

# PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 15-0241

WHEREAS, In 1946, the City and County of San Francisco (City) Board of Supervisors passed Resolution No. 4744 (Series of 1939) requiring the City to purchase certain real property "for the construction, operation, and maintenance of the North Point Sludge Treatment Plant near Islais Creek," now commonly known as the Southeast Water Pollution Control Plant (Southeast Plant); and

WHEREAS, In 1946, pursuant to Resolution No. 4744 (Series of 1939) and specifically for the purposes of a sludge treatment plant, the City purchased Assessor's Block 5262 in its entirety [Resolution No. 5518 (Series of 1939)]; and

WHEREAS, Between 1946 and 1948, pursuant to Resolution No. 4744 (Series of 1939) and specifically for the purposes of a sludge treatment plant, the City purchased the portion of Assessor's Block 5270 east of the Southern Pacific Railroad tracks [ Resolution Nos. 5385, 5437 and 5963, and Ordinance No. 4849 (all Series of 1939)]; and

WHEREAS, Until August 1, 1996, the San Francisco Department of Public Works had jurisdiction over and maintained the City's wastewater system including all municipal sewage treatment and disposal systems and other related facilities located within the City; and

WHEREAS, Effective August 1, 1996, jurisdiction over the City's wastewater system, including sewerage facilities, assets and properties, including a portion of Assessor's Block 5262 was transferred to the SFPUC; and

WHEREAS, Since the mid-1960's, the City has maintained the Central Fleet Maintenance Shop (Central Shops), a facility providing repair services to the City's non-revenue vehicle fleet on a portion of Assessor' Block/Lot 5262-009, with an address of 1800 Jerrold Avenue (1800 Jerrold). The Office of Contract Administration (OCA) of the City's General Services Agency (GSA) has jurisdiction over 1800 Jerrold; and

WHEREAS, Employees and equipment of the City's Department of Technology (DT) also are located at 1800 Jerrold; and

WHEREAS, 1800 Jerrold is approximately 6.04 acres in size and located adjacent to the Southeast Plant, which the City owns under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC); and

WHEREAS, The Southeast Plant facilities are old, and substantial maintenance, repair and replacement is required. The SFPUC has an immediate need for additional space of at least six acres for storage of equipment and vehicles and temporary relocation of existing uses while it undertakes scheduled repair and replacement projects in the next two years. Many of the Southeast Plant's facilities have reached the end of their useful life and are in need of substantial and constant maintenance. In the longer term, the SFPUC anticipates a continuing need for more space for capital improvement wastewater treatment projects that are in the planning stages related to existing facilities and upgrades to the sewer system as part of its Sewer System Improvement Program, including the proposed Biosolids Digester Facilities Project, which is

currently undergoing separate environmental review. Due to the existing intense private sector competition for available industrial land in the City, particularly in proximity to the SFPUC's existing utility plants and facilities, the SFPUC now seeks to secure land necessary to support its current and future obligation to provide essential utility services; and

WHEREAS, OCA will consider consenting to a jurisdictional transfer of 1800 Jerrold to the SFPUC, provided that the OCA receives compensation to enable occupancy of functionally equivalent facilities and for necessary incurred relocation expenses; and

WHEREAS, SFPUC staff, together with staff of GSA's Real Estate Division (RED), has negotiated the terms of a Memorandum of Understanding (MOU), on file with the Commission Secretary for this agenda item, which provides for the terms and conditions of the proposed jurisdictional transfers; and

WHEREAS, The MOU provides that the SFPUC and OCA will seek the approval by the Board of Supervisors and the Mayor of a jurisdictional transfer of 1800 Jerrold to the SFPUC, subject to the terms and conditions of the MOU; and

WHEREAS, The City's Director of Property has determined the current fair market value of 1800 Jerrold is less than the reasonable and necessary expense required to relocate Central Shops to facilities that are functional equivalent to Central Shops' existing facilities, including property acquisition costs, rent, and development, design and construction of improvements for replacement facilities; and

WHEREAS, RED has identified an assemblage, through both leasing and purchase, of three separate properties, close to 1800 Jerrold: the proposed acquisition of 555 Selby and 1975 Galvez (Acquisition Sites) and a long-term lease of 450 Toland (Leased Site), as proposed replacement sites for Central Shops, and proposes to enter into agreements to develop, design and construct replacement facilities and tenant improvements, subject to Board of Supervisors approval; and

WHEREAS, On October 28, 2015, the Environmental Review Officer determined the proposed jurisdictional transfer of 1800 Jerrold to the SFPUC is categorically exempt as Class 32: In-Fill Development categorical exemption under section 15332 of the California Environmental Quality Act (CEQA). The Planning Department sent notification on October 13, 2015 of the project receiving environmental review and received no public comments by the end of the specified comment period; now, therefore, be it

RESOLVED, That this Commission authorizes the General Manager to enter into a MOU with OCA and RED, in substantially the form on file with the Commission Secretary, establishing the terms of the jurisdictional transfer of 1800 Jerrold in exchange for payment of \$73,700,000 (Transfer Price) from Project Number CWWSIPRPL91 for relocation of Central Shops to functionally equivalent facilities, based upon the value determined by the City's Director of Property, subject to approval by the Board of Supervisors and the Mayor of the jurisdictional transfer of 1800 Jerrold and the Acquisition Sites to the SFPUC consistent with the terms of the MOU, and approval of related actions necessary to implement the MOU; and be it

FURTHER RESOLVED, The SFPUC shall have no obligation to pay any amount above the Transfer Price to OCA for the right to assume jurisdiction and occupy 1800 Jerrold and jurisdiction over the Acquired Sites. Any changes to the cost of acquisitions, lease or

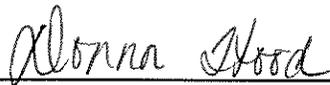
construction necessary to achieve the jurisdictional transfer of 1800 Jerrold and the relocation schedule, will be the sole responsibility of OCA ; and be it

FURTHER RESOLVED, That the SFPUC funds transferred to OCA are anticipated to be expended in the following manner: (i) \$11,500,000 shall be expended for the acquisition of the Acquired Sites; (ii) \$6,900,000 shall be expended toward the ten-year lease of Leased Site; and (iii) \$55,300,000 shall be expended for the construction of a new one-story maintenance shop building at the Acquired Sites, tenant improvements at the Leased Site and relocation costs; and be it

FURTHER RESOLVED, That any deviation to this allocation of SFPUC funds transferred to OCA shall require the prior written approval of the SFPUC's General Manager; and be it

FURTHER RESOLVED, That this Commission approves the terms and conditions of the MOU and authorizes the General Manager of the SFPUC to execute the MOU and enter into any amendments or modifications to the MOU, including without limitation, modification, addition, or deletion of exhibits and to enter into any related documents, instruments, memorandum, or other agreements reasonably necessary to consummate the transaction contemplated in the MOU, that the General Manager determines, in consultation with the City Attorney, are in the best interests of the City; do not materially increase the liabilities or obligations of the SFPUC or materially diminish the benefits to the SFPUC; are necessary or advisable to effectuate the purposes and intent of the MOU or this Resolution; and comply with all applicable laws, including the City Charter.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of November 10, 2015.*



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*Secretary, Public Utilities Commission*