

**Bay Area Toll Authority  
Oversight Committee**

**September 14, 2022**

**Agenda Item 5a - 22-1290**

**Commercial Lease Extension – 375 Beale Street, Suites 200A and 300C - Bay Area  
Headquarters Authority (BAHA):  
FasTrak® Regional Customer Service Center (estimated at \$7,953,964)**

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**Subject:**

A request that the Committee refer to the Authority a recommendation to authorize the Executive Director to negotiate and enter into an extension of the lease agreement (the BATA Lease) with Bay Area Headquarters Authority (BAHA) for the FasTrak® Regional Customer Service Center (CSC) space for the term of December 1, 2022 through September 28, 2027, in an amount not to exceed \$7,953,964.

**Background:**

The CSC is operated by Conduent State and Local Solutions, Inc. (Conduent) under a contract with BATA (the CSC Contract). The CSC Contract was extended until September 28, 2027 by the BATA Oversight Committee at its January 2022 meeting. Conduent currently operates the CSC at 375 Beale Street, which was a requirement of the CSC Contract procurement. BATA leases the CSC space from BAHA under the BATA Lease, and Conduent operates the CSC at Beale Street and pays the lease payments to BAHA on BATA's behalf under a license agreement with BATA.

Currently the BATA Lease expires on November 30, 2022, which originally aligned with the Conduent Contract term. However, since the Conduent Contract term has been extended, staff is recommending an extension of the BATA Lease for the period of December 1, 2022 through September 28, 2027.

The current BATA Lease allows extensions in increments agreed by BATA and BAHA of up to ten (10) additional consecutive years through November 30, 2029 with rent to be set at 100% of fair market value at the time of renewal; however, BATA and BAHA propose to set the revised Base Rent at a 3% annual escalation of the most recent rental rate paid by BATA for the space for 2022 at \$56.86/rsf/year. This aligns with the rent escalation assumptions provided by BATA to bidders, including Conduent, during the CSC Contract procurement.

During the term of this extension. BATA expects to release a solicitation to re-procure the CSC contract services. Procurement-related decisions will have a significant impact on future strategies for the CSC location. Once those decisions are made, BATA and BAHA will revisit the lease agreement and determine revisions to pricing.

**Next Steps:**

Staff will execute the BATA Lease extension and extend the license agreement with Conduent.

**Issues:**

None identified.

**Recommendations:**

Staff requests that the Committee refer to the Authority the request to authorize the Executive Director or designee to negotiate and enter into a lease extension between BATA and BAHA for the FasTrak® Regional Customer Service Center (CSC) space for the term of December 1, 2022 through September 28, 2027, in the amount not to exceed \$7,953,964 under terms set forth in Attachment A.

**Attachments:**

- Attachment A: Summary of Lease Extension Terms



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Therese W. McMillan

## Attachment A

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### Summary of Lease Extension Terms

Landlord.:	Bay Area Headquarters Authority (“Landlord” or “BAHA”)
Tenant:	Bay Area Toll Authority (“Tenant” or “BATA”)
Use:	FasTrak <sup>®</sup> Customer Service Center
Space:	27,261 (approximately) Rentable Square Feet (RSF) Suite 300C and Suite 200A
Rent:	Base Rent 2022: \$56.86/RSF/year (net of electric) Increase: 3% annual escalation
Operating Expenses:	Base Year 2022; Tenant to pay pro rata share of Operating Expense increases over and above the Base Year. The additional share is estimated to be approximately \$2.76/RSF/year net of electrical and taxes, based on 2022 Operating Expenses.
Term:	December 1, 2022 through September 28, 2027

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