



Agenda Report

TO: CCCSWA BOARD OF DIRECTORS
FROM: PAUL MORSEN, EXECUTIVE DIRECTOR
JANNA MCKAY, EXECUTIVE ASSISTANT
DATE: APRIL 19, 2010

SUBJECT: LEASE AGREEMENT FOR CCCSWA OFFICE

SUMMARY

The lease agreement for the Authority's current business office expired on September 30, 2009. As a result, Staff undertook a search for new office quarters resulting in a contract (approved by the Board at their April 2009 Meeting) to lease the current quarters for a five-year period with tenant improvements. Shortly after the signing of this lease agreement, the building owner defaulted on his obligations and the court placed the property in receivership. The receiver made many representations to us during this period of time but no agreement was reached on improvements to this office suite or other vacant suites within our building. Ultimately, the property was sold out of receivership which made our lease agreement null and void. We have been told by the new owners that their future plans for 1111 Civic Drive do not support the continued tenancy of the CCCSWA. This has occasioned us to seek other properties for our office space.

Staff has located an office suite in the Gateway Centre Building at 1850 Mt. Diablo Blvd, Suite 320. While all staff has been involved in the selection process, Janna McKay has been assigned as the coordinator of this project. A lease agreement for a ten-year term, beginning July 1, 2010, has been negotiated with Colliers International who represents the owner of the Building. The lease agreement exceeds the signature authority of the Executive Director and requires Board action to implement.

RECOMMENDED ACTION

1. Consider authorizing the Executive Director to execute an office lease agreement for a ten-year period beginning July 1, 2010.

DISCUSSION

Upon being told by the new owner of 111 Civic Drive that we could not continue our occupancy, Staff began a new search for an office suite. We continued relying on the services of Michael Sharapata of Jones Lang LaSalle America, Inc. who was initially employed after a competitive process to find a suitable property to evaluate for our future office (Mr. Sharapata's commission for this work will be paid by the leaser). At this time the economic conditions favor those seeking office spaces and as a result, there are several attractive options for office space in the Walnut Creek City core. Among our requirements are close proximity to Walnut Creek City Hall, as we contract with them for finance and personnel administration requiring frequent

trips to their location. Two suites in different buildings were ultimately chosen as finalists. Each of these properties was evaluated for their meeting of our chief requirements:

- Appropriate space for our operations (2500 sq. ft. + or -)
- Close proximity to Walnut Creek City Offices
- Sufficient parking
- Accommodations for storage
- Cost not to exceed our current lease payments (in the first year of tenancy)

Ultimately, the Gateway Centre Building provided us with the most financially attractive terms. As well, the space is exactly the square footage of our current space and the building is a very attractive and well-maintained facility. The noteworthy parts of the agreement are as follows:

- The cost of the lease is the same cost as our current property at \$2.25 per square foot and the lease term is for ten years.
- Included in the cost are improvements which will optimize the space for us and provide new paint and carpet, lunchroom improvements and upgraded finishes.
- Initially, we will get four months of free rent allowing for a furniture allowance to replace our old worn furniture.
- Adequate parking provisions exist which are as good as any property considered and we will not have to pay for our allocated parking spaces for two years.
- We are to be provided with “parking chits” at no cost for visitors.
- The Gateway Centre Building is just one block further than our current office to Walnut Creek City Hall which facilitates our need to have close access to City Hall to conduct our fiscal business.

At the time of this writing, the lease documents are currently being reviewed by our legal counsel and should be ready for signature in the next two weeks. Any issues surfaced by counsel will be resolved prior to executing the documents.