



January 12, 2017

Honorable Board of Supervisors
 City and County of San Francisco
 City Hall, Room 244
 1 Carlton B. Goodlett Place
 San Francisco, CA 94102

Re: **Purchase and Sale Agreement – Sale of Three Residential Lots in Millbrae, California – Pradeep Gandhi and Gabriel Gonzalez or their Nominee - \$2,340,000**

Dear Board Members:

The City and County of San Francisco, through its Public Utilities Commission (SFPUC), has jurisdiction over the above-referenced property (Property). This letter describes the SFPUC’s efforts to market and solicit bids to sell the Property.

- In a written statement dated December 18, 2015, the Assistant General Managers for each of the Water, Wastewater and Power Enterprises declared that the Property is not essential to the SFPUC’s utility needs.
- On the SFPUC’s behalf, the City’s Real Estate Division (City RED) issued a request for bids from commercial real estate brokers to sell the Property and five other underutilized properties under the SFPUC’s jurisdiction. The SFPUC instructed City RED to select Colliers International (Broker) as the lowest responsible bidder from a three-bidder pool. City RED entered into an agreement with the Broker to market and assist the SFPUC in selling the properties.
- In the first half of 2016 on the SFPUC’s behalf, City RED complied with the reporting, notice, and other requirements of the California Surplus Property Statute (California Government Code Sections 54220 through 54233) and the San Francisco Surplus Property Ordinance (San Francisco Administrative Code Chapter 23A) with respect to the sale of the Property.
- Concurrently, the Broker marketed the Property for many weeks on commercial real estate platforms, posted signage on the Property, and produced offering memoranda and other marketing materials sent to potential buyers.
- Concurrently, the SFPUC ordered an appraisal from a Member of the Appraisal Institute to determine the Property’s fair market value. The MAI appraiser determined the Property’s value at \$2,040,000.

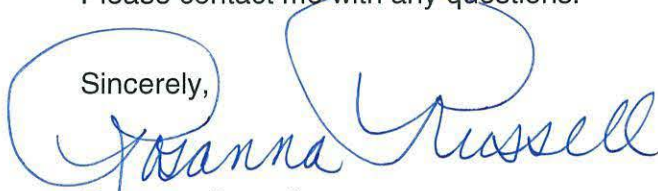
Edwin M. Lee
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Ann Moller Caen
 Commissioner
Francesca Vietor
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 Commissioner
Harlan L. Kelly, Jr.
 General Manager



- After statutory notice period expired on September 19, 2016, the SFPUC, through the Broker, solicited bids from prospective Property buyers between October 12, 2016 and October 27, 2016. The SFPUC received over seven bids; however, the SFPUC did not consider two of the bids as they were not timely submitted.
- Pradeep Gandhi and Gabriel Gonzalez (Buyer) together submitted the highest responsible bid at \$2,340,000.
- Thereafter, SFPUC staff and Buyer agreed to the terms and conditions of a Purchase and Sale Agreement (Agreement), where Buyer may assign the Agreement to a limited liability company or other company nominee. The Agreement is expressly subject to the approval of the SFPUC Commission, the Board of Supervisors and the Mayor.
- On December 13, 2016, the SFPUC Commission by Resolution 16-0264 determined that the Property is surplus to the SFPUC's operational needs, subject to the approval of the SFPUC Commission, the Board of Supervisors and the Mayor.

Please contact me with any questions.

Sincerely,



Rosanna Russell
Real Estate Director

cc: John Updike, City's Real Estate Division
Jeff Suess, City's Real Estate Director