

## **LEGISLATIVE DIGEST**

[Real Property Acquisition - Pacifica SFO LLC - 601-617 Laguna Street - Not to Exceed \$20,000,000 - Certain Administrative Code Waivers]

**Ordinance 1) approving and authorizing the Director of Property to acquire certain real property located at 601-617 Laguna Street (Assessor's Parcel Block No. 0806, Lot No. 002) (the "Property"); 2) approving and authorizing an Agreement of Purchase and Sale for Real Estate (the "Purchase Agreement") for the acquisition of the Property from Pacifica SFO LLC, a California limited liability company ("Seller"), for \$11,030,000 together with a Construction Management Agreement attached as Exhibit E to the Purchase Agreement for the completion of certain improvements and the repair of deficiencies on the Property (the "Project") by Seller for an amount not to exceed \$8,140,000 that includes a construction management fee, an amount not to exceed \$800,000 for the City contingency, and an amount not to exceed \$30,000 for closing costs for a total anticipated not to exceed project cost of \$20,000,000; 3) authorizing the Director of Property to make certain modifications to the Purchase Agreement and take certain actions in furtherance of the Purchase Agreement, as defined herein; 4) exempting the Project from contracting requirements in Administrative Code, Chapter 6 and Chapter 14B; 5) approving the Seller and its architect, consultants, general contractor, subcontractors, employees and affiliates without competitive bidding, but requiring the payment of prevailing wages, implementation of a local business enterprise utilization program, and compliance with the City's local hire policy and first source hiring Ordinance; and 6) placing the Property under the jurisdiction of the Real Estate Division; affirming the Planning Department's determination under the California Environmental Quality Act; and adopting the Planning Department's finding that the Purchase Agreement, and the transactions contemplated therein, are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

### **Existing Law**

Administrative Code Chapter 6 and Chapter 14B establish the policies, procedures, and required contract terms that apply under City law to public works, real property and services contracts, including construction contracts and contracts for related design and engineering services. If the Board of Supervisors adopts this proposed uncoded ordinance, the completion of the deferred maintenance and seismic maintenance, and the modifications required by the Department of Public Health's programming in the building located on the Property, pursuant to the Purchase Agreement and Construction Management Agreement, would be exempt from these provisions.

### **Amendments to Current Law**

There are no amendments to current law.

### Background Information

The Real Estate Division (“RED”), along with the Department of Public Health (“DPH”) have searched for a suitable site for the location and operation of an assisted living facility to preserve the services in the City and expand the number of assisted living beds in the City that are accessible to clients of the City’s public health system. RED and DPH conducted a search of assisted living facilities in the City and determined that the property located at 601-617 Laguna Street (Assessor’s Block 0806, Lot 002) (the “Property”) is well-suited to DPH’s goal of expanding and preserving its portfolio of residential care and treatment beds. This expansion is a major element of Mental Health SF, the City’s strategic framework for improving the behavioral health system for the City’s most vulnerable residents. The Property will serve low-income senior and adult residents who require support with daily tasks.

The Property consists of an approximately 6,146 square foot parcel of land with a two-story, approximately 10,300 rentable square foot building that is licensed for 47 beds and is currently vacant.

The total project costs are anticipated not to exceed \$20,000,000 comprised of 1) the acquisition price for the Property of \$11,030,000; 2) deferred maintenance and modifications required for the planned DPH programming (the “Project”) that are estimated to total a not to exceed amount of \$8,140,000, which includes an amount not to exceed \$260,000 paid to Seller to manage the Project; 3) an \$800,000 City contingency for the Project; and 3) anticipated closing costs in an amount not to exceed \$30,000.

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