

File No. 120260

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee Date: April 4, 2012

Board of Supervisors Meeting Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
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| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
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OTHER

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Completed by: Victor Young

Date: March 30, 2012

Completed by: Victor Young

Date: _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Real Property Lease - Aardvark Storage Unlimited, Inc. - 600 Amador Street, Seawall Lot
2 344]

3
4 **Resolution approving Port Commission Lease No. L-14819 with Aardvark Storage**
5 **Unlimited, Inc., for paved vacant land located at 600 Amador Street within Seawall Lot**
6 **344 in the Southern Waterfront with a sixty month term and a sixty month option.**

7
8 WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and the San
9 Francisco Charter Section 4.114 and B3.581 empower the San Francisco Port Commission
10 ("Port Commission") with the power and duty to use, conduct, operate, maintain, manage,
11 regulate and control the lands within Port Commission jurisdiction; and

12 WHEREAS, Aardvark Storage Unlimited, Inc., dba American Storage Unlimited, Inc.,
13 ("Aardvark") began leasing paved vacant land at 600 Amador Street in December 1998; and

14 WHEREAS, The Port negotiated a lease renewal with Aardvark, thereby combining the
15 three current leases into one lease, for an initial term of sixty (60) months with one sixty (60)
16 month extension option (the "Lease"), a copy of which is on file with the Clerk of the Board In
17 File No.120260; and

18 WHEREAS, The net lease has an initial monthly rent of \$58,945.04 (\$0.215 per sq. ft.)
19 for the approximately 274,163 square feet of paved vacant land; and

20 WHEREAS, Pursuant to requirements under the California Environmental Quality Act
21 (CEQA), the environmental effects of the Lease were reviewed and determined to be exempt
22 from CEQA under a General Rule Exclusion issued by the San Francisco Planning
23 Department to the Port, dated October 3, 2011, which allows the Port to lease and manage
24 property where there is no change or substantial intensification of the existing use or no new
25 construction; and

1 WHEREAS, San Francisco Charter Section 9.118 requires Board of Supervisors
2 approval of real property leases with terms of ten (10) or more years, including extension
3 options, or having anticipated revenue to the City of One Million Dollars (\$1,000,000.00) or
4 more; and

5 WHEREAS, This Lease may have a lease term of ten (10) years and the revenue is
6 expected to exceed One Million Dollars (\$1,000,000.00); now, therefore, be it

7 RESOLVED, That the Board of Supervisors approves the Lease; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
9 Director of the Port (the "Executive Director") to execute the Lease in a form approved by the
10 City Attorney and in substantially the form of the lease on file with the Clerk of the Board of
11 Supervisors; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
13 Director to enter into any additions, amendments or other modifications to the Lease
14 (including, without limitation, preparation and attachment of, or changes to, any or all of the
15 exhibits and ancillary agreements) that the Executive Director, in consultation with the City
16 Attorney, determines is in the best interest of the Port, do not alter the rent or the Port's
17 projected income from the Lease, do not materially increase the obligations or liabilities of the
18 Port or City or materially decrease the public benefits accruing to the Port, and are necessary
19 or advisable to complete the transactions contemplated and effectuate the purpose and intent
20 of this Resolution, such determination to be conclusively evidenced by the execution and
21 delivery by the Executive Director of any such documents; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors approves, and ratifies all prior
23 actions taken by the officials, employees and agents of the Port Commission, or the City with
24 respect to the Lease.

Item 4
File 12-0260

Department:
Port

EXECUTIVE SUMMARY

Legislative Objectives

- Resolution approving a new five-year lease, with one five-year option to extend between the Port, as lessor and Aardvark Storage Unlimited, Inc. (Aardvark), as lessee, for 274,163 square feet of paved vacant land located at 600 Amador Street within Seawall Lot 344 on the southern Waterfront to be used by Aardvark for a container storage facility, which would combine three existing leases.

