

1 [Lease Renewal - 617 Mission Street - Conner Children's Trust No. 2 - Child Support
2 Services - \$1,453,414.56 Total Rent in the First Year]

3 **Resolution authorizing the exercise of an option to extend the term for five years of a**
4 **lease of 33,998 sq. ft. at 617 Mission Street/109 New Montgomery Street with Edward**
5 **J. Connor and Douglas G. Moore, Co-Trustees under the Connor Children's Trust No.**
6 **2, for the Department of Child Support Services at \$121,117.88 monthly for**
7 **\$1,453,414.56 total rent in the first year for the period of January 1, 2015, through**
8 **December 31, 2019.**

9

10 WHEREAS, San Francisco's Department of Child Support Services (SFDCSS)
11 promotes the wellbeing of San Francisco children by establishing and then delivering child
12 support collection services that help both parents meet the financial, medical, and
13 emotional needs of their children; and

14 WHEREAS, Through the collection and distribution of funds, SFDCSS achieves cost
15 savings to taxpayers by reducing family dependency on public assistance; and

16 WHEREAS, SFDCSS also improves the quality of life for affected San Francisco
17 children who are not on assistance; and

18 WHEREAS, SFDCSS in FY2013-2014, served 13,215 child support cases
19 representing 11,699 children; and

20 WHEREAS, SFDCSS in FY2013-2014, distributed approximately \$27 million dollars
21 with over 89% percent of every dollar going directly to families; and

22 WHEREAS, SFDCSS's annual operational budget is 100% funded through the
23 California Department of Child Support Services and does not impact the General Fund of
24 the City and County of San Francisco; and

25 WHEREAS, SFDCSS maintains consistently high levels of performance; and

1 WHEREAS, SFDCSS has occupied premises consisting of a portion of the ground
2 floor, the entire second, third, and fourth floors, and basement storage at the corner
3 building commonly known and numbered 617 Mission and 109 New Montgomery since
4 March 1995; and

5 WHEREAS, The Lease, as last extended by Board Resolution 506-10, expires on
6 December 31, 2014; and

7 WHEREAS, The Lease provides a further option to extend the term for another five
8 years from January 1, 2015, until December 31, 2019, at 95% of fair market rental; and

9 WHEREAS, Pursuant to the terms of the Lease, on file with the Clerk of the Board of
10 Supervisors in File No. 140910, the Real Estate Division and the Landlord have negotiated
11 such 95% of fair market rental, considering all factors, for the five (5) year extension period to
12 be \$121,117.88 per month (approximately \$42.75 per square foot per year) with a new Base
13 Year; and

14 WHEREAS, The Extension Term is subject to enactment of a resolution by the Board
15 of Supervisors and the Mayor, in their respective sole and absolute direction, approving and
16 authorizing such exercise; now, therefore, be it

17 RESOLVED, In accordance with the recommendation of the Director of the
18 Department of Child Support Services and the Director of the Real Estate Division, that the
19 Director of Property is hereby authorized on behalf of the City and County of San Francisco
20 as Tenant, to administratively extend the Lease at 617 Mission Street/109 New
21 Montgomery Street with EDWARD J. CONNER and DOUGLAS G. MOORE, Co-Trustees
22 Under the Conner Children's Trust No. 2, as Landlord, for the premises comprising an
23 approximate area of 33,998 rentable square feet on the ground floor and the entire second,
24 third and fourth floors plus basement storage space for an additional period of five years on
25 the terms and conditions contain herein; and, be it

1 FURTHER RESOLVED, The lease extension shall commence on January 1, 2015,
2 and expire on December 31, 2019, and, be it

3 FURTHER RESOLVED, That the Base Rent will be \$121,117.88 per month
4 (approximately \$42.75 per square foot per year); City shall continue to be responsible for
5 City's percentage share of increases in operating expenses and real estate taxes above a
6 new base year and its separately metered electrical costs; and, be it

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

15 FURTHER RESOLVED, That any action taken by any City employee or official with
16 respect to this lease is hereby ratified and affirmed; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
18 Property to enter into any amendments or modifications to the Lease (including without
19 limitation, the exhibits) that the Director of Property determines, in consultation with the City
20 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially
21 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the
22 purposes of the Lease or this resolution, and are in compliance with all applicable laws,
23 including City's Charter; and, be it

24 FURTHER RESOLVED, City shall occupy said premises for the entire lease term
25 expiring on December 31, 2019, unless funds for rental payments are not appropriated in

1 any subsequent fiscal year, at which time City may terminate this lease with written notice
2 to Landlord, pursuant to Charter, Section 3.105 of the City and County of San Francisco;
3 and, be it

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

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RECOMMENDED:

\$726,707.28 Total Available
(Base Rent 1/1/15 to 6/30/15)

\$715,438.31
Index Code 170006
Subobject 03011

\$11,268.97
Index code 170009.
Subobject 03011

Controller

Director of Property

Director
Department of Child Support Services