

1 [Real Property Acquisition - 814-820 Bryant Street, 444-6th Street, 450-6th Street and 470-6th
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 6th**
4 **Street, 450 6th Street and 470 6th 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.**

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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

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1 WHEREAS, This Board of Supervisors adopted a FY 2016-25 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. 151184 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 85-09,
10 and on April 6, 2010 the Board of Supervisors adopted Resolution 136-10 (collectively the
11 “Program Resolutions”) to establish a general fund backed commercial paper program with an
12 initial authorization of not to exceed \$150,000,000 in aggregate principal amount of tax-
13 exempt or taxable CP Notes (the “Program”) to provide interim financing of the acquisition,
14 construction and rehabilitation of capital improvements within or owned by the City, and the
15 financing of vehicles and equipment; and

16 WHEREAS, On July 16, 2013, the Board adopted Resolution 247-13 to, among other
17 purposes, increase the authorization of the Program to \$250,000,000 from \$150,000,000; and

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

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

1 RESOLVED, That in accordance with the recommendations of the Director of Property,
2 the Board of Supervisors hereby authorizes City staff to take all actions necessary to acquire
3 the Acquisition Sites consistent with standard form Purchase Agreements, give consideration
4 to the seller benefit of no transfer taxes applying to said acquisitions, and at purchase prices
5 no greater than Fair Market Value that in the aggregate do not exceed \$14,500,000; and, be it

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

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

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

1 such determination to be conclusively evidenced by the execution and delivery by the Director
2 of Property of any such documents; and, be it

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

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

15 FURTHER RESOLVED, That the Director of Property provide to the Clerk of the Board
16 of Supervisors a copy of each fully executed Purchase and Sale Agreement within five (5)
17 days after execution; and be it

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

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

Controller

RECOMMENDED:

Director of Property

RECOMMENDED:

Ross Mirkarimi
Sheriff

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