

1 [Real Property Lease - AIM TWO - 755 and 759 South Van Ness Avenue - \$626,146.29 Initial
2 Annual Base Rent]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**
4 **Department of Public Health, to execute a Lease Agreement for continued use of office**
5 **and clinic space at 755 and 759 South Van Ness Avenue and the adjacent parking lot**
6 **with AIM TWO, as Landlord, effective upon approval of the Resolution by the Board of**
7 **Supervisors and the Mayor and upon execution of the Lease by the Director of**
8 **Property, terminating on December 31, 2027, at the monthly base rent of \$52,178.86 for**
9 **a total annual base rent of \$626,146.29 with annual 3% to 5% CPI increases; plus one**
10 **five-year extension option; and authorizing the Director of Property to enter into**
11 **amendments or modifications to the Lease that do not materially increase the**
12 **obligations or liabilities to the City, do not materially decrease the benefits to the City**
13 **and are necessary or advisable to effectuate the purposes of the Lease or this**
14 **Resolution.**

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16 WHEREAS, The Department of Public Health (“DPH”) has occupied and delivered
17 clinical public health services from approximately 13,545 square feet of office space located
18 at 755 and 759 South Van Ness Avenue and the adjacent parking lot comprising
19 approximately 3,675 square feet (“the Premises”), under sequential leases entered into with
20 AIM TWO, as Landlord, since 2001; and

21 WHEREAS, DPH delivers outpatient mental health care, case management and other
22 supportive services for children, families and adults of all ages residing in San Francisco
23 through three programs located at this site - Mission Family Center, South Van Ness Adult
24 Health, and the Transitional Age Youth Programs; and

1 WHEREAS, The Department of Health desires and seeks to continue operating these
2 vital programs at the Premises; and

3 WHEREAS, The lease terminated on December 31, 2022, and DPH has been
4 occupying the Premises on holdover pursuant to Section 23.13 of the lease; and

5 WHEREAS, The Real Estate Division, on behalf of the Department of Public Health,
6 negotiated continued occupancy on a month to month basis as of January 1, 2023, at an
7 annual base rent of \$626,146.29 (\$46.23 per square foot, net of utilities; \$52,178.86 monthly)
8 while the parties negotiated a new lease for the Premises to commence after approval by the
9 Board of Supervisors and Mayor (“Holdover Rate”); and

10 WHEREAS, The City and Landlord have negotiated a proposed new four-year lease
11 terminating on December 31, 2027, at the same Holdover Rate (the “Lease”), a copy of which
12 is on file with the Clerk of the Board of Supervisors in File No. 240006; and

13 WHEREAS, The Lease provides one extension option of five years at a new base rent
14 equal to 95% of the Fair Market Rental price to be established at the time of extension in
15 accordance with the Lease; and

16 WHEREAS, The Director of Property has determined, in accordance with
17 Administrative Code, Section 23.27, that the proposed annual base rent (Holdover Rate) is at
18 or below Fair Market Value; and

19 WHEREAS, DPH will be responsible for providing, at its cost, separately metered
20 utilities on the Premises; and

21 WHEREAS, Landlord, at its sole cost, will be responsible for providing janitorial service;
22 now, therefore, be it

23 RESOLVED, That in accordance with the recommendation of the Director of Property,
24 on behalf of the Department of Public Health, the Board of Supervisors approves the Lease in
25 substantially the form in the Board’s File and authorizes the Director of Property to take all

1 actions on behalf of the City necessary or advisable to effectuate the Lease Agreement with
2 AIM TWO as the landlord for 755 and 759 South Van Ness Avenue; and, be it

3 FURTHER RESOLVED, The base rent for the initial year shall be \$626,146 and
4 thereafter subject to annual CPI adjustments at or between three and five percent and cost of
5 utilities; and, be it

6 FURTHER RESOLVED, That the Director of Property is authorized to enter into any
7 additions, amendments or other modifications (including without limitation, the exhibits) to the
8 Lease that the Director of Property determines, in consultation with DPH and the City
9 Attorney, are in the best interests of the City, do not materially increase the obligations or
10 liabilities of the City, and are necessary or advisable to complete the transaction and
11 effectuate the purpose and intent of this Resolution and are in compliance with all applicable
12 laws, including City's Charter; and, be it

13 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
14 harmless the City from, and agreeing to defend the City against any and all claims, costs and
15 expenses, including, without limitation, reasonable attorney's fees, incurred as a result of
16 Tenant's use of the Premises, any default by the Tenant in the performance of any of its
17 obligations under the Lease or any acts or omissions of Tenant or its agents, in, on or about
18 the Premises or the property on which the Premises are located, except those claims, costs
19 and expenses incurred exclusively as a result of active gross negligence or willful misconduct
20 of City or its agents; and, be it

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

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

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