

RESOLUTION NO. 34-2010

Adopted April 6, 2010

AUTHORIZING A SUBLEASE WITH CARMEN AND BENITO SOLIS, A SOLE PROPRIETORSHIP, DOING BUSINESS AS CARMEN'S RESTAURANT, FOR AN INITIAL TERM OF THREE YEARS WITH ONE, TWO-YEAR OPTION FOR A PORTION OF THE BULKHEAD BUILDING AND PROPERTY LOCATED AT PIER 38/40; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. Carmen's Restaurant is a Filipino-American café which has been operated by Carmen and Benito Solis (the "Solis'") on the San Francisco waterfront for 45 years ("Carmen's"). From 1984 to 2002, Carmen's was a tenant of the Port of San Francisco (the "Port"), leasing space at 998 Fourth Street on Wharf 62, a small pier located off the south side of the Fourth Street bridge. However, the Solis' moved from this location in the fall of 2002 when construction began on the Fourth Street bridge as part of the City of San Francisco's Third Street light rail project.
2. To accommodate Carmen's, the Redevelopment Agency of the City and County of San Francisco (the "Agency") entered into an interim sublease agreement with the Solis' in September 2002, by Resolution No. 160-2002, to allow them to operate on Piers 38/40 while construction on the Fourth Street Bridge was underway. Construction on the Fourth Street Bridge took longer than the expected two-year period, and the interim sublease agreement with the Solis' had to be extended for two years, which the Commission did in May 2004, by Resolution No. 58-2004.
3. In May 2006, the interim sublease agreement was extended again, by Resolution No. 60-2006, to May 31, 2009, because by that time the Solis' could not invest the amount of capital necessary to bring their former space at Wharf 62 into compliance with the appropriate building codes. That space has subsequently experienced a fire and is no longer able to be occupied. The Solis' interim sublease agreement has been operating on a month-to-month basis since June 1, 2009, and they wish to stay at the Piers 38/40 location under a new sublease agreement (the "Sublease").
4. The Solis' have struggled financially at the Piers 38/40 location, and currently owe the Agency \$37,700 in back rent. Agency staff and the Solis' have negotiated a number of provisions in the Sublease that seek to address this issue. For example, the Agency and the Solis' agreed to a lower minimum rent payment plus an additional payment of \$600 a month to go toward a pay-down of the back

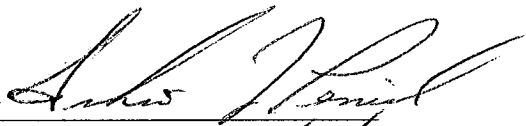
rent amount. Also, the Sublease will automatically terminate if the Solis' fail to make their rent payments for three cumulative months. In addition, the Solis' have taken a number of steps to improve the performance of their restaurant, including enhancing the interior space, bringing in new investors and managers, improving marketing efforts, revamping the menu, and including an entertainment component. Agency staff believes these steps will help Carmen's become a more financially successful restaurant operation.

5. Pursuant to Section 33431 of California Community Redevelopment Law, the Agency noticed the public hearing on the proposed Sublease in a newspaper of general circulation for not less than once a week for two weeks.
6. The Sublease includes provisions for use of the premises and the rent to be paid to the Agency, which are activities that would not directly have a significant effect on the environment and are exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3).
7. Staff recommends approval of the Sublease with the Solis' for an initial term of three years with one, two-year option for a portion of the bulkhead building and property located at Pier 38/40.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into a Sublease with Carmen and Benito Solis, a sole proprietorship, doing business as Carmen's Restaurant, for an initial term of three years with one, two-year option for a portion of the bulkhead building and property located at Pier 38/40; Rincon Point-South Beach Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


s. James B. Morales 8/30/10
Agency General Counsel