

1 [Conditional Land Disposition and Acquisition Agreement - Potential Exchange of 639 Bryant  
2 Street for 2000 Marin Street]

3 **Resolution approving a Conditional Land Disposition and Acquisition Agreement**  
4 **with 2000 Marin Property, L.P. for the City's future transfer of real property at 639**  
5 **Bryant Street (Assessor's Parcel Block No. 3777, Lot No. 052) under the jurisdiction of**  
6 **the San Francisco Public Utilities Commission (SFPUC) in exchange for real property**  
7 **at 2000 Marin Street (Assessor's Parcel Block No. 4346, Lot No. 002), subject to**  
8 **several conditions, including the reimbursement of certain SFPUC costs; finding that**  
9 **the Agreement is a conditional land acquisition agreement under**  
10 **California Environmental Quality Act Guidelines, Section 15004(b)(2)(A), and City's**  
11 **discretionary approval after the completion of environmental review.**

12  
13 WHEREAS, The City and County of San Francisco, under the jurisdiction of the San  
14 Francisco Public Utilities Commission ("SFPUC"), owns certain real property known as 639  
15 Bryant Street, Assessor's Parcel Block No. 3777, Lot No. 052 (the "City Property"), an  
16 approximately 1.37 acre parcel improved with a warehouse and parking lot, that is used for  
17 heavy equipment and materials storage, parking, construction staging, and other related  
18 purposes; and

19 WHEREAS, The SFPUC leases adjacent property at 651 Bryant Street,  
20 Assessor's Parcel Block No. 3777, Lot No. 050 (the "City Leased Premises"), for related  
21 office and warehouse purposes under a lease that expires in October 2019, but with a right to  
22 extend the lease for 10 years; and

23 WHEREAS, 2000 Marin Property, L.P., a Delaware limited partnership ("Developer"),  
24 owns certain real property known as 2000 Marin Street, Assessor's Parcel Block No. 4346,  
25

1 Lot No. 002 (“2000 Marin”), an approximately 7.98-acre parcel with a 74,000 square-foot  
2 building built in 1989; and

3 WHEREAS, Developer proposes to acquire the City Property in exchange for 2000  
4 Marin, and seeks to develop a mixed-use project on the City Property, the City Leased  
5 Premises, and other adjacent parcels with approximately 923,000 square feet of office, 73,000  
6 square feet of residential/PDR, 80,000 square feet of residential, and a 40,000 square-foot  
7 public plaza (the “Development Project”); and

8 WHEREAS, On April 17, 2018, the Board of Supervisors adopted Resolution  
9 No. 115-18 (File No. 180370) supporting negotiations for a potential exchange of the City  
10 Property for 2000 Marin, subject to City analysis and approvals following any required  
11 environmental review; and

12 WHEREAS, In 2011, the San Francisco Planning Department began a multi-year  
13 public and cooperative interagency planning process for the Central SOMA Plan (Planning  
14 Department Case No. 2011.1356EMTZU); and

15 WHEREAS, The Central SOMA Plan was recommended for approval by the Planning  
16 Commission on May 10, 2018 and requires approval by the Board of Supervisors to become  
17 effective; and

18 WHEREAS, Developer and the City have negotiated a Conditional Land Disposition  
19 and Acquisition Agreement, a copy of which is on file with the Clerk of the Board of  
20 Supervisors in File No. 180550 (the “Agreement”), which, upon the satisfaction of certain  
21 conditions, provides for (a) the exchange of the City Property for 2000 Marin; (b) the SFPUC’s  
22 obligation to reimburse Developer for the costs of new temporary utility yard facilities  
23 (“Temporary SFPUC Facility”) to be constructed by Developer for the SFPUC on a portion of  
24 2000 Marin from a proposed short-term lease to Kilroy Realty Corporation, a Maryland  
25 corporation, or one of its affiliates (collectively, “Kilroy”) of the remaining portion of 2000 Marin

1 or from an alternative revenue source; and (c) Developer's obligations (the "Additional  
2 Developer Consideration") to (i) relocate the SFPUC's personal property, at the Developer's  
3 cost, from the City Property and the City Leased Premises to 2000 Marin; (ii) relocate a  
4 SFPUC hydrogen peroxide tank from the City Property to a nearby location, at the  
5 Developer's cost; (iii) construct or place the new "Temporary SFPUC Facility" for the SFPUC  
6 on a portion of 2000 Marin; and (iv) pay the SFPUC for certain transactional costs the SFPUC  
7 has incurred in connection with the proposed property exchange; and

