

File No. 241155

Committee Item No. 13

Board Item No. 21

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date January 29, 2025

Board of Supervisors Meeting Date February 4, 2025

#### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

- |                          |                                     |                                   |
|--------------------------|-------------------------------------|-----------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>RED Presentation 1/29/2025</u> |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | _____                             |

Completed by: Brent Jalipa Date January 23, 2025

Completed by: Brent Jalipa Date January 30, 2025

1 [Office Lease - Retroactive - State of California, Employment Development Department - 745  
2 Franklin Street - Initial Annual Base Rent \$105,090]

2

3 **Resolution retroactively authorizing and approving the lease of approximately 3,344**  
4 **square feet of office space within the building located at 745 Franklin Street with the**  
5 **State of California, Employment Development Department, for the Human Services**  
6 **Agency JobsNow! program, for a term commencing on January 1, 2025, through**  
7 **December 31, 2029, at the annual base rent of \$105,090; and authorizing the Director of**  
8 **Property to enter into any extensions, amendments, or modifications to the Lease that**  
9 **do not materially increase the obligations or liabilities of the City and are necessary to**  
10 **effectuate the purposes of the Lease or this Resolution.**

11

12 WHEREAS, The City and County of San Francisco (“City”) Health Services Agency  
13 (“HSA”), through its JobsNow! Program, supports the residents of the City’s Western  
14 Addition to secure training and jobs allowing them to move toward economic self-  
15 sufficiency; and

16 WHEREAS, The State of California (“State”) Employment Development Department  
17 (“EDD”) has offices at 745 Franklin Street, where the EDD staff also assists City residents  
18 with job seeking and employment readiness through its CalWORKS Welfare to Work program;  
19 and

20 WHEREAS, HSA staff, and the EDD staff located at the State’s 745 Franklin Street  
21 office have been working together to provide clients and potential clients living in the City’s  
22 Western Addition a full range of support, including application assistance, benefit access and  
23 family stabilization services; and

24 WHEREAS, HSA and EDD seek to maintain their programmatic cooperation by  
25 entering into a formal Lease with the State, allowing HSA staff’s occupancy of approximately

1 3,344 square feet of office space, and seven undesignated parking spaces located, at EDD's  
2 745 Franklin Street office; and

3 WHEREAS, The Real Estate Division ("RED"), on behalf of HSA, has negotiated a  
4 Lease with the State ("Landlord") which, upon approval of this Resolution by the Board of  
5 Supervisors and Mayor, in their respective sole and absolute discretion, shall commence on  
6 January 1, 2025, through December 31, 2029, at a fixed annual base rent of \$105,090,00  
7 (\$31.43 square feet of office space, no additional charge for parking, no costs beyond base  
8 rent) (the "Lease"); and

9 WHEREAS, The Lease is on file with the Clerk of the Board of Supervisors in File  
10 No. 241155; and

11 WHEREAS, The Director of Property has determined, in accordance with  
12 Administrative Code, Section 23.27, that the Lease base rent rate is at or below Fair Market  
13 Value, now, therefore, be it

14 RESOLVED, That the Director of Property is hereby authorized to take all actions, on  
15 behalf of the City, to execute the Lease, on the terms and conditions herein; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
17 Property to enter into any Extension Option and any amendments or modifications to the  
18 Lease (including in each instance, without limitation, the attachment of exhibits) that the  
19 Director of Property, in consultation with the City Attorney, determine are in the best interests  
20 of the City, do not otherwise materially increase the obligations or liabilities of, or materially  
21 decrease the benefits to, the City beyond those contemplated in this Resolution, and are in  
22 compliance with all applicable laws, including the City's Charter; and, be it

23 FURTHER RESOLVED, That any actions taken by the Director of Property and other  
24 officers of the City with respect to the Lease are hereby approved, confirmed and ratified by  
25 this Board of Supervisors; and, be it

1           FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed  
2 by all parties, RED shall provide the fully executed Lease to the Clerk of the Board for  
3 inclusion into the official file.

