

File No. 250518

Committee Item No. 10

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date June 18, 2025

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
|                                     |                          | • RED Letter 5/8/2025                        |
|                                     |                          | • MYR Memo 5/13/2025                         |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER [\(Click on hyperlinks to be forwarded to the Legislative Research Center to view the entirety of voluminous documents\)](#)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <a href="#">Original Lease</a>             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PLN GPR Note to File 5/6/2025</u>       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PLN CEQA Memorandum 5/6/2025</u>        |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PLN General Plan Referral 8/18/2023</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>HSH Presentation 6/12/2025</u>          |
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Completed by: Brent Jalipa Date June 12, 2025

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Real Property Lease Amendment - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177  
2 Jerrold Avenue - Temporary Shelter - Additional Improvements Up to \$3,055,982]

3 **Resolution approving the First Amendment and authorizing the Director of Property, on**  
4 **behalf of the Department of Homelessness and Supportive Housing, to amend the**  
5 **lease with LAWRENCE B. STONE PROPERTIES #08, LLC, as landlord of the real**  
6 **property located at 2177 Jerrold Avenue (“Property”), for continued use as a temporary**  
7 **shelter program, submitted under Chapter 21B of the Administrative Code as a Core**  
8 **Initiative Lease; authorizing the City's contribution of up to \$3,055,982 for additional**  
9 **improvements, including any pre-development costs incurred, to add approximately 82**  
10 **shelter beds through a dorm buildout to an existing building on the Property, and a**  
11 **utilities upgrade at the property to support the expanded footprint of the temporary**  
12 **shelter program, effective upon approval of this Resolution, with no changes to the**  
13 **term of January 2, 2024, through January 1, 2039; affirming the Planning Department’s**  
14 **determination under the California Environmental Quality Act, and adopting the**  
15 **Planning Department’s findings of consistency with the General Plan, and the eight**  
16 **priority policies of the Planning Code, Section 101.1; and authorizing the Director of**  
17 **Property to execute any amendments, make certain modifications and take certain**  
18 **actions that do not materially increase the obligations or liabilities to the City, do not**  
19 **materially decrease the benefits to the City and are necessary or advisable to**  
20 **effectuate the purposes of the lease agreement or this Resolution.**

21  
22 WHEREAS, On February 11, 2025, the Board of Supervisors adopted Ordinance  
23 No. 010-25, codified in Chapter 21B of the Administrative Code, to suspend and delegate  
24 certain approvals for Contracts and Leases necessary to accelerate the City’s response to  
25

1 homelessness, drug overdoses and substance use disorders, mental health needs, integrated  
2 health needs, and public safety hiring (the “Core Initiatives”); and

3 WHEREAS, The Mayor introduced this Resolution under Section 21B.3(c) of the  
4 Administrative Code; if the Board of Supervisors fails to act on the Resolution within the  
5 timeframe identified in Section 21B.3(c)(6), the Mayor will have authority to approve the First  
6 Amendment to the Lease Agreement identified below; and

7 WHEREAS, The Department of Homelessness and Supportive Housing’s (“HSH”) mission is to prevent homelessness when possible and to make homelessness a rare, brief  
8 and one-time experience in San Francisco through the provision of coordinated,  
9 compassionate, and high-quality services; and

10  
11 WHEREAS, With the adoption of Resolution No. 319-18 in October 2018, the Board of  
12 Supervisors declared a shelter crisis and affirmed San Francisco’s commitment to combatting  
13 homelessness and creating or augmenting a continuum of shelter and service options for  
14 those experiencing homelessness; and

15 WHEREAS, The City is committed to offering a variety of shelter services focused on  
16 connecting people living unsheltered in our community to housing; and

17 WHEREAS, In March 2025, Mayor Lurie released “Breaking the Cycle”, an executive  
18 directive to break cycles of homelessness and addiction by enabling more effective  
19 coordination across departments and outlining both immediate actions and longer-term  
20 reforms including the goal of adding 1,500 new interim housing beds; and

21 WHEREAS, According to the 2024 Point-in-Time Count, there were 4,354 people  
22 experiencing unsheltered homelessness in San Francisco, 23% of which were in District 10;  
23 and

24 WHEREAS, On December 12, 2023, the Board of Supervisors adopted Resolution  
25 No. 602-23, approving a lease for the real property consisting of approximately 98,000 square

1 feet and two buildings totaling approximately 23,591 square feet located at 2177 Jerrold  
2 Avenue (the “Property”), with LAWRENCE B. STONE PROPERTIES #08, LLC (“Landlord”),  
3 for an initial term of 15 years with two five-year options; an initial annual base rent of  
4 \$2,469,606 and a City contribution of \$5,866,869 for tenant improvements for use by HSH as  
5 a temporary shelter program (“Lease Agreement”); and

6 WHEREAS, The Property affords the City an excellent opportunity to offer shelter  
7 options to the Bayview community, and provides the opportunity for a phased expansion of  
8 the temporary shelter program subject to available funding; and

9 WHEREAS, In April 2025, HSH opened Phase 1 of Jerrold Commons, a temporary  
10 shelter program serving up to 68 older adults experiencing homelessness across 60 non-  
11 congregate cabins at the Property (the “Program”); and

12 WHEREAS, The City desires to initiate Phase 2 of the Program through an amendment  
13 to the Lease Agreement, which is necessary to support the Core Initiative of addressing  
14 homelessness under the San Francisco Administrative Code, Section 21B, as the City would  
15 add an additional 82 shelter beds through a dorm build-out of an existing building on the  
16 Property into a congregate dormitory, and upgrade utilities to support the expanded footprint  
17 of the Program (the “Additional Improvements”) under the terms of the First Amendment; and

18 WHEREAS, The Real Estate Division (“RED”) in consultation with HSH and the Office  
19 of the City Attorney, negotiated the First Amendment to the Lease Agreement with the  
20 Landlord to include the Additional Improvements, with no other changes to the original terms  
21 of the Lease Agreement (“First Amendment”), a copy of which is on file with the Clerk of the  
22 Board of Supervisors in File No. 250518; and

23 WHEREAS, The Landlord has agreed to provide these Additional Improvements, the  
24 cost of which shall not exceed \$3,055,982, including any pre-development costs incurred, as  
25 reflected in the First Amendment; and

1           WHEREAS, The City agrees to reimburse the Landlord for the cost of the Additional  
2 Improvements as detailed in Schedule 1 of Exhibit G of the First Amendment, that includes  
3 pre-development costs that may have incurred prior to entering into the First Amendment, for  
4 a total cost up to \$3,055,982 as the agreed upon cost of the Additional Improvements; and

5           WHEREAS, The First Amendment, upon approval of this Resolution by the Board of  
6 Supervisors, will be on the same terms and conditions as the Lease Agreement and will be  
7 substantially in the form of the City's lease amendment template, incorporating City-standard  
8 requirements, and will neither have an impact of \$25 million or more nor extend the term of  
9 the underlying Lease Agreement; and

10           WHEREAS, The First Amendment requires Board of Supervisors approval under  
11 Section 9.118 of the Charter; and

12           WHEREAS, The Planning Department, through a letter dated May 6, 2025, ("Planning  
13 Letter") determined that the proposed expansion of the existing temporary shelter at the  
14 Property is not subject to the California Environmental Quality Act ("CEQA") pursuant to  
15 Assembly Bill 101, California Government Code, Sections 65660 - 65668, a copy of the  
16 Planning Letter is on file with the Clerk of the Board of Supervisors in File No. 250518; and

17           WHEREAS, The Planning Department, through a letter dated May 6, 2025, ("General  
18 Plan Findings Letter") determined that the expansion of scope to the original project is  
19 consistent and on balance with the General Plan, and the eight priority policies of Planning  
20 Code, Section 101.1 ("General Plan Findings"); a copy of the General Plan Findings Letter is  
21 on file with the Clerk of the Board of Supervisors in File No. 250518; now, therefore, be it

22           RESOLVED, That in accordance with the recommendation of the HSH Executive  
23 Director and the Director of Property, the Board of Supervisors approves the First Amendment  
24 in substantially the form presented to the Board and hereby authorizes the Director of  
25 Property, or their designee, to execute the Lease Amendment; and, be it

1           FURTHER RESOLVED, The Board of Supervisors affirms the Planning Department's  
2 CEQA Determination and General Plan Findings, for the same reasons as set forth in the  
3 Planning Letter and General Plan Findings Letter, and hereby incorporates such findings by  
4 reference as though fully set forth in this Resolution; and, be it

5           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
6 Property, or their designee, to take all actions on behalf of the City to enter into, execute, and  
7 perform its obligations under the First Amendment, and any other documents that are  
8 necessary or advisable to effectuate the purpose of this Resolution and the First Amendment;  
9 and, be it

10          FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
11 Property to make certain modifications and take certain actions that do not materially increase  
12 the obligations or liabilities to the City, do not materially decrease the benefits to the City and  
13 are necessary or advisable to effectuate the purposes of the First Amendment or this  
14 Resolution and are in compliance with all applicable laws; and, be it

15          FURTHER RESOLVED, That within thirty (30) days of the First Amendment being fully  
16 executed by all parties, HSH shall submit to the Clerk of the Board of Supervisors a fully  
17 executed copy for inclusion in the official file.

Funds Available for use in Fiscal Year 2025-2026:  
\$3,055,982

Fund ID:	10582 - SR OCOH Nov18 PropCHomelessSvc
Department ID:	203646 - HOM PROGRAMS
Project ID:	10036749 - HOM Shelter and Hygiene
Authority ID:	21533 - HOM Shelter and Hygiene
Account ID:	538010 – Community Based Org Srvcs
Activity ID:	14 – District 10 Shelter Program

/s/  
Budget and Analysis Division Director  
on behalf of Greg Wagner, Controller

RECOMMENDED:

/s/  
Andrico Penick  
Director of Property  
Real Estate Division

/s/  
Shireen McSpadden  
Executive Director  
Department of Homelessness and Supportive Housing

/s/  
Daniel Lurie  
Mayor

<p><b>Item 7</b> <b>File 25-0518</b></p>	<p><b>Department:</b> Department of Homelessness and Supportive Housing (HSH)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed resolution would approve the first amendment to the lease between the Department of Homelessness and Supportive Housing (HSH) as tenant and Lawrence B. Stone Properties #08, LLC as landlord for the property located at 2177 Jerrold Avenue, authorizing the City to contribute up to \$3,055,982 for additional improvements, with no changes to the lease term or base rent.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>In December 2023, the Board of Supervisors approved a lease between HSH and Lawrence B. Stone Properties #08, LLC as landlord for an approximately 98,000-square foot parcel of land with two buildings, located at 2177 Jerrold Avenue. The original plan for the site was to construct 60 shelter cabins and 20 safe parking spaces, for a total capacity of approximately 95 guests. In April 2025, HSH opened Phase 1 of the 2177 Jerrold project (Jerrold Commons), which includes 60 cabins. However, to maximize capacity at the site, HSH has decided not to move forward with the safe parking spaces, and instead plans to construct approximately 82 shelter beds in Building B.</li> <li>Under the proposed lease amendment, the City would contribute up to \$3,055,982 to fund the shelter expansion of approximately 82 beds in a dormitory-style congregate setting. The lease term and base rent would not change. HSH has issued a Request for Information (RFI) to select a nonprofit provider to operate the site and provide supportive services.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>The proposed First Amendment would authorize HSH to contribute up to \$3,055,982 to fund the Jerrold Avenue shelter expansion. At this time, HSH estimates an operating cost of \$125 per bed per night, including meals, or approximately \$3.7 million per year. The improvements would be funded by Proposition C funds, and the operating costs would be funded by a combination of Proposition C and State funds.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>The Jerrold project was originally intended to include approximately 20 safe parking sites. Due to the high costs of operating the safe parking locations and the limited success in moving residents into shelter or permanent housing, HSH has canceled plans to include safe parking on the Jerrold site and has no plans to open additional safe parking locations.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Due to the shift in site configuration, approval of the proposed resolution is a policy matter for the Board of Supervisors.</li> </ul>	

**MANDATE STATEMENT**

City Administrative Code Section 23.27 states that any lease with a term of one year or longer and where the City is the tenant is subject to Board of Supervisors approval by resolution.

**BACKGROUND**

In December 2023, the Board of Supervisors approved a lease between the Department of Homelessness and Supportive Housing (HSH) and Lawrence B. Stone Properties #08, LLC as landlord for an approximately 98,000-square foot parcel of land with two buildings, located at 2177 Jerrold Avenue (File 23-1197). The lease has a term of 15 years through November 2038, with two five-year options to extend through November 2048, and an initial base rent of \$2,469,600, with three percent annual escalation. In the December 2023 hearing on the original lease, HSH noted that the significant size of the parcel would allow for expanded capacity when funding was identified.

