



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

**Date:** June 5, 2014

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

**Through:** Philip A. Ginsburg, General Manager  
Nick Kinsey, Director of Property

**From:** Cassandra Costello, Property Manager

**Subject:** Palace of Fine Arts Theatre Lease Amendment

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### **Agenda Wording**

Discussion and possible action to amend the Lease Agreement between the City and County of San Francisco and the Palace Fine Arts League, Inc., to extend the lease.

### **Background**

For over 40 years The Palace of Fine Arts League, Inc. (the "League") has operated the Palace of Fine Arts Theatre (the "Theatre"), under various lease agreements with the Department for the purpose of arranging, scheduling, and booking any and all performances and events at the Theatre. The League, a non-profit corporation formed in 1957 and lead by industrialist Walter Johnson, organized the reconstruction of the Palace of Fine Arts and has operated the 962 seat theater since its inception in 1970.

The Department entered into a lease agreement in 2009 to operate the Theatre until the Exploratorium lease expired on February 28, 2013. In April of 2012, the Commission approved an extension to the lease through January 14, 2014 with two (2) six (6) month options to extend. The Theatre has since exercised both options to extend their lease in addition to a one month hold over extension, with their lease now scheduled to expire on February 28, 2015. It is the desire of the Department and the Theatre to extend the lease on an interim basis beyond February 28, 2015 as the Department works with the City, the California Historic Society, the Maybeck Foundation and other partners to celebrate the centennial of the Panama Pacific International Exposition (PPIE). This amendment is necessary at this time because the Theatre begins booking performances a year in advance and is currently unable to book the theatre beyond February 28, 2015, which is the kickoff of the official celebrations for the PPIE. In order to complement the many exciting programs and exhibits planned for the centennial celebration, the Department and Lessee desire to extend the lease through March 31, 2016.



**Proposed Basic Lease Information:**

Department staff has negotiated the attached Lease Amendment (**Attachment A**) commensurate with the terms below. All terms not specifically addressed in the Second Amendment to the lease will remain the same as in First Amendment to the Lease (Attachment B) and the 2009 Lease (**Attachment C**)

<b>Term</b>	The term of the lease amendment shall commence on , March 1, 2015 and expire on March 31, 2016.
<b>Extension</b>	Lessee shall have the right to request up to two six (6) month extension options, with approval by the General Manager.
<b>City Event Use</b>	The Lessee shall not book or hold any performance, event or activity in the premises on certain dates indicated in the lease agreement, unless such performance, event or activity is specifically related to such public events and approved by the General Manager. These public events are: the Mayor's opening party of the PPIE, community opening celebration for the PPIE, Greater and Greener 2015 International Parks Conference party, US Conference of Mayors and Party for the Parks.

The Following terms and conditions remain consistent with the 2009 Lease:

<b>Permitted Use</b>	Fine Arts League may occupy, operate and manage the Premises for the purpose of arranging, scheduling, and booking any and all performances and events at the Palace of Fine Arts Theatre for the benefit of the public, and matters reasonably incidental thereto.
<b>Premises</b>	The portion of the Palace of Fine Arts building, including Improvements, if any, located in San Francisco, California, owned by City and under the jurisdiction of its Recreation and Park Department
<b>Rent</b>	Lessee shall pay Department \$14,800 per month, rising each year by the lesser of CPI or 3%.

**Community Outreach:**

Supervisor Mark Farrell  
Supervisor Farrell's E-Newsletter  
Public community meeting  
Maybeck Foundation  
California Historical Society  
Palace of Fine Arts Advisory Committee  
Marina Community Association  
Marina Merchants Association  
Golden Gate National Recreation Area  
Golden Gate National Parks Conservancy  
Fort Mason Center  
Presidio Trust  
St. Francis Yacht Club  
Golden Gate Yacht Club  
National Park Service  
Marina/Cow Hollow Merchants' Association  
City Yachts  
Micro Soccer League  
Save Marina Green  
San Francisco Marina Harbor Association  
Individuals and groups who have signed in at community meetings regarding the Palace  
Donors of the 2010 Palace restoration project  
Posting on RPD website

**Supported By:**

Palace of Fine Arts League  
Maybeck Foundation  
California Historical Society  
Innovation Hangar

**Opposed By:**

No Known Opposition

**Recommendation:**

Staff recommends that the Commission approve this First Amendment to the Palace of Fine Arts Theatre Lease.

**Next Steps:**

Should the Commission approve this Lease Amendment staff will work to execute the Lease Amendment.

**Attachment A:**

First Lease Amendment between the City and County of San Francisco and the Palace of Fine Arts League, Inc.

**Attachment B:** Second Lease Amendment between the City and County of San Francisco and the Palace of Fine Arts League, Inc.

**Attachment C:** Lease between the City and County of San Francisco and the Palace of Fine Arts League, Inc.