

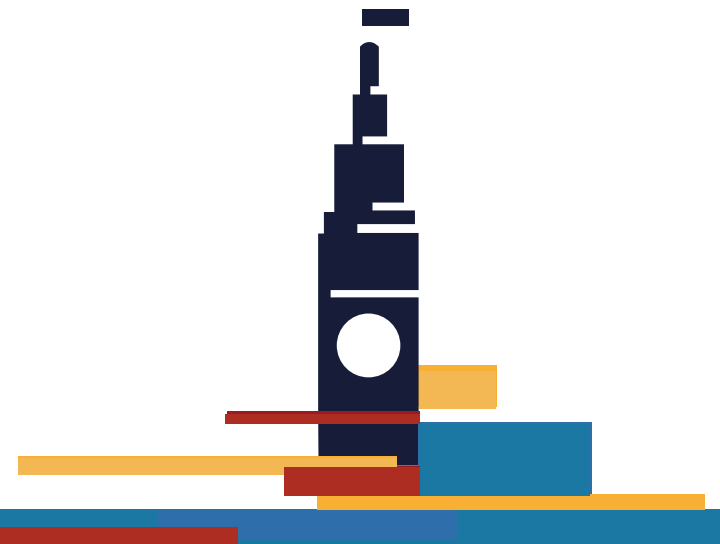
Lease Amendment – Chowder Hut

July 19, 2023

Presented By:

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Senior Property Manager – Port of San Francisco



Context

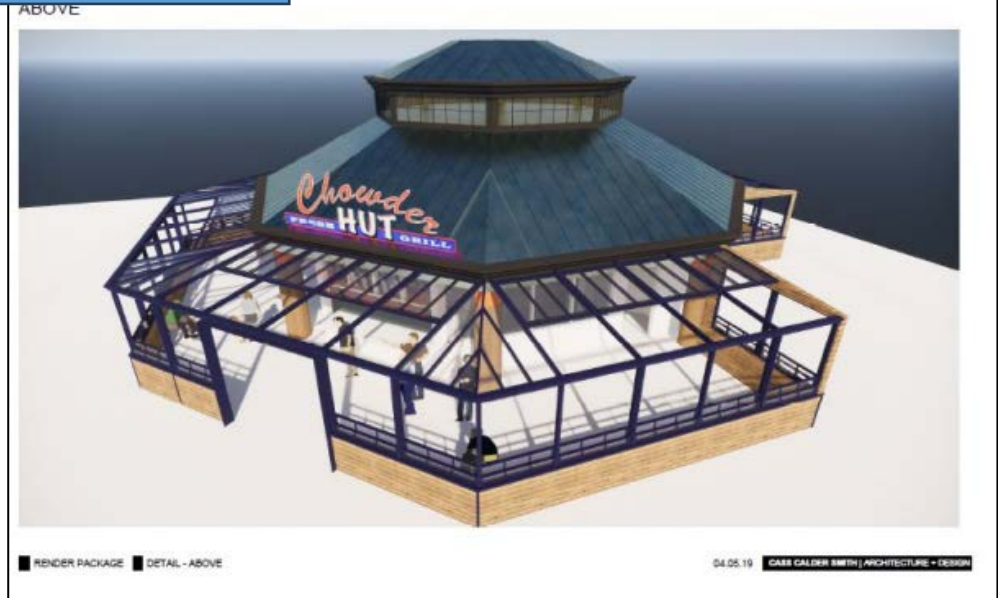
- Tenant has operated Chowder Hut since 1993
- Current lease requires tenant invest a minimum of \$800,000 in new improvements by January 1, 2023 to maintain eligibility for a 5-year lease extension
- Proposed improvements are estimated to cost between \$1.9M and \$4.5M
- Port acknowledges pandemic-related challenges to business and construction during 2020-2022 period



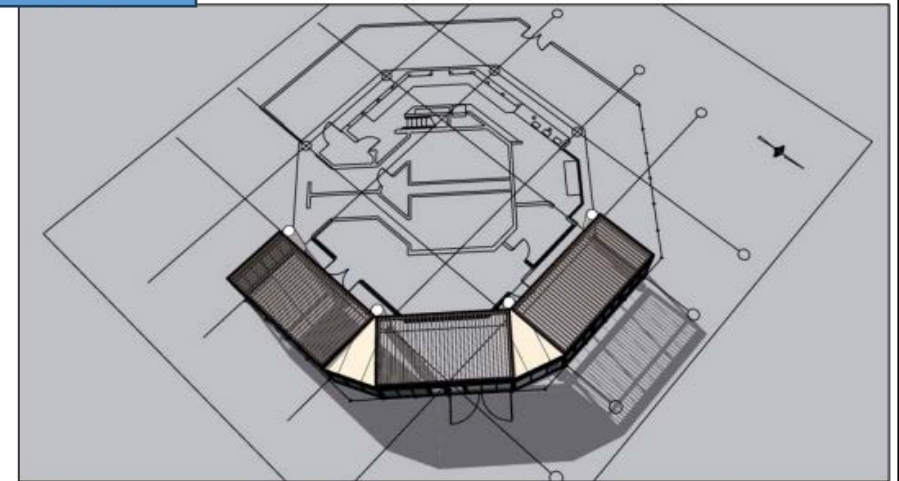
Lease Amendments

- New, extended deadline to complete improvements — March 31, 2024
- Minimum investment in improvements increases from \$800,000 to \$900,000
- Revised scope of required improvements from (above, right) to (below, right)
- Port Commission unanimously approved the lease amendment by resolution on April 25, 2023

ORIGINAL



REVISED



Port Staff Analysis

- Controlled outdoor seating will produce higher sales and rent for the Port
- Amendment supports tenant retention, fosters a capable business that has demonstrated ability to perform through economic cycles
 - In-line with Port's Strategic Plan Stability Goal
- Without ability to exercise 5-year extension, tenant is unlikely to make improvement due to shorter amortization period (7 years, versus 13 years)