

1 [Lease of Real Property - SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE  
2 OBI LLC - 1360 Mission Street - \$644,404 Annual Base Rent - Up to \$200,000 in Tenant  
3 Improvements]

3

4 **Resolution approving and authorizing the Director of Property, on behalf of the**  
5 **Department of Public Health, to lease real property located at 1360 Mission Street, for**  
6 **an initial term of four years, from SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and**  
7 **SFSPE OBI LLC, at a base rent of \$644,404 per year with 3% annual increases;**  
8 **authorizing the City to contribute up to an additional \$200,000 in tenant improvements**  
9 **to commence upon substantial completion of the installation of the Tenant**  
10 **Improvements necessary for the City’s occupancy, which is expected to occur on or**  
11 **around August 1, 2021; and authorizing the Director of Property to execute documents,**  
12 **make certain modifications and take certain actions in furtherance of the Lease and**  
13 **this Resolution, as defined herein.**

14

15 WHEREAS, The Department of Public Health (“DPH”) strives to protect and promote  
16 the health of all San Franciscans by providing a wide range of public health services and  
17 programs; and

18 WHEREAS, On December 6, 2019, the San Francisco Board of Supervisors passed an  
19 Ordinance amending the Administrative Code to establish Mental Health San Francisco  
20 (Mental Health SF), creating a need for additional staffing and office space; and

21 WHEREAS, The COVID-19 Emergency has created the need for additional office  
22 space for both new Covid-related hires and the relocation of the COVID-19 Command Center  
23 (“CCC”) currently being demobilized from the Moscone Convention Center; and

24 WHEREAS, The office building located at 1360 Mission Street (“Building”) was  
25 determined to be an ideal space and location for the consolidation of 73 Mental Health San

1 Francisco staff, including the Office of Coordinated Care, the Office of Street and Justice  
2 Services, and the Office of Utilization Management teams; and

3 WHEREAS, These teams provide management, monitoring access, flow and service  
4 utilization throughout the behavioral health system in San Francisco; and

5 WHEREAS ,The Real Estate Division (“RED”), in consultation with DPH and the Office  
6 of the City Attorney, negotiated a proposed lease (“Lease”) with SFSPE TG, LLC, SFSPE T1,  
7 LLC, SFSPE MH, LLC and SFSPE OBI LLC (collectively, the “Landlord”) for an initial term of  
8 four years (the “Initial Term”), plus two, one-year options to extend the term (the “Optional  
9 Terms”), of approximately 16,958 rentable square feet of administrative, program, and office  
10 space (“Premises”) at the Building, a copy of the Lease is on file with the Clerk of the Board in  
11 File No. 210775; and

12 WHEREAS, The Building was determined to be the best site for this program due to its  
13 geographic proximity to Civic Center, the minimal amount of tenant improvements required,  
14 proximity to DPH’s related Behavioral Health/Mental Health Administrative offices and  
15 proximity to Behavioral Health Access Center located at 1380 Howard Street; it has sufficient  
16 space and is well-configured to DPH’s use, with flexibility to configure in accordance with new  
17 space planning standards resulting from the COVID-19 emergency; and

18 WHEREAS, The Commencement Date (“Commencement Date”) shall be upon  
19 substantial completion of the installation of the Tenant Improvements (“Tenant  
20 Improvements”) necessary for the City’s occupancy, which is expected to occur on or around  
21 August 1, 2021 (estimated “Rent Commencement Date”); and

22 WHEREAS, The Rent will be abated for during the first eight months of the lease,  
23 making rent payable on or around April 1, 2022; and

1           WHEREAS, The cost of the improvements to the Premises specific to City’s use  
2 (“Tenant Improvements”), of which the Landlord will construct at City’s sole cost is not  
3 expected to exceed \$200,000; and

4           WHEREAS, Under the Lease, base rent payable by City will be \$644,404 per year  
5 (\$38.00 per sq. ft.), payable in monthly installments, with 3% annual increases; and

6           WHEREAS, The Director of Property determines the base rent negotiated in the Lease  
7 to be at or below fair market rental value; and

8           WHEREAS, Throughout the Term, City at its cost, will be responsible for maintenance  
9 within the premises, increases in operating costs over the base year but not increases in  
10 property taxes in the event of sale of the property and reassessment; and

11           WHEREAS, As of the Commencement Date, Landlord is obligated to pay for utilities,  
12 custodial services, routine maintenance and repair within the common areas and insurance;  
13 now, therefore, be it

14           RESOLVED, That in accordance with the recommendation of the Director of Health  
15 and the Director of Property, the Board of Supervisors approves the Lease in substantially the  
16 form presented to the Board, and authorizes the Director of Property, to take all actions  
17 necessary to execute the Lease and any other documents that are necessary or advisable to  
18 effectuate the purpose of this Resolution; and, be it

19           FURTHER RESOLVED, That upon execution of the Lease, City is authorized to  
20 request Landlord to perform completion of the Tenant Improvements on behalf of City,  
21 pursuant to the terms and conditions of the Lease; and, be it

22           FURTHER RESOLVED, That under the Lease, City shall indemnify and hold harmless  
23 the Landlord from, and agree to defend the Landlord against, any and all claims, costs and  
24 expenses, including without limitation, reasonable attorneys’ fees, incurred as a result of City’s  
25

1 use of the premises or any negligent acts or omissions of City, its agents or invitees in, on or  
2 about the Property, in accordance with the terms of the Lease; and, be it

3 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
4 with respect to the Lease are hereby approved, confirmed and ratified; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
6 Property to enter into any extensions, amendments or modifications to the Lease (including  
7 without limitation, the exhibits) that the Director of Property determines, in consultation with  
8 the Director of Health and the Office of the City Attorney, are in the best interest of the City, do  
9 not increase the rent or otherwise materially increase the obligations or liabilities of the City,  
10 are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are  
11 in compliance with all applicable laws, including City's Charter; and, be it

12 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed  
13 by all parties, RED shall provide the final Lease to the Clerk of the Board for inclusion in the  
14 official file.

Available: \$361,006  
3 months' base rent + tenant improvements

Amount:	\$180,503
Fund ID:	10020
Department ID:	152644
Project ID:	10037695
Authority ID:	21481
Account:	501010
Activity ID:	1

Amount:	\$180,503
Fund ID:	10582
Department ID:	240645
Project ID:	10036747
Authority ID:	21531
Account ID:	530000
Activity ID:	1

/s/  
Michelle Allersma, Budget and Analysis  
Division Director on behalf of  
Ben Rosenfield, Controller

Funding for Fiscal Year 2021/2022 is  
subject to the enactment of the Annual  
Appropriation Ordinance for Fiscal Year  
2021/2022

/s/  
Department of Public Health  
Director of Health

/s/  
Real Estate Division  
Director of Property