Key Points

- The Port, as lessor, and Aardvark, as lessee, entered into three separate leases between 1998 and 2001 for three adjacent plots of land known as Parcels A, B and C, which Aardvark uses as a container storage facility.
- In 1998, the Port entered into a three-year lease with Aardvark for 127,704 square feet of vacant land for Parcel A, which has continued on a month-to-month holdover basis since the lease expired on December 1, 2001. Aardvark currently pays the Port \$31,046, or \$0.24 per square foot per month for Parcel A.
- In 1999, the Port entered into a nine-month lease, with Aardvark for 96,546 square feet of vacant land for Parcel B, which has been subsequently amended twice to extend the term and square footage. As part of the proposed new subject lease, the land was resurveyed at 73,019 square feet. This lease has continued on a month-to-month holdover basis since the lease expired on January 1, 2005. Aardvark currently pays the Port \$18,621 or \$0.29 per square foot per month.
- In 2001, the Port entered into a five-year lease with Aardvark for 73,440 square feet of vacant land for Parcel C for the term from July 1, 2001 through June 30, 2006, which has continued on a month-to-month holdover basis since the lease expired on July 1, 2006. Aardvark currently pays the Port \$10,420 or \$0.14 per square foot per month.

Fiscal Impacts

- Aardvark currently pays total rent of \$60,087 per month for Plots A, B, and C, for a total of 265,760 square feet of paved vacant land, or an average of \$0.226 per square foot per month for the vacant, paved land.
- Under the proposed lease, the first year monthly rent for the three combined parcels consisting of a total of 274,163 square feet would be \$58,945, or \$0.215 per square foot per month, or \$1,142 less per month than the \$60,087 of current rent per month being paid to the Port. Based on annual adjustments ranging from 2.33 percent to 4.55 percent over the term of the lease, the total rental revenue payable to the Port over the initial five-year lease would be \$3,799,899, and including the five-year option, the total rental revenues payable to the Port would be \$8,405,837.

Policy Consideration

- The proposed new lease would be awarded to the existing lessee based on direct negotiations rather than through a competitive process. According to Mr. Jerry Romani of the Port, while bidding the proposed lease would not have been impossible, it was impractical for the Port to undertake a competitive process to select a lessee because, other than Aardvark, the Port had not received any other inquiries to lease large parcels of vacant land on the southern Waterfront, and the Port has an available supply of other vacant land in the area. In addition, the Port did not want to expend the additional time and cost to advertise the proposed lease under a competitive process for the subject parcels. The Port was able to negotiate a lease directly with Aardvark, using the Port's approved Minimum Monthly Rental Rate Schedule, less the incentives.

Recommendation

- Approval of the proposed resolution is a policy decision for the Board of Supervisors.

MANDATE STATEMENT & BACKGROUND**Mandate Statement**

Charter Section 9.118(c) requires that any lease for a period of ten or more years, including options to renew, or with anticipated revenues of \$1,000,000 or more, be subject to approval of the Board of Supervisors.

Section 2.6-1 of the City's Administrative Code requires that leases of City property be awarded to the highest responsible bidder in accordance with competitive bidding procedures except when bidding procedures are "impractical or impossible." The terms impractical and impossible are not defined in the Administrative Code.

Background

The Port, as lessor, and Aardvark Storage Unlimited, Inc. (Aardvark), as lessee, entered into three separate leases between 1998 and 2001 for three adjacent plots of vacant land known as Parcels A, B and C on Seawall Lot 344, located at 600 Amador Street at Cargo Way on the southern Waterfront, as shown in the attached map to this report. According to Mr. Jerry Romani, Commercial Property Manager for the Port, Parcels A and B were originally partially paved and partially unpaved vacant land and Parcel C was a dirt lot with a large dirt mound that Aardvark, at their own expense, graded and paved, and installed lighting and fencing. Aardvark then transferred various shipping containers onto the three parcels and has used Parcels A, B and C as a container storage facility. Under the existing leases, Aardvark is responsible for all costs associated with the land, including maintenance, improvements, utilities and security.

In 1998, the Port, as lessor, entered into a three-year lease with Aardvark, as lessee, for 127,704 square feet of vacant land known as Parcel A (Lease L-12627), for the term from December 1, 1998 through November 30, 2001. This lease has continued on a month-to-month holdover basis since the lease expired on December 1, 2001. The current monthly rent paid by Aardvark to the Port is \$31,046, or \$0.24 per square foot per month.

