

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 17-0028

WHEREAS, By Resolution No. 15-0241 on November 10, 2015, this Commission approved a Memorandum of Understanding (MOU) with the General Services Agency (GSA)'s Office of Contract Administration (OCA) of the City and County of San Francisco (City) and the GSA's Real Estate Division (RED), establishing the terms and conditions of the jurisdictional transfer of the property at 1800 Jerrold in San Francisco (1800 Jerrold) to the SFPUC, OCA and RED, agreeing to incur costs and pay OCA the total amount of \$73,700,000 to accomplish the jurisdictional transfer of 1800 Jerrold to the SFPUC, provided that OCA agrees to obtain or construct the necessary functionally equivalent facilities for Central Shops, and relocate by June 2018; and

WHEREAS, By Resolution 15-0265 on December 8, 2017, this Commission approved revisions to the MOU, and authorized SFPUC to enter into transactions to acquire the property interests necessary for the relocation of Central Shops, subject to Board of Supervisors approval. On December 22, 2015, the Board of Supervisors (Board File No. 151215) authorized the SFPUC to undertake the following property transactions to acquire sites for the replacement facilities for Central Shops: execution and acceptance of a ten-year lease by and between the City and Four Fifty Toland, LLC for a leased site at 450 Toland Street (Leased Site) with an initial rental amount of \$735,600 per year; the execution and acceptance of a Purchase and Sale Agreement by and between the City and the Selby and the Hudson Corporation, for the real property located at 555 Selby Street for \$6,300,000; the execution and acceptance of a Purchase and Sale Agreement by and between the City and W.Y.L. Five Star Service Industries, Inc. for the real property located at 1975 Galvez Avenue for \$5,000,000; and

WHEREAS, The purchased properties at 555 Selby Street and 1975 Galvez Street are referred to as the Acquired Sites, and there are currently tenants in possession on both Sites; and

WHEREAS, On February 10, 2016, the Board of Supervisors (Board File No. 151226) authorized the jurisdictional transfer of the Leased and Acquired Sites to OCA, and the transfer of 1800 Jerrold Avenue to SFPUC, subject to the terms of the MOU, as revised, and authorized OCA to execute a Project Development Agreement with Oryx LLC for Phase I of the development, design and construction of Central Shops replacement facilities, provided that Board approval is required for authorization to proceed with Phase II of the Agreement for construction; and

WHEREAS, On February 18, 2016, the Board of Supervisors (Board File No. 160021) authorized the appropriation of SFPUC funds in the amount of \$62,200,000 in FY 2015-16 for use by OCA to construct the new Central Shops facilities; and

WHEREAS, The Director of Property has determined that an amount not to exceed \$2,200,000 is required to obtain possession of the Acquired Sites; and

WHEREAS, Public Works has determined the negotiated Guaranteed Maximum Price (GMP) for Phase 2 of the Project Development Agreement is \$5,200,000 more than estimated due to development of design details, unforeseen site conditions, higher bids, escalation and expedited schedule costs due to site control delays; and

WHEREAS, SFPUC will designate \$250,000 for the relocation of existing PG&E service and a \$2,025,000 project contingency; and

WHEREAS, SFPUC staff, together with staff of GSA and PW negotiated the terms of the Amendment No. 1 to the MOU, (Amended MOU) on file with the Commission Secretary for this agenda item, which provides for revisions to certain specified terms and conditions of the proposed jurisdictional transfers; and

WHEREAS, The MOU, as so amended, provides that the SFPUC, GSA and PW will seek the approval by the Board of Supervisors and the Mayor, as required to implement the Central Shops jurisdictional transfer and Central Shops project construction and

WHEREAS, On October 28, 2015, the Environmental Review Officer determined the proposed jurisdictional transfer of 1800 Jerrold to the SFPUC is categorically exempt as Class 32: In-Fill Development categorical exemption under section 15332 of the California Environmental Quality Act (CEQA); now, therefore, be it

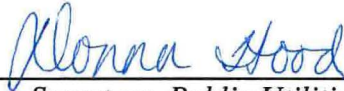
RESOLVED, That this Commission authorizes the General Manager to enter into the Amendment No. 1 to the MOU with OCA and RED, in substantially the form on file with the Commission Secretary, establishing the terms of the jurisdictional transfer of 1800 Jerrold in exchange for payment of not to exceed \$82,278,429 (Transfer Price) from Project Number CWWSIPPRPL91 for relocation of Central Shops to functionally equivalent facilities, based upon the value determined by the City's Director of Property, subject to approval by the Board of Supervisors and the Mayor of the jurisdictional transfer of 1800 Jerrold to the SFPUC consistent with the terms of the Amended MOU, and approval of related actions necessary to implement the Amended MOU; and be it

FURTHER RESOLVED, That any deviation to this allocation of SFPUC funds transferred to OCA shall require the prior written approval of the SFPUC's General Manager; and be it

FURTHER RESOLVED, That this Commission authorizes the General Manager to seek the approval of the Mayor and the Board of Supervisors of an appropriation in the amount of \$8,578,429 from Wastewater Enterprise Project Number CWWSIPPRPL91 if necessary to implement the Amended MOU.

FURTHER RESOLVED, That this Commission approves the terms and conditions of Amendment No. 1 to the MOU and authorizes the General Manager of the SFPUC to execute Amendment No. 1 and enter into any amendments or modifications to the MOU, including without limitation, modification, addition, or deletion of exhibits and to enter into any related documents, instruments, memorandum, or other agreements reasonably necessary to consummate the transaction contemplated in the MOU, that the General Manager determines, in consultation with the City Attorney, are in the best interests of the City; do not materially increase the liabilities or obligations of the SFPUC or materially diminish the benefits to the SFPUC; are necessary or advisable to effectuate the purposes and intent of the MOU or this Resolution; and comply with all applicable laws, including the City Charter.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 14, 2017.



Secretary, Public Utilities Commission