

AGENDA ITEM 6c
Treasure Island Development Authority
City and County of San Francisco
Meeting of June 12, 2024

Subject: Resolution Approving and Authorizing the Execution of a Fifth Amendment to Sublease No. 963 between the Treasure Island Development Authority and HealthRight 360, a California non-profit corporation, to extend the Term and increase Common Area Maintenance (“CAM”) and Utility Fees.

Contact: Richard A. Rovetti, Deputy Director of Real Estate

Phone: 415-274-3365

BACKGROUND

On August 1, 2015, the Treasure Island Development Authority (the “Authority”) Board of Directors approved Sublease No. 963 (the "Agreement") with HealthRight 360 a California non-profit corporation (“HealthRight 360”) for the management of 38 supportive residential housing units on Treasure Island.

On March 15, 2016, the Authority Board approved the First Amendment to the Agreement to remove HealthRight 360’s obligation to maintain landscape responsibilities, and to increase the Common Area Maintenance Fee (“CAM”). On April 12, 2017, the Authority Board approved the Second Amendment to the Agreement to increase the Common Area Maintenance and Utility Fees. Authority Board approved the Third Amendment on May 1, 2019 to add 1202 Mariner Drive to the Premises (the "Additional Premises" totaling 44 housing units), and increase the Common Area Maintenance and Utility Fees. On September 8, 2021, the Authority Board approved the Fourth Amendment to extend the Term, increase Common Area Maintenance (“CAM”) and Utility Fees.

HealthRight 360, a member organization of One Treasure Island (“One Treasure Island”), has successfully provided housing for homeless persons as well as on-site support services including counseling, vocational education and employment development.

Project Staff and HealthRight 360 have negotiated a Fifth Amendment to Sublease (the "Fifth Amendment") commencing July 1, 2024 to (i) extend the Sublease Term to June 30, 2027; (ii) increase the Common Area Maintenance fee by \$62.05 per unit per month to compensate Authority for increase costs related to security and trash services within the residential areas of Treasure Island; and (iii) increase the Utility fee by \$45.00 per unit per month to compensate for SFPUC fee adjustments.

FIFTH AMENDMENT TERMS AND CONDITIONS

The salient terms and conditions of the proposed Amendment include the following:

Effective Date: July 1, 2024

Subleased Premises: 44 housing units located within the following 8 buildings:

- 1440 Chinook Court
- 1442 Chinook Court
- 1445 Chinook Court
- 1447 Chinook Court
- 625 13th Street, (formerly 1254 13th Street)
- 1318 Gateview Avenue
- 1225 Northpoint Drive, and
- 1202 Mariner Drive

Treasure Island, San Francisco, California, all as more particularly shown on Exhibit B attached hereto and made a part hereof.

Term: Commencement date: August 1, 2015
Expiration date: June 30, 2027

Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party.

**Common Area
Maintenance Charges
(CAM):**

July 1, 2024 to June 30, 2025 –
Thirteen Thousand and Five Hundred Dollars (\$13,500.00) per month;

July 1, 2025 to June 30, 2026 –
Fourteen Thousand Dollars (\$14,000.00) per month; and

July 1, 2026 to June 30, 2027 –
Fourteen Thousand and Five Hundred Dollars (\$14,500.00) per month.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased CAM Charges if necessary to pay for common area charges incurred by TIDA relating to the Premises. In no event shall the CAM Charges exceed TIDA's actual costs incurred for CAM

Utilities:

Subtenant shall pay to the San Francisco Public Utilities Commission (SFPUC) Utility Fees in the amount of Twenty-One Thousand Three Hundred and Forty Dollars (\$21,340.00) per month for the period from July 1, 2024 to June 30, 2025.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased Utility Fees consistent with fee adjustments by the SFPUC during the Term.

BUDGET IMPACT

The Amendment shall have no impact to the Authority's budget for FY 2024-25.

RECOMMENDATION

Project staff recommends that the Authority Board of Directors approve the proposed Fifth Amendment to Sublease No. 963 with HealthRight 360, a California non-profit corporation, to extend the Term, increase Common Area Maintenance and Utility Fees, and authorize the Treasure Island Director or his designee to execute said Amendment subject to the additional terms and conditions set forth above.

EXHIBIT A – Fifth Amendment to Sublease No. 963 between the Treasure Island Development Authority and HealthRight 360, a California non-profit Corporation

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Robert P. Beck, Treasure Island Director

FIFTH AMENDMENT TO SUBLEASE No. 963

THIS FIFTH AMENDMENT TO SUBLEASE (this “Fifth Amendment”), dated for reference purposes only as of July 1, 2024, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation (“Sublandlord”), and HealthRight 360, a California nonprofit corporation (“Subtenant”).

RECITALS

A. Sublandlord and Subtenant entered into that certain Sublease and Property Management Agreement dated for reference purposes as of August 1, 2015 (the "Original Sublease"), for the management of 38 Housing Units at Former Naval Station Treasure Island, San Francisco, California (the "Initial Premises").

