

MOTION NO. M2017-03**Sublease Agreement at 705 Union Station with Intel, Inc.**

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	01/05/17	Final Action	Bonnie Todd, Executive Director of Operations Nancy Bennett, Property Management Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute a sublease agreement with Intel, Inc. for office space on the fourth and fifth floors of 705 Union Station in Seattle, WA through September 30, 2018, for a total authorized agreement amount not to exceed \$2,790,394.

KEY FEATURES SUMMARY

- This action will authorize the lease of approximately 49,724 square feet of office space in 705 Union Station for agency staff and co-located consultants.
- The sublease will be effective for the fourth floor April 1, 2017, with a one year, five month term. The fifth floor will be effective February, 1, 2017 with a one year, seven month term.
- The rental rate for the entire term of the sublease will be \$35.00 per square foot full service.
- Sound Transit will receive free rent for the first month for each floor.
- Sound Transit has the option to lease approximately 50 parking spaces in the Union Station Garage at current market rate. If Sound Transit decides to lease any parking spaces, a separate agreement with the current parking management company of the Union Station Garage will be executed.
- This is a sublease of the office space leased by Intel, Inc. from 705 Union Station LLC as the master landlord. Execution of the sublease is contingent on receiving approval from the master landlord. Approval is expected, but has not been received as of the date of this motion.

BACKGROUND

An extensive search was conducted to locate space within walking distance of Sound Transit's current campus. 705 Union Station met all of the lease criteria and had the most competitive rental rate.

Last year, Sound Transit conducted an internal review of the most cost-effective way to house project teams made up of employees and co-located consultants. This review confirmed that Sound Transit's existing business practice of providing office space for consultants saved money and time, thereby conserving project budget. The agency has experienced significant benefits on prior projects from co-locating Sound Transit and consultant staff in or near Sound Transit's offices.

Intel has agreed to convey its existing office furniture and cubicles at no cost. Sound Transit will install information technology and telecommunications equipment prior to occupancy at its own expense.

FISCAL INFORMATION

This action is within the 2017 Annual Operating Budget as adopted by the Board and sufficient funds remain after approval of this action to fund the remaining work in the DECM Department budget as presented the Annual Operating Budget.

The 2017 Annual Operating Budget anticipated additional support staff space needs and included \$1,215,000 of additional annual operating budget authority to accomplish that purpose. The cost of this lease is within that authority. Subsequent year lease costs will be incorporated into future Annual Operating Budget development processes.

DECM Department	2017 Annual Operating Budget	Actuals to Date	This Action	Actuals to Date Plus Action	Remaining Annual Operating Budget
Salaries and Benefits	36,090	0	0	0	36,090
Services	2,462	0	0	0	2,462
Materials and Supplies	41	0	0	0	41
Utilities	458	0	0	0	458
Insurance	35	0	0	0	35
Tax	457	0	0	0	457
Miscellaneous	402	0	0	0	402
Leases and Rentals	5,810	0	1,215	1,215	4,595
Total Current Budget	45,754	0	1,215	1,215	44,539
Leases and Rentals Details					
Rental Admin Facilities	5,759	0	1,215	1,215	4,544 *
Other Leases and Rentals	51	0	0	0	51
Total Leases and Rentals	5,810	0	1,215	1,215	4,595
Contract Spending Plan					
	Prior Year Spending	Forecast 2017 Spending	Future Expenditures	Total	
Intel, Inc.	0	1,215	1,575	2,790	
Contract Detail					
Intel, Inc.	Board Approved Contract Value	Contract Actuals to Date	Proposed Action	New Board Approved Contract Value	
Intel, Inc.	0	0	2,790	2,790	
Contingency			0	0	
Contract Amount - Total	0	0	2,790	2,790	
Percent Contingency	0%	0%	0%	0%	

Notes:

Amounts are expressed in \$000s.

DECM budget is located on page 17 of 2017 Proposed Budget book plus 2017 Proposed Budget Revisions, Resolution N R2016-37.

Budget for future years will be requested in future budgets.

* Remaining Annual Operating Budget is committed to other Rental Admin Facilities based on existing lease agreements.

The 2017 Annual Operating Budget for DECM Administrative Facilities under Leases and Rentals is \$5,810,016. Within that amount \$4,595,016 has been committed to spend through the end of the year. The proposed action would commit \$2,790,394 for Intel, Inc. office space sublease leaving 2017 remaining uncommitted annual operating budget of \$50,750 in General Administrative Facilities.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A one-month delay would not provide enough time to complete installation of information technology and telecommunications equipment needed for assigned staff prior to the start of the February 1, 2016 sublease.

PRIOR BOARD/COMMITTEE ACTIONS

Not applicable to this action.

ENVIRONMENTAL REVIEW

JI 12/20/2016

LEGAL REVIEW

JV 12/30/2016

MOTION NO. M2017-03

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a sublease agreement with Intel, Inc. for office space on the fourth and fifth floors of 705 Union Station in Seattle, WA through September 30, 2018, for a total authorized agreement amount not to exceed \$2,790,394.

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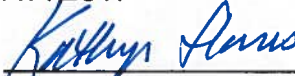
MOTION:

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a sublease agreement with Intel, Inc. for office space on the fourth and fifth floors of 705 Union Station in Seattle, WA through September 30, 2018, for a total authorized agreement amount not to exceed \$2,790,394.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 5, 2017.


Paul Roberts
Operations and Administration Committee Chair

ATTEST:


Kathryn Flores
Board Administrator