

City and County of San Francisco



London Breed, Mayor

Human Services Agency

Department of Human Services
Department of Aging and Adult Services
Office of Early Care and Education

Trent Rhorer, Executive Director

October 22, 2019

Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Human Services Agency– Lease Renewal – 3801 Third Street

Dear Board members:

Attached for your consideration is a resolution authorizing a lease extension on behalf of the Human Services Agency (“HSA”) for the operation of its Family and Children’s Services (Child Welfare) program. The program provides a wide range of services such as foster care, counseling, parent education, child visitation, case management and other activities that strengthen families and prevent child abuse and neglect. The existing lease (previously approved by this Board in 2014) is between the City (as tenant) and Bayview Plaza, LLC (as “Landlord”) for 15,083 rentable square feet within Suites 200, 205, 210, 220, 230, 235, and 240 at 3801 Third Street in San Francisco.

Upon approval of this Resolution, the term of the lease will be extended from December 1, 2019 through November 30, 2024. Base rent in the initial year will remain unchanged from what it is currently at \$45,355.13 per month, or \$543,901.56 per year (\$36.12/sq. ft./yr.). Pursuant to the terms of the lease, each year thereafter, base rent will increase by Consumers Price Index (min. 3%, max. 5%). The Landlord is responsible for all other operating expenses and common area expenses. The negotiated rent is below the threshold required for an independent appraisal.

If you have any programmatic questions, please contact Robert Walsh at 415-557-5644. If you have any questions regarding the lease itself or deal terms, please contact Claudia Gorham of the Real Estate Division office by phone at 415-554-9871 or email at claudia.gorham@sfgov.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Trent Rhorer", with a long horizontal line extending to the right.

Trent Rhorer
Executive Director

1 [Real Property Lease Extension - Bayview Plaza, LLC - 3801 Third Street - \$543,901.56
2 Annual Base Rent]

3 **Resolution authorizing the Director of Property, on behalf of the Human Services**
4 **Agency, to exercise a five-year extension of a Lease between Bayview Plaza, LLC, as**
5 **Landlord, and the City and County of San Francisco, as Tenant, for the real property**
6 **located at 3801 Third Street, to commence on December 1, 2019, for a total term of**
7 **December 1, 2014, through November 30, 2024, at the initial monthly base rent of**
8 **\$45,325.13, for a total annual base rent of \$543,901.56.**

9
10 WHEREAS, The City and County of San Francisco, ("City" or "Tenant"), and Bayview
11 Plaza, LLC ("Landlord"), executed a lease dated December 2, 2014 (the "Lease"), authorized
12 by Board of Supervisors' Resolution No. 433-14, for 15,083 rentable square feet within Suites
13 200, 205, 210, 220, 230, 235, and 240 (the "Premises") in the building located at 3801 Third
14 Street in San Francisco, for use by the City's Human Services Agency ("HSA") for the
15 operation of its Family and Children's Services program; and

16 WHEREAS, The Lease contains an option to extend the Lease for five (5) years at a
17 "New Base Monthly Rental Rate" equal to 95% of fair market rental value, but in no event less
18 than the "Current Base Monthly Rental Rate" of \$3.01 per sq. ft. per month, or \$45,325.13 in
19 "Monthly Base Rent"; and

20 WHEREAS, The City's Real Estate Division, on behalf of HSA, negotiated the New
21 Base Monthly Rental Rate for the "Extension Term" beginning on December 1, 2019 and
22 expiring on November 30, 2024, will remain at the Current Base Monthly Rental Rate rather
23 than being adjusted to 95% of the Fair Market Rental Rate, which is determined to be at or
24 below 95% of the Fair Market Rental Rate; and

1 WHEREAS, Consistent with the terms of the Lease, the Extended Term's Base
2 Monthly Rental Rate of \$45,325.13 will continue to increase annually each year beginning on
3 December 1, 2020, by the Consumer Price Index Adjustments of no less than 3% and no
4 more than 5%; now, therefore, be it

5 RESOLVED, That in accordance with the recommendation of the Director of the
6 Human Services Agency and the Director of Property, the Director of Property Real Estate
7 is hereby authorized to take all actions on behalf of the City and County of San Francisco,
8 as Tenant, to extend the term of the Lease, and exercise the five (5) year extension for the
9 Extension Term beginning on December 1, 2019; and, be it

10 FURTHER RESOLVED, That commencing upon the lease extension period, the
11 monthly rent will stay as it is today at \$45,325.13 per month and will continue to increase
12 annually each year beginning on December 1, 2020, by the Consumer Price Index
13 Adjustments of no less than 3% and no more than 5%; and, be it

14 FURTHER RESOLVED, That any action taken by any City employee or official with
15 respect to the exercise of the extension provision contained in the Lease is hereby ratified
16 and affirmed; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of Real
18 Estate 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.

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Available Funds: \$317,275.91
(Rent for Dec. 1, 2019 – June 30, 2020)

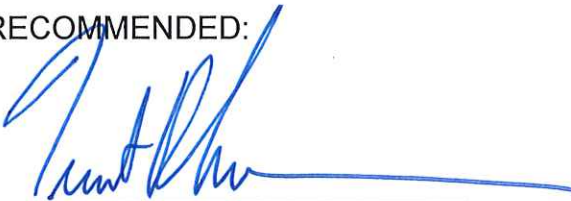
Fund ID: 10000
Department ID: 149657
PS Project ID: 10001700
Authority ID: 10000
Account ID: 530110
Activity ID: 0001



Controller

Funding for Fiscal Year 2020/2021 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2020/2021

RECOMMENDED:



Human Services Agency
Executive Director


10/9/19

Director of Property