

1 [Real Property Acquisition - Pacifica SFO LLC - 601-617 Laguna Street - Not to Exceed  
2 \$20,000,000 - Certain Administrative Code Waivers]

3 **Ordinance 1) approving and authorizing the Director of Property to acquire certain real**  
4 **property located at 601-617 Laguna Street (Assessor's Parcel Block No. 0806, Lot No.**  
5 **002) (the "Property"); 2) approving and authorizing an Agreement of Purchase and Sale**  
6 **for Real Estate (the "Purchase Agreement") for the acquisition of the Property from**  
7 **Pacifica SFO LLC, a California limited liability company ("Seller"), for \$11,030,000**  
8 **together with a Construction Management Agreement attached as Exhibit E to the**  
9 **Purchase Agreement for the completion of certain improvements and the repair of**  
10 **deficiencies on the Property (the "Project") by Seller for an amount not to exceed**  
11 **\$8,140,000 that includes a construction management fee, an amount not to exceed**  
12 **\$800,000 for the City contingency, and an amount not to exceed \$30,000 for closing**  
13 **costs for a total anticipated not to exceed project cost of \$20,000,000; 3) authorizing**  
14 **the Director of Property to make certain modifications to the Purchase Agreement and**  
15 **take certain actions in furtherance of the Purchase Agreement, as defined herein; 4)**  
16 **exempting the Project from contracting requirements in Administrative Code, Chapter 6**  
17 **and Chapter 14B; 5) approving the Seller and its architect, consultants, general**  
18 **contractor, subcontractors, employees and affiliates without competitive bidding, but**  
19 **requiring the payment of prevailing wages, implementation of a local business**  
20 **enterprise utilization program, and compliance with the City's local hire policy and first**  
21 **source hiring Ordinance; and 6) placing the Property under the jurisdiction of the Real**  
22 **Estate Division; affirming the Planning Department's determination under the California**  
23 **Environmental Quality Act; and adopting the Planning Department's finding that the**  
24 **Purchase Agreement, and the transactions contemplated therein, are consistent with**  
25 **the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

1           NOTE:   **Unchanged Code text and uncodified text** are in plain Arial font.  
2                   **Additions to Codes** are in *single-underline italics Times New Roman font*.  
3                   **Deletions to Codes** are in ~~*single-underline italics Times New Roman font*~~.  
4                   **Board amendment additions** are in double-underlined Arial font.  
5                   **Board amendment deletions** are in ~~Arial font~~.  
6                   **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
7                   subsections or parts of tables.

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

9           Section 1. CEQA and Land Use Findings.

10           (a) The Planning Department has determined that the actions contemplated in this  
11 ordinance are categorically exempt and are not subject to review under the California  
12 Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said  
13 determination is on file with the Clerk of the Board of Supervisors in File No. 240477 and is  
14 incorporated herein by reference. The Board affirms this determination.

15           (b) On August 17, 2023, the Planning Department determined that the actions  
16 contemplated in this ordinance are consistent, on balance, with the City's General Plan and  
17 eight priority policies of Planning Code Section 101.1. The Board adopts this determination  
18 as its own. A copy of said determination is on file with the Clerk of the Board of Supervisors in  
19 File No. 240477, and is incorporated herein by reference.

20           Section 2. Background and General Findings.

21           (a) The Real Estate Division ("RED"), along with the Department of Public Health  
22 ("DPH") have searched for a suitable site for the location and operation of an assisted living  
23 facility to preserve the services in the City and expand the number of assisted living beds in  
24 the City that are accessible to clients of the City's public health system. RED and DPH  
25 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-

1 suited to DPH’s goal of expanding and preserving its portfolio of residential care and  
2 treatment beds. This expansion is a major element of Mental Health SF, the City’s strategic  
3 framework for improving the behavioral health system for the City’s most vulnerable residents.  
4 The Property will serve low-income senior and adult residents who require support with daily  
5 tasks.

6 (b) The Property consists of an approximately 6,146 square foot parcel of land with  
7 a two-story, approximately 10,300 rentable square foot building (the “Building”) that is licensed  
8 for 47 beds.

