



Motion No. M2024-35

Lease Agreement with Wiley Family LLC for the Redmond CIS Building

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience & Operations Committee	06/06/2024	Action postponed	Terri Mestas, Deputy CEO, Mega Capital Programs Officer
Board	06/27/2024	Final action	Mary Cummings, Chief Administrative Officer Ron Lewis, Executive Director, DECM Faith Roland, Director, Real Property

Proposed action

Authorizes the chief executive officer to execute a lease agreement with Wiley Family LLC for approximately ten years and three months with two, five-year options to extend, for the CIS Building located in Redmond, WA, in the amount not to exceed of \$19,357,812.

Key features summary

- This action will authorize a lease agreement for building space at 7120 185th Avenue NE, Redmond, WA, commonly known as the “CIS Building,” with approximately 28,517 square feet of office space and 26,062 square feet of warehouse space, for a total of 54,579 square feet of space.
- The warehouse space will be used for repair and rebuilding of certain station infrastructure and the office space will be used for staff supporting East Link.
- The lease term will be for approximately ten years and three months for the warehouse portion of the premises, which has an anticipated commencement date of August 1, 2024, and a ten-year term for the office portion of the premises, which has a commencement date of November 1, 2024. The lease term for the entire premises will terminate 120 months from the office premises commencement date, on October 31, 2034.
- The base rent for the warehouse portion of the premises is \$16.50 per rentable square foot per year and the base rent for the office portion of the premises is \$23.75 per rentable square foot per year. Base rent will increase by 3.5% per year on each anniversary of the office commencement date.
- Base rent for the warehouse and office portions of the premises will be abated for the first five months following their respective commencement dates.
- Sound Transit has the option to extend the lease for two additional five-year terms. The requested \$19,357.812 not-to-exceed amount in this motion is sufficient to cover the initial term of the lease; however, if one or more options are exercised, staff will return to the Board to request additional funding.

Background

As Sound Transit expands its East Link service with the launch of the 2 Line between South Bellevue and Redmond Technology stations, the agency will need additional office and warehouse space. Sound

Transit's existing warehouse spaces in the North (Lynnwood) and South (Auburn) do not offer proximity or convenience for Sound Transit staff to support 2 Line service, and the Operations and Maintenance Facility East (OMFE) is currently over capacity for both office and warehouse space. The proposed lease will provide necessary office and warehouse space for Sound Transit essential functions, including facilities maintenance, security, fare enforcement, customer service, and information technology. While using the spaces under this lease agreement, Sound Transit will conduct space planning exercises to determine whether future leasing is the most appropriate mechanism for additional office and warehouse space in the area.

Sound Transit will be using the leased warehouse and office space to support the operation and maintenance of the East Link Starter Line. The warehouse space will be used for repair, rebuilding, and installation of replacement ticket vending machines, ORCA card readers, and security cameras at the 8 stations and along the Link light rail alignment; for manufacturing and replacing signage and graffiti film used to protect facilities from vandalism; and for modification and repairs to furnishings at the stations. The office space will be used for staff supporting East Link, including those performing the repair and maintenance functions associated with the warehouse space, as well as security and fare ambassador roles. The City of Redmond has confirmed that the above-described uses are allowed under the applicable zoning for the area in which the CIS Building is located.

Fiscal information

This action will be funded from the following operating budgets and does not have an impact on the affordability of the agency's Financial Plan, as the services are already incorporated in the annual operating plan. After approval of this action, sufficient budget remains to cover remaining annual expenditures. Funding for the additional years of the contract will be included in future annual budget requests.

This action for \$19,357,812 adds a new lease with a 10-year term and is funded from the operating budgets below:

- Other Expenses - Leases and SBITA (Subscription Based Information Technology Arrangements) category of the agency's annual operating budget. Within the Leases and SBITA category, the 2024 annual budget for long term leases is \$13,002,516, is estimated to be spent from this contract in the remainder of 2024.
- DECM department annual operating budget. Within the leases and rental category, the 2024 annual budget for common area maintenance is \$3,575,053, which is estimated to be spent from this contract in the remainder of 2024.

