

AMENDED IN COMMITTEE

6/5/13

FILE NO. 130466

RESOLUTION NO. 191-13

1 [Real Property Lease - 1145 Market Street - Health Service System - \$743,280 Annually]

2  
3 **Resolution authorizing a 10 year Lease of 19,560 sq. ft. at 1145 Market Street for office**  
4 **space for the Health Service System from 1145 Market Street LP, for an initial annual**  
5 **rent of \$743,280.**

6  
7 WHEREAS, The City, for the Department of Human Resources, entered into a lease of  
8 approximately 18,254 square feet of office space at 1145 Market Street on the second and  
9 seventh floors, which commenced on February 14, 1997; and

10 WHEREAS, By a first Amendment to Lease, authorized by the Board of Supervisors,  
11 the Lease was extended to December 31, 2006 and the premises reduced to approximately  
12 13,576 square feet on the second floor only; and

13 WHEREAS, On July 1, 2005, the Health Service System ("HSS") was separated from  
14 the Department of Human Resources and became a City Department; and

15 WHEREAS, By a second Amendment to Lease, authorized by the Board of  
16 Supervisors, the Lease was extended to March 31, 2012; and

17 WHEREAS, The Lease for HSS at 1145 Market Street expired on March 31, 2012 and  
18 is holding over on a month to month basis at the current rate; and

19 WHEREAS, After exploring the costs and rental rates at alternative sites, HSS desires  
20 to remain at 1145 Market Street and lease additional space to incorporate the Wellness  
21 Center into their lease premises; and

22 WHEREAS, The Director of Property has negotiated a new lease for a term of  
23 approximately 10 years commencing upon Substantial Completion of Tenant Improvement  
24 (anticipated Commencement Date of September 1, 2013) and Terminating on August 31,  
25

1 2023, (a copy of the proposed Lease is on file with the Clerk of the Board in File No. 130466;  
2 the "Lease "); and

3 WHEREAS, The Director of Property has determined that the proposed rental rate for  
4 the ten (10) year term as set forth in the Lease is equal to or less than fair market rent for the  
5 Premises; now, therefore, be it

6 RESOLVED, That in accordance with the recommendation of the City Attorney and the  
7 Director of Property, the Board approves the Lease in substantially the form in the Board's  
8 File and authorizes the Director of Property to execute and deliver the Lease, and authorizes  
9 City staff to take all actions, on behalf of the City, to perform its obligations and exercise its  
10 rights under the Lease; and, be it

11 FURTHER RESOLVED, As set forth in the Lease: (i) the Lease shall terminate ten (10)  
12 years after Substantial Completion of the Tenant Improvements (anticipated Commencement  
13 Date of September 1, 2013 and Termination Date of August 31, 2023); (ii) the initial annual  
14 rent (net of electricity) for the period from September 1, 2013 to August 31, 2014 shall be  
15 \$743,280 (approximately \$38.00 per square foot per year); (iii) the base rent shall increase at  
16 a rate of 3% annually; (iv) City shall retain an early Lease Termination Right exercisable by  
17 City after 7.5 years; and (v) the City shall be entitled to a Tenant allowance not to exceed  
18 \$53.00 per square foot; and, be it

19 FURTHER RESOLVED, As set forth in the Lease, the City shall pay for its prorata  
20 share of operating expenses over a 2013 base year and for other typical tenant expenses;  
21 and, be it

22 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with  
23 respect to the Lease are hereby approved, confirmed and ratified; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
25 Property to enter into any amendments or modifications to the Lease (including without

1 limitation, the exhibits) that the Director of Property determines, in consultation with the City  
2 Attorney, are in the best interest of the City, do not materially increase the obligations or  
3 liabilities of the City, do not materially decrease the benefits to the City, or are necessary or  
4 advisable to effectuate the purposes of the Lease or this resolution, and are in compliance  
5 with all applicable laws, including City's Charter; and, be it

6 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term  
7 of the Lease unless funds for the City's rental payments are not appropriated in any  
8 subsequent fiscal year at which time City may terminate the Lease with reasonable advance  
9 written notice to Landlord. Such termination shall then be effective upon surrender of the  
10 Premises. Said Lease shall be subject to certification as to funds by the Controller, pursuant  
11 to Section 3.105 of the Charter; and, be it

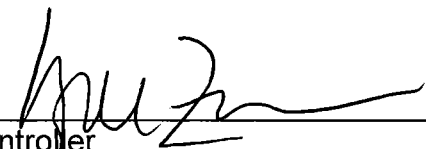
12 FURTHER RESOLVED, That if it is determined that there are no suitable uses for the  
13 property currently designated for the Health Service System Wellness Center, upon  
14 completion of the wellness study by the Controller's Office, the Director of Real Estate shall  
15 find alternative or interim uses of the space; and, be it

16 FURTHER RESOLVED, That within thirty (30) days of the lease being fully executed  
17 by all parties, the Director of Property shall provide the final lease to the Clerk of the Board for  
18 inclusion into the official file (File No. 130466).

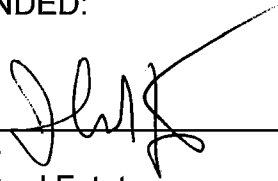
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\$433,584.56 Available

Index Code: \* \_\_\_\_\_


  
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Controller

RECOMMENDED:

  
\_\_\_\_\_  
John Updike  
Director of Real Estate

\* Funds available pending approval of the PY 13/14 annual appropriation ordinance

RECOMMENDED:  
HEALTH SERVICE SYSTEM

  
\_\_\_\_\_  
Catherine Dodd  
Health Service System  
  
Lisa Ghobis  
Acting Director



**City and County of San Francisco**  
**Tails**  
**Resolution**

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

**File Number:** 130466

**Date Passed:** June 11, 2013

Resolution authorizing a 10-year lease of 19,560 sq. ft. at 1145 Market Street for office space for the Health Service System from 1145 Market Street, LP, for an initial annual rent of \$743,280.

June 05, 2013 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE


June 05, 2013 Budget and Finance Committee - RECOMMENDED


June 11, 2013 Board of Supervisors - ADOPTED

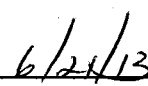
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 130466

I hereby certify that the foregoing Resolution was ADOPTED on 6/11/2013 by the Board of Supervisors of the City and County of San Francisco.

  
\_\_\_\_\_  
Angela Calvillo  
Clerk of the Board

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Date Approved