



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator

December 23 2014

John Updike
Director of Real Estate

Through Naomi Kelly,
City Administrator

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

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 DEC 23 PM 3:11

Re: Proposed lease of 2 Gough St., aka 86 Otis St., San Francisco

Dear Board Members:

Attached for your consideration is a Resolution authorizing the lease of 2 Gough St., aka 86 Otis St. comprising approximately 13,938 square feet on the first and second floors for the Human Services Agency's Department of the Aging and Adult Services serving adults with disabilities and seniors.

The proposed lease is for an initial term of five (5) years commencing upon approval of the transaction and substantial completion of the tenant improvements discussed below. City shall have one five (5) year option term to extend the lease term based on the same terms and conditions except that the rent shall be adjusted to 95% of the then prevailing rent for similar Premises.

On behalf of the Human Services Agency, the Real Estate Division negotiated a lease at a fair market rent of \$40,652.50 per month (\$2.92 psf), subject to 3% annual rent adjustments. The base fair market monthly rent is net of utilities and janitorial services with a 2015 base year for operating expenses.

Upon approval of the lease, Landlord shall construct the premises through its general contractor in accordance with approved plans and specifications in compliance with LEED Gold Certification as required by the Green Building Ordinance. Landlord shall provide a tenant improvement allowance of \$117,079, or approximately \$8.40 psf to improve the premises for City's use. City shall be responsible for all costs in excess of the allowance estimated to be \$610,695.

The Human Services Agency and Real Estate Division recommend approval of the proposed lease. We are advised that funds are available in Appropriation No. 45ADOH for fiscal year 2014-2015.

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If you have any questions in this regard, please contact Claudine Venegas of my staff at 554-9872 or David Curto with the Human Services Agency at 557-5587.

Respectfully,

A handwritten signature in cursive script, appearing to read "Claudia J. Updike, for". The signature is written in black ink and is positioned above the printed name.

John Updike
Director of Property

cvh:\86 Otis bos final cvr ltr

Attachments

cc: David Curto, Human Services Agency