

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

May 1, 2024

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

RE: Lease Amendment – City and County of San Francisco,
Human Services Agency, Tenant, and RACHIS, LLC, Landlord
2 Gough Street

Dear Board Members:

Attached for your consideration is a proposed Resolution to amend the Human Services Agency (“HSA”) lease at 2 Gough Street to accommodate the relocation of staff from the Department of Disability and Aging Services (“DAS”) Executive Offices and HSA’s Office of Community Partnerships, from 1650 Mission Street. The consolidation of DAS leadership and staff at 2 Gough Street serves two purposes:

- Optimization of DAS program management and operations;
- Opening-up space at 1650 Mission Street to be backfilled by staff from 170 Otis, implementing the first phase of HSA’s strategic facilities plan to vacate HSA personnel out of seismically hazardous facilities such as 170 Otis.

The proposed agreement expands the existing DAS premises on floors one and two of 2 Gough Street onto the third floor of the building for an additional 7,938 square feet. The amendment would co-terminate with the existing lease on June 30, 2025 and provide an option to extend the synchronized terms of all three floors by another three years to June 30, 2028.

The first month of the proposed term for the expanded space is rent-free, followed by one month of rent at \$25,251, then increasing by 3% to \$26,009 per month for the next 12 months of the original term for \$312,108 annually.

The amendment also provides tenant improvements to the 3rd floor space, including additional power, balcony and kitchen enhancements as well as replacement of floor coverings, paint, plus an upgrade to the HVAC system to increase airflow throughout the building.

Should you have any questions regarding the underlying use, please contact Dan Kaplan, Deputy Director for Administration & Finance, Human Services Agency at (415) 557-5641; or regarding the transaction, Claudia Gorham, Deputy Managing Director, Real Estate Division at (415) 554-9871.

Respectfully,



Andrico Q. Penick
Director of Real Estate