

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Department of Transportation (SDOT)	Bill LaBorde, 684-0102	Christie Parker, 684-5211

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Seattle Department of Transportation; authorizing the Director of Transportation to enter into a lease agreement with the National Railroad Passenger Corporation for Amtrak’s continued use and occupancy of a portion of King Street Station to provide passenger rail services.

Summary and background of the Legislation: The proposed legislation authorizes the director of the Department of the Transportation to enter into a 20-year lease agreement with the National Railroad Passenger Corporation (Amtrak) to continue operating its intercity passenger rail operations in Seattle at King Street Station.

Amtrak has continuously operated passenger rail services at King Street Station since its inception in 1971, following Congressional enactment of the National Rail Passenger Service Act whereby it took over passenger rail operations from the Burlington Northern and Union Pacific railroads. King Street Station had continuously served as a passenger rail terminal since it was constructed in 1906 by the Great Northern and Northern Pacific railways, which were eventually merged into the Burlington Northern and, in 1996, the Burlington Northern and Santa Fe Railway (BNSF). BNSF donated the station to the City for \$10 on February 15, 2008 as authorized by City Ordinance 122312.

The National Rail Passenger Service Act required incumbent railroads, such as Burlington Northern, to grant Amtrak access to tracks and passenger facilities necessary for it to carry out its operations, including adequate use and access to existing passenger stations, including King Street Station. Amtrak’s rights to station use and access were last memorialized with BNSF in a 2003 lease agreement. BNSF’s rights and responsibilities guaranteed under the Rail Act and memorialized in the 2003 agreement were assigned to the City when it purchased the station in 2008 and now carry forward in the proposed agreement between the City and Amtrak. Specifically, the assigned lease provided Amtrak quiet enjoyment of the 1st Floor of the station, including the historic Women’s Waiting Room, while requiring Amtrak to pay its cost directly related to the use of the station.

The new lease with Amtrak secures its continued occupancy of the 1st Floor of King Street Station and establishes rent that will allow the City to maintain agreed-upon levels of maintenance and operating standards, as well as funding a major maintenance and capital improvement fund to cover the costs of replacing major building systems, roof replacement and other major costs. The agreement also clarifies the City’s right to lease spaces on the 2nd and 3rd floors that had previously been utilized by Burlington Northern until its merger with the Atchison, Topeka & Santa Fe Railway in 1996, when most BNSF operations were consolidated

in Ft. Worth, Texas.

Key Terms of the proposed City lease agreement with Amtrak include:

Premises:

- The grant of premises to Amtrak includes the 1st Floor and areas where rail operations are staged, plus non-exclusive use of station common areas necessary for the public to access Amtrak operations
- SDOT retains access to the entire station for purposes of building operations and maintenance, including building mechanical facilities
- Premises are provided “as is”
- Permitted uses are those related to intercity rail passenger services and ancillary uses, including vending machines, sales of sundry items, newspaper stands, luggage care rentals, electronic charging stations and rental car or hotel concierge services.

Women’s Waiting Room:

- The historic Women’s Waiting Room, along with the rest of 1st Floor remains in Amtrak’s control (per assigned lease via grant of deed) but the agreement acknowledges that at this time Amtrak does not intend to use the space for its operations and provides an opening for the City market it for uses compatible with passenger rail operations (eg., restaurant or café) on Amtrak’s behalf. The estimated \$1-2 million cost of renovating the Women’s Waiting Room means that the space is unlikely to generate substantial income for a significant period of time and that it remains in the City’s interest to market the space even if any potential income would fall to Amtrak. Amtrak is unlikely to take any action to market the space on its own

WSDOT Agreements:

- Prior funding agreements with WSDOT (which contracts with Amtrak to operate the Cascades intercity rail service) provide WSDOT with use and occupancy of up to 400sf of space within the Amtrak premises and access to restrooms and streets and sidewalks necessary to reach the station.

Term:

- The lease term is 20 years from date of signing, upon which the City lease supersedes the assigned BNSF lease
- Amtrak may terminate early, with 90-day notice, if it ceases passenger rail operations to Seattle

Rent and Expenses:

- The base rent is defined as “all expenses associated with operating and maintaining the Premises..., including all utility expenses and including any expenses incurred by the City that are exclusively for the benefit of the Premises.”
- In addition to the base rent, Amtrak is responsible for a 51.61% share of O&M expenses, along with a defined share of annual Major Maintenance Reserve fund payments. These expenses are itemized in the lease agreements Exhibit C
- O&M is defined to include utilities not separately metered, waste removal, routine

maintenance, repairs, snow removal, security, landscaping, permits, insurance and property management fees. Exclusions include costs related to use of Jackson St Plaza and tenant spaces on 2nd and 3rd Floors and capital improvements

- Upon execution of the agreement, Amtrak agrees to make an annual payment of \$12,510.61 to the stabilized fund for major maintenance and capital improvements to the Station
- Initial monthly base rent is \$14,250.75 (\$171,009 annualized) with adjustments based on an annual written statement of actual O&M incurred in the previous year that the City provides to Amtrak each January.

Other substantive provisions:

- Janitorial standards are established in Exhibit D
- The City must maintain the building in good operating condition, including acceptance of responsibility for repairs
- Exhibit E establishes maintenance standards for the building, as agreed-upon by the City and Amtrak, as approved by the Federal Rail Authority and required under a separate grant agreement.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation has direct financial implications.

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2015	2016	2015	2016
	0	0	0	0
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
	0	\$0	0	\$ 183,519.61
Positions affected:	No. of Positions		Total FTE Change	
	2015	2016	2015	2016
	0	0	0	0
Other departments affected:				

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

 x This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
Transportation Operating Fund (10310)	SDOT	Amtrak Base Rent King Street Station	0	\$171,009.00
Transportation Operating Fund (10310)	SDOT	Amtrak Major Maintenance Reserve Contribution	0	\$ 12,510.61
TOTAL			0	\$183,519.61

Revenue/Reimbursement Notes:

3.c. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

Since the City took ownership of King Street Station in 2008, Amtrak has needed to cover costs related to its operations, but there was no actual agreement in place for a base level of rent, leaving the City with no control over the building’s level of maintenance. Under this new agreement, Amtrak will pay additional rent that is based on an agreed-upon O&M Plan, allowing us to maintain the building in good condition, thereby the massive public investment in upgrading and restoring this historic landmark. Beyond providing for a stable plan to maintain the building, the lease provides for funding of a long-term major maintenance and capital improvement fund to cover roof replacement and other major long-term costs.

b) Is there financial cost or other impacts of not implementing the legislation?

Yes, without a new agreement, the City can only rely on the assigned agreement’s requirement that Amtrak cover its own costs, so we cannot rely on Amtrak to pay an adequate share of O&M to maintain the building and provide for its long-term upkeep. The City would have to fund these costs on its own and through future 2nd and 3rd Floor tenants.

c) Does this legislation affect any departments besides the originating department?

No

d) Is a public hearing required for this legislation?

No

- e) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

- f) **Does this legislation affect a piece of property?**

Yes, King Street Station (see attached map)

- g) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

This is only relevant to the extent that the approval of the Amtrak lease will allow King Street Station O&M to be more self-sustaining independent of the General Fund or levy proceeds, allowing those resources to be preserved for needed safety and infrastructure improvements across the City, including areas with higher concentrations of minorities.

- h) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

- i) **Other Issues:**

List attachments/exhibits below:

Attachment 1 – King Street Station Location