



MEMORANDUM

February 6, 2026

TO: MEMBERS, PORT COMMISSION
Hon. Gail Gilman, President
Hon. Stephen Engblom, Vice President
Hon. Willie Adams
Hon. Steven Lee
Hon. Ken McNeely

FROM: Michael Martin
Acting Executive Director

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Michael Martin
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SUBJECT: Request approval of a proposed new lease ("Lease No. L-17378" or "Lease") with Dylan's Tours, Inc., a California corporation ("Dylan's Tours"), for approximately 1,505 square feet on the ground floor of the two-story building located at 490 Jefferson Street for a term of five (5) years with one (1) five-year option to renew.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 26-06

EXECUTIVE SUMMARY

On July 12, 2022, the Port Commission adopted Resolution No. 22-37, approving the Interim Broker Policy ("Policy"), which authorizes Port staff to engage a commercial retail broker to support the marketing and leasing of key retail locations vacated during the COVID-19 pandemic. Following the process outlined in the Policy, Port staff selected Maven Commercial ("Maven") to serve as the broker.

Subsequently, on June 13, 2023, the Commission adopted Resolution No. 23-29, authorizing staff to pursue new tenants for several retail vacancies in Fisherman's Wharf, including 490 Jefferson Street, and establishing formal selection criteria. In accordance with the Policy, Maven launched a marketing campaign for the vacant retail space at 490 Jefferson.

Despite a broad outreach effort, Maven faced challenges due to the building's deteriorated condition and outdated layout. Initial marketing did not yield viable prospects. Maven continued outreach and responded to inquiries as received.

Maven expanded its marketing efforts and identified four additional prospects, including Dylan's Tours, two retail operators and a bicycle rental storefront. Port staff concluded that additional retail – particularly another clothing shop with competing offerings – was not in the best interest of the Port.

Port staff concluded that Dylan's Tours offered the most dynamic and complementary use for the area. Their focus on local tours and bicycle rentals is expected to attract visitors who are likely to linger and patronize nearby Port tenants.

Dylan's Tours expressed interest in relocating their operations from 782 Columbus Avenue in North Beach to the ground floor of 490 Jefferson, seeking greater visibility and expanded space.

Port staff believe Dylan's Tours will be a strong addition to the Jefferson Street retail corridor. The proposed lease is expected to generate an average of \$76,452 per year in base rent, totaling approximately \$328,258 over the initial five-year term, excluding percentage rent.

The second-floor office space at 490 Jefferson remains available, and Maven continues to actively market that space.

STRATEGIC PLAN ALIGNMENT

A new retail store offering bicycle rentals and local tours at 490 Jefferson Street will support the Port's following Strategic Objectives:

Economic Recovery:

The 490 Jefferson building has been vacant for approximately 15 years. Successful activation of this space by an experienced retail merchandiser will generate a new, stable income for the Port.

Economic Growth:

A Port investment of \$320,000 for tenant improvements at 490 Jefferson will address not only significant deferred maintenance (approximately \$100K, including hazardous materials remediation and dry rot repairs) but also an upgrade to the functionally obsolete space. The combined landlord and tenant improvements will add value to the property, increase the likelihood of success for the new operator, capture foot traffic to the area, and support nearby businesses, including Capurro's.

Engagement and Public Awareness:

Leasing the ground floor of 490 Jefferson to Dylan's Tours will positively improve the immediate area and eliminate the use of the overhang area that is commonly used by people to camp, who create unsightly and unsanitary conditions.

BACKGROUND

490 Jefferson Street is located on Jefferson Street between Leavenworth and Hyde Streets, a prime pedestrian corridor connecting Pier 39 and Ghirardelli Square. The site is surrounded by hotels, tourist attractions, local businesses, and residential neighborhoods. (See vicinity map with premises outlined in red.)