4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Funds Available for  
Fiscal Year 2024-2025 (6 months): \$52,545.00

Authority ID:	10000	Operating
Fund ID:	10000	GF Annual Account Ctrl
Department ID:	149657	HSA AM Central Management
Project ID:	10001700	HS AD County Expense Claim
Account ID:	530110	Property Rent
Activity ID:	1	Allocable Staff&Overhd

/s/ Michelle Allersma  
Budget and Analysis Division Director  
on behalf of Greg Wagner, Controller

RECOMMENDED:

/S/  
Andrico Q. Penick  
Director of Property

/S/  
Trent Rhorer  
Executive Director  
Human Services Agency

**BUILDING SPACE LEASE OF EDD OWNED PROPERTY**

<u>LEASE COVERING PREMISES AT</u> 745 FRANKLIN STREET SAN FRANCISCO, CA 94102
<u>AGENCY</u> EMPLOYMENT DEVELOPMENT DEPARTMENT

Lease No.: L-3002  
 Project No.: 7086

THIS LEASE, dated for reference purposes only this 16th day of October 2024, by and between the State of California, acting by and through its Director of General Services, hereinafter called the State, and City and County of San Francisco, a municipal corporation, Department of Human Services, hereinafter called Lessee.

**WITNESSETH**

**Description**

1. The State does hereby Lease to Lessee, and Lessee hereby hires from the State, upon the terms, agreements, and conditions hereinafter set forth, those certain Premises as outlined in green on the attached Exhibit "A" plan titled "Office Quarters", dated November 28, 2023, consisting of one (1) page, and Exhibit "B" titled "City and County of San Francisco Requirements", dated September 13, 2023, consisting of one (1) page, which is incorporated herein and by this reference made a part hereof and more particularly described as follows:

Approximately 3,344 net square feet of office space in the building located at 745 Franklin Street, San Francisco, California, hereinafter called "Premises" including seven (7) exclusive unobstructed parking spaces contiguous to the subject building. The Lessee's access hours are Monday-Friday, 7:00am to 7:00pm.

**Term**

2. The term of this lease shall commence January 1, 2025, and end December 31, 2029, with such rights of termination as are hereinafter expressly set forth.

**Early Termination**

3. Either party may terminate this lease at any time effective on or after December 31, 2026, by giving written notice to the other party at least thirty (30) days prior to the date when such termination shall become effective.

However, if Premises must be vacated due to sale, demolition or seismic retrofit, State may terminate this Lease by giving three hundred sixty-five (365) days prior written notice to Lessee.

**Rent**

4. Lessee shall make rental payments for the Premises monthly in advance, in the sum of:

EIGHT THOUSAND SEVEN HUNDRED FIFTY-SEVEN AND 50/10 DOLLARS (\$8,757.50) from January 1, 2025 through December 31, 2029, and thereafter.

Payments shall be made to:  
 Employment Development Department  
 Accounts Receivable, MIC 70  
 P.O. Box 826217  
 Sacramento, CA 94230-6217

Rental payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on the actual number of days in the month.

**Use**

5. The Leased Premises shall be used by Lessee during the term hereof for the purpose of general office use and for no other purpose whatsoever. The program conducted within the Leased Premises will be the function and total responsibility of Lessee, acting for and through its Board of Supervisors. State will have no obligation to provide any program needs, including any supplies and equipment, except as otherwise specified herein.

**Holding Over**

6. Should Lessee hold over after the expiration of the term of this Lease with the consent of State, expressed or implied, said tenancy shall be deemed to be a tenancy only from month-to-month and payable on a monthly basis in advance, subject otherwise to all the terms and conditions of this Lease insofar as applicable

State offers and Lessee accepts no assurance that the Leased Premises or any other comparable space or facilities at the site described herein will be made available to Lessee beyond the term stated above or as said term is reduced as provided herein.

