



Edwin M. Lee
Mayor

Mohammed Nuru
Director

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March 18, 2016

THROUGH: Naomi Kelly
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2016 MAR 18 PM 4:09
BY AK

Re: Proposed Lease of 2000 Oakdale Street, San Francisco

Dear Board Members:

Attached for your consideration is a Resolution authorizing the lease of a portion of 2000 Oakdale Street comprising approximately 9,900 square feet and 2,000 square feet of exclusive outdoor space for San Francisco Public Works, Material Testing Laboratory.

The Material Testing Laboratory has been located at 2099 Kearny Street, PUC property, since 1995. Prior to 1995, it was located in city hall. The PUC intends to install a new hydraulic pump station in the current location of the lab so it must relocate.

The existing space is 4,430 square feet, however the laboratory uses an additional 2,000 square foot PUC storage room for mandatory record retention. Over the years, upgraded testing equipment has been installed and does not allow for adequate operating and pathway clearances.

The new location must comply with California OSHA and Americans with Disabilities Act (ADA) standards. It will create more efficiently planned laboratory workspace to allow for proper work clearances and task workflow which is lacking in the existing location. It will also allow installation of upgraded and larger laboratory test equipment needed to continue performing tests specified by the City.

On behalf of Public Works, the Real Estate Division negotiated a lease at a fair market rent of \$12,500 per month (\$1.26 psf), subject to annual rent adjustments tied to the San Francisco CPI index, with a minimum of 3% and a cap of 5%. The base fair market monthly rent is net of utilities and janitorial services with a 2016 base

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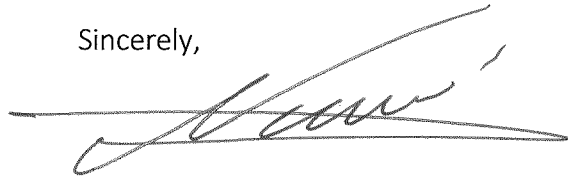
year for operating expenses. The Lease provides for a "First Right of Refusal" for the City to purchase the building.

Upon approval of the lease, Landlord shall construct the premises through its general contractor in accordance with approved plans and specifications in compliance with LEED Gold Certification as required by the Green Building Ordinance. Landlord shall provide a tenant improvement allowance of \$99,000 or approximately \$10.00 psf to improve the premises for City's use. In addition, the Landlord shall provide contributions for some ADA improvements and a life safety system. City shall be responsible for all costs in excess of the allowance estimated to be \$3,200,000

The San Francisco Public Works and Real Estate Division recommend approval of the proposed lease. Attached is a draft of the current Lease, with negotiations pending.

If you have any questions in this regard, please contact Jeff Suess of the Real Estate Division at (415) 554-9873 or Public Works Deputy Director Edgar Lopez at (415) 557-4675

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohammed Nuru', written over a horizontal line.

Mohammed Nuru
Director of Public Works

Attachments: Proposed Lease