

1 [Real Property Lease - TRINITY CENTER, LLC - 1145 Market Street - Initial Base Rent of
2 \$1,368,445.45]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**
4 **Department of Public Health, Office of Civic Engagement and Immigrant Affairs and**
5 **Drug Market Agency Coordination Center to lease of a portion of the real property**
6 **located at 1145 Market Street with TRINITY CENTER, LLC, a Delaware limited liability**
7 **company, for an initial term of ten years with two five-year extension options to renew**
8 **at an initial annual base rent of \$1,368,445.45 with 3% annual increases; the Lease will**
9 **be effective upon approval of this Resolution; and authorizes the Director of Property**
10 **to enter into amendments or modifications to the Lease that do not materially increase**
11 **the obligations or liabilities to the City and are necessary to effectuate the purposes of**
12 **the Lease or this Resolution.**

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14 WHEREAS, The Mayor and the City Administrator directed the Real Estate Division
15 (“RED”) to identify market opportunities wherein the City could reduce it leasing costs through
16 competitively priced leases and reduce the City’s leased footprint by a more efficient use of
17 space in light of the City’s telecommuting policy; and

18 WHEREAS, The City and County of San Francisco (City), Department of Public
19 Health’s (DPH) main headquarters is located at 101 Grove Street in the Civic Center; and

20 WHEREAS, DPH desires to relocate its staff from 101 Grove including staff in the
21 executive team, Office of Health Equity, Communications, Policy & Planning, Finance, and
22 Facilities teams, and the Health Commission Secretary due to 101 Grove’s SHR-4 seismic
23 classification and inefficient use of space; and

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1 WHEREAS, In an effort to reduce lease costs and consolidate operations, DPH has
2 determined it can also transfer 152 people (220 positions) from 8 locations in both City owned
3 and leased space; and

4 WHEREAS, If this Lease is approved, DPH will not be renewing its leases at 101 New
5 Montgomery and 1360 Mission Street; and

6 WHEREAS, The Drug Market Agency Coordination Center (DMACC) is a vital, multi-
7 agency group led by the Police Department and coordinates efforts in fighting the drug
8 epidemic of the mid-Market region of San Francisco; and

9 WHEREAS, DMACC’s mission is to “coordinate all lines of operational effort – including
10 engagement, enforcement, and treatment – related to disrupting and reducing the severity
11 and number of open-air drug markets on the streets of San Francisco, with the ultimate
12 objective to identify paths to recovery for those sick with substance use disorder;” and

13 WHEREAS, DMACC is currently located at 1155 Market Street and the Lease has
14 expired and is on holdover; and

15 WHEREAS, The Office of Civic Engagement and Immigrant Affairs (OCEIA), is a
16 policy, compliance and grantmaking office, focused on promoting inclusive policies and
17 immigrant assistance programs that lead to full civic, economic and linguistic inclusion; and

18 WHEREAS, OCEIA staffs approximately 23 Full Time Equivalent (FTEs), 4 part-time
19 fellows/interns, and the Community Ambassador Program with over 60 FTE’s, who are out in
20 the field with the community daily; and

21 WHEREAS, OCEIA is located at 1155 Market Street, the Lease has expired and is on
22 holdover; and

23 WHEREAS, RED located available space at 1145 Market Street that accommodates
24 DPH’s consolidation, as well as, space for OCEIA and DMACC; and

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1 WHEREAS, RED, in consultation from DPH, DMACC and OCEIA and the Office of the
2 City Attorney, have negotiated the proposed lease (Lease) with TRINITY CENTER LLC
3 (Landlord) for 45,691 sq.ft. at 1145 Market Street which provides a base rent of \$1,368,445.45
4 per year (\$114,037.12 per month), with annual adjustments of 3%, a copy of the proposed
5 lease is on file with the Clerk of the Board in File No. 240347; and

6 WHEREAS, The Landlord will be providing a Tenant Improvement Allowance in the
7 amount of \$266,445 for construction of leasehold improvements, moving expenses, furniture,
8 fixtures and equipment for Floors 1 and 8 (DMACC and OCEIA); and

