

1 [Real Property Lease - Tenant Improvements - Bayview Plaza, LLC - 3801 Third Street -
2 \$373,304 Rent in the Base Year - \$685,098.10 Estimated Improvements Cost]

3 **Resolution authorizing the lease of 15,083 square feet at 3801 Third Street for the**
4 **Human Services Agency with Bayview Plaza, LLC, merging Suites 200, 205, 210, 230,**
5 **235, 240, and adding Suite 220, commencing upon approval by the Board of**
6 **Supervisors and Mayor, in their respective sole and absolute discretion, at the**
7 **monthly rent of \$39,215.80 during improvements and alterations, and then \$41,478.25**
8 **per month for five years after substantial completion of the tenant improvements, for**
9 **a base year’s rent total of \$373,304; and Construction of Tenant Improvements in an**
10 **estimated cost to the City of \$685,098.10.**

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12 WHEREAS, The Human Services Agency (the “HSA”) currently occupies suites 200,
13 205, 210, 230, 235 and 240 at 3801 Third Street for a total of 13,096 square feet (“s.f.”)
14 under separate lease agreements for the operation of its Family and Children’s Services
15 program; and

16 WHEREAS, Each of these lease agreements had an expiration date of August 31,
17 2014, and are in holdover currently; and

18 WHEREAS, The Real Estate Division at the request of the HSA negotiated a new
19 lease at 3801 Third Street substantially in the form on file with the Clerk of the Board of
20 Supervisors in File No. 141033; and

21 WHEREAS, The new lease will merge Suites 200, 205, 210, 230 235, 240 under
22 one lease and add Suite 220 consisting of 1,987 square feet for a total 15,083 s.f. area;
23 and

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1 WHEREAS, Tenant improvements are necessary to upgrade the existing square
2 footage, merge the new suite, and to comply with LEED Gold Certification as required by
3 the Green Building Ordinance; and

4 WHEREAS, The Lease will commence upon approval of the Lease by the Board of
5 Supervisors and Mayor in their sole and absolute discretion; and

6 WHEREAS, The Lease term includes an interim time period to complete new tenant
7 improvements at a reduced rental rate of \$39,215.80 per month (\$2.60 per s.f.) and one
8 five (5) year term which commences after substantial completion of the tenant
9 improvements at \$41,478.25 per month (\$2.75 per s.f.); and

10 WHEREAS, The Lease provides an option to extend the term for another five (5)
11 years at 95% of the prevailing market rent, subject to approval by the Board of Supervisors
12 and Mayor in their sole and absolute discretion; now, therefore, be it

13 RESOLVED, In accordance with the recommendation of the Director of the Human
14 Services Agency and the Director of the Real Estate Division, that the Director of Property
15 is hereby authorized on behalf of the City and County of San Francisco as Tenant, to enter
16 into the Lease of 3801 Third Street, Suites 200, 205, 210, 220, 230, 235, and 240 with
17 Bayview Plaza, LLC, as Landlord, for approximately 15,083 square feet for an interim
18 period for construction of tenant improvements and then a five year term on the terms and
19 conditions contained herein; and, be it

20 FURTHER RESOLVED, The fully serviced base rent for the initial five (5) year term
21 shall be \$41,478.25 (\$2.75 per sq. ft.); and, be it

22 FURTHER RESOLVED, The monthly rent for the interim period during tenant
23 improvements shall be a reduced rate of the base rent or \$39,215.80 per month (\$2.60 per
24 s.f.); and, be it

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1 FURTHER RESOLVED, The initial base rent is subject to annual Consumer Price
2 Index adjustments of no less than 3% and no more than 5%; and, be it

3 FURTHER RESOLVED, The Landlord shall provide a tenant improvement
4 allowance of \$232,193.00; and, be it

5 FURTHER RESOLVED, The City shall be responsible for tenant improvements over
6 \$232,193.00 which cost is estimated to be \$685,098.10 for a total tenant improvement cost
7 of \$917, 291.10; and, be it

8 FURTHER RESOLVED, The City agrees to indemnify, defend, and hold harmless
9 Landlord and its agents from and against any and all claims, costs, and expenses,
10 including, without limitation, reasonable attorneys fees, incurred as a result of (a) City's use
11 of the Premises, (b) any default by City in the performance of any of its obligations under
12 the Lease, or (c) any negligent acts or omissions of City or its agents in, on, or about the
13 Premises or the property, provided, however, City shall not be obligated to indemnify
14 Landlord or its agents to the extent any claim arises out of the negligence of willful
15 misconduct of Landlord or its agents; and, be it

16 FURTHER RESOLVED, That any action taken by any City employee or official with
17 respect to the exercise of the Lease as set forth herein is hereby ratified and affirmed; and,
18 be it

19 FURTHER RESOLVED, That the Board of Supervisors approves the Lease in
20 substantially the form in the Board's File and authorizes the Director of Property to take all
21 actions, on behalf of the City, to enter into any amendments or modifications (including
22 without limitation, the exhibits) to the Lease on the terms and conditions herein and form
23 approved by the City Attorney that the Director of Property determines, in consultation with the
24 City Attorney are in the best interest of the City, do not increase the rent or otherwise
25 materially increase the obligations or liabilities of the City, are necessary or advisable to

1 effectuate the purposes of the Lease or this resolution, and are in compliance with all
2 applicable laws, including City's Charter; and, be it

3 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full
4 term of the Lease unless funds for the City's rental payments are not appropriated in any
5 subsequent fiscal year at which time City may terminate the Lease with reasonable
6 advance written notice to Landlord. Such termination shall then be effective upon surrender
7 of the Premises. Said Lease shall be subject to certification as to funds by the Controller,
8 pursuant to Section 3.105 of the Charter of the City and County of San Francisco; and, be it

9 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
10 executed by all parties the Director of Property shall provide the agreement to the Clerk of
11 the Board for including into the official file.

12 RECOMMENDED:

13 \$1,058,402.10 Available for FY 2014-2015
14 Index Code No. 45ADOH

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Controller

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18 RECOMMENDED:

19 REAL ESTATE DIVISION

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John Updike
Director of Property
Real Estate Division

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1 RECOMMENDED:
2 DEPARTMENT OF HUMAN SERVICES AGENCY

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5 Director
6 Human Services Agency

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