

File No. 190014

Committee Item No. 5

Board Item No. 23

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 24, 2019

Board of Supervisors Meeting

Date February 5, 2019

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|-------------------------------------|-------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Airport Commission Resolution</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Linda Wong Date January 18, 2019
 Completed by: Linda Wong Date January 29, 2019

1 [Lease Modification - United States Government - United States Federal Bureau of
2 Investigation - Increase Annual Rent to \$615,384.57]

3 **Resolution retroactively approving Modification No. 1 to Lease No. GS-09P-LCA03395,**
4 **between the United States Government and the City and County of San Francisco,**
5 **acting by and through its Airport Commission, for space occupied by the United States**
6 **Federal Bureau of Investigation at the International Terminal of San Francisco**
7 **International Airport, to extend the term up to three years, two years firm, to commence**
8 **January 4, 2019, and an increase in annual rent to \$615,384.57.**

9
10 WHEREAS, The U.S. Federal Bureau of Investigation (the "FBI"), an agency of the
11 Federal government, is the principal investigative arm of the United States Department of
12 Justice and provides leadership and criminal justice services to federal, state, municipal, and
13 international agencies and partners, including the San Francisco International Airport (the
14 "Airport"); and

15 WHEREAS, The FBI occupies approximately 2,396 square feet of Category II space on
16 Level 5 of the South Shoulder Building in the International Terminal (the "Premises"), pursuant
17 to Lease No. GS-09P-LCA03395 (the "Lease"), approved by the Airport Commission
18 ("Commission") by Resolution No. 15-0214, adopted on October 13, 2015; and

19 WHEREAS, The Board of Supervisors subsequently approved the Lease by Resolution
20 No. 16-16, adopted on February 4, 2016; and

21 WHEREAS, The Lease has a three-year term, which expires on January 3, 2019, and
22 an annual rent of \$542,765.88, which was fixed for the term; and

23 WHEREAS, The FBI wishes to extend the term and continue its occupancy of the
24 aforementioned Premises with a commensurate adjustment in annual rent; and
25

1 WHEREAS, On November 6, 2018, the Commission adopted Resolution No. 18-0360
2 approving Modification No. 1 to the Lease to: 1) extend the term for up to an additional three
3 years, two years Firm (the "Extension Term"), effective retroactively to January 4, 2019,
4 2) grant the FBI a right to terminate the Lease early, effective during the third year of the
5 Extension Term upon 60 days' written notice, and 3) increase the annual rent to \$615,384.57,
6 which is fixed for the Extension Term (collectively, the "Modification"); and

7 WHEREAS, A copy of the Modification is on file with the Clerk of the Board of
8 Supervisors in File No. 190014, which is hereby declared to be a part of this resolution as if
9 set forth fully herein; now, therefore, be it

10 RESOLVED, That this Board of Supervisors hereby approves Modification No. 1 to
11 Lease No. GS-09P-LCA03395 between the U.S. Government and the City and County of San
12 Francisco, acting by and through its Airport Commission, to: 1) extend the term of the Lease
13 for up to a three-years, two years Firm, retroactive to January 4, 2019, 2) grant the
14 Government a right to terminate the Lease early, effective during the third year of the
15 Extension Term, and 3) increase the annual rent to \$615,384.57; and, be it

16 FURTHER RESOLVED, That within 30 days of the Modification being fully executed by
17 all parties, the Airport Commission shall provide a copy of the final contract to the Clerk of the
18 Board for inclusion into the official file.