**Services**

7. State at State's sole cost and expense, during the term of this Lease shall furnish the following services, utilities, and supplies to the Leased Premises:

- A. Electric, gas, sewer, trash disposal from a central receptacle, and water service.
- B. Cost of all telephone services will be the responsibility of Lessee.
- C. Included in the monthly rent is Lessee's fair share cost of alarm monitoring services.

**Janitorial Services**

8. State at State's sole cost and expense shall have or hire janitorial services sufficient to maintain the interior in a clean and well-maintained condition.

**Repair and Maintenance**

9. During the Lease term, the State shall maintain the Leased Premises in good repair and tenantable condition, so as to minimize breakdowns and loss of Lessee's use of the Premises caused by deferred or inadequate maintenance, including:

- A. Generally maintaining the Leased Premises in good, vermin-free, operating condition and appearance;
- B. Furnishing prompt, good quality repair of the building, equipment and appurtenances;
- C. Furnishing preventative maintenance, including, but not limited to, manufacturer's recommended servicing of equipment such as elevator (if any), heating, air conditioning and ventilating equipment and fixtures.

State shall provide prompt repair or correction on any damage except damage arising from a willful or negligent act of Lessee's agents, employees or invitees.

Lessee is responsible for maintaining all personal property, including voice and data equipment, and support equipment within the Leased Premises. Lessee is solely responsible for all damage arising from willful or negligent acts of Lessee's agents, employees and invitees.

**Recovery of Legal Fees**

10. If an action is brought by the State for the recovery of any rent due under the provisions hereof, or for any breach hereof, or for the recovery of possession of the Leased Premises, or to protect any rights given to the State against Lessee, the State shall be entitled to attorney's fees in the action, as the court determines to be reasonable, which shall be fixed by the court as part of the costs of the action.

**Hold Harmless**

11. The State of California is to be free from all liability and claims for damages by reason of any injury to any person or persons, including Lessee, or property of any kind whatsoever and to whomsoever belonging, including Lessee, from any cause or causes whatsoever while in, upon or in any way connected with the Premises during the term of this Lease or any occupancy

hereunder except those arising out of the sole negligence of the State. Lessee agrees to defend, indemnify and hold harmless the State of California from all liability, loss, cost or obligation on account of or arising out of any such injury or loss, however occurring. Lessee agrees to provide necessary worker's compensation insurance for all employees of Lessee upon said Premises at Lessee's own cost and expense.

**Insurance**

12. Lessee shall furnish a certificate of insurance with the State's lease number indicated on the face of said certificate, issued to State with amounts of commercial general liability of at least \$1,000,000 per occurrence and fire legal liability of at least \$500,000 naming the State of California, its officers, agents and employees as additional insureds. Said certificate of insurance shall be issued by an insurance company with a rating, which is acceptable to Department of General Services, Office of Insurance and Risk Management.

It is agreed that State shall not be liable for the payment of any premiums or assessments on the insurance coverage required by this paragraph. The certificate of insurance shall provide that the insurer will not cancel the insured's coverage without thirty (30) days' prior written notice to State. Lessee agrees that the insurance herein provided for shall be in effect at all times during the term of the Lease. In the event said insurance coverage expires at any time or times during the term of this Lease, Lessee agrees to provide State at least thirty (30) days to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than one (1) year. In the event Lessee fails to keep in effect at all times insurance coverage as herein provided, State may, in addition to any other remedies it may have, terminate this Lease upon the occurrence of such event.

If Lessee is self-insured, Lessee shall provide State with written acknowledgment of this fact at the time of the execution of this Lease. Lessee shall annually thereafter, on the anniversary of the date of execution of this Lease, provide State with a written acknowledgment of the continuation of its self-insured status. If, at any time after the execution of this Lease, Lessee abandons its self-insured status, Lessee shall immediately notify State of this fact.

**Losses**

13. State will not be responsible for losses or damage to personal property, equipment or materials of Lessee and all losses shall be reported to State immediately upon discovery.

