



MEMORANDUM

October 13, 2015

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Approval of a Lease Agreement with the U. S. Government for Space in the International Terminal for the U. S. Federal Bureau of Investigation

DIRECTOR'S RECOMMENDATION: APPROVE A LEASE AGREEMENT BETWEEN THE U. S. GOVERNMENT AND THE SAN FRANCISCO INTERNATIONAL AIRPORT FOR OFFICE SPACE IN THE INTERNATIONAL TERMINAL, TO BE OCCUPIED BY THE U. S. FEDERAL BUREAU OF INVESTIGATION, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE LEASE TO THE BOARD OF SUPERVISORS FOR APPROVAL.

Executive Summary

Pursuant to Lease No. GS-09B-01967, the U. S. Federal Bureau of Investigation (the "FBI"), a department of the U. S. Government, currently occupies approximately 2,396 square feet of Category II space in the International Terminal. The FBI desires to continue occupancy of the space pursuant to renewal Lease No. GS-09P-LCA03395 (the "Lease"), with a term of three years, Firm, and an annual rent of \$542,765.88.

Background

The FBI currently leases approximately 2,396 square feet of Category II space for its operations and administrative office functions in the International Terminal. The current lease will expire on January 3, 2016. The FBI wishes to continue occupancy in its present location and has submitted a renewal Lease to the Airport for approval, under the following business terms:

1. **Premises:** Approximately 2,396 square feet of Category II space (Room I.5.112) on Level 5 of the South Shoulder Building of the International Terminal, as shown on Exhibit A.
2. **Permitted Use:** Operations and administrative offices.

THIS PRINT COVERS CALENDAR ITEM NO. 19

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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VICE PRESIDENT

ELEANOR JOHNS

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JOHN L. MARTIN
AIRPORT DIRECTOR

3. **Term:** Three years, Firm.
4. **Commencement Date:** January 4, 2016.
5. **Annual Rent:** The annual rent of \$542,765.88 (\$45,230.49 per month), paid monthly in arrears, is fixed for the term based on a negotiated rental rate of \$226.53 per square foot per year. The rental rate is comprised of Terminal Rent and an Operating Cost for provision of services, as specified in the Maintenance section below.

The fixed annual rent was derived as follows:

- Determining the initial Terminal Rent rate based on FY 15/16 Category II rate (\$206.66 per square foot per year); then
- Escalating that rate based on projected annual increases over the three-year term, as provided by the Airport's Financial Planning and Analysis; then
- Determining the initial Operating Cost rate based on projections from Facilities; then
- Escalating the Operating Cost rate by 5% per year based on a conservative projection for inflation; then
- Determining the net present value of the Annual Rent (Terminal Rent plus Operating Cost) based on the Federal Office of Management and Budget's discount rate set at 4.6%.

The initial rates, resultant rates, and rent are shown below:

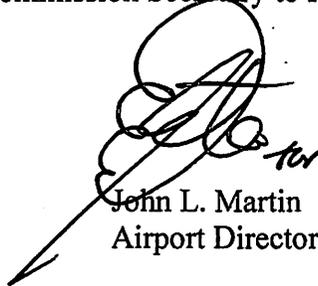
Rent Component	Initial Rate and Fees	Net Present Value	Fixed Rent and Fees
Terminal Rent/SF/YR	\$206.66	\$216.79	\$519,428.84
Operating Cost/SF/YR	\$9.46	\$9.74	\$23,337.04
Total	\$216.12	\$226.53	\$542,765.88

6. **Operating Cost:** To reimburse the Airport for janitorial services five days per week, re-lamping of light fixtures, and provision of electricity and water/sewer services.
7. **Parking:** Eight employee parking permits.
8. **Maintenance:** The Airport will maintain the terminal infrastructure and base building systems. The tenant will maintain the premises, including all tenant improvements.

As the FBI is a federal agency, staff has requested exemptions from Chapters 12B and 12C (Equal Benefits Ordinance) of the San Francisco Administrative Code by the Contract Monitoring Division, and Sections 12Q and 12P (Healthcare Accountability Ordinance and Minimum Compensation Ordinance, respectively) of the San Francisco Administrative Code by the Office of Labor Standards Enforcement.

Recommendation

I recommend adoption of the accompanying resolution that approves Lease No. GS-09P-LCA03395 with the U. S. Government for approximately 2,396 square feet of Category II space in the South Shoulder Building of the International Terminal, with a term of three years, Firm, and an annual fixed rent of \$542,765.88, and directs the Commission Secretary to forward the Lease to the Board of Supervisors for approval.



John L. Martin
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachments

JLM/LF/DA:gp
bcc: admin/chron/doc/file/Diane Artz/Linda Peng/Luke Bowman
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Exhibit A

U. S. GOVERNMENT, U. S. FEDERAL BUREAU OF INVESTIGATION OFFICE LOCATION

