

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2009-89

Office Space Lease for Transit Systems Group

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	10/1/09	Discussion/Possible Action	Brian McCartan, Executive Director Finance & Information Technology Nancy Bennett, Property Manager	(206) 398-5100 (206) 398-5140

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

Facility rental for the Transit Systems Group

PROPOSED ACTION

Authorizes the chief executive officer to execute a five year lease with two one-year options with Union Street Improvement Company, L.L.C. for office space located at 315 5th Ave. S. in Seattle, WA, in an amount not to exceed \$582,832.

KEY FEATURES of PROPOSED ACTION

- Sound Transit will lease approximately 5,277 rentable square feet of office space located at 315 5th Ave. S in Seattle, WA for the Transit Systems Group in the Finance and Information Technology Department. This team currently supports Sounder and Link TVMs, Sounder and Link ORCA card readers, Sound Transit CCTV system equipment, Sounder variable message signs and speaker systems, and Automatic Passenger Counters for ST Express and Sounder.
- The full service gross lease rates for the 5 year period average \$22.60 per square foot per year and are estimated as follows:

Year	Base Rent/SF	Estimated Expenses	Total
1	21.00	0.00	21.00
2	21.50	0.30	21.80
3	22.00	0.60	22.60
4	22.50	0.90	23.40
5	23.00	1.20	24.20

- The requested amount covers the five-year lease term. The lease also provides the option to extend the term for two additional one-year terms at current market rates.
- The first two months of the lease term shall have the base rent and estimated expenses abated.

- The landlord, Union Street Improvement Company, L.L.C., will complete and pay for tenant improvements based upon a mutually agreed upon space plan.

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 Transit Systems Group's space needs are funded through the transit operations budgets for the two modes for which they provide direct support—Sounder commuter rail and Central Link light rail. The facility lease will be funded through the leases and rentals line item.

For 2009, the total amount for leases and rentals in the Sounder budget is \$517,580 and the total amount for Central Link is \$96,220, for a total of \$613,800. Spending to date through July 2009 has been \$157,636. There is no spending projected for 2009 on the proposed lease.

For 2010 and beyond, the lease would be funded through future year's transit operations budgets. These budgets are still in development, but this lease is fully contemplated in the planning for 2010. The years beyond 2010 will be funded through future operations budgets.

BUDGET TABLE

The proposed lease would be funded through the Leases and Rentals line item in the Sounder and Central Link transit operations budgets. These budgets can be seen on pages 60 and 56 respectively in the Adopted 2009 Budget book. The impact of this action on current and future budgets is illustrated below:

Summary for Board Action (X \$1,000)

Action Item: Execute a lease with Union Street Improvement Co. LLC to provide space for IT Transit Systems staff for a period of five years.

	Adopted 2009 Budget (1)	Spent to date in 2009	Contract Expenditures 2009	Future Spending
Current Year Budget				
Sounder, Leases and Rentals	518	158	0	232
Central Link, Leases and Rentals	96	0	0	351
Total	614	158	0	583

Contract Spending Plan	Prior Year(s) Spending	2009 Spending	Future Expenditures	Total
Union Street Improvement Co. LLC	-	0	583	583
Total	-	0	583	583

Contract Budget	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Union Street Improvement Co. LLC	-		583	583
Contingency	-	-	-	-
Total Contract	-	-	583	583

Notes:

¹ Represent funding budgets for the proposed action. The Commuter Rail leases and rentals budget can be found on page 60 of the Adopted 2009 Budget book. The Central Link leases and rentals budget can be found on page 56 of the Adopted 2009 Budget book.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

The addition of personnel as well as the need to warehouse parts and TVM machines necessitated a search for office/industrial space to accommodate the Transit Systems Group. Sound Transit offices at Union Station and Opus do not have any available space for this purpose and the need for a clean environment precluded the Operations and Maintenance Base from being considered as a possible site.

In an effort to obtain the best lease arrangement for Sound Transit, a real estate broker contract was competitively procured and executed at no cost to Sound Transit. Sound Transit's broker researched the market to locate office/industrial space that met Sound Transit's parameters; including being located within one block of a light rail station, offering a loading dock, offering HVAC throughout the space, and being ADA compliant. Eight potential sites were identified and seven were eliminated from consideration due to their current condition. All seven sites would have required substantial tenant improvements which would have increased the rental rate substantially.

Prior Board/Committee Actions

None.

CONSEQUENCES of DELAY

A delay beyond October 1, 2009 will:

- Limit the type of repairs that the Transit Systems Group can perform, since work space and parts storage will need to be moved to a temporary location.
- Could place Sound Transit in a position of losing this space to another tenant, resulting in a higher rental rate at an alternative location.
- Require Sound Transit to lease an alternative location that is located beyond the one block parameter, which in turn may require additional vehicles to be procured.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SSK 9-24-09

LEGAL REVIEW

JB 9/25/09

SOUND TRANSIT

MOTION NO. M2009-89

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a five year lease with two one-year options with Union Street Improvement Company, L.L.C. for office space located at 315 5th Ave. S. in Seattle, WA, in an amount not to exceed \$582,832.

Background:

Sound Transit will lease approximately 5,277 rentable square feet of office space located at 315 5th Ave. S in Seattle, WA for the Transit Systems Group in the Finance and Information Technology Department. This team currently supports Sounder and Link TVMs, Sounder and Link ORCA card readers, Sound Transit CCTV system equipment, Sounder variable message signs and speaker systems, and Automatic Passenger Counters for ST Express and Sounder.

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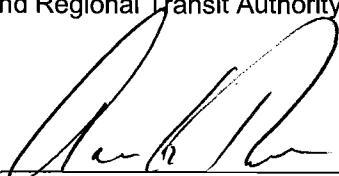
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The full service gross lease rates for the five-year period average \$22.60 per square foot per year; the requested amount covers the five-year lease term. The lease also provides the option to extend the term for two additional one-year terms at current market rates. The first two months of the lease term shall have the base rent and estimated expenses abated.

Motion:


It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a five year lease with two one-year options with Union Street Improvement Company, L.L.C. for office space located at 315 5th Ave. S. in Seattle, WA, in an amount not to exceed \$582,832.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 1, 2009.



Aaron Reardon
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator