

1 [Real Property Lease - 33 8th Street, LLC - 33-8th Street - Initial Base Rent of \$448,224]
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3 **Resolution approving and authorizing the Director of Property, on behalf of the Drug**
4 **Market Agency Coordination Center to execute a Lease with 33 8th Street, LLC, a**
5 **California limited liability company, for a portion of the real property located at 33-8th**
6 **Street, for a term of 10 years and four months at an initial annual base rent of \$448,224**
7 **with 3% annual increases, effective upon approval of this Resolution by the Board of**
8 **Supervisors and the Mayor and upon execution by the Director of Property; and**
9 **authorizing the Director of Property to enter into 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 Drug Market Agency Coordination Center (DMACC) is a multi-agency
14 taskforce that combines the City’s law enforcement agencies and other City departments for a
15 joint approach in addressing the street conditions and crime in the Tenderloin and South of
16 Market neighborhoods attributable to drug dealing and consumption, often colloquially
17 referred to as “open air drug markets”; and

18 WHEREAS, DMACC is currently housed at 1145 Market Street on the 8th floor,
19 pursuant to a Lease executed in May 2024, approved by the Board of Supervisors in File
20 No. 240347; and

21 WHEREAS, DMACC’s mission is to “coordinate all lines of operational effort - including
22 engagement, enforcement, and treatment - related to disrupting and reducing the severity and
23 number of open-air drug markets on the streets of San Francisco, with the ultimate objective
24 to identify paths to recovery for those sick with substance use disorder”; and

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1 WHEREAS, The Real Estate Division (RED), in consultation with DMACC, located
2 available space at 33 8th Street that could be built to accommodate DMACC’s unique
3 programming needs and support their ongoing mission; and

4 WHEREAS, RED, in consultation with DMACC and the Office of the City Attorney,
5 negotiated the proposed lease (Lease) with 33 8th Street, LLC, (Landlord) for 10,672 square
6 feet consisting of Retail Spaces A and B (Premises) at an initial base annual rent of \$448,224
7 per year (\$37,352 per month; \$42 per square foot), with annual adjustments of 3%; a copy of
8 the proposed Lease is on file with the Clerk of the Board in File No. 260400; and

9 WHEREAS, The Landlord, at its sole cost and expense, will construct and deliver
10 leasehold improvements in accordance with construction documents approved by the City;
11 and

12 WHEREAS, The Landlord will abate the rent for the first two months of year one and
13 year two of the Lease; and

14 WHEREAS, The Landlord at its sole expense, will provide services to the Premises,
15 including janitorial, security, water, heating, ventilation, and air conditioning, Monday through
16 Friday from 7:00 a.m. to 6:00 p.m., with the City responsible to reimburse the Landlord for
17 sub-metered electricity to its leased spaces; and

18 WHEREAS, During the term, the City will also be responsible for its proportional share
19 of taxes and the Landlord’s operating expense increases over the base year of 2027, as set
20 forth in the Lease; and

21 WHEREAS, The initial term of the Lease shall be for ten years and four months,
22 commencing upon approval by the Board of Supervisors, Mayor and execution by the Director
23 of Property; and

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1 WHEREAS, The Director of Property has determined that the base rent is below fair
2 market value for similar properties and is less per square foot than the requirement for an
3 independent appraisal under Chapter 23; now, therefore, be it

4 RESOLVED, In accordance with the recommendation of the Director of Property,
5 Directors of DMACC and the City Attorney, the Director of Property on behalf of the City, as
6 Tenant, is hereby authorized to take all actions necessary to execute the Lease at 33 8th
7 Street Retail Spaces A and B, in San Francisco, at a base rent of \$448,224 per year, with an
8 annual base rent escalation of 3%, for an initial ten-year and four months; and, be it

9 FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially
10 the form in Board File No. 260400 and authorizes the Director of Property to take all actions,
11 on behalf of the City to enter into any additions, amendments or other modifications (including
12 without limitation, the exhibits) to the Lease that the Director of Property determines, in
13 consultation with the City Attorney, are in the best interests of the City, do not materially
14 increase the obligations or liabilities of the City, and are necessary or advisable to complete
15 the transaction and effectuate the purpose and intent of this Resolution and are in compliance
16 with all applicable laws, including City's Charter; and, be it

17 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
18 harmless the Landlord from, and agreeing to defend the Landlord against any and all claims,
19 costs and expenses, including, without limitation, reasonable attorney's fees, incurred as a
20 result of Tenant's use of the Premises, or any negligent acts or omissions of City or its Agents
21 in, on, or about the Premises or the Building; except those claims, costs and expenses
22 incurred to the extent any Claim arises out of the negligence or willful misconduct of Landlord
23 or its Agents; and, be it

1 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
2 by all parties, the Director of Real Estate shall provide a copy of the executed Lease to the
3 Clerk of the Board for inclusion into the official file.

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RECOMMENDED:

/s/Derrick J. Lew

Derrick J. Lew
Chief of Police

RECOMMENDED:

/s/ Sarah R. Oerth

Sarah R. Oerth
Director of Real Estate