

# 2 Gough Street

**LEASE AMENDMENT – HUMAN SERVICES AGENCY**

BUDGET AND FINANCE COMMITTEE 7/17/2024

# Background

- Human Services Agency's (HSA's) Department of Aging Services (DAS) delivers supportive services for older people, veterans, and adults with disabilities.
- City leases 13,938 square feet (2 floors) for DAS staff at 2 Gough Street; that lease expires June 30, 2025.
- HSA facilities planning has been centered on vacating seismically vulnerable buildings, such as 170 Otis Street.
- HSA proposes to relocate DAS staff from their offices at 1650 Mission Street to 7,938 sq. ft. (1 floor) of vacant space at 2 Gough St., and backfill the space at 1650 Mission with HSA executive and facilities staff from 170 Otis St.
- The combined moves allow HSA to accomplish two goals ( 1) consolidate DAS staff at 2 Gough St., and (2) reduce occupancy at 170 Otis.
- To implement the plan, a lease amendment is needed to expand the existing premises at 2 Gough into the vacant space at that building.

# Terms of Agreement:

- ▶ The proposed lease amendment expands the current premises of 13,938 sq. ft. at 2 Gough St. by 7,938 sq. ft, for a total leasehold of 21,876 sq. ft., commencing after approval of the corresponding Resolution.
- ▶ The first year rental rate, excluding rent abatement in the first month, is \$39.32 per sq. ft; the appraised fair market rate of the space is \$45.16 per sq. ft.
- ▶ The amendment provides a 3-year option to extend the term at a below-market rate from current expiration in June, 2025, through June 2028.
- ▶ The amendment also provides for tenant improvements, including new paint and floor coverings, kitchen and balcony improvements and additional power and HVAC upgrades at landlord cost.



Questions?