



March 9, 2017

Agenda Item # 8

OFFICE SPACE LEASE AGREEMENT

Action Requested: Authorize Staff

Key Staff: Norman Hom, Principal Administrator

Recommendation

Authorize staff to execute a lease for STA offices at 500 Capitol Mall subject to final approval by STA Legal Counsel.

Discussion

The STA offices have been located at 431 I Street since September 2007. The lease will expire shortly and, although there is an option to extend the lease for another five years, the rent would increase from the current \$2.30/square foot plus CAM (common area maintenance) to \$2.75/square foot plus CAM.

Staff has evaluated many available alternative properties in and out of the downtown area against our needs for cost-effectiveness, layout, proximity to the County Administration Center, public accessibility, move-in readiness, and network access. 500 Capitol Mall emerged as the top choice that met all of our listed criteria. Other government agencies in the building are the California Housing Finance Agency (CalHFA) and the California Board of Equalization.

We have negotiated a favorable lease agreement for 1,481 square feet of office space at an effective rate of \$2.61/square foot full-service plus free early occupancy. The new space is 684 square feet (487 useable) smaller than our current office but the layout is more efficient and completely sufficient for our daily needs. Conference and meeting facilities within the building will allow us to host meetings large or small. Importantly, cost savings are \$16,500/year from our current rent and \$28,000/year less than an extension of the current lease.

Table 1 – Lease Terms

Table with 2 columns: Term, Base Rate, Rate Adjustments, CAM, Other Incentives and their corresponding lease details.

*CAM is Common Area Maintenance. The current lease CAM is 16.22 percent of the total office operating expenses and 9.39 percent of the total building expenses above and beyond the 2010 base year, typically about \$2,000 to \$3,000/year.