Item 5 File 19-0014	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively approve Modification No. 1 to the lease between San Francisco International Airport (Airport) as landlord and the U.S. Federal Bureau of Investigation (FBI) as tenant, extending the term for an additional three years, with a termination option after two years, and increasing the annual rent to \$615,385. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Board of Supervisors previously approved a five-year lease between the Airport and the Federal Bureau of Investigation (FBI) for space in the International Terminal from 2011 to 2016 (09-1067), and a three-year lease between the Airport and the Federal Bureau of Investigation for this space in the International Terminal from 2016 to 2019 (File 15-1221). • The proposed lease modification would extend the term by three years to 2022. The FBI would be able to terminate the lease after two years with at least 60 days notice. The early termination provision is intended to allow the FBI to relocate to the new Courtyard 3 Connector Building once construction is complete. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The lease modification includes fixed annual rent and operating costs over the three-year term. To account for rate escalation over the term of the lease, the Airport projects annual increases, and then calculates the net present value (NPV) of the expected escalations in order to determine a fixed rental rate. The fixed annual rental rate of \$247.40 per square foot was derived from the current Category II rental rate of \$233.21, from the Airport's FY 2018-19 Rates and Charges, and an eight percent annual escalation. The NPV of the fixed rent over the term of the lease, assuming a discount rate of 4.2 percent, is \$247.40 per square foot per year. • The total payments to be made by the FBI to the Airport over the three year term of the lease will be \$1,846,154. <p style="text-align: center;">Policy Considerations</p> <ul style="list-style-type: none"> • The proposed resolution continues the practice of providing eight parking permits to the FBI free of charge, as is typical for other Federal agencies that provide critical services at the Airport. It is the understanding of Airport staff that this is a common practice at other U.S. airports. By providing the eight free permits, the Airport forgoes \$10,752 annually in potential revenue it could receive if it were to charge for permits. By providing 1,459 total free permits to various Federal agencies, the Airport forgoes \$1,960,896 in potential revenue per year. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(c) states that any modification, amendment, or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

The Board of Supervisors previously approved a five-year lease between the Airport and the Federal Bureau of Investigation (FBI) for space in the International Terminal from 2011 to 2016 (09-1067), and a three-year lease between the Airport and the FBI for this space in the International Terminal from 2016 to 2019 (File 15-1221).

Airport staff and the FBI negotiated Modification No. 1 to the lease, extending the lease for an additional three years. The Airport Commission approved Modification No. 1 on November 6, 2018.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve Modification No. 1 to the Airport's lease with the FBI. Modification No. 1 would extend the term of the lease for an additional three years, from January 4, 2019 through January 3, 2022. After two years, the FBI would have the option terminate the lease with at least 60 days notice. The early termination provision is intended to allow the FBI to relocate to the new Courtyard 3 Connector Building once construction is complete. Annual payments made by the FBI to the Airport would be \$592,780 in rent and \$22,605 in operating costs, for a total of \$615,385 annually. The key provisions of Modification No. 1 are shown in Table 1 below.

Table 1: Key Provisions of Lease Modification

Lease Term	January 4, 2019 – January 3, 2022 (3 Years)
Premises	2,396 square feet of office space
Parking Spaces	8 parking spaces, free of charge
Annual Rent	\$592,780 (\$247.40 per square foot)
Annual Operating Costs	\$22,605 (\$9.43 per square foot)
Rent Adjustment	None, fixed annual rents based on negotiated escalation rates
Utilities and Services	Provided by Airport through operating costs
Early Termination	Tenant may terminate after 2 years with 60 days notice
Options to Extend	None

The lease modification includes fixed annual rent and operating costs over the three-year term. To account for rate escalation over the term of the lease, the Airport projects annual increases, and then calculates the net present value (NPV) of the expected escalations in order to determine a fixed rental rate.

The fixed annual rental rate of \$247.40 per square foot was derived from the current Category II rental rate of \$233.21, from the Airport's FY 2018-19 Rates and Charges, and an eight percent

annual escalation. The NPV of the fixed rent over the term of the lease, assuming a discount rate of 4.2 percent, is \$247.40 per square foot per year.

The same methodology was used to determine the operating costs. The annual base year operating costs are \$9.15 per square foot, based on projections from the Airport’s facilities staff. Airport staff projects a five percent inflation escalation for operating costs over the term of the lease. The NPV calculation for the fixed operating charge is \$9.43 per square foot per year.

The calculations for both rental rate and operating costs are shown in Table 2 below.

