

General Notes and References on Real Property Leasing

DGS, OREDS

Campuses are not required to utilize the services of the Department of General Services (DGS), Office of Real Estate Design Services (OREDS), under the provision of Section 8 of Assembly Bill 1191 (Chapter 1097 of the 1993 Session). Campuses wishing to utilize the services of OREDS may do so at their own discretion whenever greater economy or efficiency would be served in doing so.

~~CSU LEASE FORM 9~~

~~The purpose of the CSU Lease Form 9 is to alert the Contracts & Procurement department of an impending transaction involving real property that may effect the CSU Real Property Inventory. When the form is received by the Contracts & Procurement department, a working package with the most current lease forms and information will be sent to the campus or office initiating the transaction. The Real Property Request Form should precede all other activities in the process of space acquisition.~~

ADDITIONAL ISSUES PERTAINING TO LEASING

In addition to the SUAM requirement pertaining to procurement, additional requirements exist when procuring space for CSU offices. If the campus is not familiar with any of these subjects questions can be directed to CS&P or the PP&D Campus Planner.

Handicap Access

Space Square Footage Standards

Public Transportation

ADA-Title 24

Environmental Requirements

California Environmental Quality Act (CEQA) Reporting

Asbestos

Minority/Women/Disabled Veteran Business Enterprises (M/W/DVBE)

DETERMINATION OF SPACE REQUIREMENTS

Space requirement determination must take into consideration many factors of the programmatic needs of the department. Special consideration should given to this area of planning prior to any building or site searches taking place. Preplanning in this area will yield great efficiencies during the site search and RFP phase of space acquisition.

Other special requirements may include computer rooms, separate HVAC systems, classrooms with ceiling height requirements, extended operational hours, special security, telephone systems, parking, labs, furniture types, unusual storage requirements, hazardous materials use and containment.

In general, for preliminary planning purposes, 150 square feet per person (including circulation) will provide a rough estimate of the square footage required for a traditional office environment. Open office, modular environments require less space. Exact square footage's can only be determined through the space planning process. These generalized space requirements can be used in the advertising process and will further aid when attempting to reject or accept certain properties.

AREA / SITE SEARCH

The area / site search is one of the most time consuming aspects of the space acquisition process. The initial issue to address is the determination of the appropriate area in which to seek suitable space options. The area in which to search must be appropriate to the programmatic needs of the using department. At the same time, the area must be able to be justified in terms of location, cost,

and meeting the goals of the department, campus and the CSU.

To be successful in the procurement of lease space, particularly in a city setting, the area for a site search must be well defined. The search area would optimally be defined by streets and/or physical locations.

Example

"The search area is defined as the area north of 1st Street between Oak and Maple Streets and South of the campus."

This type of exact area definition can be used during the advertising and RFP process eliminating properties not suited to the needs of the department.

ADVERTISEMENTS

Traditional methods should be used to advertise the space requirements, soliciting building and property owners/managers to bring forth their available lease space. The advertisement should request building owners or agents to supply addresses and suite numbers of space available that meets the advertised criteria.

Sample Advertisement
WANTED TO LEASE
OFFICE SPACE
XX,XXX Contiguous Square Feet
by the California State University (campus)

"Building submitted must: 1) Be Asbestos Hazard-free upon occupancy; 2) Accommodate state plans, specifications, seismic safety and applicable codes (Handicap, ADA-Title 24, & UBC); 3) *if necessary* Be close to public transportation; and 4) Comply with Minority/Women/Disabled Veteran Business Enterprise requirements. Persons authorized to represent such properties must respond in writing to the address below by (date).

Office space being submitted must also (*add campus specific requirements*).

Address and reference."

The objective of advertising is to expose the space needs to a wide market, thereby creating a more competitive environment and resulting in a lower price for the space. If the search area was well defined in the advertisement, it will not be difficult to sort through the responses and create a list of lease spaces to view.

PHYSICAL TOURS

Once the response to the advertising has been received a physical tour of the search area should be undertaken, WITHOUT agents or building owners, to familiarize the principals in the project with the responding properties. During this initial tour, it may be possible to further reject properties that do not fit the criteria established when the space requirements were determined.

After being satisfied that the buildings viewed would fulfill the needs of the program, a request for proposal should be sent to the agents representing the buildings.

RFP PREPARATION

The campus may solicit lease space directly from known property owners or agents. Knowledge of the property owners or agents may come from the advertising process or other means. During the RFP preparation process, in addition to the area definition, many considerations go into the site

criteria. Additional to the programmatic requirements the end user has for the space, there may be policy based or statutory requirements that also must be addressed. In many cases, the CS&P can provide models of RFP's for certain types of site search applications. A copy of the CSU Master Lease Form (SUAM Appendix 801) should be included as an exhibit to the RFP. The CSU Master Lease Form is used in place of the CSU Std. 2 Agreement. Contract numbers should be used to identify leases for accounting and tracking purposes.

A sample RFP Technical section may be found in SUAM Appendix 802

DEFINITIONS

Leasing

The hiring (renting, leasing, or otherwise acquiring) the use of the real property.

BOMA

Building Owners and Managers Association (BOMA) provides space and operational standards in the leasing of real property. As applicable, BOMA standards will be employed by the CSU in all leasing transactions

Rentable Square Feet

Usable Square Feet

Consumer Price Index (CPI)

CSU MASTER LEASE FORM (SUAM Appendix 801)

As appropriate, the following lease clauses may be used if required by the lease negotiations. It is strongly suggested that CS&P be consulted prior to the language in the CSU Master Lease being significantly amended or appended.

