

1 [Real Property Sublease - HealthRIGHT 360 - 1735 Mission Street - DPH Electronic Health
2 Records Initiative - \$625,617 Initial Annualized Base Rent]

3 **Resolution retroactively authorizing the sublease of approximately 19,975 square feet**
4 **at 1735 Mission Street with HealthRIGHT 360, a California nonprofit corporation, to**
5 **implement a new Electronic Health Record Initiative for the Department of Public**
6 **Health, for a three and a half-year term to commence July 1, 2018, through January 16,**
7 **2022, at the monthly base rent of \$52,135 for an annualized initial base rent of \$625,617**
8 **with a 1% annual increase on each January 17, reimbursement up to \$764,498 to the**
9 **landlord for tenant improvements, and additional charges for utilities and services per**
10 **month.**

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12 WHEREAS, The Department of Public Health (“DPH”) is implementing a new
13 Electronic Health Record initiative (“EHR”); and

14 WHEREAS, EHR requires a limited term software training facility location; and

15 WHEREAS, DPH has a need for community public health training space; and

16 WHEREAS, DPH has a need to co-locate and provide for temporary office space for
17 existing IT operations staff that are ultimately relocating to Laguna Honda Hospital as part of
18 DPH’s staff relocation and consolidation strategy; and

19 WHEREAS, HealthRight 360, a California nonprofit corporation, has recently vacated a
20 portion of their former headquarters located at 1735 Mission Street (the “Site”); and

21 WHEREAS, HealthRight 360 has a below current market rate lease for the Site,
22 expiring January 16, 2022, with SF L & W Partnership, a California partnership (the “HR360
23 Lease”); and

24 WHEREAS, The Real Estate Division on behalf of DPH has negotiated a sublease,
25 substantially in the form on file with the Clerk of the Board of Supervisors in File No. 180563

1 which is hereby declared to be a part of this Resolution as if set forth fully herein (the
2 “Sublease”), to sublease a portion of the Site for use by the EHR training program and IT
3 operations staff at the below market rate lease of the HR360 Lease; now, therefore, be it

4 RESOLVED, That the Director of Property is hereby authorized to take all actions, on
5 behalf of the City and County of San Francisco, as Sublessee, enter into Sublease and other
6 related documents with HealthRight 360, a California nonprofit corporation ("Sublessor"), to
7 be approved by SF L & W Partnership, a California partnership, for approximately 19,975
8 rentable square feet of a portion of the building commonly known as 1735 Mission Street; and,
9 be it

10 FURTHER RESOLVED, The annual base rent for the period from July 1, 2018, to
11 January 16, 2019, shall be \$625,617 (approximately \$31.32 per usable square foot per year)
12 and the base rent shall increase annually at a rate of 1% annually on each January 17; and,
13 be it

14 FURTHER RESOLVED, As set forth in the Sublease, the City shall pay for (i) its
15 prorata share, 43.4%, of Site operating expenses and (ii) reimbursement to Sublessor for up
16 to \$764,498 for tenant improvements; and, be it

17 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with
18 respect to the Sublease are hereby approved, confirmed and ratified; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
20 Property to enter into any amendments or modifications to the Sublease (including without
21 limitation, the exhibits) that the Director of Property determines, in consultation with the City
22 Attorney, are in the best interest of the City, do not materially increase the obligations or
23 liabilities of the City, do not materially decrease the benefits to the City, or are necessary or
24 advisable to effectuate the purposes of the Sublease or this Resolution, and are in compliance
25 with all applicable laws, including City's Charter; and, be it

1 FURTHER RESOLVED, That the City shall occupy the subleased portion of the
2 Building for the full term of the Sublease unless funds for the City's rental payments are not
3 appropriated in any subsequent fiscal year at which time City may terminate the Sublease
4 with reasonable advance written notice to Landlord; and, be it

5 FURTHER RESOLVED, Such termination shall then be effective upon surrender of the
6 Premises; and, be it

7 FURTHER RESOLVED, Said Sublease shall be subject to certification as to funds by
8 the Controller, pursuant to Charter, Section 3.105; and, be it

9 FURTHER RESOLVED, That within thirty (30) days of the execution of the Sublease,
10 the Director of Property shall provide a copy to the Clerk of the Board for the Board's file.

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12 Signatures on next Page

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\$980,360.65 Available
Fund ID: 10020
Department ID: 162643
PS Project ID: 10032706
Authority ID: 20031
Account ID: 530110
Activity ID: 0001

\$653,573.76 Available
Fund ID: 10010
Department ID: 251917
PS Project ID: 10023255
Authority ID: 17077
Account ID: 530110
Activity ID: 0002

Controller
Subject to enactment of the 2018/2019 Annual
Appropriation Ordinance

RECOMMENDED:

Barbara A. Garcia
Director of Health

John Updike
Director of Real Estate