The site consists of a parking area and two buildings. The original plan for the site was to construct 60 shelter cabins and 20 safe parking spaces, for a total capacity of approximately 95 guests. To support the guests, Building A would be used for administration and community space, and Building B would be used for additional community space, storage, and restrooms and showers. The estimated cost to renovate the buildings and construct the cabins and parking spaces was approximately \$7.5 million. Work would be completed by the landlord, and the City would reimburse the landlord for up to \$5,866,869 in improvement costs.

In April 2025, HSH opened Phase 1 of the 2177 Jerrold project (Jerrold Commons), which includes 60 cabins serving approximately 68 homeless adults. However, to maximize capacity at the site, HSH has decided not to move forward with the safe parking spaces, and instead plans to construct approximately 82 shelter beds in Building B. HSH has designated eight cabins to be dedicated to serving people living in vehicles in the area, with three of those occupied as of June 2025. The Real Estate Division (RED) has negotiated a lease amendment on behalf of HSH to include the 82 shelter beds and increase the City’s contribution to fund these improvements.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the first amendment to HSH’s lease with Lawrence B. Stone Properties #08, LLC for the property at 2177 Jerrold Avenue, authorizing the City’s contribution of up to \$3,055,982 for additional improvements, with no changes to the lease term or base rent. The resolution also affirms the Planning Department’s determination under the California Environmental Quality Act (CEQA), adopts the Planning Department’s findings of consistency with the General Plan and Planning Code, and authorizes the Director of Property to make further immaterial amendments to the lease.

Under Chapter 21B of the Administrative Code (File 25-0040), the Mayor may approve certain contracts and leases related to homelessness, substance abuse, mental and integrated health, and public safety (“Core Initiatives”), even if they exceed \$10 million, if the Board of Supervisors fails to act on the legislation within 45 days of publication by the Clerk of the Board. The proposed

resolution was posted on Legistar on May 16, 2025, so the Board's deadline to act is June 30, 2025.

### **Tenant Improvements For Program Expansion**

Under the proposed lease amendment, the City would contribute up to \$3,055,982 to fund the shelter expansion of approximately 82 beds in Building B in a dormitory-style congregate setting, which would be designated for older adults over age 50. The funding includes approximately \$1.8 million in construction and soft costs for the Building B improvements and approximately \$1.2 million in electrical upgrades from PG&E. Work would be completed by the landlord's contractor and reimbursed by the City. The costs for the proposed construction appear consistent with other HSH shelter projects and other City tenant improvement projects. HSH estimates a construction timeline of approximately six to seven months of the dorm buildout and 12-13 months for the electrical upgrades, and that the shelter can open before the electrical upgrades are complete. The original lease provided for City funding of approximately \$1.1 million to install restrooms and showers in Building B. These upgrades have been completed and will serve both the existing cabin guests and the expanded shelter capacity.

### **Site Operator**

WeHOPE operates the Jerrold Commons cabins and provides supportive services. Rather than increasing WeHOPE's contract to support the expanded shelter capacity, HSH released a Request for Information (RFI) in April 2025 to identify qualified nonprofit providers to operate various shelter sites, including expanded capacity at Jerrold Commons. The RFI is seeking organizations with the following qualifications: (1) at least two years of shelter operations experience, (2) at least two years working with people experiencing homelessness, and (3) current registration as a City supplier. While WeHOPE is invited to respond, the site expansion would require a significant capacity increase for any provider that is selected, along with the ability to serve older adults and provide expanded services for this population. Responses to the RFI were due May 28, 2025, and HSH plans to use its streamlined procurement authority in Administrative Code Chapter 21B to award agreements without any further requests for proposals.

### **FISCAL IMPACT**

The proposed first amendment would authorize HSH to contribute up to \$3,055,982 to fund the Jerrold Avenue shelter expansion. The base rent of the lease would not change. The cost breakdown is shown in Exhibit 1 below.

**Exhibit 1: 2177 Jerrold Avenue Shelter Expansion Budget**

Item	Amount
<b>Building B Dorm Buildout Construction</b>	
Construction	\$1,358,614
Soft Costs (Design and Construction Management)	95,000
Contingency (10% of Construction and Soft Costs)	145,361
Other Costs <sup>1</sup>	210,261
<i>Building B Dorm Buildout Subtotal</i>	<i>\$1,809,236</i>
<b>PG&amp;E Service Upgrade</b>	
Construction	\$843,628
Contingency (10% of Construction Costs)	84,363
Other Costs	118,755
PG&E Owner Fees	200,000
<i>PG&amp;E Service Upgrade Subtotal</i>	<i>\$1,246,746</i>
<b>Total Not-to-Exceed</b>	<b>\$3,055,982</b>

Source: Proposed Lease Amendment

The total budget includes \$229,724 in contingencies, which is 10 percent of construction and soft costs. Additionally, the budget includes \$129,471 in contractor overhead and profit, \$135,999 in landlord management fees (to oversee the contractor per the lease that allows for a five percent project management fee), and \$200,000 in PG&E owner fees, which PG&E requires for services upgrades. HSH plans to use Proposition C funds to fund these improvements.<sup>2</sup>

As noted above, HSH has not selected a provider to operate the shelter expansion and therefore has not determined the operating costs. At this time, HSH estimates a cost of \$125 per bed per night, including meals. With an 82-bed capacity, this equates to an annual operating cost of approximately \$3.7 million, or \$2.8 million per year more than serving 20 RV slots. HSH anticipates funding this cost using a combination of Proposition C funds, State Behavioral Health Bridge Housing (BHBH) funds, and by applying for State grants.

**POLICY CONSIDERATION**

**Change in Site Configuration from Previous Board Approval**

As noted above, the 2177 Jerrold Avenue project was originally intended to include approximately 20 safe parking sites. HSH previously operated safe parking locations at 2340 San Jose Avenue from November 2019 through March 2021 and at the Candlestick Point State Recreation Area from January 2022 through March 2025. Due to the high costs of operating the safe parking locations and the limited success in moving residents into shelter or permanent housing, HSH has canceled plans to include safe parking on the Jerrold site and has no plans to open additional safe parking locations. According to Legislative Affairs Manager Schneider, HSH

<sup>1</sup> Other costs include inspections, insurance, payroll tax, overhead and profit, and a landlord management fee.  
<sup>2</sup> Proposition C, approved by San Francisco voters in 2018, is a gross receipts tax to fund homeless services and housing.

is considering other expansion options to increase shelter capacity at the Jerrold site that had previously been designated for safe parking, although details have not been determined.

Due to the shift in site configuration from plans previously approved by the Board of Supervisors, the Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter.

**RECOMMENDATION**

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

**FIRST AMENDMENT TO LEASE**

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") is made as of the Effective Date defined below, in San Francisco, California, by and between LAWRENCE B. STONE PROPERTIES #08, LLC, a Washington limited liability company ("**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**" or "**Tenant**") acting by and through the Real Estate Division of the Office of the City Administrator on behalf of the Department of Homelessness and Supportive Housing ("**HSH**"), pursuant to San Francisco Board of Supervisors' Resolution No. \_\_\_\_\_, adopted by the board on \_\_\_\_\_, 2025, and with reference to the following facts and understandings:

**RECITALS**

THIS AMENDMENT is made with reference to the following facts and circumstances:

- A. City and Landlord are parties to that certain Lease dated for reference purposes as of November 1, 2023 (the "**Lease**") for the City's lease of the that certain real property and the improvements thereon located at 2177 Jerrold Avenue, San Francisco, California (APN Block/Lot 5285A / 005), as authorized by San Francisco Board of Supervisor's Resolution No. 602-23, adopted on December 12, 2023.
- B. HSH and Landlord have agreed to Landlord's completion of two (2) projects on the Property, consisting of the building of dorms within Building 2 and undertaking certain electrical utility work, as such work may be requested of Landlord by City under Lease Section 4.12 (Additional Services). The two projects to be undertaken by Landlord are further described in the May 2025 Work Letter attached to this Amendment as **Exhibit A** and incorporated herein by this reference.
- C. City and Landlord now desire to enter into this Amendment to memorialize the terms and conditions of Landlord undertaking the work of the two projects.
- D. Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Lease.

ACCORDINGLY, in consideration of the foregoing Recitals, which are incorporated into this Amendment by this reference, the mutual promises and obligations of the parties contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and Landlord agree as follows:

**1. Amendments to Lease.**

- a. **Appendment of Exhibit G.** The "May 2025 Work Letter" attached to this Amendment as **Exhibit A** (the "**Work Letter**"), together with the schematic designs attached to the Work Letter as an exhibit and Schedule 1 (the "**Schedule**"), are hereby appended to the Lease as **Exhibit G**. The Work Letter defines the terms and conditions for the Landlord's completion of, and City's reimbursement for, both projects while the Schedule provides diagrams and budgets in a total not to exceed amount of (\$3,055,982), consisting of (\$1,809,236) for the dorm buildout that is to take place at Building 2 and (\$1,246,746) for a Utilities Upgrade. **Exhibit G** is hereby incorporated into the Lease by this reference.

b. **Amendment and Restatement of Lease Section 23.3.** Lease Section 23.3 (Prevailing Wages and Working Conditions) is amended and restated in its entirety and shall hereinafter read as follows:

**“23.3. Prevailing Wages and Working Conditions**

Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Labor and Employment Code Section 101.1. Landlord will require its Contractors and Subcontractors performing work on any Covered Project at the Premises to pay Prevailing Wages in accordance with the requirements of San Francisco Labor and Employment Code Article 103 and employ Apprentices in accordance with San Francisco Labor and Employment Code Article 104. Any contract, subcontract, or other type of agreement for the performance of that Covered Project shall (A) require the payment of the highest general Prevailing Rate of Wages as fixed and determined in accordance with San Francisco Labor and Employment Code Section 103.2 to all persons performing labor or work for the Covered Project and employment of Apprentices in accordance with San Francisco Labor and Employment Code Article 104, (B) require all records described in San Francisco Labor and Employment Code Section 103.3(e) to be kept and submitted in compliance with the requirements of that subsection, (C) name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage requirements of San Francisco Labor and Employment Code Article 103 and apprenticeship requirements of San Francisco Labor and Employment Code Article 104, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Labor and Employment Code Articles 103 through 106, (D) include the Prevailing Rate of Wages or a statement that copies of the Prevailing Rate of Wages as fixed and determined in accordance with Section 103.2 are on file at the job site and available to any interested party on request, and (E) include the following provisions:

- (1) the Contractor will cooperate fully with the Labor Standards Enforcement Officer and other City employees and agents authorized to assist in the administration and enforcement of the Prevailing Wage requirements and other labor standards imposed on the Contractor by the Charter or the San Francisco Municipal Code;
- (2) the Contractor agrees that the Labor Standards Enforcement Officer, and the Officer’s designees, in the performance of their duties, shall have the right to engage in random inspections of job sites and to have access to the employees of the Contractor, employee time sheets, inspection logs, Contractor daily logs, payroll records, employee paychecks, employee paystubs, and proof of payment documents;
- (3) the Contractor shall maintain a record in the format prescribed by the Office of Labor Standards Enforcement of sign-in and sign-out showing which employees have been present on the job site;

(4) the Contractor shall prominently post at each job site a sign informing employees that the project is subject to the Prevailing Wage requirements and that these requirements are enforced by the Labor Standards Enforcement Officer; and

(5) the Labor Standards Enforcement Officer may audit such records of the Contractor or Subcontractor as the Labor Standards Enforcement Officer reasonably deems necessary to determine compliance with the Prevailing Wage and other labor standards imposed by the San Francisco Charter or the San Francisco Municipal Code.

Failure to comply with any of these requirements may result in penalties and forfeitures consistent with analogous provisions of the California Labor Code, including Section 1776(h), as amended from time to time.

Landlord will reasonably cooperate with City in any action or proceeding against a Contractor or Subcontractor that fails to pay the Prevailing Rate of Wages or employ Apprentices as required. Landlord's failure to comply with its obligations under this Section will constitute a material breach of this Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable City to seek the remedies specified in accordance with San Francisco Labor and Employment Code Articles 103 through 106 against the breaching party."

c. **Amendment and Restatement of Lease Section 23.4**. Lease Section 23.4 is hereby amended and restated in its entirety shall hereinafter read as follows:

**"23.4 Non-Discrimination in City Contracts and Benefits Ordinance**

**(a) Covenant Not to Discriminate**

In the performance of this Lease, Landlord will not discriminate against any employee of Landlord, any City employee working with Landlord, any applicant for employment with Landlord, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of those protected classes, or in retaliation for opposition to discrimination against those classes.

