

1 [Real Property Acquisition - 814-820 Bryant Street, 444-6 Street, 450-6 Street, and 470-6  
2 Street - Various Owners - At Fair Market Value - Not to Exceed \$14,500,000]

3 **Resolution authorizing the acquisition of real property at 814-820 Bryant Street, 444-6**  
4 **Street, 450-6 Street, and 470-6 Street (Assessor’s Block No. 3759, Lot Nos. 009, 012,**  
5 **014, 043, and 045) from Lin Trust, Musso Trust, and Myung Chun, respectively; and the**  
6 **issuance of Commercial Paper Notes in an aggregate principal amount not to exceed**  
7 **\$14,500,000.**

8  
9 WHEREAS, Under Senate Bill 863, Chapter 37, Statutes of 2015 ("SB 863"), the State  
10 of California authorized the Board of State and Community Corrections (the "BSCC"), the  
11 California State Public Works Board (the "SPWB"), and participating counties to acquire,  
12 design and construct adult local criminal justice facilities approved by the BSCC; and

13 WHEREAS, SB 863 authorized the SPWB to issue up to \$500,000,000 in lease  
14 revenue bonds to finance the acquisition, design, renovation, and construction of approved  
15 adult local criminal justice facilities; and

16 WHEREAS, In 1992, the City and County of San Francisco (the "City") developed  
17 Seismic Hazard Ratings for over 200 of its public buildings on a scale from one to four, with  
18 four representing the most seismically deficient, and City’s Hall of Justice building at 850  
19 Bryant Street (the "HOJ") is a seismically deficient building that received a rating of three; and

20 WHEREAS, If the HOJ sustains significant damage due to a major seismic event, the  
21 estimated cost to relocate and transport inmates housed in County Jail No. 3 and County Jail  
22 No. 4 is estimated to be tens of millions of dollars, and replacing County Jail No. 3 and County  
23 Jail No. 4 has been a high priority of the City’s Ten-Year Capital Plan since its inception in  
24 2006; and

25

1           WHEREAS, This Board of Supervisors adopted a FY 2016-2025 Ten-Year Capital Plan  
2 on April 30, 2015, showing that the City could fully fund a replacement jail facility in an amount  
3 equal to \$278,000,000 with General Fund supported certificates of participation; and

4           WHEREAS, The replacement of County Jail No. 3 and County Jail No. 4 with a new  
5 Rehabilitation Detention Facility adjacent to HOJ (the “Proposed Facility”) is currently  
6 estimated to cost \$240,000,000; and

7           WHEREAS, On July 21, 2015, this Board of Supervisors adopted Resolution No. 261-  
8 15, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 150701 and  
9 is incorporated herein by reference, to adopt the Mitigated Negative Declaration and  
10 Mitigation Monitoring & Reporting Program and to authorize the City to submit an application  
11 for \$80,000,000 of SB 863 funds for the Proposed Facility; and

12           WHEREAS, On November 12, 2015, the BSCC delivered a conditional intent to award  
13 \$80,000,000 in SB 863 funds to City for the Proposed Facility (the “State Funds”), a copy of  
14 which is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_ and is  
15 incorporated herein by reference, a condition of award being the City’s subsequent timely  
16 acquisition of property necessary to construct the Proposed Facility; and

17           WHEREAS, The City has identified five separate lots (Lot Nos. 009, 012, 014, 043 and  
18 045), all within Assessor’s Block No. 3759 (the “Acquisition Sites”) as necessary to acquire in  
19 order to construct the Proposed Facility; and

20           WHEREAS, The Director of Property has commissioned independent appraisals of the  
21 Acquisition Sites, and the initial combined appraised values of the Acquisition Sites is  
22 \$14,350,000; and

23           WHEREAS, Under companion legislation on file with the Clerk of the Board of  
24 Supervisors in File No. 151174 (the “Companion Resolution”), which is incorporated herein by  
25 reference, this Board of Supervisors would authorize the execution and delivery of Certificates

1 of Participation on a tax-exempt or taxable basis evidencing and representing an aggregate  
2 principal amount of not to exceed \$215,000,000 to finance the costs of acquisition,  
3 construction and installation of certain additions and improvements for a rehabilitation  
4 detention facility to be located on property within the City; authorizing the issuance of  
5 commercial paper notes in advance of the delivery of the Certificates of Participation; and

6 WHEREAS, Pursuant to Charter, Section 9.113(e), the Board of Supervisors has the  
7 authority to borrow money on an interim basis through the issuance from time to time of its  
8 commercial paper notes (the "CP Notes"); and

