

1 [Negotiate Real Property Lease - LCL Global - 777 Brannan Street, LLC - 777 Brannan Street
2 - San Francisco Police Department - \$1,004,698 Initial Annual Base Rent]

3 **Resolution authorizing the Director of Property to negotiate a Lease for up to 27,154**
4 **square feet consisting of the entire three floors of 777 Brannan Street, for the San**
5 **Francisco Police Department, with LCL Global - 777 Brannan Street, LLC, a limited**
6 **liability corporation, for a term of ten years from July 1, 2018, through June 30, 2028,**
7 **with two five-year options for renewal, at an initial monthly base rent not to exceed**
8 **\$83,724.83 for a total annual base rent of \$1,004,698 in the initial year with increases as**
9 **set forth in the schedule of the Letter of Intent; and finding the proposed Lease is in**
10 **conformance with the General Plan, and the eight priority policies of Planning Code,**
11 **Section 101.1.**

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

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

23 WHEREAS, The Hall of Justice has a seismic rating that suggests very poor
24 performance in the event of a major earthquake, wherein the building would be closed for an
25 indefinite period of time for repairs due to significant damage, requiring an emergency

1 relocation of the these criminal justice system elements elsewhere and causing a serious
2 disruption of the criminal justice system; and

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

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

12 WHEREAS, A lease of 27,154 square feet of 777 Brannan Street (“Lease”) from LCL
13 Global - 777 Brannan Street, LLC (“Landlord”) would accommodate the space needs for
14 Evidence Storage by the Police Department in a move-in to commence no earlier than July 1,
15 2018; and

16 WHEREAS, The Planning Department, through General Plan Referral letter dated
17 October 18, 2017, (“Planning Letter”), which is on file with the Clerk of the Board of
18 Supervisors under File No. 171110, has verified that the City’s anticipated Lease is consistent
19 with the General Plan, and the eight priority policies under Planning Code, Section 101.1; and

20 WHEREAS, The Real Estate Division and the Landlord have negotiated a ten-year
21 Lease with two five-year renewal options through a Letter of Intent for 27,154 square feet of
22 space; and

23 WHEREAS, The Lease provides the City broom clean shell condition at Landlord’s
24 expense; and

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1 WHEREAS, The proposed initial annual rent of \$1,004,698 (\$37.00 per square foot),
2 increasing pursuant to the schedule noted in the Letter of Intent, was determined to be at or
3 less than fair market rent by an independent MAI appraisal as required by Administrative
4 Code, Chapter 23; now, therefore, be it

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

9 FURTHER RESOLVED, That the Director of Property is hereby authorized to take all
10 actions, on behalf of the City and County of San Francisco, as tenant, to negotiate a Lease
11 consistent with the fully executed Letter of Intent, a copy of which is on file with the Clerk of
12 the Board of Supervisors in File No. 171110, (the "Letter of Intent") and other related
13 documents with LCL Global- 777 Brannan Street, LLC, for 27,154 rentable square feet
14 consisting of all three floors of the building commonly known as 777 Brannan Street; and, be it

15 FURTHER RESOLVED, The annual base rent for the period from July 1, 2018 to
16 June 30, 2019, shall be no greater than \$1,004,698 (approximately \$37.00 per square foot per
17 year) and the base rent shall increase annually at a schedule as outlined in the Letter of
18 Intent; and, be it

19 FURTHER RESOLVED, As set forth in the Letter of Intent, the City shall pay for its
20 utilities, janitorial services, security services and all other operating expenses attributable to
21 the space occupied by the City under the Lease in addition to the base rent; and, be it

22 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with
23 respect to the Letter of Intent are hereby approved, confirmed and ratified; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property to negotiate the Lease and any amendments or modifications to the Lease (including

1 without limitation, the exhibits) that the Director of Property determines, in consultation with
2 the City Attorney, are in the best interest of the City, do not materially increase the obligations
3 or liabilities of the City beyond those expressed in the Letter of Intent, do not materially
4 decrease the benefits to the City, or are necessary or advisable to effectuate the purposes of
5 the Lease or this Resolution, and are in compliance with all applicable laws, including the
6 City's Charter; and, be it

7 FURTHER RESOLVED, Said Lease shall be subject to a final authorizing Resolution
8 adopted by the Board of Supervisors and Mayor in their sole and separate authority at the
9 soonest date available after execution by City and Landlord; 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.

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13 Signatures on next page

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\$1,004,698.00 Available

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

RECOMMENDED:

William Scott
Chief of Police

John Updike
Director of Real Estate