



# BART Headquarters: Workplace Strategy & Recommendation



September 12, 2019



# BART Headquarters

## **Current Situation**

- Lease 369,587 RSF at 300 Lakeside
- +/- 1100 employees & contractors
- Lease expiry July 18, 2021
- Current rent - \$40 PSF/year - Full Service Gross ("FSG")
  - Two 5-year options available at 90% of Fair Market Value ("FMV")
  - Anticipated FSG rent approx. \$62-\$64 PSF/year – (90% of FMV)

## **Real Estate Activities**

- Engaged JLL (February 2018)
- Work Place Strategy Study (April – November 2018)
- Real Estate Negotiation (February – June 2019)



# Workplace Engagement Overview

## WORKPLACE OBJECTIVES

- **Increase Efficiency**
  - Reduce Costs
  - Standardize space types
  - Increase flexibility of space
- **Improve Effectiveness**
  - Provide a workplace that promotes productivity
  - Enhance technology
  - Reduce dependence on paper
- **Enhance Work Experience**
  - Increase collaboration
  - Create workplace that helps attract and retain top talent
  - Enhance health & wellbeing within the workplace

## BART DATA SOURCES



### EXECUTIVE VISIONING SESSION & TOURS

*20+ leaders participated in 5 site tours and visioning*



### WORKPLACE UTILIZATION STUDY

*800 spaces observed; every hour for 1 week*



### ONLINE EXPERIENCE SURVEY

*113 of 225 Managers responded*



### LEADERSHIP INTERVIEWS

*14 interviews conducted*



### EMPLOYEE FOCUS GROUPS

*8 interactive workshops*



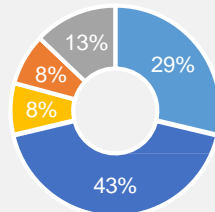
# Workplace Scenarios

**Target**

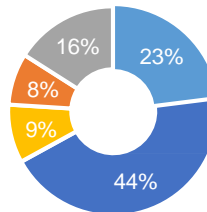
- Workstations
- Offices
- Collaboration / Team Spaces
- Mission Critical / Unique Spaces
- Support/ Amenities

## CURRENT

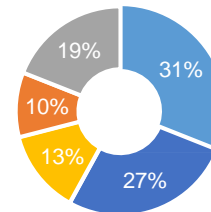
Area % of Total



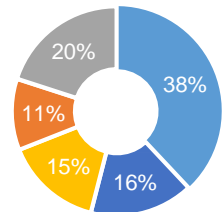
## CONSERVATIVE



## MODERATE



## PROGRESSIVE



Headcount / Seat Count

1100 / 1140

1300 / 1300

1300 / 1290

1300 / 1275

Offices % / Workstation %

40 % / 60 %

20 % / 80 %

20 % / 80 %

10 % / 90 %

Office Sizes

100-500SF (varies)

250SF , 150SF

150 SF, 120SF

120SF

Workstation Sizes

24-80SF (varies)

