

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 20-0177

APPROVAL OF MODIFICATION NO. 1 TO LEASE NO. GS-09P-LCA03384 WITH THE U.S. GOVERNMENT TO EXTEND THE TERM OF THE LEASE BY THREE YEARS AND ADJUST THE ANNUAL RENT, AND DIRECTING THE COMMISSION SECRETARY TO FORWARD LEASE MODIFICATION NO. 1 TO THE BOARD OF SUPERVISORS FOR APPROVAL

WHEREAS, on September 1, 2015, by Resolution No. 15-0175, the Airport Commission (Commission) approved General Services Administration (GSA) Lease No. GS-09P-LCA03384 (Lease), providing operating and administrative office space for the U.S. Drug Enforcement Administration (DEA) in Terminal 3 (T3); and

WHEREAS, on December 8, 2015, by Resolution No. 490-15, the Board of Supervisors approved the Lease; and

WHEREAS, the Lease provides approximately 2,612 square feet of Category III space in T3, which will expire on September 30, 2020; and

WHEREAS, the DEA wishes to extend the Lease term for an additional three-year period with a commensurate modification of rent; and

WHEREAS, Airport staff negotiated Modification No. 1 with the GSA, acting on behalf of the DEA, to extend the term of the Lease by three years and modify the annual rent; now, therefore, be it

RESOLVED, that the Commission hereby approves Modification No. 1 to Lease No. GS-09P-LCA03384 with the U.S. Government to extend the term of the Lease by three years, effective October 1, 2020, and modify the annual rent to \$569,635.43 on the terms and conditions set forth in the Director's Memorandum affixed to this Resolution; and, be it further

RESOLVED, that the Airport Commission hereby directs the Commission Secretary to forward Modification No. 1 to the Board of Supervisors for approval under Section 9.118 of the Charter of the City and County of San Francisco.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of* _____

SEP 15 2020

Secretary



San Francisco International Airport

MEMORANDUM

September 15, 2020

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Eleanor Johns, Vice President
Hon. Richard J. Guggenlime
Hon. Everett A. Hewlett, Jr.
Hon. Malcolm Yeung

20-0177

SEP 15 2020

FROM: Airport Director

SUBJECT: Approval of Modification No. 1 to Lease No. GS-09P-LCA03384 with the U.S. Government to Extend the Term and Adjust the Annual Rent for Offices Occupied by the U.S. Drug Enforcement Administration

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION APPROVING MODIFICATION NO. 1 TO LEASE NO. GS-09P-LCA03384 WITH THE U.S. GOVERNMENT TO EXTEND THE TERM OF THE LEASE BY THREE YEARS AND ADJUST THE ANNUAL RENT.

Executive Summary

The U.S. Drug Enforcement Administration (DEA) currently occupies approximately 2,612 square feet of Category III space in Terminal 3 at San Francisco International Airport (SFO or Airport) under Lease No. GS-09P-LCA03384 (Lease). The DEA Lease expires on September 30, 2020, and the DEA wishes to continue occupancy for an additional three years. The proposed Lease modification will extend the Lease by three years and adjust the annual rent to \$569,635.43 (Modification).

Background

On September 1, 2015, by Commission Resolution No. 15-0175, the Commission approved the Lease, providing operating and administrative office space for the DEA in Terminal 3 (T3). On December 8, 2015, by Resolution No. 490-15, the Board of Supervisors approved the Lease.

The Lease provides approximately 2,612 square feet of Category III space on the 1st floor of T3. The fixed annual rent is \$431,756.60.

The Lease requires the Airport to provide maintenance, janitorial services, and utilities, including electricity and water. The Airport is reimbursed for the cost of these services by incorporation of an operating cost component into the rental rate, as more fully described below.

THIS PRINT COVERS CALENDAR ITEM NO. 14

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR LARRY MAZZOLA PRESIDENT ELEANOR JOHNS VICE PRESIDENT RICHARD J. GUGGENHIME EVERETT A. HEWLETT, JR. MALCOLM YEUNG IVAR C. SATERO AIRPORT DIRECTOR

The DEA wishes to extend the Lease for three years pursuant to the proposed Modification, increasing the fixed annual rent to \$569,635.43.

Proposal

Airport staff seeks approval of the proposed Modification on the following business terms:

1. **Extension Term.** Three years, Firm.
2. **Commencement Date.** Retroactive to October 1, 2020, upon full City approval. The Lease will enter into a month-to-month holdover in the interim.
3. **Annual Rent.** \$569,635.43 per year fixed for the Extension Term. This represents an increase of \$137,878.83 per year, or \$413,636.49 over the Extension Term. Annual Rent is comprised of:
 - Category III terminal rent pursuant to current and projected Airport Rates & Charges averaged over the three-year term.
 - Operating costs for maintenance, janitorial services, and utilities pursuant to Airport Facilities' projections averaged over the three-year term.

Initial rates and average rates are summarized below.

Rate Category	Initial Rate/SF/YR	Average Rate/SF/YR	Annual Rent
Cat III Terminal Rent	\$170.14*	\$204.87	\$535,109.56
Operating Cost	\$12.42	\$13.22	\$34,525.87
Total		\$218.09	\$569,635.43

*CAT III for FY 20/21

Recommendation

I recommend adoption of the accompanying Resolution approving Modification No. 1 to the Lease and directing the Commission Secretary to forward the Lease to the Board of Supervisors for approval under Section 9.118 of the Charter of the City and County of San Francisco.



Ivar C. Satero
Airport Director

Prepared by: Cheryl Nashir
Acting Chief Commercial Officer

Attachments

Exhibit A

U.S. GOVERNMENT, U.S. DRUG ENFORCEMENT ADMINISTRATION
OFFICE LOCATION

