



Midpeninsula Regional
Open Space District

R-15-04
Meeting 15-01
January 14, 2015

AGENDA ITEM 6

AGENDA ITEM

Lease for Office Space at 4984 El Camino Real, Suite 100, Los Altos

GENERAL MANAGER'S RECOMMENDATIONS

A handwritten signature in black ink, appearing to be "S. J. ...".

1. Determine that the recommended actions are categorically exempt from the California Environmental Quality Act (CEQA), as set out in the staff report.
2. Adopt a Resolution authorizing the General Manager to enter into an Office Lease with Wellington Park Investors.

SUMMARY

Midpeninsula Regional Open Space District (District) proposes to execute a four-year Office Lease with Wellington Park Investors for 1,564 square feet of office space at 4984 El Camino Real, Suite 100, Los Altos with an annual rental rate of \$66,000 and 3% annual increases. The proposed lease would provide additional administrative office space to address work space needs resulting from the filling of upcoming vacancies and anticipated future staff growth needed to implement Measure AA priority projects. The following report provides background information for the proposed Office Lease terms, conditions, and financial considerations.

DISCUSSION

Need for Additional Administrative Office Space

Average staff growth for the Administrative Office (AO), including interns, part-time, temporary, contingent, and full-time employees has been approximately two (2) staff positions per year over the last 12 years. With the five (5) new positions approved as part of the Fiscal Year (FY) 2014-15 Midyear budget, and the anticipated recommendations from the Financial and Operational Sustainability Model (FOSM) study, this rate of growth is accelerating. At this time, there are 69 authorized positions that are assigned to the AO (includes AO2 office space), some of which are currently vacant and expected to be filled within the next year (FY2015-16). In addition to the 69 work stations assigned to these positions, the Administrative Office also maintains eight (8) additional work stations for volunteers, Area Superintendents (who often work remotely from the Administrative Office), accounting support, legal pro-bono support, interns, and employees working on light duty.

To address past office space deficiencies, staff leased 3,520 square feet of space in February 2013 at 4984 El Camino Real, Suite 115 (R-13-24). The Real Property and Natural Resources

Departments are currently housed in the leased office space commonly referred to as AO2. In December 2014, an opportunity to lease additional space at 4984 El Camino Real became available. With the addition of more administrative staff at the District and the anticipation of hiring more employees in FY2015-16 based on FOSM recommendations and District needs, the General Manager felt an urgency to move on the opportunity to lease more space in close proximity to the AO2 (across the hall).

The current leased office space at AO2 has served the District well. The available Suite 100 space would satisfy the District's current and future requirements based on its location, layout, size, and price. Suite 100 is the same distance to the Administrative Office as AO2 (less than a 3-minute walk). It is likely also within reach of the District's existing Wi-Fi system, which minimizes IT set up costs. The new space can accommodate 8 to 10 staff, and has sufficient meeting and private office space.

Office Space Rental Market

The demand for office space in the area surrounding the District's Administrative Office (330 Distel Circle, Los Altos) is very strong with vacancy levels dropping and rental rates increasing in the Mountain View/Los Altos submarket. The market has tightened significantly as of the Board's approval of the AO2 lease in early 2013. According to the 2014 Third Quarter (Q3) San Francisco Peninsula Research and Forecast Report prepared by Colliers International, the total vacancy rate for class B/C office space within the Mountain View/Los Altos submarket is 2.9% (5.7% drop from 2012 Q4) and the average asking rental rate is \$4.36 per square foot (\$0.84 increase from 2012 Q4) on a full service basis (includes utilities).

TERMS AND CONDITIONS

The General Manager recommends a lease with Wellington Park Investors for 1,564 square feet of office space at 4984 El Camino Real, Suite 100. The lease area would contain three private offices, one conference room, general open office space for approximately 8 to 10 work stations, and first come, first served parking. The proposed lease terms are outlined below:

1. The lease term shall be four years from February 1, 2015 to January 31, 2019, with one two-year option to extend the term.
2. The rental rate was negotiated to \$3.52 per square foot (psf) modified full service (does not include utilities) or \$66,000 per year with 3% annual increases. The utility costs are estimated to be \$600 a month or \$7,200 per year (\$0.38 psf). The security deposit shall be equal to one month's rent or \$5,500. The District would be responsible for its pro-rated share of any increased operating expenses and property taxes over the 2015 base year.
3. The Landlord will be responsible for the following expenses: building maintenance, taxes, property management, parking lot maintenance/repair, landscaping, and janitorial services.
4. The Landlord will provide for the following tenant improvements: removal of two private offices to expand the open work station area.
5. Upon execution of the lease, the District will pay the first month's rent and a security deposit equivalent to one month's rent.

