



SFMTA



Mel's Drive-In New Lease Agreement

Continuing to Serve Customers at 801 Mission Street
SFMTA's Fifth and Mission Garage

BOS Budget and Finance Committee
November 5, 2025

File No. 25-1052



SFMTA

Resolution Request



The SFMTA is seeking the Board of Supervisors approval for:

- Commercial Lease Agreement between the City and County of San Francisco and San Francisco C&C, doing business as Mel's Drive-In
- Space located at 801 Mission Street in the Fifth and Mission Garage
- An initial five-year term that will result in an estimated \$1,908,684 in revenue, and one five-year option to extend

Mel's History



- The first Mel's Drive-In opened in 1947
- Featured in *American Graffiti* (1973) and *Guess Who's Coming to Dinner* (1967)
- Four locations in San Francisco
- Serving traditional "American" food
- Known for late hours during the weekends
- Anchor Tenant at Fifth and Mission Garage

Existing Lease

- Signed April 2000 with prior landlord, Downtown Parking Corporation
- Property transferred to the SFMTA in 2013
- Four amendments with rent in final year at \$475,069
- Due to pandemic, rent was restructured without a lease amendment to 8% of gross revenues



Fiscal Year (July to June)	Annual Rent Amount
FY 2022-23	\$392,279
FY 2023-24	\$387,825
FY 2024-25	\$396,872
3-year Avg.	\$392,325

New Proposed Lease



- Percentage Rent at 8% of gross revenues
- Based upon FY 23-24 projected revenues, 8% is estimated at \$381,737 annually, or \$66.73 per square foot per year
- Fair market comparable with CoStar data is \$30-\$35 per square foot per year
- Projects to \$1,908,684 over 5-year term
- Includes a 5-year option to extend
- If sublet or assigned prior to option period, rent will include base rent of \$20,020 plus 4% of gross revenues
- If Mel's rebounds, the SFMTA will benefit from a high rental rate

Approval Status

SFMTA Board of Directors' Approval

On October 7, 2025, the SFMTA Board of Directors approved Resolution No. 251007-092 and forward to the Board of Supervisors for final approval

Administrative Code

City Charter Section 9.118(c) states that any lease, modification, amendment, or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

Final approval is requested from the Board of Supervisors.