File No. 120934

Committee Item No. 5
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Board of Supervisors Meeting **Date** _____

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Completed by: Victor Young **Date** October 5, 2012
Completed by: Victor Young **Date** _____

FILE NO. 120934 RESOLUTION NO.

[Ratification of Prior Action - Lease Option at 555-575 Polk St]

Resolution ratifying an option for the lease of 9,000 square feet at 555-575 Polk with Mattison Family Trust.

WHEREAS, The Board of Supervisors enacted Resolution 68-12 for the continued lease of approximately 9,000 square feet at 555 Polk Street (the "Premises") for use by the Community Justice Center through the exercise of an option to expand the new 575 Polk Street lease (the "Option"); and

WHEREAS, Resolution 68-12 required the Director of Property to provide a report to the Board of Supervisors of alternative uses of the Premises and the Director of Property has done so; and

WHEREAS, Resolution 68-12 authorized the Director of Property to exercise the option subject to ratification prior to March 31, 2013; now, therefore, be it

RESOLVED, That Board of Supervisors hereby ratifies the Director of Property's exercise of the Option; and, be it

FURTHER RESOLVED, That all actions heretofore taken by the officers of the City with respect to such lease are hereby approved, confirmed and ratified.

RECOMMENDED:

Director
Department of Public Health

Acting Director of Property
Real Estate Division

John Updike
Acting Director of Real Estate

City and County of San Francisco
REAL ESTATE DIVISION

September 12, 2012

Community Justice Center
555 Polk Street
DPH
Assignment #6554

Through Naomi Kelly,
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Board Members:

Attached for your consideration is a Resolution ratifying prior actions of the Board of Supervisors which authorized the continued lease of approximately 9,000 sq. ft. at 555 Polk Street for the Department of Public Health (DPH) for use as the Community Justice Center.

On February 28, 2012, the Board of Supervisors unanimously approved Resolution 68-12 authorizing the Director of Property to exercise an option to lease 555 Polk Street, subject to further Board ratification. Resolution 68-12 also requires the Director of Property to report potential alternative uses of the premises to the Board of Supervisors. The attached Resolution and this cover letter are intended to satisfy both of these requirements.

If ratified, the rent at 555 Polk Street is fixed at $21.47 per sq. ft. annually for the entire term (approximately eight (8) years). According to the 2nd quarter market report from CBRE, the average asking rate in the Civic Center area is $32.93 per sq. ft. In addition, most leases today escalate annually by some factor. The rent under the proposed lease does not escalate. A below market rent at 555 Polk Street space could make the site financially attractive for future alternative uses.

The City's future potential space needs include the Department of Public Health's Weights and Measures Division, the Law Library and the Treasurer-Tax Collector. In addition, 555 Polk Street is located 1/2 block north of the new PUC Headquarters Building at 525 Golden Gate. Should the 555 Polk Street space become available for other uses, PUC is another potential user. PUC will continue to lease approximately 13,098 sq. ft. on Market Street with a termination right anytime during the term with 180 days advance written notice.

Office of the Director of Real Estate 25 Van Ness Avenue, Suite 400 • San Francisco, CA 94102
(415) 554-9850 • FAX: (415) 552-9216

Finally, the City leases more than 400,000 sq. ft. of other space in the Civic Center area and some of these existing leases, upon renewal, may also be backfill candidates for 555 Polk Street.

Since the Board has previously approved the terms of the transaction, rental funds have been appropriated in DPH's FY/13 budget, and there appears to be alternative City uses for the space, the Real Estate Division recommends ratification of Board Resolution 68-12 through the legislation we have submitted.

Respectfully,

John Updike
Acting Director of Real Estate

cc. Barbara Garcia, Director, DPH
Greg Wagner, DPH
Tyrone Navarro, DPH

File No. 120934

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information *(Please print clearly.)*	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information *(Please print clearly.)*	
Name of contractor: **Mattison Family Trust, A California Trust**	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. ***Use additional pages as necessary.*** J. Stanley Mattison and Christine A. Mattison, Trustees No person has more than 1% interest in the Mattison Family Trust	
Contractor address: c/o JS Mattison + Co., Inc. 50 California St., Suite 1500, San Francisco, CA 94111	
Date that contract was approved: *(By the SF Board of Supervisors)*	Amount of contracts: $ NA
Describe the nature of the contract that was approved: Lease of Real Property at 555-75 Polk	
Comments: Ratification of prior action of the Board of Supervisors. (Resolution No. 68-12)	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☑ a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

_____
Print Name of Board

Filer Information *(Please print clearly.)*	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

_____ _____
Signature of City Elective Officer (if submitted by City elective officer) Date Signed

_____ _____
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) Date Signed