



DATE: DECEMBER 21, 2017

TO: COUNCIL MEMBERS

FROM: STAFF

SUBJECT: SFRPC LEASE UPDATE / BROKERAGE SERVICES SELECTION COMMITTEE

The Council's corporate office has been at its present location since 1983. The Council's lease at the Venture Corporate Center is the highest fixed, recurring monthly expense of the Council outside of staff salaries. Pursuant to the lease which expires in February 2018, the Council pays \$16,070.27 per month. This sum includes base rent (\$10,377.59), operating expenses (\$3,950.38), and estimated tax (\$1,742.30) for 7,112 square feet at a rate of \$17.51 per square foot. Although this rate is well below the current asking rate of approximately \$21 per square foot, it represents an expense to the Council of almost \$193,000 per fiscal year. The current terms of the lease, negotiated in February 2014, expires on February 28, 2018.

- May 2017 - Council staff meets with building management to request their assistance in identifying a smaller office space that would still permit access to the Council meeting room.
- June 4, 2017 - Council issues a Request for Qualifications for real estate brokerage services to assist in an immediate renegotiation of the Council's current lease including a reduction in rate, square footage, and/or relocation within the current office park.
- June 26, 2017 – The Council creates a Brokerage Services Selection Committee and nominates Vice Chair Caplan, Councilmember Bailey, and Councilmember Walters as its members.
- June 30, 2017 - Four responses to the RFQ are received by the June 30th deadline: R.W. Banks Real Estate Inc., Continental Real Estate Companies; Scott Minchew & Company, and Enrique B. Lara.
- September 2017 - At its September 25th meeting, the Council publicly defers any further initiation of the Brokerage Selection process, pending further direct discussions and exchanges by and between the Council's professional staff, including legal, with the current landlord and their representatives.
- September – December 2017 – Multiple conversations are held with building management regarding the lease, including the opportunity to move to Suite 150 which, vacated at the beginning of December, would have met the Council's needs. The landlord, upon review of the Council's existing space, does not agree to swap spaces with the Council. The landlord offers two options, neither of which is acceptable. The SFRPC requests a lease extension to allow negotiations to continue. The landlord offers a 12-month lease extension under onerous terms which would keep the Council in its current lease, with no opportunity to exit the lease, until such time a new agreement is reached.



Due to the current lease situation, and in light of the upcoming lease termination date of February 28, 2018, it does not seem practical for the SFRPC to have to go through the formal evaluation and award process for the Brokerage Services.

Therefore, given the short time available to accomplish what must be accomplished with respect to entering into a new lease and moving the SFRPC's offices, it is preferable to terminate the Brokerage Services Selection Process so that Council staff and Council members can freely research available leasing options, and follow up on all leads, including the possible colocation with a public entity, without being constrained to work with, and through, a selected Brokerage Firm.

Recommendation

Terminate the Brokerage Services Selection Process.