OTHER SAMPLE LANGUAGE

The following clauses and correspondence may be needed in the preparation or management of a lease document. CS&P can be contacted for assistance in the development of such additional clauses.

Sub-lease, assumption of lease

Firm Term

Rent Increases and or (CPI)

Operating Costs

Base Rent Increases

Insurance

Attorney Fees

Tenant Improvements, Layout and Design

Relocatable - Lease / Purchase, Lease with Option to Purchase

Tenant Improvements

Design

Construction

Construction Overview

Tenant Walk Through

Occupancy

Owners Responsibilities

CSU Responsibilities

Lease Management

Suspense Dates

Consumer Price Index (CPI)

Base Rent Increases
Operating Expense Increases
Allowable Expenses
Taxes
Notices to CO
Notices To Lessor
Changes to:
 Ownership
 Address
 Payee
 Management Company
Assignment of Leases
Subleasing
Alterations
Estoppel Certificates
Real Property Taxes
Lease Termination
Notices Required
Lease Space Walk-Through
Lease Extension
Holdovers / Month To Month
Option Exercise
 Renewal
 Option To Purchase

Sample Forms And Letters

CSU Space Standards (refer to PP&D SUAM 9XXX)
Estimate of Occupancy Costs (Sample)
Notices/Letters to Landlord

REFERENCE

The following references pertaining to the CSU's authority to lease space for CSU use are provided as information only to the user of this appendix.

Education Code 89046.

The trustees may lease any property of a state university for any purpose that they consider is not inconsistent with the functions of the California State University including, but not limited to: (a) The lease of state university property to a nonprofit organization composed exclusively of students of the university or of members of the faculty of the university, or both, for purposes related to the activities of the university or for the activities of student or faculty organizations. (b) The lease of state university property to any nonprofit organization for the purpose of constructing and using thereon buildings as living quarters for students of the university and as meetingplaces. (c) The lease to any student or faculty organization of the university of property for the purpose of establishing and maintaining cooperative stores, and cafeterias in connection with such stores. Any rental received by the trustees under this or other leasing sections shall be deposited in the State Treasury and credited to the support appropriation of the California State University current during the period of occupancy.

Education Code 89048.

Notwithstanding Article 1 (commencing with Section 11000) of Chapter 1 of Part 1, Article 2 (commencing with Section 14660) of Chapter 2 of Part 5.5, and Part 11 (commencing with Section 15850), of Division 3 of Title 2 of the Government Code, or any other provision of law to the contrary, the trustees may perform the following functions, without prior approval of any other state department or agency, when necessary to carry out the purposes of the California State University: (a) Acquire easements or rights-of-way necessary for the proper utilization of real property of the California State University. (b) Grant and convey in the name of the California State University easements and rights-of-way across property belonging to the California State University subject to the conditions, limitations, restrictions, and reservations the trustees determine are in the best interests of the California

State University. (c) Quitclaim the right, title, and interest of the California State University in and to easements and rights-of-way owned by the California State University which the trustees determine are no longer needed for California State University purposes. (d) Sell or exchange any personal property belonging to the California State University if the trustees determine that the sale or exchange is in the best interests of the California State University. Transactions under this subdivision shall be for consideration based on fair market values. (e) Lease any real property for the use of the California State University.

Education Code 89036.

(a) The trustees may enter into agreements with any public or private agency, officer, person, or institution, corporation, association, or foundation for the performance of acts or for the furnishing of services, facilities, materials, or equipment by or for the trustees or for the joint performance of an act or function or the joint furnishing of services and facilities by the trustees and the other party to the agreement. The trustees may enter into agreements with the federal government or any agency thereof in accordance with the procedures prescribed by the federal government or agency in order to receive the benefits of any federal statute extending benefits to the California State University or to the California State University students, including, but not limited to: (1) Agreements with any agency of the federal government for the education of persons in the service of the federal government. (2) Agreements with any agency of the federal government for the education of veterans. These agreements shall provide for payment of the maximum amount permitted under the act, or acts, of Congress under which the agreement is entered into. Notwithstanding any other provision of law, the trustees have all power necessary to perform such acts and comply with conditions required or imposed by the federal government in order to receive the benefits. The trustees are vested with all necessary power and authority to cooperate with any such agency of the federal government in the administration of any applicable act of Congress and rules and regulations adopted thereunder. (b) Notwithstanding any other provision of law, the trustees have all power necessary to award contracts to one or more contractors, at any one or more campuses, for the collection of delinquent education loans required to be repaid under federal law. (c) Notwithstanding Section 10295 of the Public Contract Code, Article 3 (commencing with Section 10300) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code, or any other provision of law, the trustees may purchase, without advertising for bids, and without the approval of the Department of General Services, library materials including, but not limited to, books, periodicals, computerized information for library use, educational films, audiovisual materials, test materials, workbooks and instructional computer software, in any amount needed for the support of the California State University. Any savings that may accrue as a result of the act amending this code section during the 1992 portion of the 1991-92 Regular Session of the Legislature to exempt the trustees from the bid process and from the approval of the Department of General Services shall be expended to purchase additional library materials. (d) Article 1 (commencing with Section 4300) of Chapter 4 of Division 5 of Title 1 of the Government Code does not apply to the purchase by the trustees of musical instruments for the use of students of the California State University.