In 1999, the Port, as lessor, entered into a nine-month lease, with Aardvark, as lessee, for 96,546 square feet of land known as Parcel B (Lease L-12628) for the term from February 1, 1999 through October 31, 1999. Subsequently, a First Amendment to this lease extended the term for an additional five years, and two months, or through December 31, 2004. A Second Amendment to this lease reduced the space by 31,930 square feet from 96,546 square feet to 64,616 square feet to accommodate the realignment of adjacent railroad track. As part of the proposed new subject lease, the land was resurveyed and Parcel B was surveyed at 73,019 square feet. This lease has continued on a month-to-month holdover basis since the lease expired on January 1, 2005. The current monthly rent for Parcel B is \$18,621 or \$0.29 per square foot per month.

In 2001, the Port, as lessor, entered into a five-year lease with Aardvark, as lessee, for 73,440 square feet of vacant land, known as Parcel C (Lease L-13122) for the term from July 1, 2001 through June 30, 2006. This Parcel C Lease has continued on a month-to-month holdover basis since the lease expired on July 1, 2006. The current monthly rent for Parcel C is \$10,420 or \$0.14 per square foot per month.

According to Mr. Romani, the Port continued these three leases on a month-to-month basis due to the Port's various development plans and analyses for the Pier 90-94 "Backlands" which initially included Parcels A, B, and C. Mr. Romani explains that between 2002 and 2004, the San Francisco Public Utilities Commission approached the Port about developing a power substation and sewage treatment plant and the San Francisco Department of the Environment subsequently pursued developing a biodiesel plant in this area. Between 2005 and 2009, the Port retained various consultants to analyze alternative development proposals, which resulted in the Port determining the best use for this area, excluding Parcels A, B and C, was for bus and truck parking and construction sites. In 2009, the Port initiated negotiations with Aardvark to consolidate the three vacant land leases. Mr. Romani advises that the lease negotiations were difficult and extended for almost two years due to Aardvark's desire to use their bonds for part of the security deposit, which required involving the City's Risk Manager, City Attorney staff, bond companies and underwriters. According to Mr. Romani, the Port Commission approved the use of bonds for part of the security deposit in 2011.

Holdover Lease Project

In January of 2008, the Port implemented a Holdover Lease Project, to reduce the number of Port leases which had expired and continued on a month-to-month basis under the holdover provisions of their leases. According to Mr. Romani, hold-over leases are used (a) when the Port seeks to generate interim revenue while soliciting for a new lease or preparing for a capital project, (b) for storage agreements that do not exceed \$5,000 per month in rent, (c) for parking spaces, except for parking lots, (d) for use of public rights of way, (e) for use of, or access to, Port-owned equipment, (f) to allow structural, geotechnical or environmental investigation of Port property, (g) for other short-term agreements, such as for temporary storage for construction materials used in large-scale construction projects, (h) during periods of adverse commercial real estate market conditions, and (i) for other agreements where the Port Executive Director finds a public purpose to enter a month-to-month lease, but where the term of such a lease is limited to a maximum of 24 months. On January 6, 2011, the Executive Director of the Port, Ms. Monique Moyer, issued a memorandum to the Port Commission on the progress of the Holdover Lease Project, which stated that from 2008 through 2010, the Port reviewed 323 agreements and (a) executed 65 new market-rate leases with existing tenants, (b) 62 holdover leases were increased to market rate, (c) 156 agreements were confirmed to be at market rate, and (d) 40 tenants were terminated or chose to terminate their leases with the Port.

According to Mr. Romani, as part of the Port's effort to convert existing month-to-month holdover leases to specific term leases where appropriate, the Port seeks to consolidate the three Aardvark month-to-month holdover leases into one new lease.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would combine three existing leases at Seawall Lot 344 consisting of Parcel A, B and C (see attached map), currently on a month-to-month basis, into one new five-year lease, with one five-year option to extend, between the Port, as lessor, and Aardvark Storage Unlimited, Inc. (Aardvark), the current lessee, for a total of 274,163 square feet, or 6.2 acres of paved vacant land located on Seawall Lot 344 at Amador Street and Cargo Way on the Southern Waterfront. The first year monthly rent of \$58,945, or \$0.215 per square foot per month, will be adjusted annually, as shown in Table 2 below, at a variable rate from 2.33 percent to 4.55 percent over the term of the lease.

Under the proposed consolidated lease, Aardvark will continue to be responsible for all costs associated with the land, including maintenance, improvements, utilities and security.

