

1 [Real Property Sublease - HealthRIGHT 360 - 1563 Mission Street - Central City Older Adults
2 Program - \$93,242 Initial Annual Base Rent]

3 **Resolution authorizing the sublease of approximately 1,668 square feet at 1563 Mission**
4 **Street with HealthRIGHT 360, a California nonprofit corporation, for a five year initial**
5 **term to commence March 1, 2018, through February 28, 2023, with one three-year**
6 **optional term, at the monthly base rent of \$7,770.10 for a total initial base rent of**
7 **\$93,242 with 3% annual increase, reimbursement up to \$38,000 to landlord for tenant**
8 **improvements, additional charge for utilities and services per month, and First Right of**
9 **Refusal to purchase the building.**

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11 WHEREAS, The Department of Public Health (“DPH”) currently operates its Central
12 City Older Adults Program (the “Program”) at 30 Van Ness Avenue; and

13 WHEREAS, 30 Van Ness Avenue will no longer be available for use by City tenants in
14 the near future; and

15 WHEREAS, DPH has a strong financial and programmatic involvement with
16 HealthRight 360 and its new building at 1563 Mission Street (“Building”); and

17 WHEREAS, The Real Estate Division on behalf of DPH has negotiated a sublease,
18 substantially in the form on file with the Clerk of the Board of Supervisors in File No. 180012,
19 which is hereby declared to be a part of this Resolution as if set forth fully herein (the
20 “Sublease”), to sublease a portion of the first floor area of the Building for use by the Program;
21 and,

22 WHEREAS, The Sublease provides the City with a First Right of Refusal to Purchase
23 the Building (“Right to Purchase”) should HealthRight 360 be required, or decide, to offer the
24 Building for sale; and

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1 WHEREAS, The Right to Purchase safeguards the City's interest in the Building and
2 the services provided to San Franciscans therein; now, therefore, be it

3 RESOLVED, That the Director of Property is hereby authorized to take all actions, on
4 behalf of the City and County of San Francisco, as Sublessee, enter into
5 Sublease and other related documents with HealthRight 360, a California nonprofit
6 corporation ("Sublessor"), and HR360 1563 Mission QALICB, a California nonprofit public
7 benefit corporation ("Landlord"), for approximately 1,668 rentable square feet consisting of a
8 portion of the first floor of the building commonly known as 1563 Mission Street; and, be it

9 FURTHER RESOLVED, The annual base rent for the period from March 1, 2018, to
10 February 28, 2019, shall be \$93,242 (approximately \$43 per usable square foot per year) and
11 the base rent shall increase annually at a rate of 3% annually on each March 1; and, be it

12 FURTHER RESOLVED, As set forth in the Sublease, the City shall pay for (i) its
13 prorata share, not to exceed 4.2%, of Building operating expenses over a 2018 base year and
14 (ii) reimbursement to Sublessor for up to \$38,000 for tenant improvements; and, be it

15 FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with
16 respect to the Sublease are hereby approved, confirmed and ratified; and, be it

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

24 FURTHER RESOLVED, That the City shall occupy the subleased portion of the
25 Building for the full term of the Sublease unless funds for the City's rental payments are not

1 appropriated in any subsequent fiscal year at which time City may terminate the Sublease
2 with reasonable advance written notice to Landlord; and, be it

3 FURTHER RESOLVED, Such termination shall then be effective upon surrender of the
4 Premises; and, be it

5 FURTHER RESOLVED, Said Sublease shall be subject to certification as to funds by
6 the Controller, pursuant to Charter, Section 3.105; and, be it

7 FURTHER RESOLVED, That within thirty (30) days of the execution of the Sublease,
8 the Director of Property shall provide a copy to the Clerk of the Board for the Board's file.

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10 Signatures on next Page

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\$77,917_Available
Department ID: 251984
PS Project ID: 10001792
Activity ID: 0001
Account ID: 10000

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

RECOMMENDED:

Barbara A. Garcia
Director of Health

John Updike
Director of Real Estate