

1 [Lease Extension of Real Property - 1170 Market Street, LLC - 1170 Market Street - \$450,000
2 Six Month Extension Rent]

3 **Resolution authorizing the Director of Property, on behalf of the Department of Public**
4 **Health, to extend the term of an existing City lease with 1170 Market Street, LLC, for a**
5 **building located at 1170 Market Street, from June 30, 2022, for a total term of January 3,**
6 **2022, through December 31, 2022, at a base rent of \$75,000 per month; authorizing the**
7 **Director of Property to execute documents and take certain actions in furtherance of**
8 **this Resolution, as defined herein; and to authorize the Director of Property to enter**
9 **into amendments or modifications to the Lease that do not materially increase the**
10 **obligations or liabilities to the City and are necessary to effectuate the purposes of the**
11 **Lease or this Resolution.**

12
13 WHEREAS, Deaths attributable to drug overdose in San Francisco have increased
14 over 200% since 2018; and

15 WHEREAS, A main contributor to the rapid rise in drug overdoses and deaths in San
16 Francisco is the recent increase in the prevalence of fentanyl in the illegal drug market which
17 is highly addictive and potent, and it is more likely to lead to overdose than other drugs; and

18 WHEREAS, On December 17, 2021, Mayor London N. Breed issued a Proclamation
19 Declaring the Existence of a Local Emergency - Drug Overdoses in the Tenderloin which,
20 among other things, (1) allowed departments to procure services, goods, and public works
21 relating to the emergency using emergency procurement procedures, and waive any
22 applicable requirement of Civil Service Commission approval of such contracts, and
23 (2) allowed for the implementation in the Tenderloin of temporary facilities for purposes of
24 offering services as part of the emergency response (“Mayor’s Declaration”); and
25

1 WHEREAS, On December 23, 2021, the Board of Supervisors by Motion No. M21-183
2 concurred with the Mayor’s Declaration of a Local Emergency; and

3 WHEREAS, Under the authority provided by the Mayor’s Declaration, the Director of
4 Property, in consultation with the Director of the Department of Emergency Management
5 (“DEM”) and the City Attorney’s Office, executed a six-month lease of the building located at
6 1170 Market Street (the “Premises”), for the period from January 3, 2022, through June 30,
7 2022, with 1170 Market Street, LLC, for City’s use of the Premises as a Tenderloin Center in
8 the Tenderloin (the “Lease”); and

9 WHEREAS, A copy of the Lease is on file with the Clerk of the Board of Supervisors in
10 File No. 220451; and

11 WHEREAS, The Lease includes three extension options for the benefit of the City,
12 each for a term of two months, that are exercisable by the City subject to the approval of the
13 City’s Board of Supervisors by Resolution; and

14 WHEREAS, The Tenderloin Center is a component of the Tenderloin Emergency
15 Initiative that aims to mitigate the widespread open-air drug use and lack of easily accessible
16 resources for people in the Tenderloin; and

17 WHEREAS, The Tenderloin Center is a services-focused location where people can
18 voluntarily go to find respite from the streets and gain access to a wide variety of resources
19 from the City and its partners; and

20 WHEREAS, The Tenderloin Center provides a safe, welcoming space for people who
21 suffer from substance use disorder in the Tenderloin to go where they can access dignity
22 services, social space, and help navigate City health and human services resources to link to
23 those services easily and quickly; and

1 WHEREAS, The Tenderloin Center was originally managed under the direction of
2 DEM, but DEM will now transfer management to the Department of Public Health (“DPH”);
3 and

4 WHEREAS, DPH has determined that the Premises continue to be an ideal space and
5 location for the Tenderloin Center in furtherance of the City’s Tenderloin Emergency
6 Intervention Plan; and

7 WHEREAS, DPH desires to continue the operations at the Tenderloin Center through
8 December 31, 2022; and

9 WHEREAS, Under the Lease, base rent payable by City will remain at \$75,000 per
10 month (\$2.022 per square foot) during this extension period; and

11 WHEREAS, The Director of Property has determined that an appraisal is not required
12 under Administrative Code, Section 23.27, because the Director of Property has determined
13 that the base rent will be at or below the fair market rental value of the Premises, and is below
14 \$45 per square foot; and

15 WHEREAS, Funding in Fiscal Year 2022-2023 is subject to the enactment of the
16 annual appropriation Ordinance; and

17 WHEREAS, The City, at its cost, will be responsible for maintenance of the interior of
18 the Premises, and for certain utilities and services, as set forth in the Lease; now, therefore,
19 be it

20 RESOLVED, That in accordance with the recommendation of the Director of Health
21 and the Director of Property, the Board of Supervisors approves the exercise of all three
22 Lease extension options, and authorizes the Director of Property to take all actions necessary
23 to extend the Lease and to take such additional actions that are necessary or advisable to
24 effectuate the purpose of this Resolution; and, be it
25

1 FURTHER RESOLVED, That as set forth in the Lease, City will indemnify, defend, and
2 hold harmless Landlord from and against any and all claims, losses, and damages resulting
3 from the City's use of the Premises, any default by City of its obligations under the Lease, and
4 any negligent acts or omissions of City, its agents or invitees in or about the Premises; and,
5 be it

6 FURTHER RESOLVED, That all actions previously taken by the officers of the City with
7 respect to the Lease are hereby approved, confirmed, and ratified; and, be it

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

15
16 RECOMMENDED:
17

18 /s/
19 Department of Public Health
20 Director of Health

21
22 /s/
23 Real Estate Division
24 Director of Property
25