

***Authorize Executive
Director to Enter
Lease Agreement
with CKA Architects
at Menlo Park Depot***

**JPB Finance Committee
February 23, 2026**



Recommendation

- Staff recommends that the Board authorize the Executive Director to enter a 7.5-year lease with CKA Architects, including one 5-year renewal option, for use of the historic Menlo Park Depot
- The lease was previously approved by the Finance Committee and Board, however additional costs were identified during finalization of the lease, necessitating modifications to the lease terms

Background

October 2025

- Board approved 6.5-year lease with CKA Architects (including 5-year renewal option)
- \$88,000 in CKA funded improvements

October to December 2025

- **Additional due diligence increased expected tenant improvement costs by \$75,400.**
 - **Key factors: prevailing wage requirements, need for plumbing upgrades, demolition of non-historic interior elements, and floor replacement**

December 2025 to January 2026

- Cost validation and lease renegotiation

Menlo Park Depot Building

- One-story historic building (approx. 1,300 SF), subject to historic preservation covenant
- Vacant since 2020
- JPB recently improved the building including replacing the roof and painting the exterior
- Building was marketed by CBRE beginning June 2025





Proposed Use

- CKA Architects proposes to use the space as their office, and to make \$163,400 in tenant improvements including:
 - Heating/ Cooling
 - Asbestos removal
 - Floor repair
 - Plumbing
 - Water heater replacement
 - Painting
 - Electrical systems
 - Mechanical systems
- JPB staff and CKA Architects coordinated with the historic covenant holder, South Bay Historical Railroad Society (SBHRS), to ensure proposed interior improvements are compatible
- Staff review confirmed that the use is compatible with the Rail Corridor Use Policy

Revised Terms

Space	1,328 SF Menlo Park Depot; includes 2 dedicated parking stalls
Term	7.5 years (90 months) with one 5-year renewal option at Fair Market Value (previously 6.5 years)
Rent	\$5,312/mo. or \$4.00 sq. ft./mo., with 3% annual increase beginning July 2027
Rent Abatement	24 months of free rent as incentive for move-in and in lieu of tenant improvement allowance (previously 12 months)
Tenant Responsibilities	Utilities, janitorial, interior upkeep & improvements, taxes, compliance with historical covenants
Landlord (Caltrain) Responsibilities	Exterior repairs, building systems, general property management

Expected Benefits and Costs

- Lease will generate \$389,600 over the base term
- If renewal option exercised after 7.5 years, rent will adjust to fair market value
- Broker commissions are \$30,200; net revenue after commissions is \$359,400
 - Prior approved terms resulted in \$346,900 in net revenue
 - Same commission price
- Active tenancy will help to ensure building is maintained over time

Recommended Action

Staff recommends that the Board authorize the Executive Director to enter a 7.5-year lease with CKA Architects, including one five-year renewal option, at the historic Menlo Park Depot

FOR MORE INFORMATION

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