

# **Deed Amendment Between the Koret Foundation, as Grantor's Successor-in-Interest, and the City and County of San Francisco, as Grantee**

**September 30, 2020  
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Real Estate Services**

# City Property





# Description of City Property

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- .96 acres of SFPUC Parcel No. 22 in South San Francisco, California acquired from Spring Valley Water Company in 1930
- Serves as a utility right-of-way improved with SFPUC's Bay Division Pipelines 3 & 4 linking Hetch Hetchy with the City and County of San Francisco
- Serves as an integral part of the Koret Foundation's adjacent Clubview Apartment Complex, a market-rate housing complex built in 1964.

# Background

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- The City purchased City Property from Spring Valley Water Company in 1930, which was subject to the original deed between the Spring Valley Water Company and the Baden Company (Baden Deed)
- In 1964, Koret constructs the Clubview Apartments adjacent to the City Property.
- For decades, the City has leased the surface of the City property to Koret for Clubview's landscaping, on-site circulation, access, and parking because Koret and City understood these rights to be in excess of the rights granted to Koret under the deed.
- Koret's most recent lease from the City expired on March 31, 2020.

# Why a Deed Amendment?

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- While negotiating a lease renewal, SFPUC concludes that all of Koret's rights under the former lease, except for parking, were granted under the Baden Deed.
- Koret's rights under the Baden Deed and City's limited surface rights significantly reduce the value of parking on the City Property.
- SFPUC concludes that an amendment to the Baden Deed granting Koret the right to park in exchange for certain additional rights to the City would be more appropriate than a new lease.

# New Right Granted to Koret

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- The proposed Deed Amendment grants the Koret Foundation the incremental right to park on City's Property.

# New Rights Granted to City

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The proposed Deed Amendment grants to City:

- Improved access to the City Property;
- Subordination of Koret's use of the City Property to the City's use;
- Express contractual indemnification from Koret;
- Greater protection of the City's pipelines through new review and approval rights; and
- No City obligation to restore Koret's improvements if damaged in connection with the City's repair and improvement of its pipelines.

# Economic Analysis Conclusion

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The SFPUC engaged the services of Century Urban, an economic and land use consulting firm, to evaluate the rights exchanged in the Amended Deed to ensure the City is not transferring net material value to Koret.

Century Urban concluded that no identifiable, material net value is transferred between the parties to the Amended Deed.



# QUESTIONS

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Any ?