

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2002-79

Lease Agreement with Enterprise Leasing Company at 1000 NE 45th Street, Seattle

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	6/27/02	Discussion/Possible Action	Joann Francis, CAO Joan Coumou, Senior Property Manager	(206) 689-4934 (206) 689-4938

Contract/Agreement Type:	3	Requested Action:	3
Competitive Procurement		Execute New Contract/Agreement	3
Sole Source		Amend Existing Contract/Agreement	
Memorandum of Agreement		Contingency Funds Required	
Purchase/Sale Agreement		Budget Amendment Required	

4 Applicable to proposed transaction.

OBJECTIVE OF ACTION

- To execute a lease agreement with Enterprise Leasing Company at 1000 NE 45th Street, Seattle.

ACTION

- Authorize the Executive Director to execute a lease agreement with Enterprise Leasing Company, from September 1, 2002 through August 31, 2006, with three one-year extension options, at Sound Transit's sole discretion.

KEY FEATURES

- Authorizes the Executive Director to execute a lease agreement with Enterprise Leasing Company for a four-year term with three one-year extension options; extensions granted at the sole discretion of Sound Transit.
- The lease would also include a rental re-negotiation at the time of each extension, based on the prevailing market rate.
- Enterprise Leasing Company will lease approximately 18,034 square feet of land, which includes a building consisting of approximately 1,200 square feet and thirty-seven (37) parking stalls at a total monthly rent as set forth below:

September 1, 2002, to September 30, 2002	\$1,520
October 1, 2002, to September 30, 2004	\$4,760
October 1, 2004, to September 30, 2005	\$4,850
October 1, 2005, to September 30, 2006	\$4,945

(In addition to the monthly rent, Enterprise will pay all utilities and leasehold excise tax on the base rent.)

- The initial rent is based on 1,200 square feet of building space at \$18/square foot/year plus thirty-seven (37) parking stalls at \$80/stall/month. Enterprise will receive a one-time rent credit of \$3,240.00 for necessary tenant improvements. These improvement proposals will be submitted to Sound Transit for approval prior to commencement of work.
- Sound Transit reserves the right to lease the northeast corner of the building to an ATM operator.

BUDGET IMPACT SUMMARY

Project Description: Link LB 235
Current Status: Pending Board Approval
Projected Completion Date: Term of lease to commence on September 1, 2002

Action Outside of Adopted Budget:	Y/N	Y	Requires Comment
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	N		
Budget amendment required	N		
Key Financial Indicators:	Y/N	Y	Requires Comment
Contingency funds required	N		
Subarea impacts	N		
Funding required from other parties other than what is already assumed in financial plan	N		

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

The proposed action is consistent with the current Board adopted budget. The 2002 Budget did not include any forecast for lease revenue.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

Revenue generated from this lease for the initial four-year term is estimated to be \$236,540. The lease provides for a rent credit of \$3,240 for tenant improvements. The broker’s commission will be \$11,665 (or 5% of base rent excluding rent credit). The broker’s commission and rent credit reduces total net revenue to \$221,635. The agency’s current financial plan does not assume lease revenue, so this action will have a positive revenue impact.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable to this transaction.

HISTORY OF PROJECT

Sound Transit purchased this property on May 7, 2001, for the Link project in accordance with Motion No. M99-34 (Locally Preferred Alternative) and Resolution No. R2000-14 (Property Acquisitions for Light Rail). Insignia Kidder Matthews has a contract with Sound Transit to act as a listing agent for this property and has negotiated the terms of this lease. This lease

provides an interim use of the property pending the Board's selection of a preferred North Link Alternative. The selected alternative will determine whether this property is retained for a construction staging area or disposed of as surplus to the project's needs. Leasing this property preserves the value of the asset pending the Board's decision.

**Prior Board or Committee Actions
and Relevant Board Policies**

Motion or Resolution Number	Summary of Action	Date of Action
Resolution No. R2000-14	Property Acquisitions for Light Rail Segment LB 235	10/12/00
Resolution No. R99-34	Locally Preferred Alignment	11/15/99

ALTERNATIVES

This lease agreement provides an interim use of the property pending the Board's selection of a preferred North Link Alternative. Leasing this property preserves the value of the asset pending the Board's decision.

CONSEQUENCES OF DELAY

A delay in approving this lease could result in loss of a prospective tenant, loss of lease revenue, and continued impacts to property and the neighborhood by transient's unauthorized use of the property.

REGIONAL PARTNERSHIP

Regional partnership is not affected by this action.

LEGAL REVIEW

JDW 6/11/02

SOUND TRANSIT

MOTION NO. M2002-79

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a lease agreement with Enterprise Leasing Company at 1000 NE 45th Street, Seattle, from September 1, 2002, through August 31, 2006, with three one-year extension options, at Sound Transit's sole discretion.

Background:

Sound Transit purchased this property on May 7, 2001 for the Link project in accordance with Motion No. M99-34 (Locally Preferred Alternative) and Resolution No. R2000-14 (Property Acquisitions for Light Rail). Insignia Kidder Matthews has a contract with Sound Transit to act as a leasing agent for this property and has negotiated the terms of this lease. This lease provides an interim use of the property pending the Board's selection of a preferred North Link Alternative. The selected Alternative will determine whether this property is retained for a construction staging area or disposed of as surplus to the project's needs. Leasing this property preserves the value of the asset pending the Board's decision.

This four-year lease with three one-year options, at Sound Transit's sole discretion, includes a rental re-negotiation at the time of each extension, based on the prevailing market rate.

Motion:

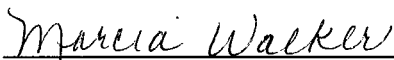
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority to authorize the Executive Director to execute a lease agreement with Enterprise Leasing Company at 1000 NE 45th Street, Seattle, from September 1, 2002, through August 31, 2006, with three one-year extension options, at Sound Transit's sole discretion.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 27, 2002.



Kevin Phelps
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator