

1 [Negotiate Real Property Lease - Bridgeton 945 Bryant Fee LLC - 945 Bryant Street - San
2 Francisco Adult Probation - \$1,763,968 Initial Maximum Annual Base Rent]

3 **Resolution authorizing the Director of Property to negotiate a Lease for up to 41,744**
4 **square feet consisting of the entire three floors of 945 Bryant Street, for the San**
5 **Francisco Adult Probation Office, with Bridgeton 945 Bryant Fee LLC, a limited liability**
6 **corporation, for twenty years, to be occupied in phases, for the period of July 1, 2018,**
7 **through June 30, 2038, at an initial monthly base rent not to exceed \$146,997.33 for a**
8 **total maximum base rent of \$1,763,968 in the initial year with increases as set forth in**
9 **the schedule of the Letter of Intent; and finding the anticipated Lease is in**
10 **conformance with the General Plan, and the eight priority policies of Planning Code,**
11 **Section 101.1.**

12
13 WHEREAS, The Hall of Justice at 850 Bryant was constructed in 1958 and is one of
14 the few vertically integrated criminal justice facilities in the nation with a jail located above the
15 prosecutorial staff and operating courtrooms and judges' chambers which for years has been
16 the subject of emergency declarations due to health and human safety hazards posed by
17 interior sewage floods caused by those in the jail facility, as well as due to aging
18 infrastructure; and

19 WHEREAS, The Hall of Justice has an antiquated elevator system requiring millions of
20 dollars in renovation and capital investment, with several out of service on any given day,
21 negatively affecting prisoner transport, employee flow within the building, and patron access
22 to services; and

23 WHEREAS, The Hall of Justice has a seismic rating that suggests very poor
24 performance in the event of a major earthquake, wherein the building would be closed for an
25 indefinite period of time for repairs due to significant damage, requiring an emergency

1 relocation of the these criminal justice system elements elsewhere and causing a serious
2 disruption of the criminal justice system; and

3 WHEREAS, To effect repairs to the Hall of Justice to address these noted deficiencies
4 would require significant capital investment and upon completion still leave the City with a
5 dysfunctional building that does not adequately serve the criminal justice system; and

6 WHEREAS, The long term reorganization plans for Hall of Justice are encapsulated
7 within the Justice Facilities Improvement Program, a part of the adopted ten-year Capital
8 Improvement Program, and the adopted Capital Plan for Fiscal Years 2018-2027 contains an
9 acceleration of previous schedules for relocation of District Attorney, Police Investigations,
10 Evidence Storage and Adult Probation, pursuant to requests by Mayor Lee and City
11 Administrator Kelly; and

12 WHEREAS, A lease of 41,744 square feet of 945 Bryant Street (“Lease”) from
13 Bridgeton 945 Bryant Fee LLC (“Landlord”) would accommodate the Adult Probation Office
14 space needs in a phased move-in to commence no earlier than July 1, 2018 with completion
15 in early 2020; and,

16 WHEREAS, The Planning Department, through General Plan Referral letter dated
17 October 20, 2017, (“Planning Letter”), which is on file with the Clerk of the Board of
18 Supervisors under File No. 171111, has verified that the City’s anticipated Lease is consistent
19 with the General Plan, and the eight priority policies under Planning Code, Section 101.1; and

20 WHEREAS, The Real Estate Division and the Landlord have negotiated a twenty-year
21 Lease through a Letter of Intent for up to 27,517 square feet of space initially in Phase I in
22 July, 2018, and in Phase II in early 2020 (or earlier), up to 14,227 square feet of space; and

23 WHEREAS, The Lease provides the City a tenant improvement allowance of up to
24 \$1,252,000 to be amortized over the term of the lease at 8% per annum; and

25

1 WHEREAS, The proposed maximum initial annual rent of \$1,763,968 (\$64.00 per
2 square foot), increasing pursuant to the schedule noted in the Letter of Intent, was determined
3 to be at or less than fair market rent by an independent MAI appraisal as required by
4 Administrative Code, Chapter 23; now, therefore, be it

5 RESOLVED, That the Board of Supervisors hereby finds that the anticipated Lease is
6 consistent with the General Plan, and eight priority policies of Planning Code, Section 101.1,
7 and hereby incorporates such findings by reference as though fully set forth in this Resolution;
8 and, be it

9 FURTHER RESOLVED, That the Director of Property is hereby authorized to take all
10 actions, on behalf of the City and County of San Francisco, as tenant, to negotiate a Lease
11 consistent with the fully executed Letter of Intent, a copy of which is on file with the Clerk of
12 the Board of Supervisors in File No. 1711111, (the "Letter of Intent") and other related
13 documents with Bridgeton 945 Bryant Fee LLC, for approximately up to 41,744 rentable
14 square feet consisting of all three floors of the building commonly known as 945 Bryant Street;
15 and, be it

16 FURTHER RESOLVED, The annual base rent for the period from July 1, 2018, to
17 June 30, 2019, shall be no greater than \$1,763,968 (approximately \$64.00 per square foot per
18 year) and the base rent shall increase annually at a schedule as outlined in the Letter of
19 Intent; and, be it

20 FURTHER RESOLVED, As set forth in the Letter of Intent, the City shall pay for its
21 utilities, and janitorial services only, in addition to the Base Rent, all other operating expenses
22 attributable to the space occupied by the City under the Lease in addition to the base rent
23 shall be at Landlord expense; and, be it

24 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with
25 respect to the Letter of Intent are hereby approved, confirmed and ratified; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
2 Property to negotiate the Lease and any amendments or modifications to the Lease (including
3 without limitation, the exhibits) that the Director of Property determines, in consultation with
4 the City Attorney, are in the best interest of the City, do not materially increase the obligations
5 or liabilities of the City beyond those expressed in the Letter of Intent, do not materially
6 decrease the benefits to the City, or are necessary or advisable to effectuate the purposes of
7 the Lease or this resolution, and are in compliance with all applicable laws, including City's
8 Charter; and, be it

9 FURTHER RESOLVED, Said Lease shall be subject to a final authorizing Resolution
10 adopted by the Board of Supervisors and Mayor in their sole and separate authority at the
11 soonest date available after execution by City and Landlord; and be it

12 FURTHER RESOLVED, That the Director of Real Estate and Director of Capital
13 Planning shall work with the Controller's Office to analyze the space utilization needs of the
14 Adult Probation Department to determine the efficacy of co-locating another use from the Hall
15 of Justice into the premises of the Lease.

16 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the
17 Controller, pursuant to Charter, Section 3.105.

18

19 Signatures on next Page

20 ///

21 ///

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

\$1,763,968.00 Available

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

RECOMMENDED:

Karen Fletcher, Chief
Adult Probation

John Updike
Director of Real Estate