**Non-Discrimination**

14. In the performance of this Lease, Lessee shall not discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability (including HIV and AIDS), mental disability, medical condition, age (over 40), marital status, sex, sexual orientation, or use of family care leave. Lessee shall insure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment.

Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

Lessee shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Lessee shall give written notice of its obligations under this clause to any labor organizations with which they have a collective bargaining or other Agreement. Further, Lessee shall post in conspicuous places available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices Section. (Government Code, Section 12920-12994).



## REMEDIES FOR WILLFUL VIOLATIONS:

- A. The State may determine a willful violation of the Fair Employment Practices provision to have occurred upon the receipt of a final judgment having that effect from a court in an action to which Sublessee was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the Sublessee has violated the Fair Employment Practices Act and has issued an order pursuant to the appropriate provisions of the Government Code;
- B. The State shall have the right to terminate this lease and any loss or damage sustained by the State by reason thereof shall be borne and paid for by the Sublessee.

### **Debt Liability Disclaimer**

15. State will not be liable for any debts or claims that arise from operation of this Lease.

### **Partnership Disclaimer**

16. Lessee and any and all agents of Lessee shall act in an independent capacity and not as officers or employees of the State. Nothing herein contained shall be construed as constructing the parties herein as partners.

### **Encumbrances**

17. Lessee and State hereby acknowledge and agree that Lessee does not intend to encumber by deed of trust Lessee's interest in Premises for the purpose of constructing improvements thereon. Any such encumbrances are void without prior written consent from State.

### **Taxes**

18. Lessee agrees to pay all lawful taxes, assessments or charges which at any time may be levied by any public entity upon any interest in this lease of any possessory right which Lessee may have in or to the Premises or the improvements thereon by reason of Lessee's use or occupancy thereof or otherwise as well as all taxes, assessments, and charges on goods, merchandise, fixtures, appliances, equipment and property owned by Lessee in or about said Premises. It is further understood that this Lease may create an interest subject to property taxation and Lessee may be subject to the payment of property taxes levied on such interest.

### **Subletting**

19. Lessee shall not assign this Lease in any event and shall not sublet the Leased Premises or any part thereof and will not permit the use of the Leased Premises by anyone other than Lessee without prior written consent of the State.

### **Condition of Premises**

20. Lessee accepts the Premises as being in good repair and tenantable condition, unless otherwise specified herein, and agrees that on the last day of the term, or the earlier termination of this Lease, to surrender to State the Premises, with any appurtenances or improvements therein, in the same condition as when received, reasonable use and wear thereof and damage by acts of nature, excepted.

### **Compliance With Laws**

21. Lessee shall at its sole cost and expense comply with all the requirements of all Municipal, County, State, and Federal authorities now in force or which may hereafter be in force pertaining to the Premises and use of the Premises as provided by this Lease.

Any physical change to the improvements at the facility shall comply with the California Environmental Quality Act (CEQA).

### **Abandonment of Premises**

22. If Lessee abandons, vacates or surrenders the Premises, or is dispossessed by process of law, any personal property belonging to Lessee and left on the Premises shall be deemed to be abandoned at the option of the State. Failure by Lessee to occupy and/or use the Premises for a period of thirty (30) days or longer shall constitute abandonment by Lessee.

### **Vacating The Premises**

23. Lessee shall, on the last day of said term or sooner termination of this Lease, peaceably and quietly leave, surrender, and yield to State, all and singular, the Premises in good order,

condition, and repair, reasonable use and wear thereof and damage by acts of nature excepted. Upon termination, a qualified State representative shall inspect the Premises to determine that the Premises were left in accordance to the terms specified. In the event damage has occurred, Lessee shall assume liability for the cost to restore the Premises to its prior condition.

**Construction, Alterations and Repairs**

24. The Lessee shall make no repairs, changes, and/or alterations or post signs to the Leased Premises without first obtaining prior consent from the State in writing.

