

Real Property Lease Amendment Golden Gate National Parks Conservancy

Board of Supervisors

Budget and Finance

July 24, 2024

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Real Estate & Development



Background – Conservancy Second Amendment

- September 18, 2018 –
 - Lease between the Port and Conservancy for café and interpretive retail space in Pier 31 and 33 approved.
- September 25, 2018 –
 - First Amendment to Lease establishing the Phase I (café space)
 - Commencement Date, October 15, 2019.
 - Rent Commencement Date, July 1, 2020.
- April 30, 2024 – Port Commission approves Second Amendment, which:
 - Establishes Conservancy will pay \$289,765 to Port in unpaid base rent.
 - Extends Completion Date of café from October 15, 2020 to December 31, 2025.
 - Increases the construction rent credit from \$554,000 to \$800,000.
 - Provides a 3-year extension of the Lease term to June 30, 2052.
 - Establishes a 50% share of any excess rent from café subtenants.



Comparison of Terms

Original Lease and proposed Second Amendment terms.

Item	Current	Proposed	Comments
Base Rent Due (7/20 - 9/22)	\$339,200	\$289,765	Conservancy will pay the proposed Base Rent with execution of the amendment.
Late fees on aged rent	--	Waive \$41K	No late fees will be assessed with payment of past due amount on execution.
Café (Phase I) Improvements – Outside Completion Date	July 1, 2020	December 31, 2025	Missed original deadline due to COVID, subtenant challenges and change in subtenant structure. Amended completion date reflects realistic timing. <ul style="list-style-type: none"> • Terminated Boudin relationship. • Issuing new RFP for café operator • Starting design for warm shell buildout done by Conservancy.
Construction Rent Credits	\$554,000	\$800,000 \$440K to Ph 1 café, \$360K to Ph 2 retail	Addresses increases in construction costs since 2019 (was \$3.7M now \$5.1M+).
Excess Sublease Rent	100% to Port	50% to Conservancy, 50% to Port	Conservancy may deduct subleasing expenses before sharing excess rent. This term incentivizes strong sublease deals by sharing upside.
Lease Expiration Date	June 30, 2049	June 30, 2052	Extended 3 years to recover a portion of the Percentage Rent lost due to café opening delay.

Tentative Timeline for Pier 31 Café Development



- Conservancy selected Maven Commercial as broker to facilitate RFP for café operator.
 - Selection of café operator expected by the end of 2024.
- Heller Manus selected to provide architectural and design services.
- Warm shell design and permitting anticipated by the end of 2024.
- Completion of warm shell construction expected by May 2025.
- Café operator improvements and installations anticipated late 2025.
- Café opening expected by end of 2025.
- Alcatraz attracts over 1.5 million visitors to the San Francisco waterfront annually.