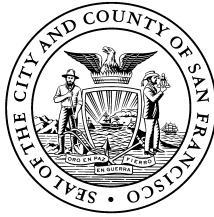


City & County of San Francisco
London N. Breed, Mayor



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

September 7, 2023

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 Agreement – Department of Public Health 2789 25th Street

Dear Honorable Board Members:

Attached please find a Resolution authorizing and approving a lease agreement of approximately 4,943 square feet of office space at 2789 25th Street, designated as suite 2028 on the second floor, of the 62,760 square foot building, owned by the City and County of San Francisco and under the jurisdiction of the Department of Public Health (“DPH”).

In 1993, the San Francisco General Foundation was formed by a dedicated group of volunteers to help meet the needs of vulnerable residents seeking care at Zuckerberg San Francisco General, and providing the City a way to support their public hospital. For nearly thirty years, the partnership between the Foundation and ZSFG has reflected the spirit and values that define San Francisco: Equity, Compassion, Respect, and a Commitment to care for everyone in our City. Since the Foundation was established, it has raised over \$245 million dollars for ZSFG and its current 5- year strategic plan has a goal to raise \$250 million for sorely needed capital improvements on the Outpatient Existing Main Hospital and other ZSFG needs. Through private and public fundraising, the Foundation is committed to supporting the team at ZSFG who play a critical role in solving our city’s most challenging health and social issues.

Major ZSFG programs and initiatives that the Foundation has helped make possible include: the full suite of state-of-the-art furniture, fixtures and equipment for ZSFG’s new hospital building, completed in 2015; the \$ 5 million Transforming Mental and Behavioral Health Fund to improve our delivery systems to more effectively treat this population; providing staff with the resources they need to improve patient care throughout the hospital; over 500 Equity and Innovation “Hearts” grants, totaling \$13 million, to seed new services and initiatives; raising \$5 million for ZSFG’s critical response to the COVID-19 pandemic and launch telehealth services; and helping provide funds for dozens of other programs and services.

As an independent 501(c)3 organization, the San Francisco General Hospital Foundation not only raises significant dollars for ZSFG, but must also pay for its own operating expenses. Since 1995, the City has formally agreed to provide office space to the Foundation at no cost, to help offset these expenses and ensure that the Foundation can focus on raising hundreds of millions of

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dollars for ZSFG over the next coming years, while continuing to uphold its mission to help provide equity, access, and quality health care for all.

The Real Estate Division at the request of the Department of Public Health, negotiated a long-term lease that reflects the agreement of support for the San Francisco General Hospital Foundation, by the Department of Public Health and the City.

The Department of Public Health's Commission approved this agreement on November 1st 2022 and recommends the approval by the Mayor and Board of Supervisors.

A long-term lease at this site, that will commence upon approval by the Board of Supervisors and Mayor, the initial term is twenty years and there are two additional options to extend for 10 years each. Based on longstanding agreements the space was designated to SFGHF, who invested \$2.1 million in tenant improvements to renovate the leased space. These tenant improvements to the leased space will enhance the Foundation's ability to raise funds for the Hospital.

Given the nature of the organization and its value to the City and the Department of Public Health, there is no base rent contemplated, utilities are provided by the city at no cost.

The Department of Public Health, The San Francisco Health Commission and the Real Estate Division recommend and request your approval of the proposed lease agreement.

If should you have any questions regarding this matter, please get in touch with Jeff Suess, or myself, in our office at 415-554-9873.

Respectfully,



Andrico Penick
Director of Property