Redmond CIS Building Lease

(in thousands)

Contract Detail	Board Approved Contract Value	Proposed Action	Proposed Revised Contract Value
Wiley Family, LLC			
Lease contract	\$0	\$12,521	\$12,521
Common Area Maintenance	-	5,077	5,077
Total Contract	\$0	\$17,598	\$17,598
Contingency @ 10%	-	1,760	1,760
Total contract with contingency	\$0	\$19,358	\$19,358

Contract Spending Plan	Contract Spend Forecast			Total
	Contract Spend to Date	Remainder of 2024	Future Spending	
Lease contract	\$0	\$59	\$13,714	\$13,773
Common Area Maintenance	-	301	5,284	5,585
Total Contract Spending Plan	\$0	\$361	\$18,997	\$19,358

Other Expenses - Leases and Subscription-Based IT Agreements (SBITA)

(in thousands)

Budget Cost Category	2024 Annual Operating Budget ¹	YTD Actuals ²	Contract Spend Forecast Remainder of 2024	YTD Plus Action (Current Year Only) ³	Remaining Annual Operating Budget
Other Expenses - Leases and SBITA	\$17,375	\$5,177	\$59	\$5,459	\$11,916
Other Expenses Category Detail					
Long Term Leases	12,943	3,691	59	3,973	8,971
SBITA	4,431	1,486	-	1,486	2,945
Total category detail	\$17,375	\$5,177	\$59	\$5,459	\$11,916

Design, Engineering and Construction Management (DECM) Department

(in thousands)

Budget Cost Category	2024 Annual Operating Budget ¹	YTD Actuals ²	Contract Spend Forecast Remainder of 2024	YTD Plus Action (Current Year Only) ³	Remaining Annual Operating Budget
Salaries and Benefits	\$33,916	\$8,491	\$0	\$8,491	\$25,426
Services	1,126	88	-	88	1,039
Materials and Supplies	21	1	-	1	20
Utilities	5	1	-	1	4
Insurance	-	-	-	-	-
Taxes	50	52	-	52	-2
Purchased Transportation Services	-	-	-	-	-
Miscellaneous	394	53	-	53	341
Leases and Rentals	3,274	865	301	1,282	1,991
Total Annual Operating Budget	\$38,786	\$9,550	\$301	\$9,968	\$28,818

¹2024 Annual Operating Budget is located on page 55 of the Adopted Year Budget book.

²YTD Actuals as of April 30, 2024.

³Includes concurrent action for the 2nd Amendment to 705 Lease contract.

Time constraints

A one-month delay could impact the date the space will be available for occupancy. The warehouse portion of the premises has an anticipated commencement date of August 1, 2024, and the office portion of the premises has a commencement date of November 1, 2024.

Environmental review – KH 5/22/24

Legal review – NM 6/21/24



Motion No. M2024-35

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a lease agreement with Wiley Family LLC for approximately ten years and three months with two, five-year options to extend, for the CIS Building located in Redmond, WA, in the amount not to exceed of \$19,357,812.

Background

As Sound Transit expands its East Link service with the launch of the 2 Line between South Bellevue and Redmond Technology stations, the agency will need additional office and warehouse space. Sound Transit's existing warehouse spaces in the North (Lynnwood) and South (Auburn) do not offer proximity or convenience for Sound Transit staff to support 2 Line service, and the Operations and Maintenance Facility East (OMFE) is currently over capacity for both office and warehouse space.

The proposed lease will provide necessary office and warehouse space for Sound Transit essential functions, including facilities maintenance, security, fare enforcement, customer service, and information technology. While utilizing the spaces under this lease agreement, Sound Transit will conduct space planning exercises to determine whether future leasing is the most appropriate mechanism for additional office and warehouse space in the area.

This action will authorize a lease agreement for building space at 7120 185th Avenue NE, Redmond, WA, commonly known as the "CIS Building" with approximately 28,517 square feet of office space and 26,062 square feet of warehouse space, for a total of 54,579 square feet of space.

The warehouse space will be used for repair and rebuilding of certain station infrastructure and the office space will be used for staff supporting East Link. The lease term will be for approximately ten years and three months for the warehouse portion of the premises, which has an anticipated commencement date of August 1, 2024, and a ten-year term for the office portion of the premises, which has a commencement date of November 1, 2024. The lease term will terminate 120 months from the office premises commencement date, on October 31, 2034.

The base rent for the warehouse portion of the premises is \$16.50 per rentable square foot per year and the base rent for the office portion of the premises is \$23.75 per rentable square foot per year. Base rent will increase by 3.5% per year on each anniversary of the office commencement date. Base rent for the warehouse and office portions of the premises will be abated for the first five months following their respective commencement dates.

Sound Transit has the option to extend the lease for two additional five-year terms. The requested \$19,357.812 not-to-exceed amount in this motion is sufficient to cover the initial term of the lease; however, if one or more options are exercised, staff will return to the Board to request additional funding.

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 Wiley Family LLC for approximately ten years and three months with two, five-year options to extend, for the CIS Building located in Redmond, WA, in the amount not to exceed of \$19,357,812.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 27, 2024.



Dow Constantine
Board Chair

Attest:



Kathryn Flores
Board Administrator