

1 [Conditional Land Disposition and Acquisition Agreement - 2000 Marin Street - Potential
2 Exchange of 639 Bryant Street]

3 **Resolution approving a Conditional Land Disposition and Acquisition Agreement**
4 **(“Agreement”) with 2000 Marin Property, L.P. for the City’s future transfer of real**
5 **property at 639 Bryant Street (Assessor’s Parcel Block No. 3777, Lot No. 052) in**
6 **exchange for real property at 2000 Marin Street (Assessor’s Parcel Block No. 4346, Lot**
7 **No. 002), including the reimbursement of certain SFPUC’s costs; finding that the**
8 **Agreement is a conditional land acquisition agreement under California Environmental**
9 **Quality Act Guidelines, Section 15004(b)(2)(A), with closing conditioned on City**
10 **discretionary approval after the completion of environmental review.**

11
12 WHEREAS, The City and County of San Francisco, under the jurisdiction of the San
13 Francisco Public Utilities Commission (“SFPUC”), owns certain real property known as 639
14 Bryant Street, Assessor’s Parcel Block No. 3777, Lot No. 052 (the “City Property”), an
15 approximately 1.37 acre parcel improved with a warehouse and parking lot, that is used for
16 heavy equipment and materials storage, parking, construction staging, and other related
17 purposes; and

18 WHEREAS, The SFPUC leases adjacent property at 651 Bryant Street, Assessor’s
19 Parcel Block No. 3777, Lot No. 050 (the “City Leased Premises”), for related office and
20 warehouse purposes under a lease that expires in October 2019, but with a right to extend the
21 lease for 10 years; and

22 WHEREAS, 2000 Marin Property, L.P., a Delaware limited partnership (“Developer”),
23 owns certain real property known as 2000 Marin Street, Assessor’s Parcel Block No. 4346,
24 Lot No. 002 (the “Marin Property”), an approximately 7.98 acre parcel with a 74,000 square
25 foot building built in 1989; and

1 WHEREAS, Developer proposes to acquire the City Property in exchange for the Marin
2 Property, and seeks to develop a mixed-use project on the City Property, the City Leased
3 Premises, and other adjacent parcels with approximately 923,000 square feet of office, 73,000
4 square feet of residential/PDR, 80,000 square feet of residential, and a 40,000 square foot
5 public plaza (the “Development Project”); and

6 WHEREAS, On April 17, 2018, the Board of Supervisors adopted Resolution
7 No. 115-18 (File No. 180370) supporting negotiations for a potential exchange of the City
8 Property for the Marin Property, subject to City analysis and approvals following any required
9 environmental review; and

10 WHEREAS, In 2011, the San Francisco Planning Department began a multi-year
11 public and cooperative interagency planning process for the Central SOMA Plan (Planning
12 Department Case No. 2011.1356EMTZU); and

13 WHEREAS, The City has not yet completed environmental review under the California
14 Environmental Quality Act (“CEQA”) (California Public Resources Code, Sections 21000 *et*
15 *seq.*) for the Central SOMA Plan, but the environmental review that is being performed will
16 include analysis of potential uses of and development controls applicable to the City Property
17 and adjoining parcels; and

18 WHEREAS, Developer and the City have negotiated a Conditional Land Disposition
19 and Acquisition Agreement, a copy of which is on file with the Clerk of the Board of
20 Supervisors in File No. 180550 (the “Agreement”), which, upon the satisfaction of certain
21 conditions, provides for the exchange of the City Property for the Marin Property, Developer’s
22 obligation to construct or place certain facilities on the Marin Property for City’s use and
23 relocate the SFPUC’s personal property from the City Property and the City Leased Premises
24 to the Marin Property (the “Developer Services”), and the payment by Developer to the
25

1 SFPUC for certain SFPUC costs incurred in connection with the proposed property exchange
2 (the “Developer Payment”); and

3 WHEREAS, The Agreement does not require the City to approve the Central SOMA
4 Plan or any proposed development, including any development of the City Property or the
5 Marin Property; and

6 WHEREAS, The City’s obligation to complete the property exchange is conditioned on,
7 among other things, the City’s approval of the property exchange at its sole discretion
8 following the completion of all required environmental review; and

