

1 [Real Property Lease - Lexington Lion San Francisco LP - 350 Rhode Island Street - San
2 Francisco District Attorney, Police Investigations - \$4,319,445 Initial Maximum Annual Base
3 Rent]

4 **Resolution authorizing a Lease for up to 125,122 square feet consisting of a portion of**
5 **the first floor and entire second, third, and fourth floors at 350 Rhode Island Street -**
6 **North, for the San Francisco District Attorney and Police Investigations, with Lexington**
7 **Lion San Francisco L.P., a Delaware limited partnership, for 15 years, to be occupied in**
8 **phases, for the period of July 1, 2018, to June 30, 2033, with one five-year option to**
9 **extend, at an initial monthly base rent not to exceed \$359,953.75 for a total annual**
10 **maximum base rent of \$4,319,445 in the initial year with increases as set forth in the**
11 **schedule of the Lease; and finding the proposed Lease is in conformance with the**
12 **General Plan, and the eight priority policies of Planning Code, Section 101.1.**

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14 WHEREAS, The Hall of Justice at 850 Bryant was constructed in 1958 and is one of
15 the few vertically integrated criminal justice facilities in the nation with a jail located above the
16 prosecutorial staff and operating courtrooms and judges' chambers which for years has been
17 the subject of emergency declarations due to health and human safety hazards posed by
18 interior sewage floods caused by those in the jail facility, as well as due to aging
19 infrastructure; and

20 WHEREAS, The Hall of Justice has an antiquated elevator system requiring millions of
21 dollars in renovation and capital investment, with several out of service on any given day,
22 negatively affecting prisoner transport, employee flow within the building, and patron access
23 to services; and

24 WHEREAS, The Hall of Justice has a seismic rating that suggests very poor
25 performance in the event of a major earthquake, wherein the building would be closed for an

1 indefinite period of time for repairs due to significant damage, requiring an emergency
2 relocation of the these criminal justice system elements elsewhere and causing a serious
3 disruption of the criminal justice system; and

4 WHEREAS, To effect repairs to the Hall of Justice to address these noted deficiencies
5 would require significant capital investment and upon completion still leave the City with a
6 dysfunctional building that does not adequately serve the criminal justice system; and

7 WHEREAS, The long term reorganization plans for Hall of Justice are encapsulated
8 within the Justice Facilities Improvement Program, a part of the adopted ten-year Capital
9 Improvement Program, and the adopted Capital Plan for FYs 2018-2027 contains an
10 acceleration of previous schedules for relocation of District Attorney, Police Investigations,
11 Evidence Storage and Adult Probation, pursuant to requests by Mayor Lee and City
12 Administrator Kelly; and

13 WHEREAS, A lease of 125,122 square feet of 350 Rhode Island Street – North
14 (“Lease”) from Lexington Lion San Francisco, LP (“Landlord”) would accommodate both the
15 District Attorney and Police Investigations space needs in a phased move-in to commence
16 July 1, 2018 with completion in 2020; and

17 WHEREAS, The Planning Department, through General Plan Referral letter dated
18 October 20, 2017, (“Planning Letter”), which is on file with the Clerk of the Board of
19 Supervisors under File No. 171109, has verified that the City’s Lease is consistent with the
20 General Plan, and the eight priority policies under Planning Code, Section 101.1; and

21 WHEREAS, The Real Estate Division and the Landlord have negotiated a fifteen-year
22 initial term Lease with one five-year renewal option for up to 84,695 square feet of space
23 initially in Phase I in July, 2018, and in Phase II in April 2020, up to 40,427 square feet of
24 space; and

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1 WHEREAS, The Lease provides the City a tenant improvement allowance of up to
2 \$10,010,000, beyond the core and shell requirements imposed upon Landlord in Section 2.4
3 of the Lease; and

4 WHEREAS, The proposed maximum initial annual rent of \$4,319,445 (\$51.00 per
5 square foot), increasing pursuant to the schedule noted in the Lease, was determined to be at
6 or less than fair market rent by an independent MAI appraisal as required by Administrative
7 Code, Chapter 23; now, therefore, be it

8 RESOLVED, That the Board of Supervisors hereby finds that the Lease is consistent
9 with the General Plan, and eight priority policies of Planning Code, Section 101.1, and hereby
10 incorporates such findings by reference as though fully set forth in this Resolution; and, be it

11 RESOLVED, That the Director of Property is hereby authorized to take all actions, on
12 behalf of the City and County of San Francisco, as tenant, to effect the Lease, a copy of which
13 is on file with the Clerk of the Board of Supervisors in File No. 171109, (the "Lease") and other
14 related documents with Lexington Lion San Francisco, LP, a Delaware limited partnership, for
15 approximately up to 125,122 rentable square feet consisting of a portion of the first floor and
16 the entire second, third and fourth floors of the building commonly known as 350 Rhode Island
17 Street - North; and, be it

18 FURTHER RESOLVED, The annual base rent for the period from July 1, 2018 to
19 June 30, 2019, shall be no greater than \$4,319,445 (approximately \$51.00 per square foot per
20 year and the base rent shall increase annually at a schedule as outlined in the Lease; and, be
21 it

22 FURTHER RESOLVED, As set forth in the Lease, the City shall pay for its utilities,
23 janitorial services, security services and all other operating expenses attributable to the space
24 occupied by the City under the Lease in addition to the base rent; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with
2 respect to the Lease are hereby approved, confirmed and ratified; and, be it

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

10 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the
11 Controller, pursuant to Charter, Section 3.105; and, be it

12 FURTHER RESOLVED, That within thirty (30) days of the execution of the Lease, the
13 Director of Property shall provide a copy to the Clerk of the Board for the Board's file.

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15 Signatures on next Page

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\$4,319,445.00 Available

Controller
Subject to enactment of the 2018/2019 Annual
Appropriation Ordinance

RECOMMENDED:

George Gascon
District Attorney

William Scott
Chief of Police

John Updike
Director of Real Estate