

**Date:** June 11, 2014

**To:** Board of Directors

**From:** Neil McFarlane

**Subject:** **RESOLUTION 14-06-30 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AN EXTENSION OF THE LEASE AGREEMENT WITH THE CITY OF PORTLAND FOR CERTAIN REAL PROPERTY LOCATED AT 210-212 N.W. 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 extend TriMet’s lease with the City of Portland (“City”) for office and garage space at 210-212 NW First Avenue, commonly referred to as the Front & Davis Parking Garage (“Property”). TriMet uses the Property to house its Transit Police central precinct and vehicles.

**2. Type of Agenda Item**

- Initial Contract
- Contract Modification (Lease extension)
- Other \_\_\_\_\_

**3. Reason for Board Action**

Board authorization is required because the proposed Lease extension will increase the Lease amount 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 1997, TriMet entered into a lease with the City for the Property. In 2002, the Board approved Resolution 02-06-52, which authorized TriMet to enter into a new lease with the City (the “Lease”). Under the Lease, TriMet occupies 9,473 square feet of office space and 29 parking spaces for the Transit Police and TriMet security personnel, and receives custodial services supplied by the City. In September 2009, the Board approved Resolution 09-09-67, authorizing an extension of the Lease through June 30, 2014 at a total cost of approximately \$1,025,250.

This Resolution would authorize TriMet to enter into an extension of the Lease through June 30, 2017. As shown in the table below, the amount paid by TriMet under the Lease extension consists of an amount for monthly rental for the office space, an amount for monthly rental of parking spaces, and payment to the City for their custodial costs. As shown below, the amount paid for the rent of the office space increases 3 percent each year, but is otherwise not subject to change. The rental rate for the parking spaces is subject to annual market rate adjustments, and the amount to be paid to the City for custodial services is based on the City's actual expenses, so it may change slightly from that shown below. TriMet's total obligation under the Lease extension is expected to be approximately \$717,000, but could vary slightly if the market rate adjustments for parking or custodial services increase more than expected:

Year	Rent	Parking	Janitorial	Subtotal
2014-2015	\$151,440	\$55,680	\$21,400	\$228,520
2015-2016	\$155,988	\$60,900	\$22,042	\$238,930
2016-2017	\$160,668	\$66,120	\$22,700	\$249,488
Total				\$716,938

TriMet has determined that the rental rates are fair and reasonable.

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

The original Lease was the result of a property search process and negotiations. The Lease has subsequently been extended, and each extension has been negotiated to ensure that the rental rate paid by TriMet is fair and reasonable.

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

TriMet's total obligation under the Lease extension is expected to be approximately \$717,000, and is included in the General Fund Capital Projects budget.

#### **8. Impact if Not Approved**

TriMet continues to explore options for the location of its Transit Police central precinct facility, and the Lease extension contains a one-year termination clause in the event a more desirable location is found. At this time, however, TriMet staff believes that the current City Property is the best available location.

**RESOLUTION 14-06-30**

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AN EXTENSION OF THE LEASE AGREEMENT WITH THE CITY OF PORTLAND FOR CERTAIN REAL PROPERTY LOCATED AT 210-212 N.W. FIRST AVENUE**

**WHEREAS**, TriMet has authority under ORS 267.200 to enter into an agreement with the City of Portland to extend the lease of certain real property located at 210-212 N.W. First Avenue in Portland, Oregon (“Extension”); and

**WHEREAS**, the total amount of the Extension shall exceed the amount originally authorized for the lease by the TriMet Board of Directors (Board); and

**WHEREAS**, the Board, by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve real property transactions obligating TriMet to pay in excess of \$500,000;

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

1. That the Extension shall be in conformance with applicable laws.
2. That the General Manager or his designee is authorized to execute the Extension.

Dated: June 11, 2014

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Presiding Officer

Attest:

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

Approved as to Legal Sufficiency:

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Legal Department