

MOTION NO. M2017-55

Sublease agreement at 705 Union Station with Amerigroup Washington, Inc.

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	05/04/2017	Final Action	Bonnie Todd, Executive Director of Operations Nancy Bennett, Property Management Manager

PROPOSED ACTION

Authorizes the chief executive officer to execute a sublease with Amerigroup Washington, Inc. for office space located on the first floor of 705 Union Station in Seattle, WA through January 24, 2020, for a total authorized agreement amount not to exceed \$357,882.

KEY FEATURES SUMMARY

- This action will authorize the sublease of approximately 4,368 square feet of office space on the first floor of 705 Union Station for agency staff and co-located consultants.
- The sublease will be effective May 15, 2017 and will terminate January 24, 2020.
- The first year's rental rate will be \$18.50 per square foot and estimated operating expenses are \$11.41 per square foot. Rent will increase \$1.00 per square foot annually on the anniversary date of the lease. Operating expenses will be adjusted at the beginning of every calendar year based on actual costs. Sound Transit will receive free rent for the first month.
- Sound Transit has the option to lease approximately 4 parking spaces in the Union Station Garage at current market rate. If Sound Transit decides to lease any parking spaces, a separate agreement with the current parking management company of the Union Station garage will be executed.
- This is a sublease of the office space leased by Amerigroup Washington, Inc. from 705 Union Station LLC as master landlord.

BACKGROUND

With the passage of ST3 in November 2016, the space needed to accommodate service expansion are significant. Current projections show an increase of approximately 300 spaces required from 2016 levels. An extensive search was conducted to locate space within walking distance of Sound Transit's current campus. The space included in this transaction would provide room for approximately 25-30 staff and consultants.

Amerigroup Washington Inc. has agreed to convey its existing office furniture to Sound Transit as part of the transaction for the cost of \$1.00. Sound Transit will install information technology and telecommunications equipment prior to occupancy at its own expense.

FISCAL INFORMATION

The proposed action 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 \$124,398 is estimated to be spent in the current year for the additional office space lease and is within the agency's budget authority.

After approval of this action, the remaining annual budget amount will be used to fund other department expenditures anticipated in the 2017 annual budget.

Funding for the additional years of the contract 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		\$36,265	\$6,902	\$	\$6,902	\$29,363
Services		2,462	330		330	2,132
Materials and Supplies		41	4		4	37
Utilities		458	100		100	357
Insurance		35				35
Tax		457	2		2	455
Miscellaneous		402	45		45	357
Leases and Rentals		5,810	1,167	124	1,292	4,518
Total Current Budget		\$45,929	\$8,550	\$124	\$8,675	\$37,254
Leases and Rentals Details						
Rental Admin Facilities		\$5,759	\$1,159	\$124	\$1,283	\$4,476
Other Leases and Rentals		51	8		8	43
Total Leases and Rentals		\$5,810	\$1,167	\$124	\$1,292	\$4,518
Agreement Spending Plan		Prior Year Spending	Forecast 2017 Spending	Future Expenditures	Total	
	Amerigroup Washington, Inc.	\$	\$124	\$233	\$358	
Sublease Agreement Detail Amerigroup Washington, Inc.		Board Approved Contract Value	Contract Actuals to Date	Proposed Action	New Board Approved Contract Value	
	Amerigroup Washington, Inc.	\$	\$	\$358	\$358	
	Contingency					
	Contract Amount - Total	\$	\$	\$358	\$358	
	Percent Contingency	0%	0%	0%	0%	

Notes:

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

SMALL BUSINESS/DBE PARTICIPATION

Not applicable to this action.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A one-month delay would not provide enough time to complete installation of information technology and telecommunications equipment needed for assigned staff prior to the start of the May 15, 2017, sublease.

ENVIRONMENTAL REVIEW

JI 4/17/2017

LEGAL REVIEW

JRV 4/28/2017

MOTION NO. M2017-55

A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a sublease with Amerigroup Washington, Inc. for office space located on the first floor of 705 Union Station in Seattle, WA through January 24, 2020, for a total authorized agreement amount not to exceed \$357,882.

BACKGROUND:

With the passage of ST3 in November 2016, the space needed to accommodate service expansion are significant. Current projections show an increase of approximately 300 spaces required from 2016 levels. An extensive search was conducted to locate space within walking distance of Sound Transit's current campus. The space included in this transaction would provide room for approximately 25-30 staff and consultants.

This action will authorize the sublease of approximately 4,368 square feet of office space on the first floor of 705 Union Station for agency staff and co-located consultants.

The first year's rental rate will be \$18.50 per square foot and estimated operating expenses are \$11.41 per square foot. Rent will increase \$1.00 per square foot annually on the anniversary date of the lease. Operating expenses will be adjusted at the beginning of every calendar year based on actual costs. Sound Transit will receive free rent for the first month.

Amerigroup Washington Inc. has agreed to convey its existing office furniture to Sound Transit as part of the transaction for the cost of \$1.00. Sound Transit will install information technology and telecommunications equipment prior to occupancy at its own expense.

MOTION:

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a sublease with Amerigroup Washington, Inc. for office space located on the first floor of 705 Union Station in Seattle, WA through January 24, 2020, for a total authorized agreement amount not to exceed \$357,882.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on May 4, 2017.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Board Administrator