



MOTION NO. M2017-116

Lease Agreement at 605 Union Station with Gateway King LLC

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	09/07/2017	Recommend to Board	Bonnie Todd, Executive Director of Operations
Board	09/28/2017	Final Action	Nancy Bennett, Property Management Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute a lease agreement with Gateway King LLC for office space located on the first and second floors of 605 Union Station in Seattle, WA for a period of six years, with an option to renew for an additional five years, for a total authorized agreement amount not to exceed \$12,249,923.

KEY FEATURES SUMMARY

- This action will authorize the lease for a six-year term of approximately 18,722 rentable square feet of office space at 605 Union Station for agency staff and co-located consultants.
- The lease for the second floor (Suite 250) will be effective on January 1, 2018, and the first floor (Suite 100) on December 1, 2017. Sound Transit has the option for early occupancy on both spaces and has an option to renew each space for an additional five years.
- The rental rate at the beginning of the term will be \$26.75 per square foot for Suite 100 and \$33.00 per square foot for Suite 250. Sound Transit will be receiving four months of free rent for Suite 250. Estimated operating expenses are \$11.77 per square foot and will be adjusted at the beginning of every calendar year based on actual costs.
- The office space needs to be reconfigured to best accommodate Sound Transit's use. The landlord is providing a tenant improvement allowance of \$10.00 per square foot for suite 100 and \$20.00 per square foot for suite 250.
- Sound Transit will be purchasing the furniture that currently exists in Suite 100 for \$10.00 and Suite 250 for \$10.00.
- The amount requested is sufficient to cover the six-year lease term and the option for an additional five years.

BACKGROUND

With the passage of ST3 in November 2016, the space needs to accommodate staff working on the service expansion are significant. Current projections show an increase of more than 500 spaces required from 2016 levels. The space included in this transaction would provide room for approximately 80 to 90 staff and consultants.

FISCAL INFORMATION

The proposed action with Gateway King LLC for \$12,249,923 that provides office space lease located on the first and second floors of 605 Union Station in Seattle, WA will be funded from the Leases and Rentals category within the Design, Engineering and Construction Management (DECM) department's annual operating budget.

The Leases and Rentals category budget is \$5,810,016, of which a total of \$9,310 is estimated to be spent in the current year for the additional rent office space and is within the agency's budget

authority. With approval of this action, the remaining annual budget amount is sufficient to fund other department expenditures anticipated in the 2017 annual budget.

Funding for the additional years of the agreement will be included in future annual budget requests.

DECM Department
(in thousands)

	2017 Annual Operating Budget	Actuals to Date	This Action	Actuals to Date Plus Action	Remaining Annual Operating Budget
Salaries and Benefits	\$36,908	\$18,918	\$	\$18,918	\$17,990
Services	2,812	1,688		1,688	1,124
Materials and Supplies	41	15		15	26
Utilities	458	194		194	264
Insurance	35				35
Tax	457	145		145	312
Miscellaneous	402	142		142	260
Leases and Rentals	5,810	3,109	9	3,118	2,692
Total Current Budget	\$46,922	\$24,210	\$9	\$24,219	\$22,703
Leases and Rentals Details					
Rental Admin Facilities	\$5,759	\$3,090	\$9	\$3,099	\$2,660
Other Leases and Rentals	51	19		19	32
Total Leases and Rentals	\$5,810	\$3,109	\$9	\$3,118	\$2,692
Agreement Spending Plan					
	Prior Year Spending	Forecast 2017 Spending	Future Expenditures	Total	
Gateway King LLC	\$	\$9	\$12,241	\$12,250	
Lease Agreement Detail					
Gateway King LLC	Board Approved Contract Value	Contract Actuals to Date	Proposed Action	New Board Approved Contract Value	
Gateway King LLC	\$	\$	\$12,250	\$12,250	
Contingency					
Contract Amount - Total	\$	\$	\$12,250	\$12,250	
Percent Contingency	0%	0%	0%	0%	

Notes:
Actuals to Date = Expenditures as of July 2017 and committed payments.
DECM budget is located on page 25 of 2017 Adopted Budget book.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action

TIME CONSTRAINTS

A one-month delay would create a delay to the tenant improvement and occupancy schedule.

ENVIRONMENTAL REVIEW

KH 8/25/17

LEGAL REVIEW

AJP 8/31/2017

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A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a lease agreement with Gateway King LLC for office space located on the first and second floors of 605 Union Station in Seattle, WA for a period of six years, with an option to renew for an additional five years, for a total authorized agreement amount not to exceed \$12,249,923.

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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 lease agreement with Gateway King LLC for office space located on the first and second floors of 605 Union Station in Seattle, WA for a period of six years, with an option to renew for an additional five years, for a total authorized agreement amount not to exceed \$12,249,923.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 28, 2017.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator