

Memorandum

Agenda Item 3

TO: Bay Area Headquarters Authority

DATE: April 15, 2015

FR: Deputy Executive Director

W. I. 9130

RE: 375 Beale Street Status Report – April 2015

1. Construction Update

The construction schedule has been revised by McCarthy Builders, Inc. (McCarthy) to account for the Drug Enforcement Administration's (DEA's) March 18th departure and the subsequent remediation of hazardous materials uncovered in flooring sealant throughout the former DEA space. The total impact is seventeen work days, resulting in a delay in substantial completion from November 17 to December 11, 2015. As work progresses with McCarthy, we will continue to look for ways to improve the substantial completion date and accelerate subsequent activities required to make the space move-in ready. Early work, including hazardous materials removal, demolition, and seismic retrofit will include overtime shifts. Additional overtime will be commissioned to mitigate risks that could threaten to further delay the schedule. The revised schedule and recent construction photos are included as Attachments A and B.

2. Inter-agency Collaboration

The MTC, ABAG and Air District executive management team continues to meet monthly to discuss shared business operations and technology solutions. The current focus is on finalizing a plan to jointly share various business operations services. Additional work is being developed on parking, security, EV charging stations and infrastructure, shuttle services and condo association development and management.

3. Technology

The Technology Services Design for telephony, video conferencing, and shared services applications (e.g., visitor management and conference room scheduling) is complete. The revised network design for the building and shared agency services has been completed. Network equipment has been received and is being stored at Digital Realty, at 365 Main Street.

Planning for the purchase and implementation of the building services and shared technology is currently under way. The webcasting services provider, GovTV, is working with McCarthy to ensure that the infrastructure is aligned and ready for agency webcasting. A second workshop to review production services and options for video/audio webcasting in the board and multi-purpose rooms has been conducted. Planning is in progress for the internet connections that will

service webcasting, video conferencing, cloud computing, and general office needs for the regional agencies.

4. Furniture Procurement

BAHA is working with TEF Architects, Hogue and the agency representatives to finalize furniture fabric, finishes and color options for agency furniture. A separate agenda item seeks authorization to amend the furniture contract which provides funding that allows Hogue to commence ordering furniture in May 2015. Hogue is also refining the preliminary furniture installation schedule to align with the revised construction schedule.

5. Move Coordination

BAHA's move coordination consultant, Relocations Connections, Inc. (Relo), has completed an inventory of existing furniture and is assisting with identification of items that will relocate. Relo is also working with agencies to identify "Move Ambassadors" to serve as the main point of contact for their respective sections/workgroups. The first of many multi-day clean-up activities were very successful in clearing out items that will not relocate. Additional "move ready" activities are being planned.

6. Leasing Opportunities

Cushman & Wakefield continues to market non-agency space on Levels 2-5 and two retail spaces on Level 1 to commercial and retail tenants. The first commercial office lease has been executed with Rutherford+Chekene for 14,986 sf for suite #300. Information related to the final terms and conditions of the lease is summarized in Attachment C. A closed session item is scheduled to discuss lease negotiations with Xerox State & Local Solutions, Inc. (Xerox) for the relocation of the FasTrak® Customer Service Center to the building.

7. San Francisco Bay Conservation and Development Commission (BCDC) Update

On February 17, 2015, BCDC submitted a report to the Senate Committee on Budget and Fiscal Review with options for a possible relocation to 375 Beale Street. There is no news to report on the outcome of BCDC's report.

Look Ahead

- FY 2015-16 Budget
- Technology equipment and services



Andrew B. Premier

Attachment

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Construction Pictures – April 8, 2015



Figure 1: Demolition of DEA laboratory

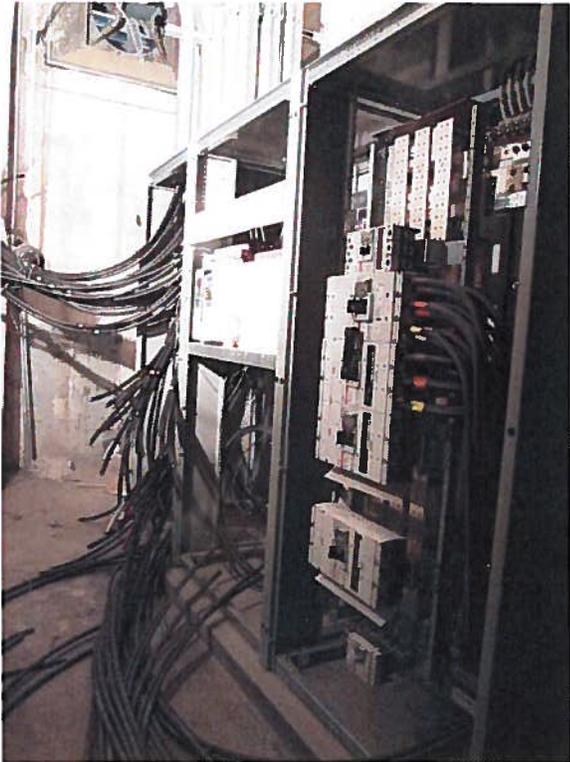


Figure 2: Disconnection of power serving DEA laboratory



Figure 3: Preparation for exterior painting



Figure 4: Demolition of DEA evidence vault



BAY AREA HEADQUARTERS AUTHORITY
Regional Agency Headquarters
390 Main Street, San Francisco, CA 94105
TEL 415.543.BAHA (2242)
EMAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Agenda Item 3 – Attachment C

Commercial Office Lease#1 Summary: Rutherford + Chekene

Tenant: Rutherford + Chekene
Geotechnical and Structural engineers founded in 1960

Effective Date: March 27, 2015

Space: 14,986 Rentable Square Feet (RSF), 3rd floor Suite 300B

Rent: Base: \$42.50/rsf (net of electric or \$45.64 Full Service equivalent)
Increase: \$1.00 at anniversary; Cap: \$49.50/rsf

Term: 7.25 years

Delivery: 12/1/2015 – available for tenant improvements

Occupancy: 6/1/2016 – 8/31/2023

Free Rent: 3 months (\$159,226)

TIs: \$80/rsf (\$1,198,880)

Commissions: \$288,481 (Cushman Wakefield \$78,676.50 and Avison Young \$209,804)
50% payable at lease execution and 50% due upon commencement of the lease term.

Effective Net Rent: \$789,012 (over 7.25 Year Term)

Security Deposit: Tenant shall post in the form of cash or Letter of Credit a security deposit in the amount equal to six (6) months of the average year of rent. One-sixth of the security deposit shall be due upon signing of the lease with the balance due upon Tenant's request to draw upon the Tenant Improvement Allowance. The balance of the security deposit due could be as much as five (5) months rent or as little as two (2) months rent determined as follows:

- Five (5) months if Tenant is unprofitable for 2014 and 2014 (no total deposit reduction)
- Four (4) months if Tenant is profitable in 2014 and unprofitable in 2015 (one month deposit reduction for 2014 profitability)
- Three (3) months if Tenant is unprofitable in 2014 and profitable in 2015 (two months deposit reduction for 2015 profitability).
- Two (2) months if Tenant is profitable in 2014 and 2015 (one month deposit reduction for 2014 profitability and two months deposit reduction for 2015 profitability)

Possessory Tax: Tenant shall directly pay any Possessory Tax due and payable by the City of San Francisco and will provide Landlord with receipt of paid invoice. BAHA will reimburse for the Base Year's Possessory Interest Tax (excluding any tax on Tenant's improvements) in the form of a rent credit.