

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS**

RESOLUTION No. 260407-025

WHEREAS, The Ellis-O'Farrell Garage (Garage), located at 123 O'Farrell Street, is owned by the City and County of San Francisco and is under the jurisdiction of the SFMTA; and,

WHEREAS, On May 1, 2019, the SFMTA entered into a 10-year lease agreement with Tad's Inc. (Tad's) for the premises located at 44 Ellis Street with a starting monthly base rent of \$36,905, including nine months of rent abatement, totaling \$5,317,064 in revenue to the SFMTA, and included two five-year options to extend the lease (the 2019 Lease); and,

WHEREAS, In 2020, due to the Covid-19 pandemic, rent relief was granted, and the SFMTA and Tad's informally agreed waive certain of Tenant's rent and water charge obligations, amend the method for calculating base rent, and amend the water charge; and,

WHEREAS, The SFMTA and Tad's desire to memorialize the changes to 2019 Lease amendment in an Amended and Restated Commercial Lease Agreement (Amended and Restated Lease); and,

WHEREAS, In November 2025, the SFMTA hired an independent appraiser R. Blum and Associates (R. Blum), and R. Blum concluded a range of rental rate between \$22.66 and \$50.00 per square foot per year. R. Blum determined the market rent as of November 19, 2025, in as-is condition, is estimated to be \$43.03 per square foot per year; and,

WHEREAS, The proposed Amended and Restated Lease amends the calculation of the monthly base rent to a percentage rent calculated as 8% of gross revenues retroactive to January 1, 2021; amends the monthly water charge to \$2,400, retroactive to February 1, 2024; amends the calculation of base rent and water charge during the first option to extend, requires Tad's to pay a \$4,000 administrative fee, imposes minimum hours of operation; and waives Tad's obligation to pay base rent for the period beginning on April 1, 2020 to December 31, 2020; waives Tad's obligation to pay outstanding water charge for the period beginning February 1, 2020 to January 31, 2024; and,

WHEREAS, On December 22, 2025, the SFMTA, under authority delegated by the Planning Department, determined that the Commercial Lease Agreement with Tad's is not defined as a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorize the Director of Transportation to execute the Amended and Restated Commercial Lease Agreement between Tad's, Inc., as Tenant, and the San Francisco Municipal Transportation Agency, as Landlord, for the retail space located at 44 Ellis Street within the Ellis-O'Farrell Garage. This amendment converts the calculation of base rent to a percentage-based model, adjusts the water charges, amends the calculation of base rent and water charge during the first option to extend, mandates minimum hours of operation, imposes a \$4,000 administrative fee, and formalizes the waiver of certain rent and water charges; and, be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to submit this Amended and Restated Commercial Lease Amendment to the Board of Supervisors for approval.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of April 7, 2026.



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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency