

*Item # 9; File # 220844*

## **Real Property Lease - Aardvark Storage Unlimited, Inc.**

Budget & Finance Committee, September 21, 2022

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Port of San Francisco, Real Estate and Development





## New Lease for Land to operate a Self-Storage Facility

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- Resolution approving Port Commission Lease No. L-16846 with Aardvark Storage Unlimited, Inc., a California corporation, dba American Storage
  - located at 600 Amador Street within Seawall Lot 344
  - approximately 279,740 square feet (6.42 ac) of paved land

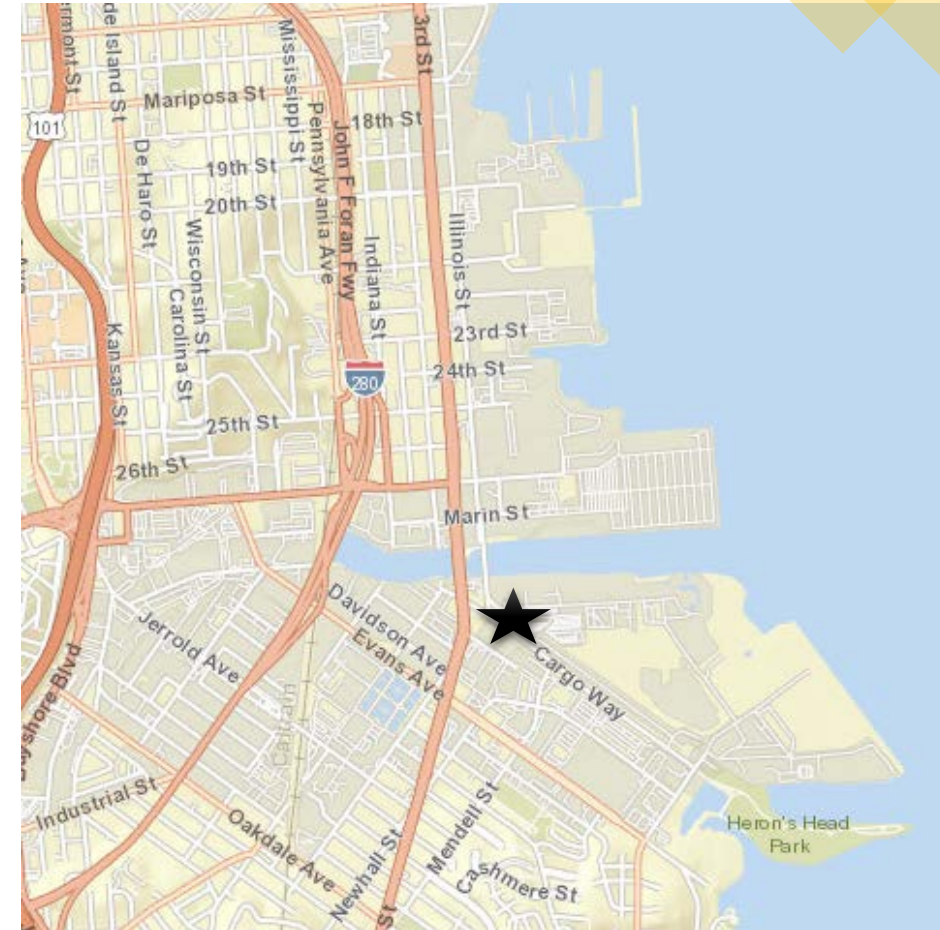
# Existing & Proposed New Lease

## Existing Lease

- American Storage Unlimited operates a mini-storage facility
- 5 year + 5-year option
- Lease expired April 30, 2022; is on month-to-month status
- Current rent is \$82,248.90 per month, \$0.30 psf

