

AMENDED IN COMMITTEE

9/14/16

FILE NO. 160895

RESOLUTION NO.

1 [Real Property Lease - SFP2 1360 Mission St., LLC - 1360 Mission St., First and Second
2 Floors - \$763,110 Annual Base Rent]

3 **Resolution authorizing the lease of approximately 16,958 square feet at 1360 Mission**
4 **Street, first and second floors, with SFP2 1360 Mission St., LLC, a California limited**
5 **liability company, for a four year term to commence following Board approval through**
6 **August 17, 2020, with one option to extend for one year, at the monthly base rent of**
7 **\$63,592.50, for a total annual base rent of \$763,110.**

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9 WHEREAS, The Human Services Agency (the "HSA") requires additional
10 administrative office space for current and new staff and during the renovation of its office
11 space at 170 Otis St., 2nd, 3rd, and 5th Floors, 3120 Mission Street, 1235 Mission Street, and
12 1650 Mission Street; and

13 WHEREAS, HSA will operate administrative offices at 1360 Mission Street during the
14 renovation of its various office sites; and

15 WHEREAS, The Real Estate Division on behalf of the HSA has negotiated a new lease
16 substantially the form on file with the Clerk of the Board of Supervisors in File No.160895,
17 which is hereby declared to be a part of this resolution as if set forth fully herein (the "Lease")
18 for administrative offices for HSA comprising approximately 16,958 square feet (the
19 "Premises"); and

20 WHEREAS, The term of the Lease shall be for four (4) years upon approval by the
21 Board of Supervisors and Mayor; and

22 WHEREAS, The City shall have one (1) additional one (1) year option term to extend
23 the Lease at 3% above the base rent in effect at the end of the initial term, subject to the
24 enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole
25 and absolute discretion, approving and authorizing the same; and

1 WHEREAS, The base fair market monthly rent of \$63,592.50 is subject to annual
2 adjustments of three (3%) percent; and

3 WHEREAS, The Landlord shall pay janitorial and utility costs; and

4 WHEREAS, HSA shall pay its pro rata share of operating expenses that exceed the
5 2016 base year expenses except for property taxes; now, therefore, be it

6 RESOLVED, That in accordance with the recommendation of the Director of the
7 Human Services Agency and the Director of Property, the Director of Property is hereby
8 authorized to take all actions necessary on behalf of the City and County of San Francisco, as
9 Tenant, to enter into the Lease; and, be it

10 FURTHER RESOLVED, The monthly base rent for the initial four year term shall be
11 \$63,592.50 (approximately \$3.75 per square foot), subject to annual adjustments of three
12 (3%) percent, including utilities and janitorial services and excluding operating expenses that
13 exceed the 2016 base year expenses except for property taxes; and, be it

14 FURTHER RESOLVED, The City shall have one (1) additional option term of one (1)
15 year each at 3% above the base rent in effect at the end of the initial term subject to the
16 enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole
17 and absolute discretion, approving and authorizing the same; and, be it

18 FURTHER RESOLVED, That the Lease contains language that the City agrees to
19 indemnify, defend, and hold harmless Landlord and its agents from and against any and all
20 claims, costs, and expenses, including without limitation, reasonable attorney fees, incurred
21 as a result of (a) City's use of the Premises, (b) any default by the City in the performance of
22 any of its obligations under the Lease, or (c) any acts or omissions of City or its agents, in, on
23 or about the Premises or the property on which the Premises are located, provided however
24 City shall not be obligated to indemnify Landlord or its agents to the extent any claim, cost and
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1 expense arises out of active gross negligence or willful misconduct of Landlord or its agents;
2 and, be it

3 FURTHER RESOLVED, That any action heretofore taken by the Director of Property
4 and other officers of the City with respect to the Lease as set forth herein are hereby
5 approved, confirmed and ratified; and, be it

6 FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially
7 the form in the Board's File and authorizes the Director of Property to take all actions, on
8 behalf of City, to enter into any additions, amendments or other modifications (including
9 without limitation, the exhibits) to the Lease that the Director of Property determines, in
10 consultation with the City Attorney, are in the best interests of the City, do not increase the
11 rent or otherwise materially increase the obligations or liabilities of the City, are necessary or
12 advisable to complete the transaction and effectuate the purpose and intent of this resolution;
13 and, be it

14 FURTHER RESOLVED, The City shall occupy the entire Premises for the full term of
15 the Lease unless funds for the City's rental payments are not appropriated in any subsequent
16 fiscal year at which time City may terminate the Lease with reasonable advance written notice
17 to SFP2 1360 Mission St., LLC; and, be it

18 FURTHER RESOLVED, Such termination shall then be effective upon surrender of the
19 Premises; and, be it

20 FURTHER RESOLVED, Said Lease shall be subject to certification of funds by the
21 Controller pursuant to Section 3.105 of the Charter of the City and County of San Francisco;
22 and, be it

23 FURTHER RESOLVED, That within thirty (30) days of the Lease agreement being fully
24 executed by all parties the Director of Property shall provide a copy of the Lease agreement to
25 the Clerk of the Board to include into the official file.

1 RECOMMENDED:

2 \$699,517.50 Available
3 Index Code No. 45ADOH / 03011

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5 _____
6 Controller
7 Fiscal Year 2016-2017 subject to the enactment of the FY 2016-2017 annual appropriation
8 ordinance.

9 RECOMMENDED:

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11 _____
12 Trent Rhorer, Executive Director
13 Human Services Agency

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15 RECOMMENDED:

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19 John Updike
20 Director of Property
21 Real Estate Division

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