

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2008-07**

**Lease extension for 2001 Management Associates, Inc.**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	1/17/08	Discussion/Possible Action to Recommend Board Approval	Bonnie Todd, Director, Transportation Services	206-398-5367
Board	1/24/08	Action	<b>Nancy Bennett, Property Manager</b>	206-398-5401

<b>Contract/Agreement Type:</b>	<b>✓</b>	<b>Requested Action:</b>	<b>✓</b>
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	✓
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate	✓	Property Acquisition	

**PROJECT NAME**

North Link

**PROPOSED ACTION**

Ratifies the month-to-month lease holdover for 2001 Management Associates, Inc., located at 1012/1014 Boylston Avenue, Seattle, commencing August 1, 2007 and ending January 31, 2008.

Authorizes the chief executive officer to extend the lease with 2001 Management Associates, Inc. commencing February 1, 2008, for one year, with four one-year options to extend, ending January 31, 2012, or when University Link construction needs the property.

**KEY FEATURES of PROPOSED ACTION**

- In accordance with Resolution 78-1, Board approval is required to extend leases beyond five years.
- The original lease term was five years and was executed within the chief executive officer's signing authority.
- Ratification of the lease month-to-month holdover period is requested to comply with Resolution 78-1 and to accommodate University Link's construction needs.
- If University Link requires use of the property before the lease term expires, the lease may be terminated with a 30-day written notice.
- Sound Transit has leased 795 sq ft of the 3,459 sq ft total for the building to 2001 Management Associates, Inc. since August 1, 2002.
- Total monthly rent is \$912.71 (plus leasehold tax). Tenant is responsible for all utility costs.

## **BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

## **BUDGET and FINANCIAL PLAN DISCUSSION**

The proposed action includes two parts. The first part will ratify 2001 Management Associates, Inc.'s month-to-month holdover commencing August 1, 2007 and ending January 31, 2008. The second part will extend the term of the lease for one year from February 1, 2008 to January 31, 2009, with four more one-year options. Link's construction needs will dictate if Sound Transit allows the options to be exercised. Lease revenues on non-operational properties are budgeted for in the Miscellaneous Revenues section of the budget. For 2008, a total of \$5,611,000 was budgeted for Miscellaneous Revenues, including \$10,952 with 2001 Management Associates, Inc. The projected revenues of the lease extension, combined with the revenues generated from August 2007 to January 2008, are higher than what has been budgeted in 2008. The proposed action would have a positive impact on the agency's revenues.

## **BUDGET TABLE**

The proposed action would ratify a month-to-month holdover and extend the lease agreement with 2001 Management Associates, Inc. The lease revenues associated with this action are included in the Proposed 2008 Budget book on page 17, under Miscellaneous Revenue. The impact of this action on the 2008 budget is illustrated below:

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

**Action Item:** The proposed action would (1) ratify the lease agreements with 2001 Management from August 2007 to January 2008 ; (2) extend the same lease from February 2008 to January 2009 with four more one-year options.

Lease Budget	Revenues from			
	Adopted 2008 Budget (1)	August 2007 to January 2008	Forecasted 2008 Revenue	Forecasted Future Revenue (2)
1 2001 Management Lease	11	6	11	53
2 Other Miscellaneous Revenues	5,600	-	-	-
3 Total Miscellaneous Revenues	5,611	6	11	53

### **Notes**

<sup>1</sup> Miscellaneous revenues are included on Page 17 of the Proposed 2008 Budget book. This budget was adopted by the Board on November 29, 2007. The revenue budget assumed a total of \$10,953 associated with the lease with 2001 Management.

<sup>2</sup> Estimated revenues beyond 2008 assuming all four option years are exercised.

## **SMALL BUSINESS PARTICIPATION**

Not applicable to this transaction.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

Sound Transit purchased the property at 1012/1014 Boylston Avenue, Seattle, on June 6, 2001 for the Central Link Project in accordance with Motion No. M99-34 (Locally Preferred Alternative) and Resolution No. R2000-04 (Property Acquisitions for Light Rail). Sound Transit has leased the property to 2001 Management Associates, Inc. since August 1, 2002. This property is slated for construction staging in the fourth quarter of 2008. Leasing this property until it is needed for University Link construction reduces security issues and generates revenue.

### **Prior Board/Committee Actions**

<b>Motion/Resolution Number and Date</b>	<b>Summary of Action</b>
R2000-04 4/27/00	Acquire, dispose, or lease certain real property interests by negotiated purchase, by condemnation, by settling condemnation litigation or entering administrative settlements, and to pay eligible relocation and reestablishment benefits to affected parties as necessary for the Central Link Light Rail Project (design-build contract segment, from NE 45th St to Convention Place Station).
R99-34 11/18/99	Selecting the alignment alternatives and profiles, station locations, and vehicle maintenance base site alternative to be built for the Central Link Light Rail line
R78-1 4/9/98	Supersedes Resolution 78. Revision for procurement of materials, work and services and acquisition/use of Sound Transit property and property rights.

## **CONSEQUENCES of DELAY**

- If Sound Transit does not extend this lease, the tenant will be displaced and Sound Transit will lose revenue.
- Having a vacant building would require additional property management resources including, site visits, graffiti removal, and an increase in security requirements.

## **PUBLIC INVOLVEMENT**

Not applicable to this action.

## **ENVIRONMENTAL COMPLIANCE**

Not applicable to this action.

## **LEGAL REVIEW**

JW 1/9/08

## SOUND TRANSIT

### MOTION NO. M2008-07

A motion of the Board of the Central Puget Sound Regional Transit Authority (1) ratifying the month-to-month lease holdover for 2001 Management Associates, Inc., located at 1012/1014 Boylston Avenue, Seattle, commencing August 1, 2007 and ending January 31, 2008; and (2) authorizing the chief executive officer to extend the lease with 2001 Management Associates, Inc. commencing February 1, 2008, for one year, with four one-year options to extend, ending January 31, 2012, or when University Link construction needs the property.

#### Background:

Sound Transit purchased the property at 1012/1014 Boylston Avenue, Seattle, on June 6, 2001 for the Central Link Project in accordance with Motion No. M99-34 (Locally Preferred Alternative) and Resolution No. R2000-04 (Property Acquisitions for Light Rail). Sound Transit has leased the property to 2001 Management Associates, Inc. since August 1, 2002. This property is slated for construction staging in the fourth quarter of 2008. Leasing this property until it is needed for University Link construction reduces security issues and generates revenue.

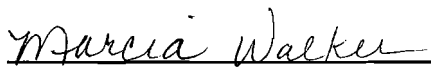
#### Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that (1) the month-to-month lease holdover for 2001 Management Associates, Inc., located at 1012/1014 Boylston Avenue, Seattle, commencing August 1, 2007 and ending January 31, 2008 is ratified; and (2) the chief executive officer is authorized to extend the lease with 2001 Management Associates, Inc. commencing February 1, 2008, for one year, with four one-year options to extend, ending January 31, 2012, or when University Link construction needs the property.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 24, 2008.

  
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Aaron Reardon  
Board Vice-Chair

ATTEST:

  
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Marcia Walker  
Board Administrator