

Motion No. M2025-08

Microsoft Bus Bay License at Redmond Technology Station

Meeting:	Date:	Type of action:	Staff contact:
Rider Experience and Operations Committee	02/06/2025	Recommend to Board	Terri Mestas, Capital Delivery Deputy CEO Michael Morgan, Capital Delivery Executive Director
Board	02/27/2025	Final action	Clint Dameron, Acting Director Real Property Jason Heaverlo, Senior Leasing Document Coordinator

Proposed action

Authorizes the chief executive officer to execute a license agreement with Microsoft Corporation for Microsoft's use of two bus bays and the shuttle loop at Redmond Technology Station for transit vehicle queuing, for a total authorized amount of approximately \$3,160,928 paid to Sound Transit.

Key features summary

- This action will authorize the chief executive officer to execute an agreement authorizing Microsoft to use two bus bays and portions of the shuttle loop area at Redmond Technology Station, totaling 6,090 square feet.
- The term of the agreement will be ten years, with three additional ten-year options to renew.
- In exchange for using the bus bays and shuttle loop, Microsoft will pay Sound Transit a license fee in the total amount of \$507,472.00 for the initial term of the license, including applicable leasehold excise tax. Microsoft will also reimburse the agency approximately \$2,653,456 for actual operating and maintenance expenses during the initial ten-year term. The license fee was determined by an appraisal procured by Sound Transit. The license fee will be determined for any renewal term by an appraisal of market rent.
- The license fee during the initial term will be prorated from the license commencement date through August 31, 2025 and, thereafter, will be paid annually with three percent annual increases, commencing on September 1, 2025. The license fee for any renewal term will also be paid annually with three percent annual increases.
- Microsoft will pay its pro rata share of actual operations and maintenance expenses based on its use of 44 percent of the common access area (including the shuttle loop and bus bays) at Redmond Technology Station.

Background

Sound Transit owns the property located at 15590 NE 36th Street, Redmond, Washington 98052, commonly known as Redmond Technology Station (RTS).

Sound Transit and Microsoft have a long history at the property upon which RTS now sits (the "Property"). In 1996, the City of Redmond entered into a Dedication Agreement with Microsoft pursuant

to which Microsoft agreed to convey the Property to Redmond in exchange for transferable development rights to be used elsewhere on Microsoft's campus. Redmond later assigned its rights to the Property to Sound Transit to be used for the former Overlake Transit Center. The Property is subject to certain restrictive covenants requiring it to be used as a transit center and granting Microsoft the right to approve certain uses and design of the Property. Since 2001, pursuant to a series of agreements, Microsoft has used the Property for its connector buses and shuttle services. From 2008 through 2021, Microsoft used the bus bays and shuttle loop at the former Overlake Transit Center pursuant to two separate license agreements, which were renewed annually.

In 2014, Sound Transit, Microsoft, and the City of Redmond entered into a funding agreement associated with the construction of RTS, which provided that Sound Transit would continue to allow Microsoft to use the two bus bays and shuttle loop for its connector buses and shuttles upon completion of the redesigned transit center. In 2023, the parties executed an "Interim" license allowing Microsoft to use the newly constructed RTS bus bays and shuttle loop until the parties could establish the fee and terms for a longer-term license, consistent with the parties' predecessor agreements. The license made the subject of this motion is that longer-term license.

Project status

Not applicable to this action.

Fiscal information

The license fee revenue of \$507,472 and expense reimbursements of \$2,653,456 were not included in the 2025 proposed budget or the Fall 2024 Financial Plan update. If this action is approved, they will be incorporated into the Financial Plan update in 2025. This action has a negligible impact on the affordability of the Financial Plan.

Disadvantaged and small business participation

Not applicable to this action.

Public involvement

Not applicable to this action.

Time constraints

The current interim license expires on February 28, 2025. A one-month delay would require Sound Transit to execute an amendment extending the current term until the license made the subject of this action is fully executed.

Prior Board/Committee actions

Not Applicable to this action.

Environmental review – KH 1/16/25

Legal review – NM 1/29/25

Motion No. M2025-08

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a license agreement with Microsoft Corporation for Microsoft's use of two bus bays and the shuttle loop at Redmond Technology Station for transit vehicle queuing, for a total authorized amount of approximately \$3,160,928 paid to Sound Transit.

Background

Sound Transit owns the property located at 15590 NE 36th Street, Redmond, Washington 98052, commonly known as Redmond Technology Station (RTS).

This action will authorize the chief executive officer to execute an agreement authorizing Microsoft to use two bus bays and portions of the shuttle loop area at Redmond Technology Station, totaling 6,090 square feet. The term of the agreement will be ten years, with three additional ten-year options to renew.

In exchange for using the bus bays and shuttle loop, Microsoft will pay Sound Transit a license fee in the total amount of \$507,472.00 for the initial term of the license, including applicable leasehold excise tax. Microsoft will also reimburse the agency approximately \$2,653,456 for actual operating and maintenance expenses during the initial ten-year term. The license fee was determined by an appraisal procured by Sound Transit. The license fee will be determined for any renewal term by an appraisal of market rent.

The license fee during the initial term will be prorated from the license commencement date through August 31, 2025 and, thereafter, will be paid annually with three percent annual increases, commencing on September 1, 2025. The license fee for any renewal term will also be paid annually with three percent annual increases.

Microsoft will pay its pro rata share of actual operations and maintenance expenses based on its use of 44 percent of the common access area (including the shuttle loop and bus bays) at Redmond Technology Station.

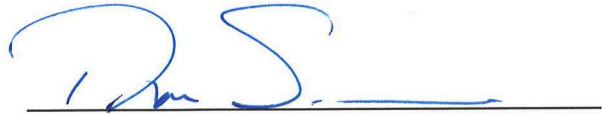
Sound Transit and Microsoft have a long history at the property upon which RTS now sits (the "Property"). In 1996, the City of Redmond entered into a Dedication Agreement with Microsoft pursuant to which Microsoft agreed to convey the Property to Redmond in exchange for transferable development rights to be used elsewhere on Microsoft's campus. Redmond later assigned its rights to the Property to Sound Transit to be used for the former Overlake Transit Center. The Property is subject to certain restrictive covenants requiring it to be used as a transit center and granting Microsoft the right to approve certain uses and design of the Property. Since 2001, pursuant to a series of agreements, Microsoft has used the Property for its connector buses and shuttle services. From 2008 through 2021, Microsoft used the bus bays and shuttle loop at the former Overlake Transit Center pursuant to two separate license agreements, which were renewed annually.

In 2014, Sound Transit, Microsoft, and the City of Redmond entered into a funding agreement associated with the construction of RTS, which provided that Sound Transit would continue to allow Microsoft to use the two bus bays and shuttle loop for its connector buses and shuttles upon completion of the redesigned transit center. In 2023, the parties executed an "Interim" license allowing Microsoft to use the newly constructed RTS bus bays and shuttle loop until the parties could establish the fee and terms for a longer-term license, consistent with the parties' predecessor agreements. The license made the subject of this motion is that longer-term license.

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 license agreement with Microsoft Corporation for Microsoft's use of two bus bays and the shuttle loop at Redmond Technology Station for transit vehicle queuing, for a total authorized amount of approximately \$3,160,928 paid to Sound Transit.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 27, 2025.



Dave Somers
Board Chair

Attest:



Kathryn Flores
Board Administrator