

RESOLUTION NO. 6-2006

Adopted January 17, 2006

AUTHORIZING A 10-YEAR LEASE WITH GOURMET PROVISIONS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, DOING BUSINESS AS BOXED FOODS COMPANY, FOR 2,096 SQUARE FEET IN THE EAST 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 a small café retail space, known as the East Café, located on the second level of Yerba Buena Gardens. The East Café has been vacant since June 2004.
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 space. 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 Gourmet Provisions, LLC, a Delaware limited liability company, doing business as Boxed Foods Company ("Boxed Foods Company"), for the East Café in Yerba Buena Gardens.
4. The proposed lease with Boxed Foods Company covers 2,096 leasable square feet in the East Café and provides the tenant with exclusive access to approximately 723 square feet of adjacent outside patio dining space.
5. The proposed fair market lease with Boxed Foods Company includes a negotiated rent of \$17 per square foot per year for the first and second years with escalations in years 3, 4, 6, and 8 of the lease. In addition, during the second and third years, Boxed Foods Company will pay the Agency percentage rent on gross sales exceeding \$594,000 per year up to a total of \$34 per square foot per year. The proposed rent structure gives Boxed Foods Company 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 \$75,000 and will become a permanent part of the Agency-owned East Café space. This rent structure represents fair market value 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 applicable policies, including nondiscrimination, equal benefits, minimum compensation and health care accountability policies, small business enterprise program, construction workforce and prevailing wage requirements. In addition, Boxed Foods Company 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 East Café with Gourmet Provisions, LLC, a Delaware limited liability company, doing business as Boxed Foods Company, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel