



Edwin M. Lee, Mayor  
Philip A. Ginsburg, General Manager

**Date:** May 7, 2015

**To:** Recreation and Park Commission  
Operation Committee

**Through:** Philip A. Ginsburg, General Manager  
Dana Ketcham, Director of Property Management and Reservations

**From:** Andrew Smothers, Property Management

**Subject:** Proposed Lease between the City and Uptown Parking Corporation for the operation of Union Square Garage and management of certain premises on Union Square Plaza.

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**Agenda Item Wording:**

Discussion and possible action to recommend that the Board of Supervisors approve a ten-year lease with Uptown Parking Corporation, with two five-year options to extend, for the operation of the Union Square Parking Garage and management of certain premises on Union Square Plaza.

**Background:**

Uptown Parking Corporation (“Uptown”) is a non-profit entity created in the 1950’s to assist the City in financing and managing the Sutter-Stockton and Union Square garages. On May 5, 1959 the City and Uptown entered into a Lease (the “Original Lease”) for the operation of the Union Square Parking Garage.

On May 1, 1999, the City and County of San Francisco, on behalf of the Recreation and Park Department (“RPD”), entered into a new lease (the “Second Lease”) with the Uptown Parking Corporation for the purpose of issuing debt in the amount of \$19 million to fund the renovation of Union Square Plaza and the parking Garage.

On February 20, 2003, the City and County of San Francisco, on behalf of RPD, entered into a separate lease (the “Plaza Lease”) with Uptown for the purpose managing certain premises on Union Square Plaza.

On December 15, 2011, the Recreation and Park Commission (“Commission”) approved RPD’s participation in a San Francisco Municipal Transportation Agency (“SFMTA”) debt issuance. The issuance included sufficient funds to repay the outstanding debt held by Uptown and closed in July 2012. Pursuant to Section 49 of the Second Lease, the

Second Lease would be terminated 90 days after such repayment. RPD and Uptown negotiated a short term extension of the contract which was approved by the Commission and Board of Supervisors in summer of 2012. That extension allowed Uptown to continue to operate the garage while a new lease was negotiated and finalized.

On May 16, 2013, the Recreation and Park Commission recommended that the Board of Supervisors approve a ten –year lease with Uptown for the Union Square Parking Garage. This particular lease, however, contemplated the garage premises only and did not address Uptown’s lease of Union Square Plaza under the existing Plaza Lease. The Department and Uptown desired to include the designated premises under the existing Plaza Lease in order to establish one comprehensive “Master Lease” to wholly capture the scope of responsibilities for both the garage and plaza.

**Proposed Lease Terms**

All lease terms are identical to those approved on May 16, 2013 except the addition of the two buildings on the plaza and the related rent.

<b>Initial Lease Term</b>	Ten years
<b>Extension Term</b>	Two possible five-year extensions at City's option.
<b>Use</b>	Operation of an off-street parking facility and management of certain premises on the Plaza
<b>Rent</b>	Garage Net Revenue and Café Gross Rents
<b>Annual Operating Budget</b>	Uptown's annual operating budget must be approved each year by the SFMTA
<b>Capital Account</b>	The lease will create a capital account and require the City and Uptown to fund it with \$250,000 per year.
<b>Excess Revenue</b>	All revenue beyond those funds needed to fund Uptown's operating costs and the monthly deposit into the Capital Account are to be transferred to RPD. As a non-profit parking Garage Operator, Uptown shall receive no payment for its management of the Garage.
<b>Supplemental Services</b>	Since 2002, Uptown Parking has contracted with MJM Management Group for the provision of and maintenance services at Union Square Plaza. The new lease retains these important janitorial, security and event logistics services.

**Staff Recommendation:**

Department staff recommends that the Commission recommend for approval the lease with Uptown Parking Corporation for the Union Square Parking Garage consistent with the terms of the lease.

**Supported By**

Department management and staff  
San Francisco Municipal Transportation Agency  
The Union Square Business Improvement District

**Opposed By**

None known at this time

**Attachments**

Lease Agreement

**Contact**

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