FISCAL IMPACTS

The Port adopts a Minimum Monthly Rental Rate Schedule every year for various categories of land, retail, and other space. For FY 2011-12, the minimum monthly rent for paved vacant land was \$0.22 - 0.25 per square foot, before any incentives or adjustments are applied. As shown in Table 1 below, Aardvark currently pays a total of \$60,087 per month for Plots A, B, and C, for a total of 265,760 square feet of space, or an average of \$0.226 per square foot per month for the paved land.

Table 1: Current Monthly Rent

	Square Feet	Monthly Rent	Rent Per Square Foot Per Month
Parcel A	127,704	\$31,046	\$0.24
Parcel B	64,616	18,621	0.29 *
Parcel C	73,440	10,420	0.14
Total	265,760	\$60,087	Average of \$0.226

* The current month-to-month lease for Parcel B is based upon 64,616 square feet. The new lease will be based upon the newly surveyed 73,019 square feet, which will increase the total square footage to 274,163.

On July 7, 2011, the Port Commission approved a five percent discount for land leases with a minimum of 43,560 square feet and a minimum term of three years¹, to encourage the lease of larger Port parcels. Under the proposed new lease with Aardvark, after applying the Port's five percent discount to Aardvark's current average monthly rental rate of \$0.226 per square foot, Aardvark would pay an initial monthly rent of \$0.215 per square foot per month, or \$58,945 per month for 274,163 square feet of paved vacant land.² Therefore, Aardvark will pay the Port monthly rent of \$58,945 or \$1,142 less per month in the first year of the proposed lease than the \$60,087 per month that the Port currently receives, or a total of \$13,704 less in the first year.

¹ Three years is the standard minimum for Port leases.

² The increase in square footage was from resurveying the land, not a physical increase of land.

Table 2 below shows the proposed monthly rents, the monthly rent per square foot, annual rents, and the annual percentage adjustments during each of the initial five years of the proposed lease and for each of the proposed additional five year option period.

Table 2: Proposed Monthly Rent for 274,163 Square Feet of Paved Vacant Land at Seawall Lot 344

	<u>Monthly Rent</u>	<u>Monthly Rent Per Square Foot</u>	<u>Annual Rent</u>	<u>Annual Adjustments</u>
<u>Initial Term</u>				
Year One:	\$58,945	\$0.21	\$707,340	
Year Two:	60,315.86	0.22	723,790	2.33%
Year Three:	63,057.49	0.23	756,690	4.55%
Year Four:	65,799.12	0.24	789,589	4.35%
Year Five:	68,540.75	0.25	822,489	4.17%
	Subtotal		\$3,799,899	
<u>Option Term</u>				
		0.00		
Year Six:	71,282.38	0.26	855,389	4.00%
Year Seven:	74,024.01	0.27	888,288	3.85%
Year Eight:	76,765.64	0.28	921,188	3.70%
Year Nine:	79,507.27	0.29	954,087	3.57%
Year Ten:	82,248.90	0.30	986,986.80	3.45%
	Subtotal		\$4,605,938	
	Total		\$8,405,837	

As shown in Table 2 above, the total rental revenues payable to the Port over the initial five-year lease would be \$3,799,899. Including the five-year option, the total rental revenues payable to the Port would be \$8,405,837.

POLICY CONSIDERATION

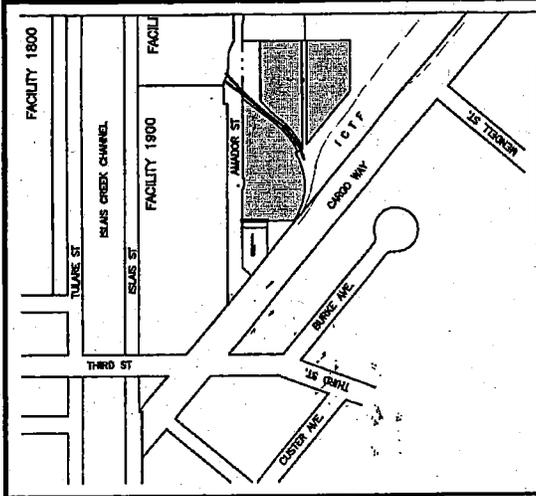
Mr. Romani advises that the proposed new lease between the Port, as lessor, and Aardvark, as lessee, would be awarded to the existing lessee based on direct negotiations rather than through a competitive process. As noted above, Section 2.6-1 of the City’s Administrative Code requires that leases of City property be awarded to the highest responsible bidder in accordance with competitive bidding procedures except when bidding procedures are “impractical or impossible.” The terms impractical and impossible are not defined in the Administrative Code.

