

**SOUND TRANSIT
STAFF REPORT**

MOTION No. M2003-70

Washington State Employees Credit Union Lease

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	7/3/03	Discussion/Possible Action	Joann H. Francis, Chief Administrative Officer Joan Coumou, Senior Property Manager	(206) 689-4934 (206) 689-4938

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

3Applicable to proposed transaction.

OBJECTIVE OF ACTION

To execute a lease agreement with Washington State Employees Credit Union at 1000 NE 45th Street, Seattle.

ACTION

Authorizing the Executive Director to execute a lease with Washington State Employees Credit Union (WSECU) at 1000 NE 45th Street, Seattle, commencing November 1, 2003 through October 31, 2007, with three one-year extension options at Sound Transit's sole discretion.

KEY FEATURES

- WSECU will lease approximately 18,034 square feet of land, which includes a building consisting of approximately 1,200 square feet and 37 parking stalls at a total monthly rent as set forth below. WSECU will lease the building effective November 1, 2003 and will begin leasing the parking on March 1, 2004.
- **November 1, 2003 to February 29, 2004:** Lessee will receive a one-time rent credit, computed as follows: 1,200 s.f. retail space @ \$16.00/s.f./yr. x 4 months = \$6,400.00
- **March 1, 2004 to October 31, 2004:**

1,200 s.f. retail space @ \$16.00/s.f./year	\$1,600.00
37 parking stalls @ \$80.00/stall/month	<u>\$1,750.00</u>
Total monthly rent	<u>\$3,350.00</u>
- The lease would also include annual Consumer Price Index (CPI) increases through the initial four-year term of the lease, and rent re-negotiation at the time of each extension, based on the prevailing market rate.

- The current parking vendor, Key Park, Inc. will continue to lease the parking area only through February 28, 2004 unless WSECU provides 45-day notice to Sound Transit that WSECU will need the parking at an earlier date.
- WSECU will pay all utilities and leasehold excise tax on the base rent.
- WSECU will receive a one-time rent credit of \$6,400 for necessary tenant improvements. These improvement proposals will be submitted to Sound Transit for approval prior to commencement of work.

BUDGET IMPACT SUMMARY

There are no budget impacts for this action.

BUDGET DISCUSSION

Revenue for this lease was not included in the 2003 adopted budget. There are no new costs associated with this lease beyond those included in the adopted 2003 budget.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

Revenue generated from this lease for the initial four-year term is \$158,132, based on an annual CPI increase of 3%. The broker's commission is 5% of the initial base rent or \$8,040. This reduces the total net revenue to \$150,092. This revenue was not included in the current financial plan and therefore, adds revenue to the North King county subarea.

BUDGET TABLE

Not applicable to this transaction.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable to this transaction.

HISTORY OF PROJECT

Sound Transit purchased this property on May 7, 2001 as a construction staging area for the Link Light Rail Design-Build Contract Segment from NE 45th Street to Convention Place Station. Insignia Kidder Matthews has a contract with Sound Transit Real Estate to lease this property and has negotiated the terms of this lease. Legal Department has reviewed lease.

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

Motion or Resolution Number	Summary of Action	Date of Action
Resolution R2000-14	Property Acquisitions for Light Rail Design-Build Contract Segment	10/12/00

CONSEQUENCES OF DELAY

A two-week delay in approving this lease would have no impact. A delay in approving this lease beyond two weeks could result in loss of a prospective tenant, and of additional lease revenue.

REGIONAL PARTNERSHIP AND COOPERATION

Not applicable to this transaction.

PUBLIC INVOLVEMENT

Not applicable to this transaction.

LEGAL REVIEW

JLB

SOUND TRANSIT

MOTION NO. M2003-70

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a lease with Washington State Employees Credit Union (WSECU) at 1000 NE 45th Street, Seattle, commencing November 1, 2003 through October 31, 2007, with three one-year extension options, which Sound Transit may grant in its sole discretion.

Background:

Sound Transit purchased this property on May 7, 200, as a construction staging area for the Link Light Rail Design-Build Contract Segment from NE 45th Street to Convention Place Station. Insignia Kidder Matthews has a contract with Sound Transit Real Estate to lease this property and has negotiated the terms of this lease. Legal Department has reviewed the lease.

November 1, 2003 to February 29, 2004: Lessee will receive a one-time rent credit, computed as follows: 1,200 s.f. retail space @ \$16.00/s.f./yr. x 4 months = \$6,400.00

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Total monthly rent	\$3,350.00

The lease would also include annual Consumer Price Index (CPI) increases through the initial four-year term of the lease, and rent re-negotiation at the time of each extension, based on the prevailing market rate.

The current parking vendor, Key Park, Inc. will continue to lease the parking area only through February 28, 2004 unless WSECU provides 45-day notice to Sound Transit that WSECU will need the parking at an earlier date.

WSECU will pay all utilities and leasehold excise tax on the base rent.

WSECU will receive a one-time rent credit of \$6,400 for necessary tenant improvements. These improvement proposals will be submitted to Sound Transit for approval prior to commencement of work.

Motion:

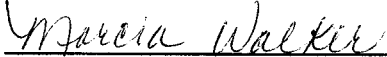
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority to authorize the Chief Executive Officer to execute a Lease with Washington State Employees Credit Union (WSECU) at 1000 NE 45th Street, Seattle, commencing November 1, 2003 through October 31, 2007, with three one-year extension options, which Sound Transit may grant in its sole discretion.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 3, 2003.



Kevin Phelps
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator