



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <div style="float: right; border: 1px solid black; padding: 2px; text-align: center;"> <small>DocuSigned by:</small> <i>Michael Jones</i> <small>47000790F2D7463...</small> </div>		GENERAL MANAGER ACTION REQ'D:		
DATE: 12/13/2022 1/4/2023		BOARD INITIATED ITEM: No		
Originator/Prepared by: Joseph Basuino Dept: Real Estate & Prop Development <div style="border: 1px solid black; padding: 2px; text-align: center; margin-top: 10px;"> <small>DocuSigned by:</small> <i>Joseph Basuino</i> <small>1C6C2911CC1E414...</small> </div> Signature/Date: <div style="text-align: right;">1/3/2023</div>	General Counsel <div style="border: 1px solid black; padding: 2px; text-align: center; margin-top: 10px;"> <small>DocuSigned by:</small> <i>Jana Belan</i> <small>F8FD7B3A73E74E8...</small> </div> Signature/Date: <div style="text-align: right;">1/3/2023 []</div>	Controller/Treasurer <div style="border: 1px solid black; padding: 2px; text-align: center; margin-top: 10px;"> <small>DocuSigned by:</small> <i>Chris Gan</i> <small>EE11C8CEEEA04FD...</small> </div> Signature/Date: <div style="text-align: right;">1/3/2023 []</div>	District Secretary <div style="border: 1px solid black; padding: 2px; text-align: center; margin-top: 10px;"> <small>DocuSigned by:</small> <i>Val Menotti</i> <small>AA8F1409A8F748E...</small> </div> Signature/Date: <div style="text-align: right;">1/3/2023 []</div>	BARC <div style="border: 1px solid black; padding: 2px; text-align: center; margin-top: 10px;"> <small>DocuSigned by:</small> <i>Val Menotti</i> <small>AA8F1409A8F748E...</small> </div> Signature/Date: <div style="text-align: right;">1/3/2023 []</div>

Authorization to Enter into a First Amendment to Lease for 150 California St, San Francisco

PURPOSE:

To authorize the General Manager, or his designee, to enter into a First Amendment to Lease with PPF OFF 150 California Street, LP, a Delaware Limited Partnership for approximately 2,921 square feet of office space at 150 California Street, San Francisco, for a three-year term with a two-year option commencing February 1, 2023.

DISCUSSION:

On July 29th, 2015, ("Effective Date") the District entered into a lease for office space at 150 California Street in San Francisco, Suite 275, for approximately 2,921 square feet (the "Lease") with PPF OFF 150 California Street, LP ("Landlord"). The Lease had an initial term of seven-years and three months, commencing October 19, 2015 ("Commencement Date") and expiring January 31, 2023. The current annual lease payment, plus operating expenses paid to the Landlord pursuant to the terms of the Lease, is \$176,868.

BART utilizes this space to support operations of the M-Line. A total of 15 BART staff are based there to provide greater proximity to the M Line, including the Assistant Chief Transportation Officer, M-Line Manager, Senior Operations Supervisors, Operations Supervisors, System Service and Line Foreworkers. The office is utilized 24/7 for 3 shifts of employees.

BART Real Estate staff evaluated the fair market rate for 14 different office locations in the financial district of San Francisco, where the M-Line offices must be located for efficient operations. Eleven locations were eliminated due to their distance from the BART stations

and/or because they were too large for BART's needs.

After a detailed evaluation of the remaining 3 most competitive locations, staff found that the current location is the most financially beneficial to the District because it has the lowest price per square foot and the proposed deal would provide BART 4 free months of rent. Remaining at the current location is also expected to avoid an expenditure of approximately \$30,000 in relocation expenses. If authorized by the Board, staff would enter into a first amendment to the Lease (the "Amendment") that would take effect on February 1, 2023, and provide for a Lease termination date of January 31, 2026, with one option to extend the Lease for an additional two years.

The new annual base rent for the first year of the term, running from February 1, 2023 through January 31, 2024, will be \$80 per square foot (excluding operating expenses), less the four months' free rent negotiated by staff, with the rate increasing by 3% in each year. Operating expenses billed by the landlord are anticipated to average around \$1,900 per month. The annual base rent for the first option years, if the option were exercised, would be determined based on the prevailing market rent per new, renewal and amended leases for this market area.

The Office of the General Counsel will approve the Amendment as to form.

FISCAL IMPACT:

Funding for the rent payments and operating expenses during the first year are included in the FY23 and FY24 Adopted Budget for the Real Estate Department. Department # 1011275; Account # 680330.

The first-year rent, excluding operating expenses, will be \$156,000.00 (inclusive of four months rent free). The rent for the remaining two years and for the two option years will be as follows:

Second year: \$241,000.00

Third year: \$248,000.00

Option year 1: Prevailing Market Rent estimated to be \$260,000.00

Option year 2: Prevailing Market Rent estimated to be \$265,000.00

Total: \$1,170,000.00

Funding for subsequent years will be included in the proposed annual operating budget, which is subject to Board approval.

This action is not anticipated to have any Fiscal impact on unprogrammed District reserves in the current Fiscal Year.

ALTERNATIVES:

Do not enter into the Amendment. Staff would instead extend on a month-to-month basis at the current location and search for another space.

RECOMMENDATION:

Adopt the following motion:

MOTION:

The General Manager or his designee is authorized to: 1) execute a First Amendment to Lease with PPF OFF 150 California Street, LP for 2,921 square feet of office space at 150 California Street, San Francisco for a three-year term, with a two-year option, and 2) to exercise said option if he or his designee determines it is in the District's best interest to do so.