

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

<b>Item No.</b>	5d
<b>Date of Meeting</b>	October 8, 2013

**DATE:** September 18, 2013  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** James R. Schone, Director, Aviation Business Development  
James Jennings, Manager, Aviation Properties  
**SUBJECT:** Five Year Extension to the TSA Office, Break Room and Training Space Main Lease

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to execute Lease Amendment No. 23 (Attachment 1) of the existing Main Lease (Exhibit A) with the Transportation Security Administration represented by the General Services Administration (TSA/GSA). This amendment extends the term of the lease for five additional years and decreases the leased premises by 403 square feet.

**SYNOPSIS**

The TSA/GSA lease will reach the end of its term on October 31, 2013. The TSA/GSA has requested that this lease be extended for five more years and informed the Port of this intent by submitting its approved amendment to the Port on August 23, 2013. This lease represents the space they largely received (with some modest changes since 2002) while mobilizing after September 11, 2001. This early TSA/GSA lease took all premises in an “as is” condition, with the lessee responsible for making any needed improvements.

**BACKGROUND**

The TSA/GSA has three separate terminal space leases with the Port. Those three leases are commonly known as the Mezzanine Lease (3,768 sq. ft.), Main Lease (currently 8,338 sq. ft.) and C1 Building Lease (10,756 sq. ft.) for a total of 22,862 sq. ft. of leased space. The functions of these spaces vary between office, break room and training in support of their security checkpoint and baggage screening duties, and were not consolidated because of differences in timing of their leasing as well as differences in terms related to the condition of space and associated differences in the Port’s level of investment. The proposed authorization to extend the term for five additional years applies only to the Main Lease.

This lease was effective on October 2, 2002, and encompasses various office space, break room and training areas that are spread out all over the Airport. Recently, the TSA/GSA indicated a desire for a new lease, using its standard lease template, which transfers significant responsibility to the Port to bring the premises up to their current lease standards from when they originally

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 18, 2013

Page 2 of 3

received it in “as is” condition. After some discussion and negotiation on this difficult issue, along with the rapidly approaching lease expiration on October 31, 2013, the TSA/GSA finally agreed to simply extend the current lease to ensure these critical spaces are maintained.

### **FINANCIAL IMPLICATIONS**

By extending this lease for an additional five years, reflecting the decrease in premises of 403 sq. ft., the Port will secure an estimated \$774,932 of revenue annually from the lease extension. This lease does not financially obligate the Port in any additional way. The consideration for foregoing the transition from the existing “as is” lease to a new TSA/GSA standard lease template was maintaining all existing terms, including a fixed rate of \$97.66/sq. ft. for the term of the extension.

### **SCOPE OF AGREEMENT**

	<b><u>Lease</u></b>	<b><u>Twenty Third Amendment</u></b>
<b>Term/ Effective Date:</b>	Eleven Years 10/2/2002-10/31/2013	Five Years 11/1/2013 – 10/31/2018
<b>Use:</b>	Office and Training Space	Office and Training Space
<b>Premises:</b>	8,338 sq. ft.	7,935 sq. ft.
<b>Rent:</b>	Total monthly rent of \$67,857.42, as follows:  8,338 sq. ft. @ \$97.66/sq. ft./yr.	Total monthly rent of \$ 64,577.68 as follows:  7,935 sq. ft. @ \$97.66/sq. ft./yr.

### **STRATEGIES AND OBJECTIVES**

This lease supports the Century Agenda objective of advancing the region as a leading tourism destination and business gateway. This helps the TSA/GSA continue to support Port of Seattle staff in operating a safe and secure Airport, while also meeting the region’s air transportation needs at Sea-Tac.

This amendment also supports the Aviation Division’s strategic goal of operating a world-class international airport. It allows the TSA/GSA to continue to provide a high level of customer service to airlines and their passengers and to keep the Airport operating smoothly by ensuring that the TSA/GSA workforce is properly staffed and administratively supported.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 18, 2013

Page 3 of 3

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Allow the lease to terminate and tenant shall vacate as prescribed in the underlying lease. This is not the recommended alternative.

**Alternative 2)** – Allow the lease to expire and tenant to stay provisionally in a holdover state. This is not the recommended alternative.

**Alternative 3)** – Execute the five-year lease extension. This will secure revenue for the Port and allow the TSA to carry out its mission of protecting the nation's transportation systems. **This is the recommended alternative.**

### **ATTACHMENTS TO THIS REQUEST**

- Exhibit A – TSA Main Lease Office Location Exhibit
- Attachment 1 – Amendment No. 23

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None.