



12/4/2025

AGENDA REPORT

PROPOSED ACTION: Ordinance: Approve and Authorize the Executive Director to Execute a Ninth Supplemental Agreement of Lease with Scott's Jack London Seafood, Inc. for the Premises Located at 2 Broadway, Oakland, to Provide a Deferral of Minimum Rent for a Period of Twenty-Four (24) Months, to be Repaid Over a Period of Five (5) Years, and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(CRE)**

Submitted By:

Jonathan Veach, Chief Real Estate Officer; Kristi McKenney, Executive Director

Parties Involved:

Scott's Jack London Seafood, Inc., Oakland, CA

Amount: No Impact on
FY2026 Revenues

EXECUTIVE SUMMARY: Port of Oakland (Port) Staff have negotiated a rent deferral program with Scott's Jack London Seafood, Inc. which requires an amendment to the existing lease to be implemented. The proposed amendment would provide a deferral of minimum monthly rent for a period of 24 months, from January 1, 2026 through December 31, 2027, totaling \$653,857.44. Repayment would occur over a five-year period beginning January 1, 2028. This temporary relief structure is intended to assist with financial stabilization of a long-standing anchor tenant.

BACKGROUND & ANALYSIS

The Port entered into a lease with Scott's Jack London Seafood, Inc. (Scott's) in 1984 for the development and operation of a full-service restaurant and event venue at 2 Broadway. Over the past four decades, Scott's has become one of Oakland's most recognizable and historic dining establishments and remains a cornerstone of Jack London Square, drawing local residents, regional visitors, and event patrons to the Waterfront. The venue includes indoor dining space, banquet and event facilities, and waterfront patio amenities.

During this time, the Port has executed multiple lease amendments adjusting rental terms and supporting reinvestment to maintain the facility. Scott's is the longest continuously operating restaurant tenant in Jack London Square and has served as a key contributor to the district's commercial vitality, public activation, and economic identity. Following the COVID-19 pandemic, Scott's experienced significant revenue impacts due to the prolonged slowdown in the banquet, wedding, and private event sectors, which historically represent a substantial share of the business model.

While sales have improved, recovery remains slower than in other food-and-beverage categories, and operating costs continue to be affected by inflationary pressures on labor and food supply. In 2025, Scott's approached the Port seeking temporary rent relief to support operational stabilization. After review of financial performance trends and lease obligations, Port Staff determined that a structured rent deferral represents the most appropriate means to support operational stabilization of this important anchor tenant of more than 14,000 square feet of highly specialized restaurant space, including large kitchen and banquet layouts. The particulars of this space would be extremely difficult to re-tenant in the current market environment.

The negotiated rent-relief structure supports Scott's continued operation while protecting the Port's contractual and financial interests through deferred-rent repayment and ongoing participation in future revenue growth. The structure includes continued payment of percentage rent at 4.5% of gross sales above the current minimum rent threshold, ensuring continued revenue participation during the deferral period if and when gross sales exceed the minimum rent threshold.

The proposed amendment requires execution of a non-collateralized, interest-free promissory note for the full value of the deferred rent. The promissory note reinforces a legally enforceable repayment obligation that helps protect the Port's long-term financial position by ensuring that the deferred rent becomes a fixed debt obligation of the tenant rather than a conditional or discretionary payment. Establishing the deferred amount as formal debt ensures that the Port is not relinquishing revenue but instead converting the relief into a secured receivable with a defined repayment timeline, thereby strengthening the Port's ability to recover future revenues.

A summary of the key business terms for the proposed minimum rent deferral are outlined below:

Rent Deferral Period:	January 2026 through December 2027
Repayment of Deferred Rent:	January 2028 through December 2032
Percentage Rent:	4.5% of gross sales over the current monthly minimum rent of \$27,244.06 (including during deferred period)
Promissory Note:	Non-collateralized promissory note for the total amount of deferred rent

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☒ Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- ☐ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- ☐ Other/Notes:

BUDGET

- ☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
- ☒ Operating ☐ Non-Operating ☐ Capital

Analysis: The proposed supplemental agreement to the lease with Scott's will result in a deferral of rent of approximately \$163,464 for FY2026 which is expected to be repaid in full starting on January 1, 2028. There is not budget impact in deferring the FY 2026 minimum rent.

STAFFING

- ☒ No Anticipated Staffing Impact.
- ☐ Anticipated Change to Unbudgeted Headcount.
Reason:
- ☐ Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

☐ Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (CRE) – proposed action entails tenancy outside of the Maritime or Aviation areas and therefore not subject to Living Wage requirements.

☐ Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **No.**

Reason: Tenant has not proposed any improvements for the leased property.

GENERAL PLAN (City Charter § 727):

	<u>Conformity Determination:</u> CRE – proposed action is within City of Oakland’s planning jurisdiction and appears to conform to the General Plan. Choose an item.
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Capture Our Market and Grow the Economic Base <input type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input checked="" type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	