

1440 Harrison St

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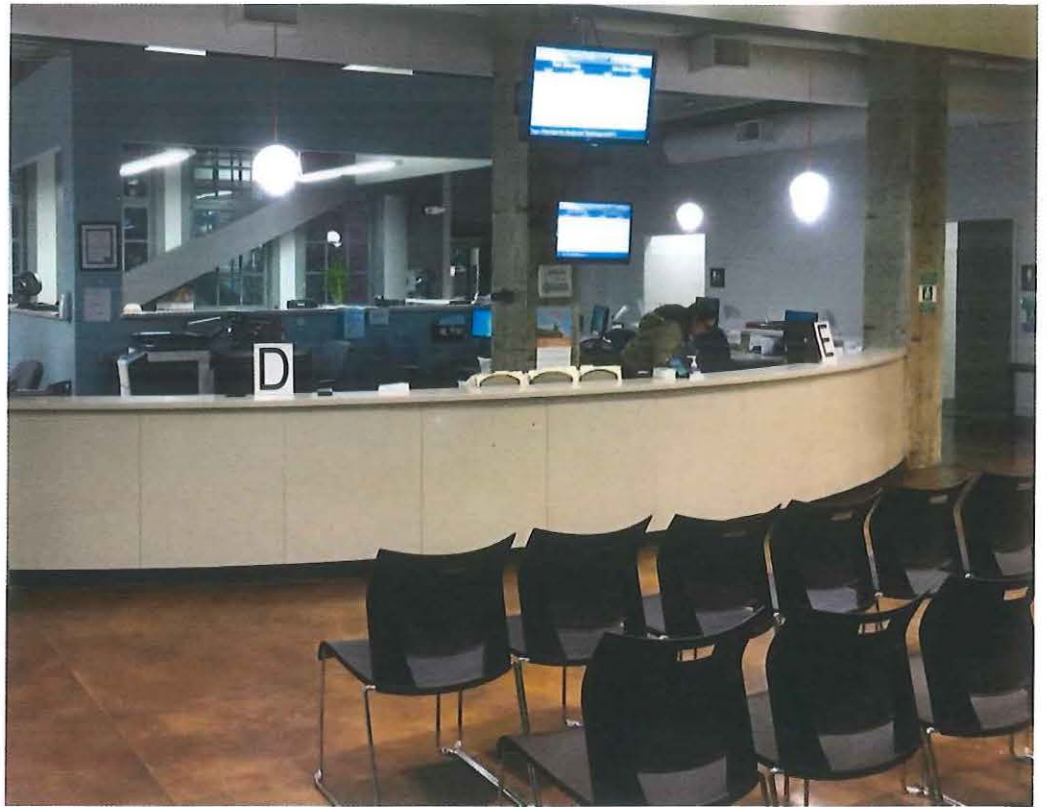


Proposed Lease Renewal

7/1/2017 - 9/30/2025



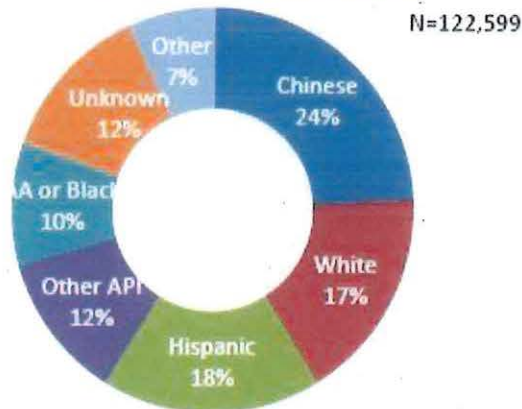
Key Facts



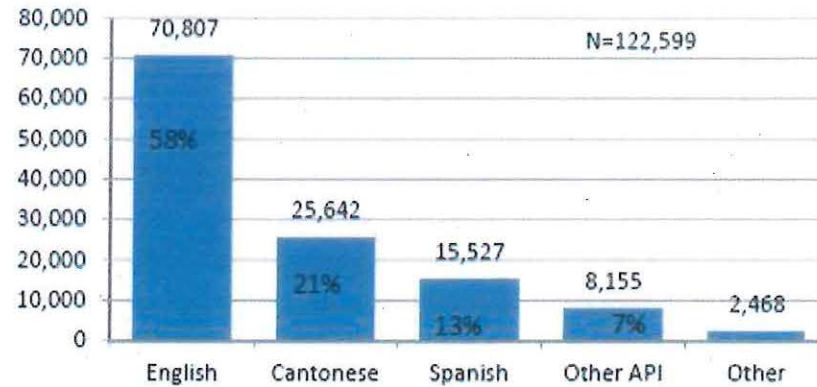
- San Francisco's Medi-Cal HQ Since 1983 (**33 years**).
- Also provides easy access to Cal-Fresh (foodstamps).
- Serves more than **330 people per day**.
- **195,000** clients currently being served (122,000 cases).
- Occupied by 263 HSA Staff
- Staff time - 50% services & 50% tasks each day

