

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

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

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

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

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

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

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

22 WHEREAS, Concurrent with City's acquisition of the Property, City intends to lease
23 the Property back to Seller at the nominal lease rate of \$1,000 per month ("Leaseback") for
24 a period of up to six (6) months, with an option to extend for an additional 3 (three) months,
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1 for the sole purpose of providing Seller enough time to terminate the Storage Agreements
2 and relocate the self-storage occupants to alternative space; and

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

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

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

20 FURTHER RESOLVED, That SFPD has legal authority, is willing, and is in a position
21 financially and otherwise to assume immediate care and maintenance of the Property, and
22 that the Police Chief and the Director of Property are authorized and urged to accept the
23 deed to the Property from the Seller upon the closing in accordance with the terms and
24 conditions of the Purchase Agreement, subject to the availability of funding in an amount
25 equal to or greater than the Purchase Price to be authorized through future legislation, and

1 to take any and all steps (including, but not limited to, the execution and delivery of any and
2 all certificates, agreements, notices, consents, escrow instructions, the Leaseback, closing
3 documents, and other instruments or documents) as the Director of Property, with
4 consultation from the Office of the City Attorney, deems necessary or appropriate in order to
5 acquire the Property under the Purchase Agreement, or to other effectuate the purpose and
6 intent of this Resolution, such determination to be conclusively evidenced by the execution
7 and delivery by the Director of Property of any such documents; and be it

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

11 FURTHER RESOLVED, That, the Director of Property shall report back to the Board
12 of Supervisors in January 2020 on the plan for the City's use of 777 Brannan Street.

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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