

1 [Real Property - Office of the Chief Medical Examiner Relocation - 1 Newhall Street -
2 \$5,304,500]

3 **Resolution authorizing the execution and performance of an option to purchase the**
4 **approximately 33,000 square foot industrial building and land at 1 Newhall Street for**
5 **\$5,304,500 contained in a lease dated for reference December 20, 2006, by and between**
6 **1 Newhall, LLC, as Landlord, and the City and County of San Francisco as tenant;**
7 **adopting findings under the California Environmental Quality Act and adopting findings**
8 **that the conveyance is consistent with the City's General Plan and Eight Priority**
9 **Policies of City Planning Code Section 101.1.**

10
11 WHEREAS, The City was directed by an arbitration award to relocate the Department
12 of Public Health, Laguna Honda Hospital laundry facility, which was due to be closed in the
13 reconstruction of the hospital; and,

14 WHEREAS, The City negotiated a 10 year lease for an approximately 33,000 square
15 foot warehouse at 1 Newhall Street for that purpose; and,

16 WHEREAS, Contained within said lease is an Option to Purchase the property at a
17 base price of \$5,000,000, within the first four years of the lease with the price to be increased
18 by any increases in the Consumer Price Index (CPI) for all Urban Consumers (base years
19 1982-1984 = 100) for the San Francisco-Oakland-San Jose area on each anniversary of the
20 commencement date of the lease, with a minimum annual increase of 3% should the CPI
21 increase be less than 3%; and,

22 WHEREAS, A negotiated settlement was reached between the City and the Union
23 representing the laundry workers which resulted in a stipulated modification of the arbitration
24 award commanding the Department of Public Health to open a laundry facility; and,

1 WHEREAS, A copy of the Lease containing the Option to Purchase the property
2 between the City, as Tenant, and 1 Newhall, LLC, as Landlord, is on file with the Clerk of
3 the Board of Supervisors under File No. _____; and,

4 WHEREAS, The City's Office of the Chief Medical Examiner of the General Services
5 Agency is located in a portion of the Hall of Justice at 850 Bryant that will require either
6 significant improvements in the coming years or require expansion in order to maintain
7 standards required for certification with the National Association of Medical Examiners
8 (NAME), and the property at 1 Newhall Street presents an opportunity for a replacement
9 facility meeting NAME standards; and,

10 WHEREAS, The City exercised its Option to Purchase the Property at \$5,304,500 on
11 January 28, 2010 and has proceeded with its due diligence in the purchase of the property,
12 identifying no objectionable items as a result of that due diligence effort: and,

13 WHEREAS, The Planning Department, through General Plan Referral Letter dated
14 March 17, 2011, which is on file with the Clerk of the Board of Supervisors under File No.
15 _____, has verified that the acquisition of 1 Newhall Street pursuant to the Option
16 to Purchase is consistent with the General Plan and the Eight Priority Policies under the
17 Planning Code Section 101.1 and that the acquisition of the property is Categorically Exempt
18 from Environmental Review under CEQA Guidelines Section 15060 (c) (2) – Nonphysical
19 project; and,

20 WHEREAS, A Summary Appraisal has been prepared by C B Richard Ellis, Valuation
21 and Advisory Services, in April of 2010 which indicates an as is-Fair Market Value for the
22 Leased Fee Estate on April 1, 2010 at \$5,270,000, the Acting Director of Property believes
23 that the Purchase Option price of \$5,304,500 is a fair and reasonable price to pay for the
24 property; now, therefore, be it
25

1 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
2 hereby finds that the exercising of the Option to Purchase and purchasing the property is
3 consistent with the General Plan and with the Eight Priority Policies of City Planning Code
4 Section 101.1 for the same reasons as set forth in the letter of the Director of Planning, and
5 hereby incorporates such findings by reference as though fully set forth in this Resolution;
6 and, be it

7 FURTHER RESOLVED, That in accordance with the recommendations of the Acting
8 City Administrator and the Acting Director of Property, the Board of Supervisors hereby
9 approves the purchase of property and the transaction contemplated thereby in substantially
10 the form of such Purchase Option presented to this Board; and, be it

11 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
12 with respect to the Agreement are hereby approved and ratified; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Acting
14 Director of Property to complete the purchase of 1 Newhall Street as contemplated in the
15 Purchase Option, and to perform all acts required of the City thereunder; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors authorizes the Acting
17 Director of Property to enter into any additions, amendments or other modifications to the
18 Agreement (including, without limitation, the attached exhibits) that the Acting Director of
19 Property determines, in consultation with the City Attorney, are in the best interest of the
20 City, that do not increase the purchase price for the Property or otherwise materially
21 increase the obligations or liabilities of the City, are necessary or advisable to complete the
22 transaction contemplated in the Purchase Option and effectuate the purpose and intent of
23 this Resolution, and are in compliance with all applicable laws, including the City's Charter;
24 and, be it

FURTHER RESOLVED, That the Acting Director of Property (or his designee) is hereby authorized and urged, in the name and on behalf of the City and County, to accept the deed to the Property from the Seller upon the closing in accordance with the terms and conditions of the Purchase Option, and to take any and all steps (including, but not limited to, the execution and delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing documents and other instruments or documents) as the Acting Director of Property deems necessary or appropriate in order to consummate the purchase of the Property pursuant to the Purchase Option, or to otherwise effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Acting Director of Property (or his designee) of any such documents; and, be it

FURTHER RESOLVED, That all actions authorized and directed by this Resolution and heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors.

Contingent Upon the approval of Funding
in the FY 11-12 Budget

RECOMMENDED:

Acting City Administrator

Acting Director of Property