36 SF

36 SF, 24SF

36 SF, 24SF

Sharing %

0%

0%

5%

10%

USF / Person

305

200

166

150

Total USF

~335,988 USF

~258,000 USF

~216,000 USF

~196,000 USF

~369,587 RSF

~297,000 RSF

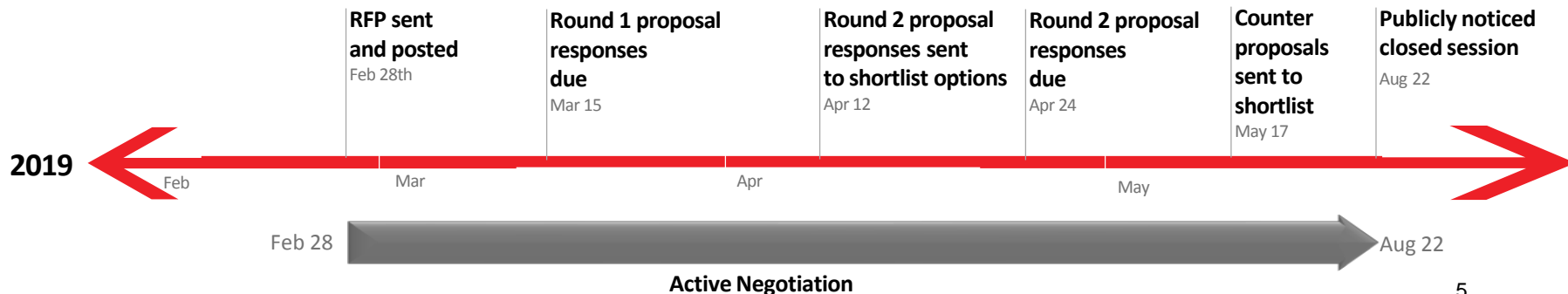
~248,000 RSF

~225,000 RSF



# BART Headquarters - RFP

- Posted RFP publicly and sent to all viable relocation options/developers
- RFP Criteria
  - Remain in Oakland – Central to BART operations control center, Oakland Wye, current/future employee population
  - +/- 250,000 RSF
  - Option to purchase
  - 10-15 year lease term
  - Ability to accommodate BART Board Room
  - Proximity to local amenities and BART station





# Summary & Financial Comparison



<b>Address</b>	2150 Webster Street	300 Lakeside Drive	601 12th Street
<b>Landlord/Owner</b>	Lane Partners & Walton Street	Swig Company & Rockpoint Group	Shorenstein & Met Life
<b>Notes</b>	Relocate to fully renovated building, either in lease or purchase scenario.	Relocate to lower floors in the building to reduce BART footprint	Relocate to floors 2-11 in new building near 12th Street BART station
<b>Delivery Timing</b>	Immedieately	Immedieately	Immedieately
<b>Premises Size</b>	244,249 RSF	255,516 RSF	264,418 RSF
<b>Board Room Location</b>	Within Premises on 1st Floor	Within Premises on 2nd Floor	Within Premises on 2nd Floor
<b>Parking</b>	11 Stalls.	0.7 stalls per 1,000 RSF leased	0.7 stalls per 1,000 RSF leased split equally between building garage and adjacent garage.
<b>Bike Parking</b>	50-100 exclusive bike stalls	50 exclusive bike stalls	68 non-exclusive bike stalls
<b>Financial Comparison - 25 Years</b>			
<b>Notes</b>	Purchase	Lease	Lease
<b>Start Date</b>	7/1/2021	7/1/2021	7/1/2021
<b>End Date</b>	6/30/2046	6/30/2046	6/30/2046
<b>Term (Months)</b>	180	180 (proposed 120)	180
<b>NPV @ 5%</b>	<b>\$259,552,793</b>	<b>\$373,044,806</b>	<b>\$430,797,812</b>



## Decision

The Real Estate Committee recommends that the BART Board approve the purchase of 2150 Webster which enables BART to:

- Secure lowest long-term occupancy costs through purchase
- Mitigate future market risk
- Increase efficiency of BART HQ footprint
- Control its own HQ (building security, BART branding, etc.)
- Implement new workplace model to enhance recruitment, retention & collaboration

