

Date: October 5, 2015

To: Honorable Senator King, Chair, Senate Transportation Committee  
Honorable Representative Clibborn, Chair, House Transportation Committee  
Honorable Senator Hobbs, Ranking Member, Senate 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: Shoreline Vacancy, Seattle Area Consolidation Update and Goldsmith Lease Termination

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This memo reports on the status of agency activity as required by Section 305 of the Washington State Department of Transportation (WSDOT) 2015-17 Enacted Budget (2ESHB 1299) which states:

***By September 30, 2015, the department shall report to the transportation committees of the legislature and the Office of Financial Management on the resulting vacancy rate of the existing regional headquarters building in Shoreline, plans to consolidate department staff into the building, and the schedule for terminating the current lease for the Goldsmith building in Seattle, and provide an update on future plans to consolidate agency staff within the region.***

Update on Future Plans to Consolidate Agency Staff Within the Region:

WSDOT, the Office of Financial Management and Department of Enterprise Services are evaluating funding strategies to continue a feasibility study identifying least-cost alternatives to consolidate all 800 staff into a single location within the next 5-10 years. The opportunity to consolidate Seattle-area workforce will allow WSDOT to:

- Strengthen our ability to be an employer of choice
- Enhance alignment with critical central Puget Sound partners
- Avoid on-going lease costs that will increase over time
- Occupy more energy efficient space that supports green-house gas reduction

Update on the Vacancy Rate of the Northwest Regional Headquarters Building:

The Northwest Regional Headquarters Building in Shoreline, commonly referred to as Dayton, was purchased in 1990. The new Transportation Management Center, currently in its final phase of completion, is situated on the same 15 acre site. As of September 1<sup>st</sup>, and based on 120,000 usable/rentable square feet, 365 WSDOT staff are located in the building. Applying the standard DES metric of 215 square feet per person results in a 35% vacancy rate, which is a 5% reduction since this time last year.

Since 2010, WSDOT has reduced the number of the leases in the greater Seattle area (from nine to five), reduced the footprint of remaining leases (WSF headquarters and Goldsmith) and consolidated staff into owned space (including Dayton). As a result, the long-term focus of backfilling Dayton lies within consolidation of existing leases and/or fulfilling space needs of other agencies. In the near term, WSDOT is anticipating the addition of design teams at Dayton to deliver multiple Connecting Washington projects. These teams would be comprised of approximately 12-14 agency staff and consultants.

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

Initially leased in 1992, WSDOT continues to lease office space at 401 2<sup>nd</sup> Avenue South in Seattle in a building commonly known as ‘Goldsmith’. Three of WSDOT’s key business groups occupy about 23,300 square feet 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 within the downtown area. Located adjacent to King County and Sound Transit offices, as well as major public transportation hubs, the building continues to house agency business functions with strong ties to central Puget Sound partners and agencies.

WSDOT is committed to moving out of the Goldsmith building and anticipates terminating all leases and vacating the building in the 2018-19 timeframe. However, the following activities over the past three years affect our near term decisions:

- 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 is planning to collocate with the customer service center vendor as outlined in the November 2013 Toll Operations Review.
- C. An initial assessment of a least-cost approach to house our entire 800-person Seattle-area workforce indicates that a consolidated facility, including Northwest Region Headquarters, Ferries Division and Goldsmith staff may be the best long-term solution for WSDOT to pursue.

Currently WSDOT is:

- Engaged in efforts to develop a Request For Proposals for a new Toll customer service center vendor that will include collocation opportunities in 2018.
- 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). As part of Tolling's long-term plan to improve customer service and maximize efficiency, some staff is expected to relocate to the existing Customer Service Center in 2015. This will result in an opportunity to "turn back" approximately 2,000 square feet of space on the 3<sup>rd</sup> floor, which will be discussed at upcoming lease negotiations.

- The Goldsmith lease consists of 3 separate lease agreements. The 4<sup>th</sup> floor lease is set to expire in 2016 and a new flexible lease will be negotiated. Two other leases on the 3<sup>rd</sup> floor will expire in 2018. The lease rate may be impacted with this renewal and may require a supplemental budget request to cover any increase. 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.