



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Robert M. Pucum</i> 16 MAY 2019		GENERAL MANAGER ACTION REQ'D: Approve and Forward to the Board		
DATE: 5/10/2019		BOARD INITIATED ITEM: No		
Originator/Prepared by: Barbara Inaba Dept: Systems Development	General Counsel <i>[Signature]</i> 5/16/19 []	Controller/Treasurer <i>[Signature]</i> 5/16/19 []	District Secretary []	BARC <i>[Signature]</i> 5/16/2019
Signature/Date: <i>Barbara Inaba</i> 5.16.19				

TO AUTHORIZE A LEASE WITH CALTRANS FOR BART EMPLOYEE PARKING AND SUBLEASE A PORTION OF LEASE AREA TO MTC

PURPOSE: To request authorization for the General Manager, or her designee, (1) to enter into a five-year lease with Caltrans, with an option to extend for an additional five-year period, for employee parking within Caltrans right-of-way under the elevated Route 880 freeway structure bounded by Fifth, Sixth, Oak and Madison Streets (Lease Area) in Oakland; and (2) to enter into a sublease with Metropolitan Transportation Commission (MTC), with an option to extend, for MTC employee parking within a portion of the Lease Area.

DISCUSSION: The District currently leases a parking lot of approximately 40,000 square feet from Caltrans for employee parking on a month-to-month basis. The previous lease expired on December 31, 2014 and the District has been renting the parking lot on a month-to-month basis for the past five (5) years. The current monthly rent is \$5,300.00. The proposed lease would be for approximately 49,000 square feet and from July 1, 2019 through June 30, 2024, with an option to renew for an additional five-year period. The initial monthly rate will be approximately \$7,350.00 with an increase of 4 % each year during the initial term of the lease. The terms of the option will be determined by Caltrans prior to the expiration of the initial lease period and will be based on fair market value of Caltrans' parking lot lease rates on its properties in the vicinity. In the past the escalation has been at 3% annually.

A Union arbitration ruling requires that the District provide 123 parking spaces for free employee parking, to be distributed on a first-come first-served basis. The proposed Lease Area provides 77 parking spaces for this purpose. The other 46 required parking spaces are provided at BART's Broadway Avenue and 20th Street parking lot. As the total number of

parking spaces available in the Lease Area lot exceeds 77, the District intends to sublease a portion of the Lease Area, thereby reducing the District's leasing costs.

BART intends to sublease a portion of the Lease Area to MTC for its employee parking. The proposed sublease would be for approximately twelve (12) parking stalls or ten (10) percent of the Lease Area. The term of the proposed sublease would be from July 1, 2019 through June 30, 2024, with an option to renew for an additional five-year period if the District renews its lease with Caltrans. MTC will pay approximately \$735.00 in monthly rent, which will increase at a rate of 4% each year during the initial term of the sublease. Therefore, the net monthly District leasing cost will be \$6,615.00 in year 1.

Downtown Oakland is rapidly developing with numerous residential, commercial and other construction projects. Some existing parking lots in the area north of BART's administrative headquarters at 300 Lakeside (LKS) are being developed, reducing the pool of available parking in the area. The monthly rates at several remaining parking lots within walking distance to LKS range between \$175.00 and \$220.00, which are significantly higher than the estimated \$65.00 per month that the District will pay for each space in the subject parking lot.

Termination of the Caltrans lease and the MTC sublease is available with thirty days' notice of any contracting party.

The Office of the General Counsel will approve the lease and the sublease as to form.

FISCAL IMPACT: The subject EDD proposes a five-year lease at a total cost of approximately \$477,740.00 from July 1, 2019 – June 30, 2024.

The funds will be budgeted in the Real Estate and Property Development operating budget (Dept. 1011275 - Real Estate, Account 680330 – Building Space Rentals) as follows:

Estimated Expense	
FY20	\$ 88,200
FY21	\$ 91,730
FY22	\$ 95,400
FY23	\$ 99,220
FY24	\$ 103,190
TOTAL	\$ 477,740

Funding for FY20 is included in the proposed operating budget of Dept. 1011275. 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.

It is projected that revenue generated by subleasing a portion of the Lease Area to MTC will be approximately \$47,780.00 over the five-year period.

ALTERNATIVES: Provide the required employee parking spaces by leasing space elsewhere at a significantly higher cost.

RECOMMENDATION: Adoption of the following motion.

MOTION: The General Manager or her designee is authorized: (1) to enter into a five-year lease with Caltrans, with an option to extend the lease for an additional five-year period, for an employee parking area bounded by Fifth, Sixth, Oak and Madison Streets in Oakland commencing July 1, 2019 for an amount not to exceed \$477,740.00 for the first five-year term of the lease; and (2) to enter into a five-year year sublease with MTC for a portion of the Lease Area for approximately \$47,780.00, with an option for MTC to extend for an additional five-year period, pending BART's extension of its lease with Caltrans.