8 WHEREAS, The Agreement provides that Developer's proposed lease to Kilroy of a  
9 portion of 2000 Marin is subject to approval by the SFPUC Commission; and

10 WHEREAS, The SFPUC intends that any such lease of 2000 Marin will be short-term  
11 because the SFPUC intends to occupy and use the entirety of the 2000 Marin in the long term  
12 for utility yard purposes; and

13 WHEREAS, The Agreement does not require the City to approve the Central SOMA  
14 Plan or any proposed development, including any development of the City Property or 2000  
15 Marin; and

16 WHEREAS, The City has not yet completed environmental review under the California  
17 Environmental Quality Act ("CEQA") (California Public Resources Code, Sections 21000 *et*  
18 *seq.*) for the Central SOMA Plan, but the environmental review that is being performed will  
19 include analysis of potential uses of and development controls applicable to the City Property  
20 and adjoining parcels; and

21 WHEREAS, The City's obligation to complete the property exchange is conditioned on,  
22 among other things, the City's approval of the property exchange at its sole discretion  
23 following the completion of all required environmental review; and

24 WHEREAS, 2000 Marin has soil contamination stemming from former uses that is  
25 subject to regulation by the State of California Department of Toxic Substance Control; and

1           WHEREAS, Assessment of the environmental remediation costs that the SFPUC  
2 would incur regarding the SFPUC's future development and use of 2000 Marin is a condition  
3 of closing of the property exchange; and

4           WHEREAS, Developer's obligation to complete the property exchange is conditioned  
5 on, among other things, the receipt of all governmental approvals necessary for Developer to  
6 proceed with the Developer Project, including zoning changes, and the City's waiver or  
7 reduction of certain development impact fees in exchange for Developer's dedication of a  
8 public plaza to the City as part of the Developer Project; and

9           WHEREAS, The City will review and consider each of the environmental review  
10 documents that relate respectively to the Central SOMA Plan, the Developer Project, and the  
11 City's plan to develop and use 2000 Marin (individually, a "Project" and collectively, the  
12 "Projects") before deciding whether to approve each Project, including any associated  
13 rezoning, Municipal Code or General Plan amendments or waivers, and design, demolition,  
14 and building permits; and

15           WHEREAS, The City retains absolute discretion to: (a) require modifications in one or  
16 more of the Projects to mitigate significant adverse environmental impacts; (b) select feasible  
17 alternatives that avoid significant adverse impacts of one or more of the Projects; (c) require  
18 the implementation of specific measures to mitigate the significant adverse environmental  
19 impacts of one or more of the Projects, as identified through environmental review; (d) reject  
20 all or part of one or more of the Projects as proposed if the economic and social benefits of  
21 the Project do not outweigh otherwise unavoidable significant adverse impacts of that Project;  
22 and (e) approve one or more of the Projects upon a finding that the economic and social  
23 benefits of the Project outweigh otherwise unavoidable significant adverse environmental  
24 impacts of that Project; and

1           WHEREAS, Although the City has obtained appraisals of the City Property at  
2 \$63,875,000 and 2000 Marin at \$63,600,000, the combined value of 2000 Marin and the  
3 Additional Developer Consideration currently exceed the value of the City Property; and

4           WHEREAS, The Board understands and agrees that if the combined value of 2000  
5 Marin and the Additional Developer Consideration exceed the value of the City Property, the  
6 excess value shall be deemed a gift by Developer to the City; and

7           WHEREAS, After completion of environmental review and before closing of the  
8 property exchange, if any, the Agreement requires the Board of Supervisors and the Mayor,  
9 each at their respective sole and absolute discretion, to approve the property exchange; and

10           WHEREAS, On July 10, 2018, the SFPUC, by Commission Resolution No. 18-0121,  
11 authorized the General Manager of the SFPUC to execute the Agreement, subject to approval  
12 by the Board of Supervisors; and

