

File #191182
Received in Committee
1/8/20

Teatro ZinZanni

File 191182

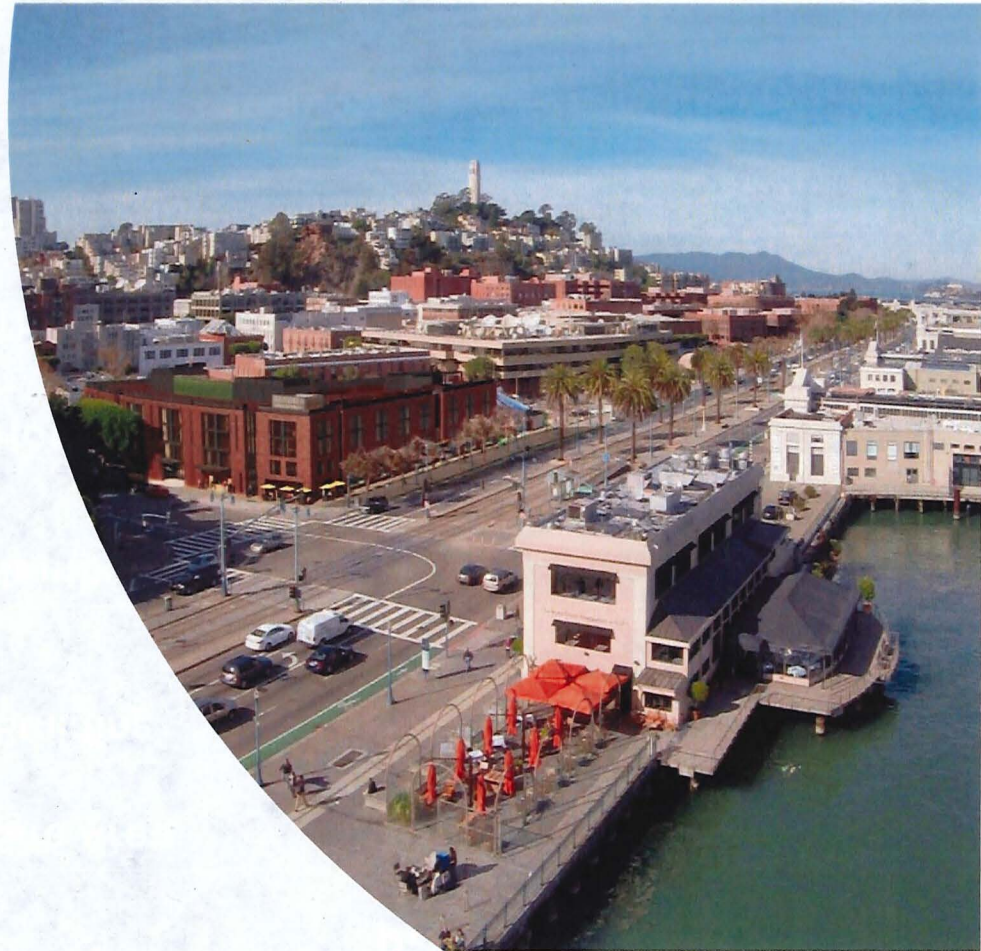
Resolution authorizing 66-year lease for development and operation of a hotel, theater, and public open space