Table 2: Rental Rate and Operating Cost Calculation

Rent Component	Rent per Square Foot per Year	Square Feet	Annual Rent
Category II Office Rent	\$247.40	2,396	\$592,780
Operating Cost	9.43	2,396	22,605
Total	\$256.83	2,396	\$615,385

FISCAL IMPACT

The total payments to be made by the FBI to the Airport over the three year term of the lease will be \$1,846,154, including \$1,778,340 in rent and \$67,814 in operating costs, as shown in Table 3 below.

Table 3: Total Payments from FBI to Airport

Year	Annual Rent	Operating Costs	Annual Payment
1	\$592,780	\$22,605	\$615,385
2	592,780	22,605	615,385
3	592,780	22,605	615,385
Total	\$1,778,340	\$67,814	\$1,846,154

POLICY CONSIDERATIONS

Retroactive Approval

The existing lease between the Airport and the FBI expired on January 4, 2019. Although the Airport Commission approved the lease modification in November 2018, the Airport did not submit the resolution approving the lease modification to the Board of Supervisors until December 14, 2018, which was not sufficient time to obtain Board of Supervisors approval prior to the expiration of the existing lease. According to Ms. Artz, the delay in submitting the lease modification to the Board of Supervisors for approval was due to delays in finalizing the form of the lease amendment with the federal General Services Agency and an administrative delay at the Airport.

Parking

The proposed resolution continues the practice of providing eight parking permits to the FBI free of charge, which is typical for Federal agencies which provide critical services at the Airport. According to Ms. Artz, to her understanding, this is a common practice at other U.S. airports.

The Airport's FY 2018-19 Rates and Charges state that employee parking permits in the Domestic and International Terminal Garages cost \$112 per month. If the Airport were to charge the FBI the full rate for each permit, it would receive an additional \$10,752 per year, or \$32,256 over the course of the three-year term of the lease extension. According to Ms. Artz, the Airport provides a total of 1,459 free parking permits to Federal agencies, including eight allocated to the FBI. This practice of providing parking permits to Federal agencies free of charge represents an opportunity cost of \$163,408 per month, or \$1,960,896 per year, to the Airport.

RECOMMENDATION

Approve the proposed resolution.

<p style="text-align: center;">GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE</p> <p style="text-align: center;">LEASE AMENDMENT</p>	<p style="text-align: center;">LEASE AMENDMENT No. 1</p>
<p>ADDRESS OF PREMISES: San Francisco International Airport SAN FRANCISCO, CA 94128</p>	<p style="text-align: center;">TO LEASE NO. GS-09P-03395</p>

THIS AMENDMENT is made and entered into between **City and County of San Francisco, acting by and through its Airport Commission, c/o the Airport Director, San Francisco International Airport, organized and existing under the laws of the State of California**

whose address is: **AIRPORT COMMISSION -SAN FRANCISCO INTERNATIONAL AIRPORT
ADMINISTRATIVE OFFICES
BUILDING 100 - INTERNATIONAL TERMINAL
P.O. BOX 8097
SAN FRANCISCO, CA 94128**

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the above referenced Lease for the purpose of extending said Lease for a period of 3 years, 2 years FIRM, (the "Extension Term").

WHEREAS, the parties hereto are negotiating a new lease for space in the Airport's Courtyard 3 Connector Building, which is under development, and with a projected completion date of July 2021. Government reserves the right to terminate this Lease in the third year of the Extension Term with prior written notification ("Early Termination Right"). Such Early termination Right is at the sole discretion of the Government and is not contingent upon the execution of a new lease for the Courtyard 3 Connector Building.

NOW THEREFORE, these parties for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, covenant and agree that the said Lease is amended, effective upon execution by the Government as follows:

Paragraph 1.03A Rent and Other Consideration is amended:

To extend the term of the Lease for two (2) years FIRM and one (1) year SOFT. The Extension Term shall commence on January 4, 2019 and terminate on January 3, 2022.

Early Termination Right: The Government reserves the right to terminate the Lease effective during the third year of the Extension Term by transmitting written notification to Lessor no later than sixty (60) days prior to the date upon which it will relinquish possession of the Premises to Lessor.

This Lease Amendment contains {3} pages.

All other terms and conditions of the lease shall remain in force and effect.
IN WITNESS WHEREOF, the parties subscribed their names as of the below date.

