



Date: June 30, 2014

To: Honorable Senator Curtis King, Co-Chair, Senate Transportation Committee
Honorable Senator Tracey Eide, Co-Chair, Senate Transportation Committee
Honorable Representative Clibborn, Chair, House Transportation Committee
Honorable Representative Orcutt, Ranking Member, House Transportation Committee
David Schumacher, Director of Office of Financial Management

From: Lynn Peterson, Secretary of Transportation

Subject: Proviso Report – 2013-15 Enacted Budget: Traffic Management Center Update and Goldsmith Lease Termination

This memo reports on the status of agency activity as required by Section 305 (2) of the Washington State Department of Transportation (WSDOT) 2013-15 Enacted Budget (ESSB 5024) which states:

*\$14,390,000 of the transportation partnership account--state appropriation is provided solely for the construction of a new traffic management and emergency operations center on property owned by the department on Dayton Avenue in Shoreline (project 100010T). Consistent with the office of financial management's 2012 study, it is the intent of the legislature to appropriate no more than \$15,000,000 for the total construction costs. **The department shall report to the transportation committees of the legislature and the office of financial management by June 30, 2014, on the progress of the construction of the traffic management and emergency operations center, including a schedule for terminating the current lease of the Goldsmith building in Seattle.***

Progress on Construction of Traffic Management and Emergency Operations Center:

- The November 2013 contract was awarded to PCL Construction Services, Inc. It is WSDOT's first use of design-build as a delivery method for a building project.
- On-site work began in April 2014. Subsurface work is underway and building construction will start in August 2014. Building construction is scheduled to be complete in April 2015. WSDOT will then install equipment and move staff in phases into the new TMC.
- The project is funded at \$15 million and is anticipated to be completed under budget. An appropriate level of funding is available within the budget to cover anticipated project risk items.

- The new TMC will meet a Leadership in Energy and Environmental Design (LEED) Silver standard. To remain operational during an earthquake, the TMC will be built to essential facility standards, similar to a fire station or hospital.

Schedule for Terminating the Current Lease of the Goldsmith Building in Seattle:

WSDOT leases about 23,300 square feet of office space at 401 2nd Avenue South in Seattle in a building commonly known as 'Goldsmith'. Three of WSDOT's key business groups are located at Goldsmith, including the Toll Division, the Urban Planning Office, and staff from the Public Transportation Division. About 130 WSDOT staff and consultants work at Goldsmith. To facilitate strategic multi-modal initiatives and to complete funded projects, each group works closely with city and local agency customers located within the downtown area. The building is adjacent to King County and Sound Transit offices, as well as close to commute options. Initially leased in 1992, the building continues to house agency business functions with strong ties to central Puget Sound partners and agencies.

We fully intend to move out of Goldsmith. However, when we do move, we want to ensure it is both cost effective and an operationally efficient decision. In the past two years, several things have changed and need to be taken into consideration:

- A. The Toll Division is still in a ramp-up phase. Moving the Toll Division during Go-Live timeframes for the I-405 Express Toll Lanes and SR 99 Tunnel would be disruptive and would threaten our ability to implement.
- B. The Toll Division may need to collocate with the customer service center vendor as outlined in the November 2013 Toll Operations Review.
- C. We are currently assessing what options may be the most cost effective long term approach to best meet the needs of our 800-person Seattle-area workforce. We will work to update our facility plan consistent with these findings.

Currently WSDOT is:

- Conducting a feasibility study to identify various least cost alternatives to work our way through the overall facility priority list as well as evaluate the potential long term benefits of a consolidated facility in the Seattle area.
- Engaged in efforts to develop a Request For Proposals for a new Toll customer service center vendor that will include collocation opportunities in 2018.
- Working in conjunction with DES to actively negotiate with our current landlord to reduce our existing Ferries HQ lease in accordance with ESSB 6001 Section 221(7) and 309(8). We are in the process of consolidating our footprint from approximately 125,000 SF down to about 85,000 SF, but our ability to reduce the

overall lease costs by 50% may not be achievable without splitting up the Ferries organization.

- Regularly ensuring the existing Goldsmith lease and square footage is the minimal amount necessary to perform our work. Since 2009, as a result of focused space consolidation efforts across the agency, WSDOT has reduced its leased space at Goldsmith by 41%, (from 39,700 to 23,300 square feet). The current lease rate of \$21 per square foot is at the low range of area market lease rates and the current space is efficiently used.

Given the circumstances identified above, we anticipate terminating the Goldsmith building lease and vacating the building in the 2018-19 timeframe.