



Staff Report

TO: Commissioners

FROM: James B. Pruett, General Manager

DATE: September 29, 2026

SUBJ: Real Property Lease- Lucky's Pillar Point, LLC

Recommended Motion:

Motion: Approve the lease agreement by and between the San Mateo County Harbor District, as Landlord, and Lucky's Pillar Point, LLC, as Tenant and authorize General Manager to sign.

Harbor and Navigation Code § 6074

HNC § 6074 provides the district "...may take by grant, purchase, gift, devise, lease or otherwise acquire, hold and enjoy and lease and dispose of real and personal property of every kind, within or without the district, necessary to the full or convenient exercise of its power."

Lease Term:

The term of the Lease shall commence on the Effective Date (October 1, 2026), and shall expire, unless canceled as permitted in Section 3.c.i of the lease, at 2400 hours (12 midnight) five (5) years after the Effective Date of this Lease (the "Initial Term").

Tenant may extend the Initial Term for three (3) additional terms of up to five (5) years each (each an "Additional Term" and together with the "Initial Term," the "Term"); provided that Tenant gives Landlord written notice of its intent to exercise its extension right at least 180 days prior to the expiration of the then-current term.

In addition, after the Additional Term, provided that Tenant is not in material default under the Lease, Landlord agrees to give Tenant the right of first refusal to continue to lease the Premises on terms and conditions similar to the terms set forth in the Lease subject to a CPI adjustment for rent equal to the annual increase in base rent as of June 30, 2031.

Material Condition of Building:

Commencing on the Effective Date, Tenant shall have fifteen (15) calendar days, including weekends and holidays, to inspect the Premises and provide Landlord with written notice of any preexisting deficiencies or discrepancies relating to the structural integrity of the Premises. Landlord and Tenant shall, in good faith, review and discuss each deficiency or discrepancy identified by Tenant. Within thirty (30) calendar days after Landlord's receipt of Tenant's written notice, the parties shall use good-faith efforts to negotiate and execute a mutually acceptable Repair and Funding Agreement addressing the identified deficiencies and discrepancies. If the parties are unable to reach agreement on a Repair and Funding Agreement within such thirty (30)-day period, Tenant may, in Tenant's sole discretion, terminate this Lease without penalty, liability, or further obligation. Tenant shall exercise this termination right, if at all, by providing written notice to Landlord within ten (10) calendar days after the expiration of the thirty (30)-day negotiation period. Upon timely delivery of such notice, this Lease shall terminate without penalty, liability, or further obligation to Tenant.

Fiscal Implications/Budget Status:

Beginning on the Commencement Date (February 1, 2027) and on the first day of each calendar month thereafter through June 30, 2028, Tenant shall pay a monthly base rent of five-thousand dollars (\$5,000).

Beginning July 1, 2028, through June 30, 2029, Tenant shall pay a monthly base rent of five-thousand, five-hundred dollars (\$5,500).

Beginning July 1, 2029, through June 30, 2030, Tenant shall pay a monthly base rent of six-thousand dollars (\$6,000).

Beginning July 1, 2030, through June 30, 2031, Tenant shall pay a monthly base rent of six-thousand, five-hundred dollars (\$6,500).

Beginning July 1, 2031 and on July 1 of each subsequent year, Base Rent shall increase by the greater of 3% or the annual percentage increase in the Consumer Price Index, All Urban Consumers ("CPI-U") for San Francisco-Oakland-Hayward, during the prior year as provided by the U.S. Bureau of Labor Statistics or similar data source.

Recommended Motion:

Motion: Approve the lease agreement by and between the San Mateo County Harbor District, as Landlord, and Lucky's Pillar Point, LLC, as Tenant and authorize General Manager to sign.

Attachment:

[Draft Lease between the San Mateo County Harbor District and Lucky's Pillar Point, LLC.](#)