

BOARD of SUPERVISORS



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November 2, 2021

File No. 211087

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On October 26, 2021, the Real Estate Department introduced the following legislation:

File No. 211087

Resolution ratifying the Conditional Property Exchange Agreement and Related Transaction Documents with EQX Jackson SQ Holdco LLC for a transfer of City real property at 530 Sansome Street (Assessor's Parcel Block No. 0206, Lot No. 017), under the jurisdiction of the Fire Department, in exchange for a portion of the real property at 425-439 Washington Street (Assessor's Parcel Block No. 0206, Lot Nos. 013 and 014); authorizing the Director of Property and City staff to proceed with the proposed Fire Station development project, subject to several conditions, as defined herein; adopting findings pursuant to the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

Brent Jalipa

By: Brent Jalipa, Assistant Clerk
Budget and Finance Committee

Attachment

c: Devyani Jain, Environmental Planning
Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

1 [Conditional Property Exchange Agreement - EQX Jackson SQ Holdco LLC - Potential
2 Exchange of 530 Sansome Street for a Portion of 425-439 Washington Street]

3 **Resolution ratifying the Conditional Property Exchange Agreement and Related**
4 **Transaction Documents with EQX Jackson SQ Holdco LLC for a transfer of City real**
5 **property at 530 Sansome Street (Assessor’s Parcel Block No. 0206, Lot No. 017), under**
6 **the jurisdiction of the Fire Department, in exchange for a portion of the real property at**
7 **425-439 Washington Street (Assessor’s Parcel Block No. 0206, Lot Nos. 013 and 014);**
8 **authorizing the Director of Property and City staff to proceed with the proposed Fire**
9 **Station development project, subject to several conditions, as defined herein; adopting**
10 **findings pursuant to the California Environmental Quality Act; and making findings of**
11 **consistency with the General Plan, and the eight priority policies of Planning Code,**
12 **Section 101.1.**

13
14 WHEREAS, The City and County of San Francisco, under the jurisdiction of the Fire
15 Department, owns certain real property known as 530 Sansome Street (Assessor’s Parcel
16 Block No. 0206, Lot No. 017; the “City Property”), an approximately 8,700 square foot parcel
17 improved with Fire Station 13; and

18 WHEREAS, EQX Jackson SQ Holdco LLC, a Delaware limited liability company
19 (“Developer”), owns certain adjacent real property known as 425-439 Washington Street,
20 Assessor’s Parcel Block No. 0206, Lot Nos. 013 and 014 (“Developer’s Property”); and

21 WHEREAS, The City wishes to replace the existing fire station located on the City
22 Property; and

23 WHEREAS, On April 30, 2019, the Board of Supervisors adopted Resolution No. 220-
24 19 approving a conditional property exchange agreement (the “Conditional Exchange
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1 Agreement”) for the planning and potential exchange of the City Property for a new fire station
2 to be completed by Developer; and

3 WHEREAS, On June 02, 2020, the Board of Supervisors adopted Resolution No. 242-
4 20 approving certain updates to the Conditional Exchange Agreement; and

5 WHEREAS, Under the Conditional Exchange Agreement, Developer intends to build a
6 new four-story, 19,266 gross square foot fire station building (the “New Fire Station”) on a
7 future legal parcel of approximately 5,643 square feet at Washington Street mid-block
8 between Sansome Street and Battery Street (the “Exchange Parcel”), and a new vertically-
9 integrated mixed-use high-rise at the southeast corner of Sansome Street and Washington
10 Street to contain either lower level lobby space, ground floor and rooftop restaurant spaces, a
11 health club of approximately 35,000 square feet, a 200 room hotel and approximately 40,000
12 square feet of offices, or a proposed residential variant of similar building design, height and
13 bulk, but with approximately 256 residential units instead of the hotel, office, fitness center,
14 and retail/restaurant uses (the “Tower Project”; together with the New Fire Station
15 development project, the “Combined Project”); and

16 WHEREAS, Upon completion of the proposed New Fire Station and the satisfaction of
17 closing conditions, the City will convey the City Property to Developer and Developer will
18 convey the Exchange Parcel to the City, with the New Fire Station, as described in the
19 Conditional Exchange Agreement; and

20 WHEREAS, In accordance with the Property Exchange Agreement, the City and
21 Developer negotiated the Architect Contract, the Ground Lease, the Construction Contract,
22 the Construction Management Agreement, the Completion Guaranty, and the Reciprocal
23 Easement Agreement, as well as an amendment of the Conditional Exchange Agreement to
24 extend the time periods for the approval of the above documents (collectively, the “Related
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1 Transaction Documents”), copies of which are on file with the Clerk of the Board of
2 Supervisors in File No. _____ and are incorporated herein by reference; and

