



MOTION NO. M2017-130

Lease Amendment Agreement with Gateway King LLC at 625 and 605 Union Station

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	11/02/2017	Recommend to Board	Bonnie Todd, Executive Director Operations
Board	11/16/2017	Final Action	Nancy Bennett, Property Management Manager David Huffaker, Deputy Executive Director, Operations and Support Services

PROPOSED ACTION

Authorizes the chief executive officer to execute a lease amendment with Gateway King LLC to extend the term of Sound Transit’s office lease for 625 Union Station, and Suite 160 of 605 Union Station, in Seattle, WA for a period of 47 months, with an option to renew for an additional five years, for a total authorized amount not to exceed \$32,850,106 for the extended term and option plus applicable taxes.

KEY FEATURES SUMMARY

- This action will authorize an extension of Sound Transit’s existing lease for a period of 47 months. The lease covers approximately 60,478 rentable square feet of office space at 625 and 605 Union Station for agency staff and co-located consultants.
- The extended term will be effective on January 1, 2020, and will expire on November 30, 2023. Under the lease amendment, Sound Transit will have the option to renew the lease for an additional five years.
- The rental rate at the beginning of the term will be \$35.00 per square foot. The projected operating expenses are \$14.93 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 \$1,299,628 for use in the 625 building. If reconfiguration costs exceed the Landlord’s tenant improvement allowance said costs will be paid from Sound Transit’s Admin Capital budget and will not exceed \$389,700.
- The amount requested is sufficient to cover the 47-month lease term, the option for an additional five years, and the tenant improvement cost and contingency.

BACKGROUND

With the passage of ST3 in November 2016, the space needs to accommodate staff working 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 continue to provide room for approximately 350 staff and consultants.

FISCAL INFORMATION

The total amount for the lease amendment is \$32,850,106 and will be funded from the Leases and Rentals category within the Design, Engineering and Construction Management (DECM) department’s annual operating budgets. Funding for the leases will be included in 2020 through

2023 annual budget requests. If required, tenant improvement costs exceeding \$1,299,628, up to \$389,700 will be funded by the Administrative Capital project.

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 not create a delay to the tenant improvement schedule.

PRIOR BOARD/COMMITTEE ACTIONS

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.

Motion No. M2005-21: Exercised a five year lease option with Seattle Union Station LLC for office space at the 625 Union Station Building (Opus East), effective July 1, 2005 to June 30, 2010, and amending the agreement to include an additional five year renewal option.

Motion No. M99-29: Authorized and delegated authority to the Executive Director to execute all necessary documents to enter into a five-year lease (with a possible five year option to extend the same) beginning July 1, 2000, at the proposed Opus Union Station development for 58,000 square feet, for co-location of consultants for final design of the Link Light Rail project, and a short-term interim lease agreement for approximately 30,000 square feet from February 23, 2000 through July 31, 2000.

ENVIRONMENTAL REVIEW

KH 10/25/17

LEGAL REVIEW

AJP 10/27/17

MOTION NO. M2017-130

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a lease amendment with Gateway King LLC to extend the term of Sound Transit's office lease for 625 Union Station, and Suite 160 of 605 Union Station, in Seattle, WA for a period of 47 months, with an option to renew for an additional five years, for a total authorized amount not to exceed \$32,850,106 for the extended term and option plus applicable taxes.

BACKGROUND:

With the passage of ST3 in November 2016, the space needs to accommodate staff working 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 continue to provide room for approximately 350 staff and consultants.


This action authorizes an extension of Sound Transit's existing lease for a period of 47 months. The lease covers approximately 60,478 rentable square feet of office space at 625 and 605 Union Station for agency staff and co-located consultants. The office space needs to be reconfigured to best accommodate Sound Transit's use. The landlord is providing a tenant improvement allowance of \$1,299,628 for use in the 625 building. If reconfiguration costs exceed the Landlord's tenant improvement allowance said costs will be paid from Sound Transit's Admin Capital budget and will not exceed \$389,700.

The extended term will be effective on January 1, 2020, and will expire on November 30, 2023. Under the lease amendment, Sound Transit will have the option to renew the lease for an additional five years. The rental rate at the beginning of the term will be \$35.00 per square foot. The projected operating expenses are \$14.93 per square foot and will be adjusted at the beginning of every calendar year based on actual costs.

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 amendment with Gateway King LLC to extend the term of Sound Transit's office lease for 625 Union Station, and Suite 160 of 605 Union Station, in Seattle, WA for a period of 47 months, with an option to renew for an additional five years, for a total authorized amount not to exceed \$32,850,106 for the extended term and option plus applicable taxes.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 16, 2017.



Dave Somers
Board Chair

ATTEST:



Kathryn Flores
Board Administrator