



London N. Breed, Mayor
Philip A. Ginsburg, General Manager

Date: September 6, 2018

To: Recreation and Park Commission
Operations Committee

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

From: Jackie Suen, Property Manager

Subject: South End Rowing Club Lease Agreement

Agenda Item Wording:

Discussion and possible action to recommend that the Board of Supervisors approve a lease agreement with the South End Rowing Club for an initial term of 25 years with a 24-year extension option, substantially in the same form as the draft agreement dated August 15, 2018.

Strategic Plan:

Objective 1.2: Strengthen the quality of existing Parks & Facilities

Objective 2.3: Work with partners and neighborhood groups to activate parks through organized events, activities and unstructured play

Objective 3.1: Increase public investment to better align with infrastructure needs and service expectations

Background:

The South End Rowing Club (SERC) is a non-profit organization established in 1873 for the purpose of advancement and enjoyment of rowing, swimming, other aquatic sports in Aquatic Park and San Francisco Bay, and handball and running. SERC moved to the current location at 500 Jefferson Street in 1938. This 17,262 square foot building includes boat storage and boat repair space, a gym, locker rooms, a kitchen, a dayroom and boat launch dock (“SERC Property”). The SERC Property is open to the public three days a week for a \$10-day use fee and annual membership is open to all applicants. SERC is managed by volunteer members, currently has approximately 1,150 members and hosts internationally known swimming and rowing events that are open to the public. In recent years, there have been almost 900 day-use visitors per year.

Fees charged for access to the SERC Property are subject to approval of the Department. The current fees are:

Day-Use Fee	Initiation Fee	Key Charge	Membership Fee (due annually)
\$10	\$100	\$5	\$405



The Recreation and Park Department and SERC are parties to a Lease dated July 1, 1979 which was amended by a First Amendment dated July 1, 1979. The term of the Lease is presently scheduled to expire on June 30, 2027.

Overview of the New Lease:

The Department and SERC wish to terminate the Lease and enter into a new lease that will update the boundaries of the premises, provide access to the premises through the Hyde Street gate, and provide a lease term that aligns with the useful life of the recently completed improvements.

Term

The new lease will have a 25-year term with a 24-year option to extend and that aligns the lease with the life of SERC's recently completed substantial improvements to the building, which include a new lower boathouse with a relocated and expanded women's locker room, a relocated and expanded gym, and an expanded area for boat storage. The improvements were approximately \$2.6 million and have a projected useful life of at least 40 years. Funding for the improvements was provided by a combination of donations and loans from SERC members.

Premises

The original leased premises include the building and the portion of the dock under the jurisdiction of the Department. SERC currently leases the remaining portion of the dock (Port Dock) from the San Francisco Port through the Lease dated November 23, 1993. The Department is proposing to enter into a Memorandum of Understanding (MOU M-13773) with the San Francisco Port Commission to allow the Department to directly lease the Port Dock to the Club.

Pursuant to a 1997 Permit to Use Property between the San Francisco Port Commission and the National Park Service (NPS), NPS has the right to use the portion of Hyde Street Pier that abuts that eastern boundary of the original leased premises. This NPS permit requires NPS to provide access over the Hyde Street Pier to SERC from the rear service entrance of the lease premises to Jefferson Street. MOU M-13773 will allow the Department to grant SERC this Hyde Street Pier right of access as long as SERC indemnifies NPS for any losses resulting from such SERC access and adds names NPS as an additional insured on the insurance policies SERC carries under the new lease.

Rent

Rent is 10 percent of all Gross Receipts, payable in semi-annual installments. Gross Receipts are defined as the total gross revenue derived from any income derived from the use and occupation of the demised premises. The exception is the annual Alcatraz Invitational where rent will be four percent of all Gross Receipts. The Alcatraz Invitational is an annual fundraising event for SERC to raise funds for repairs and maintenance of the premises.

Public Access

SERC will continue to actively operate the Premises to make the Premises and the facilities and equipment available for use by members of the public and club members. The hours for public access are currently on Tuesdays, Thursdays, and Saturdays between the hours of 9:00 am and 6:00 pm in the summer and the hours of 8:00 am and 5:00 pm in the winter. Any changes to the public access hours would require the approval of the Department.

Maintenance

Under the terms of the lease, SERC is responsible for all maintenance of the facility and remainder of the leased premises and the Department has no maintenance obligations or liability for impacts created by rising tides.

Staff Recommendation:

Department staff recommends that the Commission recommends that the Board of Supervisors approves the proposed lease.

Supported By:

The Board of Directors of the South End Rowing Club

Opposed By:

No known opposition

Attachments:

Exhibit A – Draft Lease Agreement dated August 15, 2018

Exhibit B – Existing Lease and First Amendment dated July 1, 1979