



March 22, 2022

Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Purchase and Sale Agreement between the City and County of San Francisco and Prologis, L.P. for the fee title purchase of approximately 214,000 square feet for an amount not to exceed \$40,000,000 at 1236 Carroll Avenue; and

Memorandum of Understanding between the City and County of San Francisco and the Port of San Francisco for the fee title purchase of approximately 114,448 square feet for an amount not to exceed \$6,000,000 at 1236 Carroll Avenue

The purchase of these properties is to facilitate a new Fire Training Facility in the Bayview. The existing primary Fire Training Facility is located on Treasure Island and must relocate on or before December 31, 2026 in order to make way for future redevelopment. An ancillary training facility located at 19th and Folsom Streets will also be relocated to this site. After a nearly two year long exhaustive search by the City's Real Estate Division, both in county and out of county, the Prologis Property, in combination with the Port Property, is the only available site suitable for this purpose. The material details of the transactions are as follows:

Prologis Property

Prologis Property: approximately 4.91 acres located on APN: Block 4852, all Lots except Lot 1 and Block 4877 all Lots, commonly known as 1236 Carroll Avenue, San Francisco, CA.

Purchase Price for Property: \$38.5 million dollars plus closing costs not to exceed \$40 million dollars.

Condition of Property: Raw land with no improvements sold "AS-IS".

Estimated Closing Date: Sometime between May 1, 2022 and May 31, 2022.

Other key terms: The price and terms of the transaction were locked last year pursuant to a Purchase Option approved by the Board of Supervisors in order to give time to advance the Port Property purchase.

Port Property

Port Property: Lot 001 within Block 4852 consisting of approximately 28,048 square feet; Griffith Street, a paper street that forms the eastern boundary of Blocks 4852 and 4877, consisting of approximately 38,400 square feet; and Bancroft Avenue, a paper street that separates Block 4852 and Block 4877, consisting of approximately 48,000 square feet; for a total of approximately 114,448 square feet (collectively, the “Port Property”) and commonly known as 1236 Carroll Avenue, San Francisco, CA

Purchase Price for Property: Fair market value as determined by the California State Lands Commission. The property has an appraised value of \$5,860,000. The purchase price plus closing costs is not to exceed \$6 million dollars under the pending resolution.

Condition of Property: Raw land with no improvements sold “AS-IS”

Estimated Closing Date: Sometime between December 2022 and February 2023.

Preconditions to Transfer:

- Passage of State legislation lifting the Public Trust restrictions from the Port Property – Legislation was introduced by Assemblymember Ting as AB 2607 on February 18, 2022.
- Confirmation of the fair market value of the Port Property by the California State Lands Commission.
- Port Commission approval of the Memorandum of Understanding (MOU) between the City and the Port.
- Board of Supervisors approval of the MOU.
- Additional technical conditions as contained in the MOU.

Risks

When I came to the Board last year seeking authority for the Purchase Option for one year, it was anticipated that we would complete the State Legislative process by December 2021. Unfortunately, due to how matters are calendared at the State Legislature, we were unsuccessful in getting on the 2021 legislative calendar. As a result, I am asking the Board to approve these two purchases prior to getting AB 2607 passed. As a result the Board must evaluate the following risks:

- The City acquires the Prologis Property and then AB 2607 does not pass.

- The State Lands Commission determines a different fair market value which when added to the closing costs is in excess of \$6 million dollars.
- The Board doesn't approve the transaction and we lose the Prologis site or have to pay a higher price.

I am prepared to discuss the details of these transactions and the risk alternatives. If you have any questions, please contact me at (415) 554-9860.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrico Q. Penick". The signature is stylized and cursive.

Andrico Q. Penick
Director of Real Estate