While bidding the proposed lease would not have been impossible, according to Mr. Romani, it was impractical for the Port to undertake a competitive process to select a lessee because, other than Aardvark, the Port had not received any other inquiries to lease large parcels of vacant land on the southern Waterfront, and the Port has an available supply of other vacant land in the area. As noted above, the combined Aardvark lease will contain 274,163 square feet of vacant land, or approximately 6.2 acres. In addition, Mr. Romani advises that the Port did not want to expend the additional time and cost to advertise the proposed lease under a competitive process for the subject parcels. Furthermore, Mr. Romani advises, that given the Port’s approved Minimum Monthly Rental Rate Schedule, the Port was able to negotiate a lease directly with Aardvark, using the Port’s approved

rental rates. Therefore, the Budget and Legislative Analyst considers approval of the proposed new lease to be a policy decision for the Board of Supervisors.

RECOMMENDATION

Approval of the proposed resolution is a policy decision for the Board of Supervisors.



LOCATION MAP

NOT TO SCALE

NOTES:

1. DISTANCES SHOWN ARE GROUND DISTANCES
2. LEASE PREMISES RUN ALONG EXISTING FENCE AND/OR CONTAINER LINES.
3. REFERENCES:

- A. PORT OF SAN FRANCISCO DWG. NO. 8262-344-4 TITLED "SEAWALL LOT 344 AUTO STORAGE LEASE"
- B. PORT OF SAN FRANCISCO DWG. NO. 8463-421 to 428-2 TITLED "SURVEY M"
- C. SAN FRANCISCO DEPT. OF PUBLIC WORKS MONUMENT MAP NO. 306

