

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 22-0078

WHEREAS, The City and County of San Francisco ("City"), through the San Francisco Public Utilities Commission ("SFPUC") as tenant, and Kristian A. Akseth, Lilly B. Akseth, and Libkra Investment Corporation, together as landlord, entered into a lease dated November 16, 2016 ("Lease") for use of an approximately 36,400 square-foot building ("Building") and an approximately 12,000 square-foot paved area at 1980 Oakdale Avenue in San Francisco, California ("Premises"); and

WHEREAS, The Premises is located directly across the street from the SFPUC Water Enterprise City Distribution Division ("CDD") facility at 1990 Newcomb Street. The Premises serves as a satellite office and warehousing facility; and

WHEREAS, The Lease expires on December 31, 2022. City has one option to extend the term for an additional three years beyond the existing expiration date of December 31, 2022; and

WHEREAS, CDD "owner-furnishes" all materials for its construction contracts to maintain product and quality consistency at the Premises. CDD needs the warehouse and outdoor storage space to house such materials, including pipes, valves, meter boxes, vaults, and other facilities. Since 2011, the inventory of materials the warehouse processes for capital projects have increased by 40 percent, and the inventory is still growing; and

WHEREAS, In April of 2020, the City acquired approximately 7.5 acres of land at 2000 Marin in San Francisco. The SFPUC is planning to construct a new facility to replace the existing CDD facility at 1990 Newcomb and the Premises, among other uses. The 2000 Marin project is currently in the planning stages. Occupancy by CDD at 2000 Marin is not reasonably expected to occur until after December 31, 2027 and until then CDD requires the continued use of the Premises; and

WHEREAS, The SFPUC seeks to extend the term of the Lease until a new facility is ready for occupancy on the terms and conditions of the First Amendment to Lease between Landlord and City attached to the SFPUC agenda (the "First Amendment"); and

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

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

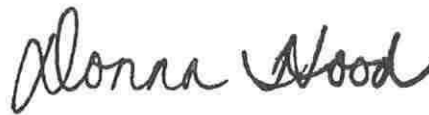
WHEREAS, This action to amend the Lease does not constitute a "project" under the California Environmental Quality Act (CEQA) Guidelines Section 15378(a) because there would be no physical change in the environment. While this lease amendment would obligate the landlord of 1980 Oakdale Avenue to construct certain interior improvements, the improvement specifics are currently unknown because design has not begun. Any required environmental review of the improvements will be completed prior to the City's approval of the building permit for these improvements. Implementation of any improvements would not occur until the proposed work is reviewed and the appropriate environmental review, if required, is completed; now, therefore, be it

RESOLVED, That this Commission hereby approves the terms and conditions of the First Amendment and directs the General Manager of the SFPUC to recommend a resolution to the Board of Supervisors and the Mayor authorizing the First Amendment; and be it

FURTHER RESOLVED, That this Commission hereby ratifies, approves, and authorizes all actions heretofore taken by any City official in connection with the First Amendment; and be it

FURTHER RESOLVED, That, subject to approval of the First Amendment by the City's Board of Supervisors, this Commission hereby authorizes the General Manager of the SFPUC to execute the First Amendment and any amendments or modifications to the First Amendment, including without limitation, the exhibits, that the General Manager determines, in consultation with the City Attorney are in the best interest of the City; do not increase the rent or otherwise materially increase the obligations or liabilities of the City; do not materially reduce the benefits to the City; are necessary or advisable to effectuate the purposes and intent of the Lease, the First Amendment, or this resolution; and are in compliance with all applicable laws, including the City Charter.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of April 26, 2022.

A handwritten signature in black ink that reads "Alonna Wood". The signature is fluid and cursive, with the first name "Alonna" and the last name "Wood" clearly distinguishable.

Secretary, Public Utilities Commission