



London N. Breed, Mayor  
Philip A. Ginsburg, General Manager

**Date:** June 20, 2024

**To:** Recreation and Park Full Commission

**Through:** Philip A. Ginsburg, General Manager  
Stacy Bradley, Director of Capital & Planning  
Yael Golan, Deputy Director of Planning

**From:** Kerstin Kalchmayr, Planner, Capital & Planning Division

**Subject:** 240 6<sup>th</sup> Street Acquisition

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### **Agenda Wording**

Discussion and possible action to adopt a resolution to (1) update the Recreation and Park Department's 5-Year Capital Plan to include the real property at 240 6th Street (Block 3731/ Lot 004); and (2) recommend that the Board of Supervisors approve the use of a total of \$7,150,000 in Open Space Acquisition Funds to pay for the fair market value acquisition of \$6,900,000 and an additional \$250,000 to cover the remaining cost of necessary environmental remediation of the property; and (3) recommend that the Board of Supervisors approve the associated purchase and sale agreement.

### **Strategic Plan**

The proposed acquisition is consistent with **Strategic Plan Objective 1.1**, "Develop more open space to address population growth in high needs areas and emerging neighborhoods", and specifically, our FY23-27 Strategic Plan Initiative to identify the next acquisition opportunity in a high needs area, as the site would provide additional open space in neighborhoods with high population densities, high concentration of children and seniors, high percentage of low-income households, and low access to open space. The proposed acquisition would also support **Strategic Plan Objective 1.2**, "Strengthen the quality of existing parks and facilities" by expanding the Gene Friend Recreation center and providing additional amenities currently lacking in the area.

Additionally, the proposed acquisition would support **Strategic Plan Objective 2.2**, "Strengthen and promote the safety, health, and well-being of San Francisco's youth and seniors" because additional open space in east SOMA would support youth and senior populations in the neighborhood and would strengthen their health, safety, and well-being.

### **Background**

240 6<sup>th</sup> Street is a two-story commercial building (Block/Lot 3731/004) in east SOMA (South of Market). The site is 9,625 square feet. The first floor is currently vacant, and the second floor is occupied by Euro Motorcars and is used for automotive purposes (Attachment A). The property is owned by Martha E. Potiriades, George P. Potiris, Kalli K. Carvalho, James G. Pappas, Christina Pappas-Boettger, Ellece Vasti, Stephanie A. Papas, and Catherine Guzman. The property owners reached out to the Recreation and Park Department (RPD) in late 2022 as they were interested in selling to the City and converting their



site into open space. The site is located directly adjacent to an existing RPD facility - Eugene "Gene" Friend Recreation Center - and would provide the Department a unique opportunity to expand the facility, which is currently undergoing a complete remodel, and provide amenities that are currently lacking in the area. Over the last 18 months, City staff have been working with consultants to complete due diligence and have been engaged in negotiations with the site owners regarding the business terms of the acquisition.

The east SOMA neighborhood, where the 240 6th Street site is located, has been identified by several key measures as an area lacking in equitable resources and opportunity. The site is in an Environmental Justice Community (EJC)<sup>1</sup>, and has a high density of children, a high concentration of communities of color, seniors, and people living with disabilities. Additionally, the 240 6th Street site is in a High Needs Area<sup>2</sup>, a Priority Geography<sup>3</sup> neighborhood, an area of higher environmental justice burden<sup>4</sup> and it is also located within one of the three priority areas for acquisition recommended by the 2013 D6 Open Space Task Force<sup>5</sup> (Attachments B and D).

