



London N. Breed, Mayor
Carmen Chu, City Administrator



Andrico Q. Penick
Director of Real Estate

March 25, 2021

Through Carmen Chu,
City Administrator

Honorable Board of Supervisors
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 224
San Francisco, CA 94102

Re: Our Planet Recycling SF, LLC – Block 5695, Lot No. 23, Near Alemany Farmers' Market

Dear Board Members:

Attached for your consideration is a Resolution approving and authorizing the Director of Property to renew a lease with Our Planet Recycling SF, LLC (“Tenant”) for approximately 4,250 square feet of an irregular shaped unused and vacant City parcel (“Parcel”) immediately adjacent to Alemany Boulevard (a portion of the right of way) and its recycling center on Caltrans’ property. The lease is for five years with one five-year extension option. Initial base rent is \$1,795 per month or \$21,540 per year with a three (3) percent annual adjustment. The option would be renewed at the then fair market rental value based upon an appraisal.

Background

In late 2017, the Real Estate Division (“RED”) entered into a one-year lease with the Tenant for use of the real property (Parcel) for inventory storage and parking for its recycling business immediately adjacent to the City’s property. At the time, the parcel – which is largely the Department of Public Works’ (“DPW”) right of way that is not used for Alemany Boulevard or the sidewalk – was vacant and unused right of way. Tenant was attempting to enter into a lease with Caltrans’ for the recycling center, and desired to enter into a Minor Sidewalk Encroachment Permit with the DPW for use of DPW’s ROW and potentially construct an entrance from Alemany Blvd. into the City’s parcel. Tenant obtained the Encroachment Permit, installed a fence and made other improvements as required by the Permit (removal of vegetation). At the end of the one-year term, the lease became a month to month tenancy under the same terms and conditions. (See attached map of the site.)

Tenant has now entered into a long-term lease with Caltrans for the recycling center next door and would like to enter into a longer term lease with the City so that it is assured of the space it needs for its inventory, trucks and employee parking.

Proposed Lease

The proposed lease is for five years with one five-year renewal. The fair market rental amount does not require an appraisal as set forth under Chapter 21. Review of several vacant parcels, with limited access and irregular shape on which nothing can be constructed, supports the rental amount of \$21,540 per year or \$1,795 monthly (approximately \$5.00 per square foot).

Our Planet Recycling is the last or one of the last recycling centers within the City that remains open. Given the location of its business, the Encroachment Permit, and unique need, the Resolution it is impractical to competitively bid the use of the Parcel to anyone other than the Tenant.

The Tenant also has a sublease with another small business which will continue occupying a portion of the site.

Should you have any questions, please contact Claudia J. Gorham of our office at 415.554.9871.

Respectfully,



Andrico Q. Penick
Director of Property

SITE PLAN EXPLAINED 1/2

