

1 [Lease - Los Altos Hotel Associates, LLC - Hotel Parking and Recreation Purposes - \$52,324
2 Annually Plus Adjustments]

3 **Resolution authorizing the General Manager of the Public Utilities Commission to**
4 **execute a 20 year lease, for \$52,324 annually plus an annual increase of 4%, with Los**
5 **Altos Hotel Associates, LLC, for approximately 47,916 square feet of land known as**
6 **Bay Division Pipelines 3 and 4, Parcel No. 232A, located in the City of Los Altos, Santa**
7 **Clara County, California, for hotel parking and recreation purposes.**

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9 WHEREAS, The San Francisco Public Utilities Commission (“SFPUC”) pursuant to
10 Resolution Number 12-0213 approved the lease of 47,916 square feet of land known as
11 Parcel 232A in the City of Los Altos, County of Santa Clara (“Lease”); and

12 WHEREAS, Section 9.118 of the charter requires that any lease of real property for a
13 period in excess of ten years shall be subject to approval by resolution of the Board of
14 Supervisors; and

15 WHEREAS, In 2002 Hotel entered into a ten-year lease with SFPUC for the Premises
16 (“2002 Lease”); and

17 WHEREAS, The 2002 Lease expired on April 30, 2012, and Hotel is currently on a
18 holdover month-to-month tenancy at a rental rate of \$48,183 per year; and

19 WHEREAS, There is no other likely or feasible tenant of this leasehold interest, given
20 the existing improvements within the Premises benefit solely the owner adjacent to the
21 Premises, which is Hotel; and

22 WHEREAS, In April, 2012, Associated Right of Way Services, Inc., pursuant to its
23 formal appraisal, determined that the fair market rental value of the Premises is \$52,324 per
24 year; and

1 WHEREAS, The Director of Property, pursuant to Section 23.32 of the San Francisco
2 Administrative Code, finds that the rental rate of \$52,324 per year is no less than fair market
3 rent; and

4 WHEREAS, SFPUC and Hotel have negotiated a new twenty-year Lease for the
5 Premises, at an initial rent of \$52,324 per year with annual rental increases of 4%, plus three
6 SFPUC options to readjust the rent to fair market rent, all on the terms and conditions set forth
7 in the form of Lease on file with the Clerk of the Board of Supervisors in File No. 130121 and
8 incorporated herein by reference; and

9 WHEREAS, On October 23, 2012, given the improvements within the Premises will not
10 be modified in any substantive fashion, the SFPUC Bureau of Environmental Management
11 determined that this action does not constitute a project under CEQA, according to the CEQA
12 Guidelines 2012, section 15378; now, therefore, be it

13 RESOLVED, That the Board of Supervisors hereby approves the Lease and
14 authorizes the General Manager of the SFPUC to execute the Lease with Hotel for a
15 twenty-year term; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the General
17 Manager of the SFPUC to enter into any amendments or modifications to the Lease, including
18 without limitation, any exhibits, that the General Manager of the SFPUC and the City's
19 Director of Property determines, in consultation with the City Attorney, are in the best interest
20 of the City, do not materially increase the obligations of the City, do not materially decrease
21 the benefits to the City, are necessary or advisable to consummate the performance of the
22 purposes and intent of this Resolution, and comply with all applicable laws, including the
23 City's Charter; and, be it

24 FURTHER RESOLVED, That all actions authorized by this Resolution and heretofore
25 taken by any City official in connection with the Lease are hereby ratified, approved and

1 confirmed by the Board of Supervisors.

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3 RECOMMENDED:

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6 Harlan Kelly, Jr.
7 General Manager, SFPUC

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9 John Updike
10 Director of Property

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