

1 [Amendment to Real Property Lease]

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3 **Resolution authorizing a second amendment to an existing lease of office space at**  
4 **1212 Market Street, also known as 11 Grove Street, for the Department of the**  
5 **Environment.**

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7 WHEREAS, Yully Company, LLC, ("Landlord"), and the City as tenant are parties to  
8 that certain lease dated for reference purposes only as of May 12, 2000 (hereinafter referred  
9 to as the "DOE Lease") pursuant to which Landlord leased to City certain premises of real  
10 property and improvements described as 11 Grove Street, San Francisco, California,  
11 described as a portion of the ground, first, and basement floors and consisting of  
12 approximately 3,763 square feet of office area and 487 square feet of basement area (the  
13 "Premises"). The Premises are used by City's Department of the Environment ("DOE"); and,

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15 WHEREAS, Landlord and City are parties to the First Amendment dated November 6,  
16 2001 which, among other items, added Suite 100, comprising 2,362 rentable square feet to  
17 the Premises thereby enlarging the original leasehold premises from 4,250 square feet (3,763  
18 square feet of office area plus 487 square feet of basement area) to 6,612 square feet (6,125  
19 square feet of office area plus 487 square feet of basement area); and,

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21 WHEREAS, Landlord and City are parties to another lease dated September 17, 1997,  
22 which originally was occupied by the City's Public Utilities Commission (hereinafter referred to  
23 as the "PUC Lease"). Jurisdiction for City's obligations under the PUC Lease was transferred  
24 to the DOE prior to the Lease Expiration Date of October 31, 2002, and the DOE continues to  
25 occupy the PUC Lease Premises on a month to month basis; and,

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1           WHEREAS, Landlord and City now desire to consolidate and extend the PUC Lease  
2 Premises under the terms of the DOE Lease pursuant to the terms of this Second  
3 Amendment. In addition, Landlord and City desire to make additional modifications and  
4 amendments to the provisions of the DOE Lease and First Amendment of Lease including but  
5 not limited to changing the terms of the City's Option to Extend from 1 year to 5 years and  
6 changing the Base Rent payable during such Option period from the current CPI adjustment  
7 to a Base Rent based on the then fair market value. Landlord and City further desire to  
8 expand the Premises by adding to the Premises an additional storage space area (consisting  
9 of 480 sq. ft.) in the basement; and,

10           WHEREAS, Such terms for the Second Amendment are subject to enactment of a  
11 resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute  
12 direction, approving and authorizing such exercise; now, therefore, be it

13           RESOLVED, That in accordance with the recommendation of the Director of the  
14 Department of the Environment and the Director of Property, the Director of Property is  
15 hereby authorized to take all actions on behalf of the City and County of San Francisco, as  
16 tenant, to extend the Lease (a copy of the original lease is on file with the Clerk of the Board)  
17 with Yully Company, LLC, for the building commonly known as 1212 Market Street, also  
18 known as 11 Grove Street, San Francisco, California, for the total area of approximately  
19 13,213 square feet on the terms and conditions set forth herein and in the Second  
20 Amendment as approved by the City Attorney and on file with the Clerk of the Board of  
21 Supervisors; and, be it

22           FURTHER RESOLVED, That the total rent for the entire Premises including the  
23 increased space, shall be \$29,273.42 per month, up until June 30, 2004, when said lease  
24 shall expire; and, be it

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1 FURTHER RESOLVED, That the City shall have a FIVE (5) year option to extend the  
2 lease for the entire Premises at the then fair market value; and, be it

3 FURTHER RESOLVED, That Landlord shall complete City's desired tenant  
4 improvements at Landlord's cost, and that the City shall receive a retroactive rent credit of  
5 \$3,407.60 per month from November 1, 2002 until such time as Additional Leasehold  
6 Improvements have been substantially completed; and, be it

7 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
8 with respect to such Second Lease Amendment are hereby approved, confirmed and ratified;  
9 and, be it

10 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
11 Property to enter into any additional amendments or modifications to the Lease (including,  
12 without limitation, the exhibits) that the Director of Property determines, in consultation with  
13 the City Attorney, are in the best interest of the City, do not increase the rent or otherwise  
14 materially increase the obligations or liabilities of the City, are necessary or advisable to  
15 effectuate the purposes of the Second Lease Amendment or this resolution, and are in  
16 compliance with all applicable laws, including the City Charter; and, be it

17 FURTHER RESOLVED, That, provided the rent for the commencement of the option to  
18 extend the term is not greater than the Director of Property's determination of fair market rent,  
19 the Director of Property shall be authorized to exercise the Extension Option without obtaining  
20 any further approvals by the Board of Supervisors or the Mayor; and, be it

21 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term  
22 of the Lease unless funds for the Department of Environment's rental payments are not  
23 appropriated in any subsequent fiscal year at which time the City may terminate the Lease  
24 with advance notice to Landlord. Said Lease shall be subject to certification as to funds by  
25 the Controller, pursuant to Section 6.302 of the City Charter.

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\$87,820.26 Available  
(3 mos. @\$29,273.42, a majority of which  
is currently appropriated)

Appropriation No.: 220005

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Controller

**RECOMMENDED:**

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Department of Environment

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Director of Property  
Real Estate Division