**(b) Subcontracts**

Landlord will include in all subcontracts relating to the Premises a non-discrimination clause applicable to the subcontractor in substantially the form of subsection (a) above. In addition, Landlord will incorporate by reference in all subcontracts the provisions of San Francisco Labor and Employment Code Sections 131.2(a), 131.2(c)-(k), and (m) and 132.3 and require all subcontractors to comply with those provisions. Landlord's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

**(c) Non-Discrimination in Benefits**

Landlord does not as of the date of this Lease, and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City or elsewhere within the United States, discriminate in the provision of

bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of the employees, where the domestic partnership has been registered with a governmental entity under state or local law authorizing that registration, subject to the conditions set forth in San Francisco Labor and Employment Code Section 131.2(b).

(d) CMD Form

As a condition to this Lease, Landlord will execute the City's required form with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division (the "CMD"). Landlord represents that before execution of the Lease:

(i) Landlord executed and submitted to the CMD the City's required form with supporting documentation, and (ii) the CMD approved the form.

(e) Incorporation of Labor and Employment Code Provisions by Reference

The provisions of San Francisco Labor and Employment Code Articles 131 and 132 relating to non-discrimination by parties contracting for the lease of property to City are incorporated into this Section by reference and made a part of this Lease as though fully set forth. Landlord will comply fully with and be bound by all of the provisions that apply to this Lease under Labor and Employment Code Articles 131 and 132, including the remedies provided in those Chapters. Without limiting the foregoing, Landlord understands that under San Francisco Labor and Employment Code Section 131.2(h) a penalty of Fifty Dollars (\$50) for each person for each calendar day during which that person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord."

**2. Obligations Joint and Several.** All obligations of the parties comprising Landlord under the Lease shall be joint and several. For all purposes of this Amendment, Landlord shall be deemed one entity and Landlord shall have no defense or claim resulting from or relating to the fact that Landlord is comprised of more than one party.

**3. No Joint Venture.** This Amendment or any activity by the City hereunder does not create a partnership or joint venture between the City and Landlord relating to the Lease or otherwise. This Amendment does not constitute authorization or approval by the City of any activity conducted by Landlord, and the City shall in no way be responsible for the acts or omissions of Landlord on the Premises or otherwise.

**4. Governing Law.** This Amendment will be governed by, construed and enforced in accordance with the laws of the State of California, but without regard to its choice of law provisions, and the City's Charter. Any legal suit, action, or proceeding arising out of or relating to the Amendment shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Amendment or the Lease has been brought in an inconvenient forum.

**5. References.** No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended hereby.

**6. Notification of Prohibition on Contributions.** By executing this Amendment, Landlord acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to **(a)** a City elected official if the lease must be approved by that official, **(b)** a candidate for that City elective office, or **(c)** a committee controlled by that elected official or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Landlord acknowledges that the foregoing restriction applies only if the lease or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one Hundred Thousand Dollars (\$100,000) or more. Landlord further acknowledges that **(i)** the prohibition on contributions applies to each prospective party to the Lease; any person with an ownership interest of more than 10 percent (10%) in Landlord; any subcontractor listed in the Lease; and any committee that is sponsored or controlled by Landlord; and **(ii)** within thirty (30) days of the submission of a proposal for the Lease, the City department with whom Landlord is leasing is obligated to submit to the Ethics Commission the parties to the Lease and any subcontractor. Additionally, Landlord certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the Lease, and has provided the names of the persons required to be informed to the City department with whom it is leasing.

**7. Landlord's Compliance with City Business and Tax and Regulations Code.** Landlord acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Landlord under the Lease is withheld, then City will not be in breach or default under the Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Landlord, without interest, late fees, penalties, or other charges, upon Landlord coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

**8. Further Instruments.** The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

**9. Effective Date.** The "Effective Date" means the later of the following dates: **(a)** the date the City's Board of Supervisors and the Mayor, in their sole and absolute discretion, have adopted the Resolution approving this Amendment in accordance with all applicable legal requirements and **(b)** the date of this Amendment is duly executed and delivered by the parties.

**10. Miscellaneous.** Except as expressly modified herein, the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. The execution of this Amendment shall not constitute a waiver of relinquishment of any rights which the City may have relating to the Lease. Landlord and City hereby ratify and confirm all of the provisions of the Lease as amended by this Amendment.

***[SIGNATURES APPEAR ON THE FOLLOWING PAGE]***

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

LANDLORD: LAWRENCE B. STONE PROPERTIES #08,  
a Washington limited liability company

By: Lawrence B Stone 5/12/2025  
Name: Lawrence B Stone  
Its: Managing Member

TENANT: CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
Andrico Q. Penick  
Director of Property

RECOMMENDED:

\_\_\_\_\_  
Shireen McSpadden  
Executive Director, Department of  
Homelessness and Supportive Housing

**EXHIBIT A**

**(Exhibit G to Lease)**

**MAY 2025 WORK LETTER**  
*2177 Jerrold Ave.*

This work letter (“**May 2025 Work Letter**”) is part of that certain Lease entered into by and between City and County of San Francisco, a municipal corporation (“**City**”), on behalf of the Department of Homelessness, as tenant, and Lawrence B. Stone Properties #08, LLC, a Washington limited liability company, as landlord (“**Landlord**”), dated as of November 1, 2023 (the “**Initial Lease**”), covering the Property, as defined in the Initial Lease, as amended by that certain First Amendment to Lease, entered into by and between City and Landlord, and dated as of the Effective Date (the “**Lease Amendment**”, together with the Initial Lease, the “**Lease**”). All terms that are capitalized but not defined in this May 2025 Work Letter have the same meanings given to them in the Lease.

This May 2025 Work Letter governs Landlord’s build out of dormitory space within Building 2 at the Property and electrical upgrades on the Property, to better serve the City’s clients using the Property.

Pursuant to Lease Sections 4.15 and 6.1(except as otherwise specifically set forth below), Landlord, through its general contractor reasonably approved by City (the “**Contractor**”), will construct, furnish, and install in Building 2 the improvements shown on the Construction Documents finally approved by City under Paragraph 1 below (the “**Leasehold Improvements**” and the construction, furnishing and installation of the Leasehold Improvements, the “**Leasehold Improvement Work**”), in accordance with the provisions of this letter.

**1. Plans and Specifications**

**a. Schematic Design Documents.** City and Landlord have approved the schematic design plans for the Leasehold Improvement Work dated April 25, 2025, prepared by Costa Brown Architecture, and attached to this May 2025 Work Letter as **Exhibit A** (the “**Schematic Design Documents**”) in accordance with the program requirements of City; provided, however, that approval will not limit Landlord’s obligations under this May 2025 Work Letter or the Lease.

**b. Construction Documents.** Based on the approved Schematic Design Documents and any further adjustments approved by City, on or before thirty (30) days after the City executes the Lease Amendment authorizing Landlord to undertake the Leasehold Improvement Work as additional services, Landlord will cause its Architect and Engineer to prepare and submit to City for its approval final plans, specifications, and working drawings for the Leasehold Improvements, setting forth in detail all aspects of the design, function, and construction of the Leasehold Improvements, in form sufficient for bidding of all elements of construction, and in conformity with all of the requirements of this May 2025 Work Letter (collectively, the “**Construction Documents**”). The Construction Documents are subject to approval by City in accordance with Paragraph 1.d below

**c. Design in Accordance with City’s Requirements.** City has prepared and submitted to Landlord documents that outline City’s space requirements for Building 2. Landlord’s Architect will design Building 2 and prepare all plans and specifications in conformity with the documents. Landlord’s Architect will consult and hold periodic meetings with City and its architectural consultants and space planners in the preparation of the Construction Documents.

d. City's Approval of Plans. The Construction Documents (and any Landlord Change Orders, as described below) are subject to approval by City, which approval will not be unreasonably withheld or delayed, in accordance with the following procedure. After Landlord submits the Construction Documents, or proposed Change Order to City, City will have ten (10) business days to notify Landlord of its disapproval of any element of any of them and of the revisions that City reasonably requires in order to obtain approval. As soon as reasonably possible, but not later than ten (10) business days after receipt of City's disapproval notice, Landlord will submit to City documents incorporating the required revisions. The revisions will be subject to City's approval, which will not be unreasonably withheld or delayed. If City fails to notify Landlord of any objection to the revisions within ten (ten) business days after receipt, then Landlord will resend the revisions to City for City's review and approval.

e. Payment for Plans. Landlord will pay the costs of preparing the Schematic Design Documents and the Construction Documents and those costs will be reimbursed by City, subject to City's prior written approval of the costs as provided in Paragraph 4.b. below. Landlord will provide City evidence of the costs by invoices and other substantiation as City may reasonably require.

f. Changes to Approved Construction Documents.

i. City Change Orders. If following its approval of the Construction Documents, City requests any change, addition, or alteration thereto relating to the design or specifications of the Leasehold Improvement Work ("**City Change Order**"), Landlord will cause the Architect or Engineer, as applicable, to prepare plans and specifications for the change, addition, or alteration. Within five (5) business days of City's request, Landlord will notify City of the cost that would be incurred resulting from the proposed City Change Order and any delay in the anticipated date of Substantial Completion that would result from the City Change Order. If City approves the cost of the City Change Order within five (5) business days of receipt from Landlord, then Landlord's Contractor will proceed with the City Change Order as soon as reasonably practicable. If City does not approve the cost within the five (5)-business day period, then construction of the Leasehold Improvements will proceed in accordance with the original completed and approved Construction Documents. City will be responsible for the cost actually incurred by Landlord in the preparation of the plans and specifications for any City Change Order, as evidenced by invoices or other substantiation reasonably required by City. Any unused City Change Order contingency shall be returned or credited to the City upon Final Completion of the Leasehold Improvements.

ii. Landlord Change Orders. If after City's approval of the Construction Documents, Landlord requests or is required by a third party or government agency to make any change, addition, or alteration thereto relating to the design or specifications of the Leasehold Improvement Work ("**Landlord Change Order**"), Landlord will provide City with proposed plans and specifications for the change, addition, or alteration, together with notice of any delay in the anticipated date of Substantial Completion that would result from the Landlord Change Order. Any Landlord Change Order will be subject to City's prior written approval, in accordance with Paragraph 1.d above. No approval by City of any Landlord Change Order will relieve or modify Landlord's obligations to complete the construction of the Leasehold Improvements in accordance with the approved Construction Schedule, or limit any of City's rights or remedies under this May 2025 Work Letter or under the Lease. Landlord will be solely responsible for the cost of the Landlord Change Order, including the costs of preparing the plans and specifications, and none of the costs for or related to any Landlord Change Order will be paid pursuant to Paragraph 4 (Reimbursement Payments for Work) below.

iii. Appointment of Representatives. City and Landlord will each designate and maintain at all times during the design and construction period a project representative (“**Representative**”), and an alternate for the Representative (“**Alternate**”), each of whom will be authorized to confer and attend meetings and represent such party on any matter relating to this May 2025 Work Letter. Landlord and City may not make any inquiries of or requests to, and will not give any instructions or authorizations to, any other employee or agent of the other party unless otherwise authorized by the other party, including the other party’s architect, engineers, consultants, and contractors or any of their agents or employees, regarding matters associated with this May 2025 Work Letter. The initial Representatives and Alternates are:

Landlord: Representative — Nick Czapla (509) 209-3531  
Alternate — Cody Myers (509) 319-0069

City: Representative — Joanne Park 628.652.7703  
Alternative – Federico Pelayo (628) 233-3824

Each party may at any time and from time to time change its Representative or Alternate by written notice to the other party. Each party’s Representative or Alternate must be available during ordinary business hours so that questions and problems may be quickly resolved and so that the Leasehold Improvements may be completed economically and in accordance with the Construction Schedule. All approvals made by City’s Representative or Alternate must be made in writing.

2. Permits

a. Responsibility for Obtaining Permits. Landlord is responsible for obtaining all governmental permits and approvals required to commence and complete the Leasehold Improvement Work, and promptly on receipt of any permit or approval, Landlord will deliver copies to City. To the extent of its proprietary capacity as a Tenant, and not in its regulatory capacity as any Agency or Department, City will assist with the permit and approval process and provide any documentation and authorizations reasonably requested by Landlord. Landlord will use commercially reasonable efforts to obtain all needed approvals and permits on or before 2 months (60 days) following execution of the Lease Amendment authorizing this May 2025 Work Letter. Landlord is responsible for calling for all inspections required by City’s Department of Building Inspection.

