

AMENDED IN COMMITTEE

2/2/17

FILE NO. 161363

RESOLUTION NO.

1 [Real Property Sublease - 1440 Harrison Street - Harrison Assets, LLC - Human Services  
2 Agency - \$3,577,644 Total Rent in the First Year]

3 **Resolution authorizing a Sublease for the term of July 1, 2017, through September**  
4 **30, 2025, at 1440 Harrison Street, with Harrison Assets, LLC, a California limited**  
5 **liability company, for approximately 56,788 square feet at \$298,137 monthly for a**  
6 **total first year rent of \$3,577,644 which amount shall increase annually on each July**  
7 **1 beginning in 2018 by 3 percent, and three five-year options to extend, for use by**  
8 **the Human Services Agency.**

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10 WHEREAS, The City's Human Services Agency ("HSA") has occupied the entire  
11 property commonly known and numbered 1440 Harrison Street for thirty (30) years; and

12 WHEREAS, 1440 Harrison Street consists of approximately 56,788 square feet, as  
13 recently re-measured using BOMA standards, of office and public program space and  
14 includes approximately 31 parking stalls; and

15 WHEREAS, HSA's Affordable Care Act and Medi-Cal Health Connections site at 1440  
16 Harrison links San Franciscans from all age groups and ethnicities with the appropriate health  
17 coverage services available to them; and,

18 WHEREAS, HSA provides health coverage services to over 195,000 San  
19 Franciscans, more than one fifth of the population; and

20 WHEREAS, Between October 2013 and October 2016, the number of Medi-Cal  
21 enrollees rose by 93,367, a 92% increase. The Medi-Cal households (HHs) enrolled rose  
22 by 85% (56,377) between Oct 2013 and Oct 2016, to 122,599 households; and

23 WHEREAS, The site also provides efficient one-stop access to Cal-Fresh (Food  
24 Stamps) assistance for families, seniors, and persons with disabilities, and also houses two  
25

1 CAAP programs, CALM and CAPI, which assist aged and disabled who are not eligible for  
2 SSI; and

3 WHEREAS, Harrison Assets LLC, a California limited liability company, as  
4 successor in interest, is Master Landlord under a lease with the San Francisco Unified  
5 School District; and

6 WHEREAS, The City's current Sublease at 1440 Harrison Street is scheduled to expire  
7 on June 30, 2017; and

8 WHEREAS, The Real Estate Division has negotiated a new Sublease (the  
9 "Sublease") for an extension with the Harrison Assets LLC as Sublessor; and

10 WHEREAS, The proposed Base Rent under the Sublease was found to be less than  
11 Fair Market Rent by an independent MAI appraisal; and

12 WHEREAS, An Appraisal Review by an independent MAI Appraiser has been  
13 completed and recommended; and

14 WHEREAS, The proposed Sublease is subject to enactment of a resolution by the  
15 Board of Supervisors and the Mayor, in their respective sole and absolute direction, approving  
16 and authorizing such Agreement; now, therefore, be it

17 RESOLVED, In accordance with the recommendation of the Director of the Human  
18 Services Agency and the Director of the Real Estate Division, that the Director of Property  
19 is hereby authorized on behalf of the City and County of San Francisco as Sublessee, to  
20 execute a Sublease, a copy of which is on file with the Clerk of the Board of Supervisors in  
21 File No. 161363, for an additional period of approximately 8 years and 3 months on the  
22 terms and conditions contain therein with Harrison Assets LLC, a California limited liability  
23 company, as Sublessor, except that there shall be three (3) five year options to renew; and,  
24 be it

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1 FURTHER RESOLVED, The Agreement shall commence upon July 1, 2017 and  
2 expire on September 30, 2025; and, be it

3 FURTHER RESOLVED, That the Base Rent will be \$289,137.00 per month which  
4 shall increase annually by 3% on each July 1 beginning July 1, 2018; and, be it

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

7 FURTHER RESOLVED, That City agrees to indemnify, defend and hold harmless  
8 Landlord and its agents from and against any and all claims, costs and expenses,  
9 including, without limitation, reasonable attorneys' fees, incurred as a result of (a) City's use  
10 of the premises, (b) any default by City in the performance of any of its obligations under  
11 this lease, or (c) any negligent acts or omissions of City or its agents, in, on or about the  
12 premises or the property; provided, however, City shall not be obligated to indemnify  
13 Landlord or its agents to the extent any claim arises out of the active negligence or willful  
14 misconduct of Landlord or its agents; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
16 Property to enter into any amendments or modifications to the Sublease (including without  
17 limitation, the exhibits) that the Director of Property determines, in consultation with the City  
18 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially  
19 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the  
20 purposes of the License or this resolution, and are in compliance with all applicable laws,  
21 including City's Charter; and, be it

22 FURTHER RESOLVED, City shall occupy said premises for the entire lease term  
23 unless funds for rental payments are not appropriated in any subsequent fiscal year, at  
24 which time City may terminate this lease with written notice to Landlord, pursuant to  
25 Charter, Section 3.105, of the City and County of San Francisco; and, be it

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

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\$3,577,644.00 Available  
(Base Rent 7/1/17 to 6/30/18)

Index Code: 45ADOH  
Sub Object: 03011

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Controller  
Subject to the enactment of the 2017/2018  
Annual Appropriation Ordinance

RECOMMENDED:

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Director  
Human Services Agency

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Director of Property