

1 [Real Property Acquisition - Martha E. Potiriades, George P. Potiris, Kalli K. Carvalho, James
2 G. Pappas, Christina Pappas-Boettger, Ellece Vasti, Stephanie A. Papas, and Catherine
3 Guzman - 240-6th Street - \$7,150,000]

4 **Resolution approving the use of a total of \$7,150,000 in Open Space Acquisition Funds**
5 **to pay for the cost to acquire and to perform necessary environmental remediation on**
6 **one parcel of improved real estate, consisting of approximately 9,625 square feet in**
7 **land area, including the assumption of an existing lease, located at 240-6th Street,**
8 **Assessor’s Parcel Block No 3731, Lot No. 004, from Martha E. Potiriades, George P.**
9 **Potiris, Kalli K. Carvalho, James G. Pappas, Christina Pappas-Boettger, Ellece Vasti,**
10 **Stephanie A. Papas, and Catherine Guzman; placing the property under the jurisdiction**
11 **of the Recreation and Park Department, and authorizing the use of revenues from the**
12 **property for property-related costs and future park planning; requiring any future park**
13 **project to be subject to the review and approval of Recreation and Park Commission**
14 **following environmental review; adopting findings that the conveyance is consistent**
15 **with the General Plan, and eight priority policies of Planning Code, Section 101.1; and**
16 **authorizing the Director of Property to execute documents, make certain modifications,**
17 **and take certain actions in furtherance of the purchase agreement and this Resolution,**
18 **as defined herein.**

19
20 WHEREAS, Martha E. Potiriades, George P. Potiris, Kalli K. Carvalho, James G.
21 Pappas, Christina Pappas-Boettger, Ellece Vasti, Stephanie A. Papas, and Catherine
22 Guzman (“Seller”) are the fee owners of Assessor’s Parcel Block No 3731, Lot No. 004,
23 located at 240-6th Street in the City and County of San Francisco containing approximately
24 9,625 square feet of improved land area (the “Property”); and

25

1 WHEREAS, The Property is subject to an existing commercial lease (the “Assumed
2 Lease”), under which a tenant (Euro Motor Cars) pays the landlord approximately \$9,000 per
3 month in base rent plus their share of common operating expenses, subject to the landlord’s
4 right to terminate the lease agreement on six months’ written notice, and which otherwise will
5 expire on or before May 1, 2026; and

6 WHEREAS, The City desires to acquire the Property, subject to the Assumed Lease,
7 for potential future development by the Recreation and Park Department (RPD) as a public
8 park; and

9 WHEREAS, The site is adjacent to the existing Gene Friend Recreation Center, and
10 provides an opportunity to extend and enhance an existing RPD facility; and

11 WHEREAS, The proposed acquisition will further SFRPD’s mission, as articulated in
12 SFRPD’s Strategic Plan Objectives 1.1 (“Develop more open space to address population
13 growth in high needs areas and emerging neighborhoods”), 1.2 (“Strengthen the quality of
14 existing parks and facilities”) and 2.2 (“Strengthen and promote the safety, health, and well-
15 being of San Francisco’s youth and seniors”) by providing enriching recreational activities,
16 beautiful parks, and preserving the environment for the well-being of San Francisco’s diverse
17 community; and

18 WHEREAS, The Property is within the areas identified as Highest Need by the District
19 6 Open Space Task Force, which identified areas desirable for the acquisition of new open
20 space based on the Recreation and Open Space Element of the San Francisco General Plan
21 High Needs Areas mapping, based on factors such as population density, concentration of
22 children and/or seniors, concentration of lower income households, anticipated growth, and
23 existing parks; and

24
25

1 WHEREAS, The Property is within the areas identified as Environmental Justice
2 Communities, defined by the Planning Department as neighborhoods that lack equitable
3 resources and opportunities; and

4 WHEREAS, Seller and City have negotiated a purchase and sale agreement (the
5 “Purchase Agreement”), a copy of which is on file with the Clerk of the Board in File No.
6 240769, for sale of the Property valued at \$6,900,000 subject to the terms and conditions
7 stated therein, to be paid for from the Open Space Acquisition Fund; and

8 WHEREAS, The City obtained an appraisal which valued the Property at \$6,900,000
9 as determined by an objective, MAI and State-certified consultant appraiser, based on highest
10 and best use of the property. and the Director of Property has determined that the sales price
11 of \$6,900,000 is reasonable and representative of fair market value; and

12 WHEREAS, The City has negotiated with the Seller a credit of \$1,590,000 from the
13 \$6,900,000 price established in the Purchase Agreement, which amount shall be retained by
14 RPD to be used for environmental remediation work, with the Seller receiving a total of
15 \$5,310,000 from the Open Space Acquisition Fund; and

16 WHEREAS, As the \$1,590,000 credit will not cover the entire costs of the necessary
17 environmental remediation, RPD intends to use an additional \$250,000 from the Open Space
18 Acquisition Fund to fund those costs, resulting in the City using a total of \$7,150,000 from the
19 Open Space Acquisition Fund for the Property; and

