AMENDED IN COMMITTEE 4/20/16 RESOLUTION NO. 149-16

FILE NO. 160274

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24 25 percent; and

Resolution authorizing the Director of Property, on behalf of San Francisco Public Works, to execute a lease of 9,900 rentable square feet at 2000 Oakdale Avenue in San Francisco at a base-year rent expense to City of \$150,000 for an initial term of ten years plus three five-year options to extend; and construction of tenant improvements costing the City an estimated \$2,700,000.

[Real Property Lease - 1030 Polk Associates LP - Tenant Improvements - 2000 Oakdale

Avenue - \$150,000 Rent in the Base Year - \$2,700,000 Estimated Tenant Improvements

WHEREAS. The San Francisco Public Works ("Public Works") Material Testing Laboratory is located at 2099 Kearny Street in San Francisco ("Former Testing Site") on property under the jurisdiction of the San Francisco Public Utilities Commission ("SFPUC"); and

WHEREAS, The SFPUC intends to install a new hydraulic pump station on the Former Testing Site and requires Public Works to vacate the Former Testing Site prior to May 31, 2017; and

WHEREAS, The City's Real Estate Division negotiated a lease between the City and County of San Francisco and 1030 Polk Associates LP ("Landlord") dated March 15, 2016 (the "Lease") for the lease of 9,900 rentable square feet of industrial warehouse space ("Premises") at the property located at 2000 Oakdale for an initial term of 10 years ("Initial Term"), a copy of which is on file with the Clerk of the Board of Supervisors in File No. 160274, which is hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, Base rent during the Initial Term is \$12,500 per month (\$150,000 per year) increasing each year by the San Francisco-Oakland-San Jose CPI index over the prior 12month period, at a rate not lower than three (3%) percent and not higher than five (5%)

WHEREAS, Upon expiration of the Initial Term, City has three (3), five-year (5 years each) options to extend the Lease at a rental rate of 95% of then fair market value at the time of each extension; and

WHEREAS, Upon Landlord's decision to sell the Property during the term of the Lease, the Landlord shall first offer the Property to the City at 97% of the purchase price that will be offered to the real estate market; and, prior to any offer to purchase, the City shall appraise the fair market value; and

WHEREAS, City requires tenant improvements for the City's lawful occupancy of the Premises ("Tenant Improvements") which shall not exceed \$2,700,000 ("Tenant Improvements Budget") and the Tenant Improvements Budget shall be paid by: (i) Landlord providing \$99,000 of the Tenant Improvements Budget at no cost to City, and (ii) City may pay Landlord up to \$2,700,000 directly to Landlord as costs are incurred for the balance of the required Tenant Improvements; and

WHEREAS, Public Works will provide 50% design specifications of the Tenant Improvements to the Landlord and Landlord shall construct the Tenant Improvements, under the review and approval of Public Works, at a cost not to exceed the Tenant Improvements Budget; and

WHEREAS, In addition to the required Tenant Improvements, Landlord shall provide at no cost to City, base building work including but not limited to exterior ADA work and installation of fire and life safety panels ("ADA Work"); and

WHEREAS, Whereas, upon the execution of this Lease ("Commencement Date"),
Landlord will work diligently to satisfactorily complete both the (i) Tenant Improvements, and
(ii) ADA Work, (completion of both is referred to as the "Substantial Completion Date"); and

WHEREAS, The period between the Commencement Date and the Substantial Completion Date (the "Landlord Construction Period)" is not expected to last longer than ten (10) months ("Outside Occupancy Date"); and

WHEREAS, Base rent shall be abated during the Landlord Construction Period by: (i) \$6,250 per month until the satisfactorily completion of the Tenant Improvements, and an additional (ii) \$2,000 per month until the satisfactory completion of the ADA Work; and

WHEREAS, Base rent owed by City shall be fully abated during any period beyond the Outside Occupancy Date but prior to the Substantial Completion Date; and

WHEREAS, Consequences of delay or inaction, could impact the PUC hydraulic pump station project and continual operation of the Material Testing Laboratory; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves the terms and conditions of the Lease; and be it

FURTHER RESOLVED, That the Board of Supervisor hereby authorizes and directs the Director of Property to negotiate and execute the Lease; and, be it

FURTHER RESOLVED, That the Board of Supervisor hereby authorizes and directs Public Works to contract for tenant improvements provided that costs to the City do not exceed \$2,700,000; nor will the City amortize any of the costs for tenant improvements; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Director or Property to enter into any amendments or modifications to the Lease, including, without limitation, the exhibits that the Director of Property determines in consultation with the City Attorney, are in the best interest of the City; do not materially increase the obligations or liabilities of the City; are necessary or advisable to effectuate the purposes and intent of the Lease or this resolution; and are in compliance with all applicable laws, including the City Charter; and, be it

FURTHER RESOLVED, That within thirty (30) days of the execution of the Lease being executed by all parties Public Works shall provide the final Lease to the Clerk of the Board for inclusion into the official file.



City and County of San Francisco Tails

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

Resolution

File Number:

160274

Date Passed: April 26, 2016

Resolution authorizing the Director of Property, on behalf of San Francisco Public Works, to execute a lease of 9,900 rentable square feet at 2000 Oakdale Avenue in San Francisco at a base-year rent expense to City of \$150,000 for an initial term of ten years plus three five-year options to extend; and construction of tenant improvements costing the City an estimated \$2,700,000.

April 20, 2016 Budget and Finance Sub-Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

April 20, 2016 Budget and Finance Sub-Committee - RECOMMENDED AS AMENDED

April 26, 2016 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 160274

I hereby certify that the foregoing Resolution was ADOPTED on 4/26/2016 by the Board of Supervisors of the City and County of San Francisco.

> Angela Calvillo Clerk of the Board

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Date Approved