

1 [Real Property Lease Amendment - Golden Gate National Parks Conservancy - Portion of
2 Pier 31 and 33 - Establish the Amount of Unpaid Base Rent to be Paid to the Port -
\$289,765.05 - Increase Original Construction Rent Credit to \$800,000]

3
4 **Resolution approving the Second Amendment to Port Commission Lease No. L-16274**
5 **with Golden Gate National Parks Conservancy to build and operate a public serving**
6 **café and retail space within the bulkheads and portions of the sheds of Piers 31 and 33**
7 **for a 30-year term, with two options to extend the Lease for 10 additional years,**
8 **effective upon approval of this Resolution and Port’s execution of this Amendment;**
9 **and to (i) establish the amount of unpaid base rent Conservancy will pay to Port at**
10 **\$289,765.05; (ii) extend the Phase I Improvements completion date to December 31,**
11 **2025; (iii) increase the original construction rent credit from \$554,000 to \$800,000; (iv)**
12 **provide a three year extension of the Lease term to June 30, 2052; and (v) establish a**
13 **50% share of any excess rents from food and beverage subtenants.**

14
15 WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and Charter
16 Sections 4.114 and B3.581 empower the San Francisco Port Commission ("Port" or "Port
17 Commission") with the power and duty to use, conduct, operate, maintain, manage, regulate
18 and control the lands within Port Commission jurisdiction in the City and County of San
19 Francisco; and

20 WHEREAS, In November 2018, the Port and National Parks Service (NPS) entered a
21 50-year General Agreement (GA) that established portions of Piers 31, 31½, and 33, and the
22 water basin between Pier 31 and Pier 33 as the ferry embarkation site for Alcatraz Island
23 (Embarkation Site) to provide a stable location for the ferry and to allow for significant capital
24 investments; and

1 WHEREAS, Under the GA, the Embarkation Site is operated by Alcatraz Cruises, LLC,
2 the ferry concessioner selected by NPS pursuant to federal bidding processes; and

3 WHEREAS, For the first 15 years of the GA, Alcatraz Cruises is responsible for the
4 construction of all improvements, originally estimated by the Port and NPS to cost \$30 million;
5 and

6 WHEREAS, The GA also commits the Port to leasing portions of the Embarkation Site
7 to the Golden Gate National Parks Conservancy (“Conservancy”), the primary fundraiser and
8 project manager for NPS, to provide visitor amenities including a café at Pier 31 and a retail
9 visitor center at Pier 33; and

10 WHEREAS, At its June 25, 2018 meeting, the Port Commission authorized the
11 Executive Director of the Port or her designee to enter into Lease No. L-16274 with the
12 Conservancy (the “Lease”) to build and operate a public serving café and retail space within
13 the bulkheads and portions of the sheds of Piers 31 and 33 for a thirty (30) year term, with two
14 (2) options to extend the Lease for ten (10) additional years (the “Option”); and

15 WHEREAS, On September 25, 2018, the Board of Supervisors adopted Resolution No.
16 317-18 approving the Lease; and

17 WHEREAS, The Port Commission and Conservancy entered into a First Amendment
18 to Lease dated September 30, 2019, establishing the Phase I Commencement Date as
19 October 15, 2019, and the Phase I Rent Commencement Date as July 1, 2020; and

20 WHEREAS, The original target construction completion date for the Phase I
21 Improvements was October 15, 2020, however, due to the COVID pandemic, construction
22 never commenced, and the Port and the Conservancy have since been actively seeking a
23 solution to revise the Lease to account for the delayed Phase I Improvements and move the
24 project forward; and

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1 WHEREAS, The Conservancy is prepared to move the project forward, as economic
2 conditions and the prospect of leasing the café space have improved; and

3 WHEREAS, Port Staff has negotiated with the Conservancy the terms of a Second
4 Amendment to the Lease (the “Second Amendment”), a copy of which is on file with the Clerk
5 of the Board of Supervisors in File No. 240717; and

6 WHEREAS, The terms of the Second Amendment (i) establishes the amount of unpaid
7 base rent the Conservancy will pay to the Port at \$289,765.05; (ii) extends the Phase I
8 Improvements completion date to December 31, 2025; (iii) increases the original construction
9 rent credit from \$554,000 to \$800,000; (iv) provides a three year extension of the Lease term
10 to June 30, 2052; and (v) establishes a 50% share of any excess rents from food and
11 beverage subtenants; and

12 WHEREAS, At its April 30, 2024 meeting, the Port Commission authorized the
13 Executive Director of the Port or her designee to enter into the Second Amendment that
14 (i) establishes the amount of unpaid base rent the Conservancy will pay to the Port at
15 \$289,765.05; (ii) extends the Phase I Improvements completion date to December 31, 2025;
16 (iii) increases the original construction rent credit from \$554,000 to \$800,000; (iv) provides a
17 three year extension of the Lease term to June 30, 2052; and (v) establishes a 50% share of
18 any excess rents from food and beverage subtenants; and

19 WHEREAS, The permitted uses under the Lease are consistent with the Final
20 Mitigated Negative Declaration (Case No. 2017-000188ENV) certified for the Alcatraz Ferry
21 Embarkation Project by The City and County of San Francisco on February 15, 2018,
22 pursuant to the California Environmental Quality Act (CEQA); and

23 WHEREAS, The permitted uses under the Lease are not changing and have no
24 potential to result in any new direct or indirect physical change to the environment;

1 accordingly approval of the Second Amendment is not a project subject to review under the
2 California Environmental Quality Act (CEQA); and

3 WHEREAS, Charter, Section 9.118, requires Board of Supervisors' approval of non-
4 maritime leases and amendments to non-maritime leases which either have a term in excess
5 of ten years or have anticipated revenue to the City of \$1,000,000 or more; and

6 WHEREAS, The Port anticipates revenues from the Second Amendment to exceed
7 \$1,000,000; and now, therefore be it

8 RESOLVED, That the Board of Supervisors hereby approves the Second Amendment
9 to Port Commission Lease No. L-16274 and authorizes the Executive Director of the Port or
10 her designee to execute such Second Amendment in a form approved by the City Attorney
11 and in substantially the same form as the Second Amendment on file with the Clerk of the
12 Board of Supervisors in File No. 240717; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Port Executive
14 Director to enter into any additions, amendments or other modifications to the Lease and the
15 Second Amendment that the Port Executive Director, in consultation with the City Attorney,
16 determines, when taken as a whole, to be in the best interest of the Port, do not materially
17 increase the obligations or liabilities of the City or the Port, and are necessary or advisable to
18 complete the transactions which this Resolution contemplates and effectuate the purpose and
19 intent of this Resolution, such determination to be conclusively evidenced by the execution
20 and delivery by the Port Executive Director of such documents; and, be it

21 FURTHER RESOLVED, That within thirty (30) days of the Second Amendment being
22 fully executed by all parties, the Port shall provide a copy of the Lease to the Clerk of the
23 Board for inclusion into the official file.