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MAYOR BOB FILNER CITY OF SAN DIEGO

MAYOR FILNER WILL SAVE CITY TAXPAYERS MORE THAN \$3 MILLION ANNUALLY IN NEW OFFICE LEASE!!

(SAN DIEGO) – Mayor Bob Filner announced today that he has signed a letter of intent for commercial office space that will save taxpayers more than \$3 million annually by moving all City employees from 600 B Street to 525 B Street in downtown.

“This is a significant savings for the taxpayers and a direct result of rethinking the way the city uses office space downtown,” Mayor Filner said. “The City leased office space in 600 B Street for 20 years. It was time to look creatively at this lease and all future downtown leases in order to save taxpayer dollars, which can now go to needed services such as street repair, public safety and water lines.”

The terms of the new deal, negotiated by Jason Hughes, recently appointed by Mayor Filner as an unpaid Special Advisor on Downtown Real Estate, will provide significant benefits to the City and its employees.

“After meeting Jason for the first time and discussing his innovative ideas for downtown office space, I knew this was going to be in the best interest of taxpayers and employees alike,” the Mayor said. “He came in and looked at how all the City leases relate to each other and what would be the best thing to do to consolidate them over time.”

Key points of the deal at 525 B Street include:

- Signing a six-year lease term, giving the City flexibility to consider all long-term options
- Paying \$1.25 per square foot versus the current \$2.62 per square foot at 600 B Street
- Leasing roughly 77,000 square feet, with an option for another 25,000 square feet, if needed

The City has been located in the 600 B building since 1992. However, after reviewing several options, the City determined the 525 B location was preferable from a cost and efficiency standpoint. An efficiency study commissioned last year by the Real Estate Department demonstrated that City employees could operate in smaller spaces without compromising productivity.

The next step involves Hughes negotiating with Hines on a detailed lease agreement. The lease then will be presented to the San Diego City Council for approval.

LEASE COMPARISON IN BRIEF

	600 B Street (existing)	525 B Street (New)
Term of Lease	Expires May 31, 2013	Expires June 30, 2019
Square Footage	138,964	77,621 – 103,327
Cost Per Square Foot	\$2.62	\$1.25
Total Monthly Cost	\$364,085	\$97,026.25 - \$129,158.75
Total Annual Cost	\$4,369,028	\$1,164,315 - \$1,549,905
Total Annual Savings	N/A	\$2,819,123 - \$3,204,713

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