



June 29, 2021

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

**RE: DPH - Option Exercise in Connection with the Office Lease Located at  
555-575 Polk St. San Francisco Between, Mattison Family Trust ("Landlord") and  
the City and County of San Francisco (the "City")**

Dear Board Members

Attached for your consideration is a resolution ("Resolution") authorizing the exercise of an extension option ("Extension Option") as provided for under Section 3.3 of the above referenced lease, dated November 18, 2011 ("Lease"). The existing Lease expires on July 31, 2021. The proposed Resolution approving the Extension Option, would extend the Lease term by five (5) years ("Extended Term"), terminating in 2026. The City, on behalf of its Department of Public Health ("DPH"), entered into the Lease located at 555-575 Polk Street (the "Building") for approximately 9,000 square feet of ground floor space ("Ground Floor Premises"). The Lease was adopted by the Board of Supervisors by way of Resolution 67-12. As a companion to the Lease, Resolution 68-12 was adopted by the Board of Supervisors which authorized the City to expand the office space under the Lease, to include an additional 9,000 square feet on the second floor ("Second Floor Premises") of the Building.

DPH operates the Community Justice Center ("CJC") located within the Second Floor Premises, providing court authorized alternatives to incarceration, in partnership with the Superior Court of San Francisco ("SF Superior Court"). The City, as master tenant, subleased the Ground Floor Premises, dated December 2, 2011, to the State of California's Administrative Office of the Courts (the "AOC") and adopted by the Board of Supervisors under Resolution 67-12 ("Sublease"). The AOC and SF Superior Court are co-occupants of the Ground Floor Premises and the term of the Sublease co-terminates with the term of the Lease, thereby automatically extending the term of the Sublease upon any extension of the Lease.

The extended Term of the Lease will commence on August 1, 2021. The monthly rent for the Extended Term will remain the same as the current base rent of \$41,697 (or \$2.32 per sq. ft. per month) which will not increase over the Extended Term. The City shall continue to pay for its own janitorial and its prorata share of common area expenses and other typical tenant costs. The annual rate of \$500,364 (or \$27.84 per sq. ft., per year) is below the threshold amount that requires an appraisal.

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If you have any questions regarding the lease terms, please contact Joshua Keene of the Real Estate Division at [joshua.keene@sfgov.org](mailto:joshua.keene@sfgov.org).

Sincerely,



Andrico Q. Penick  
Director of Property