3. Construction

a. Construction of Leasehold Improvements. After City’s approval of the Construction Documents, Landlord will cause the Leasehold Improvements to be constructed and installed in a good and professional manner in accordance with sound building practice and in conformity with the Construction Documents, as revised by any approved Change Orders, and the terms of this May 2025 Work Letter. City will not have any obligation for any work except as provided in this May 2025 Work Letter.

b. Construction Schedule. Landlord will commence construction of the Leasehold Improvements within ten (10) calendar days after approval of all required permits for construction in accordance with the approved Construction Documents, and will diligently pursue construction to completion, all in accordance with the construction schedule to be delivered by Landlord to City ten (10) calendar days after approval of all required permits for construction (the “**Construction Schedule**”).

c. Status Reports; Inspections. Landlord will keep City apprised of the status of permit approval and the progress of construction. Landlord or its Contractor will furnish City with monthly reports on construction. From time to time during the design and construction of the Leasehold Improvements, after reasonable advance oral or written notice to Landlord, City may enter the areas of construction at reasonable times to inspect the areas of construction, and City will use commercially reasonable efforts not to interfere with the construction. Landlord or its Representative may accompany City during any inspection.

d. General Conditions. Landlord shall be responsible for the performance of all Leasehold Improvement Work by Landlord in accordance with the following terms and conditions:

i. All of the Leasehold Improvement Work must be performed in compliance with all Laws bearing on construction of the Leasehold Improvements;

ii. Without limiting the foregoing, the construction of the Leasehold Improvements must comply with all requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable Laws intended to provide equal accessibility for persons with disabilities (collectively, “**Disabled Access Laws**”).

iii. Landlord and its Contractor are responsible for all required insurance to the extent specified in the Lease; and

iv. Landlord will require at least three (3) competitive bids from subcontractors in each trade for all Leasehold Improvement Work, unless City has pre-approved particular subcontractors and Landlord obtains a bid from such subcontractor commensurate with the current market.

e. Cooperation. Landlord will cooperate at all times with City in completing the Leasehold Improvements in a timely fashion. Landlord will resolve any and all disputes arising out of the Leasehold Improvements Work in a manner that will allow work to proceed expeditiously.

f. Asbestos Related Work. If City, its consultants, contractors or subcontractors encounter any asbestos containing materials (“**ACM**”) in connection with the Leasehold Improvement Work, Landlord will be responsible for all legally required work or other work necessary relating to the proper containment, abatement, removal, and disposal of the ACM and all costs related to the ACM. Such costs of asbestos remediation work will be performed at Landlord’s sole cost and expense. Any delay due to the presence of unknown ACM in Building 2 will be considered a Landlord Delay (defined below).

g. Construction Improvements that Disturb or Remove Exterior Paint. Landlord, on behalf of itself and its agents, employees, officers, and contractors, will comply with all requirements of the San Francisco Building Code Chapter 34 and all other applicable Laws, including the California and United States Occupational and Health Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior or interior lead-based or “presumed” lead-based paint (as defined below). Landlord, its agents, employees, officers, and contractors will give to City three (3) business days’ prior written notice of any disturbance or removal of exterior or interior lead-based or presumed lead-based paint or potentially lead-based paint. Landlord acknowledges that the required notification to the Department of Building Inspection regarding the disturbance or removal of exterior lead-based paint under San Francisco Building Code Chapter 34 does not constitute notification to City as Tenant under the Lease and similarly that notice under the Lease does not constitute

notice under San Francisco Building Code Chapter 34. Further, Landlord and its agents, employees, officers, and contractors, when disturbing or removing exterior or interior lead-based or presumed lead-based paint, will not use or cause to be used any of the following methods: **(i)** acetylene or propane burning and torching; **(ii)** scraping, sanding or grinding without containment barriers or a High Efficiency Particulate Air filter (“**HEPA**”) local vacuum exhaust tool; **(iii)** hydroblasting or high-pressure wash without containment barriers; **(iv)** abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and **(v)** heat guns operating above 1,100 degrees Fahrenheit. Landlord will comply with the requirements of California Code of Regulations Title 17 when taking measures that are designed to reduce or eliminate lead hazards. Under this Section, lead-based paint is “disturbed or removed” if the work of improvement or alteration involves any action that creates friction, pressure, heat, or a chemical reaction on any lead-based or presumed lead-based paint on a surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface. This Section will apply only to the extent lead-based paint is actually encountered. Landlord shall be solely responsible for all costs associated with compliance with the requirements of this paragraph; such expenses shall not be paid pursuant to Paragraph 4 (Reimbursement Payments for Work) below.

#### **4. Reimbursement Payments for Work**

**a. Leasehold Improvement Work.** Landlord will pay for the cost of constructing and installing the Leasehold Improvements. If the actual costs of the Leasehold Improvement Work incurred by Landlord exceeds the budget totals set forth in **Schedule 1**, Landlord will be solely responsible for the additional expense. City shall reimburse Landlord, upon receipt of an invoice from Landlord (“**Reimbursement Invoice**”) beginning 1 month (30 days) following the start of construction, and every month (30 days) thereafter through complete payment of the Schedule 1 budget totals. City shall pay the Reimbursement Invoices within thirty (30) days of receipt of required documentation in accordance with Subparagraph c. below. City will not be responsible for any review, supervision, administration, or management fees of any person or entity, any overhead or other general expenses of Landlord or any other person or entity, and any charges for parking or use of hoists or freight elevators, or for remediation of lead-based paint, asbestos, mold or any other contaminants or toxic materials.

**b. City’s Approval of Costs.** The costs of the Leasehold Improvement Work must be set forth in a detailed construction budget prepared by Landlord and approved by City. The approved construction budget must show all costs to be paid by City in line items in cost categories. The initial City-approved construction budget is attached to this May 2025 Work Letter as **Schedule 1**. If the Leasehold Improvements cannot be completed in strict conformity with the most recently approved construction budget, Landlord must immediately submit to City for its approval a revised construction budget and identify to City changes in line items and the reasons for the changes. If further changes are required, then Landlord will seek City’s approval, following the same procedures. City may approve or disapprove any construction budget or revisions in its reasonable judgment. City will not unreasonably delay its approval or disapproval. The most recently approved construction budget will supersede all previously approved budgets.

**c. Required Documentation of Costs.** Landlord will provide City with copies of **(i)** all invoices received by Landlord from the Contractor in connection with the construction of the Leasehold Improvements, **(ii)** satisfactory evidence of payment of the invoices, including unconditional lien waivers, or if the invoices have not been paid, conditional lien waivers; all lien waivers must meet the requirements of California Civil Code Section 8124 and be in the form prescribed by California Civil Code Sections 8132, 8134, 8136, and 8138, as applicable, and be executed by each subcontractor and material supplier, and **(iii)** any additional supporting

documentation substantiating the Contractor's right to payment as City may reasonably require, such as copies of requisitions from subcontractors and material suppliers.

## **5. Substantial Completion**

**a. Construction Schedule.** Landlord will use commercially reasonable efforts to complete the Leasehold Improvement Work on or before the date that is Six Months (180 calendar days) after the date of complete execution of the Lease Amendment, except as extended by Tenant Delays and Unavoidable Delays (as defined in Paragraph 6 below). When construction progress permits, but not less than fifteen (15) days before substantial completion, Landlord will notify City of the date that the Leasehold Improvement Work is anticipated to be Substantially Completed (as defined below) in accordance with the approved Construction Documents and the provisions of the Lease and this May 2025 Work Letter. Landlord will notify City when the Leasehold Improvement Work is in fact Substantially Completed and Building 2 is ready for occupancy by City. Promptly after City receives Landlord's notice of substantial completion, City or its representatives will accompany Landlord or its architect on an inspection of Building 2 on a mutually agreeable date.

**b. Substantial Completion.** The Leasehold Improvements will be deemed to be "**Substantially Completed**" when **(i)** all necessary inspections required for occupancy of Building 2 have been completed and signed off as approved by the appropriate governmental authority(ies), **(ii)** a temporary or permanent certificate of occupancy for City's occupancy of the Premises has been issued by the appropriate governmental authority, and **(iii)** the Architect reasonably determines and certifies in writing to City that the Leasehold Improvements have been Substantially Completed in accordance with the Construction Documents to the extent necessary to enable City to occupy Building 2 and to conduct its normal business operations in Building 2 without unreasonable impairment or interference, but subject to "punchlist" items, the completion of which will not unreasonably interfere with City's normal business operations at the Building. At its option, City may approve the Leasehold Improvements even though there remain defective or incomplete minor details that would not interfere with City's use. In addition, City may present to Landlord at its inspection of Building 2 or within fifteen (15) days after acceptance of Building 2, a written "punchlist" consisting of any incomplete details or items that have not been finished in accordance with the Construction Documents and the terms of the Lease and this May 2025 Work Letter. Landlord will promptly complete all defective or incomplete items identified in the punchlist, within, but not more than fifteen (15) business days after the delivery of the punchlist. City's failure to include any item on the punchlist will not alter Landlord's responsibility under the Lease or this May 2025 Work Letter to complete all Leasehold Improvement Work in accordance with the Construction Documents and comply with the terms of the Lease and this May 2025 Work Letter, or constitute a waiver of any latent defects.

## **6. Delays in Construction**

**a. Unavoidable Delays.** "**Unavoidable Delays**" means any delays by reason of acts of nature, strikes, lockouts, other labor disputes, inability to obtain labor or materials after using diligent and timely efforts, enemy action, civil commotion, epidemics, pandemics, and related governmental orders and requirements (and private sector responses to comply with those orders and requirements); protests; riots; demonstrations; or by any other reason without fault and beyond the reasonable control of the party obligated to perform. If an Unavoidable Delay occurs, the party affected by the Unavoidable Delay will give prompt written notice to the other of the event causing the Unavoidable Delay and the length of the projected delay in performance, and will continue to keep the other party regularly informed of the status of the Unavoidable Delay. Under no circumstances may the number of days of Unavoidable Delays asserted with respect to the Leasehold Improvement Work exceed a total of one hundred twenty (120) days.

b. Tenant Delays. Subject to any Unavoidable Delay, City will be responsible for any delay in the construction of the Leasehold Improvements resulting proximately from any of the following (collectively, “**Tenant Delays**”): (i) City’s failure to review the plans and specifications within the time provided in this May 2025 Work Letter, (ii) City Change Orders to the Construction Documents, and (iii) City’s failure to review any costs to be included under the reimbursement provisions of Paragraph 4 (above) within the time provided in this May 2025 Work Letter. Tenant Delays in the completion of construction of the Leasehold Improvement Work will extend the date for Substantial Completion for each day of the Tenant Delay.

c. Landlord Delays; Liquidated Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE LEASE, IF LANDLORD’S DELIVERY OF POSSESSION OF THE PROPERTY TO CITY IS DELAYED BECAUSE OF LANDLORD’S FAILURE TO COMPLETE CONSTRUCTION OF THE LEASEHOLD IMPROVEMENTS ON OR BEFORE THE DATE THAT IS SIX MONTHS (180 CALENDAR DAYS) AFTER COMPLETE EXECUTION OF THE LEASE AMENDMENT (AS EXTENDED BY UNAVOIDABLE DELAYS AFFECTING LANDLORD OR ITS CONTRACTOR IN ACCORDANCE WITH SUBSECTION A ABOVE AND TENANT DELAYS), THEN LANDLORD WILL PAY TO CITY ONE THOUSAND DOLLARS (\$1,000) FOR EACH DAY OF DELAY, AS LIQUIDATED DAMAGES AND AS CITY’S SOLE AND EXCLUSIVE REMEDY EXCEPT FOR CITY’S TERMINATION RIGHTS. THE PARTIES HAVE AGREED THAT CITY’S ACTUAL DAMAGES IN THE EVENT OF DELAY WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THEY HAVE AGREED ON THE SUM SPECIFIED ABOVE, AFTER NEGOTIATION, AS THEIR REASONABLE ESTIMATE OF CITY’S DAMAGES CAUSED BY THE DELAY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS MAY 2025 WORK LETTER OR THE LEASE, THE AGGREGATE LIQUIDATED DAMAGES PAID BY LANDLORD WILL NOT EXCEED THREE PERCENT (3%) OF THE APPROVED COSTS OF THE LEASEHOLD IMPROVEMENTS.

Initials: Landlord     LBS     City \_\_\_\_\_

7. General Provisions.

a. Notices. Except as may be otherwise specifically provided in this May 2025 Work Letter, any notice given under this May 2025 Work Letter must be in writing and given by delivering the notice in person, by commercial courier or by sending it by first class mail, certified mail with a return receipt requested, or Express Mail, return receipt requested, with postage prepaid, and addressed to the parties as follows:

City: Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102  
Attn: Director of Property

Landlord: Lawrence B. Stone Properties #08, LLC  
PO Box 3949  
Spokane, WA 99220  
Attn: Nick Czapla

or any other address as a party may designate to the others as its new address for notices by notice given to the others in accordance with the provisions of this paragraph. A properly addressed notice transmitted by one of the foregoing methods will be deemed received upon confirmed delivery or attempted delivery. Neither party may give official or binding notice by email, provided that email notice may be used concurrently with another method of giving official notice. In the event urgent response is required, either party may give email notice so long as official notice is promptly given thereafter.

