



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



John Updike
Director of Real Estate

April 17, 2017

Through Naomi Kelly,
City Administrator

Honorable Board of Supervisors
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 224
San Francisco, CA 94102

RE: Third Amendment to Lease – 711 Van Ness Avenue – Lease Extension

Dear Board Members:

Attached for your consideration is a resolution approving and authorizing the Director of Property to execute the third amendment ("Third Amendment") to the office lease ("Lease") of 9,800 rentable square feet at 711 Van Ness Avenue ("Premises"). The Third Amendment would begin on February 1, 2018 and expire on January 31, 2021. The Lease is currently set to expire on January 31, 2018. If not approved, then the City departments must find up to three new leases before that time.

The rent due under the Third Amendment is \$49.20 per sq. ft. per year, or \$482,160 annually (increasing at 3% per year) and the Lease will be fully-serviced (aka, the City shall no longer pay for its utilities and custodial usage). An MAI fair market rental appraisal determined the rent payable under the Third Amendment to be at or below fair market rental value.

Three City departments currently occupy the Premises: i) Department of Emergency Management (its Bay Area Urban Security Initiative group, "BAUASI"); Assessor-Recorder's Office ("ASR"); and iii) the San Francisco Public Utilities Commission. Through the execution of this Third Amendment, ASR is able to remain in its current location until its department consolidation location is identified and available, thus avoiding a potential interim relocation. If ASR vacates during the Third Amendment, its small portion of the Premises (at below-market rate rent) will be backfilled by another City agency or subleased, if necessary.

If you have questions regarding this Third Amendment, please do not hesitate to contact me.

Respectfully,

John Updike
Director of Property