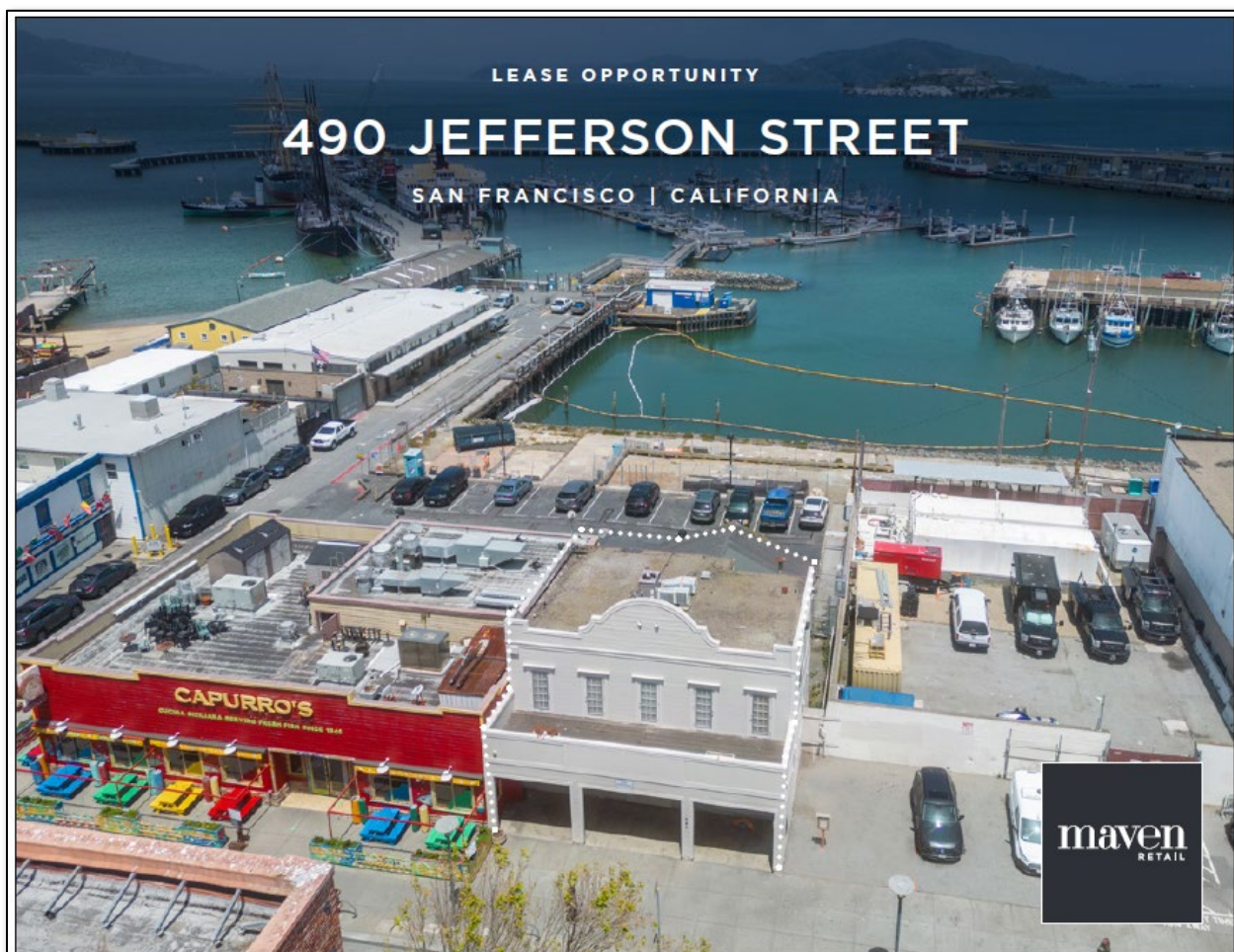


The property includes a 3,359 sq. ft. two-story building, previously used as an insurance office:

- Ground floor: 1,505 sq. ft.
 - (plus a 692 sq. ft. separate annex)
- Second floor: 1,268 sq. ft. of office space (NOT INCLUDED IN THIS LEASE)
- Parking: Up to two spaces available; Dylan's Tours may lease these at standard rates

The wood-framed building requires significant maintenance and remediation. It contains hazardous materials (mold, non-friable asbestos, lead paint), which the Port is addressing through a licensed remediation contractor.

