

1 [Real Property Lease Extension - Mattison Family Trust - 555-575 Polk Street - \$500,364
2 Annual Base Rent]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**
4 **Department of Public Health, to extend the lease of real property located at 555-575**
5 **Polk Street, with Mattison Family Trust, at a base rent of \$500,364 per year with no**
6 **annual increases, commencing upon the later of August 1, 2021, or approval of this**
7 **Resolution and expiring on July 31, 2026; and authorizing the Director of Property to**
8 **execute documents, make certain modifications and take certain actions in furtherance**
9 **of the Lease and this Resolution, as defined herein.**

10
11 WHEREAS, In 2012 the City and County of San Francisco (the “City”), on behalf of its
12 Department of Public Health (“DPH”) entered into a lease dated November 18, 2011 (the
13 “Lease”), of approximately 9,000 square feet of ground floor space (“Ground Floor Premises”)
14 at the building located at 555-575 Polk Street (the “Building”), a copy of the Lease is on file
15 with the Clerk of the Board in File No. 210738; and

16 WHEREAS, As a companion to the Lease, Resolution No. 68-12 was adopted by the
17 Board of Supervisors and authorized the City to expand the office space under the Lease to
18 include an additional 9,000 square feet on the second floor (“Second Floor Premises”) of the
19 Building; and

20 WHEREAS, The City, as master tenant, subleases the Ground Floor Premises to the
21 State of California’s Administrative Office of the Courts (the “AOC”) under sublease dated
22 December 2, 2011 (“Sublease”), a copy of the Sublease is on file with the Clerk of the Board
23 in File No. 210738; and

24 WHEREAS, The Ground Floor Premises and the Second Floor Premises are
25 collectively referred to as the “Premises”; and

1 WHEREAS, DPH operates the Community Justice Center (“CJC”) located within the
2 Second Floor Premises, providing court authorized alternatives to incarceration, in partnership
3 with the Superior Court of San Francisco (“SF Superior Court”); and

4 WHEREAS, The AOC and SF Superior Court are co-occupants of the Ground Floor
5 Premises; and

6 WHEREAS, The Lease expires on July 31, 2021, but provides for an option to
7 extend the term of the Lease (“Extension Option”) for an additional five years (“Extended
8 Term”), on the same terms and conditions, except the base rent for the Extended Term rent
9 will be adjusted to 95% of the current market rate; and

10 WHEREAS, The City sent notice to exercise its Extension Option, and the City and
11 Landlord negotiated base rent payable in the Extended Term to remain at the current base
12 rent, which totals \$41,697 monthly and \$500,364 annually (approximately \$27.84 per square
13 foot per year), with no annual increases; and

14 WHEREAS, The term of the Sublease co-terminates with the term of the Lease,
15 thereby automatically extending the term of the Sublease upon any extension of the Lease;
16 and

17 WHEREAS, All other terms and conditions of the Lease and Sublease will remain in full
18 force and effect; and

19 WHEREAS, The Director of Property determines the rent payable under the Extended
20 Term to be at or below fair market rental value; now, therefore, be it

21 RESOLVED, That in accordance with the recommendation of the Director of Health,
22 the Director of Property is hereby authorized to take all actions on behalf of the City as
23 Tenant, to exercise the option for the Extended Term, to extend the term of the Lease until
24 July 31, 2026; and, be it
25

1 FURTHER RESOLVED, The Board of Supervisors authorizes the Director of Property
2 to exercise the Extension Option and make any amendments or modifications to the Lease
3 and Sublease (including without limitation, the exhibits) that the Director of Property
4 determines, in consultation with the City Attorney and DPH, are in the best interest of the City,
5 do not increase the rent or otherwise materially increase the obligations or liabilities of the
6 City, are necessary or advisable to effectuate the purposes of the Lease, Sublease or this
7 Resolution, and are in compliance with all applicable laws, including City's Charter; and, be it

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

10 FURTHER RESOLVED, That within thirty (30) days of the Extension Option being fully
11 approved by the Board of Supervisors, the Real Estate Division shall provide the confirmation
12 of Extension Option to the Clerk of the Board for inclusion into the official file.

