Resolution approving and authorizing the Director of Property, on behalf of the
Department of Public Health, to lease real property located at 1360 Mission Street, for
an initial term of four years, from SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and
SFSPE OBI LLC, at a base rent of $644,404 per year with 3% annual increases;
authorizing the City to contribute up to an additional $200,000 in tenant improvements
to commence upon substantial completion of the installation of the Tenant
Improvements necessary for the City’s occupancy, which is expected to occur on or
around August 1, 2021; and authorizing the Director of Property to execute documents,
make certain modifications and take certain actions in furtherance of the Lease and
this Resolution, as defined herein.

WHEREAS, The Department of Public Health (“DPH”) strives to protect and promote
the health of all San Franciscans by providing a wide range of public health services and
programs; and

WHEREAS, On December 6, 2019, the San Francisco Board of Supervisors passed an
Ordinance amending the Administrative Code to establish Mental Health San Francisco
(Mental Health SF), creating a need for additional staffing and office space; and

WHEREAS, The COVID-19 Emergency has created the need for additional office
space for both new Covid-related hires and the relocation of the COVID-19 Command Center
(“CCC”) currently being demobilized from the Moscone Convention Center; and

WHEREAS, The office building located at 1360 Mission Street (“Building”) was
determined to be an ideal space and location for the consolidation of 73 Mental Health San
Francisco staff, including the Office of Coordinated Care, the Office of Street and Justice Services, and the Office of Utilization Management teams; and

WHEREAS, These teams provide management, monitoring access, flow and service utilization throughout the behavioral health system in San Francisco; and

WHEREAS, The Real Estate Division (“RED”), in consultation with DPH and the Office of the City Attorney, negotiated a proposed lease (“Lease”) with SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE OBI LLC (collectively, the “Landlord”) for an initial term of four years (the “Initial Term”), plus two, one-year options to extend the term (the “Optional Terms”), of approximately 16,958 rentable square feet of administrative, program, and office space (“Premises”) at the Building, a copy of the Lease is on file with the Clerk of the Board in File No. 210775; and

WHEREAS, The Building was determined to be the best site for this program due to its geographic proximity to Civic Center, the minimal amount of tenant improvements required, proximity to DPH’s related Behavioral Health/Mental Health Administrative offices and proximity to Behavioral Health Access Center located at 1380 Howard Street; it has sufficient space and is well-configured to DPH’s use, with flexibility to configure in accordance with new space planning standards resulting from the COVID-19 emergency; and

WHEREAS, The Commencement Date (“Commencement Date”) shall be upon substantial completion of the installation of the Tenant Improvements (“Tenant Improvements”) necessary for the City’s occupancy, which is expected to occur on or around August 1, 2021 (estimated “Rent Commencement Date”); and

WHEREAS, The Rent will be abated for during the first eight months of the lease, making rent payable on or around April 1, 2022; and
WHEREAS, The cost of the improvements to the Premises specific to City’s use ("Tenant Improvements"), of which the Landlord will construct at City’s sole cost is not expected to exceed $200,000; and

WHEREAS, Under the Lease, base rent payable by City will be $644,404 per year ($38.00 per sq. ft.), payable in monthly installments, with 3% annual increases; and

WHEREAS, The Director of Property determines the base rent negotiated in the Lease to be at or below fair market rental value; and

WHEREAS, Throughout the Term, City at its cost, will be responsible for maintenance within the premises, increases in operating costs over the base year but not increases in property taxes in the event of sale of the property and reassessment; and

WHEREAS, As of the Commencement Date, Landlord is obligated to pay for utilities, custodial services, routine maintenance and repair within the common areas and insurance; now, therefore, be it

RESOLVED, That in accordance with the recommendation of the Director of Health and the Director of Property, the Board of Supervisors approves the Lease in substantially the form presented to the Board, and authorizes the Director of Property, to take all actions necessary to execute the Lease and any other documents that are necessary or advisable to effectuate the purpose of this Resolution; and, be it

FURTHER RESOLVED, That upon execution of the Lease, City is authorized to request Landlord to perform completion of the Tenant Improvements on behalf of City, pursuant to the terms and conditions of the Lease; and, be it

FURTHER RESOLVED, That under the Lease, City shall indemnify and hold harmless the Landlord from, and agree to defend the Landlord against, any and all claims, costs and expenses, including without limitation, reasonable attorneys’ fees, incurred as a result of City’s
use of the premises or any negligent acts or omissions of City, its agents or invitees in, on or about the Property, in accordance with the terms of the Lease; and, be it

FURTHER RESOLVED, That all actions heretofore taken by the officers of the City with respect to the 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 extensions, amendments or modifications to the Lease (including without limitation, the exhibits) that the Director of Property determines, in consultation with the Director of Health and the Office of the City Attorney, are in the best interest of the City, do not increase the rent or otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance with all applicable laws, including City’s Charter; and, be it

FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed by all parties, RED shall provide the final Lease to the Clerk of the Board for inclusion in the official file.
Available: $361,006
3 months' base rent + tenant improvements

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/s/
Michelle Allersma, Budget and Analysis Division Director on behalf of Ben Rosenfield, Controller

Funding for Fiscal Year 2021/2022 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2021/2022

/s/
Department of Public Health
Director of Health

/s/
Real Estate Division
Director of Property
Resolution approving and authorizing the Director of Property, on behalf of the Department of Public Health, to lease real property located at 1360 Mission Street, for an initial term of four years, from SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE OBI LLC, at a base rent of $644,404 per year with 3% annual increases; authorizing the City to contribute up to an additional $200,000 in tenant improvements to commence upon substantial completion of the installation of the Tenant Improvements necessary for the City's occupancy, which is expected to occur on or around August 1, 2021; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution, as defined herein.

July 21, 2021 Budget and Finance Committee - RECOMMENDED

July 27, 2021 Board of Supervisors - ADOPTED
Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 210775

I hereby certify that the foregoing Resolution was ADOPTED on 7/27/2021 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

8/4/21 Date Approved