

LEGISLATIVE DIGEST

[Amended and Restated Land Disposition and Acquisition Agreement - Exchange of 639 Bryant Street for 2000 Marin Street]

Ordinance approving an Amended and Restated Land Disposition and Acquisition Agreement with 2000 Marin Property, L.P. for the City's transfer of real property at 639 Bryant Street (Assessor's Parcel Block No. 3777, Lot No. 052) under the jurisdiction of the San Francisco Public Utilities Commission in exchange for real property at 2000 Marin Street (Assessor's Parcel Block No. 4346, Lot No. 003), subject to several conditions, including the reimbursement of certain transaction costs; waiving the Administrative Code, Section 23.3, appraisal and fair market value requirements; making findings of consistency with the General Plan, and the eight priority policies of Planning Code Section 101.1; and adopting findings under the California Environmental Quality Act, including the adoption of a Mitigation Monitoring and Reporting Program.

Existing Law

Chapter 23 of the City's Administrative Code sets forth the policies and procedures applicable to real estate acquisitions and conveyances by the City, including the requirements that: (i) in certain circumstances, prior to the Board of Supervisor's approval of a proposed City acquisition or conveyance of real property with a value of more than \$10,000, the properties to be conveyed or acquired by the City be appraised and, if any such property is appraised at a value in excess of \$200,000, the appraisal be subject to an appraisal review and (ii) every conveyance by the City of its real property other than a sale at public auction or through a competitive bidding process shall be for a sales price of at least 100% of the appraised value of such real property, except where the Board determines either that (A) a lesser sum will further a proper public purpose, or (B) based on substantial evidence in the record, the terms and conditions of such conveyance are reflective of the fair market value of the subject real property notwithstanding the appraised value. Pursuant to the proposed ordinance, the Board would approve the execution by the City of an Amended and Restated Conditional Land Disposition and Acquisition Agreement ("Agreement") for the proposed exchange of City's land located at 639 Bryant Street, San Francisco ("City Property") for a parcel of real property located at 2000 Marin Street ("2000 Marin") together with additional consideration. Because (1) the City Property and 2000 Marin were each separately appraised in 2018 (and such appraisals were subjected to appraisal reviews) prior to the Board's approval by Resolution 248-18 of the City's execution of the original Conditional Land Disposition and Acquisition Agreement and (2) pursuant to the proposed ordinance, the Board would find that the City's acquisition of 2000 Marin will further a proper public purpose, the Board would also exempt from the requirements of Section 23.3 of the City's Administrative Code that (a) the City Property and 2000 Marin be subjected to additional appraisals and (b) the conveyance of the City Property would be required to be for a

sales price of at least 100% of its appraised value. The Board will also adopt findings pursuant to the City Planning Code Section 101.1 and findings under the California Environmental Quality Act and ratify previous actions taken in connection with the subject transaction.

Amendments to Current Law

Pursuant to the proposed Ordinance, the Board would find that, notwithstanding the requirements of Section 23.3 of the Administrative Code, the conveyance of the City Property and acquisition of 2000 Marin as contemplated by the Agreement do not require further appraisals and that the conveyance of the City Property will not require a sales price of at least 100% of its appraised value.

Background Information

The SFPUC has found in Resolution No. 19-0227 that (i) the existing space at the City Property and other SFPUC property in San Francisco will not meet the SFPUC's anticipated future utility yard and operational needs, so either expansion of the existing facilities or securing replacement facilities will be necessary in the near future; (ii) 2000 Marin presents an extremely rare opportunity for the SFPUC to acquire industrial property with a sufficient area to meet its critical utility yard needs, particularly as the population in San Francisco increases, and the three SFPUC enterprises (water, wastewater, and power) expand their operations to meet increased utility demand; and (iii) 2000 Marin is expected to result in improved and more integrated SFPUC utility operations on a site that is five times larger than the City Property, with excellent access to transportation routes, and therefore, after all of the conditions for the proposed exchange transaction are satisfied, the City's acquisition of 2000 Marin would render the City Property surplus to the SFPUC's utility needs.

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