

1 [Real Property Lease - Twin Peaks Petroleum, Inc. - 598 Portola Drive - \$100,913 Per Year
2 Base Rent]

3 **Resolution authorizing the lease of real property located at 598 Portola Drive with Twin**
4 **Peaks Petroleum, Inc., a California corporation, doing business as Twin Peaks Auto**
5 **Care, successor-in-interest to Michael Gharib, for an initial five-year term at a base rent**
6 **of \$100,913 per year, to commence upon approval by the Board of Supervisors and**
7 **Mayor, in their respective sole and absolute discretion.**

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9 WHEREAS, The Board of Supervisors passed and the Mayor signed Ordinance No.
10 279-94 on August 4, 1994, on file with the Clerk of the Board of Supervisors in File No.
11 65-94-11, authorizing a lease (“Original Lease”) of 15,000 square feet at 598 Portola Drive
12 (“Premises”) between the City and County of San Francisco (“Landlord”) and Michael Gharib,
13 dba Twin Peaks Mobil (“Tenant”) for use as a gasoline service station and related
14 convenience store and garage; and

15 WHEREAS, The Board of Supervisors passed and the Mayor signed Resolution No.
16 364-04 on June 21, 2004, on file with the Clerk of the Board of Supervisors in File No.
17 040636, authorizing an extension of the Original Lease through June 30, 2014 (“First
18 Amendment to Lease”, collectively with the Original Lease, the “Original Lease”); and

19 WHEREAS, The Original Lease became a month-to-month at will lease on June 30,
20 2014 and Tenant has continued to occupy the Premises and conduct business as Twin Peaks
21 Auto Care; and

22 WHEREAS, Tenant is a local small business which owns the tanks, dispensers, gas
23 lines and other fixtures and equipment on the Premises; and

24 WHEREAS, The City has decreased the total square feet of the rentable area of the
25 Premises from a little over 15,000 square feet to approximately 14,499 square feet through

1 road and other improvements; and

2 WHEREAS, The City, through its Real Estate Division and with consultation from the
3 Office of the City Attorney, and Tenant have negotiated the proposed Lease, which provides
4 an initial Base Rent of \$6.96 per square foot per year (\$0.58 per sq. ft. per month) or
5 \$100,913 per year as established by an independent appraisal, with annual increases to Base
6 Rent of three (3) percent per year on each anniversary of the commencement of Lease; and

7 WHEREAS, The Tenant shall be responsible for all utilities and services within the
8 Premises; and

9 WHEREAS, The Premises is zoned “P – Public” and limited to those uses identified
10 under San Francisco Planning Code Sections 211.1 or 211.2; now, therefore, be it

11 RESOLVED, That in accordance with the recommendation of the Director of Property,
12 that the Director of Property on behalf of the City, as Landlord, be and is hereby authorized to
13 take all actions necessary to execute the Lease (a copy of which is on file with the Clerk of the
14 Board of Supervisors in File No. 150895) at 598 Portola Drive in San Francisco, California, at
15 a Base Rent of \$6.96 per square foot per year, for a five year term and one five year option;
16 and, be it

17 FURTHER RESOLVED, That the Director of Property shall be authorized to enter into
18 any additions, amendments or other modifications to the Lease that the Director of Property
19 determines, in consultation with the City Attorney, are in the best interests of the City, do not
20 materially increase the obligations or liabilities of the City, and are necessary or advisable to
21 complete the transaction and effectuate the purpose and intent of this resolution; and, be it

22 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
23 harmless the Landlord, from and agreeing to defend the Landlord against any and all claims,
24 costs and expenses, including, without limitation, reasonable attorney’s fees, incurred as a
25 result of City’s use of the Premises, any default by the City in the performance of any of its

1 obligations under the Lease or any acts or omissions of city or its agents, in, on or about the
2 Premises or the property on which the Premises are located, including those claims, costs
3 and expenses incurred as a result of negligence or willful misconduct of Landlord or its
4 agents; and, be it

5 FURTHER RESOLVED, That the Competitive Bidding Procedures would be impractical
6 in light of the existing zoning limitations and that the Tenant is a successful local small
7 business which owns the tanks, dispensers, gas lines and other fixtures and equipment on the
8 Premises, and if not the Tenant, would then remove said improvements from the Premises;
9 and, be it

10 FURTHER RESOLVED, That any action taken by the Director of Property and other
11 officers of the City with respect to the Lease are hereby approved, confirmed and ratified; and,
12 be it

13 FURTHER RESOLVED, That the City Administrator shall consult with the Real Estate
14 Division and other City Departments to identify Property under City control to determine which
15 Properties are Surplus or Underutilized as set forth in San Francisco Administrative Code
16 Section 23A, and shall take appropriate action to further investigate other use opportunities;
17 and, be it

18 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
19 executed by all parties, the Director of Real Estate shall provide the agreement to the Clerk of
20 the Board for inclusion into the official file.

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RECOMMENDED:

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John Updike
Director of Real Estate

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