

AMENDED IN COMMITTEE

6/16/16

FILE NO. 160645

RESOLUTION NO. 263-16

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

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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. 3759, 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.**

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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

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

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

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

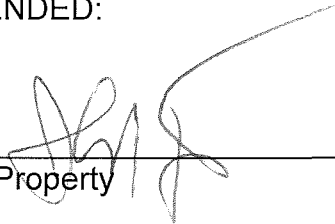
\$2,403,333 Available

Ray Stevenson for Ben Rosenfeld

Controller

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

RECOMMENDED:



Director of Property



City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 160645

Date Passed: June 28, 2016

Resolution authorizing the execution and acceptance of a Purchase and Sale Agreement by and between the City and Joan Spargo, in Trust, as Trustee of the "Stella Arnold 1987 Exempt Trust FBO Joan Spargo" dated April 4, 2001, as to an undivided 3/8 interest; Walter A. Arnold, in Trust, as Trustee of the "Stella Arnold 1987 Exempt Trust FBO Walter A. Arnold" dated April 4, 2001, as to an undivided 3/8 interest; Kenneth Musso, as to an undivided 1/12 interest; David Musso, as to an undivided 1/12 interest; and Arlene Ripley, as to an undivided 1/12 interest ("Seller"), for the real property located at 450 Sixth Street (Assessor's Parcel Block No. 3759, Lot No. 043) for \$2,403,333; and finding the proposed transactions are in conformance with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

June 16, 2016 Budget and Finance Committee - AMENDED

June 16, 2016 Budget and Finance Committee - RECOMMENDED AS AMENDED

June 28, 2016 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 160645

I hereby certify that the foregoing Resolution was ADOPTED on 6/28/2016 by the Board of Supervisors of the City and County of San Francisco.

Signature of Angela Calvillo
for Angela Calvillo
Clerk of the Board

Signature of Mayor
Mayor

7/6/16
Date Approved