



MOTION NO. M2010-77

Amend Lease Agreement with Union Street Improvement Company, L.L.C

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Operations and Administration Committee	08/19/10	Recommendation to Board	Ahmad Fazel, DECM Executive Director	206-398-5389
Board	08/26/10	Final Action	Nancy Bennett, Property Manager	206-398-5401

PROPOSED ACTION

Authorizes the chief executive officer to execute an amendment to the existing ten-year lease with Union Street Improvement Company, LLC for additional office space located at 315 5th Avenue S. in Seattle, WA, in the amount of \$391,013, for a new total authorized amount not to exceed \$13,668,328 for the ten year term.

KEY FEATURES of PROPOSED ACTION

- The amendment will allow Sound Transit to lease approximately 1,779 additional square feet of first floor office space located at 315 5th Avenue S. in Seattle, WA for Sound Transit staff and/or consultants in order to accommodate Sound Transit’s projected staff and consultant growth. The rent for this additional space will be at a lower rate than the original lease.
- The Information Technology group will be occupying a portion of the first floor and the fourth floor. The space on the first floor next to the loading dock will be the ideal space for a portion of the group to be located as it accommodates frequent shipping and receiving of equipment. The location will also provide additional space to accommodate Sound Transit’s storage of equipment.
- The requested amount covers the remaining nine year, three month agreement term. The amendment’s term will commence once tenant improvements are complete and will terminate on the same date as the existing lease.
- The amendment will dictate the tenant improvements that Union Street Improvement Company, LLC will complete in the additional space such as new paint, new carpet, installation of a ceiling including lighting, and access card readers on exterior doors.
- The full service gross lease rates for the amendment period average \$22.13 per square foot per year and are estimated as follows:

Year	Base Rent	Estimated Building Operating Expense Increase	Total Rent + Estimated Operating Expenses
1	17.50	-	17.50
2	18.25	0.26	18.51
3	19.00	0.53	19.53
4	19.75	0.80	20.55
5	20.50	1.08	21.58
6	21.25	1.37	22.62
7	22.00	1.67	23.67
8	22.75	1.97	24.72
9	23.50	2.28	25.78
10	24.25	2.60	26.85

PROJECT DESCRIPTION

A ten year lease with Union Street Improvement Company, LLC was approved by the Sound Transit Board on December 10, 2009 under Motion No. M2009-102.

FISCAL INFORMATION

The proposed action would authorize execution of a lease amendment to the existing 10-year lease with Union Street Improvement Company, LLC in an amount not to exceed \$391,013. In 2010, the first year of the lease, the full service gross lease rate for this amendment is approximately \$17.50/sf with an estimated total rent and operating expense of \$7,784, for the last three months of this year.

The 2010 operating budget for administration facilities rental is \$1,922,940. Approval of the proposed action would leave an estimated remaining balance of \$17,702. Budgets for the remaining years of the lease will be requested in future operating budgets.

Budget Table

\$ whole dollars

Current Year Budget	Adopted 2010 Budget	Contract Expenditures 2010 Proposed Action	Contract Expenditures 2010 625 Union Station	Contract Expenditures 2010 5th and Jackson	Remaining 2010 Budget
Administration Facilities Rental	1,922,940	7,784	1,580,076	317,378	17,702
Total	1,922,940	7,784	1,580,076	317,378	17,702

Contract Budget	Current Approved Contract Value	Contract Expenditures to Date	Proposed Action	Proposed Total Contract Value
Administration Facilities Rental	13,277,315	51,969	391,013	13,668,328
Contingency	-	-	-	-
Total Contract	13,277,315	51,969	391,013	13,668,328
Percent Contingency				

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable to this action.

BACKGROUND

In 2009 the primary locations that housed Sound Transit staff and consultants were Union Station and the 625 Union Station building. Both were utilized beyond capacity.

In December 2009 the Board approved two 10-year leases to accommodate the additional staff and consultants needed to complete ST2. A new lease was executed for 625 Union Station and a new lease was executed at 315 5th Avenue S.

The lease at 315 5th Avenue S. includes 15,388 square feet on the fifth floor as of March 1, 2010, an additional 15,388 square feet on the fourth floor as of August 1, 2010, and an additional 22,456 for the seventh and part of the eighth floors as of November 1, 2011.

ENVIRONMENTAL COMPLIANCE

Jl 8/13/2010

PUBLIC INVOLVEMENT

Not applicable to this action.

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2009-102 – Authorized the chief executive officer to execute a ten-year lease with two additional one to five-year options to renew with Union Street Improvement Company, L.L.C. for office space located at 315 5th Avenue S. in Seattle, WA, in an amount not to exceed \$13,277,315 for the ten-year term.

Motion No. M2009-103 – Authorized the chief executive officer to execute a ten-year lease with two additional three or five-year options to renew with Seattle Union Station, L.L.C. for office space located at 625 5th Avenue S. in Seattle, WA, in an amount not to exceed \$18,497,643 for the ten-year term.

TIME CONSTRAINTS

A delay beyond August 12, 2010:

- Will limit the ability to complete tenant improvements in a timeframe that will provide office space for our immediate staff/consultant needs.
- Could place Sound Transit in a position of losing this space to another tenant, resulting in additional staff time required for IT receiving and material storage.

LEGAL REVIEW

JW 8/13/2010

MOTION NO. M2010-77

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an amendment to the existing ten-year lease with Union Street Improvement Company, LLC for additional office space located at 315 5th Avenue S. in Seattle, WA, in the amount of \$391,013, for a new total authorized amount not to exceed \$13,668,328 for the ten year term.

BACKGROUND:

In 2009 the primary locations that housed Sound Transit staff and consultants were Union Station and the 625 Union Station building. Both were utilized beyond capacity. In December 2009 the Board approved two 10-year leases to accommodate the additional staff and consultants needed to complete ST2. A new lease was executed for 625 Union Station and a new lease was executed at 315 5th Avenue S.

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The amendment will allow Sound Transit to lease approximately 1,779 additional square feet of office space located at 315 5th Avenue S. in Seattle, WA for Sound Transit staff and/or consultants in order to accommodate Sound Transit's projected staff and consultant growth. The rent for this additional space will be at a lower rate than the original lease; the full service gross lease rates for the amendment period average \$22.13 per square foot per year.

The Information Technology group will be occupying a portion of the first floor and the fourth floor. The space on the first floor next to the loading dock will be the ideal space for a portion of the group to be located as it accommodates frequent shipping and receiving of equipment. The location will also provide additional space to accommodate Sound Transit's storage of equipment.


The requested amount covers the remaining nine year, three month agreement term. The amendment's term will commence once tenant improvements are complete and will terminate on the same date as the existing lease.

The amendment will dictate the tenant improvements that Union Street Improvement Company, LLC will complete in the additional space such as new paint, new carpet, installation of a ceiling including lighting, and access card readers on exterior doors.

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 an amendment to the existing ten-year lease with Union Street Improvement Company, LLC for additional office space located at 315 5th Avenue S. in Seattle, WA, in the amount of \$391,013, for a new total authorized amount not to exceed \$13,668,328 for the ten year term.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 26, 2010.



Fred Butler
Board Vice Chair

ATTEST:



Marcia Walker
Board Administrator