

1 [Real Property Lease Renewal - 1145 Market LP - 1145 Market Street - San Francisco Law
2 Library - \$1,180,000 Initial Annual Base Rent]

3 **Resolution authorizing the exercise of an option to extend the term of a Lease for**
4 **approximately 20,000 square feet consisting of a portion of the second floor and entire**
5 **fourth floor at 1145 Market Street, for the San Francisco Law Library, with 1145 Market**
6 **Street LP, a California limited partnership, for five years, subject to City’s right to**
7 **terminate, for the period of July 1, 2018, to June 30, 2023, at a monthly base rent of**
8 **\$98,333.33 for a total annual base rent of 1,180,000 in the initial year with 3% annual**
9 **increases.**

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11 WHEREAS, The 1870 Act of California requires all Counties to provide a Law Library
12 for public use; and

13 WHEREAS, The 1870 Act established the Law Library as a legal entity, separate from
14 the City and County, and requires the Board of Supervisors to appropriate General Fund
15 monies for “fuel, lights and stationary and all necessary conveniences and care, rooms
16 convenient and accessible to the Courts, sufficient for the use and accommodation of said law
17 library and those who have occasion for its use;” and

18 WHEREAS, Charter, Section 8.103 is consistent with the 1870 Act and states that the
19 City must provide “suitable” and “sufficient” accommodations for the Law Library as well as
20 free access to the legal community and the general public; and

21 WHEREAS, The Charter also requires the City to pay for the salaries of three positions
22 in the Law Library budget including a Librarian, Assistant Librarian, and 3) Bookbinder; and,

23 WHEREAS, The San Francisco Law Library currently occupies space at 1145 Market
24 Street under a lease authorized by Resolution No. 196-13; and

25 WHEREAS, The current lease expires on June 30, 2018; and

1 WHEREAS, Under the existing lease, the City has an option to extend the term for an
2 additional five years at 95% of fair market rent; and,

3 WHEREAS, Pursuant to the terms of such option, the Real Estate Division and the
4 Landlord have negotiated such 95% of fair market rental, considering all factors; and

5 WHEREAS, The proposed annual rent of \$1,180,000 (approximately \$59.00 per
6 square foot) was determined to be at or less than 95% of fair market rent by an independent
7 MAI appraisal as required by Administrative Code, Chapter 23; now, therefore, be it

8 RESOLVED, That the Director of Property is hereby authorized to take all actions, on
9 behalf of the City and County of San Francisco, as tenant, to extend the Lease, a copy of
10 which is on file with the Clerk of the Board of Supervisors in File No. 171077, (the "Lease")
11 and other related documents with 1145 Market Street LP, a California limited partnership,
12 ("Landlord"), for approximately 20,000 rentable square feet consisting of the entire fourth (4th)
13 floor and a portion of the second (2nd) floor of the building commonly known as 1145 Market
14 Street; and, be it

15 FURTHER RESOLVED, The annual base rent for the period from July 1, 2018 to
16 June 30, 2019, shall be \$1,180,000 (approximately \$59.00 per square foot per year and the
17 base rent shall increase annually at a rate of 3% annually on each July 1; and, be it

18 FURTHER RESOLVED, As set forth in the Lease, the City shall continue to pay for its
19 (i) its separately sub-metered electricity and Saturday ventilation (estimated to add
20 approximately \$2,021.18 per month, (ii) prorata share of operating expenses over a 2018
21 base year and (iii) for other typical tenant expenses; and, be it

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

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property to enter into any amendments or modifications to the Lease (including without

1 limitation, the exhibits) that the Director of Property determines, in consultation with the City
2 Attorney, are in the best interest of the City, do not materially increase the obligations or
3 liabilities of the City, do not materially decrease the benefits to the City, or are necessary or
4 advisable to effectuate the purposes of the Lease or this resolution, and are in compliance
5 with all applicable laws, including City's Charter; and, be it

6 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term
7 of the Lease unless funds for the City's rental payments are not appropriated in any
8 subsequent fiscal year at which time City may terminate the Lease with reasonable advance
9 written notice to Landlord; and, be it

10 FURTHER RESOLVED, Such termination shall then be effective upon surrender of the
11 Premises; and, be it

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

14 FURTHER RESOLVED, That within thirty (30) days of the execution of the extension,
15 the Director of Property shall provide a copy to the Clerk of the Board for the Board's file.

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17 Signatures on next Page

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\$1,180,000.00_Available

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

RECOMMENDED:

Marcia R. Bell
San Francisco Law Library

John Updike
Director of Real Estate