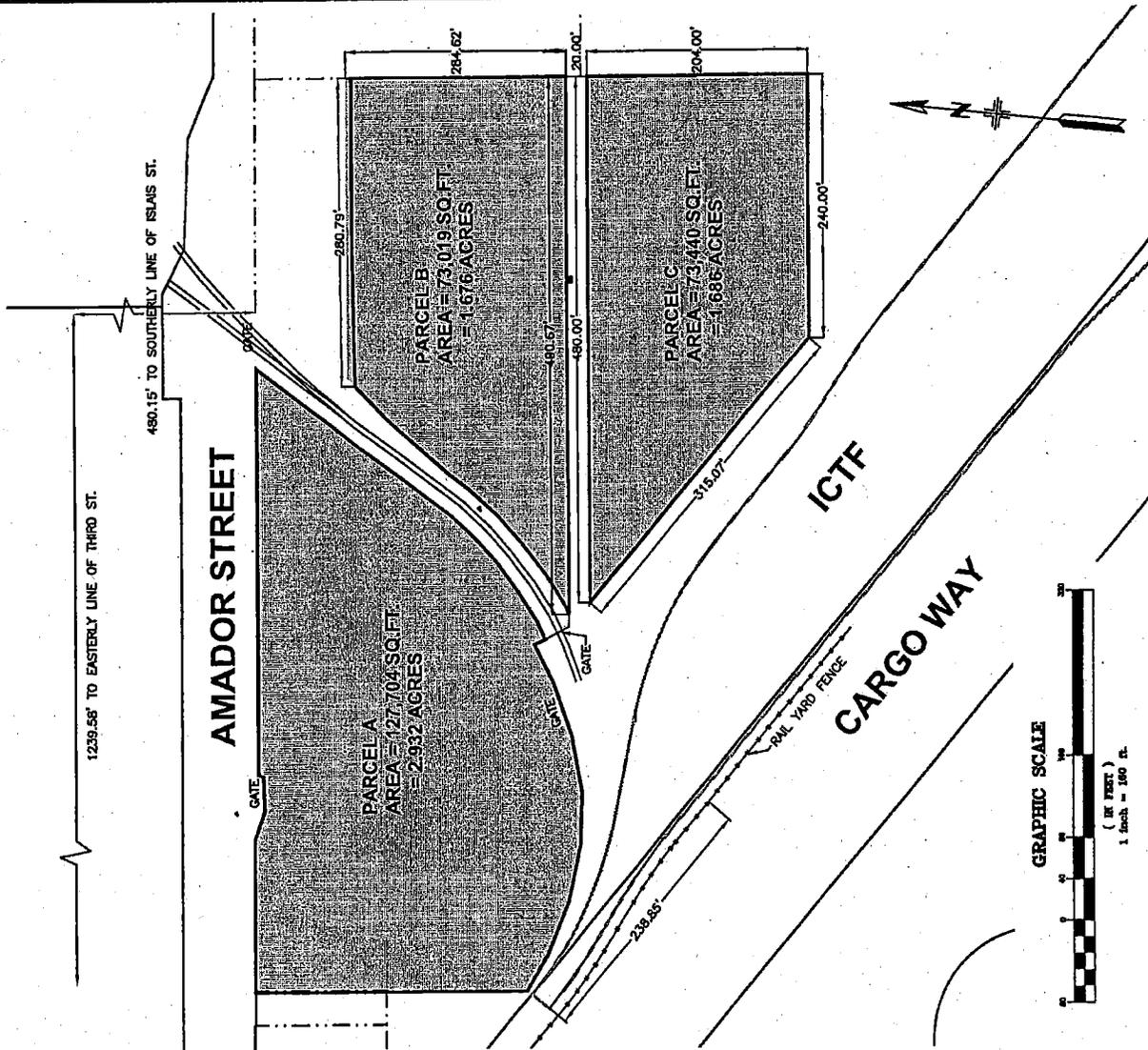


EXHIBIT A

INITIALS: _____ PORT: _____ TENANT: _____ DATE: _____

LEASE NO. L-14819	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	DRAWN BY: AMN CHECKED BY: J. ROMANI PLACE CODE NO. 3440-00/6020-00	DATE: MAR 17, 2010 SCALE: 1" = 100' SHEET NO. 1 OF 1 SHEETS
		TENANT AARDVARK STORAGE UNLIMITED, INC., A CALIFORNIA CORPORATION	



RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2012 MAR 19 AM 11:22

RBC

March 20, 2012

Angela Calvillo, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

File 120260

Subject: Aardvark Storage Unlimited, Inc., dba American Storage Unlimited, Inc., Lease Agreement

Dear Ms. Calvillo:

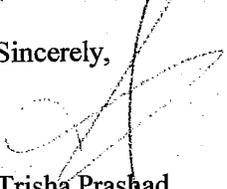
Attached please find an original and four copies of a proposed resolution for Board of Supervisors approval, authorizing and directing the Port Executive Director to execute Lease No L-14819 between Aardvark Storage Unlimited, Inc., dba American Storage Unlimited, Inc., a California Corporation and the City and County of San Francisco operating by and through the San Francisco Port Commission ("Agreement") for a new 60-month lease for a portion of Seawall Lot 344, Parcels A, B and C with approximately 274,163 rentable square feet of paved land bounded by Amador Street and Cargo Way located at 600 Amador Street in the Southern Waterfront. Aardvark Storage has leased space at 600 Amador Street since 1998.

Attached you will also find the following supporting documents:

1. Four copies of the Port Commission Staff Report and companion Resolution No. 12-23 (approving the Lease Agreement subject to Board of Supervisors approval);
2. Four copies of the Aardvark Storage Unlimited, Inc., dba American Storage Unlimited a California Corporation, Lease No L-14819 subject to Board of Supervisors approval.

The following Port staff may be contacted regarding the matter: Brad Benson, Special Projects Manager (819-1758) and Trisha Prashad, Special Projects (274-0421). Thank you for your consideration.

