

1 [Real Property Purchase - 450 Sixth Street - Multiple Party Ownership - \$2,403,333]

2

3 **Resolution authorizing the execution and acceptance of a Purchase and Sale**  
4 **Agreement by and between the City and Joan Spargo, in Trust, as Trustee of the "Stella**  
5 **Arnold 1987 Exempt Trust FBO Joan Spargo" dated April 4, 2001, as to an undivided**  
6 **3/8 interest; Walter A. Arnold, in Trust, as Trustee of the "Stella Arnold 1987 Exempt**  
7 **Trust FBO Walter A. Arnold" dated April 4, 2001, as to an undivided 3/8 interest;**  
8 **Kenneth Musso, as to an undivided 1/12 interest; David Musso, as to an undivided 1/12**  
9 **interest; and Arlene Ripley, as to an undivided 1/12 interest ("Seller"), for the real**  
10 **property located at 450 Sixth Street (Assessor's Parcel Block No. 3750, Lot No. 043) for**  
11 **\$2,403,333; and finding the proposed transactions are in conformance with the City's**  
12 **General Plan, and the eight priority policies of Planning Code, Section 101.1.**

13

14 WHEREAS, The Capital Planning Committee and Board of Supervisors have  
15 previously approved a Hall of Justice replacement project known as the Justice Facilities  
16 Improvement Project (JFIP); and

17 WHEREAS, The Board of Supervisors directed City staff in December of 2015 to  
18 pursue property acquisitions within Assessor's Parcel Block No. 3759 for purposes consistent  
19 with the JFIP; and

20 WHEREAS, 450 Sixth Street is Assessor's Parcel Block No.3759, Lot No. 43; and

21 WHEREAS, The acquisition of this property is key to the potential development of any  
22 project adjacent to existing Hall of Justice facilities consistent with the JFIP; and

23 WHEREAS, The Planning Department, through General Plan Referral letter dated May  
24 26, 2016, ("Planning Letter"), which is on file with the Clerk of the Board of Supervisors under  
25 File No. 160645, has verified that the City's acquisition of 450 Sixth Street is consistent with

1 the General Plan, and the eight priority policies under Planning Code, Section 101.1, and the  
2 acquisition was fully evaluated in the 850 Bryant Street – Hall of Justice Mitigated Negative  
3 Declaration, Planning Case No. 2014.0198E, upheld by the Board of Supervisors on July 21,  
4 2015, Motion No. 150702; and

5 WHEREAS, The Director of Property, in consultation with the Office of the City  
6 Attorney, negotiated the proposed Purchase and Sale Agreement for 450 Sixth Street  
7 (Assessor’s Parcel Block No. 3759, Lot No. 43), which is on file with the Clerk of the Board of  
8 Supervisors under File No. 160645 (the “Agreement”), with a purchase price of \$2,403,333  
9 (the “Purchase Price”); and

10 WHEREAS, The property is currently leased to Beauty Systems Group Inc., a  
11 Delaware Corporation (“Tenant”) through April 30, 2026 (the “Lease”, a copy of which is on file  
12 with the Clerk of the Board of Supervisors under File No. 160645) at a industrial gross rent of  
13 \$9,250 per month which will provide income to the City during the JFIP design and permitting  
14 process; and

15 WHEREAS, An independent MAI appraisal of 450 Sixth Street, by Carneghi and  
16 Partners Inc. in October 2015, determined that fair market value for the property to be  
17 acquired at \$2,750,000; now, therefore, be it

18 RESOLVED, That the Board of Supervisors hereby finds that the acquisition of 450  
19 Sixth Street is consistent with the City’s General Plan and Eight Priority Policies of Planning  
20 Code Section 101.1 and hereby incorporates such findings by reference as though fully set  
21 forth in this Resolution; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the purchase  
23 of the Property, as contemplated by the Purchase Agreement is consistent with the General  
24 Plan, and with the eight Priority Policies of Planning Code Section 101.1 and has been fully  
25 evaluated in the 850 Bryant Street – Hall of Justice Mitigated Negative Declaration for the

1 same reasons as set forth in the letter of the Department of City Planning, dated May 26,  
2 2016, and hereby incorporates such findings by reference as though fully set forth in this  
3 Resolution; and, be it

4 FURTHER RESOLVED, That in accordance with the recommendation of the Director  
5 of Property and Mayor, the jurisdiction of the Acquisition Site will be assigned upon close of  
6 escrow to Real Estate; and, be it

7 FURTHER RESOLVED, That the execution, delivery and performance of the  
8 Agreement is hereby approved and the Director of Property (or his designee) are hereby  
9 authorized to execute the Agreement, in substantially the form of Agreement referenced  
10 herein, on behalf of the City and any such other documents that are necessary or advisable to  
11 complete the transaction contemplated by the Agreement and effectuate the purpose and  
12 intent of this Resolution; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
14 Property (or his designee), in consultation with the City Attorney, to enter into any additions,  
15 amendments or other modifications to the Agreement and any other documents or  
16 instruments, including but not limited to an Assignment of Lease, necessary in connection  
17 therewith, that the Director of Property determines are in the best interests of the City, do not  
18 materially decrease the benefits to the City with respect to the Property, do not materially  
19 increase the obligations or liabilities of the City, and are necessary or advisable to complete  
20 the transaction contemplated in the Agreement and that effectuate the purpose and intent of  
21 this Resolution, such determination to be conclusively evidenced by the execution and  
22 delivery by the Director of Property (or his designee) of any such additions, amendments, or  
23 other modifications; and, be it

24  
25

1           FURTHER RESOLVED, That the Board of Supervisors authorizes the assignment of  
2 the Lease; and, be it

3           FURTHER RESOLVED, That all actions authorized and directed by this Resolution and  
4 heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors;  
5 and, be it

6           FURTHER RESOLVED, That the Director of Property shall provide the Clerk of the  
7 Board of Supervisors a fully executed copy of the Purchase and Sale Agreement within thirty  
8 (30) days of signature of same.

9

10

11

\$2,403,333 Available

12

13

---

Controller

14

Availability of funds for future fiscal years is subject to the enactment of the annual appropriation ordinance.

15

16

17

RECOMMENDED:

18

19

---

Director of Property

20

21

22

23

24

25