

[Process for Sale of Real Property.]

Ordinance authorizing the Public Utilities Commission to solicit proposals and bids for the sale of certain real properties with development potential that are not needed for utility purposes, subject to the review and approval by the Board of Supervisors, by resolution, of any final sale of such properties.

Note: Additions are single-underline italics Times New Roman;
deletions are ~~strikethrough italics Times New Roman~~.
Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings. The San Francisco Board of Supervisors (the "Board") hereby makes the following findings:

(a) The City and County of San Francisco (the "City"), under the jurisdiction of the Public Utilities Commission (the "SFPUC"), owns fee title to substantial land holdings outside of San Francisco, including properties in San Mateo, Santa Clara, Alameda, Tuolumne, Stanislaus, and San Joaquin counties. The SFPUC believes that some of these lands could be entitled and sold for substantial profit, which the SFPUC could use for a variety of necessary utility programs and projects. Many of these properties have potential sale values substantially greater than the current "as is" or rental value, if the properties can be rezoned, subdivided, or otherwise entitled to their highest and best use.

(b) The SFPUC believes that the most efficient way to obtain development approvals for these properties is to enter into exclusive negotiations with a qualified developer, allowing the developer to pursue the entitlements while working in conjunction with the SFPUC. This approach was successfully used by the SFPUC in connection with the sale of the 500-acre Bernal Property, with Board approval of the process granted on August 28,

1 1998 by Ordinance No. 274-98 and Board approval of the final sale on August 11, 2000 by
2 Resolution No. 683-00.

3 (c) The SFPUC's continued involvement and oversight of the entitlement and sale
4 process is required in order to maximize the sales price, stay informed about the complex
5 nature of the entitlement and development process, maintain the City's relationships with
6 other jurisdictions, and help the selected developer obtain entitlements which will result in the
7 highest sales price for the selected properties.

8 (d) Subject to the conditions set forth in this Ordinance, the public interest will not
9 be inconvenienced by the SFPUC's retention of jurisdiction over these properties with
10 development potential during the sale and entitlement process.

11 Section 2. Selection of Properties. In any case where the SFPUC finds, after a public
12 hearing, that (1) a property is not needed for utility purposes, (2) the property has potential for
13 a net sales price greater than an "as is" sales price or current rental value if the property can
14 be rezoned, subdivided, or otherwise entitled to its highest and best use, (3) the SFPUC
15 should have continued involvement and oversight in the entitlement and sale process for the
16 property, and (4) the proceeds of such sales can be most effectively utilized for utility
17 purposes (collectively, the "Findings"); then the provisions of this Ordinance, and not Article I
18 of Chapter 23 of the San Francisco Administrative Code, shall govern the process for the
19 proposed sale of such property. In addition, the provisions of the Surplus City Property
20 Ordinance, set forth in Chapter 23A of the San Francisco Administrative Code, shall not apply
21 to any such property.

22 Section 3. Solicitation Process. This Board authorizes the General Manager of the
23 SFPUC to prepare and issue such requests for qualifications, requests for proposals, requests
24 for bids, or any other solicitation method or any combination thereof, for the award of an
25 exclusive negotiation agreement, purchase and sale agreement, option contract, or any other

1 disposition document, as the General Manager deems appropriate, as will facilitate the
2 entitlement and ultimate sale of any property made subject by the SFPUC to the Findings set
3 forth in Section 2 of this Ordinance. On or before the date of solicitation, the General
4 Manager shall report such solicitation to the Board, identifying the subject properties. The
5 terms and conditions of any agreement to sell a property, including but not limited to the
6 purchase price, shall be subject to the review and approval of the Board of Supervisors, in its
7 sole and absolute discretion, in accordance with Charter Section 9.118(c).

8 Section 4. Annual Report. On or before the first anniversary of this Ordinance, and
9 each year thereafter, the General Manager shall submit a resolution to the Board to seek
10 Board approval of the continued use of the solicitation process created by this Ordinance and
11 to provide a status report of the properties previously put out for bid under this Ordinance.

12 Section 5. SFPUC Jurisdiction. The SFPUC shall retain jurisdiction of properties made
13 subject to the findings set out in Section 2 of this Ordinance throughout the disposition
14 process until such time as they may be sold in accordance with the procedures set forth in this
15 Ordinance.

16 Section 6. CEQA. The City cannot be bound to sell property under an agreement until
17 any and all environmental review required by the California Environmental Quality Act
18 ("CEQA") is completed and all required City approvals based on such environmental review
19 and on public review have been obtained. Until the environmental review process has been
20 completed, the City, including the Board, will retain the sole and absolute discretion to:
21 (i) make such modifications to a proposed sale as are deemed necessary to mitigate
22 significant environmental impacts; (ii) select other feasible alternatives to avoid such impacts;
23 (iii) balance the benefits against unavoidable significant impacts prior to taking final action if

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1 such significant impacts cannot otherwise be avoided; or (iv) determine not to proceed with a
2 proposed sale based upon the information generated by the environmental review process.

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4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6 By: _____
7 Charles R. Sullivan
8 Deputy City Attorney
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