Representative photo of 490 Jefferson Street used by Maven for marketing



An Agreement for Brokerage Services for 490 Jefferson between the Port and Maven was executed on November 21, 2023. Maven's leasing efforts for 490 Jefferson included:

- Social media exposure with a listing on CoStar, Crexi (an online listing site), and others, along with the Maven website, including an Instagram advertisement marketing the facility for lease.
- Contacting approximately 2,000 people, 300 brokers, and approximately 250 retailers through emails, flyers, phone calls, and network outreach.
- Making calls to more than 50 prospective tenants interested in the property and conducting more than 25 tours.
- Contacting various parties who had previously indicated an interest in Port locations.

OUTCOME

This marketing effort did not achieve the same results as the effort to lease 300 and 340 Jefferson Street restaurant locations (Lou's Crab Shack and Pompeii's, respectively), which received multiple bids. This property received offers on a rolling basis with four since April 2025.

Dylan's Tours is expected to attract visitors who linger and enliven the area and patronize other Port tenants. Tours will start and end at this location and there are plans to engage the local restaurants and hotels to drive business. Dylan's Tours may also look to provide service to connect Fisherman's Wharf with Union Square by shuttling tourists from that area to the Wharf. For these reasons as well as the strength of the financial proposal Port staff and Maven agreed that Dylan's Tours was the best choice for the Port's ongoing effort to re-energize Jefferson Street.

DYLAN'S TOURS

Dylan's Tours, a well-established San Francisco-based company with over 20 years of successful operation, is seeking to relocate its headquarters to 490 Jefferson Street. The company consistently earns 5-star ratings on both TripAdvisor and Google, underscoring its reputation for delivering exceptional guest experiences.

Founded and operated by Dylan David, a San Francisco native with community roots, Dylan's Tours has become an ambassador for the city's culture and neighborhoods.

Each day, between 40 and 100 guests gather at the current North Beach location before embarking on guided tours. These visitors contribute significantly to the local economy by dining at nearby restaurants, utilizing parking facilities, and spending additional time in the neighborhood.

Relocating this daily activity to Fisherman's Wharf should bring measurable economic benefits to the area, increasing foot traffic and supporting surrounding businesses. Dylan also maintains a longstanding relationship with the Capurro family, prospective neighbors at the Wharf. He plans to collaborate with them on tailored lunch and dinner offerings for tour guests, while actively promoting the diverse dining options throughout Fisherman's Wharf.

To further enhance visibility and visitor access, Dylan's Tours will offer a complimentary shuttle service from Union Square to Fisherman's Wharf, bringing new guests directly to the area.

LEASE TERMS

The proposed business terms for Lease No. L-17378 between Port and Dylan's Tours for the ground floor of the 490 Jefferson Street space follows:

Premises

1,505 sq. ft. of Ground Floor area (the balance remaining available for lease)

Term

Five Years starting on the Rent Commencement Date, which is the earlier of the date that Tenant opens for business or one hundred and eighty (180) days following the Commencement Date

Options

One five-year option to extend at the Port established market rent.

Staging Space

One 12' x 20' space adjacent to the Premises for no less than \$375/mo. (inclusive of parking tax) to stage and use a tour van

Base Rent

- Base Rent will commence the earlier of the date that Tenant opens for business or 180 days following the Commencement Date.
- Year 1 – Base Rent of \$6,000/month; \$3.99 psf/mo.; \$48.88 psf/yr.
- Three percent (3%) annual increases

Option Period Base Rent

Monthly Base Rent during the first year of the Option Term is to be established by an impartial market assessment by Port in its sole and absolute discretion; provided, however, that Market Rate during the first year of the Option Term shall increase by a minimum of 3.00% over the Monthly Base Rent payable at the expiration date of the Lease.

After the prevailing Market Rate is established for the Option Period, the Monthly Base Rent will increase three percent (3.00%) annually.

Percentage Rent

Percentage Rent is five percent (5.00%) of Gross Revenues over a breakpoint of \$900,000, payable monthly.

