

1 [Lease of Real Property]

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3 **Resolution authorizing the lease of 30,790 sq. ft. of office space in the building located**
4 **at 1145 Market Street, San Francisco for the City and County of San Francisco Public**
5 **Utilities Commission.**

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7 WHEREAS, The City, on behalf of the City and County of San Francisco Public Utilities
8 Commission (“SFPUC”), entered into a lease of approximately 140,000 square feet for the
9 building located at 1155 Market Street, San Francisco, for an initial term of four years and two
10 five-year options to extend the lease, which commenced January 21, 2003 and will expire
11 January 31, 2008 to consolidate SFPUC administrative offices into one location; and

12 WHEREAS, In November 2002, San Francisco voters approved Proposition A, thereby
13 authorizing the City to issue \$1.6 billion in revenue bonds to fund the City’s share of the
14 SFPUC’s \$3.4 billion Capital Improvement Program (“CIP”) to upgrade and retrofit the
15 SFPUC’s regional water system and local water system; and

16 WHEREAS, With SFPUC hiring new staff to perform the work associated with the CIP,
17 SFPUC has outgrown the lease premises at 1155 Market St. and needs additional office
18 space to house newly hired staff; and

19 WHEREAS, After discussions between SFPUC and City’s Real Estate Division, a letter
20 of intent was executed by Landlord and City to provide City the opportunity to lease
21 approximately 30,790 rentable square feet on Floors 1, 4, 8 and 10 in the office building
22 located at 1145 Market St. (the “Premises”); and

23 WHEREAS, SFPUC adopted Resolution No. 03-250 on December 15, 2003, on file
24 with the Clerk of the Board of Supervisors in File No. 040037, which approved the proposed
25 lease of the Premises for a term of four years with two five-year options to extend the lease,

1 and upon approval of such lease by the Board of Supervisors and the Mayor, authorized the
2 General Manager, SFPUC, to enter into such lease; now, therefore, be it

3 RESOLVED, That in accordance with the recommendation of the General Manager,
4 SFPUC, and the Director of Property, the Director of Property is hereby authorized, on behalf
5 of the City and County of San Francisco, as tenant, to execute a written lease (the "Lease")
6 for the Premises, substantially in the form on file with the Clerk of the Board of Supervisors in
7 File No. 040037, along with other related documents with Landlord; and, be it

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9 FURTHER RESOLVED, That the Lease shall commence upon substantial completion
10 of the leasehold improvements by Landlord and acceptance by City's Director of Property (the
11 "Commencement Date") and expire on the last day of the month in which the fourth
12 anniversary of the Commencement Date occurs and shall contain two five-year Extension
13 Options; and, be it

14 FURTHER RESOLVED, That the base rent for the Premises shall be \$64,145.83 per
15 month, which includes full services by Landlord; and, be it

16 FURTHER RESOLVED, That Landlord shall perform leasehold improvement work and
17 provide a leasehold improvement allowance of \$12.00 per square foot for the 30,790 square
18 feet of Premises in an amount equal to \$369,480.00 (the "Allowance") and City shall
19 reimburse Landlord for such costs in excess of the Allowance in an amount not to exceed
20 \$724,528.00, subject to City's prior approval of such costs and work in accordance with the
21 Lease; and, be it

22 FURTHER RESOLVED, That the Director of Property shall have the authority to
23 exercise either of the two five-year options to extend without obtaining further approvals of
24 SFPUC, the Mayor and the Board of Supervisors; and, be it

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1 FURTHER RESOLVED, That the Lease shall include a clause approved by the City
2 Attorney, indemnifying and holding harmless the Landlord, from and agreeing to defend the
3 Landlord against any and all claims, costs and expenses, including, without limitation,
4 reasonable attorney's fees, incurred as a result of City's use of the Premises, any default by
5 the City in the performance of any of its obligations under the Lease, or any acts or omissions
6 of City or its agents, in, on or about the Premises or the property on which the Premises are
7 located, excluding those claims, costs and expenses incurred as a result of the active
8 negligence or willful misconduct of Landlord or its agents; and, be it

9 FURTHER RESOLVED, That any action taken by any City employee or official with
10 respect to this Lease is hereby ratified and affirmed; and, be it

11 FURTHER RESOLVED, That the Director of Property shall be authorized to enter
12 into any amendments or modifications to the Lease, including without limitation, the
13 exhibits, that the Director of Property determines, in consultation with the City Attorney, are
14 in the best interest of the City, do not increase the rent or otherwise materially increase the
15 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes
16 and intent of the Lease or this resolution, and are in compliance with all applicable laws,
17 including City's Charter.

\$955,772.00 Available
Appropriation No. 5W-PUC-OPF 400416

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20 RECOMMENDED:

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General Manager
Public Utilities Commission

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Controller

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Acting Director of Property