

1 [Lease of Property - J.D. Harney, Inc., et al. - 2205 Jennings Street - Annual Base Rent of
2 \$264,000]

3 **Resolution authorizing and approving the lease of a portion of the real property located**
4 **at 2205 Jennings Street with J.D. Harney, Inc., a California corporation, John Daniel**
5 **Harney and Bernadette Patricia Harney, Co-Trustees or Successor Trustee of the John**
6 **Daniel Harney and Bernadette Patricia Harney Revocable Living Trust Under**
7 **Agreement dated August 13, 1987, as Community Property, and MM1495Wall LP, a**
8 **California Limited partnership, for an initial three-year term at an annual base rent of**
9 **\$264,000 (or the monthly amount of \$22,000); plus 3% annual increases to base rent;**
10 **plus one five-year extension option to further extend the term of the Lease; the Lease**
11 **will be effective upon approval of this Resolution; and to authorize the Director of**
12 **Property to enter into amendments or modifications to the Lease that do not materially**
13 **increase the obligations or liabilities to the City and are necessary to effectuate the**
14 **purposes of the Lease or this Resolution.**

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16 WHEREAS, The City and County of San Francisco (“City”), Department of Technology
17 (“DT”) entered into a lease at 1755 Egbert, in San Francisco, in 2018 for the storage of some
18 of DT’s equipment and vehicles; and

19 WHEREAS, The owners of the Egbert Property sold the property and DT was required
20 to relocate from the site in August 2021 with 30-day notice; and

21 WHEREAS, The Real Estate Division found space on a short-term basis at 2205
22 Jennings Street and was able to relocate DT’s property within the notice period; and

23 WHEREAS, On behalf of DT, the Real Estate Division negotiated an agreement for
24 10,000 square feet of warehouse space, and 5,000 square feet of parking and outdoor
25 storage at 2205 Jennings Street, San Francisco, (“Property”) with property owners J.D.

1 Harney, Inc., a California corporation, John Daniel Harney and Bernadette Patricia Harney,
2 Co-Trustees or Successor Trustee of the John Daniel Harney and Bernadette Patricia Harney
3 Revocable Living Trust Under Agreement dated August 13, 1987, as Community Property,
4 and MM1495Wall LP, a California Limited partnership (“Landlord”); and

5 WHEREAS, The City, through RED, with consultation from DT’s Chief Information
6 Officer (“CIO”), and the Office of the City Attorney, have negotiated the proposed lease
7 (“Lease”) with Landlord, which provides a base rent of \$264,000 per year (\$22,000 per
8 month), plus an annual increase of 3%, a copy of the lease is on file with the Clerk of the
9 Board in File No. 231000; and

10 WHEREAS, City will be responsible for providing, at City’s cost, any required services
11 and utilities on the Property; and

12 WHEREAS, During the term, City will also be responsible for its share of taxes and
13 Landlord’s operating expenses as set forth in the Lease; and

14 WHEREAS, The initial term of the Lease shall be for three years, commencing upon
15 approval by the Board of Supervisors and Mayor; and

16 WHEREAS, Under the proposed Lease, the City has an option to extend the initial term
17 by an additional five years, with rent to be re-established at the greater of a 3 percent
18 adjustment of the then monthly rental rate or the then fair market rental value as of the
19 exercise date of the option, and continuing to be subject to three-percent annual increases
20 thereafter; and

21 WHEREAS, The Director of Property has determined that the base rent is at or below
22 fair market value for similar properties and does not require an independent third-party
23 appraisal under Chapter 23; now, therefore, be it

24 RESOLVED, In accordance with the recommendation of the Director of Property, DT’s
25 CIO and the City Attorney, the Director of Property on behalf of the City, as Tenant, is hereby

1 authorized to take all actions necessary to execute the Lease at 2205 Jennings Street, in San
2 Francisco, at a base rent of \$264,000 per year, with an annual base rent escalation of 3%, for
3 an initial three-year term, plus one five-year option to extend; and, be it

4 FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially
5 the form in the Board's File and authorizes the Director of Property to take all actions, on
6 behalf of the City to enter into any additions, amendments or other modifications (including
7 without limitation, the exhibits) to the Lease that the Director of Property determines, in
8 consultation with DT's CIO and the City Attorney, are in the best interests of the City, do not
9 materially increase the obligations or liabilities of the City, and are necessary or advisable to
10 complete the transaction and effectuate the purpose and intent of this Resolution and are in
11 compliance with all applicable laws, including City's Charter; and, be it

12 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
13 harmless the City from, and agreeing to defend the City against any and all claims, costs and
14 expenses, including, without limitation, reasonable attorney's fees, incurred as a result of
15 Tenant's use of the Premises, any default by the Tenant in the performance of any of its
16 obligations under the Lease or any acts or omissions of Tenant or its agents, in, on or about
17 the Premises or the property on which the Premises are located, except those claims, costs
18 and expenses incurred exclusively as a result of active gross negligence or willful misconduct
19 of City or its agents; and, be it

20 FURTHER RESOLVED, That any action taken by the Director of Property and other
21 officers of the City with respect to the Lease are hereby approved, confirmed and ratified; and,
22 be it

23 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
24 executed by all parties, the Director of Real Estate shall provide the agreement to the Clerk of
25 the Board for inclusion into the official file.

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Available: \$198,000
(base rent for period 10/1/2023 through 6/30/24)

Fund ID:	28070 – ISTIF Authority Ctrl
Department ID:	207933 – DT PS Radio
Project ID:	10024777 – DT Operating Master Project
Authority ID:	17582 – DT Operating Master Project
Account ID:	530000 – Rents Leases Bldgs. & Struct-Bdgt
Activity ID:	0001 – DT Operating Master Project

s/
Michelle Allersma, Budget and Analysis
Division Director on behalf of
Ben Rosenfield, Controller

Funding for Fiscal Year 2024/2025 is
subject to the enactment of the Annual
Appropriation Ordinance for Fiscal Year
2024/2025

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RECOMMENDED:

_____/s/
Linda Gerull
Chief Information Officer
Department of Technology

RECOMMENDED:

_____/s/
Andrico Q. Penick
Director of Real Estate