9 WHEREAS, Developer’s obligation to complete the property exchange is conditioned
10 on, among other things, the receipt of all governmental approvals necessary for Developer to
11 proceed with the Developer Project, including zoning changes, and the City’s waiver or
12 reduction of certain development impact fees in exchange for Developer’s dedication of a
13 public plaza to the City as part of the Developer Project; and

14 WHEREAS, The City will review and consider each of the environmental review
15 documents that relate respectively to the Central SOMA Plan, the Developer Project, and the
16 City’s plan to develop and use the Marin Property (individually, a “Project” and collectively, the
17 “Projects”) before deciding whether to approve each Project, including any associated
18 rezoning, Municipal Code or General Plan amendments or waivers, and design, demolition,
19 and building permits; and

20 WHEREAS, The City retains absolute discretion to: require modifications in one or
21 more of the Projects to mitigate significant adverse environmental impacts, select feasible
22 alternatives that avoid significant adverse impacts of one or more of the Projects, require the
23 implementation of specific measures to mitigate the significant adverse environmental impacts
24 of one or more of the Projects, as identified through environmental review, reject all or part of
25 one or more of the Projects as proposed if the economic and social benefits of the Project do

1 not outweigh otherwise unavoidable significant adverse impacts of that Project, and approve
2 one or more of the Projects upon a finding that the economic and social benefits of the Project
3 outweigh otherwise unavoidable significant adverse environmental impacts of that Project;
4 and

5 WHEREAS, Although the City has obtained appraisals of the City Property and the
6 Marin Property that state that the value of the City Property exceeds the value of the Marin
7 Property; the combined value of the Marin Property, the Developer Services, and the
8 Developer Payment will exceed the value of the City Property; and

9 WHEREAS, The Board understands and agrees that if the combined value of the Marin
10 Property, the Developer Services, and the Developer Payment exceed the value of the City
11 Property, the excess value shall be deemed a gift by Developer to the City; and

12 WHEREAS, After completion of environmental review and before closing of the
13 property exchange, if any, the Agreement requires the Board of Supervisors and the Mayor,
14 each at their respective sole and absolute discretion, to approve the property exchange; and

15 WHEREAS, The San Francisco Public Utilities Commission (the "Commission"), by
16 Commission Resolution No. 18-0121, authorized the General Manager of the SFPUC to
17 execute the Agreement, subject to approval by the Board of Supervisors; and

18 WHEREAS, Entering into the Agreement with Developer is in the City's best interest,
19 and: the Commission has found that the existing space at the City Property will not meet the
20 SFPUC's anticipated future utility yard operations needs, so either expansion of the existing
21 facility or securing a replacement facility will be necessary in the near future; the Commission
22 has found that the Marin Property is expected to result in improved and more integrated
23 SFPUC utility operations on a site that is five times larger than the City Property, with
24 excellent access to transportation routes, and therefore acquisition of the Marin Property
25 would render the City Property surplus to the SFPUC's utility needs; and the proposed use of

1 the City Property by Developer may yield more appropriate land uses within the Central
2 SOMA Plan Area; and

3 WHEREAS, This resolution is not an approval of any of the Projects or a commitment
4 to proceed with the property exchange, and this resolution does not constitute an “Approval,”
5 as that term is defined by CEQA Guidelines, Section 15352; now, therefore, be it

6 RESOLVED, That the Board of Supervisors finds that the Agreement is a conditional
7 land acquisition agreement as described in CEQA Guidelines, Section 15004(b)(2)(A), and
8 closing is conditioned on City’s discretionary approval of the property exchange following the
9 completion of environmental review; and, be it

10 FURTHER RESOLVED, That the Board of Supervisors hereby approves the
11 Agreement and authorizes the execution and performance of the Agreement by the Director of
12 Property and the SFPUC General Manager in substantially the form presented to the Board in
13 File No. 180550, together with any other documents that are necessary or advisable to
14 effectuate the proposed property exchange subject to satisfaction of each of the conditions in
15 the Agreement, including the City’s subsequent discretionary approval; and, be it

16 FURTHER RESOLVED, Nothing in this resolution limits the discretion of the Board with
17 respect to the approval or rejection of any of the Projects, and the Board of Supervisors
18 understands that conditions for the benefit of Developer, including the issuance of project
19 approvals for the Development Project, may be waived by Developer.