San Francisco Human Services Agency
October 2016 Medi-Cal Dashboard

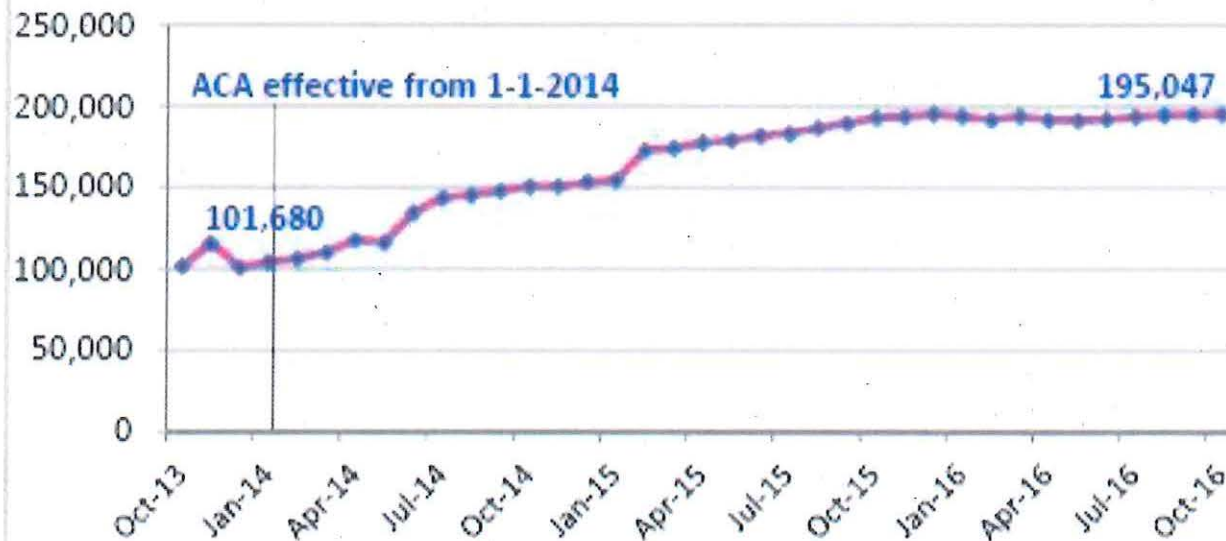
Oct 2016 MC Caseload Ethnicity



Oct 2016 MC Caseload by Primary Language



San Francisco Medi-Cal Recipients Oct 13-Oct 16



Recent Renovations



Lobby & Service Center were remodeled in 2012 along with office space, training space, and childcare space.

Grand total spent on renovations \$1.6m (approximate)

Lease Renewal Terms

- 56,788 square foot building with 31 car parking lot and open courtyard.
- 8 year, 3 month initial term to 9/30/2025, with two 5-year options for renewal at 95% of FMR.
- Initial rate of \$63/sf. Annual increases of 3%.
- Choice is risking appraisal arbitration results for a shorter initial term, or taking certainty of negotiated lease now before Board.
 - Two hypothetical scenarios were run with a five year lease w/options to renew vs current proposal, assuming a market correction during initial term
 - This proposal is *LESS EXPENSIVE* than either scenario over 8 years.

1440 Harrison St – Comparable Leases

Address/	Tenant	Date	Size	Rent	Escalations	Term	Parking
501 2 nd St	5 Ventures	8/2016	11,467 SF	\$81.00	3%	7 yrs	No
731 Market St	Practice Fusion	8/2016	27,567 SF	\$73.00	3%	7 yrs, 3 mos	No
475 Brannan	Inmobli	8/2016	14,818 SF	\$80.00 (4 mos free)	3%	5 yrs, 4 mos	No
321 11 th Street	Twitter	7/2016	17,000 SF	\$65.00	3%	5 yrs	No
334 Brannan St	Hirsch Bender Asso	5/2016	5,000 SF	\$70.00	3%	6 yrs	No
731 Market St	FlexPort	3/2016	27,261 SF	\$72.00 (4 mos free)	3%	7 yrs, 4 mos	No
500 3 rd St	Bridge Media	1/2016	14,808 SF	\$72.00	3%	5 yrs	No
135 Townsend	Under Armour	12/2015	51,895 SF	\$73.00	unknown	9 yrs	No
600 Townsend	Undisclosed	Late 2015	42,353	\$70.00	3%	6 yrs	Yes