

# Recommendation to Approve Agreements to Compensate SamTrans for Use of Space in the SamTrans Headquarters Building

Finance Committee Meeting

December 19, 2022



# Overview

- Staff recommends that the Board approve two agreements to compensate SamTrans for use of office space in the headquarters building in San Carlos:
  - An agreement to reimburse SamTrans for space used for the Positive Train Control (PTC) project
  - A lease for space on the first floor that is being used for the Peninsula Corridor Electrification Project (PCEP)
  - Both agreements will be paid from existing program budgets

# Agreement for Space Used by the PTC Project

- PTC program staff used 4,128 square feet of office space in the basement of 1250 San Carlos Avenue from September 2017 to December 2020 (40 Months)
- The project was not charged rent during this time
- Based on an independent valuation conducted by a real estate broker, SamTrans and JPB agreed on a fair market value rent of \$288,960 for the entire period (\$1.75/sq.ft./month)

# Lease Agreement for Space Used by PCEP

- On October 1, 2021, the PCEP team began using half of the first floor of 1250 San Carlos Avenue as office space (10,501 square feet)
- No rent for this space has been paid to date
- Based on an independent valuation conducted by a real estate broker, SamTrans and JPB agreed on a fair market value monthly rent of \$56,180.35 (\$5.35/sq.ft./month)
- The proposed lease also includes repayment for security improvements costing \$41,858 that were requested by JPB

# First Floor Lease Cost Summary

<b>Initial Payment:</b>	<p>\$996,923.95 due 30 days after execution of lease (approximately February 5, 2023)</p> <p>Includes:</p> <ul style="list-style-type: none"><li>• \$955,065.95 Initial rent payment for Oct. 2021 - Feb. 2023</li><li>• \$41,858.00 for security improvements</li></ul>
<b>Monthly Rent:</b>	<p>\$56,180.35 (\$5.35/sq. ft.) with annual CPI increases if the space continues to be used after the initial 2-year base term ends (October 2023)</p>
<b>Total Cost:</b>	<p>\$1,390,186.40 for 2-year term, including rent + security improvements</p>

# Staff Recommendation

- Authorize an agreement in the amount of \$288,690 to compensate SamTrans for use of office space by the PTC program, to be paid from the existing PTC program budget
- Authorize the execution of a lease with SamTrans with monthly rent of \$56,180.35, and reimbursement for security improvements, for a total of \$1,390,186.40 over the two-year base term, to be paid from the existing PCEP program budget