

1 [Negotiate Real Property Lease - Bridgeton 945 Bryant Fee LLC - 945 Bryant Street - San
2 Francisco Adult Probation - \$1,763,968 Initial Maximum Annual Base Rent]

3 **Resolution authorizing the Director of Property to negotiate a Lease for up to 41,744**
4 **square feet consisting of the entire three floors of 945 Bryant Street, for the San**
5 **Francisco Adult Probation Office, with Bridgeton 945 Bryant Fee LLC, a limited liability**
6 **corporation, for twenty years, to be occupied in phases, for the period of July 1, 2018,**
7 **through June 30, 2038, at an initial monthly base rent not to exceed \$146,997.33 for a**
8 **total maximum base rent of \$1,763,968 in the initial year with increases as set forth in**
9 **the schedule of the Letter of Intent.**

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11 WHEREAS, The Hall of Justice at 850 Bryant was constructed in 1958 and is one of
12 the few vertically integrated criminal justice facilities in the nation with a jail located above the
13 prosecutorial staff and operating courtrooms and judges' chambers which for years has been
14 the subject of emergency declarations due to health and human safety hazards posed by
15 interior sewage floods caused by those in the jail facility, as well as due to aging
16 infrastructure; and

17 WHEREAS, The Hall of Justice has an antiquated elevator system requiring millions of
18 dollars in renovation and capital investment, with several out of service on any given day,
19 negatively affecting prisoner transport, employee flow within the building, and patron access
20 to services; and

21 WHEREAS, The Hall of Justice has a seismic rating that suggests very poor
22 performance in the event of a major earthquake, wherein the building would be closed for an
23 indefinite period of time for repairs due to significant damage, requiring an emergency
24 relocation of the these criminal justice system elements elsewhere and causing a serious
25 disruption of the criminal justice system; and

1 WHEREAS, To effect repairs to the Hall of Justice to address these noted deficiencies
2 would require significant capital investment and upon completion still leave the City with a
3 dysfunctional building that does not adequately serve the criminal justice system; and

4 WHEREAS, The long term reorganization plans for Hall of Justice are encapsulated
5 within the Justice Facilities Improvement Program, a part of the adopted ten-year Capital
6 Improvement Program, and the adopted Capital Plan for Fiscal Years 2018-2027 contains an
7 acceleration of previous schedules for relocation of District Attorney, Police Investigations,
8 Evidence Storage and Adult Probation, pursuant to requests by Mayor Lee and City
9 Administrator Kelly; and

10 WHEREAS, A lease of 41,744 square feet of 945 Bryant Street (“Lease”) from
11 Bridgeton 945 Bryant Fee LLC (“Landlord”) would accommodate the Adult Probation Office
12 space needs in a phased move-in to commence no earlier than July 1, 2018 with completion
13 in early 2020; and,

14 WHEREAS, The Planning Department, through General Plan Referral letter dated
15 October 20, 2017, (“Planning Letter”), which is on file with the Clerk of the Board of
16 Supervisors under File No. 171111, has verified that the City’s anticipated Lease is consistent
17 with the General Plan, and the eight priority policies under Planning Code, Section 101.1; and

18 WHEREAS, The Real Estate Division and the Landlord have negotiated a twenty-year
19 Lease through a Letter of Intent for up to 27,517 square feet of space initially in Phase I in
20 July, 2018, and in Phase II in early 2020 (or earlier), up to 14,227 square feet of space; and

21 WHEREAS, The Lease provides the City a tenant improvement allowance of up to
22 \$1,252,000 to be amortized over the term of the lease at 8% per annum; and

23 WHEREAS, The proposed maximum initial annual rent of \$1,763,968 (\$64.00 per
24 square foot), increasing pursuant to the schedule noted in the Letter of Intent, was determined
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1 to be at or less than fair market rent by an independent MAI appraisal as required by
2 Administrative Code, Chapter 23; now, therefore, be it

3 RESOLVED, That the Director of Property is hereby authorized to take all actions, on
4 behalf of the City and County of San Francisco, as tenant, to negotiate a Lease consistent
5 with the fully executed Letter of Intent, a copy of which is on file with the Clerk of the Board of
6 Supervisors in File No. 171111, (the "Letter of Intent") and other related documents with
7 Bridgeton 945 Bryant Fee LLC, for approximately up to 41,744 rentable square feet consisting
8 of all three floors of the building commonly known as 945 Bryant Street; and, be it

9 FURTHER RESOLVED, The annual base rent for the period from July 1, 2018, to
10 June 30, 2019, shall be no greater than \$1,763,968 (approximately \$64.00 per square foot per
11 year) and the base rent shall increase annually at a schedule as outlined in the Letter of
12 Intent; and, be it

13 FURTHER RESOLVED, As set forth in the Letter of Intent, the City shall pay for its
14 utilities, and janitorial services only, in addition to the Base Rent, all other operating expenses
15 attributable to the space occupied by the City under the Lease in addition to the base rent
16 shall be at Landlord expense; and, be it

17 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with
18 respect to the Letter of Intent are hereby approved, confirmed and ratified; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
20 Property to negotiate the Lease and any amendments or modifications to the Lease (including
21 without limitation, the exhibits) that the Director of Property determines, in consultation with
22 the City Attorney, are in the best interest of the City, do not materially increase the obligations
23 or liabilities of the City beyond those expressed in the Letter of Intent, do not materially
24 decrease the benefits to the City, or are necessary or advisable to effectuate the purposes of
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1 the Lease or this resolution, and are in compliance with all applicable laws, including City's
2 Charter; and, be it

3 FURTHER RESOLVED, Said Lease shall be subject to a final authorizing Resolution
4 adopted by the Board of Supervisors and Mayor in their sole and separate authority at the
5 soonest date available after execution by City and Landlord; and be it

6 FURTHER RESOLVED, That the Director of Real Estate and Director of Capital
7 Planning shall work with the Controller's Office to analyze the space utilization needs of the
8 Adult Probation Department to determine the efficacy of co-locating another use from the Hall
9 of Justice into the premises of the Lease.

10 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the
11 Controller, pursuant to Charter, Section 3.105.

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13 Signatures on next Page

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\$1,763,968.00 Available

Controller
Subject to enactment of the 2018/2019 Annual
Appropriation Ordinance

RECOMMENDED:

Karen Fletcher, Chief
Adult Probation

John Updike
Director of Real Estate