FOR THE LESSOR:

FOR THE GOVERNMENT:

Signature: _____
Name: _____
Title: _____
Entity Name: _____
Date: _____

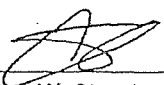
Signature: _____
Name: _____
Title: **Lease Contracting Officer
GSA, Public Buildings Service**
Date: _____

WITNESSED FOR THE LESSOR BY:

Signature: _____
Name: _____
Title: _____
Date: _____

APPROVED AS TO FORM FOR THE LESSOR:

Dennis J. Herrera, City Attorney

By:  _____
Name: Christopher W. Stuart
Title: Deputy City Attorney
Date: 12/10/18

Lease Amendment Form 12/12

Room 1.5.112	Years 4-6	
	Annual Rent	Annual Rate / RSF
Shell Rental Rate	\$ \$592,779.89	\$ 247.40
Operating Costs	\$22,604.68	\$9.43
Full Service Rate	\$ 4615,384.57	\$ 256.84

All other terms and conditions of the Lease shall remain in force and effect.

////////////////////

X:\TENANTS\GOVERNMENT\LEASES\FBI\FBI LEASE EXTENSION 2019\GS-09B-03395 LA 1 FINAL (12-10-18).DOCX

INITIALS: _____ & _____
 LESSOR GOVT

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 18-0360

APPROVAL OF MODIFICATION NO. 1 TO LEASE NO. GS-09P-LCA03395 WITH THE UNITED STATES OF AMERICA TO EXTEND THE TERM, INCREASE THE ANNUAL RENT, AND DIRECT THE COMMISSION SECRETARY TO FORWARD LEASE MODIFICATION NO. 1 TO THE BOARD OF SUPERVISORS FOR APPROVAL.

WHEREAS, on October 13, 2015, pursuant to Resolution No. 15-0214, the Airport Commission approved Lease No. GS-09P-LCA03395 (the "Lease") between the United States of America ("Government") and the San Francisco International Airport ("Airport"), which provided for administrative office space for the U.S. Federal Bureau of Investigation ("FBI") in the International Terminal; and

WHEREAS, the Board of Supervisors subsequently approved the Lease on February 6, 2016, pursuant to Resolution No. 16-16; and

WHEREAS, the Lease provides for a premises comprised of approximately 2,396 square feet of Category II space in the International Terminal (the "Premises"), a three-year term which expires on January 3, 2019, and an annual rent of \$542,765.88; and

WHEREAS, the FBI wishes to continue occupancy of the Premises with a commensurate modification in annual rent; and

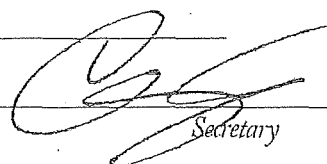
WHEREAS, Staff has negotiated a Lease modification with the General Services Agency on behalf of the Government to extend the term by three years, two years Firm, effective January 4, 2019 (the "Extension Term"), with a right of early termination of the Lease in the third year of the Extension Term, exercisable upon not less than sixty (60) days prior written notice, at the discretion of the Government; and

WHEREAS the annual rent will be increased to \$615,384.57, which is fixed for the duration of the Extension Term (collectively, the "Modification"); now, therefore, be it

RESOLVED, that the Airport Commission hereby approves the Modification No. 1 to Lease No. GS-09P-LCA03395 with the Government to extend the term by three years, two years Firm, and increase the annual rent to \$615,384.57, on the terms and conditions set forth in the Director's Memorandum; and be it further

RESOLVED, that the Airport Commission hereby directs the Commission Secretary to forward the Modification to Lease No. GS-09P-LCA03395 to the Board of Supervisors for approval.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of* NOV 06 2018


Secretary



San Francisco International Airport

MEMORANDUM

November 6, 2018

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Modification No. 1 to Lease No. GS-09P-LCA03395, with the United States of America, to Extend the Term and Increase the Annual Rent for Offices Occupied by the U.S. Federal Bureau of Investigation

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 1 TO LEASE NO. GS-09P-LCA03395, WITH THE UNITED STATES OF AMERICA, TO EXTEND THE TERM OF THE LEASE BY THREE YEARS, TWO YEARS FIRM, AND INCREASE THE ANNUAL RENT, AND DIRECT THE COMMISSION SECRETARY TO FORWARD LEASE MODIFICATION NO.1 TO THE BOARD OF SUPERVISORS FOR APPROVAL.