BOARD COMMITTEE REVIEW

In order to take timely advantage of the office space opportunity, as time is of the essence, this item could not be presented to the Planning and Natural Resources Committee.

FISCAL IMPACT

The estimated total cost of the lease space for the initial four-year term is estimated at \$311,295 (including utilities and security deposit). The proposed FY2015-16 Budget, which the Board will review in late February, will include the majority of funds to cover the monthly lease costs and utilities, as well as the one-time costs for furnishings and minor improvements. Funds needed to cover any set up expenses (including equipment/furnishings) between February and end of March during the current Fiscal Year (FY2014-15) will be covered by cost savings in the Operating Budget. Future fiscal year budgets will include the yearly rental cost for the lease space.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE**Project Description**

The proposed project consists of executing a new, four-year Office Lease with Wellington Park Investors for 1,564 square feet of additional office space at 4984 El Camino Real Suite 100, Los Altos for an existing private structure, which involves no expansion of use.

CEQA Determination

The District concludes that this project will not have a significant effect on the environment. The project is categorically exempt from CEQA under Article 19, Section 15301, of the CEQA Guidelines as follows:

Section 15301 exempts operation, repair, restoration, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The office lease agreement involves the leasing of existing private facilities and there will be no expansion of use.

The project is also exempt under 15061(b)(3), as there is no possibility the actions can have a significant effect on the environment.

NEXT STEPS

Upon approval by the Board of Directors, the General Manager will be authorized to enter into a lease agreement with Wellington Park Investors. District staff will deliver the executed office lease, first month's rent, and security deposit to Wellington Park Investors. District staff will also begin preparing the lease area for occupancy with work station furniture and IT set up.

Attachments

1. Resolution Approving and Authorizing the General Manager, President of the Board or other appropriate officer to execute a Lease Agreement at 4984 El Camino Real, Suite 100 Los Altos with Welling Park Investors and Authorizing the General Manager and General Counsel to Execute any and all other documents necessary or appropriate to complete the transaction.
2. Location Map

Responsible Department Head:

Michael Williams, Real Property Manager
Ana Ruiz, Assistant General Manager

Contact person:

Allen L. Ishibashi, Real Property Specialist
Tina Hugg, Senior Planner

Graphics prepared by:

Jon Montgomery, Planning Technician

RESOLUTION NO. 15-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT (DISTRICT) APPROVING AND AUTHORIZING THE GENERAL MANAGER, PRESIDENT OF THE BOARD OR OTHER APPROPRIATE OFFICER TO EXECUTE A LEASE AGREEMENT AT 4984 EL CAMINO REAL, SUITE 100 LOS ALTOS WITH WELLING PARK INVESTORS AND AUTHORIZING THE GENERAL MANAGER AND GENERAL COUNSEL TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO COMPLETE THE TRANSACTION

THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT DOES RESOLVE AS FOLLOWS:

SECTION ONE. The General Manager, President of the Board or other appropriate officer is authorized to execute the lease agreement with Wellington Park Investors for office space at 4984 El Camino Real, Suite 100, Los Altos.

SECTION TWO. The General Manager or the General Manger’s designee is hereby authorized to negotiate and approve the exercise of the subsequent two-year lease option as set forth in the Lease Agreement. The General Manager is further authorized to execute any and all other documents necessary or appropriate to the completion of such transactions.

SECTION THREE. The General Manager and General Counsel are authorized to execute any and all other documents necessary or appropriate to the closing of the transactions approved in this Resolution. The General Manager and General Counsel are further authorized to approve minor or technical revisions to the lease agreement that do not involve any substantial changes to any terms of the agreement, and which are necessary or appropriate to the closing or implementation of this transaction.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on _____, 2015, at a Regular Meeting thereof, by the following vote:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

ATTEST:

APPROVED:

Secretary
Board of Directors

President
Board of Directors

APPROVED AS TO FORM:

General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

District Clerk



4984 El Camino Real Suite 100

Administrative Office

Attachment A: Administrative Office Lease

- Administrative Office
- Suite 100 - 4984 El Camino Real

Midpeninsula Regional Open Space District (MROSD)



December, 2014



While the District strives to use the best available digital data, this data does not represent a legal survey and is merely a graphic illustration of geographic features.