

Bay Area Headquarters Authority
BAHA

July 26, 2023

Agenda Item 3d - 23-0604

BAHA Resolution No. 0047 Delegation of Authority Regarding Tenant Leases at 375 Beale Street, San Francisco, CA 94105 (APN 002-3746-669)

Subject:

A request that the Authority adopt BAHA Resolution No. 0047 finding that the leasing of commercial space is not subject to the Surplus Lands Act and is exempt from the California Environmental Quality Act pursuant to CEQA Guideline 15301 and authorizing the Executive Director (ED) to: 1) negotiate and execute tenant leases for a portion of APN 002-3746-669 within Bay Area Metro Center (BAMC) located at 375 Beale Street, San Francisco, CA 94105, provided the Authority achieves positive cash flow in year 2 of the lease, and based on the direction from the Authority's Board provided during closed session on July 26, 2023, and 2) take actions necessary or incidental to effectuate the leases.

Background:

Section 5 of the joint powers agreement that forms BAHA provides that BAHA shall exercise its powers in the same way as the Bay Area Toll Authority (BATA). The current ED "signature authority" under BATA Resolution 3619, allows the ED or their designee to enter into contracts or funding agreements up to \$200,000 without Committee approval. To allow BAHA to expedite the execution of tenant leases for space at BAMC staff recommends the Authority approve a separate Resolution governing Tenant Leases.

Under proposed Resolution No. 0047 the ED or their designee would be authorized to enter into tenant leases of any dollar amount for space at 375 Beale, provided the terms and conditions provide BAHA with positive cash flow in year 2 of the lease.

Issues: None.

Recommendations:

Staff recommends that the Authority adopt BAHA Resolution No. 0047: finding that the leasing of commercial space is not subject to the Surplus Lands Act and is exempt from the California Environmental Quality Act pursuant to CEQA Guideline 15301 and authorizing: 1) to negotiate and execute tenant leases for a portion of APN 002-3746-669 within BAMC located at 375 Beale Street, San Francisco, CA 94105, provided the Authority achieves positive cash flow in year 2 of the lease, and based on the direction the BAHA Board provided during closed session on June 28, 2023, and 2) to take actions necessary or incidental to effectuate the leases.

Attachments:

- BAHA Resolution No. 0047



Andrew B. Fremier

Date: July 26, 2023

ABSTRACT

Resolution No. 0047

This resolution finds that the leasing of commercial space is not subject to the Surplus Lands Act and is exempt from the California Environmental Quality Act pursuant to CEQA Guideline 15301 and authorizes the Executive Director (ED) to: 1) negotiate and execute tenant leases for a portion of APN 002-3746-669 within Bay Area Metro Center (BA<C) located at 375 Beale Street, San Francisco, CA 94105, provided BAHA achieves positive cash flow in year 2 of the lease, and based on the direction the BAHA Board provided during closed session on July 26, 2023, and 2) take actions necessary or incidental to effectuate the leases.

Further discussion of this subject is contained in the Bay Area Headquarters Authority (BAHA) Summary Sheet dated July 26, 2023.

Date: July 26, 2023

RE: Delegation of Authority Regarding Tenant Leases at 375 Beale Street, San Francisco, CA 94105; CEQA Determination: Exempt Pursuant to CEQA Guideline 15301

BAY AREA HEADQUARTERS AUTHORITY
RESOLUTION NO. 0047

WHEREAS, the Bay Area Headquarters Authority (“BAHA”) is a joint powers authority formed by agreement dated July 27, 2011 between the Metropolitan Transportation Commission, a metropolitan planning organization, created by the Metropolitan Transportation Commission Act (Gov. Code, § 66500, et seq.) and the Bay Area Toll Authority, an authority created by Streets and Highway Code section 30951, et seq. for the purpose of planning, acquiring, and developing office space and facilities and undertaking related activities: and

WHEREAS, consistent with its purpose, BAHA has developed the Bay Area Metro Center, located at 375 Beale Street, San Francisco, CA, (“Bay Area Metro Center”); and

WHEREAS, the Bay Area Metro Center is a condominium project, limited to four commercial units, per the Parcel Map No. 8905, recorded as Document No. 2016-K351236-00 in the San Francisco Assessor’s Office (“Parcel Map”); and

WHEREAS, the Bay Area Metro Center is an award-winning building that houses several regional entities, including the Metropolitan Transportation Commission (“MTC”), the Association of Bay Area Governments (“ABAG”), and the Bay Area Air Quality Management District (“BAAQMD”), and

WHEREAS, in addition to housing several regional entities, the Bay Area Metro Center has space that is made available to the public both for short term uses, like meetings, conferences and social gatherings, and long term uses, like office space; and

WHEREAS, as the owner and manager of vacant office space at the Bay Area Metro Center, BAHA desires to make such office space available to the general public for lease to further occupancy and use of the Bay Area Metro Center as envisioned, and

WHEREAS, the vacant office space that would be made available to the public is a portion of Lot 1 – BAHA/Commercial as identified in the Parcel Map (“Property”), also referred to as Assessor Parcel Number 002-3746-669; and

WHEREAS, the lease of any or all of the Property entered into under this Resolution may require tenant improvements, but otherwise, there will be no development or demolition of the Property; and

WHEREAS, the San Francisco commercial tenant market remains dynamic and competitive in light of remove due to remote and hybrid work-from home policies and recent layoffs in the technology sector, which presents challenges in locating tenants for the vacant office space; and

WHEREAS, BAHA desires to create a program that will allow for BAHA to respond to changing conditions in the commercial tenant market to facilitate leasing of the vacant commercial space in an expedient matter, as market conditions dictate; and

NOW, THEREFORE, BE IT RESOLVED, that BAHA based on the foregoing recitals, which are true and correct, and incorporated by reference, the Property made available for lease to the public for office space use is not subject to the Surplus Lands Act (Gov. Code § 54220, et seq.) per the Surplus Land Act Guideline 102(h) because any lease executed pursuant to the authority granted by this Resolution will not allow for the development or demolition of the Property (excluding tenant improvements)(see also Surplus Land Act Frequently Asked Question Disposition No. 7 dated July 2022 published by HCD); and be it further

RESOLVED, that BAHA finds that the leasing of commercial space as allowed under this Resolution is exempt under the California Environmental Quality Act (Pub. Resources Code § 21000, et seq.)(“CEQA”) pursuant to CEQA Guideline 15301 (Alterations to Existing Facilities); and be it further

RESOLVED, that the Executive Director (ED) or designee is authorized to negotiate and execute lease agreement(s) (“Lease”) for portions of the Property to be used as commercial office space by third parties, provided the terms and conditions provide BAHA with positive cash flow in year 2 of the lease and subject to the direction provided to BAHA real property negotiators on July 26, 2023; and be it further

RESOLVED, that the ED or designee is authorized to take other actions necessary or incidental to effectuate the execution and implementation of the Leases; and be it further

RESOLVED, that the Chief Financial Officer (CFO) or designee is authorized to budget funds necessary for tenant improvements, etc. required to execute said tenant leases and make payment for budgeted and associated brokerage commissions, upon request by the ED or designee; and

RESOLVED, that any lease executed by the ED or designee under this Resolution shall be reported to BAHA by the ED or designee on a quarterly basis.

BAY AREA HEADQUARTERS AUTHORITY

Alfredo Pedroza, Chair

The above resolution was entered into by the Bay Area Headquarters Authority at a duly called and noticed meeting held in San Francisco, California and at other remote locations, on July 26, 2023.