Lessee is permitted to construct

~~as described in Exhibit "B" consisting of pages and attached hereto and incorporated herein by this reference.~~

No alterations to the Premises or construction of improvements thereon shall be permitted to begin until State has approved the completed plans and specifications for said project. Said plans are to be prepared by an architect registered by the State of California. Once Lessee has provided State said plans and specifications, State shall have a thirty (30) day minimum review period before granting Lessee approval or disapproval of the project in writing.

Request for alterations, additions or improvements shall not be unreasonably denied. Lessee shall, at the time of the request, specify if they desire to retain ownership and/or possession of the alteration, addition, or improvement.

**Disposition of Improvements**

25. Upon termination of this Lease for any cause, Lessee shall remove any and all equipment and improvements of Lessee and restore the entire Premises to its condition prior to the execution of this lease. However, the State may approve, in writing, any deviation from this requirement.

**Mutual Consent**

26. Notwithstanding any provision contained herein to the contrary this Lease may be altered, changed, or amended by mutual consent of the parties hereto in writing.

**Default**

27. Lessee shall pay said rent to the State without deduction, default or delay. In the event of the failure of lessee to do so, or in the event of a breach of any of the other terms, covenants or conditions herein contained on the part of Lessee to be kept and performed and if such default continues for a period of thirty (30) days after receipt of written notice from State to Lessee of such default, this Lease may be terminated. In the event of termination of this Lease, it shall be lawful for State to reenter into and upon the Premises and every part thereof and to remove and store at Lessee's expense all property therefrom and to repossess and occupy the Premises. In the event State terminates this Lease pursuant to this paragraph, the State shall not be required to pay Lessee any sum or sums whatsoever.

**Fire and Casualty Damages**

28. State will not keep improvements which are constructed or installed by Lessee under the provisions of this Lease insured against fire or casualty, and Lessee will make no claim of any nature against State by reason of any damage to the business or property of Lessee in the event of damage or destruction by fire or other cause, arising other than from or out of negligence or willful misconduct of agents or employees of the State of California in the course of their employment.

**Cancellation**

29. Notwithstanding any other provisions contained herein, any violation of the terms or conditions of this Lease or of the department's rules and regulations that continue for a period of thirty (30) days after written notice by the State to Lessee, shall be grounds for immediate cancellation of the Lease and removal of Lessee.

**Notices**

30. All notices or other communications required or permitted hereunder shall be in writing and shall be personally delivered (including by means of professional messenger service) or sent by overnight courier, or sent by registered or certified mail, postage prepaid, return receipt

requested to the addresses set forth below, or sent by electronic facsimile to the telefacsimile numbers set forth below. All such notices or other communications shall be deemed received upon the earlier of: (i) if personally delivered or sent by overnight courier, the date of delivery to the address of the person to receive such notice; (ii) if mailed as provided above, on the date of receipt or rejection; or (iii) if given by electronic facsimile, when received by the other party if received Monday through Friday between 6:00 a.m. and 5:00 p.m. Pacific Standard Time, so long as such day is not a state or federal holiday and otherwise on the next day provided that if the next day is Saturday, Sunday, or a state or federal holiday, such notice shall be effective on the following business day.

**To the Lessee:** City and County of San Francisco  
Real Estate Division  
Attn: 745 Franklin  
25 Van Ness, Suite 400  
San Francisco, CA 94102 **Phone No.:** (415) 557-5644  
**FAX No.:** ()  
**Email:** Alfie.Penaflor@sfgov.org

City and County of San Francisco  
Attn: Alfie Penaflor  
170 Otis Street, 5<sup>th</sup> Floor  
San Francisco, CA 94103 **Phone No.:** (415) 557-5644  
**FAX No.:** ()  
**Email:** Alfie.Penaflor@sfgov.org

**To the State:**  
**DEPARTMENT OF GENERAL SERVICES, PHONE NO. (916) 375-4172**  
**REAL ESTATE SERVICES DIVISION FAX NO. (916) 375-4029**  
**LEASE MANAGEMENT L-3002 Email: leasemanagement@dgs.ca.gov**  
**707 THIRD STREET, SUITE 5-305**  
**WEST SACRAMENTO, CA 95605**

**With a copy to:**  
**EMPLOYMENT DEVELOPMENT DEPARTMENT**  
**800 CAPITOL MALL, MIC 62-8**  
**SACRAMENTO, CA 95814**

Notice of change of address or Fax number shall be given by written notice in the manner described in this section. Lessee is obligated to notice all state offices listed above and the failure to provide notice to all State offices will be deemed to constitute a lack of notice.