For clarity, "Gross Revenues" excludes, in addition to standard exceptions, online bookings fulfilled or staged elsewhere; multi-location tours originating off-site; pass-through partner ticketing revenue; affiliate sales not materially dependent on the Premises; and any revenue unrelated to transactions conducted at or from the Premises.

Port staff believe the Percentage Rent in the proposed Lease will not immediately generate additional monthly revenue due to the exclusions from Gross Revenue as discussed above.

Tenant Improvement Allowance

The Port proposes a Tenant Improvement (TI) Allowance of \$320,000, plus a 10% contingency of \$32,000, for a total of \$352,000 (\$234 per square foot).

Other than the Landlord Work, all work to the Premises will be the Tenant's responsibility, including any unforeseen conditions encountered during the TI. The TI allowance may be applied toward such work, but the expectation is that all improvements and related issues and cost of work remain a Tenant obligation.

Port staff recommend approving the 10% contingency to address unforeseen landlord-related repairs that may arise. This contingency is not intended to expand the TI allowance.

Dylan's Tours will oversee and manage all work once Port's hazardous materials remediation work is complete. Draw requests may be submitted once per month, and funds will be disbursed after work is completed and paid for, supported by a standard draw package that includes paid invoices, progress schedule, lien releases, and certification of completion.

Any improvements outside the scope of the TI Allowance will be the sole financial responsibility of Dylan's Tours.

A copy of the proposed Lease No. L-17378 is on file with the Port Commission Secretary.

RECOMMENDATION

Port staff recommend that the Port Commission affirm Dylan's Tours as the successful applicant and tenant for the ground floor of 490 Jefferson, approve the financial terms of the Lease and approve the attached resolution authorizing the Acting Executive Director to forward the Lease to the Board of Supervisors for approval and upon the effectiveness of such approval, authorize the Acting Executive Director or his designee to execute the Lease.

Prepared by: Don Kavanagh, Senior Property Manager
Real Estate and Development

For: Scott Landsittel, Deputy Director
Real Estate and Development

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 26-06

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, The Port Commission adopted Resolution Nos. 23-28 and 23-29 on June 13, 2023, which authorized the payment of Broker Commissions under the Broker Payment Policy ("Policy") and authorized Port staff to pursue tenants for certain space in a broker-assisted competitive bidding process, respectively; and
- WHEREAS, Port hired Maven Commercial ("Maven") in November 2023 to pursue a new tenant for 490 Jefferson Street under a broker-assisted competitive bidding process; and
- WHEREAS, After approximately two years, Maven found limited interest in the property and most recently found Dylan's Tours, Inc., a California corporation ("Dylan's Tours"), for the ground floor of 490 Jefferson Street (the "Premises"). Port staff negotiated a letter of intent, which was used as the basis for the financial structure and terms of Lease No. L-17378 (the "Lease"); and
- WHEREAS, The financial terms of the Lease are consistent with current market conditions for retail leases in Fisherman's Wharf; and
- WHEREAS, Port staff believe Dylan's Tours' use will activate a long-standing blighted vacant building on Jefferson Street, and cause customers to linger in the area who otherwise walk by; and
- WHEREAS, The proposed terms for Lease No. L-17378 ("Lease") at 490 Jefferson Street with Dylan's Tours are described in the staff report accompanying this Resolution and set forth in the Lease, a copy of which is on file with the Port Commission Secretary; now, therefore be it
- RESOLVED, The Port Commission hereby approves the terms of the Lease at 490 Jefferson Street, ground floor, with Dylan's Tours as described in the staff report accompanying this Resolution and as set forth in the Lease; and be it further
- RESOLVED, That the Port Commission authorizes the Acting Executive Director or his designee to forward the Lease to the Board of Supervisors ("Board")

for approval, pursuant to the Board's authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the Lease; and be it further

RESOLVED, That the Port Commission authorizes the Acting Executive Director or his designee, to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the Port or materially decrease the public benefits accruing to the Port, and are necessary and advisable to complete the transaction and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Acting Executive Director of any such documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 10, 2026.

Secretary