



Motion No. M2019-27

Sublease Agreement with CDK Global, LLC for Office Space in Seattle, WA

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience & Operations Committee	04/04/2019	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 CDK Global, LLC. for 29,636 square feet of office space located on the seventh floor at 605 5th Avenue South, Seattle Washington for a twenty month term for a total authorized lease amount not to exceed \$2,335,261.

Key features summary

- Resolution No. R2018-40 states the standing Board committees with delegated responsibility for transactions approvals may approve real property agreements that obligate Sound Transit or the other party to pay an amount not to exceed \$5,000,000.
- This sublease agreement will provide temporary, fully furnished office space that will be utilized as swing space necessary to meet space needs and support overall agency growth.
- The first year's rental rate is the fair market rate of \$88,908 per month and estimated operating expenses for 2019 are \$0 per month. Rent will increase 2.75 percent annually and estimated operating expenses for 2020 will be \$37,418 per month. Operating expenses will be adjusted based on actual costs.
- The lease commences May 1, 2019, and terminates December 31, 2020.
- Sound Transit will pay a security deposit in the amount of \$91,477.
- The sublease is contingent upon Landlord's Sublease Consent which is expected to be received after the sublease is signed by Sound Transit and CDK Global, LLC.

Background

With the passage of ST3 in November 2016, the space needs to accommodate staff working on the system expansion implementation plan and ongoing operating service are significant.

This sublease will provide temporary office space for the West Seattle – Ballard project team as staffing for the new team ramps up and as Sound Transit Property Management staff negotiate additional long-term space for the project team.

Fiscal information

The proposed sublease with CDK Global, LLC. provides a 20-month term office space sublease for \$2,335,261, located at 605 5th Avenue South, Seattle, WA. Office lease will be funded from the Leases and Rentals category within the Design, Engineering and Construction Management (DECM)

department's annual operating budget. The Leases and Rentals category budget is \$8,795,146, of which a total of \$711,264 is estimated to be spent in 2019 for the additional rent office space and is currently within the agency's budget authority.

The sublease agreement includes a security deposit of \$91,477 that will be refunded in Jan 2021. Security deposits are treated as an asset, as such, are not recorded as an expense in department spending. After the approval of this action, the remaining annual budget amount will be used to fund other department expenditures anticipated in the 2019 annual budget.

Funding for the additional years of the agreement will be included in future annual budget requests.

DECM Department

(in thousands)

Cost Category	2019 Annual Operating Budget ¹	YTD Actuals ²	This Action (Current Year Impact Only)	YTD Actuals Plus Action (Current Year Only)	Remaining Annual Operating Budget
Salaries and Benefits	\$43,488	\$5,220	\$	\$5,220	\$38,268
Services	1,705	287		287	1,417
Materials and Supplies	124	(1)		(1)	126
Utilities	335	25		25	310
Insurance	50	0			50
Tax	278	(0)		(0)	278
Miscellaneous	330	62		62	267
Leases and Rentals	8,795	1,308	711	2,019	6,776
Total Current Budget	\$55,105	\$6,901	\$711	\$7,612	\$47,493

Agreement Spending Plan	Spending to Date ³	Forecasted Spend for Remainder of 2019	Future Spending	Total
CDK Global, LLC.				
Lease agreement	\$	\$711	\$1,533	\$2,244
Security deposit ⁴	0	91	0	91
Total Spending Plan	\$	\$803	\$1,533	\$2,335

Lease Agreement Detail	Board Approved Contract Value	Proposed Action	New Board Approved Contract Value
CDK Global LLC			
Lease agreement	\$	\$2,244	\$2,244
Security Deposit	0	91	91
Contingency	0	0	0
Contract Amount - Total	\$	\$2,335	\$2,335
Percent Contingency	0%	0%	0%

Notes:

¹2019 Annual Operating Budget is located on page 125 of the 2019 Financial Plan and Adopted Budget.

²YTD Actuals as of February 2019.

³Spending to Date as of February, 2019.

⁴Security deposit is treated as an asset, not an expense.

Small business 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 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.

Time constraints

A one-month delay could result in the loss of this space for Sound Transit.

Environmental review – KH 3/25/19

Legal review – JV 3/28/19

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A motion of the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a sublease agreement with CDK Global, LLC. for 29,636 square feet of office space located on the seventh floor at 605 5th Avenue South, Seattle Washington for a twenty month term for a total authorized lease amount not to exceed \$2,335,261.

Background

With the passage of ST3 in November 2016, the space needs to accommodate staff working on the system expansion implementation plan and ongoing operating service are significant.

This sublease will provide temporary office space for the West Seattle – Ballard project team as staffing for the new team ramps up and as Sound Transit Property Management staff negotiate additional long-term space for the project team.

Resolution No. R2018-40 states the standing Board committees with delegated responsibility for transactions approvals may approve real property agreements that obligate Sound Transit or the other party to pay an amount not to exceed \$5,000,000.

The first year's rental rate is the fair market rate of \$88,908 per month and estimated operating expenses for 2019 are \$0 per month. Rent will increase 2.75 percent annually and estimated operating expenses for 2020 will be \$37,418 per month. Operating expenses will be adjusted based on actual costs. The lease commences May 1, 2019, and terminates December 31, 2020. Sound Transit will pay a security deposit in the amount of \$91,477.

The sublease is contingent upon Landlord's Sublease Consent which is expected to be received after the sublease is signed by Sound Transit and CDK Global, LLC.

Motion

It is hereby moved by the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a sublease agreement with CDK Global, LLC. for 29,636 square feet of office space located on the seventh floor at 605 5th Avenue South, Seattle Washington for a twenty month term for a total authorized lease amount not to exceed \$2,335,261..

APPROVED by the Rider Experience and Operations Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on April 4, 2019.



Paul Roberts
Rider Experience and Operations Chair

Attest:



Kathryn Flores
Board Administrator