



BAKER PLACES

BOARD OF DIRECTORS

Brian Schneider
President

March 26, 2024

Chuan Teng
Chief Executive Officer

San Francisco Board of Supervisors, Budget & Finance Committee
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102-4689

Re: Baker Places, Inc. Comment on BLA Recommendation re: Debt Repayment Agreement, File 24-0192

On March 27, 2024, Baker Places, Inc. (Baker) will appear with the Department of Public Health (DPH) before the Board of Supervisors Budget and Finance Committee (Committee) to present a Debt Repayment Agreement and Purchase and Sale Agreement that resolves \$7.67 million in City Debt.

Comment on BLA Recommendation #2

Baker is appreciative of the Budget and Legislative Analyst's (BLA) recent recommendation to approve the Debt Repayment Agreement and Purchase and Sale Agreement.

I write to provide additional information and context with respect to the BLA's second recommendation that the Board of Supervisors request a plan from the Mayor's Office of Housing and Community Development and DPH to assume ownership of 214 Dolores Street and 2153-2157 Grove Street and place these properties under the jurisdiction of DPH.

EIN: 94-1694551

BLA cites insufficient real estate and asset management capacity and revenue sources for long-term capital needs as reasons for its recommendation. The BLA appears to have based its recommendation on Baker's financial sustainability plan, which the organization started developing in fall 2022. Since that time, Baker has significantly expanded its real estate and asset management capacity.

I respectfully request the Committee's consideration of the following in its assessment of the BLA's second recommendation:

- 1) **Destabilizing for Clients, Services, and Staff.** Developing a plan to transfer 214 Delores Street and 2153-2157 Grove Street House would cause unnecessary disruption, stress, and anxiety for clients (particularly those who are high-risk) and staff.
- 2) **Expanded Capacity.** Baker has the capacity and resources to effectively manage these properties. Over the past 18 months, Baker has expanded capacity for property management by hiring a Capital Assets Manager, implementing property management software, and making replacement reserve deposits for future capital needs on owned properties.
- 3) **Identified Revenues for Capital Needs.** Baker has identified revenue sources for long-term capital needs. Per Baker's financial sustainability plan, the organization uses client fees and rents, which are non-City contract funds, to make annual capital investments.
- 4) **Revenue Generating Properties.** Both 214 Dolores Street and 2153-2157 Grove Street House generate revenues that are key to Baker's financial stability. 214 Delores Street in particular, generates non-City contract revenues through rent. Transferring 214 Dolores Street to the City would eliminate this important revenue stream that also helps Baker diversify funds.

Baker has significantly expanded its asset management capacity and identified revenue sources for long-term capital needs. As such, Baker is capable and well-positioned to maintain these properties into the future. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chuan Teng', with a stylized, cursive script.

Chuan Teng, CEO