

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Todd Ruffo, Director, Office of Economic & Workforce Development

FROM: Derek Evans, Assistant Clerk, Board of Supervisors

DATE: August 3, 2015

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors Budget and Finance Committee has received the following legislation, introduced by Supervisor Jane Kim on July 28, 2015, which is being referred to your department.

**File No. 150820**

**Resolution approving a Second Amendment to Lease between the City and County of San Francisco and PROXYdevelopment, LLC, for property located at the northeast corner of Octavia Boulevard and Fell Street, commonly known as a portion of Assessor's Block No. 0817, Lot No. 33 (aka Parcel L), to extend the lease term through January 31, 2021, and revise the monthly base rent to \$5,573.67 effective November 1, 2015.**

If you wish to submit any comments or reports, please forward those to the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

cc: Ken Rich, Office of Economic & Workforce Development  
Lisa Pagan, Office of Economic & Workforce Development  
Linda Wong, Office of the Clerk of the Board of Supervisors

1 [Real Property Lease Amendment - PROXYdevelopment, LLC - Northeast Corner of Octavia  
2 Boulevard and Fell Street - Initial Monthly Rent of \$5,573.67]

3 **Resolution approving a Second Amendment to Lease between the City and County of**  
4 **San Francisco and PROXYdevelopment, LLC, for property located at the northeast**  
5 **corner of Octavia Boulevard and Fell Street, commonly known as a portion of**  
6 **Assessor's Block No. 0817, Lot No. 33 (AKA Parcel L), to extend the lease term through**  
7 **January 31, 2021, and revise the monthly base rent to \$5,573.67 effective November 1,**  
8 **2015.**

9  
10 WHEREAS, The State of California transferred certain real property located at the  
11 northeast corner of Octavia Boulevard and Fell Street and commonly known as a portion of  
12 Assessor's Block No. 0817, Lot No. 33 ("Parcel L") to the City and County of San Francisco  
13 ("City") as part of the demolition of the former Central Freeway and on the condition that City  
14 use the proceeds from any disposition of Parcel L in connection with City's Octavia Boulevard  
15 project and for transportation and related purposes set forth in Section 72.1(f)(1) of the  
16 California Streets and Highways Code; and

17 WHEREAS, A four year lease (Original Lease) of Parcel L to PROXYdevelopment, LLC  
18 ("Tenant"), for an initial monthly base rent of \$2,000, adjusted annually, and a share of bonus  
19 rent, was authorized through Resolution No. 385-10, adopted by the Board of Supervisors on  
20 August 3, 2010, and approved by the Mayor on August 12, 2010, a copy of which is on file  
21 with the Clerk of the Board of Supervisors in File No. 100669; and

22 WHEREAS, The Board of Supervisors authorized an Amendment to Lease to the  
23 Original Lease extending the lease term from four years to five years for Parcel L under  
24 Resolution No. 382-11 ("First Amendment"), adopted by the Board of Supervisors on  
25

1 September 20, 2011, and approved by the Mayor on September 26, 2011, a copy of which is  
2 on file with the Clerk of the Board of Supervisors in File No. 110916; and

3 WHEREAS, Tenant and City wish to extend the term of the First Amendment through  
4 January 31, 2021 under a Second Amendment to Lease substantially in the form on file with  
5 the Clerk of the Board of Supervisors in File No. \_\_\_\_\_ (“Second Amendment”);  
6 and

7 WHEREAS, The terms and conditions of the Second Amendment shall include an  
8 increase in rental revenue to the City, with a base rent set at the greater of \$5,573.67 per  
9 month, or 5.25% of annual average gross revenues received from businesses operating on  
10 the site since the lease’s inception, effective approximately November 1, 2015, increasing  
11 annually thereafter pursuant to said Second Amendment; and

12 WHEREAS, The Director of Planning, by letter dated May 14, 2010, a copy of which is  
13 on file with the Clerk of the Board of Supervisors in File No. 110916, found that the proposed  
14 Lease is categorically exempt from environmental review and in conformance with the City’s  
15 General Plan; now, therefore, be it

16 RESOLVED, That in accordance with the recommendation of the Director of Office of  
17 Economic and Workforce Development and the Director of Property, the Director of Property  
18 is hereby authorized to execute the Second Amendment; and, be it

19 FURTHER RESOLVED, That all actions heretofore taken by any City employee or  
20 official with respect to the Second Amendment are hereby approved, confirmed and ratified;  
21 and, be it

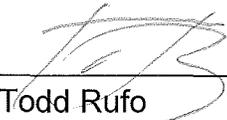
22 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
23 Property to enter into any amendments or modifications to the Second Amendment that the  
24 Director of Property determines, in consultation with the City Attorney, are in the best interest  
25 of the City, do not materially reduce the rent or otherwise materially increase the obligations or

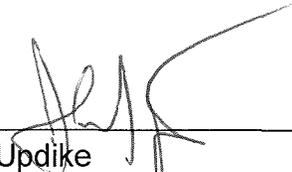
1 liabilities of the City, are necessary or advisable to effectuate the purposes of the Second  
2 Lease Amendment and are in compliance with all applicable laws, including City's Charter.

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RECOMMENDED:

  
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Todd Rufo  
Director, Office of Economic  
and Workforce Development

  
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John Updike  
Director of Property