

1 [Real Property Lease - Innes Partners, LP - 1976 Innes Avenue - \$388,000 Initial Base Year
2 Rent]

3 **Resolution approving and authorizing the Director of Property, on behalf of the Fleet**
4 **Management Department (“Central Shops”), to execute a Lease Agreement with Innes**
5 **Partners, LP, for 1976 Innes Avenue at a base annual rent of \$388,000 per year**
6 **(approximately \$18.56 per square foot) with no annual rent increases for a term of five**
7 **years with two five-year options to extend the term effective upon approval of this**
8 **Resolution; and authorizing the Director of Property to execute any amendments or**
9 **modifications to the Lease including exercising options to extend the agreement term,**
10 **make certain modifications and take certain actions that do not materially increase the**
11 **obligations or liabilities to the City, do not materially decrease the benefits to the City,**
12 **and are necessary to effectuate the purposes of the Lease or this Resolution.**

13
14 WHEREAS, Central Shops provides fleet management services to over 70 City
15 departments with a combined municipal fleet of approximately 8,000 vehicles, and operates
16 six maintenance and repair facilities across the City responsible for asset management,
17 maintenance and repairs, motor pools, fueling services, writing equipment specifications,
18 vehicle acquisition and disposition; and

19 WHEREAS, The State Water Resources Control Board has mandated that by
20 December 31, 2025, single wall underground fuel storage tanks must be replaced statewide
21 and Central Shops currently have single wall fuel storage tanks at their facilities servicing the
22 City fleet of vehicles; and

23 WHEREAS, To meet the requirements of the State mandate Central Shops must
24 construct a temporary fuel station while the Department of Public Works completes the
25 required project which is scheduled to commence in December 2025; due to space and

1 logistics constraints at their six existing maintenance facilities an offsite location is needed to
2 construct the temporary fuel station large enough to allow vehicle ingress, egress, and
3 queuing; and

4 WHEREAS, After an extensive search of locations, both public and private, by Central
5 Shops and the Real Estate Division a privately owned site became available at 1976 Innes
6 Avenue; and

7 WHEREAS, Central Shops has been searching for a site to commission and
8 decommission the City vehicle fleet which due to space constraints at its six maintenance
9 yards has been done offsite at client department locations; not having a dedicated site to
10 process City fleet vehicles has made management less efficient and more expensive and led
11 to confusion as to where and when to pick up and return vehicles to Central Shops; and

12 WHEREAS, 1976 Innes Avenue will provide both a dedicated site for processing the
13 City vehicle fleet and a location for the construction of the temporary fuel station during the
14 Department of Public Works fuel tank replacement project; after the fuel tank replacement
15 project is completed and the temporary fuel station is removed 1976 Innes Avenue will
16 accommodate future expansion of Central Shops fleet processing operation; and

17 WHEREAS, The Real Estate Division ("RED"), on behalf of Central Shops in
18 consultation with the City Attorney has negotiated a new Lease Agreement with a five-year
19 term with two options to extend the term for five-years with each option term at the prevailing
20 market rate applicable upon exercising the extension; and

21 WHEREAS, The proposed annual rent of \$388,000 per year (approximately \$18.56 per
22 square foot) with no annual escalations was determined to be equal or below fair market rent
23 by the Director of Property and that no appraisal was required by Administrative Code,
24 Chapter 23; and
25

1 WHEREAS, Central Shops shall pay, in addition to the annual base rent, for its own
2 utilities and services in conjunction with its use of the property; and

3 WHEREAS, A copy of the proposed Lease Agreement is on file with the Clerk of the
4 Board in File No. _____; now, therefore, be it

5 RESOLVED, That in accordance with the recommendation of the Director of Property,
6 on behalf of Central Shops, the Board of Supervisors approves the Lease Agreement and
7 authorizes the Director of Property to take all actions on behalf of the City necessary or
8 advisable to effectuate the Lease Agreement with Innes Partners, LP as the Landlord, for
9 1976 Innes Avenue, San Francisco, substantially in the form on file with the Clerk of the Board
10 of Supervisors in File No. _____; and, be it

11 FURTHER RESOLVED, That commencing upon the approval by the Board of
12 Supervisors and Mayor, the base rent shall be \$388,000 per year (approximately \$18.56 per
13 square foot) with tenant paying for utilities and services in conjunction with its use of the
14 property; and, be it

15 FURTHER RESOVLED, Authorizing the Director of Property to execute any
16 amendments to the Lease, options to extend to the Lease term, and make certain
17 modifications and take certain actions that do not materially increase the obligations or
18 liabilities to the City, do not materially decrease the benefits to the City and are necessary or
19 advisable to effectuate the purposes of the Lease Agreement or this Resolution; and, be it

20 FURTHER RESOLVED, That within 30 days of the Lease Agreement being fully-
21 executed by all parties, the Director of Property shall provide the final Lease Agreement to the
22 Clerk of the Board for inclusion into the official file.

Available: \$97,000
(base rent for period April 1,2025
through 6/30/25)

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|----------------|----------|
| Fund ID: | 27500 |
| Department ID: | 232178 |
| Project ID: | 10001625 |
| Authority ID: | 10000 |
| Account ID: | 581650 |
| Activity ID: | 0001 |

_____/s/_____
Michelle Allersma, Budget and
Analysis Division Director on behalf
of Greg Wagner, Controller

RECOMMENDED:

_____/s/_____
Don Jones, Director
of Fleet Management

_____/s/_____
Andrico Penick, Director of Property
Real Estate Division