

1 [Option Agreement - Purchase the Hoedown Yard - Illinois and 22nd Streets - \$8,283,726]

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3 **Resolution approving an option agreement to Purchase the Hoedown Yard at the**
4 **northeast corner of Illinois and 22nd Streets from Pacific Gas and Electric Company for**
5 **\$63.37 per square foot or approximately \$8,283,726.**

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7 WHEREAS, Pacific Gas & Electric (“PG&E”) proposes to construct a new, single
8 circuit, 230 kV transmission line between its Embarcadero Substation and its Potrero
9 Substation, along onshore and submerged land in the Port’s jurisdiction generally within the
10 area bounded by Pier 28½ and portions of the shoreline at the foot of 23rd Street (the
11 “Project”), to increase reliability of electric service to downtown San Francisco and provide
12 operational flexibility, as further described in the June 5, 2014, Port Commission staff report
13 on file with the Clerk of the Board of Supervisors in File No. 140750; and

14 WHEREAS, In consideration of the Port's agreement to enter into the License with
15 PG&E and City's agreement to enter into other agreements required for the Cable Project,
16 PG&E is granting City an exclusive and irrevocable option ("Option") to purchase
17 approximately 3 acres located at the northeast corner of Illinois and 22nd Streets (the “**Option**
18 **Property**”) for \$63.37 per square foot or approximately \$8,283,726, with the final price to be
19 established by a survey of the Option Property (the “**Purchase Price**”), on the terms set forth
20 in an Option Agreement and the attached form of Purchase and Sale Agreement on file with
21 the Clerk of the Board of Supervisors in File No. 140750; and

22 WHEREAS, On March 5, 2014, pursuant to Resolution No. 54-14, the Board of
23 Supervisors endorsed the Revised Term Sheet for the Project, including the terms for the
24 Option; and

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1 WHEREAS, The Department of Real Estate, in consultation with Port staff, negotiated
2 the Option consistent with the terms of Board of Supervisors Resolution 54-14; and

3 WHEREAS, City will exercise the Option and enter into the Purchase and Sale
4 Agreement with PG&E for the Option Property only if the Board of Supervisors has authorized
5 the exercise of the Option under one of the following circumstances: 1) the Option is
6 transferred to a third party that agrees to pay the full Purchase Price for and assumes all
7 environmental liabilities and other obligations related to the Option Property as described in
8 the Option; or 2) a City department proposes a public use for the Option Property that
9 conforms to regulatory requirements and has an identified funding source to pay the Purchase
10 Price; and

11 WHEREAS, On June 11, 2013, by Resolution No. 201-13, the Board of Supervisors
12 endorsed a Term Sheet between the Port and Forest City Development California, Inc.
13 (“Forest City”) for the mixed-use development of the Pier 70 Waterfront Site, bordered
14 generally by 20th Street, Michigan Street, 22nd Street, and the San Francisco Bay which
15 contemplated including rezoning of the Option Property in the planned Special Use District for
16 the Pier 70 Waterfront Site; and

17 WHEREAS, PG&E has granted its permission to the City and Forest City to rezone the
18 Option Property by its letter dated June 6, 2014, a copy of which is on file with the Clerk of the
19 Board of Supervisors in File No. 140750; and

20 WHEREAS, Resolution No. 54-14 indicates that net proceeds from the sale of the
21 Option to a third-party will be dedicated to the rebuild of the Potrero Terrace and Annex HOPE
22 VI rebuild project, subject to appropriation by the Board of Supervisors; now, therefore, be it

23 RESOLVED, That Board of Supervisors authorizes and directs the Director of Real
24 Estate to execute the Option Agreement in substantially the form on file with the Clerk of the
25 Board of Supervisors in File No. 140750, and in such final form as is approved by the Director

1 of Real Estate in consultation with the City Attorney, and, consistent with Resolution No. 54-
2 14, urges the Director of Real Estate to seek Board of Supervisors authorization to: 1) conduct
3 a competitive sale of the Option to a third party or to close the purchase of the Option
4 Property on behalf of a City department; and 2) to issue a report to the Board of Supervisors
5 that specifies the purchase price and measures to address site contamination within 30 days
6 after closing the sale of the Option to a third party or the purchase of the Option Property on
7 behalf of a City department; and, be it further

8 RESOLVED, That the Board of Supervisors authorizes the Director of Real Estate to
9 enter into other agreements, including easement agreements, necessary to facilitate the
10 Option, and to enter into any additions, amendments or other modifications to the Option,
11 including preparation and attachment of, or changes to, any or all of the attachments and
12 exhibits that the Director of Real Estate, in consultation with the City Attorney, determines are
13 in the best interests of the City, do not materially decrease the benefits or otherwise materially
14 increase the obligations or liabilities of the City, and are necessary or advisable to enable the
15 parties to effectuate the Option and the purpose and intent of this resolution, such
16 determination to be conclusively evidenced by the execution and delivery by the Director of
17 Real Estate of such other agreements, easement agreements and/or additions, amendments
18 or other modifications to the Option; and, be it further

19 RESOLVED, That within 30 days of the Option being fully executed by all parties the
20 Director of Real Estate shall provide the Option to the Clerk of the Board for inclusion in the
21 official file.

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