

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

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

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

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

22 WHEREAS, The Hall of Justice has a seismic rating that suggests very poor
23 performance in the event of a major earthquake, wherein the building would be closed for
24 an indefinite period of time for repairs due to significant damage, requiring an emergency
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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
4 deficiencies would require significant capital investment and upon completion still leave
5 the City with a dysfunctional building that does not adequately serve the criminal justice
6 system; and

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

13 WHEREAS, A lease of approximately 27,154 square feet of 777 Brannan Street
14 (“Lease”) from LCL Global- 777 Brannan Street, LLC (“Landlord”) would accommodate
15 the space needs for Evidence Storage by the Police Department with a commencement
16 date of July 1, 2018, and a rent commencement date of August 1, 2018; and,

17 WHEREAS, The Planning Department, through General Plan Referral letter dated
18 October 18, 2017, (“Planning Letter”), which is on file with the Clerk of the Board of
19 Supervisors under File No. 171110, has verified that the City’s Lease is consistent with
20 the 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 ten-year
22 Lease with two five-year renewal options for approximately 27,154 square feet of space,
23 said Lease on file with the Clerk of the Board of Supervisors under File No. 180358; and

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

1 WHEREAS, The proposed initial annual rent of \$1,004,698 (\$37.00 per square
2 foot), increasing by three percent annually, was determined to be at or less than fair
3 market rent by the Director of Property, as an independent MAI appraisal was not
4 required by Administrative Code, Chapter 23; now, therefore, be it

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

9 FURTHER RESOLVED, That the Director of Property is hereby authorized to take
10 all actions, on behalf of the City and County of San Francisco, as tenant, to effect the
11 Lease and any other related documents with LCL Global- 777 Brannan Street, LLC, for
12 approximately 27,154 rentable square feet consisting of all three floors of the building
13 commonly known as 777 Brannan Street; and, be it

14 FURTHER RESOLVED, The annual base rent for the period from July 1, 2018 to
15 June 30, 2019, shall be no greater than \$1,004,698 (approximately \$37.00 per square
16 foot per year and the base rent shall increase three percent annually and, be it

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

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

22 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
23 Property to enter into the Lease and any amendments or modifications to the Lease
24 (including without limitation, the exhibits) that the Director of Property determines, in
25 consultation with the City Attorney, are in the best interest of the City, do not materially

1 increase the obligations or liabilities of the City beyond those expressed in the Lease, do
2 not materially decrease the benefits to the City, or are necessary or advisable to
3 effectuate the purposes of the Lease or this resolution, and are in compliance with all
4 applicable laws, including City's Charter; and, be it

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

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

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10 Signatures on next Page

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\$920,974 Available (11 months rent)

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

RECOMMENDED:

John Updike
Director of Real Estate