

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 15-0265

WHEREAS, By Resolution No. 15-0241 on November 10, 2015, this Commission approved a Memorandum of Understanding (Initial 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 2017; and

WHEREAS, The Initial MOU provided that the SFPUC would retain jurisdiction over the properties to be purchased for the relocated facilities, subject to Central Shops' right to maintain jurisdiction over and use such properties for Central Shops' functions; and

WHEREAS, After November 10, 2015, the SFPUC, OCA and RED agreed that OCA, rather than the SFPUC, would acquire jurisdiction over the purchased properties and decided to revise the Initial MOU to address these new terms and conditions (Revised MOU); and

WHEREAS, On December 1, 2015, the SFPUC introduced a Resolution at the Board of Supervisors (Board File No. 151215) to authorize the 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 finding the proposed transactions are in conformance with the City's General Plan, and the eight priority policies of Planning Code, Section 101.1 (Proposed Resolution); and

WHEREAS, The purchased properties at 555 Selby Street and 1975 Galvez Street are referred to as the Acquisition Sites; and

WHEREAS, The SFPUC seeks to enter into the Leased Site and Acquisition Site transactions to further the proposed jurisdictional transfer of 1800 Jerrold, subject to the terms and conditions of the Revised MOU, and further subject to the final adoption of a proposed Ordinance authorizing the jurisdictional transfer of 1800 Jerrold (Proposed Ordinance) and the agreements to undertake development, design and construction of new improvements on the Acquisition Sites and the Leased Site. However, if the Board of Supervisors approves the Proposed Resolution, the SFPUC intends to execute the Lease and the Purchase and Sale Agreements for SFPUC Wastewater Enterprise purposes, and such action is not contingent on final approval of the Proposed Ordinance; and

WHEREAS, If both the Proposed Resolution and the Proposed Ordinance become effective, the Acquisition Sites acquired by the City for the relocation of Central Shops will be placed under the jurisdiction of GSA, subject to one condition. If Central Shops fails to occupy, vacates, or ceases to use the acquired property for Central Shop functions (Triggering Event), however, GSA must pay to the SFPUC within thirty (30) days after the Triggering Event a sum equal to the unamortized value of the Acquisition Sites. The amortization schedule shall be straight-line depreciation of land and improvements over thirty (30) years, commencing on the date of receipt of Temporary Certificate of Occupancy, with a first year value of \$50,000,000; and

WHEREAS, SFPUC staff, together with staff of GSA's Real Estate Division (RED), has negotiated the terms of the Revised MOU, on file with the Commission Secretary for this agenda item, which provides for the terms and conditions of the proposed jurisdictional transfers; and

WHEREAS, The Revised MOU provides that the SFPUC and OCA will seek the approval by the Board of Supervisors and the Mayor of a jurisdictional transfer of 1800 Jerrold to the SFPUC, subject to the terms and conditions of the Revised MOU and the Proposed Ordinance; and

WHEREAS, On October 28, 2015 the Planning Department determined that this MOU is categorically exempt from CEQA as Class 32: In-Fill Development categorical exemption under CEQA section 15332. This MOU was approved by this Commission on November 10, 2015, Resolution No. 15-0241, and this modification to the MOU has no physical effect on the environment. now, therefore, be it

RESOLVED, That this Commission authorizes the General Manager to enter into the Revised 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 \$73,700,000 (Transfer Price) from Project Number CWWSIPRPL91 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 transfers of 1800 Jerrold to the SFPUC and the Acquisition Sites to GSA consistent with the terms of the Related MOU, and approval of related actions necessary to implement the Revised MOU; and be it

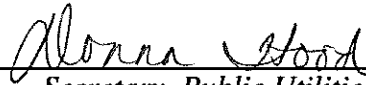
FURTHER RESOLVED, The SFPUC shall have no obligation to pay any amount above the Transfer Price to OCA for the right to assume jurisdiction and occupy 1800 Jerrold and jurisdiction over the Acquired Sites. Any changes to the cost of acquisitions, lease or construction necessary to achieve the jurisdictional transfer of 1800 Jerrold and the relocation schedule, will be the sole responsibility of OCA; and be it

FURTHER RESOLVED, That the SFPUC funds transferred to OCA are anticipated to be expended in the following manner: (i) \$11,500,000 shall be expended for the acquisition of the Acquired Sites; (ii) \$6,900,000 shall be expended toward the ten-year lease of Leased Site; and (iii) \$55,300,000 shall be expended for the construction of a new one-story maintenance shop building at the Acquired Sites, tenant improvements at the Leased Site and relocation costs; 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 approves the terms and conditions of the Revised MOU and authorizes the General Manager of the SFPUC to execute the Revised MOU and enter into any amendments or modifications to the Revised 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 Revised 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 Revised 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 December 8, 2015.



Secretary, Public Utilities Commission