

1 [Conditional Property Exchange Agreement - EQX JACKSON SQ HOLDCO LLC - Potential  
2 Exchange of 530 Sansome Street for a Portion of 425-439 Washington Street]

3 **Resolution approving a Conditional Property Exchange Agreement (“CPEA”) with EQX**  
4 **JACKSON SQ HOLDCO LLC, a Delaware limited liability company, for a proposed future**  
5 **transfer of City real property at 530 Sansome Street (Assessor’s Parcel Block No. 0206,**  
6 **Lot No. 017) under the jurisdiction of the Fire Department, in exchange for a portion of**  
7 **the real property at 425-439 Washington Street (Assessor’s Parcel Block No. 0206, Lot**  
8 **Nos. 013 and 014), subject to several conditions, as defined herein; and finding that the**  
9 **CPEA is a conditional land acquisition agreement under California Environmental**  
10 **Quality Act Guidelines, Section 15004(b)(2)(A), and subject to City’s discretionary**  
11 **approval after the completion of environmental review.**

12  
13 WHEREAS, The City and County of San Francisco, under the jurisdiction of the Fire  
14 Department, owns certain real property known as 530 Sansome Street, Assessor’s Parcel  
15 Block No. 0206, Lot No. 017 (the “City Property”), an approximately 8,700 square foot  
16 parcel improved with Fire Station 13 which is a three-story stationhouse above one  
17 underground story of parking; and

18 WHEREAS, Pursuant to two Resolutions unanimously approved by this Board of  
19 Supervisors (Resolution Nos. 244-17 dated June 22, 2017, and 143-18 dated May 17,  
20 2018), the City issued a call for bids to develop the City Property consistent with existing  
21 zoning to maximize development density; provide for inclusionary housing fees and other  
22 revenues dedicated to the City’s future affordable housing site at 772 Pacific Avenue; and  
23 provide a more resilient and physically functional Fire Station to the Fire Department; and

24 WHEREAS, EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability  
25 company (“Developer”) is under contract to purchase certain real property known as 425-

1 439 Washington Street, Assessor's Parcel Block No. 0206, Lot Nos. 013 and 014  
2 ("Developer's Property"), consisting of approximately 9,000 square feet and improved with  
3 a two-story and a three-story building; and

4 WHEREAS, Developer submitted a response to the City's call for bids on March 1,  
5 2019, that has been deemed by an internal review committee to be the most responsive  
6 and comprehensive bid for development of both the City Property and Developer's  
7 Property; and

8 WHEREAS, On February 13, 2019, the San Francisco Fire Commission provided  
9 valuable input on the developer selection process, and on April 10, 2019, received a report  
10 from staff outlining said selection process and the resultant most responsive bid, and  
11 provided City staff with further input regarding the proposal, with direction to continue  
12 moving forward with the most responsive bidder in order to secure the most efficient station  
13 design possible that meets the needs of the Fire Department; and

14 WHEREAS, Developer's proposal entails reconstructing Fire Station 13 as a four-  
15 story 22,000 square foot building on a future legal parcel (the "Exchange Parcel") at  
16 Washington Street mid-block between Sansome and Battery, with vehicular access to  
17 Washington and Merchant, and constructing a new vertically-integrated mixed-use high-  
18 rise at the southeast corner of Sansome and Washington to contain lower level lobby  
19 space, a health club, a hotel and condominiums; and

20 WHEREAS, Upon completion of the proposed project, an exchange of the City  
21 Property and the Exchange Parcel would be effected on the terms of the Conditional  
22 Property Exchange Agreement ("CPEA"); and

23 WHEREAS, Developer would construct the replacement Fire Station 13 on the  
24 Exchange Parcel to City specifications at Developer's cost, and Developer shall pay to City  
25 at close of escrow, upon completion of the project, the amount, if any, of \$25,500,000 less

1 the cost of turn-key construction of the replacement Fire Station 13, in consideration for  
2 City's agreement to enter into the property exchange; and

3 WHEREAS, Developer and the City have negotiated the CPEA, a copy of which is  
4 on file with the Clerk of the Board of Supervisors in File No. 190419 (the "Agreement"),  
5 which, among other things and upon the satisfaction of certain conditions, provides for (a)  
6 the exchange of the City Property for the Exchange Parcel; (b) the Developer's obligation  
7 to construct the replacement Fire Station 13 in accordance with City's specifications; and  
8 (c) the Developer's obligation to pay the City such sums as outlined in the Agreement; and

9 WHEREAS, The Agreement does not commit the City to approving any proposed  
10 development of either the City Property or Developer's Property; and