20 WHEREAS, Under the Purchase Agreement, the City will assume the landlord’s rights
21 and obligations under the Assumed Lease at closing, RPD intends to allow the existing tenant
22 under the Assumed Lease to remain on the Property in accordance with their Assumed Lease
23 terms through existing expiration dates, and to use the rent received to pay all operating or
24 other expenses of the City related to the Property; and

1 WHEREAS, Under the Purchase Agreement, the Seller has the right to perform the
2 transaction as a 1031(c) exchange under the condition that this will not be a contingency and
3 will not delay the close of escrow; and

4 WHEREAS, On June 20, 2024, the Recreation and Park Commission unanimously
5 approved Resolution No. 2406-003 recommending that the Board approve the allocation of
6 Open Space Acquisition Funds for the Property, and the Purchase Agreement, all as set forth
7 in this Resolution; and

8 WHEREAS, The public interest or necessity will not be inconvenienced by the
9 acquisition of the Property in accordance with the Purchase Agreement, and such acquisition
10 will further a proper public recreational purpose; and

11 WHEREAS, The Planning Department, by letters dated May 14, and June 24, 2024,
12 found that the acquisition of the Property is not considered a project under the California
13 Environmental Quality Act (“CEQA”, Pub. Resources Code Section 21000 et seq.) pursuant to
14 CEQA Guidelines, Section 15060, and Chapter 31 of the City’s Administrative Code, and is
15 consistent with the General Plan, and the eight priority policies of Planning Code,
16 Section 101.1, which letters are on file with the Clerk of the Board of Supervisors in File
17 No. 240769, and incorporated herein by this reference; now, therefore, be it

18 RESOLVED, This Board affirms the Planning Department’s determination under CEQA
19 and finds that the proposed acquisition of the Property is consistent with the General Plan,
20 and the eight priority policies of Planning Code, Section 101.1, for the reasons set forth in the
21 Director of Planning’s letter; and, be it

22 FURTHER RESOLVED, The Board approves the use of a total of \$7,150,000 from the
23 Open Space Acquisition Fund to pay for the fair market value acquisition of the Property for
24 \$6,900,000 plus an additional \$250,000 to cover the remaining necessary environmental
25

1 remediation of the Property, which is located at 240-6th Street Assessor Parcel Block
2 No. 3731, Lot No. 004; and, be it

3 FURTHER RESOLVED, That in accordance with the recommendation of the General
4 Manager of RPD and the Director of Property, the Board of Supervisors approves the
5 Purchase Agreement in substantially the form presented to the Board, and authorizes the
6 General Manager of SFRPD and the Director of Property to take all actions necessary or
7 appropriate to acquire the Property and assume the Assumed Lease and any other leases
8 approved by City as set forth in the Purchase Agreement, and to perform the City's obligations
9 as a landlord; and, be it

10 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
11 Property to enter into any amendments to the Purchase Agreement and to enter into ancillary
12 agreements that the Director of Property determines, in consultation with the City Attorney
13 and General Manager of SFRPD, are in the best interest of the City, do not otherwise
14 materially increase the obligations or liabilities of the City, are necessary or advisable to
15 effectuate the purposes of the Purchase Agreement and this Resolution and are in
16 compliance with all applicable laws, including City's Charter; and, be it

17 FURTHER RESOLVED, That the Director of Property is hereby authorized and urged
18 to accept the deed to the Property from the Seller upon the closing in accordance with the
19 terms and conditions of the Purchase Agreement, and to take any and all steps (including, but
20 not limited to, the execution and delivery of any and all certificates, agreements, notices,
21 consents, escrow instructions, closing documents and other instruments or documents) as the
22 Director of Property deems necessary or appropriate in order to acquire the Properties
23 pursuant to the Purchase Agreement, or to otherwise effectuate the purpose and intent of this
24 Resolution, such determination to be conclusively evidenced by the execution and delivery by
25 the Director of Property of any such documents; and, be it

1 FURTHER RESOLVED, That the Director of Property shall provide the Clerk of the
2 Board of Supervisors a fully executed copy of the Purchase Agreement within thirty (30) days
3 after execution; and, be it

4 FURTHER RESOLVED, Following the Purchase, the Property shall be placed under
5 RPD's jurisdiction, and RPD shall use the revenues from the Property to fulfill the City's
6 obligations as landlord and applicable law and shall use any excess revenues, after paying all
7 costs of operation and maintenance, for planning and other costs related to the potential
8 demolition and conversion of the Property to a public park following the departure of the
9 existing tenant, and, be it

10 FURTHER RESOLVED, That any future building demolition and conversion of the
11 Property to a park will be subject to the review and approval of the Recreation and Park
12 Commission following any required environmental review.

13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

| | |
|-----------------------------|----------|
| Open Space Acquisition Fund | |
| Fund | 13360 |
| Dept ID | 262676 |
| Project ID | 10013093 |
| Authority ID | 14614 |
| Account ID | 567000 |
| Activity ID | 0027 |

Recommended:

_____/s/_____
General Manager
San Francisco Recreation and Parks Department

_____/s/_____
Director of Property