

1 [Real Property Lease - Mission 1275 SF LLC and Baskin Investment Group LLC - 1271-  
2 1275 Mission Street - \$577,500 Annual Base Rent]

3 **Resolution authorizing and approving the lease of 1271-1275 Mission Street,**  
4 **commonly known as 1275 Mission Street, consisting of approximately 8,750 square**  
5 **feet of office space for San Francisco Digital Services, with Mission 1275 SF LLC and**  
6 **Baskin Investment Group LLC, limited liability companies and tenants in common,**  
7 **as landlord, for a six-year term with two five-year options for renewal, to commence**  
8 **on or around February 1, 2020, at an initial monthly base rent of \$48,125 for a total**  
9 **annual rent of \$577,500 with 3% annual adjustments thereafter; and making findings**  
10 **that the proposed lease is in conformance with the California Environmental Quality**  
11 **Act, the General Plan, and the eight priority policies of Planning Code, Section**  
12 **101.1.**

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14 WHEREAS, San Francisco Digital Services (“Digital Services”) is a service provider  
15 under the City Administrator’s Office using technology and a service-oriented approach to  
16 make local government more accessible and easier to navigate through newly launch SF.gov,  
17 focusing particularly on permitting services and affordable housing; and

18 WHEREAS, Digital Services currently leases office space at 1231 Stevenson Street  
19 and that lease expires on February 29, 2020; and

20 WHEREAS, The Real Estate Division, on behalf of Digital Services and in consultation  
21 with the City Attorney, negotiated a six-year lease with two five-year renewal options (“Lease”)  
22 for approximately 8,750 square feet of office space (the “Premises”, consisting of the entire  
23 building) located close to public transportation at 1275 Mission Street, between the City as  
24 “Tenant” and Mission 1275 SF LLC and Baskin Investment Group LLC, limited liability  
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1 companies and tenants in common (as “Landlord”), a copy of the Lease is on file with the  
2 Clerk of the Board of Supervisors under File No. 200009; and

3 WHEREAS, The proposed initial annual rent of \$577,500 (\$66 per square foot per  
4 year), increasing by 3% annually, has been determined to be equal to or less than fair market  
5 rent by an independent MAI appraisal, which was also reviewed, both in accordance with  
6 Administrative Code, Chapter 23; and

7 WHEREAS, The City shall pay for its utilities, janitorial services, and all other operating  
8 expenses attributable to the Premises, except that City will only be responsible for operating  
9 expenses and taxes above base year 2020; and

10 WHEREAS, The Lease contains a First Right of Refusal to Purchase the Premises;  
11 and

12 WHEREAS, Landlord shall provide to City an allowance in the amount of \$5,000 to be  
13 applied against the cost of any related services or expenses not covered under the Lease that  
14 the City may require, such as painting, frosting windows, etc.; and

15 WHEREAS, The Premises are fully furnished (“Landlord Furniture”) and the value of  
16 the Landlord Furniture is estimated to be over \$100,000 and Landlord has agreed to lease the  
17 Landlord Furniture to City for a total amount not to exceed \$25,000 over the term, and at the  
18 expiration or earlier termination of Lease, City may elect to retain any, all, or none of the  
19 Landlord Furniture at no additional cost; and

20 WHEREAS, The Planning Department, through letter dated December 13, 2019  
21 (“Planning Letter”), has verified that the Lease is consistent with the General Plan, and the  
22 eight priority policies under Planning Code, Section 101.1 and is not defined as a project  
23 under CEQA Guidelines, Sections 15378 and 15060(c)(2), a copy of which is on file with the  
24 Clerk of the Board of Supervisors under File No. 200009; now, therefore, be it

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1           RESOLVED, That the Board of Supervisors hereby finds that (i) the Lease is consistent  
2 with the General Plan, and eight priority policies of Planning Code, Section 101.1; and (ii)  
3 finds its exempt from CEQA findings; and hereby incorporates such findings by reference as  
4 though fully set forth in this Resolution; and, be it

5           FURTHER RESOLVED, In accordance with the recommendation of the Chief Digital  
6 Services Officer, the Director of Property, and the City Administrator, on behalf of the City, as  
7 Tenant, the Director of Property is hereby authorized to take all actions necessary to execute  
8 the Lease and any other documents that are necessary or advisable to effectuate the purpose  
9 of this Resolution; and, be it

10           FURTHER RESOLVED, The initial annual monthly base rent shall be \$48,125, or  
11 \$240,625 for the period from February 1, 2020, to June 30, 2020, and subject to annual  
12 adjustments of 3%; and, be it

13           FURTHER RESOLVED, The City shall pay for its utilities, janitorial services, and all  
14 other operating expenses attributable to the space occupied by the City under the Lease; and,  
15 be it

16           FURTHER RESOLVED, City is authorized to lease, and later, opt to retain any of the  
17 Landlord Furniture, at a total cost not to exceed \$25,000; and, be it

18           FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with  
19 respect to the Lease are hereby approved, confirmed and ratified; and, be it

20           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
21 Property to enter into any extensions, amendments or modifications to the Lease (including  
22 without limitation, the exhibits and options, so long as the options are renewed in  
23 accordance with the Lease and the Administrative Code) that the Director of Property  
24 determines, in consultation with the Chief Digital Services Officer, and the City Attorney,  
25 are in the best interest of the City, do not increase the rent or otherwise materially increase

1 the obligations or liabilities of the City, are necessary or advisable to effectuate the  
2 purposes of the Lease or this Resolution, and are in compliance with all applicable laws,  
3 including City's Charter; and, be it

4 FURTHER RESOLVED, That the City shall occupy the Premises for the full term of the  
5 Lease unless funds for rental payments are not appropriated in any subsequent fiscal year at  
6 which time City may terminate the lease with advance written notice to Landlord, and the  
7 Lease shall be subject to certification as to funds by the Controller, pursuant to Section 3.105  
8 of the Charter; and, be it

9 FURTHER RESOLVED, That within 30 days of the Lease being fully executed by all  
10 parties, the Director of Property shall provide a copy to the Clerk of the Board for inclusion  
11 into the official file; and, be it

12 FURTHER RESOLVED, That the Director of Property shall submit a written report to  
13 the Board of Supervisors on the exercise of the option to extend prior to exercising the  
14 option.

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Available Funds: \$240,625  
(Rent for February 1, 2020 – June 30, 2020)

Fund ID: 10020  
Department ID: 208671  
PS Project ID: 10022322  
Authority ID: 16537  
Account ID: 530110  
Activity ID: 0001

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Controller

Funding for Fiscal Year 2020/2021 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2020/2021

RECOMMENDED:

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Carrie Bishop  
Chief Digital Services Officer

1 Andrico Q. Penick  
2 Director of Property

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6 RECOMMENDED:

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Naomi Kelly  
10 City Administrator

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