

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

3 **Resolution approving a Lease for approximately 41,744 square feet consisting of the**
4 **entire three floors of 945 Bryant Street, for the Adult Probation Office, with Bridgeton**
5 **945 Bryant Fee LLC, a limited liability corporation, for 20 years, to be occupied in**
6 **phases, for the period of August 1, 2018, through July 31, 2038, at an initial monthly**
7 **base rent not to exceed \$146,997.33 for a total annual initial maximum base rent of**
8 **\$1,763,968 in the initial year with annual increases of three percent for the initial ten**
9 **year term of the Lease, an adjustment to market rate in Year 11 of the Lease, and**
10 **subsequent annual increases of three percent thereafter; and finding the proposed**
11 **Lease is in conformance with the General Plan, and the eight priority policies of**
12 **Planning Code, Section 101.1.**

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

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

24 WHEREAS, The Hall of Justice has a seismic rating that suggests very poor
25 performance in the event of a major earthquake, wherein the building would be closed for

1 an indefinite period of time for repairs due to significant damage, requiring an emergency
2 relocation of the these criminal justice system elements elsewhere and causing a serious
3 disruption of the criminal justice system; and

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

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

14 WHEREAS, A lease of approximately 41,744 square feet of 945 Bryant Street
15 (“Lease”) from Bridgeton 945 Bryant Fee LLC (“Landlord”) would accommodate the Adult
16 Probation Office space needs in a phased move-in to commence no earlier than August 1,
17 2018, with completion in 2020, and with rental commencement for the first phase of space
18 to be no earlier than November 1, 2018; and,

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

23 WHEREAS, The Real Estate Division and the Landlord have negotiated a 20-year
24 Lease in three phases of just less than 14,000 square feet of space in each phase, taking
25 the spaces within certain dates as outlined in the Lease; and

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

5 RESOLVED, That the Board of Supervisors hereby finds that the Lease is consistent
6 with the General Plan, and eight priority policies of Planning Code, Section 101.1, and
7 hereby incorporates such findings by reference as though fully set forth in this Resolution;
8 and, be it

9 FURTHER RESOLVED, That the Director of Property is hereby authorized to take
10 all actions, on behalf of the City and County of San Francisco, as tenant, to effect the
11 Lease, a copy of which is on file with the Clerk of the Board of Supervisors in File No.
12 180357, (the "Lease") and other related documents with Bridgeton 945 Bryant Fee LLC, for
13 approximately 41,744 rentable square feet consisting of all three floors of the building
14 commonly known as 945 Bryant Street; and, be it

15 FURTHER RESOLVED, The annual base rent for the period from August 1, 2018,
16 through July 31, 2019, shall be no greater than \$1,763,968 (approximately \$64.00 per
17 square foot per year, and only under the unanticipated circumstance of delivery of all three
18 phases of space at one time and the base rent shall increase annually at a schedule as
19 outlined in the Lease; and, be it

20 FURTHER RESOLVED, As set forth in the Lease, the City shall pay for its utilities,
21 and janitorial services only, in addition to the Base Rent, all other operating expenses
22 attributable to the space occupied by the City under the Lease in addition to the base rent
23 shall be at Landlord expense; and, be it

24 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City
25 with respect to the Lease are hereby approved, confirmed and ratified; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
2 Property to effect the Lease and any amendments or modifications to the Lease (including
3 without limitation, the exhibits) that the Director of Property determines, in consultation with
4 the City Attorney, are in the best interest of the City, do not materially increase the
5 obligations or liabilities of the City beyond those expressed in the Lease, do not materially
6 decrease the benefits to the City, or are necessary or advisable to effectuate the purposes
7 of the Lease or this resolution, and are in compliance with all applicable laws, including
8 City's Charter; and, be it

9 FURTHER RESOLVED, That the Director of Real Estate and Director of Capital
10 Planning shall work with the Controller's Office to analyze the space utilization needs of the
11 Adult Probation Department to determine the efficacy of co-locating another use from the
12 Hall of Justice into the premises of the Lease, a process that shall be completed during
13 calendar year 2018; and, be it

14 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by
15 the Controller, pursuant to Charter, Section 3.105; and, be it

16 FURTHER RESOLVED, That within thirty (30) days of the contract being fully
17 executed by all parties, the Real Estate Division shall provide the final contract to the Clerk
18 of the Board for inclusion into the official file.

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21 Signatures on next Page

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\$1,175,979 Available (8 months rent)

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

RECOMMENDED:

John Updike
Director of Real Estate