

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 20-0030

WHEREAS, The City and County of San Francisco (City) owns certain real property presently under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC) in the City of Sunnyvale, California, consisting of (1) a portion of Assessor's Parcel No. 104-28-069 commonly known as a portion of an existing street, Manzano Way (Existing Street), which is maintained by the City of Sunnyvale (Sunnyvale) under an existing permit from the SFPUC, and (2) two vacant lots of land designated as a portion of Assessor's Parcel No. 104-28-066 (Parcels 1 and 2, together with the Existing Street referred to herein as the Property); and

WHEREAS, On December 18, 2015, the SFPUC executive management determined that the Property is unessential to the SFPUC's utility needs; and

WHEREAS, The SFPUC entered into an agreement dated March 4, 2016 with Colliers International CA, Inc. (Broker) for real estate brokerage services; and

WHEREAS, The SFPUC, through the Broker, advertised on commercial real estate platforms for many weeks, posted signage, and produced offering memoranda and other marketing materials and issued an invitation to bid on Parcels 1 and 2 from prospective buyers between July 26, 2019 and August 30, 2019; and

WHEREAS, On August 30, 2019, Manzano Property LLC (Buyer) submitted the highest and best responsible offer to purchase Parcels 1 and 2 at \$1,100,000; and

WHEREAS, On September 15, 2019, an MAI appraiser appraised the fair market value of Parcels 1 and 2 at \$1,135,000, and an appraisal review was performed in accordance with Section 23.3 of the Administrative Code; and

WHEREAS, SFPUC staff and Buyer have agreed to the terms and conditions of a proposed Purchase and Sale Agreement (Agreement) for Parcels 1 and 2; and

WHEREAS, Recent amendments to the Surplus Lands Act under Assembly Bill 1486 (AB 1486) which took effect on January 1, 2020 now require the City to issue a 60-day written notice to specified parties prior to disposing of Parcels 1 and 2, and if a party expresses interest, to enter into a 90-day good faith negotiation period; and

WHEREAS, The SFPUC sent the required Notice of Availability for Parcels 1 and 2 on January 6, 2020; and

WHEREAS, Although SFPUC staff will not seek Board of Supervisors approval of the conveyance of Parcels 1 and 2 until after the notice of interest and negotiation periods under the new Surplus Lands Act amendments have expired, staff asks that the Commission act now to recommend the Board approve the transaction in the future, subject to the City's full compliance with the requirements of AB 1486 because the Buyer bid and negotiated with SFPUC before AB 1486 took effect, and the Property consists of two small parcels that are unlikely to attract interest by a nonprofit housing developer; and

WHEREAS, Under Section 23.3 of the Administrative Code, the City may convey the Existing Street to Sunnyvale without a competitive bidding process if the Board of Supervisors finds it would be impractical or impossible because the street has been incorporated into Sunnyvale's public right-of-way and therefore "the Real Property is not capable of independent development" as provided under Section 23.3; and

WHEREAS, City, through the SFPUC, desires to grant the Existing Street by quitclaim deed to the City of Sunnyvale, and the City of Sunnyvale agrees to accept the conveyance of Manzano Way; and

WHEREAS, The Existing Street is an open public street, developed and maintained by the City of Sunnyvale under a SFPUC revocable permit and is an integral part of a residential area road network in the City of Sunnyvale; and

WHEREAS, Upon the transfer of the Existing Street to the City of Sunnyvale the Existing Street will continue to be used for street purposes; and

WHEREAS, In a memorandum dated January 3, 2020, the City's Director of Property determined that the fair market value of the Existing Street is zero, and therefore an appraisal is not required under Section 23.3 of the Administrative Code; and

WHEREAS, This action does not constitute a "project" under California Environmental Quality Act Guidelines Section 15378 because there would be no physical change in the environment; now, therefore, be it

RESOLVED, That this Commission finds, in consideration of the foregoing, that the Existing Street is surplus to the SFPUC's utility needs and not necessary for the SFPUC's use, and further declares it to be "exempt surplus land" under Government Code Section 54221(b)(1) and 54221(f)(C) because (i) the City of Sunnyvale has been using the Existing Street as an open public street, (ii) the City is transferring the land for continued use by the City of Sunnyvale as an open public street, and (iii) the Existing Street is an integral part of a residential area road network; and, be it

FURTHER RESOLVED, That this Commission authorizes the General Manager of the SFPUC and/or City's Director of Property to seek approval from the Board of Supervisors of the quitclaim deed conveying the Existing Street to the City of Sunnyvale (the Quitclaim Deed); and, be it

FURTHER RESOLVED, That this Commission urges the Board of Supervisors to determine, in accordance with Section 23.3 of the Administrative Code, that a competitive bidding process for the conveyance of the Existing Street is impractical and impossible because the property has no monetary value as a public street and "is not capable of independent development"; and, be it

FURTHER RESOLVED, That this Commission finds, in consideration of the foregoing, that Parcels 1 and 2 are surplus to the SFPUC's utility needs and not necessary for the SFPUC's use, and declares Parcels 1 and 2 to be "surplus land" under Government Code Section 54221(b)(1), and recommends that the Board of Supervisors authorize the General Manager of the SFPUC and/or City's Director of Property to seek approval of the Agreement to Buyer (collectively with any documents contemplated to be executed under the Agreement, the Transaction Documents), after the notice of interest and negotiation periods under the new

Surplus Lands Act amendments (AB 1486) have expired and the City has satisfied all of the Act's applicable requirements; and, be it

FURTHER RESOLVED, That subject to and upon such approval by City's Board of Supervisors and the Mayor, the General Manager is authorized to execute the Transaction Documents in substantially the same form presented to this Commission; and, be it

FURTHER RESOLVED, That this Commission hereby ratifies, approves, and authorizes all actions heretofore taken by any City official in connection with the Quitclaim Deed and Transaction Documents; and, be it

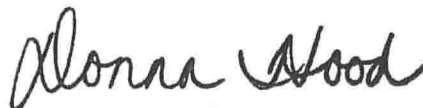
FURTHER RESOLVED, That this Commission hereby approves the terms and conditions of the Quitclaim Deed and Transaction Documents; and, be it

FURTHER RESOLVED, That, upon approval by City's Board of Supervisors and the Mayor, this Commission authorizes and directs City's Director of Property to execute the Quitclaim Deed, and the SFPUC General Manager to execute the Agreement and deliver the Transaction Documents to the appropriate party or parties to each Transaction Document; and be it

FURTHER RESOLVED, That this Commission hereby authorizes City's Director of Property and/or the SFPUC General Manager to enter into any amendments or modifications to each of the Transaction Documents, including without limitation, the exhibits, that City's Director of Property and/or the SFPUC's General Manager determines, in consultation with the City Attorney, are in the best interest of City; do not materially increase the obligations or liabilities of City; are necessary or advisable to effectuate the purposes and intent of each of the Transaction Documents or this Resolution; and are in compliance with all applicable laws, including the City Charter; and be it

FURTHER RESOLVED, That upon approval by City's Board of Supervisors and the Mayor, this Commission authorizes the SFPUC General Manager and/or City's Director of Property to take any and all other steps they, in consultation with the City Attorney, deem necessary and advisable to effectuate the purpose and intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 11, 2020.



Secretary, Public Utilities Commission