

1 [Agreement to Sell 418-420 Jessie St.]

2 **Resolution approving and authorizing an agreement with Martin McNeerney**
3 **Development , Inc. dba Martin Building Company , Inc. for the sale of real property**
4 **consisting of a former fire station on the first and second floors and vacant warehouse**
5 **space on the upper six floors, for a purchase price of \$2,900,000; finding that**
6 **competitive bidding is impractical or impossible; adopting findings pursuant to the**
7 **California Environmental Quality Act; adopting findings that the conveyance is**
8 **consistent with the City's General Plan and Eight Priority Policies of City Planning**
9 **Code Section 101.1; and authorizing the Director of Property to execute documents,**
10 **make certain modifications and take certain actions in furtherance of this**
11 **resolution.**

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15 WHEREAS, The San Francisco Fire Department currently has jurisdiction over certain
16 real property located in the South of Market area at 418-420 Jessie Street in the City and
17 County of San Francisco and designated as Assessor Lot 006 in Block 3704 (the "Property");
18 and,

19 WHEREAS, The Property is an eight story concrete frame building constructed in the
20 1920's and contains a gross building area of 39,375 square feet, including the basement.
21 Said improvements more specifically include an inactive fire station on the 1st and 2nd stories
22 and vacant space on the remaining upper six stories which open directly to the adjoining
23 building to the west, owned by 424 Jessie Properties, LLC, an affiliate of Martin McNeerney
24 Development, Inc. d/b/a Martin Building Company, Inc. (in which Martin McNeerney
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1 Development , Inc. has a controlling interest). Additionally, the sprinkler supply
2 system and vertical access for the Property are located in the adjoining, privately-owned
3 building; and,
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5 WHEREAS, The Property was damaged in the 1989 Loma Prieta earthquake, causing
6 the occupying fire company to be relocated to Station 1 at 676 Howard Street, leaving the
7 Property vacant; and

8 WHEREAS, San Francisco Fire Commission adopted Resolution No. 03-4 on March
9 27, 2003 declaring the Property surplus and authorizing the Director of Property to sell the
10 Property in accordance with Article 1, Chapter 23, Section 23.3 of the San Francisco
11 Administrative Code; and

12 WHEREAS, The Director of Property has determined, based on an independent
13 appraisal, that a direct sale to Martin McNerney Development, Inc. dba Martin Building
14 Company, Inc. ("Buyer"), would yield the highest purchase price to the City; and,
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16 WHEREAS, The development of the Property by any party other than a Martin
17 McNerney Development Entity would be impractical or impossible due to the unusual nature
18 of the open floor plan connecting the upper floors of the Property directly to the Martin
19 McNerney Development Entity's adjacent property, which upper floors can only be accessed
20 from the adjacent property, and the location of the Property's sprinkler supply system in the
21 adjacent property; and

22 WHEREAS, A copy of the proposed Agreement for Sale of Real Estate (the "Sale
23 Agreement") between the City, as Seller, and the Buyer, is on file with the Clerk of the Board
24 of Supervisors in File No. _____; and,
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1 WHEREAS, The Sale Agreement provides or will provide for the conveyance of the
2 Property to Buyer, subject to the satisfaction of certain conditions, including the payment of a
3 purchase price of \$2,900,000, with \$100,000 payable within five business days after execution
4 of the Sale Agreement and an additional \$117,500 payable upon the Board of Supervisors'
5 approval of the Sale Agreement and the balance payable upon the closing of the Sale
6 Agreement; and,

7 WHEREAS, In a letter dated February 13, 2003, a copy of which is on file with the
8 Clerk of the Board of Supervisors in File No. _____, the Director of City Planning found that
9 the sale is consistent with the City's General Plan and with the Eight Priority Policies of City
10 Planning Code Section 101.1; and pursuant to the California Environmental Quality Act
11 ("CEQA"), State CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code,
12 the Director of City Planning also found that the sale is categorically exempt from CEQA; now,
13 therefore, be it

14 RESOLVED, That the Board of Supervisors adopts as its own and incorporates by
15 reference herein, as though fully set forth, the findings in the Director of City Planning's letter
16 referred to above, that the sale is in conformity with the General Plan and consistent with the
17 Eight Priority Policies of City Planning Code Section 101.1; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors finds, based on the record
19 before it and in its independent judgment, that the action proposed in this legislation is
20 categorically exempt from CEQA for the reasons set forth in the CEQA findings of the Director
21 of City Planning set forth above and adopts as its own and incorporates by reference herein,
22 as though fully set forth, said findings; and, be it

23 FURTHER RESOLVED, That in accordance with the recommendations of the San
24 Francisco Fire Commission and the Director of Property, the Board of Supervisors hereby
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1 approves the Sale Agreement and the transaction contemplated thereby; and, be it

2 FURTHER RESOLVED, That in consideration of the conveyance of the Property, the
3 Buyer shall pay to the City the full purchase price of \$2,900,000; and, be it

4 FURTHER RESOLVED, That it is in the City's best interest to convey the Property
5 directly to the Buyer, that the public interest or necessity demands, or will not be
6 inconvenienced by the sale of the Property directly to the Buyer pursuant to the Sale
7 Agreement, and that competitive bidding would be impractical or impossible in this instance
8 because the upper six floors of the building are not accessible from the Property and only
9 accessible from Buyer's adjacent property and the sprinkler supply for the Property is located
10 in the Buyer's adjacent property, and therefore, Buyer is the only practical purchaser of the
11 Property; and, be it
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13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
14 Property to enter into any additions, amendments or other modifications to the Sale
15 Agreement (including, without limitation, the attached exhibits) that the Director of Property
16 determines are in the best interests of the City, do not decrease the sales price for the
17 Property or otherwise materially increase the obligations or liabilities of the City, and are
18 necessary or advisable to complete the transaction contemplated in the Sale Agreement and
19 effectuate the purpose and intent of this resolution, such determination to be conclusively
20 evidenced by the execution and delivery by the Director of Property of the Sale Agreement
21 and any amendments thereto; and, be it
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23 FURTHER RESOLVED, That the Director of Property is hereby authorized and urged
24 in the name and on behalf of the City and County, to execute and deliver the deed to the
25 Property to the Buyer upon the closing in accordance with the terms and conditions of the

1 Sale Agreement, and to take any and all steps (including, but not limited to, the execution and
2 delivery of any and all certificates, agreements, notices, consents, escrow instructions,
3 closing documents and other instruments or documents) as the Director of Property deems
4 necessary or appropriate in order to consummate the conveyance of the Property pursuant to
5 the Sale Agreement, or to otherwise effectuate the purpose and intent of this resolution, such
6 determination to be conclusively evidenced by the execution and delivery by the Director of
7 Property of any such documents.
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9 RECOMMENDED:
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12 Acting Director of Property
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