

1 [Real Property Lease Renewal and Amendment - Michael C. Mitchell - 837 Malcolm Road,
2 Burlingame - Initial Monthly Base Rent \$10,500]

3 **Resolution retroactively authorizing a five-year lease extension and amendment for**
4 **approximately 6,000 square feet of improvements, situated on 10,500 square feet of**
5 **land at 837 Malcolm Road, Burlingame, with Michael C. Mitchell, an individual, as**
6 **Landlord, for use by the San Francisco International Airport, for the period of May 1,**
7 **2018, through April 30, 2023, subject to the City’s option to terminate early, at the initial**
8 **annual cost of \$126,000 (or \$10,500 monthly), with 3% annual increases thereafter, and**
9 **two one-year options to extend the term.**

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11 WHEREAS, Airport Reprographics supports the mission and marketing of the Airport
12 and City to further awareness of its respective programs, projects, and business development
13 initiatives; and

14 WHEREAS, Airport Reprographics provides full service design, layout, art, production,
15 large format printing, laminating, and mounting for the extensive graphics seen throughout the
16 Airport; and

17 WHEREAS, Airport Reprographics supports the Airport’s ongoing marketing of new
18 international service from San Francisco International Airport ("SFO") to destinations around
19 the world; and

20 WHEREAS, Airport Reprographics also serves SFO’s needs for its wayfinding program
21 (directional signage), printing of architectural drawings for ongoing construction projects,
22 updating digitally and printing of Airport maps and directories; and

23 WHEREAS, Airport Reprographics also has a yearly work order with the Port of
24 San Francisco supporting them with their large format printing requirements, such as street
25 banners, cruise terminal banners, side walk pylon signs and wayfinding signs; and

1 WHEREAS, Airport Reprographics also provides extensive design layouts and art
2 production seen throughout the City and County of San Francisco's ("City") other venues,
3 including for the "100 Years of Legislative History" as currently seen in City Hall, several
4 works for the Mayor's Film Commission and for San Francisco Municipal Transit Agency's
5 transit projects; and

6 WHEREAS, City, acting by and through its Airport Commission, has leased for the past
7 nine years approximately 6,000 square feet of production space on 10,500 square feet of land
8 at 837 Malcolm Road, Burlingame to provide these services to the Airport; and

9 WHEREAS, The original lease was dated January 12, 2009, as amended by the First
10 Amendment to the Lease dated October 1, 2010, and extended by letter dated October 14,
11 2014 (collectively, the "Lease"); and

12 WHEREAS, The Lease is scheduled to expire on April 30, 2018 with no further options
13 to extend the term; and

14 WHEREAS, The City and Michael C. Mitchell ("Landlord") desire to extend the term of
15 the Lease for an additional five years, from May 1, 2018, through April 30, 2023, subject to
16 City's right to terminate after the third year, under a proposed Second Amendment to the
17 Lease, substantially in the form on file with the Clerk of the Board of Supervisors in File
18 No. 180419, at a monthly rental rate of \$10,500.00 (approximately \$1.75 per square foot
19 monthly and \$21.00 per square foot annually) with two one-year options to extend the term,
20 each requiring further Board approvals, as provided in the agreement; and

21 WHEREAS, The Airport Commission, on April 3, 2018, approved the term; and

22 WHEREAS, The term extension through a Second Amendment to the Lease is subject
23 to enactment of a resolution by the Board of Supervisors and the Mayor, in their respective
24 sole and absolute discretion, approving and authorizing such amendment; now, therefore, be
25 it

1 RESOLVED, That, in accordance with the recommendation of the Airport Director and
2 the Director of Property, the Director of Property is hereby authorized to take all actions on
3 behalf of the City and County of San Francisco, as tenant, to extend the Lease with
4 Michael C. Mitchell ("Landlord") for the building commonly known as 837 Malcolm Road,
5 Burlingame, California on the terms and conditions set forth herein and in a form approved by
6 the City Attorney; and, be it

7 FURTHER RESOLVED, That the Lease extension shall be for a term of five years
8 (May 1, 2018 through April 30, 2023) at a monthly rental of \$10,500.00 (approximately \$21.00
9 per square foot Industrial Gross, annually) with 3% annual increases; and, be it

10 FURTHER RESOLVED, That City shall also pay for the typical tenant expenses,
11 including standard operating expense increases over a 2018 Base Year; and, be it

12 FURTHER RESOLVED, That the Second Amendment to the Lease shall authorize City
13 to design and install alterations to the Premises, in FY2018-2019, to accommodate the
14 Airport's new equipment, per the procedures outlined in the proposed Second Amendment to
15 the Lease, at a cost not to exceed \$669,702.00; and, be it

16 FURTHER RESOLVED, That the Lease shall continue to include the clause
17 indemnifying, holding harmless, and defending Landlord and its agents from and against any
18 and all claims, costs and expenses, including, without limitation, reasonable attorneys' fees
19 incurred as a result of any default by City in the performance of any of its material obligations
20 under the Lease, or any negligent acts or omissions of City or its agents in, on or about the
21 Premises or the property on which the Premises are located, excluding those claims, costs
22 and expenses incurred as a result of the gross negligence or willful misconduct of Landlord or
23 its agents; and be it

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1 FURTHER RESOLVED, That all actions heretofore taken by employee or officers of
2 City, with respect to the Second Amendment to Lease, are hereby approved, confirmed and
3 ratified; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
5 Property to enter into any amendments or modifications to the Lease that the Director of
6 Property determines, in consultation with the City Attorney, are in the best interest of City, do
7 not materially increase the rent or otherwise materially increase the obligations or liabilities of
8 City, are necessary or advisable to effectuate the purposes of the Second Amendment to
9 Lease, and are in compliance with all applicable laws, including the City Charter; and, be it

10 FURTHER RESOLVED, That the City shall continue to occupy the Premises for the
11 extended term unless funds for the Department's rental payment are not appropriated at
12 which time the City may terminate the Lease with advance notice to Landlord; and, be it

13 FURTHER RESOLVED, That said Lease shall continue to be subject to certification as
14 to funds by the Controller, pursuant to Section 6.302 of the City Charter; and, be it

15 FURTHER RESOLVED, That within 30 days of the execution of the Second
16 Amendment to the Lease, the Director of Real Estate shall provide a copy to the Clerk of the
17 Board for the Board's file.

18 (Signatures on the following page)
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\$21,000.00
(2 month's rent)

Fund ID: 17960
Dept. ID: 109652
Project ID: 10001629
Activity ID: 0001
Authority ID: 10000
Account ID: 530110

Controller

RECOMMENDED:

Airport Director
San Francisco International Airport

Director of Property
Real Estate Division