



April 26, 2019

Honorable Board of Supervisors
 City and County of San Francisco
 City Hall, Room 244
 1 Dr. Carlton B. Goodlett Place
 San Francisco, California 94102

Re: Proposed lease extension at 651 Bryant Street for the SFPUC

Dear Board Members:

Attached for your consideration is a Resolution authorizing the proposed ten year lease extension of an existing lease at 651 Bryant Street, San Francisco, California for the continued use by San Francisco Public Utilities Commission's (SFPUC) Power Enterprise's Utility Field Services (UFS) Division.

The SFPUC's UFS division provides engineering, technical, and field services in the management, operation, maintenance, replacement and new installations for the City-owned electric distribution systems and approximately 25,000 streetlights in San Francisco and also operates and maintains facilities for the San Francisco International Airport, the Port of San Francisco and on Treasure Island and Yerba Buena Island owned by the Treasure Island Development Authority.

The Leased Premises comprise approximately 14,000 rentable square feet of warehouse and office improvements on approximately 19,000 square feet of land. The Premises serves as an extension of and are located adjacent to UFS's main facility at the City owned property at 639 Bryant Street.

The SFPUC currently pays Base Rent of \$24,477 (\$1.75/s.f.) monthly plus its own utilities and janitorial costs and typical property expenses above a 2009 Base Year.

The Lease provides for a first right to purchase the property which would continue during the proposed Extension Term. City's potential purchase is subject to the further approval of the Public Utilities Commission, Board of Supervisors and the Mayor.

London N. Breed
 Mayor

Ann Moller Caen
 President

Francesca Victor
 Vice President

Anson Moran
 Commissioner

Sophie Maxwell
 Commissioner

Tim Paulson
 Commissioner

Harlan L. Kelly, Jr.
 General Manager



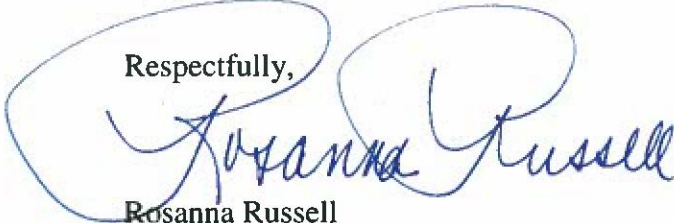
The Lease expires October 31, 2019 and includes one further option to extend the term at 95% of fair market rent, subject to Board approval. The proposed lease extension is for a term of ten (10) years commencing November 1, 2019.

The City and Landlord have negotiated 95% of fair market rent, considering all factors, to be \$48,160 or \$3.44 per square foot monthly with three percent (3%) annual adjustments during the term of the lease. Attached is a Before and After Table.

The San Francisco Public Utilities Commission by Resolution No. 19-0081 and the Real Estate Division recommend approval of the proposed lease extension.

If you have any questions in this regard, please contact Charlie Dunn of SFPUC staff at 554-1874.

Respectfully,



Rosanna Russell
Director,
SFPUC Real Estate Services

Attachments

cc: Harlan Kelly, Jr., General Manager, SFPUC

Attachment 1

Summary of current and proposed terms

	Current Lease	Proposed Extension
Premises Square Feet	19,000 SF	No Change
Monthly Base Rent	\$24,477	\$48,160
Annual Rent Increases	2.5%	3%
Operating Expenses	City pays for its own utilities and janitorial	No Change
Property Expenses	Increases above a 2009 Base Year	Increases above a 2019 Base Year
Term	Through October 31, 2019	Through October 31, 2029
Option(s) to Extend	(1) 10 year	None
Purchase	First right to purchase	No Change