**b. Landlord's Duty to Notify City.** Landlord will promptly notify City in writing of **(i)** any written communication that Landlord may receive from any governmental, judicial, or legal authority giving notice of any claim or assertion that the Property, Building 2, or Leasehold Improvements fail in any respect to comply with applicable Laws; **(ii)** any known material adverse change in the physical condition of the Property, including any damage suffered as a result of earthquakes; and **(iii)** any known default by the Contractor or any subcontractor or material supplier, or any known material adverse change in the financial condition or business operations of any of them.

**c. Prevailing Wages and Apprentices.** Any person performing labor in the construction of the Leasehold Improvements that Landlord is obligated to provide under this May 2025 Work Letter will be paid not less than the highest Prevailing Rate of Wages (as defined in San Francisco Labor and Employment Code 101.1), and Landlord will include in any contract for construction of the Leasehold Improvements a requirement that all persons performing labor under the contract will be paid not less than the highest Prevailing Rate of Wages for the labor performed. In connection with the construction of the Leasehold Improvements under this May 2025 Work Letter, Landlord will comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Section 6.22(E) of the San Francisco Administrative Code. In addition, if the Leasehold Improvements constitute a Covered Project (as defined in San Francisco Labor and Employment Code Section 101.1), Landlord will require its Contractors and Subcontractors performing work on any Covered Project at Building 2 to pay Prevailing Wages in accordance with the requirements of San Francisco Labor and Employment Code Article 103 and employ Apprentices in accordance with San Francisco Labor and Employment Code Article 104, and comply with all the provisions of Section 23.3 of the Lease, and San Francisco Labor and Employment Code Section Article 103 regarding the Leasehold Improvements.

**d. Tropical Hardwood and Virgin Redwood Ban.** Except as expressly permitted by the application of San Francisco Environment Code Sections 802(b) and 803(b), neither Landlord nor any of its contractors may provide any items to City in the construction of the Leasehold Improvements or otherwise in the performance of this Lease which are tropical hardwood, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood, or virgin redwood wood products. If Landlord fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Landlord will be liable for liquidated damages for each violation in any amount equal to Landlord's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is lower. Landlord acknowledges and agrees that the liquidated damages assessed will be payable to City on demand.

**e. Days; Incorporation of Exhibits.** Unless otherwise provided in this May 2025 Work Letter, all periods specified by a number of days will refer to business days. Saturdays, Sundays, and recognized City holidays will not constitute business days. Schedule 1 attached to this May 2025 Work Letter, is made a part of this May 2025 Work Letter by this reference.

**f. Approvals.** City is entering into this May 2025 Work Letter in its proprietary capacity and not as a regulatory agency with certain police powers. Notwithstanding anything to the contrary in this May 2025 Work Letter or the Lease, no approval by City of the plans for the Leasehold Improvements (including the Construction Documents and Change Orders), completion of the Leasehold Improvement Work or any other approvals by City under this May 2025 Work Letter or the Lease will be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Property. All approvals or other

determinations of City as Tenant under this May 2025 Work Letter or the Lease may be made by City's Director of Property unless otherwise specified.

**8.** Time of the Essence. Time is of the essence with respect to all provisions of this May 2025 Work Letter where definite time for performance is specified, including the date for Substantial Completion.

*[Signatures appear on following page]*

The parties have executed this Work Letter as of the date of the Lease Amendment.

**LANDLORD:**

Lawrence B. Stone Properties #08, LLC,  
a Washington limited liability company

Signed by:  
By: Lawrence B Stone 5/12/2025  
85134340C2BC497  
Name: Lawrence B Stone  
Its: Managing Member

**CITY:**

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
ANDRICO Q. PENICK  
Director of Property

**RECOMMENDED:**

\_\_\_\_\_  
Shireen McSpadden  
Executive Director, Department of  
Homelessness and Supportive Housing

APPROVED AS TO FORM:  
DAVID CHIU, City Attorney

By: \_\_\_\_\_  
Vincent Brown  
Deputy City Attorney

**EXHIBIT A to Work Letter**  
(Schematic Design Documents)

(SCHEDULE 1)

**DIAGRAM AND DETAILED BUDGET**

**FOR:**

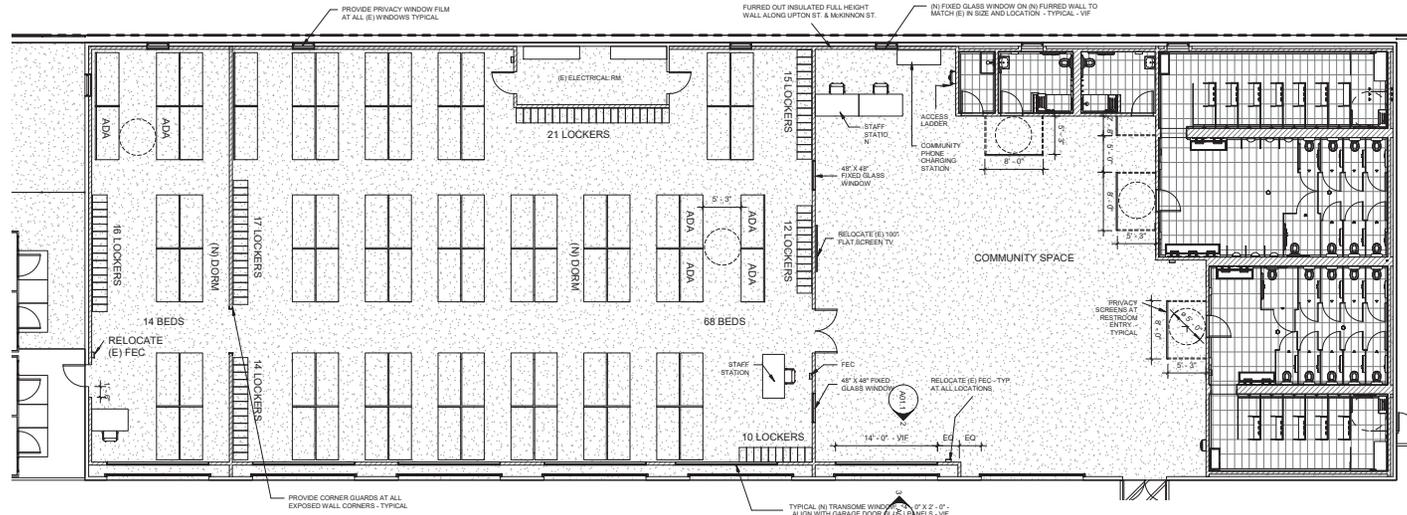
**DORM BUILD: \$1,809,236 (5 PAGES);**

**PG&E UTILITIES UPGRADE: \$1,246,746 (2 PAGES)**

*[to be attached]*

No.	Issue	Date

PHASE 3 - BUILDING B DORM - PROPOSED BED COUNT		
	ADA BEDS	REGULAR BEDS
BUILDING B	6	76

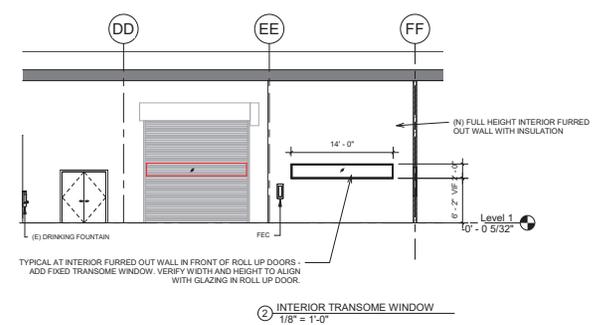
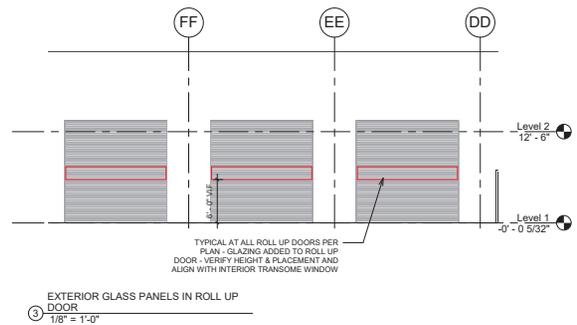


1 Proposed - Building B - Dorm Expansion - Phase 3  
1/8" = 1'-0"

FINISH NOTES FOR WALL:

- 4" RUBBER BASE ON ALL INTERIOR WALLS.
- FRP PANELING ON INTERIOR WALLS IN DORM ROOM & COMMUNITY ROOM - UPTO 5'0" HEIGHT.

LEGEND	
	(E) WALL TO REMAIN
	NEW WALL
	1 HOUR FIRE RATED NEW WALL
	(E) WALL TO BE DEMOLISHED
	(E) FLOOR TO BE DEMOLISHED
	ACCESSIBLE PATH



All drawings and other related documents herein constitute original and unpublished work of Costa Brown Architecture, Inc. and may not be distributed without the prior written consent of Costa Brown Architecture, Inc. © 2024.

Date: 04/08/2025  
Scale: As indicated  
Description:

**Proposed Dorm  
Layout - Building B**

Sheet Number:

**A01.1**



**2177 Jerrold - Building B Dorm Style Housing  
Standalone Budget**

Bed count = 82

Line Item	Scope Description	Budget
General Conditions	\$3,750   week x (8) weeks (2) weeks allocated to early release	\$30,000
Progress Labor	\$2,600   week x (8) weeks (2) weeks allocated to early release	\$20,800
Temporary Facilities	Rental of temp facilities for duration of project	\$2,400
Debris Boxes	\$1,100 per haul off   (2) per month (1) haul off allocated to early release	\$4,400
Hazmat Abatement & Testing	NIC - Owner Responsible Item	NIC
Lift   Scaffold	Allowance for (2) months @ \$3,500   month	\$7,000
Interior Demolition	Demo of miscellaneous interior finishes Note: interior garage doors are not in contract to be removed. To remain in place.	\$5,000
Concrete - Grind   Seal   Polish	Grind and seal existing concrete floor in Building B, including the existing storage space . Note the scope includes grind, seal and polish - (100) grit.  Note the open area at the restroom and showers is carried under a separate contract.	\$47,359
Mteal Handrails @ Existing Cabins	Allowance for the installation of metal handrails (to match existing ADA deck rails). 27 Locations x 4' in length 108 LF x \$250	\$27,000
Rough Carpentry - Blocking & Backing - Dorm	Lump sum allowance for blocking and backing	\$10,000
Rough Carpentry - Shipping Container	Allowance to provide pressure treated lumber base at the shipping container to level.	\$3,500
Roof - Structural Carpentry	Allowance for new roof penetrations   roof top mounted HVAC unit   Roof Hatch	\$13,000

Roof - New	<p>Supply and install new GAF 60mil TPO Roof System Overlay Includes 20yr NDL Manufacturer's Warranty</p> <p>Prep existing roof to remove any loose gravel.</p> <p>Required to remove all base flashing prior to overlay.</p> <p>Install 1-LAYER of ½" EnergyGuard Barrier Polyiso Insulation, mechanically fastened.</p> <p>Install new (WHITE) GAF 60mil TPO Roofing Membrane, mechanically fastened, to meet manufacturer's standard installation requirements.</p> <p>Half sheets around the perimeter per GAF requirements, mechanically fastened.</p> <p>Install detail membrane @ all roof penetrations.</p> <p>Install standard pipe boots @ all pipe penetrations.</p> <p>Install t-joint patches and inside outside corners as needed.</p> <p>Weld all seams and accessories as needed.</p> <p>Install walls up and over parapet walls where needed.</p> <p>Install termination bars as needed.</p> <p>Install (1) new inside ladder, 18' to new roof hatch.</p> <p>Install (1) new 30" x 36" roof hatch with safety rails.</p> <p>Clean and remove all debris upon completion.</p> <p>Includes 20yr Manufacturer's Labor and Material Warranty.</p>	\$107,310
Roof - Walk Pads	Allowance for 100 LF of walk pads for access to new HVAC Roof top units	\$3,300
Roof - Patch Existing	<p>Alternate in lieu of new roof line item. - \$21,000</p> <p>Allowance for roof patching due to new penetrations and existing penetrations that are removed.</p>	Alternate
Roof Hatch & Ladder	Allowance for a hatch and interior ladder to provide access to the roof.	\$15,000
Access Ladder - Above Restroom Core	Allowance to supply and install new access with guard for access above the showers and restrooms. Includes installation of blocking and backing.	\$4,500
Skylights	Not in Contract	NIC
Dorm Windows - Interior	Assumes (2) 4' x 4' windows along the wall diving the dorm and the shower and restroom lobby for visibility   security. Assumes (2) total at \$1600 each.	\$3,200
Windows at Interior Partitions (Garage Door Wall)	Allowance for (6) interior transom windows at the garage doors - assumes 14' x 3' to allow for natural light. 42 sqft each   252 total sqft x \$100   sqft	\$25,200
Garage Door - Add Windows	<p>Allowance to add full view window with clear glass panels at the (7) existing garage doors.</p> <p>Assumes 14'2" x 24" panels.</p>	\$17,255
Exterior - Steel Entry Doors	Not in Contract - Existing to remain	NIC
DFH - Interior Doors	<p>(1) new interior door - assumes double entry door connecting the dorm space to the community space.</p> <p>Assumes no door into the smaller dorm area, cased opening only.</p> <p>(2) doors at the Electrical Room - existing to remain</p>	\$7,500

