



Naomi M. Kelly, City Administrator



John Updike
Director of Real Estate

December 29, 2017

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

Dear Board Members:

Attached for your consideration is a proposed Resolution for sublease, by the Department of Public Health, of office and exam room space, from HealthRIGHT 360 in their new building located at 1563 Mission Street.

The program to be located at 1563 Mission is the Central City Older Adults (CCOA) Program. CCOA will be relocating from 30 Van Ness Avenue, in preparation of all City departments leaving that site due to its recent sale to a private entity.

There will be 10.5 FTEs moved to the new site. DPH will temporarily place 8 FTEs in the vacated space. The temporary placement is from the Emergency Medical Services (EMS) program, which has transitioned from the Department of Emergency Management to DPH on July 1, 2017, thus requiring relocation within DPH space.

CCOA will use the new space to continue providing behavioral health services to residents over 60 who live in the Tenderloin and South of Market areas. The program annually serves approximately 275 individuals. Specific services provided include crisis intervention, whole person assessment, psychiatric evaluation, including medication support, individual and group therapy, case management and advocacy, and home visits.

Lease terms

The proposed term is five (5) years commencing upon Board of Supervisor approval of the sublease (expected to be about March 1, 2018) and expiring on February 28, 2023 with one (1) additional options to extend the term for three (3) additional years at 95% of the then fair market rent, subject to Board approval. The City also has a First Right of Purchase should the Landlord decide, or be forced, to sell the property.

Under the proposed lease, the City would pay \$7,770.10 per month (or approximately \$43.00 psf annually or \$3.58 psf monthly). The base rent increases annually by three percent (3%) and the City would be responsible for a pro rata share of operating expenses (utilities, janitorial, maintenance, and security typical of an office use lease) not to exceed 4.2%. These expenses are estimated to add \$2,215 per month (or approximately \$12.75 psf annually).

The proposed Lease provides for tenant improvements, reimbursable by the City to the Landlord, of up to \$38,000.00. Improvement design including electrical, paint, signage, plumbing and sink installation, has been priced and staff is confident that the cost will be at or less than the maximum allowed.

A before and after table is attached as Attachment #1.

A General Plan Referral and Form 126 will be delivered under separate cover.

The San Francisco Department of Public Health recommends approval of the proposed lease.

If you have any questions regarding this matter, please contact Sandi Levine of our office at 554-9867.

Respectfully



John Updike
Director of Real Estate

cc: Lisa Zayas-Chien

Attachment #1
1563 Mission Street
Before & After Table

	Current	Proposed
Address:	30 Van Ness Avenue	1563 Mission Street
Total SF	Approximately 4,529	Approximately 2,168
Base Rent	\$16,229 monthly (or approximately \$3.58 psf and \$43.00 psf annually)	\$7,770.10 monthly (or approximately \$3.58 psf monthly and \$43.00 psf annually).
Estimated Expenses	NA (rent it all inclusive with right to adjust per actual expenses retroactively)	Approximately \$2,215 per month (or approximately \$1.06 psf monthly and \$12.75 psf annually).
Estimated Total Rent and Expenses	NA	\$9,985 monthly (or approximately \$4.60 psf monthly and \$ 55.27 psf annually).
Base Rent Increase	NA	3%
Term	NA	March 1, 2018 through February 28, 2025
Options to Extend	NA	One (1) three year extension at 95% of Fair Market Rent, subject to Board approval.