The address to which notices shall be mailed as aforesaid to either party, may be changed by written notice given by subject party to the others, as hereinbefore provided; but nothing herein contained shall preclude the giving of any such notice by personal service.

**State's Right of Entry**

31. During continuance in force of this Lease, there shall be and is hereby expressly reserved to State and to any of its agencies, contractors, agents, employees, representatives, or licensees, the right at any and all times, and any and all places to temporarily enter upon said Leased Premises for inspection or other lawful State purposes, provided Lessee is given prior notice of entry. In the event of an emergency, prior notice is not required.

**No Smoking**

32. Smoking is not allowed in or upon the Leased Premises. Lessee will enforce the

smoking prohibition inside the building, and within 15 feet of any entrance.

**Property  
Inspection**

33. Sublessee has visited and inspected the Premises and it is agreed that the area described herein is only approximate and the State does not hereby warrant or guarantee the actual area included hereunder.

**Binding  
Clause**

34. The terms and provisions of this lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties hereon.

**Section Headings**

35. All section headings contained herein are for convenience of reference only, and not intended to define or limit the scope of any provisions of this Lease.

**Relocation**

36. In the event State terminates this Lease pursuant to Paragraphs 3, 24, and/or 26, Lessee acknowledges and agrees that it has no claim against State for relocation payments, relocation advisory assistance, or costs pursuant to government code sections 7260 et seq. or any regulations implementing or interpreting such sections. Lessee further agrees that it has no claim in either law or equity against State for damages or other relief should the Lease be terminated, and waives any such claims it may have.

**Hazardous Substances**

37. State agrees that it will comply with all applicable laws existing during the term of this lease pertaining to the use, storage, transportation, and disposal of any hazardous substance as that term is defined in such applicable law. In the event Lessor or any of its affiliates, successors, principals, employees, or agents should incur any liability, cost, or expense, including attorney's fees and costs, as a result of the State's illegal or alleged illegal use, storage, transportation, or disposal of any hazardous substance, including any petroleum derivative, the State shall indemnify, defend, and hold harmless any of these individuals against such liability, to the extent authorized by Government Code section 14662.5. Where the State is found to be in breach of this provision due to the issuance or a government order directing the State to cease and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition caused by the State or any person acting under State's direct control and authority, State shall be responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by Lessor in connection with or in response to such government order, to the extent authorized by Government Code section 14662.5. In the event a government order is issued naming the State or the State incurs any liability during or after the term of the lease in connection with contamination which pre-existed the State's obligations and occupancy under this lease or which were not caused by the State, Lessor shall hold harmless, indemnify, and defend the State in connection therewith and shall be solely responsible as between State and Lessor for all efforts and expenses thereto.

**Liens**

38. Lessee shall keep the Premises free from all liens and claims of mechanics, material suppliers, and others from work done and material furnished at the request of Lessee. Should any lien or claim of lien be filed or notice be given, Lessee shall cause the same to be immediately canceled and removed, and if so removed, Lessee shall not be in default under the terms of this Lease.

**Time Is of The Essence**

39. Time is of the essence of each and all of the provisions, covenants and conditions of this lease.

**No Oral Agreements**

40. It is mutually understood and agreed that no alterations or variations of the terms of this lease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

**Force Majeure**

41. If either Sublessee or State shall be delayed or prevented from the performance of any act required hereunder by reasons of acts of God, governmental restrictions, regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Sublease) or other cause without fault and beyond the control of the party obligated (except financial inability), performance of such act shall be extended for a period equivalent to the period of such delay. Nothing in this clause shall excuse Sublessee from prompt payment of any rent, taxes, insurance or any other charge required of Sublessee, except as may be expressly provided in this Sublease.