3 WHEREAS, At the time the City approved the Conditional Exchange Agreement, the
4 City had not yet completed environmental review under the California Environmental Quality
5 Act (“CEQA”) (California Public Resources Code, Sections 21000 et seq.), the CEQA
6 Guidelines (California Code of Regulations, Title 14, Sections 15000 et seq.), and Chapter 31
7 of the San Francisco Administrative Code (hereinafter referred to as “Environmental Review”)
8 for the Combined Project; and

9 WHEREAS, Under the Conditional Exchange Agreement, Developer was required to
10 complete Environmental Review and seek numerous project entitlements for the Combined
11 Project; and

12 WHEREAS, Upon the City’s completion of Environmental Review, the City’s Director of
13 Property and Developer committed to seek certification of the adequacy of the Environmental
14 Review documents and approval of the proposed entitlements for the Combined Project, and
15 the Board of Supervisors were to take action, by Resolution, to either (i) ratify the Conditional
16 Exchange Agreement, remove the CEQA contingency, and ratify specified project documents
17 and proceed with the property exchange (initially through the entering into a ground lease
18 and, thereafter, through the transfer of fee title), subject only to satisfaction or waiver of the
19 conditions precedent set forth in the Property Exchange Agreement, or (ii) reject the Property
20 Exchange Agreement and elect not to proceed with the proposed transaction solely on the
21 basis of the impacts of the project disclosed in the Environmental Review Documents that
22 have not been adequately avoided, mitigated or overridden, or disapproval of the Related
23 Transaction Documents; and

1 WHEREAS, On April 28, 2021, the City’s Planning Department issued a notice of
2 availability and a Preliminary Mitigated Negative Declaration (“PMND”) for the Combined
3 Project which was duly published, distributed and posted in accordance with law; and
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5 WHEREAS, On July 29, 2021, in response to an appeal of the PMND, the City’s
6 Planning Commission adopted Motion No. 20953 to make findings related to the PMND and
7 confirm that the Combined Project would not have a significant effect on the environmental,
8 and accordingly, issued a final mitigated negative declaration (“FMND”); and

9 WHEREAS, The Planning Commission adopted Motion No. 20956, making findings
10 that the Combined Project is in conformity with the General Plan, and the eight priority policies
11 of Planning Code, Section 101.1 (the “GP Consistency Findings”), a copy of which findings
12 are on file with the Clerk of the Board of Supervisors in File No. _____ and are
13 incorporated herein by reference; and

14 WHEREAS, The Planning Department has determined that the actions contemplated in
15 this Resolution comply with the California Environmental Quality Act (California Public
16 Resources Code, Sections 21000 et seq.), which determination is on file with the Clerk of the
17 Board of Supervisors in File No. _____ and is incorporated herein by reference; and

18 WHEREAS, After carefully considering the appeal of the FMND, the Board of
19 Supervisors concluded that the Combined Project qualifies for a Mitigated Negative
20 Declaration and that no fair argument supported by substantial evidence in the record was
21 presented that the Combined Project as proposed would result in any significant impact on the
22 environment (the “CEQA Appeal Determination”); now, therefore, be it

23 RESOLVED, That the Board of Supervisors adopts the CEQA findings as set forth in
24 the CEQA Appeal Determination, and finds that there have been no substantial project
25 changes and no substantial changes in project circumstances that would require major

1 revisions to the FMND due to the involvement of new significant environmental effects or a
2 substantial increase in the severity of previously identified significant impacts, and there is no
3 new information of substantial importance that would change the conclusions set forth in the
4 CEQA Appeal Determination; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors affirms the GP Consistency
6 Findings and incorporates such findings in this Resolution; and, be it

7 RESOLVED, That the Board of Supervisors ratifies the Conditional Exchange
8 Agreement, as amended, removes the CEQA Contingency, and authorizes the Director of
9 Property and City staff to proceed with the proposed transaction in accordance with the terms
10 of the Conditional Exchange Agreement; and, be it

11 RESOLVED, That the Board of Supervisors approves and ratifies the Related
12 Transaction Documents, and authorizes the Director of Property and City staff to enter into the
13 Related Transaction Documents; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
15 Property to take such actions as are necessary or prudent to perform the City's obligations
16 and enforce the City's rights and remedies under the Property Exchange Agreement and the
17 Related Transaction Documents in accordance with their respective terms, and to effectuate
18 the purpose and intent of this Resolution; and, be it

19 FURTHER RESOLVED, The Director of Property, at his or her discretion and in
20 consultation with the City Attorney, is authorized to enter into any additions, amendments or
21 other modifications to the Conditional Exchange Agreement and Related Transaction
22 Documents that the Director of Property determines are in the best interests of the City and
23 that do not materially increase the obligations or liabilities of the City or materially decrease
24 the benefits to the City; and, be it

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1 FURTHER RESOLVED, That within thirty (30) days of the Conditional Property
2 Exchange agreement being fully executed by all parties, the Director of Property shall provide
3 a copy of the agreement to the Clerk of the Board to include into the official file.
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9 RECOMMENDED:
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12 /s/
13 Andrico Q. Penick
14 Director of Property
15 Real Estate Division
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