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Memorandum

TO: BATA Oversight Committee

DATE: February 6, 2019

FR: Executive Director

W.I. 1253

RE: Commercial Lease Extension – 375 Beale Street, Suites 200A and 300C: Bay Area Headquarters Authority – FasTrak® Regional Customer Service Center (estimated at \$4,200,000)

Under this item, staff is recommending 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 the Bay Area Headquarters Authority (BAHA) for the FasTrak® Regional Customer Service Center (CSC) space.

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 March 31, 2022 by the Committee at its November 2018 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 at Beale Street under license agreement with BATA. As part of its obligations under the CSC Contract, Conduent pays the lease payments to BAHA on BATA's behalf.

Currently the BATA Lease expires in November 2019, 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.

Recommendation

Staff requests the Committee refer to the Authority a recommendation to authorize the Executive Director or designee to negotiate and enter into a lease extension between BATA and BAHA under terms set forth in Attachment A.



 Steve Heminger

SH:bz
 Attachment

ATTACHMENT A
SUMMARY OF LEASE EXTENSION TERMS

Staff is seeking referral to the Authority of a recommendation to approve a lease extension with the following terms:

Landlord: Bay Area Headquarters Authority (“Landlord” or “BAHA”)

Tenant: Bay Area Toll Authority (“Tenant” or “BATA”)

Use: FasTrak[®] Customer Service Center

Space: 27,275 (approximately) Rentable Square Feet (RSF)
Suite 300C and Suite 200A

Rent: Base Rent 2019: \$49.56/RSF/year (net of electric)
Increase: 3% annual escalation

Operating Expenses: Base Year 2016; 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 2018 Operating Expenses.

Term: Through 11/30/2022