Sincerely,


Trisha Prashad
Port of San Francisco



MEMORANDUM

March 8, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer *M. Moyer*
Executive Director

SUBJECT: Request approval of a sixty (60) month lease, Lease No. L-14819, which contains a sixty (60) month extension option, between the Port, as landlord, and Aardvark Storage Unlimited, Inc., a California corporation, dba American Storage Unlimited, Inc., as tenant, for approximately 274,163 square feet of paved land located at 600 Amador Street off Cargo Way at Third Street, which comprises a portion of Seawall Lot 344 and said lease is also subject to approval by the Board of Supervisors.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

I. BACKGROUND

Aardvark Storage Unlimited, Inc., a California corporation, dba American Storage Unlimited, Inc. ("Aardvark"), which began leasing paved land from the Port in December 1998, wishes to enter into a new lease combining its current three expired leases into one lease. The proposed lease has a term of sixty (60) months with one sixty (60) month option to extend (the "Lease"). Aardvark, which currently operates a mini-storage facility on a month-to-month holdover basis under Lease Nos. L-12627, L-12628 and L-13122, is a tenant in good standing with the Port. While there is little to no demand for use of vacant land in the immediate area, alternative uses would be for parking of commercial trucks or buses and lay down area for construction projects.

Aardvark's three current leases generate monthly revenues totaling \$60,087.00, which equates to \$0.226/sf/mo. After applying the Port Commission approved five percent (5%) discount on paved land parcels of one acre or greater, the rental rate becomes \$0.215/sf/mo. The initial monthly rent for the proposed lease, which contains 274,163

THIS PRINT COVERS CALENDAR ITEM NO. 8C

rentable square feet, is \$58,945.04. The attached map shows the three parcels that comprise the lease premises and its geographical location to Amador Street and Cargo Way.

This Lease is brought before the Port Commission because the term of lease exceeds the standard approved maximum term of five years. Port Real Estate Division staff believes that the proposed lease term of an initial five years with a five year option to extend, as requested by tenant, is justifiable due to the availability of similar land in the area and the strength of the tenant. All other terms and conditions, including rental rate, conform to the Port Commission's previously approved terms and conditions. This lease also requires approval by the City's Board of Supervisors under Charter Section 9.118 due to the term of lease being ten years and the anticipated rent revenues exceeding One Million Dollars (\$1,000,000).

Pursuant to requirements under the California Environmental Quality Act (CEQA), the environmental effects of this Lease were reviewed and determined to be exempt from CEQA under a General Rule Exclusion issued by the San Francisco Planning Department to the Port, dated October 3, 2011, which allows the Port to lease and manage property where there is no change or substantial intensification or existing use and no new construction.

II. PROPOSED LEASE TERMS

Port Real Estate staff and representatives of Aardvark have negotiated the proposed Lease No. L-14819 providing for the following terms and conditions:

Tenant: Aardvark Storage Limited, Inc., a California corporation, dba American Storage Limited, Inc., which is an existing Port tenant in good standing.

Premises: Approximately 274,163 rentable square feet of vacant paved land, which is comprised of Parcel A (127,704 rsf), Parcel B (73,019 rsf) and Parcel C (73,440 rsf) and equals 6.29 acres.

Use: The premises shall be used solely for operation of a mini-storage facility consisting of the temporary placement of portable storage containers, administrative offices directly related thereto, vehicle parking directly related thereto and for no other purpose.

Term: The lease shall have a term of sixty (60) months with one sixty (60) month extension option as described below.

Lease Commencement Date: The Lease shall commence on the first day of the first month following execution of the subject lease by the Port after approval by the Port Commission and the Board of Supervisors (the "Lease Commencement Date").

Rent Commencement: Rent shall begin on the Lease Commencement Date.

Base Rent:

Initial Term

Year One: \$58,945.04 per month

Year Two: \$60,315.86 per month

Year Three: \$63,057.49 per month

Year Four: \$65,799.12 per month

Year Five: \$68,540.75 per month

Option Term

Year Six: \$71,282.38 per month

Year Seven: \$74,024.01 per month

Year Eight: \$76,765.64 per month

Year Nine: \$79,507.27 per month

Year Ten: \$82,248.90 per month

Option to Extend: Port staff recommends approval of the proposed lease with Aardvark because the mini-storage facility is a good, clean use for the property which pays market rent that initially generates revenues of approximately \$60,000 per month and there currently is no demand by another party for a parcel of six acres or greater. To exercise such option, tenant must not be in default of any terms and conditions of the Lease, thereby being a tenant in good standing pursuant to Port policy, and must submit written notice of its intent to exercise the option to the Port no earlier than Four Hundred Fifty (450) days prior to the expiration date of the Lease and no later than One Hundred Eighty (180) days prior to the expiration date of the Lease.

Maintenance and Repair: Tenant shall, at the sole cost and expense, maintain the premises in good working order, condition and repair.