9 WHEREAS, On March 17, 2009, the Board of Supervisors adopted Resolution No. 85-  
10 09, and on April 6, 2010, the Board of Supervisors adopted Resolution No. 136-10  
11 (collectively the "Program Resolutions") to establish a general fund backed commercial paper  
12 program with an initial authorization of not to exceed \$150,000,000 in aggregate principal  
13 amount of tax-exempt or taxable CP Notes (the "Program") to provide interim financing of the  
14 acquisition, construction and rehabilitation of capital improvements within or owned by the  
15 City, and the financing of vehicles and equipment; and

16 WHEREAS, On July 16, 2013, the Board adopted Resolution No. 247-13 to, among  
17 other purposes, increase the authorization of the Program to \$250,000,000 from  
18 \$150,000,000; and

19 WHEREAS, In order to pay the costs of the Acquisition Sites, the Board now desires to  
20 authorize the use of the CP Program, together with other available funds, to effect the  
21 purchases of the Acquisition Sites in an aggregate amount not to exceed \$14,500,000; and,  
22 consistent with applicable law, anticipates repayment of such CP Notes from subsequent  
23 delivery of Certificates of Participation; and

24  
25

1           WHEREAS, The Property shall be placed in the jurisdiction of San Francisco Public  
2 Works upon acquisition, until such time as the Proposed Facility is completed, at which time  
3 the jurisdiction shall automatically transfer to the Sheriff's Department; now, therefore, be it

4           RESOLVED, That in accordance with the recommendations of the Director of Property,  
5 the Board of Supervisors hereby authorizes City staff to take all actions necessary to acquire  
6 the Acquisition Sites consistent with standard form Purchase Agreements and at purchase  
7 prices no greater than Fair Market Value; and, be it

8           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
9 Property to complete the purchase of the Acquisition Sites and, working with and through the  
10 Director of Public Works, remediate the Acquisition Sites as necessary, using grant funds or  
11 other sources of funds, as they may be available as contemplated herein; and, be it

12           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
13 Property, in consultation with the City Attorney, to enter into any additions, amendments or  
14 other modifications to the standard form Purchase Agreements that the Director of Property  
15 determines are in the best interests of the City, do not materially increase the obligations or  
16 liabilities of the City or materially decrease the benefits to the City, and are in compliance with  
17 all applicable laws, including the City's Charter; and, be it

18           FURTHER RESOLVED, That the Director of Property is hereby authorized and urged,  
19 in the name and on behalf of the City and County, to accept the Deeds to the Acquisition Sites  
20 from their respective owners of record, in accordance with the negotiated Purchase  
21 Agreements, place the Acquisition Sites under the jurisdiction of Public Works until  
22 construction is complete and at that time transfer jurisdiction to the Sheriff's Department, and  
23 to take any and all steps (including, but not limited to, the execution and delivery of any and all  
24 certificates, agreements, notices, consents, escrow instructions, closing documents and other  
25 instruments or documents) as the Director of Property deems necessary or appropriate in

1 order to consummate the purchases of the Acquisition Sites pursuant to the negotiated  
2 Purchase Agreements, or to otherwise effectuate the purpose and intent of this Resolution,  
3 such determination to be conclusively evidenced by the execution and delivery by the Director  
4 of Property of any such documents; and, be it

5 FURTHER RESOLVED, That the Board hereby authorizes the Controller or the  
6 Director of the Office of Public Finance to issue CP Notes in an aggregate principal amount  
7 not to exceed \$14,500,000 to provide financing for the acquisition of the Acquisition Sites and  
8 to pay costs incurred in connection with the sale and delivery of the CP Notes; provided that  
9 the interest rate on any CP Notes shall not exceed the maximum rate permitted by law and  
10 the CP Notes shall mature not later than 270 days from the date of issuance although each  
11 certificate may be remarketed for a subsequent period(s) also not to exceed 270 days; and,  
12 be it

13 FURTHER RESOLVED, That the CP Notes will be executed and delivered under the  
14 financing and security documents approved by the Program Resolutions, and, consistent with  
15 applicable law, be repaid from the subsequent delivery of Certificates of Participation; and be  
16 it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes and directs the  
18 Clerk of the Board of Supervisors, the Director of Property, the Director of Public Finance, the  
19 Director of San Francisco Public Works and the Sheriff, and any other officer of the City  
20 involved in the jurisdictional assignment and transfer to take all action necessary or  
21 appropriate to effectuate the purpose of this Resolution.

22 \$14,500,000 available  
23 Subject to Board of Supervisor approval and issuance of  
24 \$215,000,000 Certificate of Participation for the  
25 Construction of the Rehabilitation Detention Facility in  
FY2015-2016.

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

---

Controller

RECOMMENDED:

---

Director of Property

RECOMMENDED:

---

Ross Mirkarimi  
Sheriff

n:\govern\as2014\1400390\00940554.doc