


**Date:** September 27, 2023

**To:** Board of Directors

**From:** Sam Desue, Jr. 

**Subject:** **RESOLUTION NO. 23-09-45 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING AN AMENDMENT TO THE LEASE WITH MADISON-OFC ONE MAIN PLACE OR, LLC FOR ADMINISTRATIVE OFFICE SPACE AT 101 SW MAIN STREET**

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**1. Purpose of Item**

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager or his designee to execute an amendment to the lease with Madison-OFC One Main Place OR, LLC for TriMet administrative office space at the One Main Place (OMP) building, located at 101 SW Main Street (Lease Amendment).

**2. Type of Agenda Item**

- Initial Contract
- Contract Modification
- Other – Lease Amendment

**3. Type of Contract Procurement**

- Low Bid / Invitation to Bid (ITB)
- Request for Proposals (RFP)
- Request for Qualifications (RFQ)
- Other (inc. sole source) - Competitive real estate selection process led by broker

**4. Reason for Board Action**

Board approval is required for leases obligating TriMet to pay in excess of \$1,000,000.

**5. Type of Action**

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

**6. Background**

In January 2022, the Board passed Resolution No. 22-01-02, authorizing TriMet to enter into a lease with Madison-OFC One Main Place OR, LLC for its new administrative headquarters at One Main Place, located at 101 SW Main Street in downtown Portland. The current lease is for approximately 95,000 square feet of office space, and is in effect until July 31, 2034. TriMet staff began working in the building in June 2023.

Because TriMet has never had its own dedicated boardroom, it has long held its monthly Board meetings at various sites around the region. During the Covid pandemic, Board meetings were held online. When the Board started meeting again in person, TriMet staff discovered that it had become more difficult to find suitable locations for Board meetings than before. As a result, TriMet began to explore the possibility of leasing boardroom space at One Main Place.

During discussions with One Main Place building management, TriMet learned that there was space available for lease on the second floor of the building that could accommodate a TriMet boardroom. Further, there was adjacent space available for additional staff workspace. Renting this second floor space not only would allow TriMet to create a dedicated boardroom, but leasing some of the adjacent space would allow the relocation of some workgroups from TriMet's Center Street facility to relocate to One Main Place. This would relieve crowding at Center Street, which is currently at capacity. The total square footage for the proposed boardroom space is about 6,200 square feet, and the square footage for the proposed additional workspace is about 5,180 square feet.

TriMet staff negotiated with OMP building management, who have agreed to lease the additional space under the same favorable economic terms as in the original lease. The general economic terms of the Lease Amendment are as follows:

- Lease Term: Through July 31, 2034
- Second Floor Leased Space: Approx. 11,380 square feet
- Free Rent: Through July 31, 2024 (value of \$383,060)
- Rental Rate: \$31.00/square foot (includes estimated operating expenses)
- Value of Tenant Improvements: \$1,122,068
- Additional Rent Obligation: Approximately \$4,700,000

Having a dedicated OMP boardroom would allow TriMet to create a space better equipped to address the hybrid nature of modern meetings by installing IT and audio/visual equipment for that specific purpose. A dedicated boardroom would strengthen security and help control access, create functional conference rooms for use of other Board committees, such as the Finance and Audit Committee, the Crash Committee and TEAC, and provide an additional large meeting space for agency use when the Board is not in session. It would obviate the monthly administrative, technological and security costs incurred due to the need to arrange outside locations for meetings. In short, staff believes that the agency would benefit greatly by having a suitable, dedicated space for its public meetings.

Board approval for this Lease Amendment is requested so that the Parties have time to finalize all terms and execute the Amendment, and allow building management to start construction of the new TriMet leased space as soon as possible. Staff estimates that the process to finalize lease terms and to design and construct the new space will be completed during the first quarter of 2024.

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

The total cost of the original Lease at One Main Place, prior to the Lease Amendment, was approximately \$33,000,000 over the 134-month term. Executing this Amendment will add approximately \$4,700,000 to the original Lease amount, a portion of which is included within TriMet's FY2024 budget. Going forward, the annual payments for the approximately \$37,700,000 cost of the amended Lease will be included in TriMet's zero-based budget for leased facilities over the term of the lease.

**8. Impact if Not Approved**

If the Board decides not to approve the Lease Amendment, TriMet would continue to hold its Board meetings at various other locations throughout the region. However, this option is not preferred for the reasons discussed above.

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**WHEREAS**, TriMet has authority under ORS 267.200 to enter into an amendment of its lease with Madison-OFC One Main Place OR, LLC for its administrative offices (Lease Amendment); and


**WHEREAS**, by Resolution No. 22-05-35, dated May 25, 2022, the TriMet Board of Directors (Board) adopted a Statement of Policies requiring the Board to approve all contracts obligating TriMet to pay in excess of \$1,000,000; and

**WHEREAS**, the total amount of the Lease Amendment exceeds \$1,000,000;

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

1. That the Lease Amendment shall conform with applicable law.
2. That the General Manager or his designee is authorized to execute the Lease Amendment, bringing the total amount of the Lease to approximately \$37,700,000, over the duration of the Lease expiring on August 31, 2034.

Dated: September 27, 2023

  
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Presiding Officer

Attest:

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

Approved as to Legal Sufficiency:

  
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Legal Department