### **Park Site Neighborhood and Zoning Context**

The site is bordered by the Gene Friend Recreation Center to the south and a mixed-use residential/commercial building to the north. It is fronted by 6<sup>th</sup> Street to the east and Harriet Street to the west (Attachment A). The site is located in east SOMA, in a mixed-use area that includes commercial, entertainment, and residential uses as envisioned by the East SOMA Area Plan, one of the Eastern Neighborhoods Area Plans (Attachment C). The parcel is zoned NCT - SOMA Neighborhood Commercial Transit District. The intent of this district is to promote small-scale neighborhood serving uses while providing housing above the ground floor. The maximum building height allowed in this district is 45-85 ft. Examples of ground floor uses found nearby include barber shops, furniture stores, eateries and coffee shops, dog training school, and automotive shops.

Across the street from the Recreation Center is Victoria Manalo Draves Park, another RPD property. Several other non-RPD-owned public spaces are within a half-mile radius of this site, including Hallidie Plaza, the Yerba Buena Center for the Arts, Alice Street Community Garden, Jessie Square, Parks at 5M and RPD's Howard and Langton Community Garden (Attachment C).

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<sup>1</sup> RPD's former Equity Zones are now based on SF Planning Department's Environmental Justice Communities (EJ or EJC). In 2022 RPD adopted SF Planning's methodology that identifies and delineates disadvantaged communities within San Francisco. The methodology considers data from CalEnviroScreen, Median Household Income, Areas of Vulnerability (SF Dept. of Public Health) and Air Pollution Exposure Zone (SF Dept. of Public Health and City Planning). CalEnviroScreen is a tool created by CalEPA & OEHHA that maps California communities that are most affected by pollution and other health risks.

<sup>2</sup> High Needs Areas, defined in the 2014 Recreation and Open Space Element (ROSE) of the General Plan and the 2011 RPD Acquisition Policy, are areas with high population densities, high concentrations of seniors and youth, and lower income populations, that are located outside of existing park service areas.

<sup>3</sup> Priority Geographies are neighborhoods with a higher density of vulnerable populations as defined by the San Francisco Department of Health, including but not limited to people of color, seniors, youth, people with disabilities, linguistically isolated households, and people living in poverty or unemployed.

<sup>4</sup> Based on CalEnviroScreen, a tool created by CalEPA & OEHHA that maps California communities that are most affected by pollution and other health risks.

<sup>5</sup> [District 6 Open Space Task Force: Recommendations for Acquisitions of New Parks and Open Space in District 6, July 2013.](#)

## **Due Diligence Results and Purchase and Sale Agreement**

A Phase 1 Environmental Site Assessment was prepared for the property on July 19, 2019, by the sellers. The Phase 1 report researched the past and current land uses of the site to identify if these uses could have resulted in the release of hazardous substances at the site. The report identified that past uses included residential (1887-1899), vacant land (1913), current commercial building used as an auto parking garage (1925-1965), and various automotive repair and body shops (1970-present). The latter uses of the site as automotive repair and body shops likely involved the use and storage of hazardous materials typically associated with light industrial uses in urban areas such as heavy metals and polycyclic aromatic hydrocarbons (“PAHs”), petroleum hydrocarbons (motor oil, gasoline, diesel), and volatile organic compounds (“VOCs”). Additionally, the current structure on site could have been coated with lead paint, which may have resulted in the release of lead into the shallow soil beneath the structure.

A Phase 2 Environmental Site Assessment for the property was completed by a consultant for RPD on February 7, 2024, and reviewed by Public Works’ Site Assessment and Remediation Division. The Phase 2 Environmental Site Assessment included subsurface sampling to determine if hazardous materials are present. The site was found to be contaminated with elevated levels of select volatile organic compounds, semi-volatile organic compounds, and heavy metals such as lead and arsenic. Public Works developed a cost estimate for remediation, based on the results of the Phase 2 report, that was used to help inform price negotiations with the sellers.

