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BY BT



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator

John Updike
Director of Real Estate

March 30, 2015

Through Naomi Kelly,
City Administrator

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

Department of Children, Youth
and their Families
Lease Renewal
1390 Market Street
#6854

Dear Board Members:

Attached for consideration is a Resolution authorizing the renewal of a lease at 1390 Market Street, for use by the Department of Children, Youth and their Families (DCYF).

DCYF works with a variety of partners to provide various children and youth services. Each year, the department provides funding to community-based organizations, City departments, and the San Francisco Unified School District to provide direct services in the areas of early child care and education, family support, health and wellness, out-of-school time, violence prevention and intervention, youth empowerment, and youth workforce development. In addition to partnership coordination and funding, DCYF also provides information and analysis, policy development, and programmatic coordination in support of children, youth, and families living in San Francisco.

DCYF has leased space at Fox Plaza (1390 Market St) for the past 20 years. The existing lease is for approximately 9,397 sq. ft at a current rental of \$22,317.88 per month (approximately (\$28.50 psf annually). The existing Lease expires on November 30, 2015 and has one further option to renew the Lease at 95% of fair market rent.

In 2007, the City leased the adjacent Suite 906 consisting of 1449 sq. ft. on a month to month basis for the expansion of DCYF's educational partnerships and the inclusion of community partners. The current rent for the month to month lease is \$3,622.50. Thus the total rent currently paid is \$25,940.38.

The proposed renewal term is for five (5) years, commencing upon December 1, 2015 and will expire on November 30, 2020. The Base Rent for the proposed renewal is \$47,903.17 per month (approximately \$53.00 per square foot annually), fully serviced. The proposed Base Rent increases annually on December 1, by \$1 psf per year. The first two (2) months of Base Rent are abated. The proposed renewal rents are as follows:

I:\Work\CDunn\68\6852 DCYF Lease Renewal\Legislation\Legis Cover Ltr R3.doc

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<u>Calendar Dates</u>	<u>Period</u>	<u>Monthly Rent</u>	<u>PSF</u>
Dec.1, 2015- Jan 30, 2016	(Mos 1-2)	Abated	
Feb 1, 2016- Nov. 30, 2016	(Mos 3-12)	\$47,903.17	(Approx. \$53.00 PSF)
Dec.1, 2016- Nov. 30, 2017	(Yr 2)	\$48,807.00	(Approx. \$54.00 PSF)
Dec.1, 2017- Nov. 30, 2018	(Yr 3)	\$49,710.83	(Approx. \$55.00 PSF)
Dec.1, 2018- Nov. 30, 2019	(Yr 4)	\$50,614.67	(Approx. \$56.00 PSF)
Dec.1, 2019- Nov. 30, 2020	(Yr 5)	\$51,518.50	(Approx. \$57.00 PSF)

The proposed renewal does not include the typical annual pass through of increases in operating expenses. The proposed lease expands the Premises to include the month to month Premises (by 1449 sq. ft. to 10,846 sq. ft).

DCYF reports that the funding source for 1390 Market Street rent is the Children and Youth Fund which pursuant to Prop C (passed by the voters in 2014, reauthorizing the Children's Fund) is dedicated revenue from property tax collections.

We recommend approval of the proposed lease renewal. If you have any questions regarding this matter, please contact Charlie Dunn of our office at 554-9861.

Respectfully,



John Updike
Director of Property

cc. Maria Su, Director, DCYF
Leo Chyi, DCYF