**Bankruptcy**

42 In no event shall this Sublease or the leasehold estate become an asset of Sublessee in bankruptcy, receivership or other judicial proceedings. Sublessee shall be in default under this Sublease and the provisions of the "Right of Entry", Paragraph Number 28 hereof, shall apply in the event of any of the following: (a) Sublessee becomes insolvent or makes an assignment for the benefit of creditors; (b) a petition in bankruptcy is filed by or against Sublessee; (c) a writ of execution is levied against this Sublease or the leasehold estate, (d) Sublessee abandons or vacates or does not continuously occupy or safeguard the Premises.

**Construction Related Accessibility Standard Compliance Act**

43. Pursuant to California Civil Code §1938, the Lessor states that the leased premises:

- have not undergone an inspection by a Certified Access Specialist (CASp). A CASp can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the premises, the Lessor may not prohibit the tenant from obtaining a CASp inspection of the premises for occupancy by the tenant, if requested by the tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.
- have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the leased premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.53 et seq. Lessor shall provide a copy of the current disability access inspection certificate and any inspection report to the State within seven days of the date of execution of the lease pursuant to subdivision (b).
- have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the leased premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.53 et seq." Lessor shall provide a copy of any inspection report to the State prior to the execution of the Lease. If the report is not provided to the State at least 48 hours prior to execution of the lease, the State shall have the right to rescind the lease, based upon the information contained in the report, for 72 hours after execution of the lease.

**Executive Order N-6-22 – Russia Sanctions**

44. On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this lease. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

**City Requirements**

45. State shall comply with the City and County of San Francisco Requirements attached hereto as Exhibit B, titled "City and County of San Francisco Requirements", dated September 13, 2023.

**IN WITNESS WHEREOF, this lease has been executed by the parties hereto as of the date written below**

STATE OF CALIFORNIA

Sublessee

Approval Recommended

DEPARTMENT OF GENERAL SERVICES  
REAL ESTATE SERVICES DIVISION  
ASSET MANAGEMENT BRANCH

CITY AND COUNTY OF SAN FRANCISCO  
A MUNICIPAL CORPORATION

By \_\_\_\_\_  
Koren Howell, Real Estate Officer Real  
Estate Leasing and Planning Section

By \_\_\_\_\_  
Andrico Penick, Business Operations

Date \_\_\_\_\_

Date \_\_\_\_\_

Approved:

APPROVED AS TO FORM:

DIRECTOR OF THE DEPARTMENT  
OF GENERAL SERVICES

DAVID CHIU, City Attorney

By \_\_\_\_\_  
Brian Hensley, Leasing Manager  
Real Estate Leasing and Planning Section

By \_\_\_\_\_  
Vincent L. Brown, Deputy City Attorney

Date \_\_\_\_\_

Date \_\_\_\_\_

EMPLOYMENT DEVELOPMENT DEPARTMENT

By \_\_\_\_\_  
Anthony Scheeler, Division Chief Business  
Operations Planning and Support Division

