

1 [Lease Termination Agreement - Tad's, Inc. - 44 Ellis Street]

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3 **Resolution authorizing the Municipal Transportation Agency to terminate the lease**
4 **agreement with Tad's Inc. for retail space located at 44 Ellis Street in the Ellis-O'Farrell**
5 **Garage.**

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7 WHEREAS, The Ellis-O'Farrell Garage (Garage), located at 123 O'Farrell Street, is
8 owned by the City and County of San Francisco (City) and under the jurisdiction of the San
9 Francisco Municipal Transportation Agency (SFMTA), offers three retail spaces; and

10 WHEREAS, On May 6, 2015, the Board of Supervisors under Resolution No. 187-15
11 authorized the Director of Transportation of the SFMTA to execute a lease agreement with
12 Les Joulins for the retail space designated as 44 Ellis Street and comprised of approximately
13 5,368 square feet for an initial term of ten years (Lease); and

14 WHEREAS, On March 1, 2017, the Lease was assumed by Tad's Inc. (Tenant); and,

15 WHEREAS, The Lease agreement includes a rent schedule for the ten-year initial term
16 that will result in \$5,127,000 in revenue to the SFMTA and includes \$250,000 in rent credits
17 upon completion of certain pre-authorized improvements; and

18 WHEREAS, For over 20 years, no major improvements have been made to the retail
19 space at 44 Ellis Street and the Tenant has determined that the space needs additional work
20 on top of the pre-authorized improvements contemplated in the Lease in order to comply with
21 current building codes; and

22 WHEREAS, Tenant desires to enter into a new lease agreement which would allow
23 them to make investments in the necessary improvements to the space and lease the
24 property for a longer term than the six years that remain in the Lease; and

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1 WHEREAS, In order to enter into a new lease agreement, SFMTA and Tenant must
2 terminate the existing Lease agreement; and

3 WHEREAS, On January 3, 2019, the SFMTA, under authority delegated by the
4 Planning Department, determined that the termination of the Lease is not defined as a
5 “project” under the California Environmental Quality Act (CEQA) pursuant Title 14 of the
6 California Code of Regulations, Sections 15060(c) and 15378(b); and

7 WHEREAS, On March 5, 2019, the SFMTA Board of Directors approved Resolution
8 No. 190305-027 authorizing the Director of Transportation of the SFMTA to terminate the
9 Lease agreement and to forward to the Board of Supervisors for final approval; and

10 WHEREAS, A copy of the Lease Termination Agreement, is on file with the Clerk of the
11 Board of Supervisors in File No. 190316, which is hereby declared to be part of this motion as
12 if set forth fully herein; now, therefore, be it

13 RESOLVED, That the Board of Supervisors approves the Lease Termination
14 Agreement between the City and County of San Francisco and Tad’s, Inc.; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
16 Transportation of the SFMTA to execute a Lease Termination Agreement with Tad’s Inc. for
17 the Ellis-O’Farrell Garage retail space, located at 44 Ellis Street; and, be it

18 FURTHER RESOLVED, That within 30 days of the document being fully executed by
19 all parties, the final document shall be provided to the Clerk of the Board for inclusion in the
20 official file.