

Date: December 13, 2023

To: Board of Directors

From: Sam Desue, Jr.



Subject: **RESOLUTION NO. 23-12-63 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A LEASE WITH AMERICAN ASSETS TRUST, LP, FOR THE TRIMET LIFT MOBILITY CENTER AT 710 NE HOLLADAY STREET**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager or his designee to execute a lease with American Assets Trust, LP, dba AAT Lloyd District, LLC, for TriMet’s new LIFT Transit Mobility Center (TMC) at 710 NE Holladay Street (Lease).

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Lease

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 1st Reading
- Ordinance 2nd Reading
- Other _____

6. Background

TriMet’s Paratransit LIFT service provides shared-ride service for people who are unable to use regular fixed-route buses and trains due to a disability or a disabling health condition. To establish eligibility for LIFT service, customers must complete a written application, an in-person interview, a physical assessment, and occasionally a cognitive assessment of their abilities to independently access and navigate the fixed-route transit system. The interview and physical assessment occur at the TMC, and the physical assessment includes a

walkthrough of the transit mobility course, designed to simulate some of the obstacles individuals with disabilities may face while using the fixed-route system.

At the conclusion of the assessment process, the customer is found to be either unconditionally eligible, conditionally eligible, temporarily eligible, or ineligible for LIFT services. Unconditional eligibility means that the person's disability or health condition prevents them from using fixed-route services for all trips. Conditional eligibility means the person is unable to use fixed route-service under certain conditions. Temporary eligibility means that the person's abilities and/or limitations are expected to change within a period of time.

Since 2010, the TMC has been located in a leased facility at NW 5th Avenue and Davis Street in Old Town. However, in 2020, conditions in Old Town became unsafe and TriMet had to close the TMC and move staff offsite to TriMet's Nela facility, at 2800 NW Nela Street. Because the Nela location was not accessible to most potential LIFT riders, staff had to conduct interviews virtually and were not able to conduct the physical assessment portion of the LIFT eligibility process. This led to a much higher number of "unconditional eligibility" determinations, and a significant increase in costs, as the number of LIFT riders was artificially inflated by inaccurate determinations.

Staff recently returned to the NW 5th Avenue and Davis Street TMC facility, but still encounter daily safety and security issues. Since TriMet's lease at the current location will expire on March 31, 2025, TriMet began looking for a replacement TMC site that would better serve staff and eliminate barriers to access for LIFT applicants who must attend interviews and conduct walkthroughs at the TMC.

TriMet engaged Cushman and Wakefield (C&W) to help with the search for a new location. Because of the requirement that applicants for the LIFT program must come to the TMC for an in-person interview and walkthrough, the TMC must be centrally located, in very close proximity (25-50') to transit, and ideally on the ground floor. Also, since nearly 75% of LIFT applicants live on Portland's eastside, a central eastside location is preferred.

C&W found eight potential locations and after review, TriMet staff toured four of them. At the conclusion of the tours, only two of the locations were found suitable for the TMC purposes: 710 NE Holladay Street and 2121 SW 4th Avenue. After evaluating each lease proposal, staff determined that 710 NE Holladay Street was a superior location for the TMC, and was available at a lower lease rate than 2121 SW 4th Avenue.

The general terms of the 710 NE Holladay Street Lease are as follows:

- Lease Term: 141 months (11 years, two months)
- Leased Space: Approximately 7,500 square feet
- Free Rent: 9 months at the beginning of the term (approximate value of \$208,613)
- Rental Rate: \$38.66/square foot (includes estimated operating expenses)
- Tenant Improvements: Turnkey project (value up to \$1,380,000)
- Renewal Option: Five year extension, at TriMet's option
- Total Financial Obligation: Approximately \$3,500,000
- Average Yearly Payment: Approximately \$318,000

Currently, TriMet pays approximately \$180,000 per year to lease the TMC at NW 5th Avenue and Davis Street. In addition, TriMet pays a security firm about \$97,000 per year to protect

the facility, making the total yearly payments associated with the current lease approximately \$277,000. Because the building owner at 710 NE Holladay Street provides security, this additional security expense will not be necessary, making the increased cost of the 710 NE Holladay Street location only about \$41,000 per year.

7. Financial/Budget Impact

The total cost of the Lease at 710 NE Holladay Street is expected to be approximately \$3,500,000 over the 141-month term. Similar to the current TMC lease at NW 5th Avenue and Davis Street, the annual payments for this Lease will be included in TriMet's zero-based budget for leased facilities.

8. Impact if Not Approved

Board approval for this Lease is requested at this time because staff estimates that the process to finalize lease terms and to design and construct the new office space will take approximately six to nine months. Staff would like to have the new TriMet Transit Mobility Center completed and operational by July 1, 2024, so it can cease operations in Old Town and provide a more accessible, safe and secure environment to LIFT customers. If the Board decides not to approve the Lease, TriMet could continue to operate at the current location until March 31, 2025, when it would need to find a different location for the TMC. That option is not desirable for the reasons discussed above.

RESOLUTION NO. 23-12-63

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TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A
LEASE WITH AMERICAN ASSETS TRUST, LP, FOR THE TRIMET LIFT
MOBILITY CENTER AT 710 NE HOLLADAY STREET**

WHEREAS, TriMet has authority under ORS 267.200 to enter into a lease with American Assets Trust, LP, dba AAT Lloyd District, LLC for its LIFT Transit Mobility Center at 710 NE Holladay Street (Lease); and

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

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

NOW, THEREFORE, BE IT RESOLVED:

1. That the Lease shall conform with applicable law.
2. That the General Manager or his designee is authorized to execute the Lease in the total amount of approximately \$3,500,000, through the March 31, 2036 expiration date of the Lease.

Dated: December 13, 2023



Presiding Officer

Attest:



Recording Secretary

Approved as to Legal Sufficiency:



Legal Department