January 8, 2020

Budget & Finance Committee

Rebecca Benassini

Port of San Francisco



View

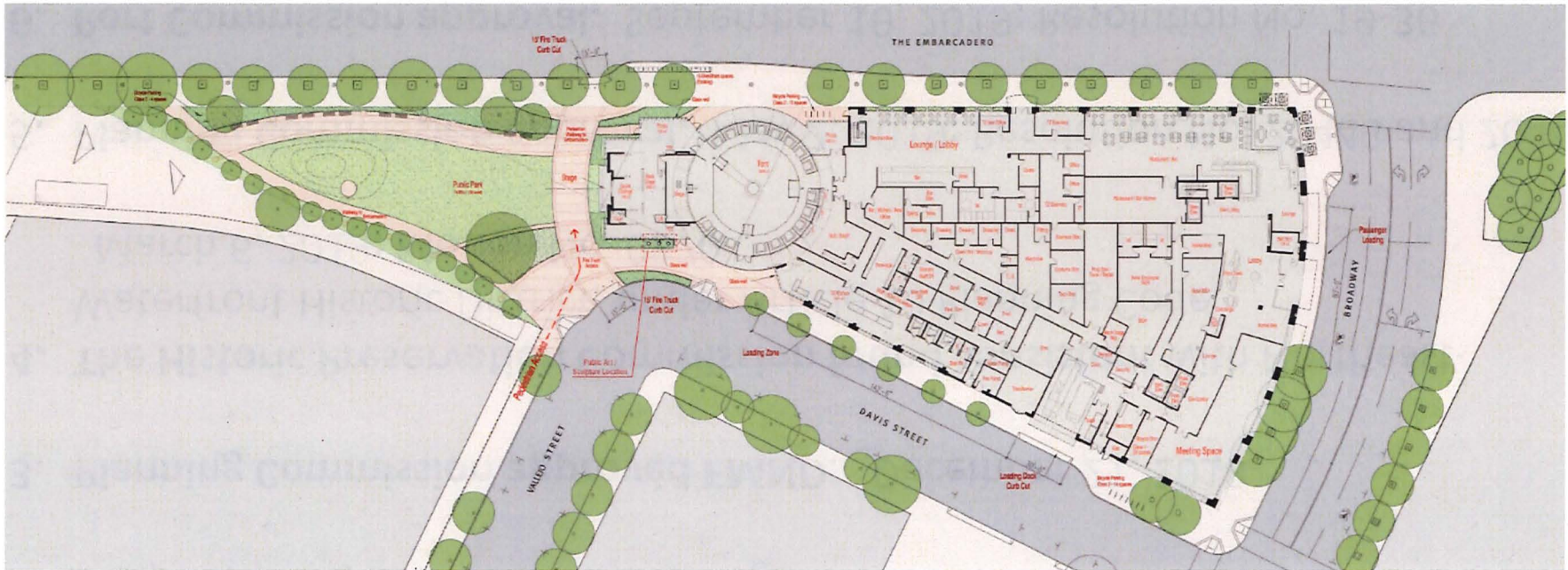


Project Background

- Teatro ZinZanni - Theater/music/entertainment
- Commitment to return to a new waterfront location
- Development Team proposal:
 - hotel
 - dinner-theater facility
 - public park

Project in Brief	
Site Area	59,750 sf
Building	One 4-story building 147,880 gsf
Number of Floors	4 above-grade Floors
Hotel Rooms	192 Rooms in 118,000 sf
Theater	29,570 sf
Public Park	14,000 sf
Estimated Total Cost	\$142 million
Funding Sources	Developer Equity and Debt No Port or City Funding

Project Site Layout



Site Plan / Park and Public Realm

TEATRO ZINZANNI presidio companies KENWOOD INVESTMENTS

The Theater & Hotel @ Broadway | Seawall Lots 323/324, San Francisco, CA
A Teatro ZinZanni & Kenwood Investments Project

May 2, 2019 | 3
Hornberger + Worstell Architects
Hornberger
Worstell



City Approvals

- 1. Board of Supervisors directed Port to negotiate with TZK.**
May 5, 2015; Resolution No. 170-15
- 2. Board of Supervisors approved Project's Term Sheet.**
July 12, 2016; Resolution No. 277-16
- 3. Planning Commission approved FMND.** December 21, 2018
- 4. The Historic Preservation Commission found consistent** with Northeast Waterfront Historic District, under Article 10 Planning Code.
March 6, 2019; Motion No. 0370
- 5. Planning Commission approval.** May 2, 2019; Resolution No. 20443 and 20444
- 6. Port Commission approval.** September 10, 2019; Resolution No. 19-36

Basic Financial Structure

- TZK finances the entire development – no Port or City funds
- Base Rent - \$1.007M/yr + annual escalation
- Percentage Rent
 - 3.5% in year 1, to 6.5% by year 20, of the gross revenues
- Upside Participation
 - Once TZK/Tenant attains hurdle rate, surplus cashflow is shared with Port



Key Transaction Documents

Lease Disposition and Development Agreement

- An agreement to enter into a ground lease for the Site, subject to TZK's fulfillment of conditions, including:
 - Pay Port LDDA Fees and Port's Transaction Costs
 - Secure Financing and close escrow within 12 months
- TZK may exercise up to four 3-month extension options to close escrow

