[Real Property Lease - Pier 23 Café - Pier 23.5 - Potential Base Rent Revenue $3,236,685]

Resolution approving and authorizing the Executive Director of the Port of San Francisco to execute Port Commission Lease No. L-17397 for real property located at Pier 23.5 with Pier 23 Café, a California corporation, for approximately 2,410 square feet of indoor space and 2,425 square feet of outdoor dining area, at an annual base rent of $10,739 per month for an initial term expiring on April 30, 2030 with one five-year option and a second ten-year option to extend; for a potential base rent revenue of $3,236,685; authorizing the Executive Director of the Port to waive the competitive bidding process for Lease No. L-17397; and authorizing the Executive Director to enter into any additions, amendments or other modifications to the Lease that do not materially increase the obligations or liabilities of the City or the Port and are necessary or advisable to complete the transactions which this Resolution contemplates and effectuates the purpose and intent of this Resolution.

WHEREAS, California Statutes of 1968, Chapter 1333 (as amended, the "Burton Act") and Charter, Sections 4.114 and B3.581 empower the San Francisco Port Commission ("Port" or "Port Commission") with the power and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction in the City and County of San Francisco; and

WHEREAS, Pier 23 Café, Inc., a California corporation ("Pier 23 Café"), is not in good standing under its lease L-17225 at Pier 23-½ on the Embarcadero in the City and County of San Francisco and owes the Port in excess of $633,961 in unpaid rent and late fees; and

WHEREAS, Pier 23 Café approached the Port to restructure its lease to reduce its rent obligations to align with current market conditions; and

WHEREAS, Port staff concluded that restructuring the Pier 23 Café lease is preferable to litigation that could close the facility to the general public for an indefinite amount of time and require Port to expend staff time and funds for tenant improvements and commissions, all while remaining liable for the vacant restaurant; and

WHEREAS, Port staff and Tenant have negotiated a new lease (Lease L-17397), that reduces Tenant's rent obligations in line with current market conditions, provides Tenant with debt forgiveness and two extension options to potentially extend Tenant's term to 2045, which are contingent upon Tenant's investment of $500,000 in qualifying capital improvements, as described in the staff report and as defined in the draft Lease L-17397, both documents on file with the Clerk of the Board in File No. 260948; and

WHEREAS, Leasing of retail property requires a competitive bidding process; and

WHEREAS, Port staff recommend waiving the competitive bidding process to approve Lease L-17397, including restructuring existing rent obligations, forgiving outstanding debt, and providing two options to extend the term to 2045, subject to approval by the Board of Supervisors; and

WHEREAS, At its June 9, 2026, meeting, the Port Commission authorized the Executive Director of the Port, or his designee, to waive the competitive bidding process to approve Lease L-17397, including restructuring existing lease obligations, forgiving outstanding debt, and providing two options to extend the term to April 30, 2045; and

WHEREAS, Charter, Section 9.118 requires Board of Supervisors' approval of certain leases that either have a term of 10 years or more or have anticipated revenue to the City of $1,000,000 or more; now, therefore be it

RESOLVED, That the Board of Supervisors authorizes the Port Executive Director to waive the competitive bidding process to approve Lease L-17397; and be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves Lease No. L-17397 in substantially the form on file with the Clerk of the Board of Supervisors in File No. 260948, and authorizes the Executive Director of the Port, or his designee, to execute Lease No. L-17397; and to enter into any additions, amendments, or other modifications to Lease No. L-17397 that the Port Executive Director, in consultation with the City Attorney, determines, when taken as a whole, to be in the best interest of the Port, do not materially increase the obligations or liabilities of the City or the Port or materially reduce the benefits to the City or the Port, and are necessary or advisable to complete the transactions which this Resolution contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Port Executive Director of such documents; and, be it

FURTHER RESOLVED, That within thirty (30) days of Lease No. L-17397 being fully executed by all parties, the Port shall provide a copy of said lease to the Clerk of the Board for inclusion into the official file.

City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 260948 **Date Passed:** September 29, 2026

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September 23, 2026 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

September 23, 2026 Budget and Finance Committee - RECOMMENDED AS AMENDED

September 29, 2026 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton and Wong

File No. 260948

I hereby certify that the foregoing Resolution was ADOPTED on 9/29/2026 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Daniel Lurie
Mayor

10/2/2026
Date Approved