

1 [Real Property Lease Amendment - Multiple Ownership - 1980 Oakdale Avenue -
2 \$1,024,054.20 Annual Base Rent]

3 **Resolution approving and authorizing the General Manager of the San Francisco Public**
4 **Utilities Commission (SFPUC) to amend the lease of real property located at 1980**
5 **Oakdale Avenue, with Kristian A. Akseth, an individual, Lilly B. Akseth, an individual,**
6 **and Libkra Investment Corporation, a California corporation, collectively as landlord, at**
7 **a base rent of \$1,024,054.20 per year with annual Consumer Price Index increases,**
8 **extending the term for eight years, with a total term of January 1, 2017, through**
9 **December 31, 2030, subject to City’s right to terminate the lease without penalty after**
10 **December 31, 2027; authorizing the General Manager to execute documents, make**
11 **certain modifications and take certain actions in furtherance of the First Amendment,**
12 **the Lease and this Resolution, as defined herein; and to authorize the General Manager**
13 **of SFPUC to enter into any amendments or modifications to the First Amendment that**
14 **do not increase the rent or otherwise materially increase the obligations or liabilities of**
15 **the City and are necessary or advisable to effectuate the purposes of the Lease or this**
16 **Resolution.**

17
18 WHEREAS, The San Francisco Public Utility Commission (“SFPUC”) currently leases
19 approximately 48,400 square feet of area (“Premises”) at 1980 Oakdale Avenue, San
20 Francisco (the “Property”), under a lease dated November 16, 2016 (“Lease”), a copy of which
21 is on file with the Clerk of the Board in File No.220605, for use by the SFPUC’s Water
22 Enterprise City Distribution Division (“CDD”); and

23 WHEREAS, CDD “owner-furnishes” all materials for its construction contracts to
24 maintain product and quality consistency. CDD utilizes the warehouse and outdoor storage
25 space at the Premises to house such materials, including pipes, valves, meter boxes, vaults,

1 and other facilities; since 2011, the inventory of materials that the warehouse processes for
2 capital projects has increased by 40 percent; and

3 WHEREAS, The Premises serves as a satellite office and warehousing facility located
4 directly across the street from the SFPUC Water Enterprise CDD's main facility at 1990
5 Newcomb Street; and

6 WHEREAS, The current term of the Lease expires on December 31, 2022; and

7 WHEREAS, In April of 2020, the City acquired approximately 7.5 acres of land at 2000
8 Marin in San Francisco for the construction of a new facility to replace the existing CDD facility
9 at 1990 Newcomb and the facilities at the Premises, among other uses; and

10 WHEREAS, The 2000 Marin project is currently in the planning stages; and

11 WHEREAS, Occupancy by CDD at 2000 Marin is not reasonably expected to occur
12 until after December 31, 2027, and until then CDD requires the continued use of the
13 Premises; and

14 WHEREAS, The SFPUC seeks to extend the term of the Lease until a new facility is
15 ready for occupancy; and

16 WHEREAS, The SFPUC, in consultation with the Office of the City Attorney, negotiated
17 an amendment to the Lease (the "First Amendment") to, among other items, extend the term
18 of the Lease, a copy of the which is on file with the Clerk of the Board in File No. 220605; and

19 WHEREAS, The First Amendment includes a flexible eight-year term which can be
20 terminated without penalty after December 31, 2027; and

21 WHEREAS, The base rent for the first year of the extension term is \$85,337.85 per
22 month which increases annually on each January 1 by the proportionate increase in the
23 Consumer Price Index; and

24 WHEREAS, On November 15, 2016, the Planning Department concurred that the
25 Lease is categorically exempt under CEQA, Section 153021, Class 1(Existing Facilities); and

1 WHEREAS, The proposed rent of the Lease is not less than Market Rent (as defined in
2 Administrative Code, Section 23.2); and

3 WHEREAS, At its April 26, 2022, meeting, the San Francisco Public Utilities
4 Commission passed a Resolution, a copy of which is on file with the Clerk of the Board in File
5 No. 220605, approving the First Amendment; now, therefore, be it

6 RESOLVED, That in accordance with the recommendation of the General Manager of
7 SFPUC, the Board of Supervisors approves the First Amendment in substantially the form
8 presented to the Board, and authorizes the General Manager to take all actions necessary to
9 execute the First Amendment and any other documents that are necessary or advisable to
10 effectuate the purpose of this Resolution; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
12 Manager of SFPUC to enter into any amendments or modifications to the First Amendment
13 (including without limitation, the exhibits) that the General Manager determines, in
14 consultation with the City Attorney, are in the best interest of the City, do not increase the rent
15 or otherwise materially increase the obligations or liabilities of the City, do not materially
16 reduce the benefits to the City, are necessary or advisable to effectuate the purposes of the
17 lease or this Resolution, and are in compliance with all applicable laws, including City's
18 Charter; and, be it

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

21 FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully
22 executed by all parties, SFPUC shall provide the final First Amendment to the Clerk of the
23 Board for inclusion into the official file.

24
25 ///

Available: \$512,027.10
6 months' base rent (1/1/23 to 6/30/23
25940-232404-10000-10029998+0006-
530000.

Controller Note: Funding in future fiscal years
is subject to the enactment of the Annual
Appropriation ordinance.

1
2
3
4
5
6
7
8
9
 /s/

10 General Manager
11 San Francisco Public Utilities Commission
12
13
14
15
16
17
18
19
20
21
22
23
24
25