Utilities and Services: Tenant shall be responsible for all services and utilities provided to or consumed on the premises.

Security Deposit: Tenant shall provide \$77,581.50 in cash and a surety bond in the amount of \$59,500.00 for a security deposit of \$137,081.50.

Insurance: Tenant shall provide insurance coverage acceptable to Port and City Risk Manager.

Standard Lease Provisions: The Lease contains all current lease provisions on the standard form approved by the City Attorney's Office including compliance with laws, Port's Right to Terminate, Indemnity and Exculpation, and Hazardous Materials.

III. RECOMMENDATION

Port staff recommends that the San Francisco Port Commission adopt the attached proposed resolution approving Lease No. 14819, the sixty (60) month ground lease, which contains a sixty (60) month extension option, with Aardvark Storage Unlimited, Inc., dba American Storage Unlimited, Inc. and authorize the Executive Director to forward said Lease to the Board of Supervisors and Mayor Edwin Lee for their respective approvals and upon the effectiveness of such approvals, authorize the Executive Director or her designee to execute said Lease.

Prepared by: Jerry Romani
Commercial Property Manager

For: Susan Reynolds
Deputy Director, Real Estate

Attachment:
Map of Aardvark Storage Lease Premises

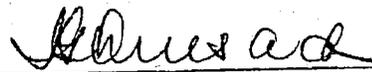
**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-23

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, Aardvark Storage Unlimited, Inc., dba American Storage Unlimited, Inc. ("Aardvark"), is a tenant in good standing under its current holdover leases located at 600 Amador Street, which lie within Seawall Lot 344 in the Southern Waterfront off Cargo Way at Third Street in the City and County of San Francisco; and
- WHEREAS, Port staff recommends approval of the proposed lease with Aardvark because the mini-storage facility is a good, clean use for the property which pays market rent that initially generates revenues of approximately \$60,000 per month and there currently is no demand by another party for a parcel of six acres or greater; and
- WHEREAS, Port staff has negotiated a new sixty (60) month lease (the "Lease") for approximately 274,163 rentable square feet of paved land for use as a mini-storage facility, which includes a sixty (60) month extension option, with Aardvark upon the terms described in the attached memorandum to the Port Commission dated March 8, 2012; and
- WHEREAS, The use is a continuation of existing and related uses and is therefore covered under the General Rule Exclusion pursuant to the California Environmental Quality Act; now, therefore be it
- RESOLVED, That the Port Commission approves, subject to Board of Supervisors' approval, the Lease and authorizes the Executive Director or her designee to forward the lease to the Board of Supervisors (the "Board") for approval, pursuant to the Board's authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the Lease; and, be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to approve a surety bond for use as a portion of a security deposit and to seek the City Attorney's Office approval of same, and to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the

Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Lease, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2012.



Secretary



**CITY AND COUNTY OF SAN FRANCISCO
EDWIN M. LEE, MAYOR**

LEASE NO. L-14819

BY AND BETWEEN

**THE CITY AND COUNTY OF SAN FRANCISCO
OPERATING BY AND THROUGH THE
SAN FRANCISCO PORT COMMISSION**

AND

**AARDVARK STORAGE UNLIMITED, INC.
DBA AMERICAN STORAGE UNLIMITED A CALIFORNIA CORPORATION**

SWL 344

**MONIQUE MOYER
EXECUTIVE DIRECTOR**

SAN FRANCISCO PORT COMMISSION

**DOREEN WOO HO, PRESIDENT
KIMBERLY BRANDON, VICE PRESIDENT
FRANCIS X. CROWLEY, COMMISSIONER
LESLIE KATZ, COMMISSIONER
ANN LAZARUS, COMMISSIONER**

** Complete copy of document is
located in

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Aardvark Storage Unlimited, Inc., dba American Storage Unlimited, Inc.	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
1) Paul A. Guidi, President; Samuel B. Bell, Vice President 2) N/A 3) Paul A. Guidi and Samuel B. Bell 4) N/A 5) N/A	
Contractor address: 600 Amador Street, San Francisco, CA	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: Total: \$8,405,837.52 Years 1-5: \$3,799,899.12 Years 6-10: \$4,605,938.40
Describe the nature of the contract that was approved: Lease of Port Real Property at 600 Amador Street, Seawall Lot 344	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

