



August 11, 2023

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 previously unused and vacant City parcel (“Parcel”) immediately adjacent to Alemany Boulevard (a portion of the right of way) and its recycling center business located on Caltrans’ property. The lease is for five years with one five-year extension option. Initial base rent is \$1,949.83 per month or \$23,397.96 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 which is 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 use of Caltrans’ property as 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 (20 years) 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 23. Review of several vacant parcels, with limited access and irregular shape on which nothing can be constructed, supports the rental amount [\$23,397.96 per year or \$1,949.83 monthly (approximately \$5.50 per square foot)].

Our Planet Recycling is the last or one of the last recycling centers within the City that remains open. Given the small size and configuration of the property, the adjacent ROW and location of Tenant's recycling business on Caltrans' property, the Encroachment Permit, and unique and needed use, 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 for a small storage area for its inventory.

This matter was originally submitted in 2021 but was delayed due to the Planning Department, upon review of the General Plan Application for approval of the lease, determined Tenant needed a conditional use authorization for the non-public use. Tenant immediately applied for same in mid-2021 and it was just approved on July 13, 2023. A Notice of Restrictions has been recorded against the property.

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

Respectfully,

Andrico Q. Penick
Director of Property