RESOLUTION NO. 165-2005

Adopted October 18, 2005

AUTHORIZING A 10-YEAR LEASE WITH PJR LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, DOING BUSINESS AS SAMOVAR TEA LOUNGE, FOR 1,954 SQUARE FEET IN THE WEST CAFÉ IN YERBA BUENA GARDENS; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency"), owns two small café retail spaces, known as the East and West Cafés, located on the second level of Yerba Buena Gardens. The East Café has been vacant since June 2004, and the West Café has been vacant since October 2003.

2. The Commission authorized the engagement of Johnson Hoke Ltd. ("Johnson Hoke"), a professional broker specializing in retail leasing, to assist Agency staff's efforts to re-tenant the spaces. Agency staff advertised the lease opportunity by placing notices on the Agency's website, running display advertisements in the San Francisco Business Times and twelve community newspapers, and placing external signs on the café space.

3. Following the Commission's direction, Agency staff has worked with Johnson Hoke to negotiate a lease with PJR LLC, a California limited liability company, doing business as Samovar Tea Lounge ("Samovar Tea Lounge"), the West Café in Yerba Buena Gardens.

4. The proposed fair market lease with Samovar Tea Lounge covers 1,954 leasable square feet in the West Café and provides the tenant with exclusive access to approximately 570 square feet of adjacent outside patio dining space.

5. The proposed 10-year lease includes a negotiated rent of $17 per square foot per year for the first year with escalations in years 2, 4, 6, and 8 of the lease. The proposed rent structure gives Samovar Tea Lounge an opportunity to establish itself in the Yerba Buena Gardens location, undertake marketing efforts, and amortize capital costs of its tenant improvements, which will be a minimum investment of $50,000 and will
become a permanent part of the Agency-owned West Café space. This rent structure is a fair market lease, based on comparable retail leases for the area, the characteristics of the space, and the Agency's leasing requirements.

6. The proposed lease contains all of the Agency's standard applicable policies, including nondiscrimination, equal benefits, minimum compensation and health care accountability policies, small business enterprise program, and prevailing wage requirements. In addition, Samovar Tea Lounge will coordinate its hiring programs in cooperation and consultation with Agency-supported employment development organizations such as the Mission Hiring Hall's South of Market Employment Center and other local community groups.

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 10-year lease for the West Café with PJR LLC, a California limited liability company, doing business as Samovar Tea Lounge, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel