



Motion No. M2019-87

Lease Agreement with Bedrosian Kent, LLC for Office and Warehouse Space in Kent, WA

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience & Operations Committee	07/25/2019	Recommend to Board	Bonnie Todd, Executive Director of Operations
Board	07/25/2019	Final Action	Nancy Bennett, Property Management Manager

Proposed action

Authorizes the chief executive officer to execute a lease agreement with Bedrosian Kent, LLC for 30,000 square feet of office and warehouse space and 43,460 square feet of yard space located at 6851 South 190th Street, Kent, Washington for an eight-year, two-month term with an option to extend for an additional five-year term for a total authorized lease amount not to exceed \$8,271,152.

Key features summary

- Resolution No. R2018-40 states the Board must approve real property agreements when the financial obligation of either Sound Transit or the other party exceed \$5,000,000.
- This action is for the lease of 2,263 square feet of office, 27,737 square feet of warehouse and 43,460 square feet of yard space in Kent for Link light rail staff and consultants.
- The new space will replace and expand existing warehouse space needed for the Northgate Link Extension and East Link Extension projects.
- The first year's rental rate is the fair market rate of \$28,636 per month and estimated operating expenses are \$7,431 per month. Rent will increase three percent annually. Operating expenses will be adjusted annually based on actual costs. Sound Transit will receive two months of free rent.
- The landlord will be providing tenant improvements to the space including the installation of a demising wall, a separate electrical meter and gas meter, new carpet and baseboards in the office areas, new Vinyl Composition Tile (VCT), baseboards and casework in the restrooms, the painting and replacement of all ceiling tiles in the office areas, repair of potholes in the yard, driveway and parking area, and added ramps as necessary.
- The amount requested is sufficient to cover the original lease term and the five-year option to extend as long as fair market rent does not increase more than
- a 10% for the five-year option term.
- The lease shall commence on August 1, 2019 or upon substantial completion of tenant improvements, whichever occurs later.

Background

The purpose of this new lease is to provide current and future parts inventory and other supply storage and office space for Link Operations. Link Operations has a 10,106 square foot warehouse located in

Seattle near the Operations and Maintenance Facility in SODO. Link has already outgrown that space and will need additional warehouse space for Northgate and East Link expansion.

Sound Transit will let the current warehouse lease expire and move into the Kent warehouse if this action is approved by the Board.

The warehouse stores mission critical parts and supplies for maintenance activities related to track, traction power, light rail vehicles, signals, supervisory control and data acquisition (SCADA), and facilities maintenance.

Fiscal information

The proposed action will be funded from the Leases & Rentals category within the Operations department's annual operating budget. The Leases & Rentals category budget is \$8,735,144, of which a total \$123,063 is estimated to be spent in the first year of the contract and is within the agency's budget authority. After approval of this action, the remaining annual budget amount will be used to fund other department expenditures anticipated in the 2019 annual budget.

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

Operations

(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	\$23,515	\$9,933	\$	\$9,933	\$13,582
Services	76,847	27,183		27,183	49,663
Materials and Supplies	11,335	5,551		5,551	5,783
Utilities	5,868	2,347		2,347	3,521
Insurance		-949		-949	949
Taxes	2,975	1,424		1,424	1,550
Purchased Transportation Service	196,186	82,306		82,306	113,881
Miscellaneous	567	163		163	404
Leases and Rentals	8,735	4,422	123	4,545	4,190
Total Annual Operating Budget	\$326,027	\$132,382	\$123	\$132,505	\$193,522

Contract Spending Plan	Forecasted Spend for Remainder of			Total
	Spending to Date ³	2019	Future Spending	
Bedrosian Properties Inc		\$123	\$8,148	\$8,271

Contract Detail	Board Approved Contract Value	Proposed Action	Proposed Revised Board Approved Contract Value
Bedrosian Properties Inc	\$	\$8,271	\$8,271
Contingency			
Contract Amount - Total	\$	\$8,271	\$8,271
Percent Contingency	0%	0%	0%

Notes:

¹2019 Annual Adopted Operating Budget is located on page 135 of the Adopted Budget book

²YTD Actuals as of May 31, 2019.

³Spending to Date as of May 31, 2019.

Small business and Disadvantaged participation

Not applicable to this action.

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 7/12/19



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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 with Bedrosian Kent, LLC for 30,000 square feet of office and warehouse space and 43,460 square feet of yard space located at 6851 South 190th Street, Kent, Washington for an eight-year, two-month term with an option to extend for an additional five-year term for a total authorized lease amount not to exceed \$8,271,152.

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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 with Bedrosian Kent, LLC for 30,000 square feet of office and warehouse space and 43,460 square feet of yard space located at 6851 South 190th Street, Kent, Washington for an eight-year, two-month term with an option to extend for an additional five-year term for a total authorized lease amount not to exceed \$8,271,152.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 25, 2019.



Kent Keel
Board Vice Chair

Attest:



Kathryn Flores
Board Administrator