



MOTION NO. M2016-80

America's Credit Union Lease Agreement (Tacoma, WA)

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Board	07/28/2016	Final Action	Bonnie Todd, Executive Director of Operations Nancy Bennett, Property Management Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute a lease agreement between America's Credit Union as landlord and Sound Transit as tenant for a period of 120 months, plus two one-year options to extend, for office space located at 401 East 25th Street, Suite E in Tacoma, WA, for a total authorized agreement amount not to exceed \$463,742.

KEY FEATURES SUMMARY

- Sound Transit will lease 1,050 square feet of office space for agency staff including security staff, Sounder station agents, and Tacoma Link staff and operators use. The lease commences on October 1, 2016.
- The first year's rental rate will be \$1,400 per month and estimated operating expenses are \$423 per month. Sound Transit will receive free rent for the first three months. Rent will be increased on each anniversary date of the lease based on the Consumer Price Index increase and operating expenses will be adjusted at the beginning of each calendar year based on actual costs.
- The office space has never been occupied, has no improvements, and needs to be constructed for occupancy. The total cost of construction services is estimated to be \$197,391 to construct basic finishings including ceilings, lighting, plumbing, HVAC, restrooms, interior walls, electrical outlets, and flooring. Sound Transit will relocate existing office furniture and equipment into the space once construction is complete.
- The landlord is providing a tenant improvement allowance of \$52,500 and will complete the improvements to the office space. Sound Transit will reimburse the landlord for the remaining actual construction costs over and above the tenant improvement allowance once a Certificate of Occupancy is issued.

BACKGROUND

Sound Transit previously leased office space at Freighthouse Square in Tacoma for Security staff, Sounder station agents, Tacoma Link staff, and Tacoma Link Operators. The lease was terminated due to WSDOT's Amtrak Cascades Station construction project.

An extensive search was conducted to locate space which would accommodate Tacoma Link operator requirements for the space to be located in close proximity to the Tacoma Link terminus. The office space is approximately 1,050 square feet and will provide seven work spaces and storage for employees and equipment.

Sound Transit is currently leasing temporary office space until this lease commences.

FISCAL INFORMATION

The proposed action will be funded from the Tacoma Link service budget within the Operations Department service budget. The total Operations service budget is \$50,576,000. Within that amount, \$671,000 is committed to fund various maintenance contracts required to operate Tacoma Link light rail.

The construction costs to furnish the office are not included in the 2016 cost estimates but will be funded from savings in other underspent items. Upon the approval of the proposed action, the remaining Tacoma Link service budget is \$423,000, which will be used to fund other estimated costs contained in the 2016 budget.

Lease payment for future years will be included in annual budgeting process.

Currently Year Operations Service Maintenance budget	Adopted 2016 Budget	Spent and Committed to date in 2016	Contract Expenditures 2016	Remaining 2016 Budget
Tacoma Link Service Budget	671	51	197	423
Operations Other Service budget	49,905	23,121	N/A	26,784
Total Operations Service budget	50,576	23,172	197	27,207

Contract Spending Plan	Prior Year(s) Spending			Total
	2016 Spending	Future Spending		
American Credit Union		197	267	464

Contract Budget	Approved	Spent to Date	Proposed Action	Contract Value
American Credit Union	-	-	464	464
Contingency	-	-	-	-
Total Contract	-	-	464	464
Percent Contingency	-	-	0%	0%

Notes:

Spent and Committed to Date = YTD actuals + forecast.

Amounts are expressed in Year of Expenditure \$000.

Board Approvals = Committed to-date + Contingency, and includes pending Board Actions.

Operations Department service budget can be found on page 35 of Adopted 2016 Budget book.

<<Project Name>> Budget Table [\[Insert Budget Table\]](#)

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Consistent with Sound Transit Policies and Federal Regulations, Sound Transit has established Small Business/DBE goals for this contract. These 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 there were few Small Business and DBE subcontracting opportunities based upon the work described in this contract, so Small Business/DBE goals were not established.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A one-month delay will delay the time when Sound Transit can take possession under the lease and may jeopardize the lease agreement.

ENVIRONMENTAL REVIEW

JI 7/18/2016

LEGAL REVIEW

JV 7/20/2016

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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 agreement between America's Credit Union as landlord and Sound Transit as tenant for a period of 120 months, plus two one-year options to extend, for office space located at 401 East 25th Street, Suite E in Tacoma, WA, for a total authorized agreement amount not to exceed \$463,742.

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An extensive search was conducted to locate space which would accommodate Tacoma Link operator requirements for the space to be located in close proximity to the Tacoma Link terminus. The office space is approximately 1,050 square feet and will provide seven work spaces and storage for employees and equipment.

The first year's rental rate will be \$1,400 per month and estimated operating expenses are \$423 per month. Sound Transit will receive free rent for the first three months. Rent will be increased on each anniversary date of the lease based on the Consumer Price Index increase and operating expenses will be adjusted at the beginning of each calendar year based on actual costs.

The office space has never been occupied, has no improvements, and needs to be constructed for occupancy. The total cost of construction services is estimated to be \$197,391 to construct basic finishings including ceilings, lighting, plumbing, HVAC, restrooms, interior walls, electrical outlets, and flooring. Sound Transit will relocate existing office furniture and equipment into the space once construction is complete.

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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 agreement between America's Credit Union as landlord and Sound Transit as tenant for a period of 120 months, plus two one-year options to extend, for office space located at 401 East 25th Street, Suite E in Tacoma, WA, for a total authorized agreement amount not to exceed \$463,742.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 28, 2016.


Pat McCarthy
Board Chair Pro Tem

ATTEST:


Kathryn Flores
Board Administrator