



September 19, 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, 720 Sacramento Street

Dear Board Members:

Attached, for your consideration, is a Resolution authorizing and approving an amendment to a lease agreement of approximately 9,250 square feet at 716-720 Sacramento Street for the Department of Public Health (DPH). DPH has occupied the premises since 1996 and currently operates the Chinatown Child Development Center (CCDC) at this location.

The CCDC's mission is to promote the social-emotional well-being of children, youth, and their families in San Francisco by providing comprehensive mental health services which are easily accessible and linguistically and culturally appropriate. The majority of CCDC staff speak an Asian or Pacifica Island language in addition to English, Cantonese, Mandarin, and Vietnamese. Multi-disciplinary staff consist of Clinical Social Workers, Marriage and Family Therapists, Clinical Psychologists, Psychiatrists, Health Workers, etc. CCDC staff trains next generation workforce by being an internship and practicum site for graduate students in social work, marriage and family therapy, professional clinical counseling and psychology. It has collateral contracts with parents and significant others; case management service; medication support services as well as psychological testing. CCDC also serves the fabric of the Asian and Pacifica Island community in the City. CCDC celebrated 50 years of service to the community in October of 2022.

The current Lease provides for a five (5) year option to renew at a fixed price that exceeds the Real Estate Division's determination of the current fair market rent. In addition, the DPH desired flexibility in the termination date to allow possible relocation to a new space in the future.

The Real Estate Division negotiated amended terms reflecting the fair market rent as well as a modified term. The Director of Property opines that the proposed base rent of \$40 per sq. ft., is 95% of fair market rental value; for a full-service, fair market annual base rent for the initial term is \$370,000, with 3% annual rent increases. The amendment provides for a term of three (3) years (down from five), with two (2) one (1) year options to extend, to allow DPH the requested flexibility in the length of the term.

The Department of Public Health and Real Estate Division recommend approval.

If you have any questions regarding this matter, please contact Jeff Sues of our office at 415-554-9873.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrico Q. Penick".

Andrico Q. Penick
Director of Real Estate