

1 [Real Property Lease - Innes Group, LLC - 1908-1950 Innes Avenue - \$631,800 Initial Base
2 Year Rent - Up to \$349,092 in Tenant Improvements]

3 **Resolution approving and authorizing the Director of Property, on behalf of the Fleet**
4 **Management Department (“Central Shops”), to execute a Lease Agreement for 1908 -**
5 **1950 Innes Avenue for a term of six years to commence on October 1, 2025, through**
6 **September 30, 2031, with one five-year option to extend the term with Innes Group,**
7 **LLC, at a base annual rent of \$631,800 per year (approximately \$21.60 per square foot)**
8 **with three percent annual rent increases, and the City will contribute up to an**
9 **additional \$349,092 for tenant improvements; and authorizing the Director of Property**
10 **to execute any amendments or modifications to the Lease including exercising options**
11 **to extend the agreement term, make certain modifications and take certain actions that**
12 **do not materially increase the obligations or liabilities to the City, do not materially**
13 **decrease the benefits to the City, and are necessary to effectuate the purposes of the**
14 **Lease or this Resolution.**

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

21 WHEREAS, The State Water Resources Control Board has mandated that by
22 December 31, 2025, single wall underground fuel storage tanks must be replaced statewide
23 and Central Shops currently have single wall fuel storage tanks at their facilities servicing the
24 City fleet of vehicles; and
25

1 WHEREAS, To meet the requirements of the State mandate Central Shops must
2 construct a temporary fuel station while the Department of Public Works completes the
3 required project which is scheduled to commence in December 2025, due to space and
4 logistics constraints at their six existing maintenance facilities an offsite location is needed to
5 construct the temporary fuel station large enough to allow vehicle ingress, egress, and
6 queuing; and

7 WHEREAS, After an extensive search of locations, both public and private, by Central
8 Shops and the Real Estate Division a privately owned site became available at 1908 - 1950
9 Innes Avenue; and

10 WHEREAS, Central Shops need a dedicated site to commission and decommission
11 the City vehicle fleet, not having a dedicated site to process City fleet vehicles is inefficient
12 and labor intensive and leads to confusion and delays; and

13 WHEREAS, 1908 - 1950 Innes Avenue will provide both a dedicated site for processing
14 the City vehicle fleet and a location for the construction of the temporary fuel station during the
15 Department of Public Works fuel tank replacement project, after the fuel tank replacement
16 project is completed and the temporary fuel station is removed 1908 - 1950 Innes Avenue will
17 accommodate future expansion of Central Shops fleet processing operation; and

18 WHEREAS, The Real Estate Division ("RED"), on behalf of Central Shops in
19 consultation with the City Attorney has negotiated a new Lease Agreement with a six-year
20 term to commence on October 1, 2025, through September 30, 2031, with one option to
21 extend the term for five-years at the then prevailing market rate applicable upon exercising the
22 extension; and

23 WHEREAS, the proposed annual rent of \$631,800 per year (approximately \$21.60 per
24 square foot) with three percent escalations was determined to be equal or below fair market
25

1 rent by the Director of Property and that no appraisal was required by Administrative Code,
2 Chapter 23; and

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

5 WHEREAS, Landlord, at City's cost not to exceed \$349,092, will construct leasehold
6 improvements per City's specifications; and

7 WHEREAS, The Lease contains an option for the City to purchase the Property
8 pursuant to the terms and conditions of the Lease, with the City's acquisition of the Property
9 being subject to a future final approval by the Board of Supervisors and Mayor in their
10 absolute and sole discretion; and

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

13 RESOLVED, That in accordance with the recommendation of the Director of Property,
14 on behalf of Central Shops, the Board of Supervisors approves the Lease Agreement and
15 authorizes the Director of Property to take all actions on behalf of the City necessary or
16 advisable to effectuate the Lease Agreement with Innes Group, LLC as the Landlord, for 1908
17 - 1950 Innes Avenue, San Francisco, substantially in the form on file with the Clerk of the
18 Board of Supervisors in File No. _____; and, be it

19 FURTHER RESOLVED, That commencing upon the approval by the Board of
20 Supervisors and Mayor, the base rent shall be \$631,800 per year (approximately \$21.60 per
21 square foot) with tenant paying for utilities and services in conjunction with its use of the
22 property; and, be it

23 FURTHER RESOLVED, That upon execution of the Lease, City is authorized to
24 request Landlord to perform the Tenant Improvements on behalf of City with City's cost not
25 to exceed \$349,092 and pursuant to the terms and conditions of the Lease; and be it

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

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

Available: \$291,000 (base rent for period October 1st, 2025, through June 30th, 2026)

Fund ID:	27500
Department ID:	232178
Project ID:	10001625
Authority ID:	10000
Account ID:	530110
Activity ID:	0001

Available: \$349,092 (Leasehold Improvements)

Fund ID:	15384
Department ID:	232178
Project ID:	10041430
Authority ID:	22224
Account ID:	567000
Activity ID:	0001

Available: \$182,850 (base rent for period October 1st, 2025, through June 30th, 2026)

Fund ID:	14300
Department ID:	228875
Project ID:	10001302
Authority ID:	17375
Account ID:	530110
Activity ID:	0020

/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