



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator



John Updike
Director of Real Estate

November 5, 2015

Real Property Lease
887 Potrero Avenue
Sprint Spectrum

Through Naomi Kelly, City Administrator

Honorable Board of Supervisors
City & County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Dear Board Members:

Enclosed for your consideration is a Resolution authorizing the lease of telecommunication facilities consisting of 189 square feet on the roof of property located at 887 Potrero Avenue, San Francisco, California, commonly known as San Francisco General Hospital Mental Rehabilitation Facility, between the City and County of San Francisco ("City") and Sprint Spectrum, L.P. ("Tenant"). The original lease agreement, dated August 31, 2001, became a month-to-month at-will lease on August 28, 2012 and Tenant has continued to occupy the premises at a holdover rate, which is currently \$10,640.10 per month. The holdover rate represents 150% of the former base rent of \$7,093.40.

Through this proposed legislation, we seek Board of Supervisors approval and authorization of the negotiated lease agreement for an initial five year term at a base rent of \$69,600 per year (\$5,800 per month) with annual Consumer Price Index adjustment of no less than three (3) percent and no more than six (6) percent annually on January 1 of each year. The lease includes one option to extend the term for an additional five years.

The negotiated lease rate exceeds our established minimum acceptable lease rate for cellular facilities, and is supported by comparable rental market data.

The new negotiated rate of \$5,800 per month is less than the former base rent because the location is not as desirable as other high-profile areas. Similar rates are paid by larger carriers like AT&T and Verizon with equipment areas that are double in size if not triple. This Tenant has a smaller market share than other carriers and the new rate is deemed fair.

Should you have any questions or need additional information, do not hesitate to call Marta Bayol of our office at 554-9865.

Respectfully,

A handwritten signature in black ink, appearing to read "John Updike", written in a cursive style.

John Updike
Director of Real Estate

cc: Naomi Kelly, City Administrator

w/ Resolution;
Barbara Garcia, DPH