



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator



John Updike
Director of Real Estate

March 9, 2015

**Lease Extension
760 Harrison Street
Department of
Public Health**

Through Naomi Kelly,
City Administrator

Honorable Board of Supervisors
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 224
San Francisco, CA 94102

Dear Board Members:

Attached for your consideration is a Resolution authorizing the extension of a lease at 760 Harrison Street for an additional five (5) year term beyond the approximate two (2) year term remaining on the existing Lease for use by the Department of Public Health (DPH) for its South of Market Mental Health Services -- Integrated Service Clinic (SOMMHS ISC).

According to DPH, SOMMHS ISC is a multi-service clinic providing a full array of clinic-based mental health services and, as needed, off-site services to San Francisco adult residents aged 18 and over. A staff of 64 serves approximately 1200 clients per year, often with multiple client visits per month. The majority of clients reside in the South of Market, Tenderloin and Western Addition neighborhoods. Many of the clients are homeless.

Approximately half of the clients served have a psychotic disorder, and the majority are dually-diagnosed with a major mental illness and one or more substance use disorders. Services offered at the 760 Harrison clinic include intake assessment and evaluation, case management and linkage, crisis evaluation and management, medication and individual psychotherapy services, and group care including Seeking Safety, Anger Management, and Wellness and Recovery Management.

In addition, DPH's SF FIRST intensive case management provides a continuum of care to homeless individuals especially those at risk. This treatment team provides wrap-around case management, counseling, medication services, transition into recovery, alternative activities, engagement with mentors in the community, and community integration for its clients. The team provides services to the chronic inebriate population

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who are high users of the emergency system. The team has expertise in providing services to the severely mentally-ill, homeless, and those with a history of repeated hospitalizations or incarcerations within the last 12 months. The team uses the principles of Wellness and Recovery as an approach to treatment.

The City and County of San Francisco and The Cort Family Trust, Landlord, executed a ten year lease dated November 21, 1996 (the "Original Lease"), authorized by Board of Supervisors Resolution 644-96 for approximately 13,000 sq. ft. at 760 Harrison Street. Extensions of the lease through June 30, 2012 and June 30, 2017 were authorized by Board Resolutions 409-07 and 438-12 respectively. The current rent of \$25,350 per month, is net of maintenance, janitorial, security, and utilities. There are no further options to extend the Original Lease.

According to DPH, the facility requires certain modifications to

- Integrate primary care into existing client services (avoiding the use of emergency room care)
- Enhance patient flow and safety
- Provide a wellness center for peer led group interventions to improve health care outcomes.
- Better and more efficient space utilization including an increase of space in the waiting room area to reduce chronic overcrowding which would also re-positioning of the existing institutional police officer for better patient and staff security.
- Provide a waiting area for primary care clients which would reduce overcrowding.
- Bring the existing area into ADA compliance.
- Provide better neighbor relations through landscape modifications which will enhance curb appeal and perimeter lighting which will decrease the inappropriate use of the space by transients after clinic hours.

The proposed alterations will add rooms in the current square footage by reducing the square footage of medical records.

The proposed lease extends the term by five (5) years beyond the existing June 30, 2017 such that the new expiration is June 30, 2022. In the proposed lease, the existing rent of \$25,350 per month (approximately \$23.40 psf annually) remains the same until June 30, 2017 and then increases to the current market rent of \$42,488 per month (approximately \$39.22 psf annually). Base Rent is adjusted by 2% annually commencing on July 1, 2018. In addition, the new lease adds three (3) additional options of five (5) years each to extend the term with only the continuation of the 2% annual increase (no adjustment to Fair Market Value).

Landlord, at City's cost, will be constructing the proposed improvements. Primary care exam rooms require specialized plumbing, lighting, millwork, electrical, air conditioning

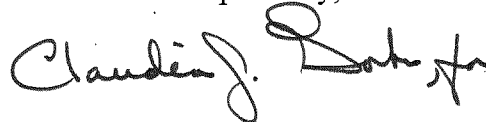
and ventilation which is expensive. The exact cost of the renovations are unknown at this time but is capped in the proposed Resolution at \$974,211 (the DPH funding available).

According to DPH, \$300,000 of the proposed improvements are being funded through State of California Proposition 63 - Mental Health Services Act Funds with the remainder from the City's General Fund.

We recommend approval of the authorizing legislation for the proposed Lease.

If you have any questions regarding the programs operated at 760 Harrison Street, please contact Tyronne Navaro, Operation Manager at 255- 3405. For any questions regarding the proposed Lease, please contact Charlie Dunn, Senior Real Property Officer, Real Estate Division at 554-9861.

Respectfully,

A handwritten signature in black ink, appearing to read "John Updike". The signature is written in a cursive style with a large initial "J".

John Updike
Director of Property

cc: Barbara Garcia, Director, Department of Public Health
Kathy Jung, DPH
Tyronne Navaro, DPH