000. This lease extension includes a monthly rental adjustment of \$357 based on the Consumer Price Index, for a new total amount due of \$206,000.

The extension of this lease is required due to unanticipated construction delays for the Tacoma Link Light Rail project. The 18.5 month extension is in concert with the expected completion of the Tacoma Link project. Real estate brokers familiar with the Pacific Avenue rental market indicate the new rental rate falls in the middle of the range of market rates for similar property. Costs of moving and advertising a new location would offset any gains from reduced rent if a substitute property could be found.

This activity was included within the construction phase cost estimate. The budget for the office lease is \$160,000. For this item, there is a budget deficit of \$46,000. Within the construction phase, there are sufficient uncommitted funds available for this action. With the approval of this item, there is sufficient budget remaining to complete the project.

Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority to authorize the Executive Director to extend the term of the existing lease with W.T.E., LLC for the Tacoma Link Light Rail field office for an additional 18.5 months, commencing on June 15, 2002 and extending through December 31, 2003; increase the monthly rent from \$3000 per month to \$3,357 per month; and increase the current approved value of \$144,000 by adding \$62,000, for a new total authorized contract amount not to exceed \$206,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 16, 2002.


Kevin Phelps
Finance Committee Chair

ATTEST:


Marcia Walker
Board Administrator