

Update Regarding SamTrans Search for a New Headquarters Building and Caltrain's Analysis of its Options

PENINSULA CORRIDOR JOINT
POWERS BOARD

DECEMBER 7, 2023



Background on SamTrans Headquarters Search

- The current SamTrans headquarters building is outdated, suffers from deferred maintenance and would require a major capital outlay to bring to modern office standards
- Caltrain currently pays a share of building costs through the Independent Cost Allocation Plan (ICAP)
- Until recently, SamTrans was focused on exploring the potential for redevelopment of the headquarters via a public-private partnership, however this approach was determined not to be feasible for the foreseeable future given market conditions
- In August 2023 the SamTrans Board authorized staff to conduct a search for a new headquarters building to purchase

SamTrans Headquarters Search

- The SamTrans Board specified the following requirements and criteria for the building search:
 1. Any offer must first be reviewed and approved by the SamTrans Board's HQ Ad Hoc Advisory Committee.
 2. Any final purchase agreement is subject to approval by the SamTrans Board.
 3. The cost may not exceed \$136 million.
 4. Any new headquarter building must be located in San Mateo County and within a $\frac{3}{4}$ -mile walk of a rail transit station.
- The SamTrans Board also authorized its staff to engage CBRE, a real estate broker, to assist in the search

Evaluation of Caltrain's Options

- Caltrain and SamTrans staff met in October and November to discuss the search, and SamTrans offered to share information and make its broker available to facilitate Caltrain's independent evaluation of its options
- Caltrain staff retained a consultant, Arup, to assist in exploring Caltrain's options for how to proceed, including estimating costs under the following scenarios:
 - Lease office space proximate to a Caltrain station
 - Purchase office space proximate to a Caltrain station
 - Co-locate with SamTrans (including leasing space from SamTrans or co-investing in a building)

Evaluation Criteria

- The evaluation will focus on locations within walking distance of a Caltrain station and rely upon the following criteria:
 - Ability to meet Caltrain's current and expected future space requirements and operational needs
 - Cost to purchase or lease and other financial considerations
 - Expected impact on employee retention and recruitment
 - Other key location factors such as frequency of Caltrain service and presence of neighborhood amenities such as restaurants and cafes

Schedule and Next Steps

- The results of the options analysis and recommendations for next steps will be provided at the January 2024 Finance Committee and February 2024 Board meeting
- The recommendations will include a suggested path forward and timeline



Thank you!

