

1 [Lease of Real Property - 1455 Market Street]

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3 **Resolution authorizing the lease of 24,440 sq. ft. at 1455 Market Street for seven years**
4 **plus option to extend for the San Francisco Department of the Environment's Office**
5 **purposes.**

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7 WHEREAS, The San Francisco Department of the Environment (DOE) offices
8 currently reside in two leased locations within the Civic Center area in facilities which are
9 undersized and not conducive to environmental and energy efficiency standards, including
10 the primary office and Eco-Center at 11 Grove Street, and the satellite office at 401 Van
11 Ness Avenue; and

12 WHEREAS, The office lease at 11 Grove Street expires on May 31, 2012 and DOE
13 will continue to hold over on a month to month basis; and

14 WHEREAS, The lease at 401 Van Ness Avenue expires on December 31, 2012 and
15 they are unable to hold over much beyond the date due to the scheduled renovations of the
16 War Memorial building; and

17 WHEREAS, DOE seeks to consolidate its offices and operations into a single facility,
18 adequately sized, that fully achieves the environmental and sustainability goals of the City;
19 and

20 WHEREAS, Since March 2011, DOE, with the Real Estate Division began
21 extensively researching and visiting office locations within San Francisco for over eleven
22 months to determine the best site for its needs, and 1455 Market Street was determined as
23 the best site; now, therefore, be it

24 RESOLVED, That the Director of DOE and Director of Real Estate is hereby
25 authorized to take all actions, each on behalf of the City and County of San Francisco, as

1 tenant, to execute a lease and other related documents with Hudson 1455 Market, LLC,
2 ("Landlord"), in the building commonly known as 1455 Market Street, San Francisco,
3 California, for the Premises which comprise an area of approximately 24,440 square feet on
4 the terms and conditions contained in the Lease (a copy of which is on file with the Clerk of
5 the Board of Supervisors in File No. 120454) and as contained herein; and, be it

6 FURTHER RESOLVED, That the Lease shall be for a term of seven (7) years
7 (commencing upon Substantial Completion of the Tenant Improvements expected to be on
8 or about October 1, 2012) with one (1) further option to extend the term of the lease by five
9 (5) years. The Lease shall be at a base rent of \$684,320.00 per year (\$28.00 per sq ft) and
10 shall be fully serviced. The base rent shall increase annually by \$1.00 on each anniversary
11 of the Anniversary Date of the Lease. The Landlord has provided a base allowance of
12 \$1,502,571.20 (\$61.48 per square foot). The City shall pay other typical tenant costs
13 including its pro rata share of increases in operating expenses over the base year. The
14 proposed lease shall include three (3) months of a rent reduction credit equal to \$57,026.67
15 for each month of months one (1), two (2), and three (3), to facilitate DOE's transition to the
16 new facility. This lease shall include one (1) further option to extend the term for five (5)
17 years each on all of the same terms and conditions except that the base rent shall be
18 reassessed at fair market value; and,

19 WHEREAS, DOE is seeking in kind donations and grant funding in order to increase
20 tenant improvements above the base allowance; and, be it

21 FURTHER RESOLVED, That the Lease shall include the lease clause indemnifying
22 and holding harmless the Landlord, from and agreeing to defend the Landlord against any
23 and all claims, costs and expenses, including, without limitation, reasonable attorney's fees,
24 incurred as a result of City's use of the premises, any default by the City in the performance
25 of any of its obligations under the lease or any acts or omissions of City or its agents, in, on

1 or about the premises or the property on which the premises are located, excluding those
2 claims, costs and expenses incurred as a result of the negligence or willful misconduct of
3 Landlord or its agents; and, be it

4 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
5 with respect to such lease are hereby approved, confirmed and ratified; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
7 Real Estate to enter into any amendments or modifications to the Lease (including without
8 limitation, the exhibits) that the Director of DOE and the Director of Real Estate each
9 determines, in consultation with the City Attorney, are in the best interest of the City, do not
10 increase the rent or otherwise materially increase the obligations or liabilities of the City, are
11 necessary or advisable to effectuate the purposes of the Lease or this resolution, and are in
12 compliance with all applicable laws, including City's Charter; and, be it

13 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full
14 term of the lease unless funds for rental payments are not appropriated in any subsequent
15 fiscal year. Said Lease shall be subject to certification as to funds by the Controller,
16 pursuant to Section 3.105 of the Charter. Annually, DOE and City's Real Estate Division
17 Staff shall use reasonable efforts to give Landlord at least nine (9) months advance notice of
18 any such projected termination. In no event shall City give less than thirty (30) days
19 advance notice of any such actual termination. DOE staff and management shall, as part of
20 City's budgetary process, seek to obtain the necessary appropriation of funds from the
21 Board of Supervisors and certification of the availability of funds from the Controller. If City
22 terminates the Lease due to lack of appropriated funds, then City shall not appropriate funds
23 in the fiscal year that such termination occurs, or the subsequent fiscal year, for the purpose
24 of purchasing a building, or renting new or additional space in any other privately-owned
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1 building, to operate any of the City programs that were located in the Premises in the fiscal
2 year that the Lease terminated.

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5 RECOMMENDED:

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8 John Updike
9 Acting Director
10 Real Estate Division

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11 RECOMMENDED:

12 SAN FRANCISCO DEPARTMENT
13 OF THE ENVIRONMENT

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16 Melanie Nutter
17 Director
18 Department of the Environment

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City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 120454

Date Passed: June 05, 2012

Resolution authorizing the lease of 24,440 square feet at 1455 Market Street for seven years plus option to extend for the San Francisco Department of the Environment's Office purposes.

May 24, 2012 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

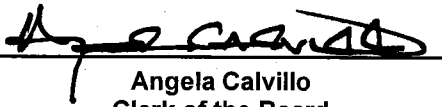
May 24, 2012 Budget and Finance Committee - RECOMMENDED AS AMENDED

June 05, 2012 Board of Supervisors - ADOPTED

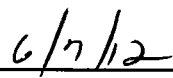
Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Olague and Wiener

File No. 120454

I hereby certify that the foregoing Resolution was ADOPTED on 6/5/2012 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board


Mayor


Date Approved