

1 [Lease Extension - Robert J. Cort Marital Trust - 760 Harrison Street - \$304,200 in Initial Year]

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3 **Resolution authorizing the extension of an existing Lease between the City and County**
4 **of San Francisco, as Tenant, and the Robert J. Cort Marital Trust, as Landlord, for clinic**
5 **space located at 760 Harrison Street, consisting of approximately 13,000 square feet for**
6 **use by the Department of Public Health; continuing the original lease at \$25,350**
7 **monthly through June 30, 2017, for \$304,200 rent in the initial year, plus an additional**
8 **five-year period at \$42,488 monthly through June 30, 2022, with 2% annual increases**
9 **commencing July 1, 2018, and three five-year options to extend.**

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11 WHEREAS, The Department of Public Health (DPH) has operated a mental health
12 clinic (the South of Market Mental Health Services -- Integrated Service Clinic or SOMMHS -
13 ISC) at 760 Harrison Street for people who are struggling with complex mental, medical and
14 behavioral health conditions since 1997; and

15 WHEREAS, DPH SOMMHS - ISC provides on-site support services from 760 Harrison
16 Street to approximately 1200 people annually often with multiple client visits per month; and

17 WHEREAS, The majority of clients reside in the South of Market, Tenderloin and
18 Western Addition neighborhoods; many of the clients are homeless; and

19 WHEREAS, Approximately half of the clients served have a psychotic disorder and
20 struggle with substance use disorders; and

21 WHEREAS, DPH - SOMMHS ISC provides its clients with case management and
22 linkage to other City services, crisis evaluation and management, medication and individual
23 psychotherapy services, and group offerings including Seeking Safety, Anger Management,
24 and Wellness and Recovery Management; and

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1 WHEREAS, DPH considers 760 Harrison Street to be a vital site in delivery services to
2 the community that resides in this section of San Francisco; and

3 WHEREAS, Best practices and the Affordable Care Act (ACA) integrates primary care
4 into the current services for the provision of combined medical and mental health care; and

5 WHEREAS, In order to meet these best practices, ACA-compliant medical examination
6 rooms need to installed at 760 Harrison Street; and

7 WHEREAS, The current Lease expires on June 30, 2017, and contains no further
8 options to extend the Lease; and

9 WHEREAS, The Robert J. Cort Marital Trust (Landlord) is the successor in interest to
10 The Cort Family Trust; and

11 WHEREAS, The Real Estate Division and the Landlord have negotiated a replacement
12 lease agreement which maintains the current terms of the lease including the current Base
13 Rent of \$25,350 per month (approximately \$23.40 per square foot annually) through the
14 original lease expiration of June 30, 2017 and adds an additional five year extension period
15 (July 1, 2017 through June 30, 2022) at \$42,488.00 per month (approximately \$39.22 per
16 square foot annually) beginning July 1, 2017, with (2%) annual increases thereafter through
17 June 30, 2022; and

18 WHEREAS, The proposed replacement Lease also provides City with three (3) options
19 of five (5) years each to further extend the Term; and

20 WHEREAS, The proposed replacement Lease is subject to enactment of a resolution
21 by the Board of Supervisors and the Mayor, in their respective sole and absolute direction,
22 approving and authorizing such replacement Lease; now, therefore, be it

23 RESOLVED, That in accordance with the recommendation of the Director of the
24 Department of Public Health and the Director of Property, that the Director of Property on
25 behalf of the City and County of San Francisco, as Tenant, is hereby authorized to take all

1 actions necessary to execute the Lease (a copy of which is on file with the Clerk of the Board
2 of Supervisors in File No. 150291) at 760 Harrison Street, San Francisco, California; and, be it

3 FURTHER RESOLVED, That the Department of Public Health shall reimburse
4 Landlord for the costs of certain medical exam room and related improvements (up to a
5 maximum cost of \$974,211) pursuant to the terms of the Lease; and, be it

6 FURTHER RESOLVED, That the City shall continue to pay for its own utilities,
7 janitorial, security, and maintenance; and, be it

8 FURTHER RESOLVED, That the Lease shall continue to indemnify and hold harmless
9 the Landlord from, and agreeing to defend the Landlord against, any and all claims, costs and
10 expenses, including without limitation, reasonable attorney's fees, incurred as a result of City's
11 use of the premises, any default by the City in the performance of any of its obligations under
12 the Master Lease, or any acts or omissions of City, its agents or its subtenants in, on or about
13 the premises or the property on which the premises are located; and, be it

14 FURTHER RESOLVED, That the Director of Property shall be authorized to enter into
15 any additions, amendments or other modifications to the Lease (including, without limitations,
16 the exhibits) that the Director of Property determines, in consultation with the Department of
17 Public Health and the City Attorney, are in the best interests of the City, do not materially
18 increase the obligations or liabilities of the City, and are necessary or advisable to complete
19 the transaction and effectuate the purpose and intent of this resolution; and, be it

20 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the
21 Controller, pursuant to Charter, Section 3.105; and, be it

22 FURTHER RESOLVED, That within thirty (30) days of the agreements being fully
23 executed by all parties, the Director of Real Estate shall provide the agreements to the Clerk
24 of the Board for inclusion into the official file.

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Total Funds Available: 1,278,411
(Base Rent of \$304,200 from 7/1/15 to 6/30/16
plus up to \$974,211 for tenant improvements)

Available: \$304,200
General Fund: DPHM15000059
Index code HMHMCC730515

Available \$300,000
Project Fund: HMHMPROP63 -
Project Detail: PMHS63 - 1500

Available: \$674,211
General Fund
Index code HMHMCC730515

Controller
Subject to the enactment of the Annual
Appropriation Ordinance for FY 2015/2016

RECOMMENDED:

Director
Real Estate Division

Director
Department of Public Health