Drywall	155 LF of 10' high perimeter walls (with insulation) and building exterior = 1,550 sqft x \$20   sqft 155 LF of 10' stick pinned insulation from wall to deck at the building exterior = 1,550 sqft x \$10   sqft	\$120,500
	60 LF x 20' high demising wall = 1,200 sqft x \$20   sqft 125 LF x 20' at the garage doors = 2,500 sqft x \$20   sqft	
Partial Height Wall - Restrooms & Showers	Allowance for approximately 40 LF of partial height wall for privacy between the restrooms   showers and the community space. Assumes 8' high. 320 sqft x \$50   sqft	\$16,000
Acoustic Clouds - Dorms	Not in Contract - pending design direction	NIC
Rubber Base	Allowance for 500 LF of rubber base at the new and existing drywall partitions.	\$3,000
Access Panels	Allowance for (4) access panels - standard.	\$1,000
Exterior Garage Door Infill	Not in Contract - assumes new garage doors to remain in place.	NIC
Interior Paint - Walls	Prep, prime and paint new interior walls only	\$21,890
Interior Paint - Doors	Paint (1) new set of double doors	\$800
Exterior Paint - Infills	Not in Contract - garage doors to remain.	NIC
Corner Guards	Corner guard at all public facing corners - assumes (25) locations per the current plan.	\$12,500
FRP Panels	Allowance for the instalation of 4' x 8' smooth finish FRP panels on all dorm and community space walls - 550 LF throughout = 4,400 sqft x \$8   sqft	\$35,200
Furniture   Accessories	Allowance for dorm furniture, lockers, and staff furniture	\$250,000
Lifhouse for the Blind Review	Allowance for HSH-required Lighthouse for the Blind review of braille on shop drawings	\$5,000
Dorms - Interior Signage	Allowance for Dorm Signage	\$10,000
Evacuation Signage - Dorm	Allowance for new evacuation signage for Building B egress changes	\$12,000
MEP Safe Off	Allowance for safe off of existing MEP	\$2,500
Plumbing	Not in Contract - Existing to remain	NIC
GN Restrooms   MF RR & Janitors Closet	Not in Contract - Existing to Remain	NIC
Fire Extinguisher Cabinets	Allowance for (6) fire extinguisher cabinets in the dorm areas	\$3,000
Fire Sprinkler Engineering	Allowance for engineering and permits	\$7,500
Trenching - Fire Sprinklers	Carried in Separate Budget	-
Fire Sprinkler - Distribution	Allowance of \$8   sqft x 11,000 for all new fire sprinkler distribution	\$88,000
Mechanical - HVAC Dorm	Allowance for adding base building heating and cooling in the dorm area only. 6,000 sqft x \$30   sqft Scope includes (1) Root Top Unit	\$180,000
Mechanical - Community Space	Allowance for adding base building heating and cooling in the community space only. 4,000 sqft x \$30   sqft Scope includes (1) Root Top Unit	\$120,000
Electrical - T24 Engineering	Allowance for design build T24 engineering & permits	\$7,500
Electrical - Power & Lighting	Allowance for power and lighting in the new dorm area. Re-use of existing hi-bay lighting will be utilized if possible. 6,000 sqft x \$10   sqft	\$60,000
Lighting Control	Modifications to the existing hi-bay lighting to allow for dimming and switch control (not motion control). Switching to be in a lock box	\$7,500
Lighting - Shipping Conatainer	Allowance to install shop lights in the shipping container to be placed in the employee parking lot.	\$7,500

Fire Life Safety	Allowance for FLS in the Dorm Area Add alt if required in the community space and restrooms - additional 3,900 sqft = \$19,500	\$18,500
Tel   Data	Allowance for modification to the existing data coverage if required.	\$5,000
Security	Allowance to remove   modify the existing security devices in the new dorm area.	\$10,000
<b>Building B Dorm Subtotal</b>		<b>\$1,358,614</b>
Architectural - Design & Permits	Services include preparation of permit drawings, obtain the permit for Bldg B Dorms	\$50,000
Architectural - Construction Admin	Allowance for construction admin services	\$20,000
Structural - Design & Permits	Allowance for structural design and permitting	\$20,000
Structural - Construction Admin	Allowance for construction admin services	\$5,000
		\$1,453,614
Special Inspections	Not Carried in CCI Contract with LB Stone	\$5,000
Construction Contingency	10% of overall Budget	\$145,361
Pro Rata Insurance	\$17   \$1000	\$27,268
SF Payroll Tax	\$6   \$1,000	\$9,787
Overhead & Profit	5% of overall budget	\$82,052
LB Stone Management Fee, Net 30 Basis	Not Carried in CCI Contract with LB Stone	\$86,154
<b>Dorm Standalone Budget</b>		<b>\$1,809,236</b>





**2177 Jerrold  
PG&E Service Upgrade**

<b>Line Item</b>	<b>Description</b>	<b>Budget</b>
Pre-Construction	Lump sum fee for PG&E pre-construction phase   prior to site mobilization	\$15,000
General Conditions	\$3,750 per week - half time GCs (8) week duration - reference Project schedule	\$30,000
Progress Labor	\$2,600 per week - Full time PL (8) week duration - reference Project schedule	\$20,800
Temporary Facilities	Rental of temp facilities for duration of project	\$2,400
Hazmat Abatement & Testing	NIC - Owner Responsible Item	NIC
Structural Demolition	Demolition of the existing shed for the new transformer   switchgear location	\$20,000
PG&E Trench - Upton	Allowance for 150 LF of trenching from existing PG&E Pole to the new transformer   switchgear location in the yard.	\$75,000
Exterior Concrete - Transformer Pads	Allowance for: 350 sqft of new concrete pad at the transformer   switchgear 30 sqft at the interrupter pad	\$57,000
Fencing - Interior Yard & Upton Access	Allowance for 75 LF of fencing (to match existing at yard) at the PG&E Transformer   Switch gear location. Includes a pedestrian gate for PG&E access from Upton Street and code required clearances. Fence will provide restricted access from the cabins and will include privacy screening   netting	\$52,500
Electrical - New Service	Crane Rental Single Line Engineering   Design Build Drawings   Title 24 Supply & install: New 4,000AMP 120/208V Nema 3R New 4,000AMP bus duct New 1600AMP Feed to re-feed existing service	\$543,428
Electrical - Permit Fees	Allowance for Electrical permit fees	\$12,500
Electrical - Owner Fees	Not in CCI Contract - LB Stone Responsible item & carried in overall expansion budget. \$200,000 allowance pending PG&E fee structure	-
Street Use   Excavation Permit	Allowance for street use   general excavation permit for the work being performed on Upton Street	\$15,000
	<b>Total</b>	<b>\$843,628</b>
Construction Contingency	10% of overall Budget	\$84,363
Pro Rata Insurance	\$17   \$1000	\$15,776
SF Payroll Tax	\$6   \$1,000	\$5,663
Overhead & Profit	5% of overall budget	\$47,471
LB Stone Management Fee	5% of Project Total	\$49,845
	<b>PG&amp;E Standalone Total</b>	<b>\$1,046,746</b>
PG&E Owner Fees	LB Stone - Allowance pending PG&E fee structure	\$200,000

<b>Total PG&amp;E w/ Projected Owner Fees</b>	<b>\$1,246,746</b>
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DEPARTMENT OF  
HOMELESSNESS AND  
SUPPORTIVE HOUSING

# Lease Amendment: 2177 Jerrold Avenue

**Budget & Appropriations Committee | June 12, 2025**



# Resolution

- **Resolution:** Authorizes and approves the Director of Property to enter into a **lease amendment** for the real property located at 2177 Jerrold Avenue, adding \$3,055,982 for Additional Improvements.
- **Additional Improvements:**
  - Build-out of existing underutilized warehouse into an **~82 bed** dormitory for **older adults**.
  - **Utility service** upgrades.
- **No changes** to original term of annual base rent.
- Affirms Planning Department's determinations under CEQA and the General Plan.

# Opportunity

- When the Board **unanimously approved** the original Lease in December 2023, HSH was clear that the **significant size** of the parcel would allow HSH to utilize more of the property as **funding became available**.
- In April 2025, **Phase 1** opened with **60 cabins** serving **68 older adults** through a partnership with WeHOPE, the Department of Public Health and the Department of Disability and Aging Services.
  - Jerrold Commons is the **only** shelter program in San Francisco **exclusively focused** on serving **older adults**.
  - 8 cabins** dedicated to serving people in the Bayview **exiting vehicular homelessness**.
  - Phase 1 is utilizing **only 29%** of the 98,000 sq/ft of the leased property, including the underutilized warehouse.



*Non-Congregate Cabins*



*Cabins and Outdoor Space*

# Budget: Additional Improvements

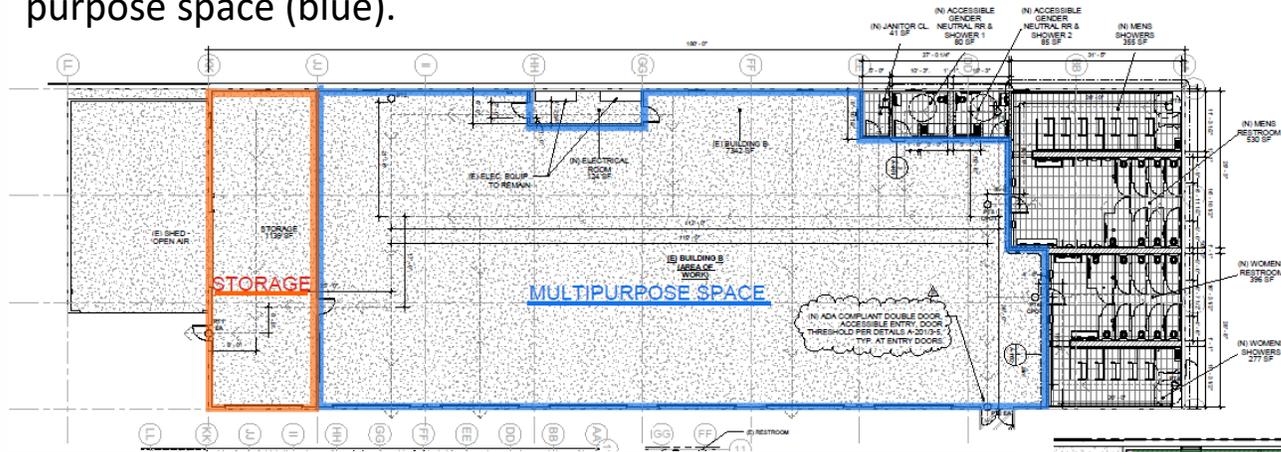
Additional Improvements	Total
<b>Dorm Build-Out</b> Convert existing, underutilized warehouse into ~82 beds for older adults.	\$1.8 million
<b>Utility Service Upgrade</b> Utility service upgrade at the site.	\$1.2 million
<b>Total Cost of Additional Improvements</b>	<b>\$3.0 million</b>

# 2177 Jerrold Avenue: Arial View



# Jerrold Phase 2: Dormitory

**Existing Building B:** Used as storage (orange) and underutilized multi-purpose space (blue).



**Proposed Building B Dorm-Build Out:** 5,700 sq/ft for dorm (green outline), ~2,700 sq/ft for multipurpose space (purple) and maintains 1,800 sq/ft bathrooms.



# Community Engagement

- Engaging with the community since **August 2023**.
- Currently meeting with the **Market Zone Working Group** bi-weekly
- **Improved lighting** delivered.
- Working with MTA on **traffic calming** and **pedestrian safety**.
- **Public "concern" phone line** for Jerrold Commons established as part of Good Neighbor Policy.
  - **Zero** concerns received since site opened in April.



DEPARTMENT OF  
HOMELESSNESS AND  
SUPPORTIVE HOUSING

# Questions?

Thank you.

