

1 [Real Property Lease - Tenant Improvements - Raychris, LLC - 2 Gough Street (aka 86 Otis
2 Street) - \$243,915 Base Rent for Remainder of FY2014-2015 - \$610,695 Estimated Tenant
3 Improvement Cost]

4 **Resolution authorizing the lease of 13,938 square feet at 2 Gough Street (aka 86 Otis**
5 **Street), with Raychris, LLC, for the first and second floors, commencing upon approval**
6 **by the Board of Supervisors and Mayor, in their sole and respective discretion, at the**
7 **monthly rent of \$40,652.50 after substantial completion of the tenant improvements for**
8 **a Base Rent for the remainder of FY2014-2015 of \$243,915; and construction of tenant**
9 **improvements at an estimated cost to the City of \$610,695.**

10
11 WHEREAS, The Human Services Agency (the “HSA”) provides valuable services to
12 adults with disabilities and seniors through its Department of Aging and Adult Services; and

13 WHEREAS, The Real Estate Division on behalf of HSA has negotiated a lease to meet
14 the needs of the HSA’s Department of Aging and Adult Services on the first and second floors
15 of 2 Gough St ., aka 86 Otis St., totaling approximately 13,937 square feet, substantially in the
16 form on file with the Clerk of the Board of Supervisors in File No. 150006, which is hereby
17 declared to be a part of this resolution as if set forth fully herein; and

18 WHEREAS, The term of the lease shall be for five (5) years commencing upon
19 approval of the lease and substantial completion of the tenant improvements; and

20 WHEREAS, The City shall have one additional five (5) year option term to extend the
21 lease at 95% of the then prevailing fair market rent, subject to the enactment of a resolution
22 by the Board of Supervisors and the Mayor, in their respective sole and absolute discretion,
23 approving and authorizing the same; and

24 WHEREAS, The base monthly rent shall be \$40,652.50 subject to annual three (3%)
25 percent rent adjustments; and

1 WHEREAS, The HSA shall be responsible for utilities and janitorial services; and
2 WHEREAS, The Base Year for operating expenses shall be 2015; and
3 WHEREAS, The Landlord shall construct the premises through its general contractor in
4 accordance with approved plans and specifications in compliance with LEED Gold
5 Certification as required by the Green Building Ordinance, and

6 WHEREAS, The Landlord shall provide a tenant improvement allowance of \$117,079,
7 or approximately \$8.40 psf to improve the premises for City's use; and

8 WHEREAS, The City shall be responsible for all costs in excess of the allowance
9 estimated to be \$610,695; now, therefore, be it

10 RESOLVED, That in accordance with the recommendation of the Director of the
11 Human Services Agency and the Director of Property, the Director of Property is hereby
12 authorized to take all actions, on behalf of the City and County of San Francisco, as Tenant,
13 to enter into the Lease for the first and second floors at 2 Gough St., aka 86 Otis St., San
14 Francisco, California, comprising approximately 13,938 square feet on file with the Clerk of
15 the Board of Supervisors in File No. 150006, which is hereby declared to be a part of this
16 resolution as if set forth fully herein; and, be it

17 FURTHER RESOLVED, The monthly base rent shall be \$40,652.50 (\$2.92 per square
18 foot) commencing upon substantial completion of the tenant improvements, net of utilities and
19 janitorial services, with a base year of 2015 for operating expenses, subject to three (3%)
20 percent annual adjustments for the initial five (5) year term; and, be it

21 FURTHER RESOLVED, The City shall have one additional option term of five years at
22 95% of the then prevailing fair market rent subject to the enactment of a resolution by the
23 Board of Supervisors and the Mayor, in their respective sole and absolute discretion,
24 approving and authorizing the same; and, be it

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1 FURTHER RESOLVED, The City will pay the verified leasehold improvement costs in
2 excess of the Landlord's tenant improvement allowance of \$117,079 estimated to be
3 \$610,695; and, be it

4 FURTHER RESOLVED, The City agrees to indemnify, defend, and hold harmless
5 Landlord and its agents from and against any and all claims, costs, and expenses, including
6 without limitation, reasonable attorney fees, incurred as a result of (a) City's use of the
7 Premises, (b) any default by the City in the performance of any of its obligations under the
8 Lease, or (c) any acts or omissions of City or its agents, in, on or about the Premises or the
9 property on which the Premises are located, provided however City shall not be obligated to
10 indemnify Landlord or its agents to the extent any claim, cost and expense arises out of
11 active gross negligence or willful misconduct of Landlord or its agents; and, be it

12 FURTHER RESOLVED, That any action heretofore taken by any City employee or
13 official with respect to the exercise of the Lease as set forth herein is hereby approved,
14 confirmed and ratified; and, be it

15 FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially
16 the form in the Board's File and authorizes the Director of Property to take all actions, on
17 behalf of City, to enter into any amendments or modifications (including without limitation, the
18 exhibits) to the Lease on the terms and conditions herein and form approved by the City
19 Attorney that the Director of Property determines, in consultation with the City Attorney, are in
20 the best interest of the City, do not increase the rent or otherwise materially increase the
21 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of
22 the lease and are in compliance with all applicable laws, including City's Charter; and, be it

23 FURTHER RESOLVED, The City shall occupy the entire Premises for the full term of
24 the lease unless funds for the City's rental payments are not appropriated in any subsequent
25 fiscal year at which time City may terminate the lease with reasonable advance written notice

1 to Landlord. Such termination shall then be effective upon surrender of the Premises. Said
2 lease shall be subject to certification as to funds by the Controller pursuant to Section 3.105 of
3 the Charter of the City and County of San Francisco; and be it

4 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
5 executed by all parties the Director of Property shall provide the agreement to the Clerk of the
6 Board to include into the official file.

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8 RECOMMENDED:

9 \$854,610 Available for Fiscal Year 2014-2015
10 Index Code No. 45ADOH

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12 _____
Controller

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14 RECOMMENDED:

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Trent Rhorer
Director, Human Services Agency

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19 RECOMMENDED:

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John Updike
Director of Property
Real Estate Division

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