9 WHEREAS, RED anticipates that the Tenant Improvement Allowance will be sufficient
10 to cover the anticipated costs for same; and

11 WHEREAS, The Landlord at its sole expense, shall provide services to the Premises,
12 including janitorial, security, water, electricity, and heating, ventilation, and air conditioning
13 (HVAC), Monday through Friday 7:00 a.m. to 6:00 p.m., with City responsible to reimburse
14 Landlord for sub-metered electricity to its leased spaces; and

15 WHEREAS, During the term, City will also be responsible for its proportional share of
16 taxes and Landlord's operating expense increases over the base year of 2025, as set forth in
17 the Lease; and

18 WHEREAS, The initial term of the Lease shall be for ten years, commencing upon
19 approval by the Board of Supervisors and Mayor in their sole discretion; and

20 WHEREAS, Under the proposed Lease, the City has two additional 5-year options to
21 extend, with rent to be 95% of then fair market rental value as of the exercise date of the
22 option, and continuing to be subject to three-percent annual increases thereafter; and

23 WHEREAS, The Director of Property has determined that the base rent is at or below
24 fair market value for similar properties and is less per square foot than the requirement for an
25 independent appraisal under Chapter 23; now, therefore, be it

1 RESOLVED, In accordance with the recommendation of the Director of Property,
2 DPH's Chief Operating Officer (COO), and the Directors of DMACC and OCEIA, and the City
3 Attorney, the Director of Property on behalf of the City, as Tenant, is hereby authorized to take
4 all actions necessary to execute the Lease at 1145 Market Street, floors 1,8, 9, 10 and 11, in
5 San Francisco, at a base rent of \$1,368,445.45 per year, with an annual base rent escalation
6 of 3%, for an initial ten-year term, plus two five-year options to extend; and, be it

7 FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially
8 the form in the Board's File and authorizes the Director of Property to take all actions, on
9 behalf of the City to enter into any additions, amendments or other modifications (including
10 without limitation, the exhibits) to the Lease that the Director of Property determines, in
11 consultation with the City Attorney, are in the best interests of the City, do not materially
12 increase the obligations or liabilities of the City, and are necessary or advisable to complete
13 the transaction and effectuate the purpose and intent of this Resolution and are in compliance
14 with all applicable laws, including City's Charter; and, be it

15 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
16 harmless the Landlord from, and agreeing to defend the Landlord against any and all claims,
17 costs and expenses, including, without limitation, reasonable attorney's fees, incurred as a
18 result of Tenant's use of the Premises, or any negligent acts or omissions of City or its Agents
19 in, on, or about the Premises or the Building; except those claims, costs and expenses
20 incurred to the extent any Claim arises out of the negligence or willful misconduct of Landlord
21 or its Agents ; and, be it

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

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1 FURTHER RESOLVED, That Director of Property shall provide notice to the Board of
2 Supervisors in advance of exercising any authority under the agreement to extend its term;
3 and, be it

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

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Available: \$ 69,703.63
 (base rent for period 6/1/2024 through 6/30/24)

Fund ID:	10000 GF Annual Account Ctrl
Department ID:	251912 HAD DPH Admin Exec
Project ID:	10001784 HA DPH Admin Exec
Authority ID:	10000 Operating
Account ID:	530000 Rents-Leases-Bldgs&Struct-Bdgt
Activity ID:	0001 Exec

Available: \$ 44,333.49
 (base rent for period 6/1/2024 through 6/30/24)

Fund ID:	Fund: 14300 – SR Real Property
Department ID:	Dept: 228875 – ADM Real Estate Division
Project ID:	Project: 10001301 – ADRE Real Estate Projects
Authority ID:	Authority: 17377 – Real Estate Projects

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RECOMMENDED:

/s/ _____
Jenny Louie
Chief Operating Officer
Department of Public Health

RECOMMENDED:

/s/ _____
Peter Walsh
Deputy Chief
Police Department

RECOMMENDED:

/s/ _____
Jorge Rivas, Executive Director
Office of Civic Engagement & Immigrant Affairs

RECOMMENDED:

/s/ _____
Andrico Q. Penick
Director of Real Estate