

MOTION NO. M2015-126

Execute a Lease with King County for Space in King Street Center

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	12/17/2015	Final Action	Ahmad Fazel, Executive Director, Design, Engineering and Construction Management Nancy Bennett, Property Management Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute a lease with King County for a five-year term for office space in King Street Center with an address of 201 South Jackson Street, Seattle, WA, for a total authorized amount not to exceed \$5,785,000.

KEY FEATURES SUMMARY

- Sound Transit will lease office space in the King Street Center (KSC) for project teams currently in final design and construction as well as future projects as they transition into final design and construction. The agency has experienced significant benefits on earlier projects from co-locating Sound Transit and consultant staff in or near Sound Transit's offices.
- Sound Transit will lease 20,770 square feet effective as soon as King County (KC) receives Council approval and vacates the space which is estimated to be on or about February 1, 2016, and will expand and take an additional 16,983 square feet on or about June 1, 2016, when the additional space becomes available to lease. Total square footage will be 37,753 square feet.
- The first year's rental rate will be \$21 per square foot and estimated Operating Expenses are \$9 per square foot. Rent will have an annual 3-percent increase on each anniversary date of the lease. Operating expenses will be based on Sound Transit's pro rata share of actual expenses, but are capped at a 5-percent increase per year.
- King County will complete tenant improvements including carpet cleaning, painting, and the installation of a demising wall. King County will remove the demising wall when the additional space becomes available.
- King County is including the use of the existing cubicle system currently located in the premises at no charge to Sound Transit.
- The term of the lease is 5 years. Sound Transit can terminate the lease upon 120 days advance written notice at any time following the 36th month of the term.

BACKGROUND

Prior to issuing a Request for Proposal (RFP) for consultant services for civil final design, Sound Transit conducted an internal review of the most cost effective way to house project teams. This review confirmed that Sound Transit's existing business practice of providing office space for consultants saved money and time, thereby conserving project budget.

An extensive search was conducted to locate space within walking distance of Sound Transit's current campus. Although other potential sites were found, KSC met all of the lease criteria and had the most competitive rental rate and operating expense rate. The space also included the use of existing cubicles, which the other sites did not.

King County currently leases KSC under a Master Lease Agreement with CDP-King County III, a Washington nonprofit corporation. Sound Transit will sublease from King County. King County intends to terminate the Master Lease Agreement on or about December 31, 2017, at which time King County will own KSC and the sublease with Sound Transit will convert to a lease for the remaining duration of the term.

FISCAL INFORMATION

The Adopted 2016 Budget for DECM (Design, Engineering & Construction Management) Administrative Facilities under Leases and Rentals is \$4.6 million. Within that amount, \$3.5 million has been committed to spend through the end of 2016.

The proposed action would commit \$0.9 million for the King County office space sublease leaving 2016 remaining uncommitted budget of \$0.1 million in General Administrative Facilities of DECM's Department budget.

This action is within the Proposed 2016 Budget and sufficient funds remain after approval of this action to fund the remaining work in the DECM Department as contained in the current cost estimates.

**King County new office space sublease
at 201 South Jackson Street, Seattle, WA**

Current Year Budget	Proposed 2016 Budget	2016 Commitments	2016 Contract Expenditures	Remaining 2016 Budget
DECM General Administrative Facilities	4,578	3,515	920	143

Contract Spending Plan	Prior Year(s) Spending	Expected 2016 Spending	Future Expenditures	Total
King Street Center Sublease	0	920	4,865	5,785
Total Lease	0	920	4,865	5,785

King Street Center Sublease Contract Details	Current Approved Contract Value	Total Commitments	Proposed Action	Proposed Total Contract Value
Lease Amount	0	0	5,785	5,785
Contingency	0	0	0	0
Total Lease	0	0	5,785	5,785

Notes:

Amounts are expressed in \$000s.

DECM budget is located on page 16 of 2016 Proposed Budget book plus 2016 Budget Amendment pending Board approval, Motion 2015-112.

Budget for future years will be requested in future budgets.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Small Business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that Small Business and DBE subcontracting opportunities are infeasible or improbable based upon the work described in this contract, so Small Business/DBE goals were not established or required.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

In order to meet Sound Transit's expansion needs, the lease is scheduled to commence February 1, 2016, and tenant improvements need to be completed before that date. A one-month delay would not provide sufficient time to complete improvements before the February 1, 2016, move-in date.

ENVIRONMENTAL REVIEW

JI 11/30/2015

LEGAL REVIEW

JV 12/11/15

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a lease with King County for a five-year term for office space in King Street Center with an address of 201 South Jackson Street, Seattle, WA, for a total authorized amount not to exceed \$5,785,000.

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MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a lease with King County for a five-year term for office space in King Street Center with an address of 201 South Jackson Street, Seattle, WA, for a total authorized amount not to exceed \$5,785,000.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 17, 2015.


Dow Constantine
Board Chair

ATTEST:


Kathryn Flores
Board Administrator