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

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

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

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

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

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

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

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

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

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

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

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

RESOLVED, In accordance with the recommendation of the Director of the
Department of Child Support Services and the Director of the Real Estate Division, that the
Director of Property is hereby authorized on behalf of the City and County of San Francisco
as Tenant, to administratively extend the Lease at 617 Mission Street/109 New
Montgomery Street with EDWARD J. CONNER and DOUGLAS G. MOORE, Co-Trustees
Under the Conner Children’s Trust No. 2, as Landlord, for the premises comprising an
approximate area of 33,998 rentable square feet on the ground floor and the entire second,
third and fourth floors plus basement storage space for an additional period of five years on
the terms and conditions contain herein; and, be it
FURTHER RESOLVED, The lease extension shall commence on January 1, 2015, and expire on December 31, 2019, and, be it

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

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

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

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

FURTHER RESOLVED, City shall occupy said premises for the entire lease term expiring on December 31, 2019, unless funds for rental payments are not appropriated in
any subsequent fiscal year, at which time City may terminate this lease with written notice
to Landlord, pursuant to Charter, Section 3.105 of the City and County of San Francisco;
and, be it

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

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

$690,374.92 (95%)  $715,438.31
Index Code 170006
Subobject 03011

$36,335.36 (5%)   $11,268.97
Index code 170009.
Subobject 03011

Controller

Director of Property

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

September 24, 2014 Budget and Finance Committee - RECOMMENDED

September 30, 2014 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140910

I hereby certify that the foregoing Resolution was ADOPTED on 9/30/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved