

1 [Lease of City Property for Fair Market Value.]

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3 **Ordinance establishing a Board of Supervisors' policy that City-owned property be**
4 **leased for fair market value, unless a finding of public policy supports a below-market**
5 **rate, and requiring all below-market rate leases to be reported to the Board of**
6 **Supervisors and posted on the City's website.**

7 Note: Additions are single-underline italics Times New Roman;
8 deletions are ~~strikethrough italics Times New Roman~~.
9 Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

10 Be it ordained by the People of the City and County of San Francisco:

11 Section 1. The San Francisco Administrative Code is hereby amended by amending
12 Section 23.33, to read as follows:

13 SEC. 23.33. COMPETITIVE BIDDING PROCEDURES.

14 To the extent that any ordinance, Code provision or Charter provision gives the City, or
15 any of its commissions, boards or departments, power to award Leases without competitive
16 bidding, the Board of Supervisors recommends that, notwithstanding such power, all such
17 Leases that are expected to produce more than \$2,500 per month in revenue be awarded in
18 accordance with Competitive Bidding Procedures, unless such Competitive Bidding
19 Procedures are impractical or impossible. It shall also be the policy of the Board of Supervisors
20 that any and all Leases awarded without following the Competitive Bid Procedures shall be in an
21 amount equal to the fair market value of the leased property, as determined by the Director of
22 Property. If any City department wishes to award a Lease of City-owned property for less than fair
23 market value, it shall make a finding of the public purpose to be served by such Lease, and such Lease
24 and finding shall be subject to the prior approval of the Mayor and the department head, as well as the
25 applicable commission. If there is no commission approval, then such Lease and finding shall also be

1 subject to the prior approval of the Board of Supervisors. The provisions of this Section shall not apply
2 to any leases awarded pursuant to San Francisco Administrative Code Chapter 23A, the Surplus City
3 Property Ordinance.

4 Section 2. . The San Francisco Administrative Code is hereby amended by amending
5 Section 23.34, to read as follows:

6 SEC. 23.34. LEASE REPORTING.

7 Each commission, board and department that is empowered by the Charter, City
8 ordinance, this Code or State statute to Lease City-owned Real Property shall, within 10 days
9 after the close of each quarter of a fiscal year ("fiscal quarter"), file with the Budget Analyst for
10 the Board of Supervisors and post on the commission, board or department website a written report
11 of all Leases of City-owned Real Property awarded during the preceding fiscal quarter which
12 were less than fair market value and not submitted for approval by the Board of Supervisors.

13 The report shall contain the following information for each Lease:

- 14 1. Tenant's name.
- 15 2. Term of the Lease, including any extension options.
- 16 3. Rental amount, including, ~~if applicable,~~ any percentage rent and rent
17 escalation or adjustment provisions, and, if applicable, the finding of public purpose for why the
18 rent was set at less than fair market value.
- 19 4. Location of Leased Real Property.
- 20 5. If unimproved Real Property, dimensions and area of Real Property.
- 21 6. If improved Real Property, description of improvements and floor area of
22 Leased space.
- 23 7. Use to be made of premises by the tenant.

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1 The Budget Analyst shall review each report and may report his or her comments and
2 recommendations to the Board of Supervisors, as the Budget Analyst deems appropriate.

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4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6 By: _____
7 Charles R. Sullivan
8 Deputy City Attorney
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