Date \_\_\_\_\_

EXHIBIT B

September 13, 2023

CITY AND COUNTY OF SAN FRANCISCO REQUIREMENTS

1. **Eminent Domain.** In the event all or part of the LEASE or the PREMISES is taken by eminent domain, City shall have the right to seek an award for the value of its interest in the LEASE taken.
2. **Landlord Ownership of Lease Area.** STATE represents that it leases the PREMISES, and that it is authorized to enter into this LEASE. Any necessary STATE consents have been obtained to enter into this LEASE.
3. **Applicable Law.** This LEASE shall be construed and enforced in accordance with the laws of the State of California.
4. **Non-Discrimination.** In the performance of this LEASE, parties agree to comply with state and federal non-discrimination employment laws.
5. **Controller's Certification of Funds.** The terms of this LEASE shall be governed by and subject to the budgetary and fiscal provisions of the City and County of San Francisco's Charter. Notwithstanding anything to the contrary contained in this LEASE, there shall be no obligation for the payment or expenditure of money by LESSEE under this LEASE unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure.
6. **MacBride Principles – Northern Ireland.** The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles.
7. **Tropical Hardwood and Virgin Redwood Ban.** LESSEE urges companies not to import, purchase, obtain or use for any purpose any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood products.
8. **Bicycle Parking Facilities.** Article 1.5, Section 155.3, of the San Francisco Planning Code (the "**Planning Code**") requires the provision of bicycle parking at City-leased buildings at no cost to STATE. During the Term, City shall have the right to install and maintain, at its sole cost, bicycle parking at the LEASE; provided any improvements to the PREMISES will be subject to STATE's consent as set forth in the LEASE.



**745 Franklin Street** Human Services Agency Lease with State of California,  
Employment Development Department





## Program

- HSA's JobsNow! program supports Western Addition residents in job seeking and employment readiness.
- The State of California, Employment Development Department ("EDD") has offices at 745 Franklin where EDD staff also assists San Francisco residents through its CalWORKS Welfare to Work program.
- HSA and EDD have been working together at the 745 Franklin office to provide clients a full range of support, including application assistance, benefit access and family stabilization services.
- This formal lease allows HSA and EDD to maintain their programmatic cooperation by allowing HSA staff to occupy a portion of the EDD office space.

# The Lease

- ▶ Premises: HSA will occupy approximately 3,344 square feet of the EDD overall office space at 745 Franklin.
- ▶ Parking Lot: HSA is allowed 7 undesignated parking spaces.
- ▶ Term: January 1, 2025 through December 31, 2030 (5 years).
- ▶ Cost: Annual fixed rent of \$105,090.00 (\$31.43 per square foot), no additional charge for parking or any costs beyond the fixed rent.



Questions?

**City & County of San Francisco**  
London N. Breed, Mayor



**Office of the City Administrator**  
Carmen Chu, City Administrator  
Andrico Q. Penick, Director of Real Estate

November 15, 2024

Honorable Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Lease – San Francisco Human Services Agency, JobsNow! Program lease at 745 Franklin Street, State of California, Employment Development Department

Dear Board Members:

#### Background

Submitted for your consideration is a Resolution proposing a 5 year lease (“Lease”) on behalf of the Human Services Agency (“HSA”), for a portion of the office space owned by the State of California (the “State”) and located at 745 Franklin Street, San Francisco (the “Premises”). The Premises consist of approximately 3,344 square feet of administrative space within the offices currently housing the State’s Employment Development Department (the “EDD”).

The co-location of HSA’s JobsNow! Program at the EDD offices housing the State’s CalWORKS Welfare to Work Program, enables continued cooperation between the State and the City to provide clients and potential clients living in the City’s Western Addition with a full range of support, including job seeking and employment readiness, application assistance, benefit access and family stabilization services. This joint effort furthers the shared goal of moving clients towards economic self-sufficiency.

#### Lease

The Real Estate Division (“RED”) negotiated the proposed 5 year, fixed rent Lease, which includes use of 7 undesignated parking spaces and no expenses beyond base rent. If the Resolution is approved by the Board of Supervisors and Mayor and the Lease is fully executed, the term shall commence on January 1, 2025, and terminate on December 30, 2030. The fixed annual Base Rent shall be \$105,090.00 (\$34.43 per square foot).

The Health Services Agency and the Real Estate Division recommend approval.

If you should have any questions regarding this matter, please contact Sandi Levine of our office at 415-361-1555.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrico Q. Penick". The signature is fluid and cursive, with a large initial "A" and "P".

Andrico Q. Penick  
Director of Real Estate