B. Sublandlord and Subtenant entered into that certain First Amendment to Sublease dated for reference purposes as of March 15, 2016 (the "First Amendment") to remove Subtenant’s obligation to maintain landscape responsibilities, and to increase the Common Area Maintenance Fee.

C. Sublandlord and Subtenant entered into that certain Second Amendment to Sublease dated for reference purposes as of May 1, 2017 (the "Second Amendment") to increase the Common Area Maintenance and Utility Fees.

D. Sublandlord and Subtenant entered into that certain Third Amendment to Sublease dated for reference purposes as of May 1, 2019 (the "Third Amendment") to add 1202 Mariner Drive to the Premises (the "Additional Premises"), and increase the Common Area Maintenance and Utility Fees.

E. Sublandlord and Subtenant entered into that certain Fourth Amendment to Sublease dated for reference purposes as of October 1, 2021 (the "Fourth Amendment") to increase the Term, Common Area Maintenance and Utility Fees.

F. Sublandlord and Subtenant desire to amend the Original Sublease to increase the Term, Common Area Maintenance and Utility Fees on the terms and conditions set forth in this Fifth Amendment.

G. The Original Sublease as amended by the First Amendment, Second Amendment, Third Amendment, Fourth Amendment, and this Fifth Amendment shall collectively be referred to as the “Sublease”. All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Sublease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the Sublandlord and Subtenant hereby amend the Sublease as follows:

AGREEMENT

- 1. Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.
- 2. Effective Date.** The effective date of this Fifth Amendment shall be July 1, 2024 (the “Effective Date”).
- 3. Term.** As of the Effective Date, the Term described in the Basic Sublease Information of the Lease shall be amended to read as follows:

"Commencement date: August 1, 2015
Expiration date: June 30, 2024

Notwithstanding anything in this Sublease to the contrary, either Landlord or Tenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party."

4. Common Area Maintenance Charges (CAM). As of the Effective Date, the Common Area Maintenance Charges (CAM) described in the Basic Sublease Information of the Sublease Section 5.3 shall be amended to read as follows:

"July 1, 2024 to June 30, 2025 –
Thirteen Thousand and Five Hundred Dollars (\$13,500.00) per month;

July 1, 2025 to June 30, 2026 –
Fourteen Thousand Dollars (\$14,000.00) per month; and

July 1, 2026 to June 30, 2027 –
Fourteen Thousand and Five Hundred Dollars (\$14,500.00) per month.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased CAM Charges if necessary to pay for common area charges incurred by TIDA relating to the Premises. In no event shall the CAM Charges exceed TIDA's actual costs incurred for CAM."

5. Utilities. As of the Effective Date, the Utilities described in Sublease Section 5.2 shall be amended to read as follows:

"Subtenant shall pay to the San Francisco Public Utilities Commission (SFPUC) Utility Fees in the amount of Twenty-One Thousand Three Hundred and Forty Dollars (\$21,340.00) per month for the period from July 1, 2024 to June 30, 2025.

Upon reasonable notice to Subtenant by the Director, Subtenant shall pay increased Utility Fees consistent with fee adjustments by the SFPUC during the Term."

6. Counterparts. This Fifth Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof.

7. Full Force and Effect. Except as specifically amended herein, the terms and conditions of the Sublease shall remain in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Fifth Amendment to Sublease at San Francisco, California, as of the date first above written.

SUBLANDLORD:

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____

Robert P. Beck
Treasure Island Director

SUBTENANT:

HealthRight 360, a California nonprofit corporation

By: _____

Its: _____

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____

Deputy City Attorney

Amendment Prepared By: Richard A. Rovetti, Deputy Director of Real Estate _____
(initial)

1 [HEALTHRIGHT 360 -- FIFTH AMENDMENT]

2 **Resolution Approving and Authorizing the Execution of a Fifth Amendment to Sublease**
3 **No. 963 between the Treasure Island Development Authority and HealthRight 360, a**
4 **California non-profit corporation, to extend the Term and increase Common Area**
5 **Maintenance (“CAM”) and Utility Fees.**

6 WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island
7 and Yerba Buena Island (together, the "Base"), which is currently owned by the United States
8 of America (“the Federal Government”); and,

9 WHEREAS, The Base was selected for closure and disposition by the Base
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
11 subsequent amendments; and,

12 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
13 authorizing the Mayor’s Treasure Island Project Office to establish a nonprofit public benefit
14 corporation known as the Treasure Island Development Authority (the “Authority”) to act as a
15 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
16 conversion of the Base for the public interest, convenience, welfare and common benefit of
17 the inhabitants of the City and County of San Francisco; and,

18 WHEREAS, Under the Treasure Island Conversion Act of 1997 (the “Act”), which
19 amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to
20 Chapter 1333 of the Statutes of 1968, the California Legislature (i) designated the Authority as
21 a redevelopment agency under California redevelopment law with authority over the Base
22 upon approval of the City’s Board of Supervisors, and (ii) with respect to those portions of the
23 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
24 administer the public trust for commerce, navigation and fisheries as to such property; and,
25