9 (c) The Building is currently vacant. Historically, the Building was operated along  
10 with an adjacent property at 624 Laguna Street, which was acquired by the City in July of  
11 2024 pursuant to Resolution No. 401-24.

12 (d) DPH completed an assessment of the condition of the Building and an  
13 environmental review of the Property, and determined there was 1) deferred maintenance on  
14 the Building; 2) a seismic upgrade performed on the Building in 1997 that was incorrectly  
15 performed and therefore deficient; and 3) modifications required for the planned DPH  
16 programming in the Building.

17 (e) RED negotiated an acquisition price of \$11,030,000 for the Property. Pacifica  
18 SFO LLC, a California limited liability company (“Seller”) agreed to cure the seismic  
19 deficiencies at their sole cost. The modifications required for DPH’s programming and  
20 deferred maintenance (the “Project”) is estimated to total a not-to-exceed amount of  
21 \$8,140,000, which includes an amount not to exceed \$260,000 paid to Seller to manage the  
22 Project. There is also an \$800,000 City contingency for the Project. It is anticipated that  
23 closing costs will total an amount not to exceed \$30,000. Collectively, these project costs are  
24 anticipated not to exceed \$20,000,000.

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Section 3. Public Purpose.

The Board of Supervisors finds that the anticipated use of the Property as an assisted living facility serves a public purpose.

Section 4. Approval of Purchase Agreement and Related Authorizations.

(a) In accordance with the recommendation of the Director of Property, the Board of Supervisors approves the Agreement of Purchase and Sale for Real Estate (the “Purchase Agreement”) in substantially the form on file with the Clerk of the Board of Supervisors in File No. 250704.

(b) The Board of Supervisors authorizes the Director of Property, or the Director’s designee, to enter into, execute, and perform the City’s obligations under the Purchase Agreement.

Section 5. Administrative Code Chapters 6 and Chapter 14B Exemption.

The Board of Supervisors recognizes that the Project is best addressed by Seller, as owner of the Property, and approves Seller and its architect, consultants, general contractor, subcontractors, employees and affiliates without competitive bidding. Accordingly, the requirements of Administrative Code Chapter 6 or Chapter 14B do not apply; however, the payment of prevailing wages, implementation of a local business enterprise (LBE) subcontractor utilization program, and compliance with the local hire policy and first source hiring under Administrative Code Chapter 83 will apply as set forth in the Construction Management Agreement attached as Exhibit E to the Purchase Agreement.

Section 6. Additions, Amendments, and Modifications.

1           The Board of Supervisors authorizes the Director of Property, or the Director's  
2           designee, in consultation with the City Attorney, to enter into any additions, amendments, or  
3           other modifications to the Purchase Agreement and any other documents or instruments  
4           necessary in connection therewith that the Director of Property determines, in consultation  
5           with the City Attorney, are in the best interests of the City, do not materially decrease the  
6           benefits to the City, do not materially increase the obligations or liabilities of the City, are  
7           necessary or advisable to effectuate the purposes of the Purchase Agreement or this  
8           ordinance, and are in compliance with all applicable laws, such determination to be  
9           conclusively evidenced by the execution and delivery by the Director of Property of any such  
10          additions, amendments, or other modifications.

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12           Section 7. Effective Date.

13           This ordinance shall become effective 30 days after enactment. Enactment occurs  
14           when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not  
15           sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the  
16           Mayor's veto of the ordinance.

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18           Section 8. Inclusion of Final Purchase Agreement in Board File.

19           Within 30 days of the Purchase Agreement being fully executed by all parties, RED  
20           shall submit to the Clerk of the Board of Supervisors a fully executed copy of the Purchase  
21           Agreement for inclusion in Board File No. 250704.

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Available: \$ 20,000,000 in the chartfield below

Dept Code	240645
Fund Code	10582
Authority Code	21531
Project Code	10036747
Activity Code	5
Activity Desc	Site Acquisition & Capital Imp

\_\_\_\_\_/s/  
Greg Wagner, Controller

RECOMMENDED

\_\_\_\_\_/s/  
Andrico Q. Penick  
Real Estate Division  
Director of Property

APPROVED AS TO FORM:  
DAVID CHIU, City Attorney

By: \_\_\_\_\_/s/  
VICENTE P. REYES  
Deputy City Attorney

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