

1 [Real Property Lease - 120 14th Street, LLC - 1740 Folsom Street - \$882,560.04 in Initial
2 Year]

3 **Resolution authorizing the exercise of a five-year option to extend the term of the lease**
4 **of approximately 18,682 square feet of space at 1740 Folsom Street for continued use**
5 **by the Sheriff's Department for \$882,560.04 in the Initial Year with 3% annual increases**
6 **with 120 14th Street, LLC, as Landlord, for the lease extension term of July 1, 2017,**
7 **through June 30, 2022.**

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9 WHEREAS, The City and County of San Francisco as Tenant, executed a lease dated
10 June 26, 2002 (the "Lease"), authorized by Resolution No. 356-02 for Premises consisting of
11 18,862 sq. ft. in the building commonly known as 1740 Folsom Street for use by the San
12 Francisco Sheriff's Department; and

13 WHEREAS, The Lease was extended for an additional 5 years by Board of
14 Supervisors' Resolution No. 47-12; and

15 WHEREAS, 120 14th Street, LLC is successor in interest to Fourteenth Street
16 Partnership, LLC, Landlord; and

17 WHEREAS, In addition to training and DOC facilities, the Sheriff uses this facility to
18 manage approximately 215 background checks for prospective personnel joining the
19 department and to manage approximately 2500 jail clearance checks annually for both City
20 staff and the public involved in providing programs and services to the jails; and

21 WHEREAS, Such lease expires on June 30, 2017 and contains an option to extend the
22 term for another five (5) years on the same terms and conditions except that the Base Monthly
23 Rental is to be adjusted to 95% of the market rental value; and

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1 WHEREAS, Pursuant to Administrative Code, Section 23, a Fair Market Rent appraisal
2 by MAI appraisers Watts Cohn and Partners, Inc. established the 95% of Fair Market Rent as
3 \$47.50 per square foot or \$896,000 annually with market rate increases of 3% annually; and

4 WHEREAS, Landlord has agreed to abate 3% of the rent for the first 6 months of the
5 term; and

6 WHEREAS, Such terms for the option are subject to enactment of a Resolution by the
7 Board of Supervisors and the Mayor, in their respective sole and absolute direction, approving
8 and authorizing such exercise; now, therefore, be it

9 RESOLVED, That in accordance with the recommendation of the Sheriff and the
10 Director of Property, the Director of Property is hereby authorized to take all actions on behalf
11 of the City and County of San Francisco, as tenant, to extend the Lease (copy of original
12 Lease is on file with the Clerk of the Board of Supervisors in File No. 170064) with 120 14th
13 Street, LLC, ("Landlord"), for the building commonly known as 1740 Folsom Street, San
14 Francisco, California, for the area of approximately 18,862 sq. ft. (the "Premises") on the
15 terms and conditions set forth herein; and, be it

16 FURTHER RESOLVED, That the Lease extension shall be for a term of 5 years
17 through June 30, 2022, at the base rent as follows:

<u>Lease Year</u>		<u>Monthly Rent</u>	<u>PSF</u>
July 1, 2017- Dec 31, 2017	(1/2 yr)	\$72,426.67	(Approx. \$46.08 PSF)
Jan 1, 2018- June 30, 2018	(1/2 yr)	\$74,666.67	(Approx. \$47.50 PSF)
July 1, 2018- June 30, 2019	(Yr 2)	\$76,906.67	(Approx. \$48.93 PSF)
July 1, 2019- June 30, 2020	(Yr 3)	\$79,213.87	(Approx. \$50.40 PSF)
July 1, 2020- June 30, 2021	(Yr 4)	\$81,590.28	(Approx. \$51.91 PSF)
July 1, 2021- June 30, 2022	(Yr 5)	\$84,037.99	(Approx. \$53.46 PSF)

22 The City shall continue to pay for utilities; and, be it

23 FURTHER RESOLVED, That the Lease shall continue to include the lease clause
24 indemnifying, holding harmless, and defending Landlord and its agents from and against any
25 and all claims, costs and expenses, including without limitation, reasonable attorneys' fees,

1 incurred as a result of any default by the City in the performance of any of its material
2 obligations under the Lease, or any negligent acts or omissions of the City or its agents, in,
3 on, or about the Premises or the property on which the Premises are located, excluding those
4 claims, costs and expenses incurred as a result of the negligence or willful misconduct of the
5 Landlord or its agents; and, be it

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

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

15 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term
16 of the Lease unless funds for the Sheriff Department's rental payments are not appropriated in
17 any subsequent fiscal year at which time the City may terminate the Lease with advance
18 notice to Landlord;. said Lease shall be subject to certification as to funds by the Controller,
19 pursuant to Section 3.105 of the City Charter; and, be it

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

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\$882,560.04 Available
Index code 062610
Subobject 03011

Controller

Subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2017/2018.

RECOMMENDED:

Sheriff

Director
Real Estate Division