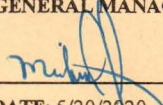
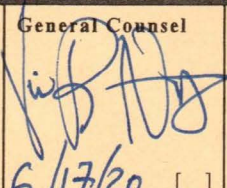
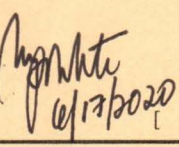
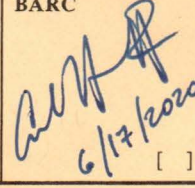
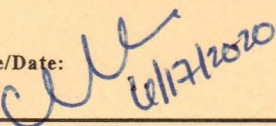




EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:  6/17/2020		GENERAL MANAGER ACTION REQ'D: Yes		
DATE: 5/20/2020		BOARD INITIATED ITEM: No		
Originator/Prepared by: Alesia Strauch Dept: Real Estate & Prop Development	General Counsel  6/17/20 []	Controller/Treasurer  6/17/2020 []	District Secretary []	BARC  6/17/2020 []
Signature/Date:  6/17/2020				

Authorization to Renew Lease for Warehouse Space at 2305 Chestnut Street Oakland, California

PURPOSE:

To authorize the General Manager, or their designee, to enter into a lease renewal with West Grand Adeline, LLC (Landlord) for approximately 6,000 square feet of warehouse space located at 2305 Chestnut Street Oakland, California for a five-year term beginning July 1, 2020.

DISCUSSION:

BART has leased the single-story warehouse building since August of 2012, with subsequent lease renewals in 2013 and 2015. The current agreement approved by the Board will expire on June 30, 2020.

The warehouse is utilized by the BART Office of the CIO staff and a contractor who services BART's commercial fiber optic and wireless leasing customers systemwide. The warehouse is used to store the equipment, copper and fiber optic cabling, tools and contractor's vehicles. The warehouse at 2305 Chestnut Street is located within a mile of the field office and yard used by the CIO on Clay Street in Oakland. This allows for efficiency in meetings between BART CIO staff and the contractor. The yard at Clay Street is also utilized for staging and laydown of materials from the 2305 Chestnut Street warehouse. The centralized location in Oakland allows the contractor to dispatch staff and materials systemwide within a reasonable and consistent response time, 24 hours per day, seven days per week and continues to be needed for a longer term.

Staff has evaluated other alternatives to meet the warehouse space needs including co-locating within an existing leased warehouse on Bates Avenue in Concord or relocation to the Hayward Maintenance Complex. The Office of the CIO is concerned that relocation outside

of Oakland may impact the response time systemwide for emergency repairs for BART's commercial fiber and wireless leasing customers. Relocation outside of Oakland would also increase travel time for meetings, as well as, cost to transport materials by truck to the Clay Street yard in Oakland for laydown and staging prior to dispatch to job sites.

Staff conducted a survey of similar warehouse spaces currently listed for lease in the Oakland market area. Seven alternative warehouse properties were analyzed ranging in size from 3,500 s.f. up to 17,400 s.f. Asking rental rates ranged between \$0.80 and \$2.85 per s.f. per month and averaging \$1.61 per s.f. per month (excluding pass through expenses like property taxes, insurance and Common Area Maintenance or CAM charges, etc.). The new monthly rental rate proposed for 2305 Chestnut Street is \$0.80 per s.f. per month and is at the lower end of current market lease rates for warehouse properties in the area. The landlord has indicated this rental rate is reflective of BART's long-term tenancy and good standing.

After a detailed evaluation based on proximity to the CIO's Clay Street facility, access to the fiber communication network throughout BART's district, cost per square foot, truck access, CAM charges, condition of facility, building classification and stability of ownership, staff determined that the existing location at 2305 Chestnut Street best meets the District's need.

FISCAL IMPACT:

The current monthly rent is \$3,783.00 per month or about \$0.63 per s.f. per month plus an additional percentage based Common Area Maintenance (CAM) charge that averages about \$100.00 per month for a total of \$3,883.00 per month or \$46,596.00 per year.

The proposed new rental rate is \$4,800.00 per month or about \$0.80 per s.f. per month. An additional \$100.00 per month is proposed to be included in the monthly rent payment to cover CAM charges (in lieu of multiple invoices to process payment of varying CAM charges). The total cost of the proposed lease over the first year would be \$58,800.00 with annual escalations based on the regional Urban Consumer Price Index. This is the same escalation rate approved by the Board in the 2015 lease agreement.

Term	Monthly Lease Payment	Est. Annual Increase	Annual Lease Payment	Estimated Annual CAM Cost	Total Annual Payment
July-June 2021	\$4,800.00	N/A	\$57,600.00	\$1,200.00	\$58,800.00
July-June 2022	\$4,992.00	4%	\$59,904.00	\$1,200.00	\$61,104.00
July-June 2023	\$5,191.68	4%	\$62,300.16	\$1,200.00	\$63,500.16
July-June 2024	\$5,399.35	4%	\$64,792.17	\$1,200.00	\$65,992.17
July-June 2025	\$5,615.32	4%	\$67,383.85	\$1,200.00	\$68,583.85

Total Estimated Lease and CAM payments over 5 Year Lease
Not To Exceed

\$317,980.18

Funds for the lease payment are included in the FY20 Operating Budget for the Real Estate and Property Development Department (REPD). Funding for subsequent years will come from: REPD Department No. 1011275, Operating Fund 0030, Account 680330 and 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 lease the warehouse space at 2305 Chestnut Street, Oakland and continue to search for another location to store the equipment. Relocation will also incur cost for the move of materials and equipment.

RECOMMENDATION:

Adopt the following Motion:

MOTION:

The General Manager, or their designee, is authorized to execute a lease agreement with West Grand Adeline, LLC for warehouse space at 2305 Chestnut Street, Oakland for a five-year term for a first year rent amount of \$58,800.00 with an annual escalation based on the regional Urban Consumer Price Index.