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

John Updike
Director of Real Estate

April 20, 2015

Through Naomi Kelly,
City Administrator

Human Services Agency
3120 Mission St.
6886

Honorable Board of Supervisors
City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Re: Lease of 3120 Mission St. San Francisco

Dear Board Members:

Attached for your consideration is a Resolution authorizing the lease renewal of 3120 Mission St., San Francisco, comprising approximately 39,251 square feet for use by the Human Services Agency (HSA). The City has leased 3120 Mission St. since 2001 and the current lease expires June 30, 2015.

3120 Mission Street and its companion property 3119 Mission Street operate as HSA's main workforce development center and the home of the JOBS NOW wage subsidy program. The two site complex serves over 500 clients Monday through Friday and house over 200 HSA Employees. HSA also utilizes this leasehold to provide public benefits in the South of Market-Mission corridor serving families engaged in CalWORKS, MediCAL, CalFRESH benefits and a number of child welfare services.

The proposed lease is for an initial term of five (5) years commencing July 1, 2015. City shall have three (3) five (5) year option periods to extend the lease term based on the same terms and conditions except that the rent shall be adjusted to 95% of the then prevailing rent for similar Premises subject to an enactment of a Resolution by the Board of Supervisors and Mayor, in their sole and absolute discretion, approving and authorizing the same.

On behalf of the Human Services Agency, the Real Estate Division negotiated a lease at a fair market rent of \$139,831.66 per month, with the annual rate of \$42.75 per square foot increasing by \$1 per square foot per annum.. The base rent includes the cost of refuse and recycling removal and janitorial services. City shall pay directly or reimburse Landlord for its separately metered utilities. Attachment #1 provides current lease terms and the proposed terms for both 3120 Mission St and its companion property, 3119 Mission St.

Landlord shall provide an allowance of \$510,263 (approximately \$13 psf) and shall construct the yet to be determined tenant improvements. All costs in excess of the allowance, but no greater than \$400,000, shall be paid by City.

The Human Services Agency and Real Estate Division recommend approval of the proposed lease.

If you have any questions, please contact Charlie Dunn at 554-9861 or Claudine Venegas at 554-9872 of my office. For program information, please contact David Curto with the Human Services Agency at 557-5587.

Respectfully,



John Updike
Director of Property

Attachments

cc: David Curto, Human Services Agency
Dan Kaplan, Human Services Agency

Attachment #1
 Human Services Agency
 3119 Mission St & 3120 Mission St Lease Renewals

<u>Address (lease start date)</u>	<u>Square Footage</u>
3119 Mission St (1998)	3,100
3127 Mission St (2008)	2,465
3125 Mission St (2012)	5,520
3120 Mission St (2001)	37,000
3425 Cesar Chavez (2008)	<u>2,251</u>
Total	50,336

	<u>Monthly Lease Amount</u>	<u>Monthly Lease Amount</u>
3119 Mission St (1998)	\$5,584.75	}
3127 Mission St (2008)	\$5,921.04	}-----\$39,490.31
3125 Mission St (2012)	10,609.00	}
3120 Mission St (2001) & 3425 Cesar Chavez (2008)	<u>\$117,169.00</u>	<u>\$139,831.66</u>

Total	\$139,283.79	\$179,321.97
Price Per Square Foot	\$33.20	\$42.75