

1 [Real Property Acquisition - 1828 Egbert Avenue - San Francisco Self Storage III, LLC -
2 \$67,300,000]

3 **Resolution approving and authorizing the Real Estate Division to acquire Real**
4 **Property located at 1828 Egbert Avenue, from San Francisco Self Storage III, LLC, dba**
5 **1828 Egbert Avenue, LLC, for a purchase price of \$67,300,000 subject to future**
6 **authorization of Certificates of Participation; placing the real property under the**
7 **jurisdiction of the Real Estate Division for use of storing evidence and moving**
8 **property from the Hall of Justice and other locations; adopting findings that the**
9 **acquisition is consistent with the General Plan, and the eight priority policies of**
10 **Planning Code, Section 101.1; and authorizing the Director of Property to execute**
11 **documents, enter into the Leaseback, and make certain modifications and take**
12 **certain actions in furtherance of the Purchase Agreement and this Resolution, as**
13 **defined herein.**

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15 WHEREAS, The City has negotiated the purchase of real property, located at 1828
16 Egbert Avenue in San Francisco (the "Property"), from San Francisco Self Storage III, LLC
17 dba 1828 Egbert Avenue, LLC ("Seller"), for storing evidence and other property; Seller and
18 City have negotiated a purchase and sale agreement, a copy of which is on file with the
19 Clerk of the Board of Supervisors in File No. 190774 (the "Purchase Agreement"), for the
20 sale of the Property to the City for \$67,300,000 ("Purchase Price"), subject to the City's
21 successful issuance of Certificates of Participation ("COP") or other forms of indebtedness
22 to pay the Purchase Price and other conditions set forth in the Purchase Agreement; and

23 WHEREAS, The Police Department's ("SFPD") Property and Evidence Storage
24 (collectively, "Evidence") facilities are currently located at two separate locations: one at the
25 Hall of Justice (HOJ) and the other at Building 606 in the Hunters Point Naval Shipyard; and

1 WHEREAS, The Justice Facilities Improvement Program (JFIP) proposes the
2 vacation, demolition and reconstruction of the HOJ, requiring the relocation of the Evidence
3 stored at that site; and

4 WHEREAS, The Evidence located in leased property at 606 Manseau Street must
5 also be relocated; and

6 WHEREAS, The SFPD and the Department of Public Works have evaluated the
7 Property and confirmed that it will accommodate all of the SFPD's storage space needs; and

8 WHEREAS, An independent appraisal and an appraisal review confirmed that the
9 Purchase Price is less than the fair market value of the Property; and

10 WHEREAS, The Planning Department, by letter dated May 17, 2019 ("Planning
11 Letter"), found that the acquisition of the Property is not considered a project under the
12 California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines, Sections
13 15378 and 15060(c)(2) of the Administrative Code, and is consistent with the General Plan,
14 and the eight priority policies of Planning Code, Section 101.1, which letter is on file with the
15 Clerk of the Board of Supervisors in File No. 190774, and incorporated herein by this
16 reference; and

17 WHEREAS, The Property is currently used as a self-storage business with
18 approximately 900 month-to-month self-storage occupants, each occupying the Property
19 under a "Storage Agreement"; and

20 WHEREAS, Concurrent with City's acquisition of the Property, City intends to lease
21 the Property back to Seller at the nominal lease rate of \$1,000 per month ("Leaseback") for
22 a period of up to six months, for the sole purpose of providing Seller enough time to
23 terminate the Storage Agreements and relocate the self-storage occupants to alternative
24 space; and

25

1 WHEREAS, \$5,000,000 or “Performance Guarantee” will be held in escrow at
2 Closing until the earlier to occur of: (i) Seller has terminated all Storage Agreements and
3 delivers the Property to the City free clear of any leasehold or other encumbrances,
4 including the Storage Agreements, and remaining personal property, at which time the
5 Performance Guarantee will be released to Seller; or (ii) six months after the Closing,
6 whereby City will have the right to keep the Performance Guarantee, as liquidated damages,
7 if Seller fails to remove all occupants and encumbrances at the Property; now, therefore, be
8 it

9 RESOLVED, That in accordance with the recommendation of the Police Chief of the
10 SFPD and the Director of Property, the Board of Supervisors approves the Purchase
11 Agreement in substantially the form presented to the Board, and authorizes the Director of
12 Property, with consultation through the Office of the City Attorney and the SFPD, to take all
13 actions necessary or appropriate to acquire the Property in accordance with the Purchase
14 Agreement, subject to future authorization of COPs or other forms of indebtedness and
15 other the conditions set forth in the Purchase Agreement; and, be it

16 FURTHER RESOLVED, That Board confirms the findings made by the Planning
17 Department in the Planning Letter, including General Plan consistency findings; and, be it

18 FURTHER RESOLVED, That SFPD has legal authority, is willing, and is in a position
19 financially and otherwise to assume immediate care and maintenance of the Property, and
20 that the Police Chief and the Director of Property are authorized and urged to accept the
21 deed to the Property from the Seller upon the closing in accordance with the terms and
22 conditions of the Purchase Agreement, subject to the availability of funding in an amount
23 equal to or greater than the Purchase Price to be authorized through future legislation, and
24 to take any and all steps (including, but not limited to, the execution and delivery of any and
25 all certificates, agreements, notices, consents, escrow instructions, the Leaseback, closing

1 documents, and other instruments or documents) as the Director of Property, with
2 consultation from the Office of the City Attorney, deems necessary or appropriate in order to
3 acquire the Property under the Purchase Agreement, or to other effectuate the purpose and
4 intent of this Resolution, such determination to be conclusively evidenced by the execution
5 and delivery by the Director of Property of any such documents; and be it

6 FURTHER RESOLVED, That within thirty (30) days of the City acquiring the
7 Property, the Director of Property shall provide a copy of the fully executed Purchase
8 Agreement to the Clerk of the Board for inclusion into the official file.

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RECOMMENDED:
SAN FRANCISCO POLICE DEPARTMENT

William Scott
Chief of Police
San Francisco Police Department

REAL ESTATE DIVISION

Andrico Q. Penick
Director of Property