1 WHEREAS, On February 6, 1998, the Board of Supervisors adopted Resolution No.
2 43-98 approving the designation of the Authority as a redevelopment agency for Treasure
3 Island and Yerba Buena Island; and,

4 WHEREAS, The Authority has negotiated and endorsed a proposed Base Closure
5 Homeless Assistance Agreement and Option to Lease Real Property (the "Homeless
6 Assistance Agreement") with One Treasure Island ("One Treasure Island"), a consortium of
7 California nonprofit corporations organized to utilize the resources of the Base to help fill gaps
8 in the continuum of care for homeless persons and families, pursuant to the Base Closure
9 Community Redevelopment and Homeless Assistance Act of 1994; and,

10 WHEREAS, On November 26, 1996, the Department of Housing and Urban
11 Development ("HUD") approved the City's Base Reuse Plan for Treasure Island, which among
12 other things, provided member organizations of the One Treasure Island options to lease up
13 to 375 units of housing on Treasure Island and Yerba Buena Island; and,

14 WHEREAS, On September 1, 1999, the US Navy and the Authority entered into Navy
15 Master Lease No. N6247499RP00B19 for One Treasure Island residential units ("One
16 Treasure Island Housing Master Lease"), and the Authority and HealthRight 360, a California
17 non-profit corporation ("HealthRight 360") entered into a term Sublease ("Sublease") to
18 manage housing units and associated premises on Treasure Island; and,

19 WHEREAS, On August 1, 2015, the Authority Board of Directors approved a new
20 Sublease No. 963 (the "Agreement") with HealthRight 360, for the management of 38
21 supportive residential housing units on Treasure Island; and,

22 WHEREAS, On March 15, 2016, the Authority Board of Directors retroactively
23 approved a First Amendment with HealthRight 360, to remove Subtenant's obligation to
24

1 maintain landscape responsibilities, and to increase the Common Area Maintenance Fee;
2 and,

3 WHEREAS, On April 12, 2017, the Authority Board approved the Second Amendment
4 to the Agreement to increase the Common Area Maintenance and Utility Fees; and,

5 WHEREAS, On May 1, 2019, the Authority Board approved the Third Amendment to
6 the Agreement to add 1202 Mariner Drive to the Premises (totaling 44 housing units), and
7 increase the Common Area Maintenance and Utility Fees; and,

8 WHEREAS, On September 8, 2021, the Authority Board approved the Fourth
9 Amendment to extend the Term, increase Common Area Maintenance (“CAM”) and Utility
10 Fees; and,

11 WHEREAS, HealthRight 360, a member organization of One Treasure Island, provides
12 housing for homeless persons as well as on-site support services including counseling,
13 vocational education and employment development; and,

14 WHEREAS, The Authority and HealthRight 360 have negotiated a Fifth Amendment to
15 Sublease commencing July 1, 2024 to (i) extend the Sublease Term to June 30, 2027; (ii)
16 increase the Common Area Maintenance fee by \$62.05 per unit per month to compensate
17 Authority for increase costs related to security and trash services within the residential areas
18 of Treasure Island; and (iii) increase the Utility fee by \$45.00 per unit per month to
19 compensate for SFPUC fee adjustments; and,

20 WHEREAS, Under the proposed terms of the Amendment, HealthRight 360 will pay a
21 monthly CAM fee for the period from July 1, 2024 to June 30, 2025, totaling Thirteen
22 Thousand and Five Hundred Dollars (\$13,500.00) per month subject to annual increases as
23 further described in the Amendment to compensate the Authority for its related maintenance
24 expenses in the residential areas of Treasure Island; and,
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1 WHEREAS, Under the proposed terms of the Amendment, HealthRight 360 will pay to
2 the San Francisco Public Utilities Commission (SFPUC) Utility Fees in the amount of Twenty-
3 One Thousand Three Hundred and Forty Dollars (\$21,340.00) per month commencing July 1,
4 2024; now, therefore be it

5 RESOLVED, That the Authority hereby authorizes the Treasure Island Director or his
6 designee to execute the Agreement with HealthRight 360 in substantially the form attached
7 hereto as Exhibit A; and be it

8 FURTHER RESOLVED, That the Board of Directors hereby authorizes the Treasure
9 Island Director or his designee to enter into any additions, amendments or other modifications
10 to the Agreement that the Treasure Island Director or his designee determines in consultation
11 with the City Attorney are in the best interests of the Authority, that do not materially increase
12 the obligations or liabilities of the Authority, that do not materially reduce the rights of the
13 Authority, and are necessary or advisable to complete the preparation and approval of the
14 Agreement, such determination to be conclusively evidenced by the execution and delivery by
15 the Treasure Island Director or his designee of the documents and any amendments thereto.
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CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on June 12, 2024.

Jeanette Howard, Secretary