11 WHEREAS, The City has not completed environmental review under the California  
12 Environmental Quality Act ("CEQA") (California Public Resources Code, Section 21000 et  
13 seq.), the CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 et  
14 seq.), and Chapter 31 of the San Francisco Administrative Code for the proposed project;  
15 and

16 WHEREAS, The City's obligation to complete the property exchange is conditioned  
17 on, among other things, the City's approval of the property exchange at its sole discretion  
18 following completion of all required environmental review; and

19 WHEREAS, Developer's obligation to complete the property exchange is  
20 conditioned upon, among other things, the receipt of all governmental approvals necessary  
21 for Developer to proceed with the proposed project outlined in the CPEA, including zoning  
22 changes if deemed necessary; and

23 WHEREAS, The City will review and consider each of the environmental review  
24 documents that relate to the proposed project outlined in the CPEA before deciding  
25 whether to approve the proposed project, including any associated rezoning, Municipal

1 Code or General Plan amendments or waivers, and design, demolition, and building  
2 permits; and

3 WHEREAS, The CPEA is a conditional land acquisition agreement as described in  
4 CEQA Guidelines, Section 15004(b)(2)(A), that conditionally designates a preferred site for  
5 the proposed project, on the terms set forth in the CPEA and subject to compliance with  
6 CEQA, including the conditions of CEQA Guidelines, Section 15004(b)(2)(A), and Section  
7 15004(b)(4); and

8 WHEREAS, The City does not commit to any definite course of action with regard to  
9 the proposed project prior to CEQA compliance and further, retains its absolute discretion  
10 to (a) require modifications to the proposed project to mitigate significant adverse  
11 environmental impacts; (b) select feasible alternatives that avoid significant adverse  
12 impacts of the proposed project, including the “no project” alternative; (c) require the  
13 implementation of specific measures to mitigate the significant adverse environmental  
14 impacts of the proposed project, as identified through environmental review; (d) reject all or  
15 part of the proposed project if the economic and social benefits of the proposed project do  
16 not outweigh otherwise unavoidable significant adverse impacts of that project; (e) approve  
17 the proposed project upon a finding that the economic and social benefits of the proposed  
18 project outweigh otherwise unavoidable significant adverse environmental impact of that  
19 project; and (f) deny the proposed project; and

20 WHEREAS, The City has obtained an independent third-party appraisal of the City  
21 Property in compliance with Administrative Code, Section 23.3, that confirms the  
22 compensation from Developer (the Exchange Parcel and any amount by which  
23 \$25,500,000 exceeds delivery costs of the Fire Station 13 replacement at closing of  
24 escrow) is not less than the fair market value of the City Property offered herein, which was  
25 also confirmed by the marketplace in terms of their response to this offering; and

1           WHEREAS, After completion of environmental review and before closing of the  
2 property exchange, if any, the CPEA requires the Board of Supervisors and the Mayor,  
3 each at their respective sole and absolute discretion, to ratify the property exchange and  
4 approve certain agreements; and

5           WHEREAS, This Resolution is not an approval of the proposed project or a  
6 commitment to proceed with the property exchange, and this Resolution does not  
7 constitute an “Approval” as that terms in defined by CEQA Guidelines, Section 15352; now,  
8 therefore, be it

9           RESOLVED, That the Board of Supervisors finds that the CPEA is a conditional land  
10 acquisition agreement as described in CEQA Guidelines, Section 15004(b)(2)(A), and  
11 subject to the conditions of Section 15004(b)(2)(A) and Section 15004(b)(4), and closing is  
12 conditioned on City’s discretionary approval of the property exchange following the  
13 completion of the environmental review and the ratification of the CPEA and approval of  
14 certain documents described in the CPEA; and be it

15           FURTHER RESOLVED, That the Board of Supervisors hereby approves the CPEA  
16 and authorizes the execution and performance of the CPEA by the Director of Property and  
17 the Fire Chief in substantially the form presented to the Board in File No. 190419, together  
18 with any other subsequently negotiated documents or Exhibits thereto that are necessary  
19 or advisable to effectuate the proposed property exchange subject to satisfaction of each of  
20 the conditions of the CPEA, including the City’s subsequent discretionary approval; and, be  
21 it

22           FURTHER RESOLVED, Nothing in this Resolution limits the discretion of the Board  
23 with respect to the approval or rejection of the proposed project, and the Board of  
24 Supervisors understands that conditions for the benefit of Developer, including the  
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1 issuance of project approvals for the Development Project, may be waived by Developer;  
2 and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the CPEA being fully  
4 executed by all parties, the Real Estate Division shall provide the final contract to the Clerk  
5 of the Board for inclusion into the official file.

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RECOMMENDED:

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Andrico Q. Penick  
Director of Real Estate

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Chief, Fire Department