


**Date:** December 12, 2018

**To:** Board of Directors

**From:** Doug Kelsey 

**Subject: RESOLUTION 18-12-76 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AN AMENDMENT TO A LEASE WITH HARRISON SQUARE LLC FOR CERTAIN REAL PROPERTY LOCATED AT 1800 SW FIRST AVENUE**

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**1. Purpose of Item**

The purpose of this item is to request that the TriMet Board of Directors (Board) authorize the General Manager to amend TriMet's lease (Lease) with Harrison Square LLC for office space at 1800 SW First Avenue, commonly referred to as the Harrison Square (HSQ) building. TriMet uses this site to house the majority of its administrative staff.

**2. Type of Agenda Item**

- Initial Contract  
 Contract Modification  
 Other \_\_\_\_\_

**3. Reason for Board Action**

Board approval is required because this amendment will increase the value of the Lease beyond the amount previously authorized by the Board.

**4. Type of Action**

- Resolution  
 Ordinance 1<sup>st</sup> Reading  
 Ordinance 2<sup>nd</sup> Reading  
 Other \_\_\_\_\_

**5. Background**

In June 2012, the Board approved Resolution 12-06-59, authorizing TriMet to enter into a lease for 50,273 square feet in the HSQ building. TriMet moved into its leased space in February 2013, and the base term of the Lease terminates on June 30, 2023. The Lease also contains two additional five-year option terms, which may be exercised at TriMet's discretion. The Lease was part of TriMet's "Moving Together" project, which included the consolidation of several TriMet satellite offices and work groups together at the HSQ location. The amount authorized for the current lease was \$10,300,000.

Over the last several years, TriMet has grown, and is expected to continue to grow with planned

service expansion and additional revenue being provided by HB2017. As a result of this expected growth and growth planned in information technology services (IT) as well as several other support areas, an internal space planning task force (Task Force) was formed to address the need for additional workspace. Over the past seven months, the Task Force considered several options, including reducing the size of existing workstations to accommodate known growth needs. In the end, the Task Force determined that the most effective option to provide the number of additional workspaces needed was to lease additional space.

This resolution would authorize TriMet to enter into an amendment to add approximately 12,000 square feet for a term running concurrently with the existing Lease at a total cost of approximately \$1,780,000 for 54 months, starting in March 2019. The landlord has agreed to perform at its expense all tenant improvement work necessary to get the space ready for occupancy. That work is estimated to cost about \$380,000.

#### **6. Procurement Process**

TriMet's administrative staff has been located at HSQ for nearly six years. Prior to agreeing to a lease amendment at this location, TriMet used the services of a real estate broker to review options for leasing additional space nearby. TriMet toured three potential sites, and entered into negotiations with Harrison Square LLC and the owner of one other site. Harrison Square offered the best lease price, and also allowed TriMet staff to remain in the same location, which is important for efficiency.

#### **7. Financial/Budget Impact**

The total cost of the Lease amendment will be about \$1,780,000 over 54 months. Approximately \$122,000 will be incurred in FY2019 and will be transferred from agency contingency in FY 2019, with an additional \$379,000 budgeted next year, increasing annually by 3 percent in future years until the expiration of the current lease in June 2023.

#### **9. Impact if Not Approved**

TriMet is currently out of usable workspace. Additional leased space is required to meet TriMet's current and expanding need for office space. Failure to obtain more space will have an adverse impact on TriMet's ability to hire additional necessary employees. If this resolution is not approved, TriMet could continue to look for leased space in another building, or simply not have sufficient room to house new hires.

**RESOLUTION 18-12-76**

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AN AMENDMENT TO A LEASE WITH HARRISON SQUARE LLC FOR CERTAIN REAL PROPERTY LOCATED AT 1800 SW FIRST AVENUE**

**WHEREAS**, on June 27, 2012, the TriMet Board of Directors (Board) approved Resolution 12-06-59 entering into a lease for property located at 1800 SW First Avenue (Lease); and

**WHEREAS**, TriMet has authority under ORS 267.200 to enter into an amendment to the Lease for the lease of additional property located at 1800 SW First Avenue (Lease Amendment); and

**WHEREAS**, the total amount of the Lease Amendment exceeds the amount previously authorized by the Board; and

**WHEREAS**, the Board, by Resolution dated October 25, 2017, adopted a Statement of Policies requiring the Board to approve modifications to contracts that exceed the contract amount previously authorized by the Board;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Lease Amendment shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Lease Amendment in an amount not to exceed \$1,780,000.

Dated: December 12, 2018

\_\_\_\_\_  
Presiding Officer

Attest:

\_\_\_\_\_  
Recording Secretary

Approved as to Legal Sufficiency:

  
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Legal Department