13           WHEREAS, Entering into the Agreement with Developer is in the City's best interest,  
14 and the SFPUC has found in Resolution No. 18-0121 that (a) the existing space at the City  
15 Property will not meet the SFPUC's anticipated future utility yard operational needs, so either  
16 expansion of the existing facility or securing a replacement facility will be necessary in the  
17 near future and (b) the 2000 Marin is expected to result in improved and more integrated  
18 SFPUC utility operations on a site that is five times larger than the City Property, with  
19 excellent access to transportation routes, and therefore, if all of the conditions for the  
20 proposed property exchange are satisfied, acquisition of 2000 Marin would render the City  
21 Property surplus to the SFPUC's utility needs; and

22           WHEREAS, The proposed use of the City Property by Developer may yield more  
23 appropriate land uses within the Central SOMA Plan Area; and  
24  
25

1           WHEREAS, This resolution is not an approval of any of the Projects or a commitment  
2 to proceed with the property exchange, and this resolution does not constitute an "Approval,"  
3 as that term is defined by CEQA Guidelines, Section 15352; now, therefore, be it

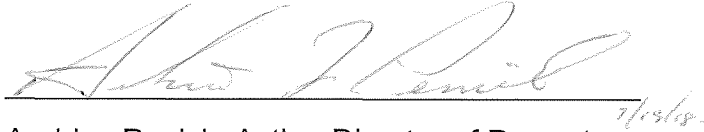
4           RESOLVED, That the Board of Supervisors finds that the Agreement is a conditional  
5 land acquisition agreement as described in CEQA Guidelines, Section 15004(b)(2)(A), and  
6 closing is conditioned on City's discretionary approval of the property exchange following the  
7 completion of environmental review; and, be it

8           FURTHER RESOLVED, That the Board of Supervisors hereby approves the  
9 Agreement and authorizes the execution and performance of the Agreement by the Director of  
10 Property and the SFPUC General Manager in substantially the form presented to the Board in  
11 File No. 180550, together with any other documents that are necessary or advisable to  
12 effectuate the proposed property exchange subject to satisfaction of each of the conditions in  
13 the Agreement, including the City's subsequent discretionary approval; and, be it

14           FURTHER RESOLVED, Nothing in this resolution limits the discretion of the Board with  
15 respect to the approval or rejection of any of the Projects, and the Board of Supervisors  
16 understands that conditions for the benefit of Developer, including the issuance of project  
17 approvals for the Development Project, may be waived by Developer.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

RECOMMENDED:



Andrico Penick, Acting Director of Property



Harlan L. Kelly, Jr., General Manager, SFPUC



# City and County of San Francisco

## Tails Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 180550

**Date Passed:** July 24, 2018

Resolution approving a Conditional Land Disposition and Acquisition Agreement with 2000 Marin Property, L.P. for the City's future transfer of real property at 639 Bryant Street (Assessor's Parcel Block No. 3777, Lot No. 052) under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC) in exchange for real property at 2000 Marin Street (Assessor's Parcel Block No. 4346, Lot No. 002), subject to several conditions, including the reimbursement of certain SFPUC costs; finding that the Agreement is a conditional land acquisition agreement under California Environmental Quality Act Guidelines, Section 15004(b)(2)(A), and City's discretionary approval after the completion of environmental review.

July 18, 2018 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

July 18, 2018 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

July 18, 2018 Government Audit and Oversight Committee - RECOMMENDED AS AMENDED

July 24, 2018 Board of Supervisors - ADOPTED

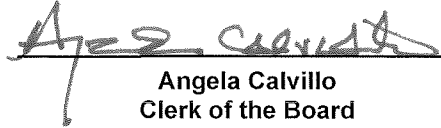
Ayes: 9 - Cohen, Brown, Kim, Mandelman, Peskin, Ronen, Safai, Stefani and Yee

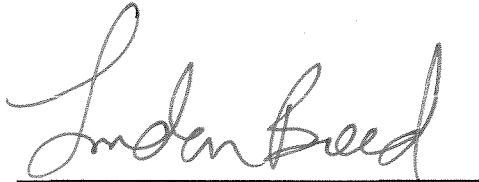
Excused: 2 - Fewer and Tang



File No. 180550

I hereby certify that the foregoing  
Resolution was ADOPTED on 7/24/2018 by  
the Board of Supervisors of the City and  
County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
London N. Breed  
Mayor

  
Date Approved