

1 [Real Property Lease Amendment - Ruth Mellinger - 70 Oak Grove Street - \$479,050.80
2 Annual Base Rent]

3 **Resolution authorizing the Director of Real Estate to exercise a Second Amendment**
4 **to a Lease between Ruth Mellinger, as landlord, and the City and County of San**
5 **Francisco, as tenant, for the real property located at 70 Oak Grove Street for use by**
6 **the Sheriff's Department, amending the first extended term from May 30, 2019, to**
7 **May 31, 2019, and exercise a second five-year extension term to commence on June**
8 **1, 2019, through May 31, 2024, with an additional third five-year option to extend at**
9 **the monthly base rent of \$39,920.90 for a total annual base rent of \$479,050.80.**

10
11 WHEREAS, The City and County of San Francisco, ("Tenant"), and Ruth Mellinger,
12 ("Landlord"), executed a lease dated March 25, 2004 (the "Lease"), authorized by Board of
13 Supervisors Resolution No. 109-04 for the entire property (the "Premises") commonly known
14 and numbered as 70 Oak Grove Street and consisting of approximately 10,000 sq. ft. for use
15 by the Sheriff's Department (SFSD); and

16 WHEREAS, The Lease contains two (2) options to extend the Lease for five (5) years
17 each on the same terms and conditions except that during the Extended Term the Base
18 Monthly Rental is to be adjusted to 95% of the market rental value and subject to enactment
19 of a resolution by the Board of Supervisors and Mayor; and

20 WHEREAS, Tenant exercised its first option to extend the Lease on May 30, 2014,
21 authorized by Board of Supervisors Resolution No. 156-14 which expires on May 30, 2019;
22 and

23 WHEREAS, The Real Estate Division ("RED") desires to amend the term of the first
24 extended term from May 30, 2019, to May 31, 2019; and

1 WHEREAS, RED on behalf of SFSD, negotiated the monthly base rent of \$39,920.90
2 or \$3.99 per square foot which is less than 95% of fair market value, fixed for the entire five
3 (5) year lease extension term net of utilities and custodial services for the Premises, for the
4 five (5) year extension term; and

5 WHEREAS, RED negotiated an additional five (5) year extension option to be included
6 under the same terms and conditions of the Lease, except that Section 6.5 (Landlord's
7 Obligation to Repaint and Re-carpet during each Option Period) of the Original Lease shall
8 not apply to the third extended term; and

9 WHEREAS, The Lease contains a First Right of Refusal to Purchase; now, therefore,
10 be it

11 RESOLVED, That in accordance with the recommendation of the Sherriff's
12 Department and the Director of Real Estate, the Director of Real Estate is hereby
13 authorized to take all actions on behalf of the City and County of San Francisco, as Tenant,
14 to extend the term of the first extended term to May 31, 2019, and exercise the five (5) year
15 extension term commencing on June 1, 2019; and, be it

16 FURTHER RESOLVED, That commencing upon the lease extension period, the
17 monthly rent will be fixed at \$39,920.90 (\$3.99 per square foot) for the entire five (5) year
18 extension term; and, be it

19 FURTHER RESOLVED, That any action taken by any City employee or official with
20 respect to the exercise of the extension provision contained in the lease is hereby ratified
21 and affirmed; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of Real
23 Estate to enter into any amendments or modifications to the lease (including without limitation,
24 the exhibits) that the Director of Real Estate determines, in consultation with the City Attorney,
25 are in the best interest of the City, do not increase the rent or otherwise materially increase

1 the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes
2 of the lease or this Resolution, and are in compliance with all applicable laws, including City's
3 Charter; and, be it

4 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term
5 of the lease unless funds for rental payments are not appropriated in any subsequent fiscal
6 year at which time City may terminate the lease with ninety (90) days advance written notice
7 to Landlord; said Lease shall be subject to certification as to funds by the Controller, pursuant
8 to Section 3.105 of the Charter; and, be it

9 FURTHER RESOLVED, That within 30 days of the Lease Extension being fully
10 executed by all parties, the Director of Real Estate shall provide a copy to the Clerk of the
11 Board for inclusion into the official file.

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Available Funds: \$39,920.90
(Rent for June 1, 2019 – June 30, 2019)

Fund ID: 10000
Department ID: 232331
PS Project ID: 10001936
Authority ID: 10000
Account ID: 530110
Activity ID: 0001
Appropriation No. 062400 03011

Controller
Subject to the enactment of the 2019/2020
Annual Appropriation Ordinance

RECOMMENDED:

Sheriff's Department, Sheriff

Real Estate Division, Director