

1 [Expansion of Authority Regarding Lease - 1455 Market Street]

2 **Resolution authorizing additional allowance of up to \$10.00 per rentable square foot for**
3 **construction of improvements amortized by Landlord over initial term of seven years at**
4 **eight percent to be paid as additional rent in the amount of \$3,809.27 per month for**
5 **property located at 1455 Market Street.**

6 WHEREAS, The San Francisco Board of Supervisors adopted Resolution Number 208-
7 12 (File Number 120454) on June 5, 2012 authorizing the Lease Agreement ("Lease")
8 between the City and County of San Francisco ("City") and Hudson 1455 Market LLC
9 ("Landlord") for 24,400 square feet at 1455 Market Street to be occupied by the San
10 Francisco Department of Environment (DOE) for office purposes; and,

11 WHEREAS, Landlord provided a Tenant Improvement Allowance ("Allowance") of
12 \$1,502,571.20 or \$61.48 per square foot of 24,400 rentable square feet; and,

13 WHEREAS, Subsequent to adoption of Resolution Number 208-12, DOE, working with
14 the Landlord and the City's Real Estate Division, solicited competitive construction bids for
15 required tenant improvements; and,

16 WHEREAS, The Landlord working with the successful bidder, BCCI Builders, prepared
17 a rough order of magnitude of construction budget ("ROM Budget") for the tenant
18 improvements and all related costs in the amount of \$2,027,814.77

19 WHEREAS, The terms of the Lease provide the City an additional allowance of up to
20 \$10.00 per rentable square foot for construction of improvements amortized by Landlord over
21 the Initial Term of seven (7) years ("Initial Term") at eight (8%) percent to be paid as additional
22 rent in the amount of \$3,809.27 per month; and,

1 WHEREAS, Taking into consideration the potential available funds, including but not
2 limited to the Allowance, as detailed below, will still leave a shortfall for construction of tenant
3 improvements in the amount of \$244,399.57; now, therefore, be it

4 ROM Budget	\$2,027,814.77
5	
6 Landlord Tenant Improvement Allowance	\$1,502,571.20
7 Rent Savings	\$ 51,775.00
8 Rent Abatement	\$ 171,080.00
9 In-kind Donations and Funds Raised	\$ 57,989.00
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11 Amortized Amount:	\$ 244,399.57
12	

13 RESOLVED, That the Director of DOE and Director of Property are hereby authorized
14 to execute the provision in the Lease amortizing the additional construction allowance up to
15 \$10 per rentable square foot over the Initial Term at eight (8%) payable as additional rent in
16 the amount of \$3,809.27 per month for completion of the required tenant improvements, which
17 would commence March 1, 2013; and, be it

18 FURTHER RESOLVED, That the City shall continue to occupy the entire Premises for
19 the full term of the Lease unless funds for rental payments are not appropriated in any
20 subsequent fiscal year at which time the City may terminate the Lease with advance notice to
21 Landlord. Said Lease shall be subject to certification as to funds by the Controller, pursuant
22 to Section 6.302 of the City Charter.

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\$15,237.08 Available
Index No.220005 and 220201

Controller

RECOMMENDED:

John Updike
Acting Director
Real Estate Division

RECOMMENDED:

Melanie Nutter
Director
Department of the Environment