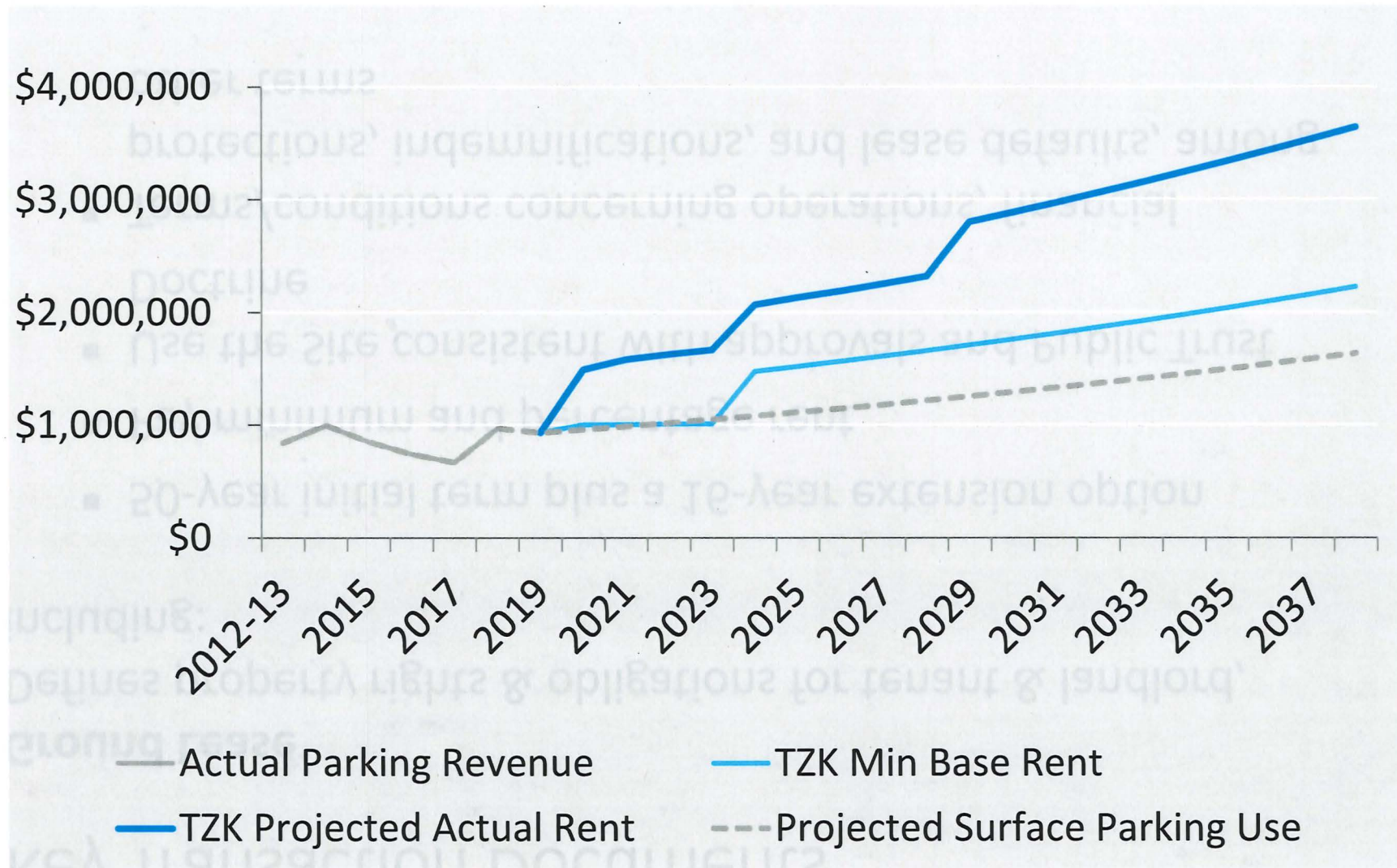
Key Transaction Documents

Ground Lease

Defines property rights & obligations for tenant & landlord, including:

- 50-year initial term plus a 16-year extension option
- Pay minimum and percentage rent
- Use the Site consistent with approvals and Public Trust Doctrine
- Terms/conditions concerning operations, financial protections, indemnifications, and lease defaults, among other terms

Lease Revenues to Port



Key Public Benefits

- Retention of Cultural Venue: Teatro ZinZanni, a cultural asset that draws people to the Waterfront
- New 14,000 sq. ft. public open space
- 17% LBE Goal
- Local Hire Commitment – 30% by Trade
- New jobs along the Waterfront – First Source Hiring Program
- Approximately 415 temporary construction jobs
- Approximately 118 permanent jobs
- Increased revenues to the Port and the City

Resolution under File 191182

- Authorize up to 66-year lease between Port Commission & TZK Broadway

