

SOUND TRANSIT

MOTION NO. M98-51

**Purchase and Sale Agreement to Acquire Union Station
BACKGROUND AND COMMENTS**

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	6/16/98	Discussion and Possible Action	Jan Hendrickson Director, Finance and Administration Jeri Cranney Manager/Real Estate and Facilities	689-3148 689-4934

ACTION:

Finance Committee is requested to authorize the Executive Director to execute a Purchase and Sale Agreement with USA, L.L.C. to acquire fully rehabilitated Union Station, an historic structure, for Sound Transit long-term headquarters, for a total project cost not to exceed \$23,515,309.

BACKGROUND:

On July 2, 1997 Sound Transit executed a lease agreement with Comcore Holdings for office space on the 4th and 5th floors at 1100 2nd Avenue, Seattle, WA for purposes of providing an interim location for employees of Sound Transit to conduct business. On November 7, 1997, Sound Transit executed a lease amendment for additional space on the 3rd and 2nd floors to accommodate additional staff and the co-location of consultants.

Sound Transit intends to enter into agreement(s) to secure long term headquarters for its employees and co-located consultants. Following an extensive evaluation over several months of alternatives for headquarter office space, ST staff is recommending the purchase of the historic Union Station Building.

Built in 1915, Union Station Building would be rehabilitated under a fixed price "turnkey" agreement with USA, L.L.C. The completed structure will provide ST with 109,000 square feet of Class A office space. The building is part of the Union Station development, a master planned development of over 1.1 million square feet of office space in the southern portion of downtown Seattle. Under the terms of the agreement, Sound Transit would purchase the restored building for a total project cost not to exceed \$23,515,309. Located between commuter rail service at King Street station and future light rail service at the International District tunnel station, Sound Transit's headquarters would be located at a multi-modal transportation center. In addition, ST's ownership will rehabilitate and preserve an historic resource for the community.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- ◆ Resolution No. 78-1, adopted April 9, 1998, establishing revised delegated authority and procedures for the procurement of materials, work and services and for the acquisition and use of property and property rights and superseding Resolution No. 78.
- ◆ By Resolution R98-30, dated June 11, 1998 the Board delegated to the Finance Committee all such powers as enumerated in Resolution 78-1, Section(s) 12 and 13, as are necessary to acquire, dispose, lease or otherwise authorize any real property transaction(s) necessary to secure long term office headquarters space.

FUNDING:

Sound Transit's financial obligations under the Purchase and Sale Agreement would be funded either from tax revenues or bond proceeds. The financial obligations imposed by the Agreement are consistent with the 1997 Financial Plan, which assumed ongoing payment of rent as a component of the Agency's operating costs. The purchase would largely be charged as a capital expense and therefore reflected in the FY 1999 capital budget.

ALTERNATIVES:

The Finance Committee could choose not to authorize execution of the Purchase and Sale Agreement, and seek agreements for alternate space, or remain in the current office space until at least September 2004.

CONSEQUENCES OF DELAY:

Delay in execution of the Purchase and Sale Agreement could jeopardize the schedule for Union Station construction and require an interim office lease.

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A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a Purchase and Sale Agreement with USA, L.L.C. to acquire rehabilitated Union Station, an historic structure, for Sound Transit headquarters, for a total project cost not to exceed \$23,515,309.

Background:

On July 2, 1997 Sound Transit executed a lease agreement with Comcore Holdings for office space on the 4th and 5th floors at 1100 2nd Avenue, Seattle, WA for purposes of providing an interim location for employees of Sound Transit to conduct business. On November 7, 1997, Sound Transit executed a lease amendment for additional space on the 3rd and 2nd floors to accommodate additional staff and the co-location of consultants. Sound Transit is required by this lease agreement and other obligations to make certain decision(s) regarding long term headquarter space in June 1998 and intends to enter into agreement(s) to secure long term headquarters for its employees and co-located consultants.

By Resolution R98-30, dated June 11, 1998 the Board delegated to the Finance Committee all such powers as enumerated in Resolution 78-1, Section(s) 12 and 13, as are necessary to acquire, dispose, lease or otherwise authorize any real property transaction(s) necessary to secure long term office headquarters space.

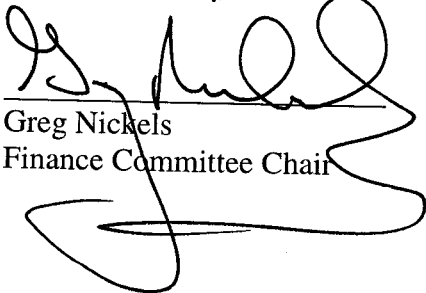
Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute a Purchase and Sale Agreement in a form approved by legal counsel, and such other documents as are necessary to complete the acquisition of rehabilitated Union Station from USA, L.L.C. for Sound Transit headquarters, for a total project cost not to exceed \$23,515,309.

Approved by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 18th day of June, 1998.

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator


Greg Nickels
Finance Committee Chair