Click on this page to be redirected to the Legislative Research Center to view the entirety of this document.

LEASE

between

LAWRENCE B. STONE PROPERTIES #08, LLC,  
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,  
as Tenant

For the lease of  
2177 Jerrold Ave,  
San Francisco, California



## GENERAL PLAN REFERRAL NOTE TO FILE

**May 6, 2025**

**CASE NO. 2023-007243GPR**

**2177 Jerrold Street – Expansion of Existing Temporary Shelter**

**Staff Contact: Mat Snyder (628) 652-7460**  
**mathew.snyder@sfgov.org**

On August 18, 2023, the Planning Department completed a General Plan Referral (GPR) on a temporary shelter located at 2177 Jerrold Street. The GPR describes the project as a temporary shelter that would include a "cabin village" with a prefabricated cabins for unhoused individuals and couples, parking spaces for individuals and couples living in their vehicles, and supporting facilities including a community and dining room, meeting rooms, clinic, storage facilities, guard shacks, restrooms and showers, and case management offices. The Project would include a 10-year lease of the property, demolition of an existing warehouse, tenant improvements to an existing multi-use building, installation of prefabricated structures, and minor paving, grading, and striping.

The proposal is now to (1) expand the program via conversion of an existing warehouse into 82-bed congregate dormitory and (2) upgrade the electrical service to the site to support the expansion. The existing warehouse currently serves as underutilized community space and the additional beds will be incorporated into the current shelter program. The shelter will continue to accept couples and pets and provide guests with storage for their possessions. Bed partitions will also be set up to provide individuals with privacy within the congregate dormitory space.

This Note to the File establishes the expansion of scope to the original project as described above can rely on the General Plan and Planning Code Section 101.1 Consistency Findings set forth in the General Plan Referral letter dated August 18, 2023. A separate General Plan Referral letter is not required..



## Memo

**TO:** Joanne Park, Department of Homelessness and Supportive Housing

**FROM:** Don Lewis, Senior Environmental Planner

**DATE:** May 6, 2025

**PROJECT:** 2177 Jerrold Street – Expansion of Existing Temporary Shelter

**SUBJECT:** Planning Department / Environmental Review Officer Concurrence  
California Environmental Quality Act (CEQA) Exemption per AB 101

This memorandum is in response to a memorandum from the Department of Homelessness and Supportive Housing (HSH) dated May 5, 2025, requesting Planning Department confirmation that no environmental review is required for the proposed expansion of the existing temporary shelter at 2177 Jerrold Street. The memo will confirm that the proposed temporary shelter is not subject to the California Environmental Quality Act (CEQA) pursuant to California law set forth in Assembly Bill 101, California Government Code Sections 65660 – 65668 (AB 101).

AB 101 provides that a low barrier navigation center that meets certain criteria and is located in a mixed-use zoning district or a non-residential zone that permits multifamily uses is a use by right and is not subject to CEQA (Government Code Section 65660(b)). A “use by right” is defined in Government Code Section 65583.2(i) to mean that the local government’s review of the use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a “project” for purposes of CEQA.

The zoning designation for this site is PDR-2 District: Core Production, Distribution, and Repair. The intent of this district is to encourage the introduction, intensification, and protection of a wide range of light and contemporary industrial activities. Thus, this district prohibits new housing, large office developments, large-scale retail, and the heaviest of industrial uses, such as incinerators. A homeless shelter that is owned, operated, or leased by the City and County of San Francisco is a principally permitted use in the PDR-2 District pursuant to Planning Code Section 210.3.

The memorandum dated May 5, 2025 from HSH explains how the proposed expansion of the existing temporary, low-barrier homeless shelter complies with the criteria set forth in AB 101. It meets the definition of a low barrier navigation center set forth in Government Code Section 65660(a) and meets the criteria set forth in Government Code Section 65662. Accordingly, the proposed expansion of the temporary homeless shelter at 2177 Jerrold Street is not subject to CEQA.



## GENERAL PLAN REFERRAL

August 18, 2023

**Case No.:** 2023-007243GPR  
**Block/Lot No.:** 5285A/005  
**Project Sponsor:** City and County of San Francisco Department of Homelessness and Supportive Housing  
**Applicant:** Joanne Park  
City and County of San Francisco Department of Homelessness and Supportive Housing  
[joanne.park@sfgov.org](mailto:joanne.park@sfgov.org)  
440 Turk Street  
San Francisco, CA 94102  
**Staff Contact:** Amnon Ben-Pazi – (628) 652-7428  
[Amnon.Ben-Pazi@sfgov.org](mailto:Amnon.Ben-Pazi@sfgov.org)

**Recommended By:**   
Joshua Switzky, Acting Director of Citywide Policy for  
Rich Hillis, Director of Planning

**Recommendation:** Finding the project, on balance, is **in conformity** with the General Plan

### Project Description

The Project is a low-barrier temporary shelter for unhoused people at 2177 Jerrold Avenue. The temporary shelter would include a "cabin village" with prefabricated cabins for unhoused individuals and couples, parking spaces for individuals and couples living in their vehicles, and supporting facilities including a community and dining room, meeting rooms, clinic, storage facilities, guard shacks, restrooms and showers, and case management offices. The Project would include a 10-year lease of the property, demolition of an existing warehouse, tenant improvements to an existing multi-use building, installation of prefabricated structures, and minor paving, grading, and striping.

Section 2A.53 of the San Francisco Administrative Code requires a written report from the Planning Department to the Board of Supervisors on the consistency of the proposed Project with the General Plan.

## Environmental Review

On August 9, 2023, the planning department determined that the proposed temporary shelter at 2177 Jerrold Avenue is not subject to the California Environmental Quality Act under the terms of California Government Code Sections 65660 – 65668, also known as AB 101.

## General Plan Compliance and Basis for Recommendation

As described below, the proposed Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies and Actions are in **Bold** font; staff comments are in *italic* font.

### HOUSING ELEMENT

#### OBJECTIVE 1.C

##### ELIMINATE HOMELESSNESS.

###### Policy 8

Expand permanently supportive housing and services for individuals and families experiencing homelessness as a primary part of a comprehensive strategy to eliminate homelessness.

###### Action 3.3.1

Expand the capacity of temporary shelter models that are low barrier and that incorporate housing-focused case management, such as non-congregate shelter options and Navigation Centers. Per HSH's forthcoming strategic plan, aim to increase temporary shelter investments, along with Permanent Supportive Housing and homelessness prevention investments to improve the rate of successful exits from homelessness to stable housing.

###### Action 3.3.6

Offer safe places to park for unhoused people living in their vehicles and access to financial assistance to help address their barriers to housing.

*The Project would provide services for individuals and families experiencing homelessness and would expand the capacity of the City's low-barrier non-congregant temporary shelter model. The Project would provide individual refabricated cabins for unhoused individuals and parking spaces for unhoused people living in their vehicles, and would include facilities for services including meeting rooms, a clinic, restrooms and showers, and case management offices.*

**Planning Code Section 101 Findings**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

*2177 Jerrold does not include neighborhood-serving retail uses or spaces. The Project would not impact existing and future neighborhood-serving retail uses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

*The Project would not impact existing housing. It would allow unhoused San Francisco residents to continue living in the City, thus preserving the City's cultural and economic diversity.*

3. That the City's supply of affordable housing be preserved and enhanced;

*The Project would enhance the City's supply of affordable housing by providing unhoused San Francisco residents with shelter and services.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

*The Project would not increase commuter traffic and would not impede MUNI transit service or overburden City streets or neighborhood parking.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

*The Project would temporarily change the use of a property zoned for certain industrial and service uses. However, it would not include commercial office development and thus would not result in industrial or service sector uses being displaced due to commercial office development. The property would be available for industrial and service uses as permitted by zoning upon termination of the temporary use proposed by the project, thus preserving future opportunities for resident employment and ownership in these sectors.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

*The Project includes prefabricated cabins and tenant improvements to existing structures, which would follow all applicable codes. It would not have an adverse effect on City's preparedness against injury and*

*loss of life in an earthquake.*

7. That the landmarks and historic buildings be preserved;

*The Project would have no impact on the City's Landmarks and historic buildings.*

8. That our parks and open space and their access to sunlight and vistas be protected from development;

*The Project would have no impact on the City's parks and open space and their access to sunlight and vistas.*

**Recommendation: Finding the project, on balance, is in conformity with the General Plan**

**From:** [Russi, Brad \(CAT\)](#)  
**To:** [Schneider, Dylan \(HOM\)](#); [BOS Legislation, \(BOS\)](#); [Thongsavat, Adam \(MYR\)](#); [Somera, Alisa \(BOS\)](#)  
**Cc:** [Darmali, Dexter \(MYR\)](#); [Gil, Hailey \(HOM\)](#); [Cohen, Emily \(HOM\)](#); [Levine, Sandi \(ADM\)](#)  
**Subject:** RE: MDL Intro | 5.13.25 | [Real Property Lease Amendment - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177 Jerrold Avenue - Temporary Shelter - Additional Improvements \$3,055,982]  
**Date:** Tuesday, May 13, 2025 11:57:54 AM  
**Attachments:** [image001.png](#)  
[image003.png](#)

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The letter is not necessary for this approval because it did not take advantage of the competitive bidding waivers in subsection (b). Thanks.

**Bradley Russi**  
Deputy City Attorney  
Office of City Attorney David Chiu  
(415) 554-4645 Direct  
[www.sfcityattorney.org](http://www.sfcityattorney.org)

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Confidential Attorney Work Product - Do Not Disclose

This email may contain privileged or confidential information. If you are not the intended recipient, please reply to this email to inform me of your receipt and then destroy all copies.

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**From:** Schneider, Dylan (HOM) <dylan.schneider@sfgov.org>  
**Sent:** Tuesday, May 13, 2025 11:19 AM  
**To:** BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Thongsavat, Adam (MYR) <adam.thongsavat@sfgov.org>; Somera, Alisa (BOS) <alisa.somera@sfgov.org>  
**Cc:** Darmali, Dexter (MYR) <dexter.darmali@sfgov.org>; Gil, Hailey (HOM) <hailey.gil@sfgov.org>; Cohen, Emily (HOM) <emily.cohen@sfgov.org>; Levine, Sandi (ADM) <sandi.levine@sfgov.org>; Russi, Brad (CAT) <Brad.Russi@sfcityatty.org>  
**Subject:** Re: MDL Intro | 5.13.25 | [Real Property Lease Amendment - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177 Jerrold Avenue - Temporary Shelter - Additional Improvements \$3,055,982]

Thanks for flagging Jocelyn, will follow up with this shortly.  
Dylan



**Dylan Schneider, MPA (She/Hers)**

Manager of Legislative Affairs

San Francisco Department of Homelessness and Supportive Housing

[dylan.schneider@sfgov.org](mailto:dylan.schneider@sfgov.org) | O: 628.652.7742

Learn: [hsh.sfgov.org](http://hsh.sfgov.org) | Follow: [@SF\\_HSH](https://twitter.com/SF_HSH) | Like: [@SanFranciscoHSH](https://www.facebook.com/SanFranciscoHSH)

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---

**From:** BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>

**Sent:** Tuesday, May 13, 2025 11:12 AM

**To:** Thongsavat, Adam (MYR) <[adam.thongsavat@sfgov.org](mailto:adam.thongsavat@sfgov.org)>; BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>; Somera, Alisa (BOS) <[alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org)>

**Cc:** Darmali, Dexter (MYR) <[dexter.darmali@sfgov.org](mailto:dexter.darmali@sfgov.org)>; Schneider, Dylan (HOM) <[dylan.schneider@sfgov.org](mailto:dylan.schneider@sfgov.org)>; Gil, Hailey (HOM) <[hailey.gil@sfgov.org](mailto:hailey.gil@sfgov.org)>; Cohen, Emily (HOM) <[emily.cohen@sfgov.org](mailto:emily.cohen@sfgov.org)>; Levine, Sandi (ADM) <[sandi.levine@sfgov.org](mailto:sandi.levine@sfgov.org)>; RUSSI, BRAD (CAT) <[Brad.Russi@sfcityatty.org](mailto:Brad.Russi@sfcityatty.org)>

**Subject:** RE: MDL Intro | 5.13.25 | [Real Property Lease Amendment - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177 Jerrold Avenue - Temporary Shelter - Additional Improvements \$3,055,982]

Hi Adam,

Pursuant to Administrative Code, Section 21B.3.(b), we are seeking a copy of the justification letter from the Department to the Mayor's office for the file. Thank you.

Jocelyn Wong  
Legislative Clerk  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102  
T: 415.554.7702 | F: 415.554.5163  
[jocelyn.wong@sfgov.org](mailto:jocelyn.wong@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

**(VIRTUAL APPOINTMENTS)** To schedule a "virtual" meeting with me (on Microsoft Teams), please ask and I can answer your questions in real time.

