

**MOTION NO. M2017-101****Lease Agreement at 402 East 26th Street, Suite 3A in Tacoma, WA**

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Capital Committee	07/13/2017	Final Action	Ahmad Fazel, Executive Director Design Engineering and Construction Management <b>Nancy Bennett, Property Management Manager</b>

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a lease agreement between DPSB East 26th Street, LLC as landlord and Sound Transit as tenant for a period of 53 months for office space located at 402 East 26th Street, Suite 3A in Tacoma, WA for a total authorized agreement amount not to exceed \$303,884.

**KEY FEATURES SUMMARY**

- Sound Transit will lease 2,965 square feet of office space for use by the Tacoma Trestle Track & Signal project and the Tacoma Link Expansion construction management teams. The lease commences on August 1, 2017.
- The first year's rental rate will be \$4,072 per month and estimated operating expenses are \$1,324 per month. Rent will be increased 3 percent on each anniversary date of the lease and operating expenses will be adjusted at the beginning of each calendar year based on actual costs.
- Sound Transit will have access to ten unassigned parking stalls during regular business hours.

**BACKGROUND**

The Tacoma Trestle Track and Signal project is the design and construction of an additional track and a new rail bridge traversing an approximately 0.65 mile section of track between the existing Tacoma Dome Station and M Street in Tacoma.

The Tacoma Link Expansion is a 2.4 mile extension of light rail from the Theater District in downtown to the Hilltop neighborhood in Tacoma. The extension will travel at-grade, in-street with traffic along Stadium Way, North 1st Street, Division Avenue, and Martin Luther King Jr. Way. The project includes six new stations, relocates the Theater District Station, expands the existing Tacoma Operations and Maintenance Facility (OMF), and provides for additional light rail vehicles.

Per contract terms with the construction management consultant teams for the Tacoma Trestle Track and Signal project and the Tacoma Link Expansion, Sound Transit is to provide office space and equipment for use by the team. The proposed action was determined to be the best option for Sound Transit as it provides a significant cost savings with IT installation by leasing space already in use and equipped with phone, computers, and other office equipment by Sound Transit.

The office space is currently leased by Stacy and Witbeck, Inc. and occupied by the Sound Transit construction management consultants for the Point Defiance Bypass and Tacoma Trestle Track and Signal projects. The current lease will expire on July 31, 2017.

With approval of this action, effective August 1, 2017, Sound Transit will lease the space for 53 months to provide space for the construction management consultants. The Tacoma Trestle Track and Signal project team will continue to occupy the space until they reach closeout, anticipated to be March 2018. The space will then be occupied by the Tacoma Link Extension project staff until the lease expires on December 31, 2021.

## **FISCAL INFORMATION**

The proposed lease agreement with DPSB East 26th Street, LLC for \$303,884 will commence on August 1, 2017 to provide office space for the following projects:

- Tacoma Trestle Track and Signal for an amount not to exceed \$43,170; and
- Tacoma Link Expansion for an amount not to exceed \$260,714.

### Tacoma Trestle Track and Signal

The baseline budget for Tacoma Trestle Track and Signal is \$161,065,000. Within the agency administration phase, \$73,100 has been allocated to the budget line item for construction management office. The proposed action would commit \$43,170 to this line item and leave a remaining budget balance of \$19,143.

### Tacoma Link Expansion

The authorized project allocation to date for Tacoma Link Expansion is \$34,622,000. Within the agency administration phase, \$55,523 has been allocated to the budget line item for the field office. The proposed action would commit \$260,714 to this line item and leave a line item budget deficit of \$241,056. However, there remains sufficient funding within the agency administration phase to fund this action. The administration phase and the field office line item budget will be addressed as part of the project baseline action during the August Board meeting.

