

1 [Lease Renewal - Hudson 1455 Market, LLC - Transit Management Center - 1455 Market
2 Street - Term Extension - \$1,320,059.49]

3 **Resolution authorizing and approving a first amendment to the lease to the renewal of**
4 **an office lease for the existing Transportation Management Center with Hudson 1455**
5 **Market, LLC, as landlord, for the San Francisco Municipal Transportation Agency, at**
6 **1455 Market Street, at a yearly initial base rent of \$1,320,059.49 with annual**
7 **adjustments of three percent for a term of ten years to commence September 20, 2023,**
8 **for a total term of September 20, 2023, through September 19, 2033; and to authorize**
9 **the Director or Property to enter into any extensions, amendments, or modifications to**
10 **the Lease that do not materially increase the obligations or liabilities to the City and are**
11 **necessary to effectuate the purposes of the Lease or this Resolution.**

12
13 WHEREAS, In 2011, the San Francisco Board of Supervisors approved Resolution
14 No 247-11 authorizing the City and County of San Francisco (“City”) to enter into a Lease for
15 space to co-locate the real time command-and-control functions of the San Francisco
16 Municipal Transportation Agency’s (“SFMTA”) to 1455 Market Street, San Francisco, from
17 various locations; and

18 WHEREAS, The Lease provides a ten-year term with three percent annual
19 adjustments, two ten-year options to renew, and was to be fully serviced except for separately
20 sub-metered electricity, chilled water charges for Computer Room Air Conditioning (CRAC)
21 Units, CRAC equipment maintenance and interior janitorial; and

22 WHEREAS, Upon completion of extensive tenant improvements, the Lease
23 commenced on September 20, 2013, and SFMTA has occupied the space; and

1 WHEREAS, The Lease provides that SFMTA must give notice of its desire to exercise
2 the first Extension Option for the Premises no later than 15 months before the expiration of
3 the Term, or before June 20, 2022; and

4 WHEREAS, The Real Estate Division (“RED”) on behalf of the SFMTA served its notice
5 to extend on June 17, 2022; and

6 WHEREAS, The SFMTA desires to continue to occupied the space and continue its
7 operations at 1455 Market Street and exercise the first ten-year Extension Option; and

8 WHEREAS, The Lease provides that the Extension Option shall become non-binding
9 after 90 days, or September 15, 2022, if not approved by the SFMTA’s Board of Directors and
10 the City’s Board of Supervisors unless City and Hudson 1455 Market, LLC (“Landlord”)
11 mutually agree to an extension; and

12 WHEREAS, Due to various circumstances and scheduling, the Landlord and City
13 agreed to extend the time period that SFMTA’s Board of Directors and the City’s Board of
14 Supervisors could approve the First Amendment to Lease; and

15 WHEREAS, The First Amendment to Lease provides for the Base Rent amount at
16 \$140,933.54 per month, annual adjustments of three percent, for the ten-year option term,
17 with all other terms of the original Lease remaining the same; and

18 WHEREAS, On October 4, 2022, the SFMTA’s Board of Directors approved the terms
19 of the proposed First Amendment and directed the Executive Director/CEO to recommend to
20 the Board of Supervisors and the Mayor enactment of a Resolution approving and authorizing
21 such lease; now, therefore, be it

22 RESOLVED, That in accordance with the recommendations of the Director of
23 Transportation of the SFMTA and Director of Property after consulting with the City Attorney,
24 the Director of Property is hereby authorized to take all actions, on behalf of the City, as
25 Tenant, to execute a lease amendment with the Landlord to extend the term for space at 1455

1 Market Street, San Francisco, California, the First Amendment to Lease (the “First
2 Amendment”), substantially in the form on file with the Clerk of the Board of Supervisors in
3 File No. 221092; and, be it

4 FURTHER RESOLVED, That the Lease is amended to extend the Term to
5 September 19, 2033, at a Base Rent rate of \$140,933.54 per month, with annual
6 adjustments of three percent for the ten-year option term, with all other terms of the Lease
7 remaining in full force and effect as originally agreed upon; and, be it

8 FURTHER RESOLVED, That all actions heretofore taken by any City employee or
9 official with respect to the Lease are hereby approved, confirmed, and ratified; and, be it

10 FURTHER RESOLVED, The Board of Supervisors authorizes the Director of
11 Property to enter into any extensions, amendments, or modifications to the Lease
12 (including without limitation, the exhibits) that the Director of Property determines, in
13 consultation with the City Attorney, are in the best interest of the City, do not materially
14 reduce the rent or otherwise materially increase the obligations or liabilities of the City, are
15 necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are
16 in compliance with all applicable laws, including City's Charter; and, be it

17 FURTHER RESOLVED, That within thirty days of the First Amendment being fully
18 executed by all parties, RED shall provide the agreement to the Clerk of the Board for
19 inclusion in the official file.

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\$1,320,059.49 Total
(Base Rent for September 20, 2023 –
June 30, 2024)

\$990,044.62
Fund ID:22260
Department ID:149725
PS Project ID:10001724
Authority ID:10000
Account ID:530110
Activity ID:002

\$330,014.88
Fund ID:22870
Department ID:207964
PS Project ID:10022189
Authority ID:10000
Account ID:530110
Activity ID:001

_____/s/_____
Ben Rosenfield
Controller

RECOMMENDED:

_____/s/_____
Jeffrey Tumlin
Director of Transportation

RECOMMENDED:

_____/s/_____
Andrico Q. Penick
Director of Property