

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

February 10, 2022

Department of Public Health
Lease of Real Property
2712 Mission Street

Through Carmen Chu
City Administrator

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

RE: 2712 Mission Street

Dear Board Members:

Attached for consideration is a Resolution authorizing the lease of approximately 32,000 rentable square feet of office space located at 2712 Mission Street, for use by the Department of Public Health (DPH) for the Mission Mental Health Clinic.

Mission Mental Health Clinic, is a program of the Department of Public Health that serves adult clients. It provides culturally informed, bilingual (English/Spanish) collaborative mental health care and primary care. The multi-disciplinary team welcomes adult clients regardless of drug use, criminal history and mental health diagnosis.

Approximately 60 City employees staff the Clinic (47.9 DPH and 12 HSH). Mission Mental Health provides intensive case management and is not a pure outpatient clinic. The Mental Health services carry a monthly case load of 829 clients with approximately 100 families referred for additional evaluation and testing. The Homeless and Supportive Housing staff use the space for administrative purposes.

The Department of Public Health, has operated the Mission Mental Health Clinic at this site since January 6, 2012. The current agreement expires on March 25, 2022. The current agreement is for \$83,468.90 (\$2.61 per sf) per month, \$1,001,626.80 (\$31.30 per sf) annually, which has been flat for 10 years.

The Real Estate Division, in consultation with the Department of Public Health, negotiated the following:

- Rent: \$24.85 per rentable square foot per year or \$795,200 annually
- CPI increases no lower than 3% and no higher than 5%
- NNN expenses, estimated at \$6.38 per square foot
- Right of First Offer to Purchase

The lease will commence on expiration of the current agreement, March 25, 2022, for a term of 10 years, with one additional 5year options, which Landlord may rescind with proper notice. City will continue to pay utilities and custodial.

We recommend approval of the proposed Lease. If you have any questions regarding this matter, please contact Andrico Penick at 415-554-9860.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrico Penick", written in a cursive style.

Andrico Q. Penick
Director of Property

cc. Dr. Grant Colfax, Director DPH