

1 [Real Property Lease Amendment - Retroactive - 716 Sacramento LLC and DLS Sacramento
2 LLC - 716-720 Sacramento Street - \$370,000 Annual Base Rent]

3 **Resolution retroactively approving and authorizing the Director of Property, on behalf**
4 **of the Department of Public Health, to execute a Fourth Amendment to a Lease of real**
5 **property located at 716-720 Sacramento Street, with 716 Sacramento LLC (73.4%) and**
6 **DLS Sacramento LLC (26.6%), at a base rent of \$370,000 per year with 3% annual**
7 **increases, for an initial term commencing July 1, 2023, with a total term of December 1,**
8 **1996, through June 30, 2026, with two one-year options to extend; and to authorize the**
9 **Director or Property to enter into any extensions, amendments, or modifications to the**
10 **Lease that do not materially increase the obligations or liabilities to the City and are**
11 **necessary to effectuate the purposes of the Lease or this Resolution.**

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13 WHEREAS, The Department of Public Health (“DPH”) currently operates the
14 Chinatown Child Development Center (CCDC) at 716-720 Sacramento Street (the “Property”),
15 providing community-based programs and outpatient mental health services to children (age
16 0-18) and their families; and

17 WHEREAS, On an annualized basis the CCDC clinic supports more than 400 school
18 aged and preschool aged youth as well as their multigenerational families; and

19 WHEREAS, CCDC provides mental health services including: individual, group
20 psychotherapy, psychological and medication evaluations; treatment groups for preschool age
21 and elementary school age children; mental health education and infant development
22 programs; and

23 WHEREAS, The City and County of San Francisco (“City”), as tenant, originally
24 entered into a lease dated December 1, 1996 (the ‘Original Lease’), with KHC INVESTMENT
25 COMPANY (“Landlord”) for approximately 9,250 square feet for use as the CCDC, a copy of

1 the Original Lease is on file with the Clerk of the Board in File No. 64-96-2, authorized by
2 Resolution No. 331-96, amended by the First Amendment to Lease dated July 23, 2012,
3 authorized by Resolution No. 252-12, the Second Amendment to Lease dated June 29, 2013,
4 authorized by Resolution No. 271-13, and the Third Amendment to Lease dated April 5, 2018,
5 authorized by Resolution No. 082-18; and

6 WHEREAS, The Original Lease will expire on June 30, 2023, and the Real Estate
7 Division (“RED”), in consultation with DPH and the Office of the City Attorney, negotiated an
8 amendment to the Original Lease (the “Fourth Amendment”) to amongst other things, extend
9 the term of the Original Lease, a copy of the proposed Fourth Amendment is on file with the
10 Clerk of the Board in File No. 230999; and

11 WHEREAS, The Fourth Amendment extends the term of the Lease (collectively, the
12 Original Lease, First Amendment, Second Amendment and Third Amendment are the
13 “Lease”) until June 30, 2026, with two additional options of one year to extend the term (the
14 “Options”) at 95% of fair market rental value; and

15 WHEREAS, Base rent under the Fourth Amendment will be \$370,000 per year, or
16 \$30,833.33 per month (\$3.33 per sq. ft.), increasing annually by 3%; and

17 WHEREAS, All other terms and conditions of the Lease will remain in full force and
18 effect, including, among other things, City’s obligation to pay for its utility usage; and

19 WHEREAS, The Director of Property has determined that the rent payable under the
20 Fourth Amendment to be at or below fair market rental value; now, therefore, be it

21 RESOLVED, That in accordance with the recommendations of the Director of Health,
22 and the Director of Property after consulting with the City Attorney, the Director of Property is
23 hereby authorized to take all actions, on behalf of the City, as Tenant, to execute the Fourth
24 Amendment with Landlord for space at 716-720 Sacramento Street; and, be it
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1 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
2 Property to enter into any amendments or modifications to the Lease (including without
3 limitation, the exhibits) that the Director of Property determines, in consultation with the City
4 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially
5 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the
6 purposes of the Lease or this Resolution, and are in compliance with all applicable laws,
7 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 Fourth Amendment being
11 fully executed by all parties, RED shall provide the final Fourth Amendment to the Clerk of the
12 Board for inclusion into the official file.

