

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 25-0011

APPROVAL OF MODIFICATION NO. 3 TO LEASE NO. GS-09P-LCA03395 WITH THE UNITED STATES OF AMERICA TO EXTEND THE TERM OF THE LEASE BY THREE YEARS AND INCREASE THE ANNUAL RENT TO \$962,017.96 FOR OFFICES OCCUPIED BY THE FEDERAL BUREAU OF INVESTIGATION, AND DIRECT THE COMMISSION SECRETARY TO FORWARD LEASE MODIFICATION NO. 3 TO THE BOARD OF SUPERVISORS FOR APPROVAL PURSUANT TO SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO

WHEREAS, on October 13, 2015, by Resolution No. 15-0214, the Airport Commission (Commission) approved Lease No. GS-09P-LCA03395 (Lease) with the United States of America, acting through the General Services Administration (GSA), providing approximately 2,396 square feet of administrative office space for the Federal Bureau of Investigation (FBI) in the Dianne Feinstein International Terminal, and on January 26, 2016, by Resolution No. 16-16, the Board of Supervisors approved the Lease; and

WHEREAS, on November 6, 2018, by Resolution No. 18-0360, the Commission approved Modification No. 1 to the Lease extending the term by three years and increasing the annual rent, and on February 5, 2019, by Resolution No. 62-19, the Board of Supervisors approved Modification No. 1 to the Lease; and

WHEREAS, on October 5, 2021, by Resolution No. 21-0196, the Commission approved Modification No. 2 to the Lease extending the term by three years and increasing the annual rent, and on December 7, 2021, by Resolution No. 548-21, the Board of Supervisors approved Modification No. 2 to the Lease; and

WHEREAS, the Lease expired on January 3, 2025; however, Airport staff allowed the FBI to continue its tenancy at the Airport on a month-to-month holdover basis until a lease modification extending the term of the Lease could be negotiated and receive all final City approvals; and

WHEREAS, Airport staff successfully negotiated Modification No. 3 with the GSA, acting on behalf of the FBI, to extend the term of the Lease by three years through January 3, 2028 and increase the annual rent to a fixed amount of \$962,017.96; now, therefore, be it

RESOLVED, that the Airport Director is authorized to execute and deliver Modification No. 3 to Lease No. GS-09P-LCA03395 in substantially the form on file with the Secretary of the Commission, with such changes thereto consistent with this Resolution as may be approved by the Airport Director, upon consultation with the City Attorney, such approval to be evidenced conclusively by the execution and delivery of the Modification; and, be it further

RESOLVED, that the Commission hereby approves Modification No. 3 to Lease No. GS-09P-LCA03395 with the United States of America to extend the term by three years, for a new termination date of January 3, 2028, and increase the annual rent to \$962,017.96 on the terms and conditions set forth in the Director's Memorandum, and directs the Commission Secretary to submit the modification to the Board of Supervisors for approval pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of _____

JAN 21 2025


Secretary

MEMORANDUM
January 21, 2025

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Jane Natoli, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell
Hon. Susan Leal

25-0011

JAN 21 2025

FROM: Airport Director

SUBJECT: Approval of Modification No. 3 to Lease No. GS-09P-LCA03395 with the United States of America to Extend the Term and Increase the Annual Rent for Offices Occupied by the Federal Bureau of Investigation

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 3 TO LEASE NO. GS-09P-LCA03395 WITH THE UNITED STATES OF AMERICA TO EXTEND THE TERM OF THE LEASE BY THREE YEARS AND INCREASE THE ANNUAL RENT TO \$962,017.96 FOR OFFICES OCCUPIED BY THE FEDERAL BUREAU OF INVESTIGATION, AND DIRECT THE COMMISSION SECRETARY TO FORWARD LEASE MODIFICATION NO. 3 TO THE BOARD OF SUPERVISORS FOR APPROVAL PURSUANT TO SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

Executive Summary

The Federal Bureau of Investigation (FBI) currently occupies approximately 2,396 square feet of Category II space in the Dianne Feinstein International Terminal at San Francisco International Airport (SFO or Airport) under Lease No. GS-09P-LCA03395 (Lease). The FBI wishes to continue occupancy for an additional three years. The proposed Lease modification (Modification) will extend the Lease term by three years and increase the annual rent to \$962,017.96. The current Lease expired on January 3, 2025 but continues on a month-to-month holdover basis pending final City approvals of the Modification.

Background

On October 13, 2015, by Resolution No. 15-0214, the Airport Commission (Commission) approved the Lease, providing approximately 2,396 square feet of Category II administrative office space on the fifth floor of the International Terminal South Shoulder Building (Premises) for the FBI. On January 26, 2016, by Resolution No. 16-16, the Board of Supervisors approved the Lease.

On November 6, 2018, by Resolution No. 18-0360, the Commission approved Lease Modification No. 1 extending the term by three years and increasing the annual rent. On February 5, 2019, by Resolution No. 62-19, the Board of Supervisors approved Lease Modification No. 1.

On October 5, 2021, by Resolution No. 21-0196, the Commission approved Lease Modification No. 2 extending the term by three years and increasing the annual rent. On December 7, 2021, by Resolution No. 548-21, the Board of Supervisors approved Lease Modification No. 2.

The current fixed annual rent is \$665,489. The Lease requires the Airport to provide maintenance, janitorial services, and utilities, including electricity and water. The Airport is reimbursed for the cost of these services by incorporation of an operating cost component into the rental rate, as more fully described below.

The FBI wishes to extend the Lease for three years pursuant to the proposed Modification and has agreed to increase the fixed annual rent to \$962,017.96.

Proposal

Airport staff seeks approval of the proposed Modification No. 3 on the following business terms:

1. **Extension Term.** Three years, firm. The FBI Lease will continue under month-to-month holdover until all City approvals are received.
2. **Effective Date.** January 4, 2025 through January 3, 2028.
3. **Annual Rent.** \$962,017.96 per year fixed for the Extension Term. This represents an increase of \$296,528.96 per year or a total of \$889,586.88 over the Extension Term. Annual Rent is comprised of:
 - Category II Terminal Rent pursuant to current Airport Rates & Charges (\$317.08/SF/YR) and projected increases averaged over the three-year term.
 - Operating costs for maintenance, janitorial services, and utilities pursuant to Airport Facilities' current projections (\$15.45/SF/YR) and future increases averaged over the three-year term.

Average rates are summarized below.

Rate Category	Three-Year Average Rate/SF/YR	Annual Rent
Category II Terminal Rent	\$384.87	\$922,148.52
Operating Cost	\$16.64	\$39,869.44
Total	\$401.51	\$962,017.96

Recommendation

I recommend adoption of the accompanying Resolution approving Modification No. 3 to the Lease and directing the Commission Secretary to forward the Modification to the Board of Supervisors for approval under Section 9.118 of the Charter of the City and County of San Francisco.

Mike Nakornkhet
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachments

Attachment A

PREMISES

LEASE NO. GS-09P-LCA03395 U.S. FEDERAL BUREAU OF INVESTIGATION