Executive Summary

Pursuant to Lease No. GS-09P-LCA03395 (the "Lease"), between the United States of America ("Government") and the San Francisco International Airport ("Airport"), the U.S. Federal Bureau of Investigation ("FBI") occupies approximately 2,396 square feet of office space in the International Terminal. The Lease expires on January 3, 2019 and the FBI wishes to continue occupancy for up to an additional three years. The proposed modification will extend the term by three years (the "Extension Term"), with an option in favor of the Government to terminate the Lease during the third year upon not less than sixty (60) days prior written notice, and increase the annual rent to \$615,384.57 (the "Modification").

Background

The FBI, a department of the Government, occupies approximately 2,396 square feet of Category II office space in the International Terminal on the fifth floor of the South Shoulder Building, pursuant to the aforementioned Lease (the "Premises"). On October 13, 2015, the Airport Commission approved said Lease pursuant to Resolution No. 15-0214, and on February 4, 2016, the Board of Supervisors approved said Lease pursuant to Resolution No. 16-16.

THIS PRINT COVERS CALENDAR ITEM NO. 8

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR LARRY MAZZOLA PRESIDENT LINDA S. CRAYTON VICE PRESIDENT ELEANOR JOHNS RICHARD J. GUGGENHIME PETER A. STERN IVAR C. SATERO AIRPORT DIRECTOR

The current Lease has a term of three years, expiring on January 3, 2019, and provides for an annual rent of \$542,765.88, which is fixed for the term of the Lease. The rent is comprised of terminal rent ("Terminal Rent") and an operating cost charge for services provided by the Airport, including janitorial services, re-lamping of light fixtures, and utilities (collectively, "Operating Cost"), as more fully described below.

The FBI wishes to continue occupancy of the Premises pursuant to the proposed Modification, which extends the term by the Extension Term, two years of which are Firm, meaning that the third year is subject to a termination right in favor of the Government. The Extension Term will commence January 4, 2019 and the annual rent will increase to \$615,384.57 per year, which is fixed for the duration of the Extension Term. Pursuant to the Modification the Government, at its discretion, has the right to terminate the Lease effective during the third year of the Extension Term with no later than sixty (60) days prior to the date that the Government will relinquish the Premises to the Airport (the "Government Termination Right").

Although the Government Termination Right is intended to allow the FBI to relocate to the Airport's new Courtyard 3 Connector Building, upon completion of its construction, the exercise of such right is within the Government's discretion and is not contingent upon the execution of a new lease for the Courtyard 3 Connector Building. Staff will return to the Airport Commission to seek approval of a new lease with the Government for any occupancy of the Courtyard 3 Connector Building by the FBI at the appropriate time.

Proposal

Staff has negotiated and is seeking approval of the proposed Modification No. 1 of the Lease to accommodate the FBI's continued need for administrative offices, which provides for the following business terms:

1. **Extension Term.** Three years, two years Firm.
2. **Effective Date.** January 4, 2019.
3. **Early Termination.** The Government may terminate the Lease at any time effective during the third year of the Extension Term, contingent upon transmitting written notice to the Airport no later than 60 days prior to the date it will relinquish possession of the Premises.
4. **Annual Rent:** The total annual rent of \$615,384.57 (\$51,282.05 per month), paid monthly in arrears, is fixed for the Extension Term and is based on a negotiated rental rate of \$256.84 per square foot per year. The total annual rental rate is comprised of Terminal Rent and an Operating Cost for provision of services and was derived as follows:
 - Assume the initial rate for Terminal Rent is based on FY 18/19 Category II Rates and Charges of \$233.21 per square foot per year; then
 - Escalate that rate by projected increases of 8% per year over the three-year term, as provided by the Airport's Financial Planning and Analysis; then

- Assume an initial Operating Cost rate of \$9.15 per square foot based on projections from Airport Facilities; then
- Escalate the Operating Cost rate by 5% per year based on a conservative projection for inflation; then
- Determine the net present value of the Annual Rent (Terminal Rent plus Operating Cost) based on the Federal Office of Management and Budget's discount rate set at 4.2%.


