

## **RESOLUTION NO. 134-2003**

Adopted August 19, 2003

### **AUTHORIZING EXECUTION OF A SUBLEASE WITH SOUTH BEACH YACHT CLUB, A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION, FOR SPACE IN THE PROPOSED HARBOR SERVICES BUILDING IN SOUTH BEACH HARBOR, WITH AN INITIAL 10-YEAR TERM, WITH TWO FIVE-YEAR EXTENSION OPTIONS; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA**

#### **BASIS FOR RESOLUTION**

1. The Redevelopment Plan for the Rincon Point-South Beach Redevelopment Project Area ("Redevelopment Plan") was adopted by the Board of Supervisors of the City and County of San Francisco on January 5, 1981. Pursuant to the Redevelopment Plan, the Redevelopment Agency of the City and County of San Francisco ("Agency") has undertaken public improvements in the South Beach area on property leased from the Port of San Francisco, including construction of South Beach Harbor and South Beach Park.
2. In furtherance of the goals of the Redevelopment Plan, the Agency is undertaking certain additional improvements to South Beach Harbor and South Beach Park, including construction of a proposed harbor services building to provide appropriate permanent facilities for harbor and community-related activities.
3. The South Beach Yacht Club ("SBYC") is a non-profit social and community service organization for boating-related activities on San Francisco Bay. The Agency encouraged the formation of the club as an amenity and attraction for the 700 berths at South Beach Harbor. Currently, SBYC operates out of a temporary trailer on an area on the edge of Pier 40 that it subleases from the Agency.
4. On August 13, 2002, by Resolution No. 137-2002, the Agency Commission approved the schematic plan for the proposed 11,272-square-foot harbor services building. The two-story building includes a community meeting room, the harbormaster's office, certain amenities, and a 2,690-square-foot rental space on the second floor for SBYC. The schematic plan includes removal of SBYC's trailer to allow for repairs and pedestrian improvements to Pier 40 and removal of the harbormaster's

trailers along the marginal wharf. The trailers are to be replaced with the proposed harbor services building.

5. Acting on instructions from the Commission, staff negotiated a proposed sublease with SBYC for a 2,690-square-foot, second-floor space in the proposed harbor services building.
6. The proposed sublease has an initial term of ten years from the date of possession, with two five-year renewal options. The base rent during the initial term will start at \$1.65 per square foot per month, with increases in the sixth year and at the start of each renewal period. Percentage rent will also be charged if SBYC achieves high levels of sales income at the premises. The Agency will provide the sublease space to SBYC in an unfinished shell condition with no interior finishes. SBYC is required to invest a certain minimum amount in tenant improvements and will receive a tenant improvement allowance amortized over four years to help cover SBYC's costs for the improvements that will ultimately be owned by the Agency.
7. The sublease also contains all of the Agency's standard policies, including nondiscrimination and equal benefits, prevailing wages, minimum compensation and health care accountability, and an equal opportunity program. SBYC is also required to coordinate its equal opportunity hiring programs in cooperation and consultation with Agency-supported employment development organizations and other local community groups.
8. The sublease also contains all terms required by the Agency's master lease from the Port of San Francisco (the "Port"), and has been reviewed by Port officials.
9. Agency staff reviewed the Final Supplemental Environmental Impact Report certified on August 15, 1991 for the Rincon Point-South Beach Redevelopment Plan ("FSEIR"), prepared pursuant to the California Environmental Quality Act ("CEQA"). Staff concluded that activities resulting from the approval of the proposed sublease are within the scope of the program approved under the FSEIR, and that the FSEIR adequately describes the activities for the purposes of CEQA as more particularly described in the staff memorandum dated August 1, 2003.
10. A 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 the sublease between the Agency and the South Beach Yacht Club, a California nonprofit mutual benefit corporation, substantially in the form lodged with the Agency General Counsel.

**APPROVED AS TO FORM:**

*for*   
James B. Morales  
Agency General Counsel