

1 [Industrial Lease Agreement - Tanforan Industrial Park, LLC - Bus Operator Training Courses  
2 - \$2,480,304 Initial Annual Base Rent]

3 **Resolution authorizing the San Francisco Municipal Transportation Agency (SFMTA) to**  
4 **execute an Industrial Lease Agreement with Tanforan Industrial Park, LLC, for**  
5 **approximately 7.3 acres of space located at 30 Tanforan Avenue, South San Francisco,**  
6 **to be used for SFMTA bus operator training courses for a nine and one-half year term**  
7 **estimated to be from October 1, 2016, through February 28, 2026, with an initial annual**  
8 **base rent of \$2,480,304 and annual 2% rent increases; the lease includes a purchase**  
9 **option, right of first refusal, and an extension option.**

10  
11 WHEREAS, There has been a 10% growth in Muni service hours and an additional 2%  
12 growth projected to meet the City’s transit needs; and

13 WHEREAS, It is expected that future transit service needs will need to be increased to  
14 support the projected growth in the City; and

15 WHEREAS, The San Francisco Municipal Transportation Agency (“SFMTA”) has  
16 recently hired new Muni operators to meet this service need which has been a key component  
17 of delivering 99% of service and increasing on time performance; and

18 WHEREAS, Each new operator requires at least 44 days of training, which includes on-  
19 and off-road experience for skill development and DMV testing; and

20 WHEREAS, Training is not limited exclusively for new hires but is an ongoing  
21 requirement to ensure safety; and

22 WHEREAS, A bus operator training course requires approximately 6-8 acres of  
23 improved land, and access to such parcels of land to meet such needs are very limited in San  
24 Francisco and surrounding communities; and

1           WHEREAS, SFMTA does not have a dedicated training resource within its existing real  
2 estate portfolio to adequately accommodate its new hire training classes which has negatively  
3 impacted the ability to deliver adequate transit services and will continue to do so until a  
4 dedicated resource is available as needed by SFMTA for ongoing and continual operator  
5 training; and

6           WHEREAS, SFMTA has sought to conduct behind-the-wheel training through short-  
7 term leasing or licensing, but in most cases, the locations sought were either not available at  
8 the level of consistency required by the Training Section or the sites were not adequate in  
9 size, use or improvement; and

10           WHEREAS, The property at 30 Tanforan Avenue, South San Francisco, San Mateo  
11 County Assessor's Parcel Number 014-250-090 was identified and deemed the best solution  
12 by MTA Transit and Training units for providing an adequate, consistent and reliable location  
13 for bus operator training; and

14           WHEREAS, SFMTA desires to execute a nine and one-half year lease ("Lease") with  
15 Tanforan Industrial Park, LLC ("Lessor"); and

16           WHEREAS, The lease agreement includes the following key terms and conditions:

17           (a) Term. The Term of the Lease is nine and one-half (9 ½) years.

18           (b) Rent. Under the Lease, SFMTA will pay an initial annual base rent of \$2,480,304  
19           (\$.65 per square foot), with annual rent increases of two percent.

20           (c) Purchase Option. SFMTA will have the right to exercise a Purchase Option to  
21           acquire the property in years seven through nine.

22           (d) Right of First Refusal. SFMTA will have a Right of First Refusal to acquire the  
23           property throughout the entire term of the Lease.

24           (e) Option to Extend. SFMTA will have an option, exercisable in SFMTA's sole  
25           discretion, to extend the term of the Lease.

1           WHEREAS, On January 19, 2016, the SFMTA Board of Directors approved Resolution  
2 No. 16-011 authorizing the Director of Transportation of the SFMTA to execute the Lease and  
3 to forward to the Board of Supervisors for final approval; and

4           WHEREAS, A copy of the Lease, including all exhibits, is on file with the Clerk of the  
5 Board of Supervisors in File No. 160091, which is hereby declared to be part of this  
6 Resolution as if set forth fully herein; and

7           WHEREAS, Due to the character of the Lease, approval by the Board of Supervisors is  
8 required under Charter, Section 9.118; now, therefore, be it

9           RESOLVED, That The Board of Supervisors authorizes the Director of Transportation  
10 of the SFMTA to enter into any amendments or modifications to the Lease (including, without  
11 limitation, the exhibits), that the Director of Transportation determines, in consultation with the  
12 City Attorney, are in the best interest of the City, do not materially decrease the benefits of the  
13 Lease to the City, do not materially increase the obligations or liabilities of the City, are  
14 necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are in  
15 compliance with all applicable laws, including City’s Charter; and, be it

16           FURTHER RESOLVED, That the Board of Supervisors approves the Lease between  
17 the City and County of San Francisco and Tanforan Industrial Park, LLC; and, be it

18           FURTHER RESOLVED, That within 30 days of the document being fully executed by  
19 all parties, the final document shall be provided to the Clerk of the Board for inclusion in the  
20 official file.