

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-08

Lease extension for Key Park, Inc.

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
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	Nancy Bennett, Property Manager	206-398-5401

Contract/Agreement Type:	✓	Requested Action:	✓
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 Key Park, Inc. located at 1010 Boylston Avenue, Seattle, commencing August 1, 2007 and ending January 31, 2008.

Authorizes the chief executive officer to extend the lease with Key Park, 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 due to the dictates of Resolution 78-1 and University Link's construction needs.
- If University Link requires use of the property before the lease term expires, the lease may be terminated with 30-day written notice.
- Key Park, Inc. leases 22 parking stalls located on the property.
- Key Park, Inc.'s lease generates \$1,500.00 per month or 80% of their gross revenue, whichever is greater.

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 Key Park, Inc.'s month-to-month holdover commencing August 1, 2007 and ending January 31, 2008. The second part will extend the term of the existing lease for one year from February 1, 2008 to January 31, 2009, with four more one-year options to extend. 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 \$20,311 with Key Park, 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 the month-to-month holdover and extend the lease agreement with Key Park, Inc. The lease revenues associated with this action are included in the 2008 budget 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 Key Park from August 2007 to January 2008 ; (2) extend the same lease from February 2008 to January 2009 with four more one-year option depending upon the construction needs for the site.

Lease Budget	Adopted 2008 Budget (1)	Revenues from		
		August 2007 to January 2008	Forecasted 2008 Revenue	Forecasted Future Revenue (2)
1 Key Park	20	10	20	90
2 Other Miscellaneous Revenues	5,591	-	-	-
3 Total Miscellaneous Revenues	5,611	10	20	90

Notes

¹ 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 \$20,311 associated with the lease with Key Park.

² 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 1010 Boylston Avenue, Seattle, on June 6, 2001 for the Central Link Light Rail 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 Key Park, Inc. since August 1, 2002. This property is slated for construction staging in the fourth quarter of 2008. Leasing this property reduces security issues and generates revenue.

Prior Board/Committee Actions

Motion/Resolution Number and Date	Summary of Action
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. M2008-08

A motion of the Board of the Central Puget Sound Regional Transit Authority (1) ratifying the month-to-month lease holdover for Key Park, Inc. located at 1010 Boylston Avenue, Seattle, commencing August 1, 2007 and ending January 31, 2008; and (2) authorizing the chief executive officer to extend the lease with Key Park, 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 1010 Boylston Avenue, Seattle, on June 6, 2001 for the Central Link Light Rail 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 Key Park, Inc. since August 1, 2002. This property is slated for construction staging in the fourth quarter of 2008. Leasing this property reduces security issues and generates revenue.

Motion:

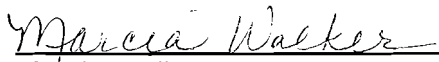
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that (1) the month-to-month lease holdover for Key Park, Inc. located at 1010 Boylston Avenue, Seattle, commencing August 1, 2007 and ending January 31, 2008 is ratified; and (2) the chief executive officer is authorized to extend the lease with Key Park, 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.



Aaron Reardon
Board Vice-Chair

ATTEST:



Marcia Walker
Board Administrator