

1 [Real Property Lease - 200 Paul, LLC - 200 Paul Ave - \$809,010 Rent in Initial Year]

2

3 **Resolution authorizing a Lease between the City and County of San Francisco, as**
4 **Tenant, and 200 Paul, LLC, a Delaware limited liability Company as Landlord, of office**
5 **production and warehouse space located at 200 Paul Avenue, consisting of**
6 **approximately 53,934 square feet of building and approximately 24,000 square feet of**
7 **yard for a 10-year term of January 1, 2017, through December 31, 2026, for use by the**
8 **Department of Technology’s Public Safety Division at \$67,417.50 monthly, for \$809,010**
9 **rent in the initial year with annual 3% increases and one five-year option to extend; and**
10 **finding the proposed transaction is in conformance with the General Plan, and the**
11 **eight priority policies of Planning Code, Section 101.1.**

12

13 WHEREAS, The Department of Technology’s Public Safety Division (DT-PS) is
14 responsible for the maintenance, upgrade and expansion of the City’s communication
15 systems; and

16 WHEREAS, Many of these communication systems are mission critical for law
17 enforcement agencies and emergency responders including the 911 Radio system, 911
18 Wireless Data system, Mutual Aid Radio system, microwave links connecting City buildings to
19 Bay Area counties, police stations and hospitals, public 911 call boxes, ambulance radio and
20 vehicle locating systems, hospital emergency radio systems, fire station public address
21 systems, the City’s fire station Automated Information System (AIS), radar in Fire boats and
22 Police Marine Units, and the City’s OPWS (Outdoor Public Warning System); and

23 WHEREAS, DT-PS also installs and repairs the radios and mobile data terminals in all
24 new police, fire, ambulance, parking control vehicles; and

25 WHEREAS, DT-PS also maintains the internet and telephone systems for all other City

1 departments including maintaining 220 miles of fiber infrastructure supporting approximately
2 350 city facilities including police stations, fire stations, libraries, and City Hall; and

3 WHEREAS, DT-PS also maintains cameras and burglar alarms at many of the
4 approximately 350 city buildings plus public safety cameras at several locations throughout
5 San Francisco; and

6 WHEREAS, DT-PS also maintains and upgrades the current SFMTA and SFPUC radio
7 communication systems including for several backup and intercity communication systems;
8 and

9 WHEREAS, The San Francisco Wholesale Produce Market is the largest wholesale
10 produce market in Northern California comprising businesses vital to San Francisco which
11 employ more than 650 employees,; and

12 WHEREAS, To provide for the Board of Supervisor’s approved expansion of the San
13 Francisco Wholesale Produce Market, in 2012, DT-PS was relocated to temporary facilities at
14 1800 Jerrold Ave while the Real Estate Division investigated suitable long term facilities; and

15 WHEREAS, DT-PS requires specialized production, office, and yard facilities to
16 perform its functions; and

17 WHEREAS, The SFPUC seeks to secure land necessary to support its current and
18 future obligation to provide essential utility services including but not limited to DT-PS’s
19 temporary facilities, and there is a very limited supply of such available land in the vicinity of
20 SFPUC’s existing facilities; and

21 WHEREAS, The Real Estate Division has located a facility at 200 Paul Ave which with
22 certain proposed improvements meets the needs of the DT-PS; and

23 WHEREAS, The Planning Department, through General Plan Referral letter dated
24 March 30, 2016, (“Planning Letter”), which is on file with the Clerk of the Board of Supervisors
25

1 under File No. 160480, has verified that the City's lease of 200 Paul Avenue is consistent with
2 the General Plan, and the eight priority policies under Planning Code, Section 101.1; and

3 WHEREAS, At the request of DT, the Real Estate Division and the Landlord have
4 negotiated a new lease agreement at or below fair market rent; and

5 WHEREAS, The proposed Lease is subject to enactment of a resolution by the Board
6 of Supervisors and the Mayor, in their respective sole and absolute direction, approving and
7 authorizing such new Lease; now, therefore, be it

8 RESOLVED, That the Board of Supervisors hereby finds that the lease of 200 Paul
9 Avenue, is consistent with the City's General Plan and Eight Priority Policies of Planning Code
10 Section 101.1 and hereby incorporates such findings by reference as though fully set forth in
11 this Resolution; and, be it

12 FURTHER RESOLVED, That in accordance with the recommendation of the Director
13 of the Department of Technology, that the Director of Property on behalf of the City and
14 County of San Francisco, as Tenant, is hereby authorized to take all actions necessary to
15 execute a Lease with 200 Paul, LLC a Delaware limited liability Company on the terms and
16 conditions contained herein and in substantially the form as which is on file with the Clerk of
17 the Board of Supervisors in File No. 160480 at 200 Paul Ave, San Francisco, California which
18 is hereby declared to be a part of this resolution as if set forth fully herein; and, be it

19 FURTHER RESOLVED, The monthly base rent shall be \$67,417.50 (approximately
20 \$15.00 per square foot annually) commencing on January 1, 2017, net of utilities, janitorial
21 maintenance, and security, subject to annual rent adjustments of three percent (3%)
22 beginning January 1, 2018; and, be it

23 FURTHER RESOLVED, The Landlord shall provide an allowance of \$211,802.00 for
24 the construction of tenant improvements and the City shall make progress payments for the
25 costs above the allowance up to a maximum additional cost of \$5,929,909; and, be it

1 FURTHER RESOLVED, That City shall pay liquidated damages in the amount of
2 \$1,900,000 to Landlord if City fails to pay such costs above the allowance ; and, be it

3 FURTHER RESOLVED, That the Lease shall indemnify and hold harmless the
4 Landlord from, and agreeing to defend the Landlord against, any and all claims, costs and
5 expenses, including without limitation, reasonable attorney's fees, incurred as a result of City's
6 use of the premises, any default by the City in the performance of any of its obligations under
7 the Master Lease, or any acts or omissions of City, its agents or its subtenants in, on or about
8 the premises or the property on which the premises are located; and, be it

9 FURTHER RESOLVED, That the Director of Property shall be authorized to enter into
10 any additions, amendments or other modifications to the Lease (including, without limitations,
11 the exhibits) that the Director of Property determines, in consultation with the City Attorney,
12 are in the best interests of the City, do not materially increase the obligations or liabilities of
13 the City, and are necessary or advisable to complete the transaction and effectuate the
14 purpose and intent of this resolution; and, be it

15 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the
16 Controller as provided in Section 23.25, pursuant to Charter, Section 3.105; and, be it

17 ///
18 ///
19
20
21
22
23
24
25

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

4

5

FY 15/16 Funds Available: \$2,435,872.33
(Tenant Improvement Payment of
\$535,872.33 plus potential Liquidated
Damages if City fails to pay its share of the
Tenant Improvement Costs)

6

7

8

Index code: 75JERROLD.
Sub Object: 06000
Sub Object: 081LS

9

10

11

12

Controller

13

14

15

RECOMMENDED:

16

17

Director
Department of Technology

19

20

Director
Real Estate Division

22

23

24

25