

1 [Real Property Lease - 2650 Bayshore Boulevard - Towed Car Operations and Other Transit
2 Related Services]

3 **Resolution authorizing the lease of an approximate 12.72 acre property with 255,420**
4 **rentable square feet of warehouse, office and parking lot space at 2650 Bayshore**
5 **Boulevard, Daly City, California, from Prologis, L.P. for a 20-year term, plus two five-**
6 **year extension options, at an initial annual base rent of \$2,449,642 with annual**
7 **increases, for the San Francisco Municipal Transportation Agency's towed car**
8 **operations and other transit related uses.**

9
10 WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) and the
11 Port of San Francisco (Port) entered into a Memorandum of Understanding (MOU – Port
12 Reference M-13828) on July 30, 2005, as amended, for the use of approximately 13 acres
13 of Port property on Pier 70 for the SFMTA's towed car operations, storage and uses through
14 July 31, 2015; and,

15 WHEREAS, The Port intends to develop the Pier 70 area as a mixed-use opportunity
16 area, as highlighted in the Port's Waterfront Land Use Plan and the Port's Pier 70 Area
17 Preferred Master Plan; and,

18 WHEREAS, The SFMTA has been searching for an equivalent-sized site to house its
19 towed car operations, and the SFMTA's timely relocation from Pier 70 would allow the Port
20 an opportunity to effectively execute part of its waterfront revitalization Master Plan and
21 create a win-win situation for both agencies on accomplishing their respective strategic
22 goals and objectives; and,

23 WHEREAS, Prologis, L.P., a Delaware limited partnership (Prologis), is willing to
24 lease certain premises at 2650 Bayshore Boulevard, Daly City, California (Premises), for the
25 SFMTA towed car operations and other transit-related uses for a twenty year term, subject

1 to two options to extend the lease term by five (5) years each, at an initial annual base rent
2 of \$2,449,642 that will increase by three percent annually, plus an additional four percent
3 increase every five years, with Prologis paying for all operating expenses in Lease Year 1
4 and SFMTA paying for all operating expense increases after Lease Year 1, all on the terms
5 and conditions contained in a lease substantially in the form of lease (Lease) on file with the
6 Clerk of the Board of Supervisors in File No. 120904, which is incorporated herein by
7 reference; and,

8 WHEREAS, The Lease requires Prologis to install, at its own cost (capped at
9 \$800,000), the initial tenant improvements described in the Lease, and provides SFMTA
10 with the right to request that Prologis spend, subject to SFMTA's reimbursement obligations,
11 up to \$1,000,000 to install additional tenant improvements if SFMTA submits such request
12 prior to the third anniversary of the Lease rent commencement date; and,

13 WHEREAS, The Lease provides SFMTA with an early termination right on the tenth
14 anniversary of the Lease rent commencement date and the payment of a termination fee
15 and certain reimbursable costs; and,

16 WHEREAS, The Daly City Planning Division, acting as a lead agency under the
17 California Environmental Quality Act (CEQA), issued a negative declaration for the proposed
18 Lease (CEQA Findings), and Daly City Council approved, and the City's Planning
19 Department concurred with, the CEQA Findings; and,

20 WHEREAS, On August 21, 2012, the SFMTA Board of Directors adopted the CEQA
21 Findings and approved the proposed Lease through SFMTA Board Resolution No.12-109,
22 and directed the Director of Transportation of the SFMTA to submit the proposed Lease to
23 the City's Board of Supervisors and Mayor for approval; and ~~now, therefore, be it~~

24 WHEREAS, The SFMTA agrees to report back to the Budget and Finance Committee
25 of the Board of Supervisors on the SFMTA Real Estate and Facilities Vision for the 21st

1 Century Report prior to December 31, 2012, and explain (a) how the SFMTA will reorganize
2 its leased space to reduce total leasing costs; and (b) how the Lease fits into the SFMTA's
3 long term space needs; and

4 WHEREAS, The SFMTA agrees to pay for any Phase II Landlord TIs (as defined in
5 Addendum 2 of the Lease) at the time they are performed, rather than reimbursing Prologis,
6 with interest, for its cost to make any Phase II Landlord TIs; now, therefore, be it

7 RESOLVED, That the Director of Transportation of the SFMTA is hereby authorized ,
8 on behalf of the City, to execute the Lease and to take all actions under the Lease, including
9 the exercise of the extension options, the right to request Prologis to perform up to
10 \$1,000,000 of ~~additional tenant improvements, subject to SFMTA's reimbursement~~
11 ~~obligation~~ Phase II Landlord TIs if the SFMTA provides the funding for those Phase II
12 Landlord TIs at the time they are performed, and the right to exercise the early termination
13 right described in the Lease; and, be it

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

16 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
17 Transportation of the SFMTA to enter into any amendments or modifications to the Lease
18 (including without limitation, the exhibits) that the Director of Transportation determines, in
19 consultation with the City Attorney, are in the best interest of the City, do not increase the
20 rent or otherwise materially increase the obligations or liabilities of the City, are necessary or
21 advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance
22 with all applicable laws, including City's Charter; and, be it

23 FURTHER RESOLVED, That the Lease shall be subject to certification as to funds by
24 the City's Controller, pursuant to Section 3.105 of the Charter.

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RECOMMENDED:
SAN FRANCISCO MUNICIPAL
TRANSPORTATION AGENCY



Edward D. Reiskin
Director of Transportation

Pursuant to SFMTA Board of Directors
Resolution No. 12-109, Adopted: August 21, 2012



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 120904

Date Passed: October 16, 2012

Resolution authorizing the lease of an approximate 12.72 acre property with 255,420 rentable square feet of warehouse, office and parking lot space at 2650 Bayshore Boulevard, Daly City, California, from Prologis, L.P. for a 20-year term, plus two five-year extension options, at an initial annual base rent of \$2,449,642 with annual increases, for the San Francisco Municipal Transportation Agency's towed car operations and other transit related uses.

October 03, 2012 Budget and Finance Committee - CONTINUED

October 10, 2012 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

October 10, 2012 Budget and Finance Committee - REFERRED WITHOUT RECOMMENDATION AS AMENDED

October 16, 2012 Board of Supervisors - ADOPTED

Ayes: 8 - Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar and Wiener

Noes: 3 - Avalos, Campos and Olague

File No. 120904

I hereby certify that the foregoing Resolution was ADOPTED on 10/16/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

10/23/12
Date Approved