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

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

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

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

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

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

WHEREAS, CCDC also provides consultation services to community agencies about children's mental health and parenting issues; and
WHEREAS, The CCDC programs provide culturally competent services in the following languages: Cantonese, Mandarin, Shanghaiese, Toisanese, Cambodian, Spanish; and

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

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

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

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

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

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

WHEREAS, The extension of such Lease through a Third Amendment to Lease is subject to enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute discretion, approving and authorizing such amendment; now, therefore, be it
RESOLVED, That in accordance with the recommendation of the Director of the Department of Public Health and the Director of Property, the Director of Property is hereby authorized to take all actions on behalf of the City and County of San Francisco, as tenant, to extend the Lease with HLS 2 LLC (26.6%) and 716 Sacramento LLC (73.4%) ("Landlord"), for the building commonly known as 720 Sacramento Street, San Francisco, California, for the premises area of approximately 9,250 sq. ft., on the terms and conditions set forth herein, and on a form approved by the City Attorney; and, be it

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

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

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

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

FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of Property to enter into any amendments or modifications to the Lease that the Director of
Property determines, in consultation with the City Attorney, are in the best interest of the City, do not materially increase the rent or otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Third Amendment to Lease, and are in compliance with all applicable laws, including the City Charter; and, be it

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

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

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

Signatures on the following page
$471,750 Available

Fund ID: 10000/ GF Annual Account Ctrl
Dept ID: 251962/ HBH Mental Health Children
Project ID: 10001670/ HB MH Children Care
Activity ID: 0001/ MH Children Care
Authority ID: 10000/ Operating
Account ID: 530000/ Rents-Leases-Bdgt

Appropriation No.

Controller,

RECOMMENDED:

[Signature]
Director, Department of Public Health

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

March 22, 2018 Budget and Finance Sub-Committee - RECOMMENDED

April 03, 2018 Board of Supervisors - ADOPTED

Ayes: 11 - Breed, Cohen, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Stefani, Tang and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 4/3/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board