


M E M O

Alameda Corridor Transportation Authority

Meeting Date: May 15, 2025

From: Kevin L. Scott, Chief Financial Officer 

Subject: APPROVE Third Amendment to Office Lease with Kilroy Realty, L.P. for ACTA's Headquarters Located at 3760 Kilroy Airport Way, Suite 200, in Long Beach, California

Recommendation:

Approve the proposed Third Amendment to the office lease with Kilroy Realty, L.P. for ACTA's headquarters located at 3760 Kilroy Airport Way, Suite 200 in Long Beach, California for an additional 65 months at an approximate monthly average rent of \$23,262 and authorize the Chief Executive Officer and Chief Financial Officer to execute the Third Amendment in substantial final form and take all other actions necessary to complete the lease renewal.

Discussion:

In April 2014, the Governing Board authorized the relocation of the ACTA headquarters from office space in Carson, California to its current location at 3760 Kilroy Airport Way using the assistance of Cushman & Wakefield as broker. ACTA began occupying the space in Long Beach in August 2014. In September 2019, the Second Amendment renewed the lease for an additional five years and five months, through July 30, 2025.

In October of 2024, ACTA retained the services of DavCo Realty, as its real estate broker. With the assistance of DavCo, staff reviewed 16 available office spaces in the Long Beach area. Following this initial review, staff selected six locations to visit and evaluate further. The six locations are ranked below by preference:

Rank	Location	Rentable Square Feet	\$ per Square Foot	Total Monthly Cost ^{(1), (2)}	Evaluations
1	AERO/Kilroy 3760 Kilroy Airport Way, Suite 200	7074	\$3.35	\$23,698	Current office space lease has significant renewal discounts; does not require moving costs and disruptions; convenient parking; location preferred by ACTA staff
2	Landmark Suite 1990	6,750	\$2.75	\$20,068	Requires construction to reduce size of space; has desired number of offices; Owner is limiting maintenance and tenant improvements; longer commute for most staff
3	World Trade Center Suite 950	6491	\$3.00	\$21,178	Has desired number of offices and additional amenity rooms; parking is not currently in building; longer commute for most staff;
4	Landmark Suite 900	6800	\$3.00	\$21,955	Limited Offices, Owner limiting maintenance; longer commute for most staff
5	100 OCEANGATE Suite 700	6,750	\$3.10	\$22,165	Requires construction to reduce size of space; owner considering conversion to condominiums; longer commute for most staff;
6	AERO/Kilroy 3900 Kilroy Airport Way, Suite 220	6735	\$3.40	\$ 24,437	Most expensive option; good natural light; commute is same as with current space
7	5000 SPRING Suite 430	5118	\$3.00	\$17,059	Space is too small for ACTA's needs; Commute is same as current space; Least expensive option

- 1) Includes moving and parking costs
 2) Does not include rent and operating cost abatements

ACTA's current office, on a *Rentable Square Foot* basis, is the second most expensive office space. The *Total Monthly Cost* estimate, which incorporates moving and parking costs, shows a more equitable comparison. Favorable rent and operating expense abatements were offered by Kilroy during recent negotiations to make that property more favorable than reflected in the table above. In addition, the cost analysis does not consider the business disruption of moving and the staff turnover that might result from office relocation.

Furthermore, as shown in the table below, the recommended Kilroy lease amendment compares favorably to the current lease. The monthly rent per square foot under the recommended lease is lower than the current lease would be if it were renewed under existing terms. In addition, the recommended lease provides 7 months of rent abatement and 17 months of operating expense abatement. Please see Transmittal 1 for more details.

	Current Lease	Recommended Lease
Rent beginning in August 2026	\$3.40 per rentable square foot, escalating by 3% per year ¹	\$3.35 per rentable square foot, escalating by 3% per year
Rent Abatement	N/A	7 months free
Operating Expenses	Approximately \$4,115 per month	17 months not charged

1) \$3.30 per month under current lease, escalated by 3% for comparability of timing with the recommended lease.

The current office fits our staff and operations more productively than the other options and does not require construction. The Kilroy property where ACTA is currently located is extremely safe with no police report activity found on record. Remaining in the current office avoids the disruption of moving.

After considering all relevant factors for each location, staff recommend remaining in the current office space as the best option. Staff recommends that the Governing Board approve the proposed Third Amendment to the office lease with Kilroy Realty, L.P. for an additional 65 months.

Budget Impact:

Lease costs for the upcoming fiscal year 2025-26 are in the proposed Operating Budget and reflect a reduction of \$165,363 from the fiscal year 2024-2025 budget due to rent and operating expense abatements.

Co-General Counsel Review:

ACTA's Co-General Counsel has reviewed and approved the proposed Third Amendment as to form.

Transmittals:

Transmittal 1 – Third Amendment to Kilroy /ACTA Lease