

RESOLUTION NO. 3-2007

Adopted January 16, 2007

AUTHORIZING EXECUTION OF A SUBLEASE WITH BIKE HUT FOUNDATION, A CALIFORNIA NONPROFIT CORPORATION, TO SUBLEASE FOR A TERM OF FIVE YEARS APPROXIMATELY 155 SQUARE FEET OF A DESIGNATED AREA ON PIER 40; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The City and County of San Francisco (the "City"), acting by and through the San Francisco Port Commission (the "Port"), entered into a lease dated December 7, 1984 (the "Port Lease"), with the Redevelopment Agency of the City and County of San Francisco (the "Agency") for certain real property that included Pier 40 located in the Rincon Point-South Beach Redevelopment Project Area (the "Project Area").
2. The Redevelopment Plan for the Project Area (the "Redevelopment Plan") was adopted by the City's Board of Supervisors on January 5, 1981. Pursuant to the Redevelopment Plan, the Agency has undertaken public improvements in the South Beach area on property leased from the Port, including construction of South Beach Harbor, South Beach Park and improvements to Pier 40.
3. In furtherance of the goals of the Redevelopment Plan, the Agency is undertaking certain additional improvements to South Beach Harbor, South Beach Park and Pier 40, including the construction of a new bike hut. A small portion of the Pier 40 platform is designated for bicycle storage, lease, rental, sales, and repairs.
4. A small area of approximately 155 square feet of the Pier 40 platform is under consideration to be leased to the Bike Hut Foundation, a California nonprofit corporation ("BHF"). Since 1996, BHF and its predecessors have been leasing, repairing and selling bicycles on a portion of the Pier 40 platform under a month-to-month lease with the Agency. BHF offers and sponsors programs that promote public access to the waterfront.
5. BHF wants to relocate its bicycle operations from its existing location on the Pier 40 platform to a nearby location also on the Pier 40 platform. It has requested that the Agency enter into a proposed sublease to replace its existing month-to-month lease. The proposed sublease has an initial term of five years from the date of possession, with one five-year renewal option.
6. The base rent will start at \$341.00 per month (\$2.20 per square foot), and will be increased at the start of a renewal period. Percentage rent will also be charged if BHF achieves high levels of sales income at the premises. The monthly rental

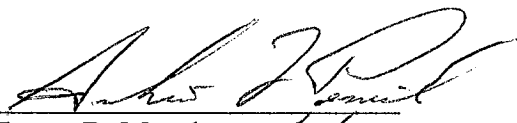
rate was based on the existing month-to-month lease between BHF and the Agency as well as comparable rental rates for similarly-situated, small unique facilities or kiosks.

7. The Agency will construct the new bike hut structure as part of the approved Pier 40 improvements. BHF will invest approximately \$3,000 in tenant improvements to adapt the structure to its operations.
8. The proposed sublease contains all terms required by the Agency's master lease with the Port. As this lease continues an existing leasing arrangement, the lease is being made without public bidding but after a public hearing in compliance with Health and Safety Code Section 33431.
9. A Notice of Public Hearing on this matter was published in the *San Francisco Examiner* during the weeks of December 12 and 19, 2006. The public hearing concerning the proposed sublease has been held in a time and manner pursuant to Section 33431 of the California Community Redevelopment Law.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a sublease with Bike Hut Foundation, a California nonprofit corporation, to sublease for a term of five years approximately 155 square feet of a designated area on Pier 40 in the Rincon Point-South Beach Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


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Agency General Counsel