

1 [Lease - Woodhouse Marina Green, LLC - Marina Degaussing Station Restaurant]

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3 **Resolution authorizing the Recreation and Park Department General Manager to enter**
4 **into a lease with Woodhouse Marina Green, LLC, for the operation of a restaurant at the**
5 **Marina Degaussing Station at the Marina Green with a term of ten years.**

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7 WHEREAS, The City owns the land and improvements commonly known as the
8 Marina Green, including the building known as the Marina Degaussing Station; and

9 WHEREAS, The City desires to contract with Woodhouse Marina Green, LLC,
10 (“Woodhouse”) for the lease of the Marina Degaussing Station for the operation of a
11 restaurant and Woodhouse desires to lease the premises from the City; and

12 WHEREAS, The Recreation and Park Commission ("Commission") authorized the
13 Recreation and Park Department (the “Department”) on April 21, 2011 to issue a Request for
14 Proposals (“RFP”) to solicit responses from qualified entities for the lease and operation of the
15 Marina Degaussing Station, and on December 15, 2011, the Commission authorized staff to
16 begin negotiations with Woodhouse Marina Green, LLC; and

17 WHEREAS, On September 20, 2012, by Resolution No. 1209-006, on file with the
18 Clerk of the Board of Supervisors in File No.120987, the Commission recommended that the
19 Board of Supervisors approve the Lease, on file with the Clerk of the Board of Supervisors in
20 File No.120987 (“Lease”), between the City and Woodhouse for the lease and operation of a
21 restaurant at the Marina Degaussing Station from November 1, 2012, through October 31,
22 2022, with two (2) potential five (5)-year extensions, which has an anticipated revenue of
23 more than one million dollars, and potential term, including extensions, of over ten years; and

24 WHEREAS, Pursuant to San Francisco Charter, Article IX, Section 9.118, Subsections
25 (a) and (b), the Board of Supervisors must approve the Lease by resolution; and

1 WHEREAS, The Lease requires Woodhouse to make improvements to rehabilitate and
2 renovate the Marina Degaussing Station Building as required to operate a first class casual
3 restaurant, retaining the envelope of the historic building, and to perform improvements to the
4 other areas adjacent to the Marina Degaussing Station Building; and

5 WHEREAS, The Lease includes conceptual drawings depicting the proposed
6 improvements, which may include relocating the Marina Degaussing Station Building to
7 improve the configuration of the Bay Trail to permit continuous public access along the
8 shoreline adjacent to the Building, and Woodhouse will cause detailed architectural drawings
9 consistent with such conceptual drawings to be prepared for the proposed improvements
10 following the execution of the Lease; and

11 WHEREAS, The Commission will consider and approve or disapprove the
12 improvements shown in the architectural drawings after such drawings are complete, in
13 accordance with the requirements of Section 8 of the Lease; and

14 WHEREAS, In order to partially offset the upfront estimated \$650,000 investment in the
15 Marina Degaussing Station Building to be paid by Woodhouse to bring the building up to code
16 in connection with the proposed improvements, the Lease provides for Woodhouse to receive
17 \$160,000 in front loaded rent credits; and

18 WHEREAS, The City and Woodhouse acknowledge the possibility of unknown
19 expenses associated with this project such as, by way of example only, unavailability of gas
20 and electric service adjacent to the site, the necessity to relocate the building's electrical
21 panel, unknown permit or other requirements mandated by other public agencies, unknown
22 conditions present at site due to the location of the building, its relocation, or the historic
23 nature of the building that may require extraordinary expenses that are not reasonably
24 foreseeable; and

1 WHEREAS, The Lease provides that Woodhouse will be liable for the initial \$50,000 in
2 unknown expenses associated with the project, the Department will issue a rent credit for up
3 to \$50,000 for unknown expenses above the initial \$50,000, and Woodhouse shall have the
4 right to terminate the Lease should the unknown expenses exceed \$100,000; and

5 WHEREAS, In a Certificate of Determination, a copy of which is on file with the Clerk of
6 the Board of Supervisors in File No. _____, the City's Planning Department
7 determined that the Lease is categorically exempt from environmental review under CEQA
8 State Guidelines Section 15301(a), or Class 1; now, therefore, be it

9 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
10 hereby finds that the Lease is consistent with the General Plan and with the Eight Priority
11 Policies of City Planning Code Section 101.1, and is exempt from environmental review for
12 the same reasons as set forth in the Planning Department's Certificate of Determination; and,
13 be it

14 FURTHER RESOLVED, That the Board of Supervisors hereby approves the lease
15 dated September 20, 2012, for the lease and operation of a restaurant at the Marina
16 Degaussing Station commencing on November 1, 2012, through October 31, 2022; and for a
17 potential extension period of up to ten (10) years commencing on November 1, 2022, through
18 October 31 2032, subject to the approval of the Commission; and be it

19 FURTHER RESOLVED, That the Board understands that it is not approving any of the
20 improvements described in Section 8 and Exhibit D or Exhibit F of the Lease at this time, and
21 the Board finds that the City, including the General Manager and Commission, retains
22 absolute discretion to approve or disapprove such improvements, and that the approval of
23 such improvements shall be subject to all applicable laws and regulation, including review
24 under the California Environmental Quality Act, at such time as they are proposed; and be it
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1 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
2 Manager to enter into additions, amendments, or other modifications to the Lease (including,
3 without limitation, preparation and attachment of, or charges to, any or all of the exhibits) that
4 the General Manager, in consultation with the City Attorney, determines are in the best
5 interest of the City, do not materially decrease the benefits of the Lease to the City, do not
6 materially increase the obligations or liabilities of the City, do not authorize the performance of
7 any activities without pursuing all required regulatory and environmental review and
8 approvals, and are necessary or advisable to complete the transactions which the Lease
9 contemplates and effectuate the purpose and interest of this resolution, such determination to
10 be conclusively evidenced by the executions and delivery by the General Manager of the
11 Lease and any such additions, amendments, or other modifications that that document; and
12 be it

13 FURTHER RESOLVED, That the Board of Supervisors approves, confirms, and ratifies
14 all prior actions taken by the officials, employees, and agents of the City with respect to the
15 Lease.

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