

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.**

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

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

21 WHEREAS, The Hall of Justice has a seismic rating that suggests very poor  
22 performance in the event of a major earthquake, wherein the building would be closed for an  
23 indefinite period of time for repairs due to significant damage, requiring an emergency  
24 relocation of the these criminal justice system elements elsewhere and causing a serious  
25 disruption of the criminal justice system; and

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

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

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

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

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

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

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

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

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

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

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

18 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
19 Property to negotiate the Lease and any amendments or modifications to the Lease (including  
20 without limitation, the exhibits) that the Director of Property determines, in consultation with  
21 the City Attorney, are in the best interest of the City, do not materially increase the obligations  
22 or liabilities of the City beyond those expressed in the Letter of Intent, do not materially  
23 decrease the benefits to the City, or are necessary or advisable to effectuate the purposes of  
24 the Lease or this Resolution, and are in compliance with all applicable laws, including the  
25 City's Charter; and, be it

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

4           FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the  
5 Controller, pursuant to Charter, Section 3.105.

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7           Signatures on next page

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\$1,004,698.00 Available

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

RECOMMENDED:

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William Scott  
Chief of Police

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John Updike  
Director of Real Estate