

1 [Real Property Lease - Twin Peaks Petroleum, Inc. - 598 Portola Drive - \$200,200 Per Year
2 Base Rent]

3 **Resolution authorizing the lease of real property located at 598 Portola Drive with Twin**
4 **Peaks Petroleum, Inc., a California corporation, doing business as Twin Peaks Auto**
5 **Care, successor-in-interest to Michael Gharib, for an initial 25-year term at a base rent**
6 **of \$200,200 per year with annual adjustments of three percent, with one five-year**
7 **option to extend, to commence upon approval by the Board of Supervisors and Mayor,**
8 **in their respective sole and absolute discretion.**

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10 WHEREAS, The Board of Supervisors passed and the Mayor signed Ordinance No.
11 279-94 on August 4, 1994, on file with the Clerk of the Board of Supervisors in File No.
12 65-94-11, authorizing a lease (“Original Lease”) of 15,000 square feet at 598 Portola Drive
13 (“Premises”) between the City and County of San Francisco (“Landlord”) and Michael Gharib,
14 dba Twin Peaks Mobil (“Tenant”) for use as a gasoline service station and related
15 convenience store and garage; and

16 WHEREAS, The Board of Supervisors passed and the Mayor signed Resolution
17 No. 364-04 on June 21, 2004, on file with the Clerk of the Board of Supervisors in File
18 No. 040636, authorizing an extension of the Original Lease through June 30, 2014 (“First
19 Amendment to Lease,” collectively with the Original Lease, the “Original Lease”); and

20 WHEREAS, The Original Lease became a month-to-month at will lease on June 30,
21 2014 and Tenant continued to occupy the Premises and conduct business as Twin Peaks
22 Auto Care; and

23 WHEREAS, The Board of Supervisors passed and the Mayor signed Resolution
24 No. 394-15 on October 29, 2015, on file with the Clerk of the Board of Supervisors in File

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1 No. 150895, authorizing a new lease of 14,499 square feet at the Premises with the Tenant
2 for a term of five years; and

3 WHEREAS, Tenant is a local small business which owns the tanks, dispensers, gas
4 lines and other fixtures and equipment on the Premises; and

5 WHEREAS, On August 3, 2016, Tenant received legacy business status and is on the
6 Legacy Business Registry under Administrative Code, Section 2A.242(b)(2); and

7 WHEREAS, The City, through its Real Estate Division and with consultation from the
8 Office of the City Attorney, and Tenant have negotiated the proposed Lease, which provides
9 an initial Base Rent of \$200,200 per year or \$16,683.33 per month (\$13.81 per square foot
10 per year) as supported by an independent appraisal, with annual increases to Base Rent of
11 three (3) percent per year on each anniversary of the commencement of Lease; and

12 WHEREAS, Prior to 2026, Rent may be waived for up to three months during the
13 Tenant's underground tank replacement project; and

14 WHEREAS, The term of the Lease shall be for twenty-five years with one five-year
15 option to extend; and

16 WHEREAS, The Tenant shall be responsible for all utilities and services within the
17 Premises; and

18 WHEREAS, The Premises is zoned "P – Public" and limited to those uses identified
19 under Planning Code, Sections 211.1 or 211.2; now, therefore, be it

20 RESOLVED, That in accordance with the recommendation of the Director of Property,
21 that the Director of Property on behalf of the City, as Landlord, be and is hereby authorized to
22 take all actions necessary to execute the Lease (a copy of which is on file with the Clerk of the
23 Board of Supervisors in File No. _____) at 598 Portola Drive in San Francisco, California,
24 at a Base Rent of \$200,200 per year with three percent annual adjustments, for a twenty-five
25 year term and one five year option to extend; and, be it

1 FURTHER RESOLVED, That the Director of Property shall be authorized to enter into
2 any additions, amendments or other modifications to the Lease that the Director of Property
3 determines, in consultation with the City Attorney, are in the best interests of the City, do not
4 materially increase the obligations or liabilities of the City, and are necessary or advisable to
5 complete the transaction and effectuate the purpose and intent of this resolution; and, be it

6 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
7 harmless the City from, and agreeing to defend the City against any and all claims, costs and
8 expenses, including, without limitation, reasonable attorney's fees, incurred as a result of
9 Tenant's use of the Premises, any default by the Tenant in the performance of any of its
10 obligations under the Lease or any acts or omissions of Tenant or its agents, in, on or about
11 the Premises or the property on which the Premises are located, except those claims, costs
12 and expenses incurred exclusively as a result of active gross negligence or willful misconduct
13 of City or its agents; and, be it

14 FURTHER RESOLVED, That the Competitive Bidding Procedures would be impractical
15 in light of the existing zoning limitations and that the Tenant is a successful local small
16 business which owns the tanks, dispensers, gas lines and other fixtures and equipment on the
17 Premises, and if not the Tenant, would then remove said improvements from the Premises;
18 and, be it

19 FURTHER RESOLVED, That any action taken by the Director of Property and other
20 officers of the City with respect to the Lease are hereby approved, confirmed and ratified; and,
21 be it

22 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
23 executed by all parties, the Director of Real Estate shall provide the agreement to the Clerk of
24 the Board for inclusion into the official file.

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RECOMMENDED:

Andrico Q. Penick
Director of Real Estate

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