



Legislation Details (With Text)

File #:	22-362	Name:	
Type:	Resolution	Status:	Passed
File created:	5/6/2022	In control:	City Council
On agenda:	9/28/2022	Final action:	9/28/2022
Title:	Resolution authorizing the City Manager to execute an Amendment to the Sublease Agreement with Fitness Therapy, LLC. for the commercial space located at 634 El Camino Real, Suite C, in South San Francisco for the purpose of continuing an existing commercial use.		

WHEREAS, the City of South San Francisco ("City") is the Master Lease holder of the commercial space located at 634 El Camino Real, Suite C, South San Francisco, CA 94080, owned by Mid-Peninsula Housing Coalition ("Property"); and

WHEREAS, in January 2019, the City Council adopted a resolution authorizing the City Manager to execute a Sublease Agreement with Fitness Therapy, LLC. ("Fitness Therapy") at 634 El Camino Real, Suite C; and

WHEREAS, on February 15, 2019, the City and Fitness Therapy entered into a Sublease Agreement for the property located at 634 El Camino Real, South San Francisco, CA 94080; and

WHEREAS, Fitness Therapy works with and trains individuals to provide customized training programs and a high level of care, from sports-specific training to weight loss and metabolic conditioning as well as geriatrics and preventative care; and

WHEREAS, in a letter dated February 8, 2021 ("Letter"), the City and Fitness Therapy agreed to amend the Sublease, including an amendment to the Rent Schedule, extension of the Sublease Term until January 31, 2026, and permission for Fitness Therapy to extend the Sublease Term for an additional six (6) months, as long as Fitness Therapy is not in default at the end of the initial Term; and

WHEREAS, Fitness Therapy wishes to continue operating at 634 El Camino Real at a reduced rent due to both pandemic-driven economic hardships since March 2020 and noise and vibration mitigation measures imposed on Fitness Therapy; and

WHEREAS, the City Council desires to reduce the Base Rent because commercial rents have gone down, the tenant is unable to operate at full capacity due to mitigation measures, and because of the economic hardships caused by the COVID-19 pandemic since March 2020; and

WHEREAS, the City Council now desires to amend the Sublease Agreement to reduce the Base Rent, retroactive to December 1, 2021, and make other minor amendments to the Sublease; and

WHEREAS, the proposed Amendment to the Sublease Agreement includes a retroactive reduction in the Base Rent from \$5,300/month to \$3,000/month for December 1, 2021 to January 31, 2022; from \$5,459/month to \$3,000/month for February 1, 2022 to September 30, 2022; and

WHEREAS, moving forward, the Base Rent will be reduced from \$5,459/month to \$3,000/month for October 1, 2022 to September 30, 2023; and

WHEREAS, as of October 1, 2023, the monthly Base Rent would resume to the original monthly Base

Rent schedule, as amended by the Letter, which would be consistent with the existing market rate for commercial space in South San Francisco.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of South San Francisco hereby authorizes the City Manager, or his designee, to execute an Amendment to the Sublease Agreement substantially in the form as the Amendment attached to this Resolution, and as a result of completed negotiations, to make any revisions, amendments, or modifications, deemed necessary to carry out the intent of this resolution which do not materially alter or increase the City's obligations thereunder, subject to approval as to form by the City Attorney.

BE IT FURTHER RESOLVED that this resolution shall take effect immediately.

* * * * *

Sponsors:

Indexes:

Code sections:

Attachments: 1. Amendment to Sublease Agreement

Date	Ver.	Action By	Action	Result
9/28/2022	1	City Council	approved	Pass

Resolution authorizing the City Manager to execute an Amendment to the Sublease Agreement with Fitness Therapy, LLC. for the commercial space located at 634 El Camino Real, Suite C, in South San Francisco for the purpose of continuing an existing commercial use.

WHEREAS, the City of South San Francisco (“City”) is the Master Lease holder of the commercial space located at 634 El Camino Real, Suite C, South San Francisco, CA 94080, owned by Mid-Peninsula Housing Coalition (“Property”); and

WHEREAS, in January 2019, the City Council adopted a resolution authorizing the City Manager to execute a Sublease Agreement with Fitness Therapy, LLC. (“Fitness Therapy”) at 634 El Camino Real, Suite C; and

WHEREAS, on February 15, 2019, the City and Fitness Therapy entered into a Sublease Agreement for the property located at 634 El Camino Real, South San Francisco, CA 94080; and

WHEREAS, Fitness Therapy works with and trains individuals to provide customized training programs and a high level of care, from sports-specific training to weight loss and metabolic conditioning as well as geriatrics and preventative care; and

WHEREAS, in a letter dated February 8, 2021 (“Letter”), the City and Fitness Therapy agreed to amend the Sublease, including an amendment to the Rent Schedule, extension of the Sublease Term until January 31, 2026, and permission for Fitness Therapy to extend the Sublease Term for an additional six (6) months, as long as Fitness Therapy is not in default at the end of the initial Term; and

WHEREAS, Fitness Therapy wishes to continue operating at 634 El Camino Real at a reduced rent due to both pandemic-driven economic hardships since March 2020 and noise and vibration mitigation measures imposed on Fitness Therapy; and

WHEREAS, the City Council desires to reduce the Base Rent because commercial rents have gone down, the tenant is unable to operate at full capacity due to mitigation measures, and because of the economic hardships caused by the COVID-19 pandemic since March 2020; and

WHEREAS, the City Council now desires to amend the Sublease Agreement to reduce the Base Rent, retroactive to December 1, 2021, and make other minor amendments to the Sublease; and

WHEREAS, the proposed Amendment to the Sublease Agreement includes a retroactive reduction in the Base Rent from \$5,300/month to \$3,000/month for December 1, 2021 to January 31, 2022; from \$5,459/month to \$3,000/month for February 1, 2022 to September 30, 2022; and

WHEREAS, moving forward, the Base Rent will be reduced from \$5,459/month to \$3,000/month for October 1, 2022 to September 30, 2023; and

WHEREAS, as of October 1, 2023, the monthly Base Rent would resume to the original monthly Base Rent schedule, as amended by the Letter, which would be consistent with the existing market rate for commercial space in South San Francisco.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of South San Francisco hereby authorizes the City Manager, or his designee, to execute an Amendment to the Sublease Agreement substantially in the form as the Amendment attached to this Resolution, and as a result of completed negotiations, to make any revisions, amendments, or modifications, deemed necessary to carry out the intent of this resolution which do not materially alter or increase the City's obligations thereunder, subject to approval as to form by the City Attorney.

BE IT FURTHER RESOLVED that this resolution shall take effect immediately.

* * * * *