Click [HERE](#) to complete a Board of Supervisors Customer Service Satisfaction form.

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

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*does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.*

---

**From:** Thongsavat, Adam (MYR) <[adam.thongsavat@sfgov.org](mailto:adam.thongsavat@sfgov.org)>  
**Sent:** Tuesday, May 13, 2025 11:02 AM  
**To:** BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>; Somera, Alisa (BOS) <[alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org)>  
**Cc:** Darmali, Dexter (MYR) <[dexter.darmali@sfgov.org](mailto:dexter.darmali@sfgov.org)>; Schneider, Dylan (HOM) <[dylan.schneider@sfgov.org](mailto:dylan.schneider@sfgov.org)>; Gil, Hailey (HOM) <[hailey.gil@sfgov.org](mailto:hailey.gil@sfgov.org)>; Cohen, Emily (HOM) <[emily.cohen@sfgov.org](mailto:emily.cohen@sfgov.org)>; Levine, Sandi (ADM) <[sandi.levine@sfgov.org](mailto:sandi.levine@sfgov.org)>; RUSSI, BRAD (CAT) <[Brad.Russi@sfcityatty.org](mailto:Brad.Russi@sfcityatty.org)>  
**Subject:** MDL Intro | 5.13.25 | [Real Property Lease Amendment - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177 Jerrold Avenue - Temporary Shelter - Additional Improvements \$3,055,982]

Dear Clerks:

Attached for introduction is Resolution approving and authorizing the Director of Property, on behalf of the Department of Homelessness and Supportive Housing, to amend the lease with LAWRENCE B. STONE PROPERTIES #08, LLC, as landlord of the real property located at 2177 Jerrold Avenue (“Property”), for continued use as a temporary shelter program, submitted under Chapter 21B of the Administrative Code as a Core Initiative Lease; authorizing the City's contribution of up to \$3,055,982 for additional improvements, including any pre-development costs incurred, to add approximately 82 shelter beds through a dorm buildout to an existing building on the Property, and a utilities upgrade at the property to support the expanded footprint of the temporary shelter program; affirming the Planning Department’s determination under the California Environmental Quality Act, and adopting the Planning Department’s findings of consistency with the General Plan, and the eight priority policies of the Planning Code, Section 101.1; and authorizing the Director of Property to execute any amendments, make certain modifications and take certain actions that do not materially increase the obligations or liabilities to the City, do not materially decrease the benefits to the City and are necessary or advisable to effectuate the purposes of the lease agreement or this Resolution.

### **Supporting Documents:**

- Resolution
  - Word
  - Executed PDF (HSH, RED, MYR)
  - BAD approval
  - Signed Lease Agreement

General Plan Findings

- Planning Letter
- RED Cover Letter
- Form 126
- MDL Cover Letter

Should you have any questions — please reach out. Thank you.

Adam

Adam Thongsavat  
Liaison to the Board of Supervisors  
Office of Mayor Daniel Lurie

City & County of San Francisco  
Daniel Lurie, Mayor



Office of the City Administrator  
Carmen Chu, City Administrator  
Andrico Q. Penick, Director of Real Estate

May 8, 2025

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

**RE: Real Property Lease Amendment – 2177 Jerrold Avenue – Temporary Shelter**

Dear Honorable Board Members:

Attached for your consideration is a resolution authorizing and approving the 1<sup>st</sup> amendment to the lease with LAWRENCE B. STONE PROPERTIES #08, LLC, for the real property located at 2177 Jerrold Avenue (the "Property"), for continued use as a temporary shelter program. The 1<sup>st</sup> Amendment authorizes the City's contribution of up to \$3,055,982 for additional improvements, including any pre-development costs incurred, to add ~82 shelter beds through a dorm buildout and upgrade utilities to support the expanded footprint of the temporary shelter program (the "Additional Improvements").

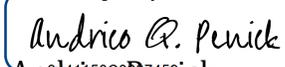
The Department of Homelessness and Supportive Housing ("HSH") opened Phase 1 of the Jerrold Commons temporary shelter program at the Property in April 2025, serving up to 68 older adults through 60 non-congregate cabins. The Additional Improvements included under the proposed 1<sup>st</sup> Amendment are necessary to support the Core Initiative of addressing homelessness under Administrative Code Section 21B.

The Real Estate Division ("RED"), on behalf of HSH, negotiated the First Amendment to the Lease that includes the Additional Improvements with no other changes to the original terms of the Lease. The Landlord has agreed to provide these Additional Improvements and be reimbursed by the City, up to the agreed upon cost of \$3,055,982.

Both the Executive Director of HSH and I recommend approval of the proposed Resolution. If you have questions regarding the Lease, please contact me at 415.554.9850 or [Andrico.penick@sfgov.org](mailto:Andrico.penick@sfgov.org). If you have questions regarding the proposed use of the property by HSH, please contact Dylan Schneider at 628.652.7742 or [dylan.schneider@sfgov.org](mailto:dylan.schneider@sfgov.org).

Respectfully,

DocuSigned by:

  
Andrico Q. Penick  
Director of Property

**From:** [Michael Halby](#)  
**To:** [Jalipa, Brent \(BOS\)](#); [ChanStaff \(BOS\)](#); [DorseyStaff \(BOS\)](#); [EngardioStaff \(BOS\)](#); [MandelmanStaff \(BOS\)](#); [Walton, Shamann \(BOS\)](#)  
**Subject:** For BOS Budget and Appropriations June 12, 2025 Agenda Item #7, #250518  
**Date:** Tuesday, June 10, 2025 10:09:24 AM

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Statement From Market Zone Working Group RE: #250518, Real Property Lease Amendment - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177 Jerrold Avenue - Temporary Shelter - Additional Improvements Up to \$3,055,982

### **Statement from the Market Zone Working Group re Changes to The Commons**

The Market Zone Working Group is a coalition of property owners, businesses, and non-profits in the Market Zone area of the Bayview Hunters Point community. The Market Zone is one of San Francisco's remaining PDR districts; our production, distribution and repair businesses and organizations employ thousands of workers who come to their jobs 24/7. Since its inception in 2021 in the midst of the pandemic, our Working Group has partnered with the City to improve street and sidewalk conditions in this historically underserved part of District 10.

When we learned The Commons was coming to the Market Zone last year without our prior knowledge, we nevertheless saw it — alongside existing Navigation Centers we were proud to support at Bayshore/Jerrold and Evans Avenue (each less than one half-mile from The Commons) — as an opportunity to again assist our unhoused neighbors while improving neighborhood conditions. Over the past year, we collaborated with City staff in monthly meetings to help shape The Commons into a state-of-the-art facility. We jointly envisioned a hybrid model of 60 small cabins and 20 parking spaces to serve people living in vehicles, especially RVs, which currently limit vital parking access for local businesses and workers.

We were therefore surprised and disappointed to learn by chance via a social media post by Mission Local the evening of March 3, four days before our next meeting with city staff on March 7 and just four weeks before the facility was set to open on April 1, that major changes had been made that would significantly expand the site with a sleeping shelter while removing dedicated RV parking spaces without any community notice or input. At our subsequent in-person meeting on the 7th, during our tour of The Commons on March 28, as well as in on-going monthly meetings with its operators, city staff and the Mayor's Office, we were assured we would be partners in planning the future of this site. However, a resolution was introduced on May 13th at the Board of Supervisors to amend the lease and allow significant changes to the site, i.e. adding an 82-bed dorm-style sleeping shelter. We were not aware of nor offered the opportunity to weigh in on this legislation. We were then told the legislation would be heard at the Board of Supervisors' Budget and Finance Committee on June 4th (changed to Budget and Appropriations on June 12).

The rapid pace of this process gives no time to allow other legislation in the pipeline that may impact

The Commons and homeless facilities across the city to play out, for example legislation co-sponsored by Supervisors Walton and Mahmood to require shelters for the unhoused be opened in all supervisorial districts, which we applaud as it would equitably lead to the Mayor's goal of achieving additional shelter beds while prohibiting new facilities within 1000 feet of an existing shelter. Nor does it enable all of us to learn and capture best practices as The Commons fills with guests in its cabins.

We are eager to return to a transparent, collaborative process to ensure The Commons is the best facility of its kind — for the unhoused it serves, the staff it employs, and the businesses, workers and residents who make up the Market Zone. Our goal remains the same: a modern, well-managed facility that reflects best practices, supports vulnerable populations, and meets the needs of unhoused people living in the Market Zone while also fitting within our community at the appropriate scale we all planned together from the beginning.

**Michael Halby - Chair of the Market Zone Working Group**

**W +1.415.766.3454 | M+1.415.815.7715**



**San Francisco Ethics Commission**

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102  
 Phone: 415.252.3100 . Fax: 415.252.3112  
[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 250518

Bid/RFP #:

**Notification of Contract Approval**

SFEC Form 126(f)4  
 (S.F. Campaign and Governmental Conduct Code § 1.126(f)4)  
 A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION	
<b>TYPE OF FILING</b>	<b>DATE OF ORIGINAL FILING (for amendment only)</b>
Original	
<b>AMENDMENT DESCRIPTION – Explain reason for amendment</b>	

2. CITY ELECTIVE OFFICE OR BOARD	
<b>OFFICE OR BOARD</b>	<b>NAME OF CITY ELECTIVE OFFICER</b>
Board of Supervisors	Members

3. FILER'S CONTACT	
<b>NAME OF FILER'S CONTACT</b>	<b>TELEPHONE NUMBER</b>
Angela Calvillo	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT	
<b>NAME OF DEPARTMENTAL CONTACT</b>	<b>DEPARTMENT CONTACT TELEPHONE NUMBER</b>
Dylan Schneider	628.652.7742
<b>FULL DEPARTMENT NAME</b>	<b>DEPARTMENT CONTACT EMAIL</b>
HSB Homelessness and Supportive Housing	dylan.schneider@sfgov.org

5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> LAWRENCE B. STONE PROPERTIES #08, LLC	<b>TELEPHONE NUMBER</b> 509-6789-8656
<b>STREET ADDRESS (including City, State and Zip Code)</b> P.O. Box 3949 Spokane, WA. 99220-3949	<b>EMAIL</b>

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b>	<b>FILE NUMBER (If applicable)</b> 250518
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> \$3,055,982		
<b>NATURE OF THE CONTRACT (Please describe)</b> 1st Amendment to the Lease with LAWRENCE B. STONE PROPERTIES #08, LLC for the real property located at 2177 Jerrold Avenue that includes up to \$3,055,982 for additional improvements at the property.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	<b>THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM</b>
<input checked="" type="checkbox"/>	<b>A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES</b> Board of Supervisors
<input type="checkbox"/>	<b>THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS</b>

**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Czapla	Nick	COO
2	Stone	Lawrence	Other Principal Officer
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4			
5			
6			
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**9. AFFILIATES AND SUBCONTRACTORS**

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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47			
48			
49			
50			
<input type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

<p><b>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</b></p>  <p>BOS Clerk of the Board</p>	<p><b>DATE SIGNED</b></p>
---	---------------------------

OFFICE OF THE MAYOR  
SAN FRANCISCO



DANIEL LURIE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Adam Thongsavat, Liaison to the Board of Supervisors  
RE: [Real Property Lease Amendment - LAWRENCE B. STONE PROPERTIES #08, LLC - 2177 Jerrold Avenue - Temporary Shelter - Additional Improvements \$3,055,982]  
DATE: May 13, 2025

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Resolution approving and authorizing the Director of Property, on behalf of the Department of Homelessness and Supportive Housing, to amend the lease with LAWRENCE B. STONE PROPERTIES #08, LLC, as landlord of the real property located at 2177 Jerrold Avenue ("Property"), for continued use as a temporary shelter program, submitted under Chapter 21B of the Administrative Code as a Core Initiative Lease; authorizing the City's contribution of up to \$3,055,982 for additional improvements, including any pre-development costs incurred, to add approximately 82 shelter beds through a dorm buildout to an existing building on the Property, and a utilities upgrade at the property to support the expanded footprint of the temporary shelter program; affirming the Planning Department's determination under the California Environmental Quality Act, and adopting the Planning Department's findings of consistency with the General Plan, and the eight priority policies of the Planning Code, Section 101.1; and authorizing the Director of Property to execute any amendments, make certain modifications and take certain actions that do not materially increase the obligations or liabilities to the City, do not materially decrease the benefits to the City and are necessary or advisable to effectuate the purposes of the lease agreement or this Resolution.

Should you have any questions, please contact Adam Thongsavat at [adam.thongsavat@sfgov.org](mailto:adam.thongsavat@sfgov.org)