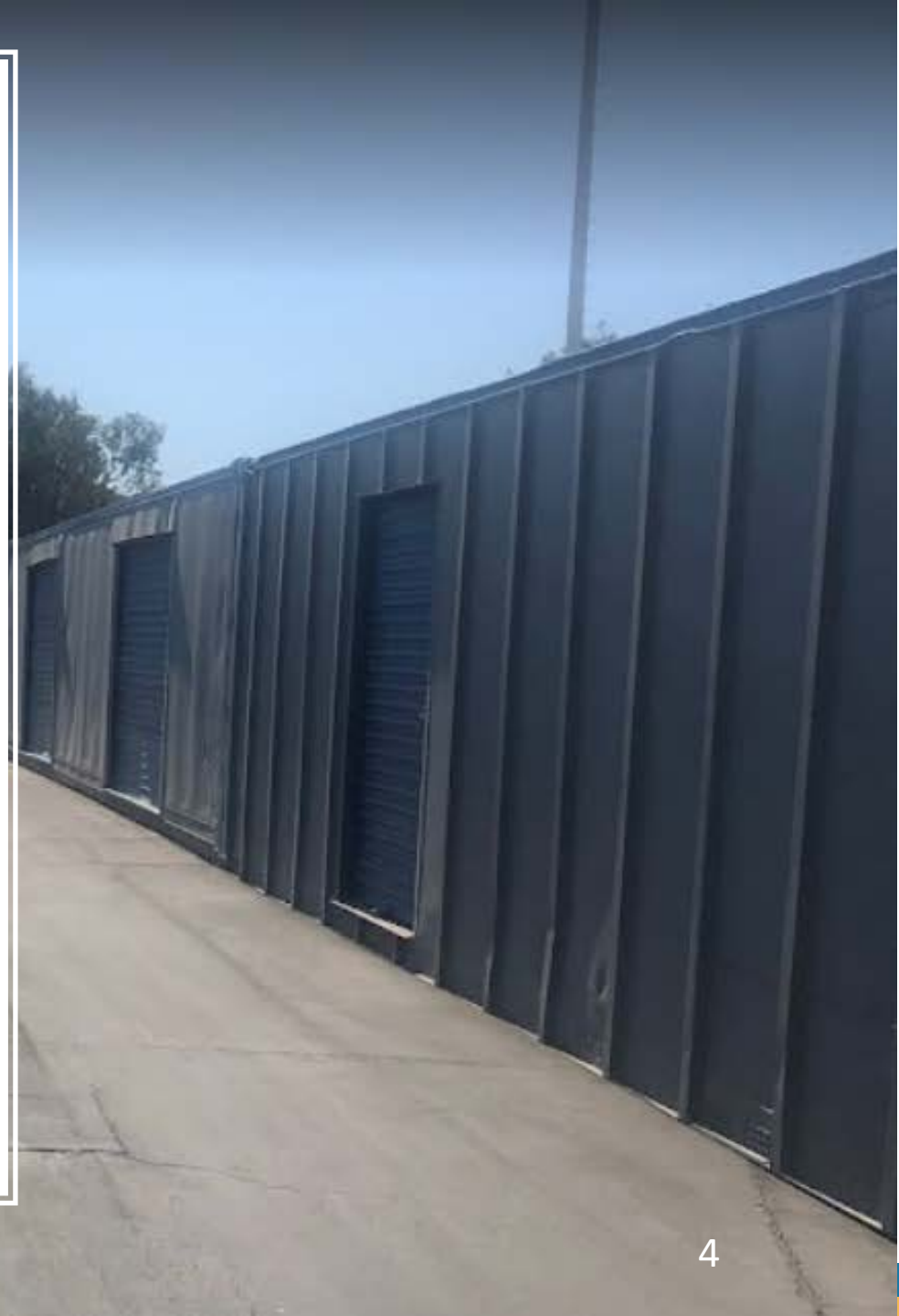
## Proposed New Lease

- 5 year term + 1 year option
- New lease will increase rent to \$99,961.20 per month
- Rent increases each year under new lease
  - Current lease to new lease: 20.0%
  - Year 1 to Year 2: 12.5%
  - Year 2 to Year 3: 11.1%
  - Year 3 to Year 4: 3.0%
  - Year 4 to Year 5: 3.0%
  - 1 year option: Reset to then-Parameter



# Policy Framework & Recommendation

- **Annually, Port sets “parameter lease rates” for commercial uses.**
  - With a high-volume of tenants (500 to 600) and almost 2,000 agreements, Port Commission sets parameter rates for commercial uses (office, storage, curb spaces, etc) where Port can generally accommodate most requests for office and storage space bidding each lease is impractical.
  - Port competitively solicits development and retail/restaurant lease opportunities, among others.
  - Port did not bid this lease because lease-type is covered by parameter rates; stable tenant, and 7+ acres of vacant land nearby.
- **Lease rate**
  - Negotiated to bring rent up to parameter rates and to keep them there through end of 6-year potential term.
  - Applies a COVID-related leasing incentive that was approved by Port Commission for office & shed tenants, to this new land lease.



# Seek Committee's recommendation of lease to full Board

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- Maintains a tenant in good standing in place, while Port has nearby vacancies
- Ramps up rent quickly & using a Port Commission leasing incentive tool approved for other uses

