

1 [Sublease of Real Property - Parcel K (Portion of Assessor’s Block No. 0817, Lot No.30)]

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3 **Resolution approving the sublease of property located at the southeast corner of**
4 **Octavia Boulevard and Hayes Street and commonly known as Parcel K (portion of**
5 **Assessor’s Block No. 0817, Lot No. 30) to PROXYDevelopment, LLC, for three years at**
6 **a monthly base rent of \$5,000 per month.**

7 WHEREAS, The State of California transferred certain property (the "Central Freeway
8 Parcels") in the Hayes Valley neighborhood to the City and County of San Francisco ("City")
9 as part of the demolition of the former Central Freeway and on the condition that City use the
10 proceeds from any disposition of the Central Freeway Parcels in connection with City's
11 Octavia Boulevard project and for transportation and related purposes set forth in Section
12 72.1(f)(1) of the California Streets and Highways Code; and,

13 WHEREAS, The City sold a Central Freeway Parcel commonly known as Parcel K
14 (portion of Block 0817, Lot 30) (the "Parcel K ") to the San Francisco Redevelopment Agency
15 ("Agency") and leased Parcel K back from the Agency under a lease dated as of January 30,
16 2004, a copy of which is on file with the Clerk of the Board of Supervisors in File No.
17 _____ (the "Agency Ground Lease"); and

18 WHEREAS, The Agency Ground Lease is on a month to month basis for \$1 per month,
19 and permits the City to use Parcel K as a staging area for the construction of the City's
20 Octavia Boulevard project and for parking uses; and,

21 WHEREAS, The Agency has agreed to amend the Agency Ground Lease to have a
22 fixed three year term, and to permit for additional uses and subleases of Parcel K, if such
23 changes are requested by City and approved by Agency's Executive Director, as further set
24 forth in an amendment to ground lease, a copy of which is on file with the Clerk of the Board
25 of Supervisors in File No. _____ (the "Ground Lease Amendment"); and,

1 WHEREAS, The City owns additional Central Freeway Parcels that are either currently
2 vacant or leased for parking and other uses (the "Remaining Parcels"), and which the City
3 intends to sell when current economic conditions improve; and

4 WHEREAS, The City wishes to lease some of the Remaining Parcels for interim uses
5 that will activate the Remaining Parcels until they are sold by the City, and activate Parcel K
6 while it is leased by City, to provide additional amenities to the public and promote economic
7 development; and

8 WHEREAS, The City's Office of Economic and Workforce Development ("OEWD"),
9 issued a Request for Proposals on December 1, 2009, seeking proposals from qualified
10 respondents for such interim uses on the Remaining Parcels (the "RFP"); and

11 WHEREAS, PROXYdevelopment LLC ("Subtenant") submitted a proposal to sublease
12 Parcel K for retail activities (including the sale of foods and beverages), the operation of
13 restaurants, and the operation of a membership-based car sharing business; and

14 WHEREAS, The City wishes to sublease Parcel K to the Subtenant for three years at a
15 monthly base rent of \$5,000 per month for such uses under a lease substantially in the form
16 on file with the Clerk of the Board of Supervisors in File No. _____ (the
17 "Sublease"), if the Agency's Executive Director approves revising the Agency Ground Lease
18 to have a three year term and approves the Sublease; and

19 WHEREAS, The Director of Planning, by letter dated May 14, 2010, a copy of which is
20 on file with the Clerk of the Board of Supervisors in File No. _____, found that the
21 proposed sublease of Parcel K is categorically exempt from environmental review and is in
22 conformance with the City's General Plan; now, therefore, be it

23 RESOLVED, That in accordance with the recommendation of the Director of OEWD
24 and the Director of Property, the Director of Property is hereby authorized to request the
25 Agency's Executive Director approval to revise the Agency Ground Lease to have a three

1 year term and to permit City to sublease Parcel K to Subtenant on the terms set forth in the
2 Sublease; and, be it

3 FURTHER RESOLVED, If the Agency's Executive Director approves such request to
4 revise the Agency Ground Lease and to approve the Sublease, the Director of Property is
5 hereby authorized to execute the Sublease; and, be it

6 FURTHER RESOLVED, That all actions heretofore taken by any employee or official of
7 the City with respect to the RFP, the Amendment to Ground Lease and the Sublease are
8 hereby approved, confirmed and ratified; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
10 Property to enter into any amendments or modifications to the Sublease that the Director of
11 Property determines, in consultation with the City Attorney, are in the best interest of the City,
12 do not materially reduce the rent or otherwise materially increase the obligations or liabilities
13 of the City, are necessary or advisable to effectuate the purposes of the Sublease and are in
14 compliance with all applicable laws, including City's Charter.

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16 RECOMMENDED:

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18 _____
19 Michael Cohen
20 Director, Office of Economic
21 and Workforce Development

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Amy L. Brown
Director of Property