The City and Seller have preliminarily agreed to a Purchase and Sale Agreement (PSA). The agreed upon escrow period is 30-days; however, escrow may be shorter, or it may be extended if both City and Seller agree. The property was appraised as having a fair market value of \$6,900,000. The PSA reflects a sale price of \$6,900,000, but the City and Seller have agreed that the City will purchase the property AS-IS, and that Seller will receive only \$5,310,000, and that City will retain a \$1,590,000 credit from the sale price so that it can perform the necessary environmental remediation itself. The City also anticipates spending an additional \$250,000 on remediation related to the acquisition. In total, the City will spend \$7,150,000 to acquire the property at fair market value and to perform necessary environmental remediation.

The current tenant on the second floor, an automotive repair shop, has an existing lease through May 31, 2026. The monthly rent is \$9,000, to be paid to RPD once the acquisition is approved and the property has transferred to the City. The Department of Real Estate will manage the property on RPD's behalf until the tenant’s lease expires.

## **Acquisition Policy Analysis**

RPD has an official Acquisition Policy, which provides direction on how to identify, evaluate, prioritize, and acquire real property for open space using the Open Space Acquisition Fund. The Acquisition Policy defines three distinct policy goals:

- Acquire properties that are found within or serve a High Needs Area and/or an open space deficient area.
- Acquire properties that have identified funding for the purchase, development, and maintenance of the property.
- Acquire properties that encourage a variety of recreational and open space uses.

240 6<sup>th</sup> street fulfills the first and third policy goals and partially fulfills the second goal. The property is within an area of High Need as defined by the 2014 Recreation and Open Space Element (ROSE) of the General Plan and the 2011 RPD Acquisition Policy. It similarly fulfills the goals and identified priority locations of the D6 Task Force from 2013 that developed recommendations for acquisitions of new parks and open space in the then District 6. The Task Force recommended three priority locations for new parks: western SOMA, Civic Center/Tenderloin and eastern SOMA. Furthermore, it recommended acquisition of two to three smaller parks roughly 10,000-20,000 SF in size. Therefore, the Department recommends the Commission update the Capital Expenditure Plan to include the property as a potential acquisition.

The property has identified funding for acquisition through the Open Space Acquisition Fund. As noted above, the City would spend a total of \$7,150,000 in Open Space Acquisition Funds, which equals the cost to acquire the property at fair market value and to perform the environmental remediation related to the acquisition. Funding for development and maintenance of the site has not yet been identified, but staff plan to pursue grant funding opportunities to fund planning and development. Additionally, the Autobody shop that is currently active on site has a lease through mid-2026, and revenue from this lease would come to RPD and could help fund future development of the site. The incorporation of 240 6<sup>th</sup> Street into the Gene Friend Recreation Center footprint as a contiguous extension will likely provide cost-saving operational benefits. The property is sizable enough to provide more than one single type of recreational use.

#### **Acquisition Funding Source**

RPD proposes to fund these costs related to acquiring 240 6<sup>th</sup> street through the Open Space Acquisition Fund, an allocation from the Open Space Fund specifically designated for acquisitions of real property on the Department's Capital Expenditure Plan. The Acquisition Fund currently has sufficient funding to cover the costs of acquiring this site. The fund has a balance of \$13,400,000.

Department staff closely monitor the Acquisition Fund to ensure that existing commitments balance with new acquisitions over time. With this acquisition and planned annual deposits, the Department can cover existing commitments at 11<sup>th</sup> & Natoma (\$0.28M), Francisco Reservoir (\$3.48M), and Schlage Lock (\$4.5M). Staff are also working on a potential acquisition in the Tenderloin.

#### **Existing Uses and Future Park Design**

A two-story commercial building currently exists on the site at 240 6<sup>th</sup> street. The parcel is 9,625 square feet in size. The first floor is vacant. The second floor is presently occupied by Euro Motorcars and is used as an automotive shop, who recently exercised their three-year lease extension option. Their lease expires in the spring of 2026 and will be transferred to the City upon property acquisition. The lease has a 6-month termination option. RPD expects to receive revenue while the lease is in effect. Such revenue could be used to defray the costs of managing the site until funding is identified and a design is developed. Funding beyond management costs would help finance the park's development. The Department could also utilize the site for its own operational needs in the time period until funding for development is identified, and staff will be considering which potential RPD uses the site could comfortably accommodate.