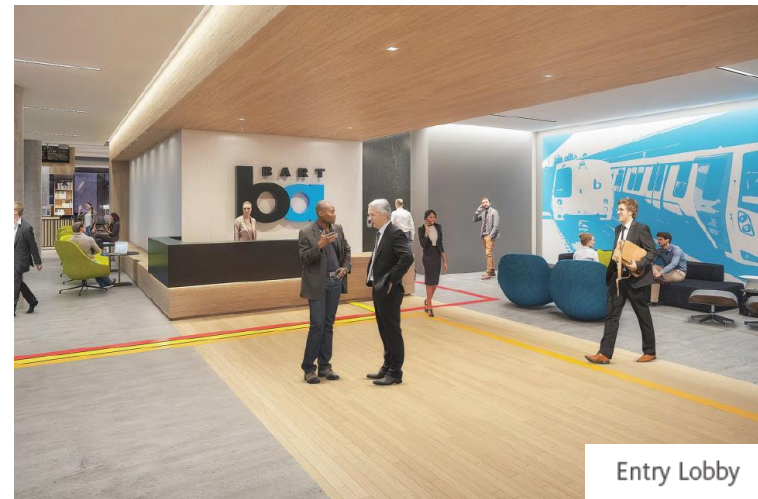




# 2150 Webster

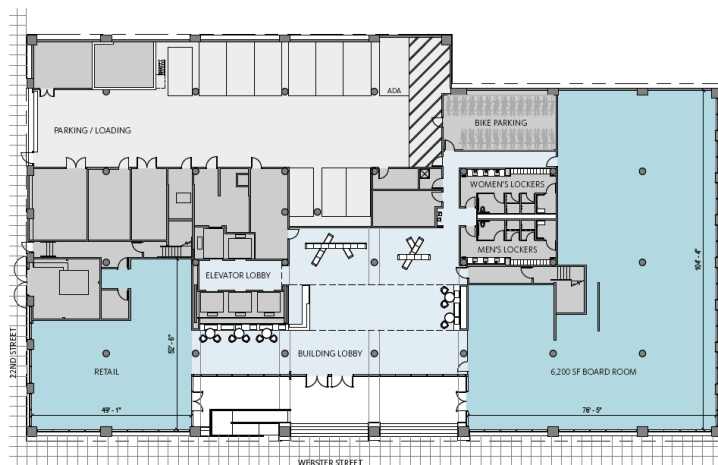


Exterior View from  
300 Lakeside

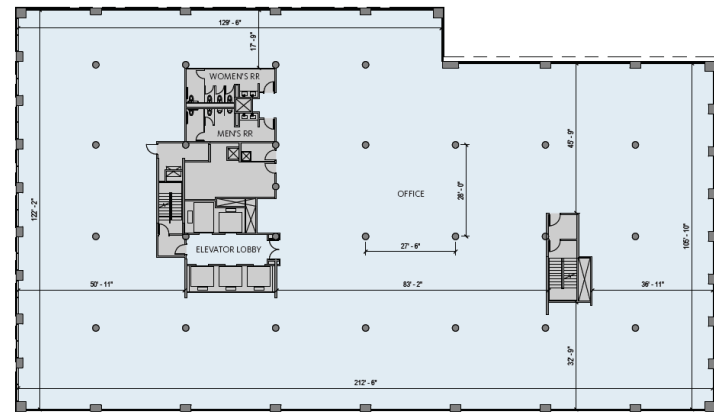


Entry Lobby

LEVEL 01 FLOOR PLAN



LEVEL 02-09 FLOOR PLAN

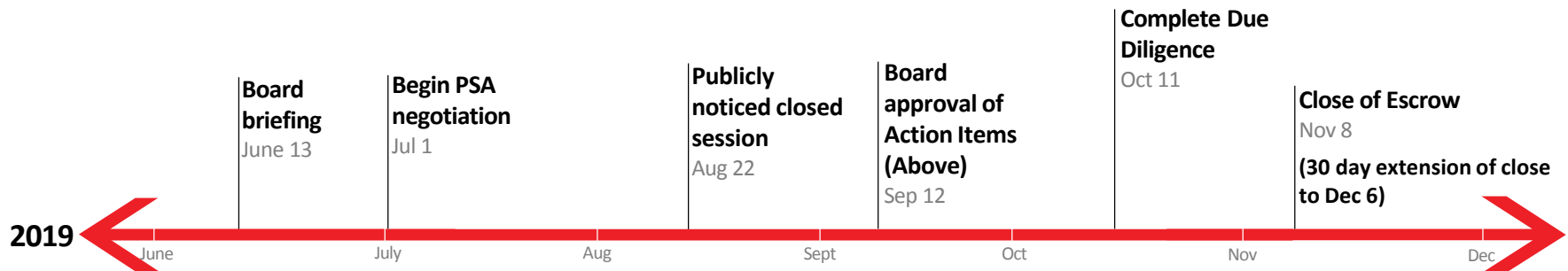






## Next Steps

- Board Actions on September 12 in Open Session
  1. Approval of purchase
  2. Authorization to issue sales tax revenue bonds
  3. Formal funding/reimbursement agreement
- Due diligence completed October 2019
- Close of escrow Nov/Dec 2019





## Questions & Discussion