

1 [Real Property Lease - MacLean Properties, LLC and 101 New Montgomery Street LP - 101
2 New Montgomery Street also known as 617 Mission Street - \$580,020 Initial Annual Base
3 Rent]

4 **Resolution approving and authorizing the Director of Property, on behalf of the**
5 **Department of Child Support Services, to lease real property comprising of 15,445**
6 **rentable square feet and 2,000 square feet of storage space located at 101 New**
7 **Montgomery Street also known as 617 Mission Street from MacLean Properties, LLC**
8 **and 101 New Montgomery Street LP, for an initial seven-year term, commencing**
9 **January 1, 2025, through December 31, 2032, at an initial annual base rent of \$580,020**
10 **with annual rent increases of three percent, plus a five-year option to extend; and to**
11 **authorize the Director of Property to enter into amendments or modifications to the**
12 **Lease that do not materially increase the obligations or liabilities to the City and are**
13 **necessary to effectuate the purposes of the Lease or this Resolution.**

14
15 WHEREAS, The Department of Child Support Services (“SFDCSS”) promotes the
16 well-being of San Francisco children by establishing and then delivering child support
17 collection services that help both parents meet the financial, medical and emotional needs of
18 their children; and

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

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

23 WHEREAS, SFDCSS in Fiscal Year (FY) 2022-2023 served 7,999 child support cases
24 representing 7,033 children; and

1 WHEREAS, SFDCSS IN FY2022-2023 distributed approximately \$22,419,130.60 with
2 over 93% of every dollar going directly to families; and

3 WHEREAS, SFDCSS has occupied the premises located at 101 New Montgomery
4 Street also known as 617 Mission Street (“Leased Premises”) consisting of certain portions of
5 the first and second floors and the basement for storage pursuant to that certain Lease dated
6 as of March 1, 1995 (the “Original Lease”); and

7 WHEREAS, The current premises meets Federal and State regulations and the
8 operational needs of SFDCSS; and

9 WHEREAS, The Original Lease will expire on December 31, 2024; and

10 WHEREAS, The Original Lease, as last extended by Board Resolution No. 204-18
11 expires on December 31, 2024; and

12 WHEREAS, The Real Estate Division (“RED”), in consultation with SFDCSS and the
13 Office of the City Attorney, negotiated a proposed new lease for an initial term of seven
14 years, commencing January 1, 2025, with a new base year for operating expenses of 2025
15 (the “Lease”); and

16 WHEREAS, The Lease provides a further option to extend the term for another five
17 years from January 1, 2033, until December 31, 2038, at 95% of fair market rental; and

18 WHEREAS, The current annual rent under the Original Lease, as extended, is
19 \$1,903,888 or \$56.00/per square foot per year; and

20 WHEREAS, The annual rent under the Lease effective January 1, 2025, will be
21 \$580,020 or \$36.00 per square foot per year; and

22 WHEREAS, The monthly rent per square foot is under \$45.00 per square foot and
23 therefore does not require an appraisal per Administrative, Chapter 23; and

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

4 WHEREAS, During the current term SFDCSS has consolidated and reduced its
5 operations to 15,445 rentable square feet plus 2,000 square foot of storage space; now
6 therefore, be it

7 RESOLVED, That in accordance with the recommendation of the Director of
8 Department of Child Support Services and the Director of Property, that the Director of
9 Property is hereby authorized on behalf of the City and County of San Francisco as Tenant, to
10 execute the Lease (a copy of which is on file with the Clerk of the Board in File No. 241140) at
11 101 New Montgomery Street/617 Mission Street with MacLean Properties, LLC and 101 New
12 Montgomery Street LP, collectively the Landlord, for the premises comprising an area of
13 15,445 square foot on the first and second floor plus basement storage space of 2,000 square
14 foot; and, be it

15 FURTHER RESOLVED, The Lease shall commence on January 1, 2025, and expire
16 on December 31, 2032; and, be it

17 FURTHER RESOLVED, That the base rent will be \$580,020 per month
18 (approximately \$36 per square foot per year) and City shall continue to be responsible for
19 City's percentage share of increases of operating expenses and real estate taxes above a
20 new 2025 base year and its separately metered electrical costs; and, be it

21 FURTHER RESOLVED, That City agrees to indemnify, defend and hold harmless
22 Landlord and its agents from and against any and all claims, costs and expenses, including,
23 without limitation, reasonable attorneys' fees, incurred as a result of (a) City's use or
24 occupancy of the premises, or (b) any negligent acts or omissions of City or its agents or
25 invitees, in, on or about the premises or the property; provided, however, City will not be

1 obligated to indemnify Landlord or its agents to the extent any claim arises out of the
2 negligence or willful misconduct of Landlord or its agents; and, be it

3 FURTHER RESOLVED, That any action taken by the Director of Property and any
4 other officers of the City with respect to this Lease is hereby approved, confirmed and ratified;
5 and, be it

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

13 FURTHER RESOLVED, City shall occupy said premises for the entire Lease term
14 expiring on December 31, 2032, unless funds for rental payments are not appropriated in any
15 subsequent fiscal year, at which time City may terminate this Lease with written notice to
16 Landlord, pursuant to Charter, Section 3.105 of the City and County of San Francisco; and, be
17 it

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



City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 241140

Date Passed: December 10, 2024

Resolution approving and authorizing the Director of Property, on behalf of the Department of Child Support Services, to lease real property comprising of 15,445 rentable square feet and 2,000 square feet of storage space located at 101 New Montgomery Street also known as 617 Mission Street from MacLean Properties, LLC and 101 New Montgomery Street LP, for an initial seven-year term, commencing January 1, 2025, through December 31, 2032, at an initial annual base rent of \$580,020 with annual rent increases of three percent, plus a five-year option to extend; and to authorize the Director of Property to enter into amendments or modifications to the Lease that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the Lease or this Resolution.

December 04, 2024 Budget and Finance Committee - RECOMMENDED

December 10, 2024 Board of Supervisors - ADOPTED

Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai and Walton

File No. 241140

I hereby certify that the foregoing Resolution was ADOPTED on 12/10/2024 by the Board of Supervisors of the City and County of San Francisco.

[Handwritten signature of Angela Calvillo]

Angela Calvillo
Clerk of the Board

[Handwritten signature of London N. Breed]

London N. Breed
Mayor

12/19/24

Date Approved