

1 [Amended and Restated Lease Agreement - Tad's - 44 Ellis Street - Retail Space - Monthly
2 Base Rent to a Percentage Rent Calculated as 8% of Gross Revenues]

3 **Resolution approving an Amended and Restated Lease Agreement between the City**
4 **and County of San Francisco and Tad's Inc., for the retail space located at 44 Ellis**
5 **Street in the Ellis-O'Farrell Garage, to amend the calculation of the monthly base rent**
6 **to a percentage rent calculated as 8% of gross revenues retroactive to January 1, 2021;**
7 **to amend the monthly water charge to \$2,400 retroactive to February 1, 2024; to amend**
8 **the calculation of base rent and water charge during the first option to extend; to**
9 **require Tad's to pay a \$4,000 administrative fee; to impose minimum hours of**
10 **operation; to waive Tad's obligation to pay base rent for the period beginning on April**
11 **1, 2020 to December 31, 2020; and to waive Tad's obligation to pay outstanding water**
12 **charge for the period beginning February 1, 2020 to January 31, 2024, effective upon**
13 **approval of this Resolution through the expiration date of April 30, 2029.**

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15 WHEREAS, The Ellis-O'Farrell Garage (Garage), located at 123 O'Farrell Street, is
16 owned by the City and County of San Francisco and is under the jurisdiction of the Municipal
17 Transportation Agency (SFMTA); and

18 WHEREAS, On May 1, 2019, the SFMTA entered into a 10-year lease agreement with
19 Tad's Inc. (Tad's) for the premises located at 44 Ellis Street with a starting monthly base rent
20 of \$36,905, including nine months of rent abatement, totaling \$5,317,064 in revenue to the
21 SFMTA, and included two five-year options to extend the lease (the 2019 Lease); and

22 WHEREAS, In 2020, due to the Covid-19 pandemic, rent relief was granted, and the
23 SFMTA and Tad's informally agreed to waive certain amounts of Tenant's rent and water
24 charge obligations, amend the method for calculating base rent, and amend the water charge;
25 and

1 WHEREAS, The SFMTA and Tad’s desire to memorialize the changes to 2019 Lease
2 amendment in an Amended and Restated Commercial Lease Agreement (Amended and
3 Restated Lease); and

4 WHEREAS, In November 2025, the SFMTA hired an independent appraiser R. Blum
5 and Associates (R. Blum) who concluded a range of rental rate between \$22.66 and \$50.00
6 per square foot per year, and R. Blum determined the market rent as of November 19, 2025,
7 in as-is condition, is estimated to be \$43.03 per square foot per year; and

8 WHEREAS, The proposed Amended and Restated Lease amends the calculation of
9 the monthly base rent to a percentage rent calculated as 8% of gross revenues retroactive to
10 January 1, 2021; amends the monthly water charge to \$2,400 retroactive to February 1, 2024;
11 amends the calculation of base rent and water charge during the first option to extend;
12 requires Tad’s to pay a \$4,000 administrative fee; imposes minimum hours of operation;
13 waives Tad’s obligation to pay base rent for the period beginning on April 1, 2020 to
14 December 31, 2020; and waives Tad’s obligation to pay outstanding water charge for the
15 period beginning February 1, 2020, through January 31, 2024; and

16 WHEREAS, A copy of the Tad’s Lease is on file with the Clerk of the Board of
17 Supervisors in File No. _____, which is hereby declared to be a part of this resolution as if
18 set forth fully herein; and

19 WHEREAS, On December 22, 2025, the SFMTA, under authority delegated by the
20 Planning Department, determined that the Commercial Lease Agreement with Tad’s is not
21 defined as a “project” under the California Environmental Quality Act (CEQA) pursuant to Title
22 14 of the California Code of Regulations, Sections 15060(c) and 15378(b); and

23 WHEREAS, A copy of the CEQA determination is on file with the Secretary to the
24 SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it
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1 RESOLVED, That the San Francisco Board of Supervisors approve the Amended and
2 Restated Commercial Lease Agreement between Tad’s, Inc., as Tenant, and the San
3 Francisco Municipal Transportation Agency, as Landlord, for the retail space located at 44
4 Ellis Street within the Ellis-O’Farrell Garage; and, be it

5 RESOLVED, That this amendment converts the calculation of base rent to a
6 percentage-based model, adjusts the water charges, amends the calculation of base rent and
7 water charge during the first option to extend, mandates minimum hours of operation,
8 imposes a \$4,000 administrative fee, and formalizes the waiver of certain rent and water
9 charges; and, be it

10 FURTHER RESOLVED, That within 30 days of the Amended and Restated Commercial
11 Lease Agreement being fully-executed by all parties, SFMTA shall provide the final Amended
12 and Restated Commercial Lease Agreement to the Clerk of the Board for inclusion into the
13 official file.

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