

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4b
Date of Meeting May 13, 2014

DATE: April 15, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: James Schone, Director, Aviation Business Development
James Jennings, Manager, Aviation Properties
Jude Barrett, Lease Admin Supervisor
SUBJECT: United Services Organization Northwest Lease Amendment No. 1 at the Airport

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to amend the previously authorized lease agreement for the United Services Organization Northwest (USO) to increase the leased area from 7,000 to 7,592 square feet as shown on Exhibit A and provide a reimbursement not to exceed \$12,000 for increased costs associated with creating an exit hallway as part of the tenant improvement project.

SYNOPSIS

During the USO design process, it became clear that code requirements would require extending a fire-rated exit hallway into the previously planned USO leased footprint. This requirement was validated as part of an exit study the Port completed in November 2013. With the exiting and egress clearly identified as a Port responsibility in the new lease, staff is requesting to add a tenant improvement allowance not to exceed \$12,000 to address these requirements that the tenant did not expect. In addition, staff identified some additional space on the second floor that, due to the presence of vertical mechanical-equipment routings, had little utility other than to the USO (where it works ideally as a television room). Staff is further requesting to amend the lease premises to add this additional area as reflected on Exhibit A.

BACKGROUND

The USO center has been open at the Seattle-Tacoma International Airport since 1968 and currently serves 10,000 service members, families, reservists and retired military a month. Continuing 45 years of service, the USO center provides 24/7 travel assistance and access to all the comforts of home: hot meals, snacks, a TV lounge in which to rest and relax, a shower, and free Internet access to service members of all branches of the military and their families. With proximity to several military installations (Joint Base Lewis-McChord, Puget Sound Naval Shipyards, Bangor Submarine Base, Everett Naval Station, and Whidbey Island Naval Air

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Station), the Airport is a vital corridor for service members traveling to other duty stations around the world.

Commission approved a new lease for the USO on June 25, 2013. This lease allowed for the USO to begin design, construction, and relocation of their facility onto the second floor of the original 1949 Main Terminal Building at the Airport. As the USO was designing their tenant improvement project, the Port was also designing a supporting project to provide access and infrastructure to the USO premises. During this parallel design process, it was determined that additional accommodations were going to be required for exiting and egress because of the unique configuration of the facility and code constraints associated with the original 1949 Main Terminal Building. This amendment makes lease adjustments to accommodate those code driven changes and replaces and reimburses the USO for the space and money consumed to construct the Port's responsibilities as part of their tenant improvement project.

FINANCIAL IMPLICATIONS

Payment of the \$12,000 tenant reimbursement to the USO will be made upon completion of their tenant improvement construction, which is anticipated to be in the third quarter of 2014.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Do nothing - the proposed space would not be modified and would decrease the ability for the USO to meet their full program requirements. This would also put an undue financial burden on the USO to pay for an exit hallway that the lease designates as a Port responsibility.

Alternative 2) – Authorize an amendment of the lease with the USO. This alternative will allow for replacement space for the egress hallway and reimburse the USO for code-driven changes they are accommodating within their tenant improvement project. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- Exhibit A – Revised lease line
- Exhibit B – Lease Amendment No 1

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- June 25, 2013 – The Commission authorized the USO Northwest Lease.