## TACOMA PROJECT OFFICE LEASE

(in thousands)

### Lease Agreement Detail

DPSB East 26th Street, LLC	Board Approvals to Date	Current Approved Contract Status	Proposed Action	Proposed Total for Board Approval
Agreement Amount	\$	\$	\$304	\$304
Contingency Amount				
<b>Total Contract</b>	<b>\$</b>	<b>\$</b>	<b>\$304</b>	<b>\$304</b>
Percent Contingency	0%	0%	0%	0%

### Tacoma Trestle Track & Signal

Project Phase	Baseline Budget	Board Approvals	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Agency Administration	\$8,094	\$3,583	\$43	\$3,626	\$4,468
Preliminary Engineering	4,062	4,062		4,062	
Final Design	15,198	12,887		12,887	2,311
Right of Way	10,061	6,803		6,803	3,258
Construction	114,288	89,814		89,814	24,474
Construction Services	7,581	5,352		5,352	2,229
Third Party Agreements	1,781	621		621	1,160
Vehicles					
Contingency					
<b>Total Current Budget</b>	<b>\$161,065</b>	<b>\$123,121</b>	<b>\$43</b>	<b>\$123,164</b>	<b>\$37,901</b>

#### Phase Detail

##### Agency Administration

CM Office Costs	\$73	\$11	\$43	\$54	\$19
Other Agency Administration	8,021	3,572		3,572	4,449
<b>Total Phase</b>	<b>\$8,094</b>	<b>\$3,583</b>	<b>\$43</b>	<b>\$3,626</b>	<b>\$4,468</b>

### Tacoma Link Extension

Project Phase	Authorized Project Allocation to Date	Board Approvals	This Action	Board Approved Plus Action	Uncommitted / (Shortfall)
Agency Administration	\$10,600	\$3,936	\$261	\$4,197	\$6,403
Preliminary Engineering	5,872	5,594		5,594	278
Final Design	10,830	8,077		8,077	2,753
Right of Way	3,200	1,583		1,583	1,617
Construction					
Construction Services	810	578		578	232
Third Party Agreements	1,310	1,156		1,156	154
Vehicles	2,000	1,950		1,950	50
Contingency					
<b>Total Current Budget</b>	<b>\$34,622</b>	<b>\$22,875</b>	<b>\$261</b>	<b>\$23,135</b>	<b>\$11,487</b>

#### Phase Detail

##### Agency Administration

Field Office	\$56	\$36	\$261	\$297	-\$241
Other Agency Administration	10,544	3,901		3,901	6,644
<b>Total Phase</b>	<b>\$10,600</b>	<b>\$3,936</b>	<b>\$261</b>	<b>\$4,197</b>	<b>\$6,403</b>

#### Notes:

Amounts are expressed in Year of Expenditure.

Board Approvals = Committed To-Date + Contingency as of May 17, and includes pending Board actions.

For detailed project information, see page 39 and 19 of 147 respectively in the Adopted 2017 Transit Improvement Plan.

## **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 create a significant impact to Sound Transit's occupancy of the space.

## **ENVIRONMENTAL REVIEW**

KH 6/28/17

## **LEGAL REVIEW**

AJP 7/7/2017

**MOTION NO. M2017-101**

A motion of the Capital Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a lease agreement between DPSB East 26th Street, LLC as landlord and Sound Transit as tenant for a period of 53 months for office space located at 402 East 26th Street, Suite 3A in Tacoma, WA for a total authorized agreement amount not to exceed \$303,884.

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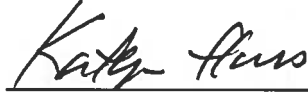
**MOTION:**

It is hereby moved by the Capital Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a lease agreement between DPSB East 26th Street, LLC as landlord and Sound Transit as tenant for a period of 53 months for office space located at 402 East 26th Street, Suite 3A in Tacoma, WA for a total authorized agreement amount not to exceed \$303,884.

APPROVED by the Capital Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 13, 2017.

  
Fred Butler  
Capital Committee Chair

ATTEST:



Kathryn Flores  
Board Administrator