

1 [Real Property Lease - 450 Toland Street - Four Fifty Toland, LLC - \$735,600 per Year -
2 Purchase and Sale Agreements - 555 Selby Street, and 1975 Galvez Avenue - Selby and
3 Hudson Corporation, W.Y.L. Five Star Service Industries - \$6,300,000 and \$5,000,000]

4 **Resolution authorizing the execution and acceptance of a Lease by and**
5 **between the City and County of San Francisco and Four Fifty Toland, LLC, a**
6 **California Limited Liability Company, for the real property located at 450 Toland**
7 **Street with an initial lease amount of \$735,600 per year; the execution and**
8 **acceptance of a Purchase and Sale Agreement by and between City and Selby**
9 **and Hudson Corporation, a California corporation, for the real property located**
10 **at 555 Selby Street for \$6,300,000; the execution and acceptance of a Purchase**
11 **and Sale Agreement by and between the City and W.Y.L. Five Star Service**
12 **Industries, Inc., a California corporation, for the real property located at 1975**
13 **Galvez Avenue for \$5,000,000; and finding the proposed transactions are in**
14 **conformance with the City’s General Plan, and the eight priority policies of**
15 **Planning Code, Section 101.1.**

16
17 WHEREAS, The SFPUC now seeks to secure land necessary to support its
18 current and future obligation to provide essential utility services, and there is a very
19 limited supply of such available land in the vicinity of its existing facilities; and

20 WHEREAS, The Real Estate Division has identified, through both leasing and
21 purchase, of three separate properties, consisting of the purchases of 555 Selby
22 Street and 1975 Galvez Avenue (“Acquisition Sites”) and a long-term lease of 450
23 Toland Street (“Leased Site”); and

24 WHEREAS, On October 28, 2015, The Planning Department’s CEQA
25 Coordinator Timothy Johnston issued a notice that this project is categorically exempt

1 under California Environmental Quality Act (CEQA) Guidelines Section 15332 (Infill
2 Development, Class 32); and

3 WHEREAS, The Planning Department, through General Plan Referral letter
4 dated November 5, 2015, (“Planning Letter”), which is on file with the Clerk of the
5 Board of Supervisors under File No. 151215, has verified that the City’s acquisition of
6 1975 Galvez Avenue and 555 Selby Street, and lease of 450 Toland Street are all
7 consistent with the General Plan, and the eight priority policies under Planning Code,
8 Section 101.1; and

9 WHEREAS, The Director of Property, in consultation with the SFPUC,
10 negotiated a proposed Purchase and Sale Agreement for 555 Selby Street
11 (Assessor’s Block No. 5250, Lot No. 015), which is on file with the Clerk of the Board
12 of Supervisors under File No. 151215 (“Selby Agreement”), with a purchase price of
13 \$6,300,000; and

14 WHEREAS, The Director of Property, in consultation with the SFPUC,
15 negotiated a proposed Purchase and Sale Agreement for 1975 Galvez Avenue
16 (Assessor’s Block No. 5250, Lot No. 016), which is on file with the Clerk of the Board
17 of Supervisors under File No. 151215 (“Galvez Agreement”), with a purchase price of
18 \$5,000,000; and

19 WHEREAS, The Director of Property, pursuant to review of an independent
20 third party appraisal of 555 Selby Street, considering adjustments for time of sale,
21 determined that the proposed purchase prices in the Selby Agreement and Galvez
22 Agreement are reasonable and represent fair market value for the respective
23 properties to be acquired; and

24 WHEREAS, The Director of Property, in consultation with the SFPUC,
25 negotiated a proposed ten-year Lease Agreement for 450 Toland Street (Assessor’s

1 Block No. 5230, Lot No. 018), which is on file with the Clerk of the Board of
2 Supervisors under File No. 1215 (“Toland Agreement”), with an initial year base lease
3 rate of \$735,600 per year, increasing 3% per year with two (2) additional five-year
4 renewal option terms; and

5 WHEREAS, The Director of Property, pursuant to review of available leasing
6 data in the Bayview submarket, determined that the proposed lease rate and terms in
7 the Toland Agreement are reasonable and represent fair market rental value for the
8 property to be leased; now, therefore, be it

9 RESOLVED, That the Board of Supervisors hereby finds that the acquisition of
10 555 Selby Street and 1975 Galvez Avenue, and lease of 450 Toland Street is
11 consistent with the City’s General Plan and Eight Priority Policies of Planning Code
12 Section 101.1 and hereby incorporates such findings by reference as though fully set
13 forth in this Resolution; and, be it

14 FURTHER RESOLVED, That in accordance with the recommendation of the
15 Directors of Property, and the SFPUC General Manager, the jurisdiction of the
16 Acquisition Sites be assigned upon close of escrow to the SFPUC; and, be it

17 FURTHER RESOLVED, That the execution, delivery and performance of the
18 Lease is hereby approved and the Director of Property (or his designee) and the
19 Controller (or his designee) are hereby authorized to execute the Lease, in
20 substantially the form of Lease referenced herein, on behalf of the City and any such
21 other documents that are necessary or advisable to complete the transaction
22 contemplated by the Lease and effectuate the purpose and intent of this Resolution;
23 and, be it

24 FURTHER RESOLVED, That the execution, delivery and performance of the
25 Selby Agreement and Galvez Agreement is hereby approved and the Director of

1 Property (or his designee) and the Controller (or his designee) are hereby authorized
2 to execute the appropriate Purchase and Sale Agreements, in substantially the form
3 of Agreement referenced herein, on behalf of the City and any such other documents
4 that are necessary or advisable to complete the transaction contemplated by the
5 Agreement and effectuate the purpose and intent of this Resolution; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
7 of Property (or his designee), in consultation with the City Attorney, and with the
8 approval of the Controller, to enter into any additions, amendments or other
9 modifications to the Lease and Purchase Agreements and any other documents or
10 instruments necessary in connection therewith, that the Director of Property
11 determines are in the best interests of the City, do not materially decrease the
12 benefits to the City with respect to the Property, do not materially increase the
13 obligations or liabilities of the City, and are necessary or advisable to complete the
14 transaction contemplated in the Lease and Purchase Agreements and that effectuate
15 the purpose and intent of this Resolution, such determination to be conclusively
16 evidenced by the execution and delivery by the Director of Property (or his designee)
17 of any such additions, amendments, or other modifications; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors authorizes and directs
19 the Clerk of the Board of Supervisors, the Director of Property, the Controller, and the
20 SFPUC General Manager, and any other officer of the City involved in the
21 jurisdictional transfer to take all action necessary or appropriate to effectuate the
22 purpose of this Resolution; and, be it

23 FURTHER RESOLVED, That all actions authorized and directed by this
24 Resolution and heretofore taken are hereby ratified, approved and confirmed by this
25 Board of Supervisors; and, be it

1 FURTHER RESOLVED, That the Director of Property shall provide the Clerk
2 of the Board of Supervisors a fully executed copy of the Lease and two Purchase and
3 Sale Agreements within thirty (30) days of signature of same.

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6 \$11,698,150 Available
7 Project Number CWWSSIPRPL91

8
9 Controller
10 Availability of funds for future fiscal years
11 subject to the enactment of the annual
12 appropriation ordinance.

12 RECOMMENDED:

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15 Director of Property

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17 General Manager
18 San Francisco Public Utilities Commission