

1 [Real Property Lease Extension Option - RACHRIS, LLC - 2 Gough Street - \$734,532.60
2 Annual Base Rent]

3 **Resolution authorizing the Director of Property to exercise an option to extend a**
4 **Lease of real property located at 2 Gough Street for office space, with RACHRIS,**
5 **LLC, as landlord, for a five-year term commencing on July 1, 2020, and expiring on**
6 **June 30, 2025, at a monthly base rent of \$61,211 for a total annual base rent of**
7 **\$734,532.60 with the base rent increasing at 3% per year.**

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9 WHEREAS, The City and County of San Francisco (the "City"), on behalf of its
10 Human Services Agency ("HSA") entered into a sub-lease commencing on July 1, 2015
11 ("Lease") with Celerity Consulting Group Inc. ("Original Landlord"), for approximately
12 13,938 square feet of office area ("Premises") on the first and second floors of the building
13 located at 2 Gough Street in San Francisco, a copy of the Lease is on file with the Clerk of
14 the Board of Supervisors in File No. 200316; and

15 WHEREAS, In accordance with the provisions of the Lease, the Original Landlord
16 assigned its interest in the Lease to RACHRISS, LLC ("Landlord"); and

17 WHEREAS, The Lease is set to expire on June 30, 2020, and HSA desires to
18 extend the term of the Lease; and

19 WHEREAS, The Lease provides for one option to extend the term of the Lease
20 ("Extension Option") for an additional five years ("Extended Term"), on the same terms and
21 conditions, except the base rent for the first year of the Extended Term shall be adjusted to
22 equal the prevailing market rate; and

23 WHEREAS, The Real Estate Division, on behalf of HSA, negotiated the fair market
24 monthly base rent of \$61,211 or \$4.39 per square foot per month, increasing annually at a
25 rate of three percent (3%), with the City responsible for paying for its utilities and custodial

1 services, for the Extended Term, which the Director of Property determined to be at or
2 below fair market rental value; now, therefore, be it

3 RESOLVED, That in accordance with the recommendation of HSA, the Director of
4 Property is hereby authorized to take all actions on behalf of the City and County of San
5 Francisco, as Tenant, to exercise the option for the Extended Term, to commence on July
6 1, 2020, (“Commencement Date”), and to terminate on June 30, 2025; and, be it

7 FURTHER RESOLVED, That on the Commencement Date, the fair market monthly
8 base rent shall be adjusted to \$61,211, increasing annually at three percent (3%); and, be it

9 FURTHER RESOLVED, That all other applicable terms and conditions of the Lease
10 shall apply during the Extended Term; and, be it

11 FURTHER RESOLVED, That any action taken by any City employee or official with
12 respect to the exercise of the Option is hereby ratified and affirmed; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
14 Property to exercise the Option and make any amendments or modifications to the Lease
15 (including without limitation, the exhibits) that the Director of Real Property determines, in
16 consultation with the City Attorney, are in the best interest of the City, do not increase the rent
17 or otherwise materially increase the obligations or liabilities of the City, are necessary or
18 advisable to effectuate the purposes of the Lease or this resolution, and are in compliance
19 with all applicable laws, including City's Charter.

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RECOMMENDED:

Executive Director
Human Services Agency

Director of Property
Real Estate Division