The initial rates, net present value rates, and rent are shown below:

Rent Component Per Sq. Ft. Per Year	Initial Rate and Fees	Net Present Value	Fixed Rent and Fees
Terminal Rent	\$233.21	\$247.40	\$592,779.89
Operating Cost	\$9.15	\$9.43	\$22,604.68
Total	\$242.36	\$256.83	\$615,384.57

5. **Operating Cost.** Reimbursement for direct Airport provision of janitorial services, relamping of light fixtures, and utilities (electricity and water/sewer).

Recommendation

I recommend adoption of the accompanying Resolution that approves Modification No. 1 to Lease No. GS-09P-LCA03395 with the Government, which extends the term by three years, two years Firm, effective January 4, 2019, and increases the annual rent to \$615,384.57. I further recommend directing the Commission Secretary to forward the Modification to the Board of Supervisors for approval, in accordance with City Charter Section 9.118.



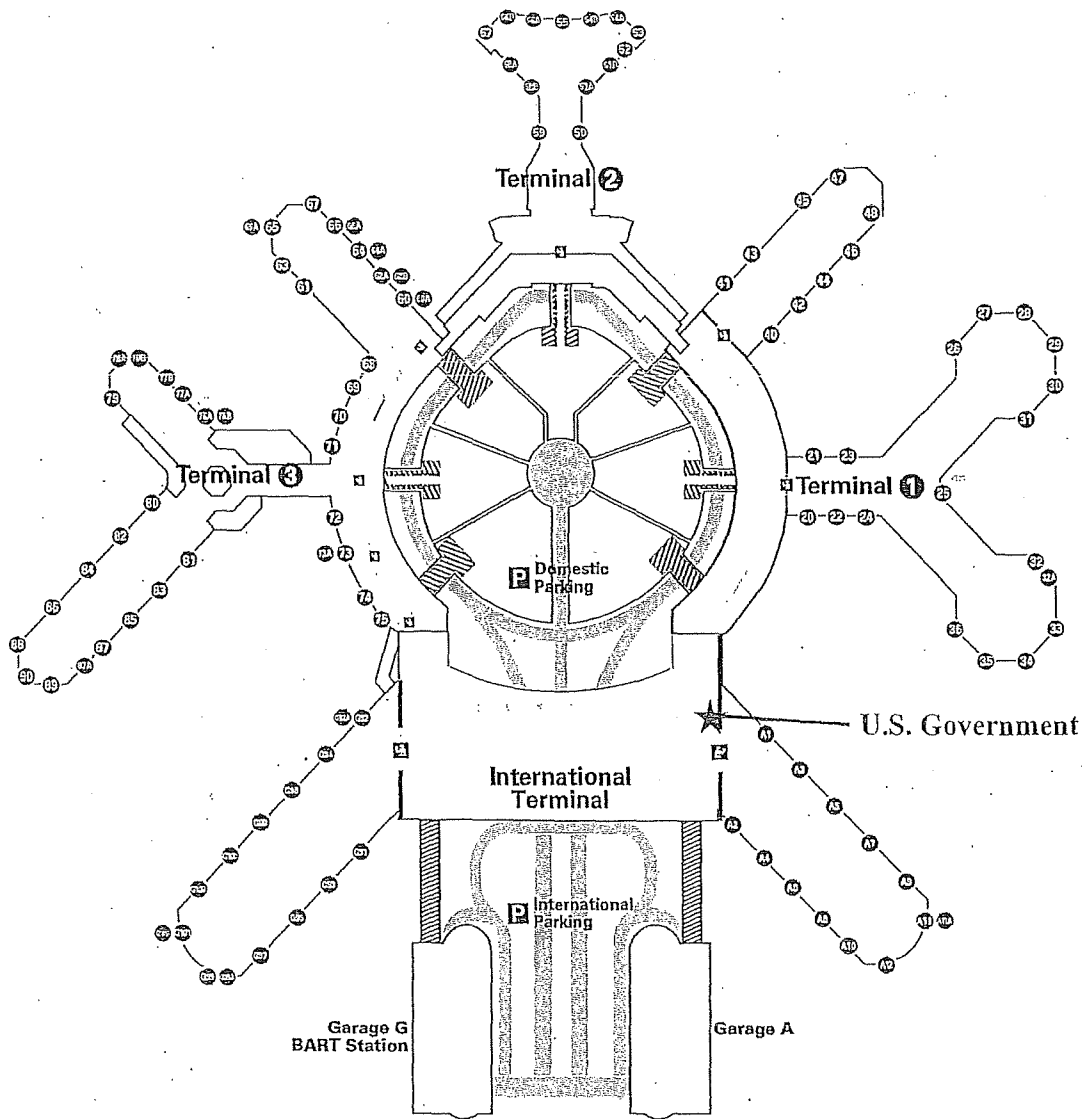
Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachments

Attachment A

UNITED STATES GOVERNMENT PREMISES





San Francisco International Airport

December 21, 2018

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2018 DEC 24 PM 12:38
AK

Subject: Modification No. 1 to Lease No. GS-09P-LCA03395 with the United States of America

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding, for the Board of Supervisors' approval, an original single-sided and two single-sided, black and white copies of the proposed Resolution, which approves Modification No. 1 to Lease No. GS-09P-LCA03395 between the United States of America and the City and County of San Francisco, acting by and through its Airport Commission.

The following is a list of accompanying documents:

- Board of Supervisors Resolution (one original and two copies);
- Approved Airport Commission Resolution No. 18-0360;
- Memorandum accompanying Airport Commission Resolution No. 18-0360; and
- Modification No. 1 to Lease No. GS-09P-LCA03395 with the United States of America approved as to form by the City Attorney's Office.

The following person may be contacted regarding this matter:

Diane Artz
Senior Property Manager
(650) 821-4525
diane.artz@flysfo.com

Very truly yours,

Corina Monzón
Commission Secretary

Enclosures

cc: Diane Artz, Aviation Management
Cathy Widener, Governmental Affairs

Wong, Linda (BOS)

From: Ivar Satero (AIR)
Sent: Wednesday, January 30, 2019 1:30 PM
To: Fewer, Sandra (BOS); Boilard, Chelsea (BOS); Stefani, Catherine (BOS); Gallagher, Jack (BOS); Walton, Shamann (BOS); Burch, Percy (BOS)
Cc: Wong, Linda (BOS)
Subject: SFO Response re: FBI Lease, File No. 19-0014

Dear Budget and Finance Committee Members:

I understand the Budget and Finance Committee had some background questions on File No. 19-0014, Airport Lease Modification - United States Government - United States Federal Bureau of Investigation (FBI) related to rent during the partial government shutdown and the role of the agency at San Francisco International Airport (SFO).

While the federal government was in partial shutdown when you heard this item on January 24, 2019, the shutdown did not affect the current rent payments. The Government Services Administration (GSA) issues rent payments to the City for federal agencies; these funds are budgeted and appropriated and the City experienced no delay in receipt of rent payments during the shutdown.

The FBI San Francisco Division at SFO consists of Airport Liaison Agents (ALAs) assigned to facilitate FBI-related investigative operations at SFO. ALAs coordinate with other law enforcement agencies to respond to federal criminal investigations and work with their federal counterparts located at SFO, including the Drug Enforcement Agency, the Department of Homeland Security, the Transportation Security Administration, and Customs and Border Protection.

The investigative operations of the ALAs require onsite planning and logistics. The FBI SFO office often serves as a command post for federal investigative operations involving national security issues and all crimes aboard aircraft.

The FBI has eight (8) ALAs assigned to SFO.

Please let me know if you require any additional information at this time.

Very truly yours,

Ivar C. Satero
Airport Director

