

1 [Real Property Lease Renewal and Amendment - HLS 2, LLC. and 716 Sacramento, LLC. -
2 720 Sacramento Street - Initial Annual Base Rent \$471,750]

3 **Resolution authorizing a five year extension and approving a Third Amendment to a**
4 **Lease for approximately 9,250 square feet of space at 720 Sacramento Street, with**
5 **HLS 2, LLC. (26.6%), and 716 Sacramento, LLC. (73.4%), as Landlord, for use by the**
6 **Department of Public Health for the period of July 1, 2018, through June 30, 2023, at an**
7 **initial monthly base rent of \$39,312.50 for a total cost of \$471,750 in the initial year, with**
8 **3% annual increases thereafter, and one five-year option to extend.**

9
10 WHEREAS, The Chinatown Child Development Center (CCDC) provides community
11 based programs and outpatient mental health services to children (age 0-18) and their
12 families; and

13 WHEREAS, The CCDC offers parenting education and consultation services for the
14 Chinatown community; and

15 WHEREAS, On an annualized basis the CCDC clinic supports more than 400 school
16 aged and preschool aged youth as well as their multi-generational families; and

17 WHEREAS, CCDC-provided mental health services include individual and group
18 psychotherapy, psychological and medication evaluations, treatment groups for preschool age
19 and elementary school age children, mental health education and an infant development
20 program; and

21 WHEREAS, CCDC parenting services include workshops, parent support groups and
22 an early intervention program for parents and children; and

23 WHEREAS, CCDC also provides consultation services to community agencies about
24 children's mental health and parenting issues; and

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1 WHEREAS, The CCDC programs provide culturally competent services in the following
2 languages: Cantonese, Mandarin, Shanghaiese, Toisanese, Cambodian, Spanish; and

3 WHEREAS, The Chinatown Child Development Center has occupied
4 approximately 9,250 square feet at 720 Sacramento Street to provide these services and
5 programs for the past two decades; and

6 WHEREAS, The original lease dated December 1, 1996, was authorized by Resolution
7 No. 331-96, amended by the First Amendment to Lease dated July 23, 2012, authorized by
8 Resolution No. 252-12 and amended by the Second Amendment to Lease dated
9 June 29, 2013, authorized by Resolution No. 271-13 (collectively, the "Lease"); and

10 WHEREAS, HLS 2 LLC (26.6%) and 716 Sacramento LLC (73.4%), (Landlord) is
11 successor in interest to Ridgeway Apartments, Inc.; and

12 WHEREAS, The Lease is scheduled to expire on June 30, 2018 with no further options
13 to extend the Lease; and

14 WHEREAS, The Department of Public Health and Landlord desire to extend the term
15 of the Lease for an additional five (5) years from July 1, 2018, through June 30, 2023, under
16 the proposed Third Amendment to the Lease substantially in the form on file with the Clerk of
17 the Board of Supervisors in File No. 180155 at a monthly rental rate of \$39,312.50
18 (approximately \$4.25 per square foot, monthly and \$51.00 per square foot, annually); and

19 WHEREAS, The proposed negotiated rent was confirmed to be fair market rent by an
20 independent MAI appraisal by Cushman & Wakefield Western, Inc. consistent with
21 Administrative Code, Chapter 23.; and

22 WHEREAS, The extension of such Lease through a Third Amendment to Lease is
23 subject to enactment of a resolution by the Board of Supervisors and the Mayor, in their
24 respective sole and absolute discretion, approving and authorizing such amendment; now,
25 therefore, be it

1 RESOLVED, That in accordance with the recommendation of the Director of the
2 Department of Public Health and the Director of Property, the Director of Property is hereby
3 authorized to take all actions on behalf of the City and County of San Francisco, as tenant, to
4 extend the Lease with HLS 2 LLC (26.6%) and 716 Sacramento LLC (73.4%) ("Landlord"), for
5 the building commonly known as 720 Sacramento Street, San Francisco, California, for the
6 premises area of approximately 9,250 sq. ft., on the terms and conditions set forth herein, and
7 on a form approved by the City Attorney; and, be it

8 FURTHER RESOLVED, That the Lease extension shall be for a term of five years
9 (July 1, 2018 through June 30, 2023) at a monthly rental of \$39,312.50 (approximately \$51.00
10 per sq. ft., Industrial Gross, annually) with 3% annual increases; and, be it

11 FURTHER RESOLVED, That the City shall also pay for the typical tenant expenses
12 including standard operating expense increases over a 2018 Base Year; and, be it

13 FURTHER RESOLVED, The Lease shall continue to include the clause indemnifying,
14 holding harmless, and defending Landlord and its agents from and against any and all claims,
15 costs and expenses, including without limitation, reasonable attorneys' fees, incurred as a
16 result of any default by the City in the performance of any of its material obligations under the
17 Lease, or any negligent acts or omissions of the City or its agents, in, on, or about the
18 Premises or the Property on which the Premises are located, excluding those claims, costs
19 and expenses incurred as a result of the gross negligence or willful misconduct of the
20 Landlord or its agents; and, be it

21 FURTHER RESOLVED, That all actions heretofore taken by employee or officers of
22 the City with respect to the Third Amendment to Lease are hereby approved, confirmed and
23 ratified; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
25 Property to enter into any amendments or modifications to the Lease that the Director of

1 Property determines, in consultation with the City Attorney, are in the best interest of the City,
2 do not materially increase the rent or otherwise materially increase the obligations or liabilities
3 of the City, are necessary or advisable to effectuate the purposes of the Third Amendment to
4 Lease, and are in compliance with all applicable laws, including the City Charter; and, be it

5 FURTHER RESOLVED, That the City shall continue to occupy the Premises for the
6 extended term unless funds for the Department's rental payment are not appropriated at
7 which time the City may terminate the Lease with advance notice to Landlord; and, be it

8 FURTHER RESOLVED, That said Lease shall continue to be subject to certification as
9 to funds by the Controller, pursuant to Section 6.302 of the City Charter; and, be it

10 FURTHER RESOLVED, That within thirty (30) days of the execution of the Lease
11 Amendment, the Director of Real Estate shall provide a copy to the Clerk of the Board for the
12 Board's file.

13 Signatures on the following page
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\$471,750 Available
Appropriation No. HMHMCP751594

Controller;
Subject to the enactment of the Annual Appropriation
Ordinance for Fiscal 2018/2019.

RECOMMENDED:

Director, Department of Public Health

Director of Property
Real Estate Division