

1 [Lease of Real Property]

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3 **Resolution authorizing the renewal of a sublease of 52,200 sq. ft. of space at 1440**  
4 **Harrison Street for the Department of Human Services.**

5 WHEREAS, The City has occupied 1440 Harrison Street for nearly twenty years and  
6 the Department of Human Services provides Medi-Cal and Food Stamp assistance from this  
7 location, to San Francisco residents young and old; and,

8 WHEREAS, The operations at 1440 Harrison Street result in about 100 new  
9 applications for coverage in health programs each day, causing City health care facilities to  
10 receive some \$600 million per year in Medi-Cal reimbursements; therefore

11 BE IT RESOLVED, That in accordance with the recommendation of the Director of the  
12 Department of Human Services and the Director of Property, the Director of Property is  
13 hereby authorized to take all actions, on behalf of the City and County of San Francisco, as  
14 Tenant, to execute a written sublease (copy of which is on file with the Clerk of the Board, the  
15 "Sublease") and other related documents with 1440 Harrison Street Development Group LLC  
16 ("Landlord"), for the building commonly known as 1440 Harrison Street, San Francisco,  
17 California, which comprises an area of approximately 52,200 square feet on the terms and  
18 conditions herein and on a form approved by the City Attorney; and, be it

19 FURTHER RESOLVED, That the lease shall commence on the mutual execution and  
20 exchange of the Sublease or July 1, 2005, whichever occurs later and terminate on June 30,  
21 2012. The monthly base rent shall be \$58,725.00 (approximately \$13.50 per square foot per  
22 year) and shall remain flat for the seven year term. In addition to the base rent the City shall  
23 pay for its utilities, janitorial, water and sewer, security guards, landscaping cost, and pest  
24 control; and, be it

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\*\*Real Estate Division\*\*

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1 FURTHER RESOLVED, That the Landlord shall, at Landlord's sole cost, repair and  
2 maintain in first class condition the exterior walls, and roof, and atrium and structural members  
3 of the premises concealed electrical wiring, plumbing, heating and ventilating units, and  
4 elevators, and all other mechanical electrical and fire and life safety systems within the  
5 premises; and, be it

6 FURTHER RESOLVED, That the lease shall provide for a Tenant Improvement  
7 Allowance paid by Landlord of up to \$783,000 (approximately \$15.00 per rentable square  
8 foot) to be applied towards a building improvement program specified by City and  
9 administrated by the Landlord; and, be it

10 FURTHER RESOLVED, That the City shall have four (4) options to renew for five (5)  
11 years each, and one final option to renew for an eight-year term. In each case, the rent for  
12 the option period shall be based on 95% of the then fair market value; and, be it

13 FURTHER RESOLVED, That the lease shall include a clause approved by the City  
14 Attorney, indemnifying and holding harmless the Landlord, from and agreeing to defend the  
15 Landlord against any and all claims, costs and expenses, including, without limitation,  
16 reasonable attorney's fees, incurred as a result of City's use of the premises, any default by  
17 the City in the performance of any of its obligations under the lease, or any acts or omissions  
18 of City or its agents, in, on or about the premises or the property on which the premises are  
19 located, excluding those claims, costs and expenses incurred as a result of the active gross  
20 negligence or willful misconduct of Landlord or its agents; and, be it

21 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
22 with respect to such lease are hereby approved, confirmed and ratified; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
24 Property to enter into any amendments or modifications to the Lease (including without  
25 limitation, the exhibits) that the Director of Property determines, in consultation with the City

1 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially  
2 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the  
3 purposes of the Lease or this resolution, and are in compliance with all applicable laws,  
4 including City's Charter; and, be it

5 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term  
6 of the lease unless funds for the Department of Human Services rental payments are not  
7 appropriated in any subsequent fiscal year at which time City may terminate the lease with  
8 reasonable advance written notice to Landlord. Said Lease shall be subject to certification as  
9 to funds by the Controller, pursuant to Section 3.105 of the Charter.

10 \$704,700 Available  
11 Index No. 45ADOH  
12 Sub Object 03011

13 \_\_\_\_\_  
14 Controller

15 RECOMMENDED:

16 \_\_\_\_\_  
17 Department of Human Services

18 \_\_\_\_\_  
19 Director of Property  
20 Real Estate Division

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\*\*Real Estate Division\*\*

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Page 3

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