Once acquired, the site will not be developed in tandem with the Gene Friend Recreation Center Improvement Project and is not expected to delay or influence the project in any way. The Recreation Center's construction is anticipated to be complete in fall of 2026.

With the property being adjacent to Gene Friend, it is envisioned as an extension to the park to allow for additional uses that could not be accommodated within the existing footprint of the park. The design of the future extension and the specific types of amenities it will include will be determined in a future public outreach process as funding for park development is identified. The design will take into consideration the community's needs within the rapidly growing neighborhood, as well as other existing and new open spaces being developed by public and private developers in the area.

To accommodate the new open space, the existing building would have to be demolished. The site is large enough and is highly suitable to host passive and active recreation facilities. However, as the Gene Friend Recreation Center is undergoing a renovation project that includes a playground and indoor and outdoor courts, this space might best serve the community's needs by providing space for other uses. Similarly, this site is near Victoria Manalo Draves Park, which also hosts many active amenities. Neither Victoria Manalo Draves Park nor Gene Friend Recreation Center contain a dog-run, thus this could be a passive use that addresses gaps in current community recreational access and resources.

### **Environmental Review and General Plan Referral**

The San Francisco Planning Department has determined that, per CEQA Guidelines Section 15060(c)(2), the proposed acquisition of 240 6th Street is not considered a project as defined by CEQA, since it is an activity that "will not result in a direct or reasonably foreseeable indirect physical change on the environment." As noted above, no physical changes to the property are proposed at this time. The parcel is designated as an 'A'-rated historical resource by the Planning Department. At such time that improvements for the site are designed and proposed, any such improvements will be subject to environmental review pursuant to CEQA.

Planning staff have identified that the project is consistent with the General Plan under the Recreation and Open Space Element Policy 2.1 "Prioritize acquisition of open space in high needs areas" and under the East SOMA Area Plan Policy 5.1.1 "Identify opportunities to create new public parks and open spaces and provide at least one new public park or open space serving east SOMA", Policy 5.5.1 "Prioritize funds and staffing to better maintain existing parks and obtain additional funding for a new park and new open space facilities" and Policy 7.1.2 "Recognize the value of existing facilities and support their expansion and continued use".

### **Community Outreach**

The site was presented to the Park, Recreation Open Space Advisory Committee (PROSAC) in June 2023 as a potential acquisition the Department was pursuing. PROSAC members reviewed the proposed site and voted unanimously to support the acquisition and added the site to the Department's [Acquisitions Roster](#). In June 2023, the Gene Friend Recreation Center constituents were notified about the potential acquisition of 240 6<sup>th</sup> street. Community members were highly supportive of the acquisition.

### **Supporters**

PROSAC  
District 6 Supervisor Dorsey  
United Playaz

### **Opponents**

None known.

**Staff Recommendation**

Staff recommend adopting a resolution to (1) update the Recreation and Park Department's 5-Year Capital Plan to include the real property at 240 6th Street (Block 3731/ Lot 004); and (2) recommend that the Board of Supervisors approve the use of a total of \$7,150,000 in Open Space Acquisition Funds to pay for the fair market value acquisition of \$6,900,000 and an additional \$250,000 to cover the remaining cost of necessary environmental remediation of the property; and (3) recommend that the Board of Supervisors approve the associated purchase and sale agreement.

**Attachments**

- A. Existing Conditions – Ariel Maps and Site Photos
- B. Context Map – Environmental Justice Communities (EJC) and ROSE High Needs Area Map
- C. Context Map – Neighborhood Area Plans and RPD Parks
- D. Context Map – District 6 Priority Areas from 2013 District 6 Open Space Task Force
- E. Draft Resolution