

1 [Real Property Lease - TEC of California, Inc. - Pier 80 - Not to Exceed \$2,735,362]

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3 **Resolution approving Port Commission Lease No. L-17253 with TEC of California, Inc.,**
4 **a California corporation ("TEC") for approximately 21,842 square feet of shed space**
5 **and 11,540 square feet of paved land at Pier 80 for a three year term, effective upon**
6 **approval of this Resolution, with three one-year options to extend, for a not to exceed**
7 **amount of \$2,735,362.**

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9 WHEREAS, California Statutes of 1968, Chapter 1333 (as amended, the "Burton Act")
10 and Charter, Sections 4.114 and B3.581 empower the Port Commission ("Port" or "Port
11 Commission") with the power and duty to use, conduct, operate, maintain, manage, regulate
12 and control the lands within Port Commission jurisdiction in the City and County of San
13 Francisco; and

14 WHEREAS, TEC of California, Inc. ("TEC") is a tenant in good standing under its
15 current Lease Nos. L-16782 and L-16792 in and outside Pier 80 G&M Building ("Pier 80 G&M
16 Space") for the service, repair, and maintenance of commercial trucks and truck parts, general
17 business administration, storage, and parking; and

18 WHEREAS, Port and TEC have negotiated the terms of a new three year Lease No. L-
19 17253 (the "Lease") with three one-year options to extend for approximately 21,842 square
20 feet of shed space and 11,540 square feet of paved land at Pier 80 G&M Space; and

21 WHEREAS, The proposed use is a continuation of existing and related uses and is
22 therefore not a project subject to review under the California Environmental Quality Act; and

23 WHEREAS, The Port Commission approved the Ramp Up Leasing Incentive Program
24 that provides a ramp-up of lease rates at 70%, 80%, and 100% of parameter rate for shed
25 leases with at least a three-year term pursuant to Port Resolution No. 23-36; and

1 WHEREAS, TEC qualifies for the Ramp Up Leasing Incentive Program for Parcel A
2 (Shed), and the rent for Parcel A shall be phased over a three-year period, beginning at 70%
3 of the established parameter rate in the first year, increasing to 80% in the second year, and
4 reaching 100% of the established parameter rate in the third year; and

5 WHEREAS, The rent for Parcels B and C (Paved Land) is not subject to the Ramp Up
6 Leasing Program and shall be charged at the full parameter rate from the commencement of
7 the lease term; and

8 WHEREAS, The total term, including extension options, exceeds five (5) years and
9 revenue generated exceeds \$1 million - \$1,219,690 for the initial lease term and \$2,735,362 if
10 all extension options are exercised; and

11 WHEREAS, At its May 13, 2025 meeting, the Port Commission authorized the
12 Executive Director of the Port, or her designee, to enter into Lease No. L-17253 with TEC of
13 California, Inc. for a three-year lease term with three one-year extension options for
14 approximately 21,842 square feet of shed space and 11,540 feet of paved land at Pier 80
15 G&M Space for the service, repair, and maintenance of commercial trucks and truck parts,
16 general business administration, storage and parking; and

17 WHEREAS, Charter, Section 9.118 requires Board of Supervisors' approval of certain
18 leases that either have a term of 10 years or more or have anticipated revenue to the City of
19 \$1,000,000 or more; and

20 WHEREAS, The Port anticipates revenues from Lease No. L-17253 to exceed
21 \$1,000,000 over the term of Lease No. L 17253; and

22 WHEREAS, Other key terms of Lease No. L-17253 are described in the Port staff
23 report to the Port Commission dated May 9, 2025, and the draft Lease No. L-17253, both of
24 which are on file with the Clerk of the Board of Supervisors in File No. 250652; now, therefore,
25 be it

1 RESOLVED, That the Board of Supervisors hereby approves Lease No. L-17253 and
2 authorizes the Executive Director of the Port, or her designee, to execute such Lease No. L-
3 17253 in a form approved by the City Attorney and in substantially the same form on file with
4 the Clerk of the Board of Supervisors in File No. 250652; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Port Executive
6 Director to enter into any additions, amendments, or other modifications to Lease No. L-17253
7 that the Port Executive Director, in consultation with the City Attorney, determines, when
8 taken as a whole, to be in the best interest of the Port, do not materially increase the
9 obligations or liabilities of the City or the Port or materially reduce the benefits to the City or
10 the Port, and are necessary or advisable to complete the transactions which this Resolution
11 contemplates and effectuate the purpose and intent of this Resolution, such determination to
12 be conclusively evidenced by the execution and delivery by the Port Executive Director of
13 such documents; and, be it

14 FURTHER RESOLVED, That within thirty (30) days of Lease No. L-17253 being fully
15 executed by all parties, the Port shall provide a copy of the lease to the Clerk of the Board for
16 inclusion into the official file.