

1 [Updated Conditional Property Exchange Agreement - EQX JACKSON SQ HOLDCO LLC -  
2 Potential Exchange of 530 Sansome Street for a Portion of 425-439 Washington Street]

3 **Resolution approving an updated Conditional Property Exchange Agreement (CPEA)**  
4 **with EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability company, for a**  
5 **proposed future transfer of City real property at 530 Sansome Street (Assessor's Parcel**  
6 **Block No. 0206, Lot No. 017) under the jurisdiction of the Fire Department in exchange**  
7 **for a portion of the real property at 425-439 Washington Street (Assessor's Parcel Block**  
8 **No. 0206, Lot Nos. 013 and 014), subject to several conditions, as defined herein; and**  
9 **finding that the CPEA is a conditional land acquisition agreement under California**  
10 **Environmental Quality Act Guidelines, Section 15004(b)(2)(A), and subject to City's**  
11 **discretionary approval after the completion of environmental review.**

12  
13 WHEREAS, The City and County of San Francisco, under the jurisdiction of the Fire  
14 Department, owns certain real property known as 530 Sansome Street, Assessor's Parcel  
15 Block No. 0206, Lot No. 017 (the "City Property"), an approximately 8,700 square foot  
16 parcel improved with Fire Station 13 which is a three-story stationhouse above one  
17 underground story of parking; and

18 WHEREAS, Pursuant to two Resolutions unanimously approved by this Board of  
19 Supervisors (Resolution Nos. 244-17 dated June 22, 2017, and 143-18 dated May 17,  
20 2018), the City issued a call for bids to develop the City Property consistent with existing  
21 zoning to maximize development density; provide for inclusionary housing fees and other  
22 revenues dedicated to the City's future affordable housing site at 772 Pacific Avenue; and  
23 provide a more resilient and physically functional Fire Station to the Fire Department; and

24 WHEREAS, The Board of Supervisor and Mayor approved Resolution No. 220-19,  
25 dated May 10, 2019, which approved a Conditional Property Exchange Agreement

1 between the parties noted herein, and since said approval the parties have agreed to make  
2 substantive adjustments to that draft agreement requiring a new conditional approval of the  
3 Board of Supervisors and Mayor; and

4 WHEREAS, EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability  
5 company (“Developer”), has now closed escrow on the acquisition of certain real property  
6 known as 425-439 Washington Street, Assessor’s Parcel Block No. 0206, Lot Nos. 013 and  
7 014 (“Developer’s Property”), consisting of approximately 9,000 square feet and improved  
8 with a two-story and a three-story building; and

9 WHEREAS, Developer submitted a response to the City’s call for bids on March 1,  
10 2019, that has been deemed by an internal review committee to be the most responsive  
11 and comprehensive bid for development of both the City Property and Developer’s  
12 Property; and

13 WHEREAS, On February 13, 2019, the San Francisco Fire Commission provided  
14 valuable input on the developer selection process, and on April 10, 2019, received a report  
15 from staff outlining said selection process and the resultant most responsive bid and  
16 provided City staff with further input regarding the proposal, with direction to continue  
17 moving forward with the most responsive bidder in order to secure the most efficient station  
18 design possible that meets the needs of the Fire Department; and

19 WHEREAS, Developer, Fire Department senior staff, Public Works, Department of  
20 Technology and Real Estate staff have refined the scope of work necessary to deliver to  
21 the City a fully resilient new Fire Station 13 as part of the development described herein,  
22 that meets the anticipated needs of the Fire Department for the next generation; and

23 WHEREAS, Developer’s updated proposal entails reconstructing Fire Station 13 as  
24 a four-story 19,266 gross square foot building on a future legal parcel of approximately  
25 5,643 square feet (the “Exchange Parcel”) at Washington Street mid-block between

1 Sansome and Battery (the “Fire Station Project”), with vehicular access to Washington and  
2 Merchant, and constructing a new vertically-integrated mixed-use high-rise at the southeast  
3 corner of Sansome and Washington to contain lower level lobby space, ground floor and  
4 rooftop restaurant spaces, a health club of approximately 35,000 square feet, a 200 room  
5 hotel and approximately 40,000 square feet of offices (the “Tower Project”); and

6 WHEREAS, Upon completion of the proposed Fire Station Project, an exchange of  
7 the City Property and the Exchange Parcel would be effected on the terms of the CPEA;  
8 and

9 WHEREAS, Developer would construct the replacement Fire Station 13 on the  
10 Exchange Parcel to City updated and refined specifications at Developer’s cost, and  
11 Developer shall pay to City at close of escrow, upon completion of the Fire Station Project,  
12 the amount, if any, of \$25,500,000 less the cost of turn-key construction of the replacement  
13 Fire Station 13 in consideration for City’s agreement to enter into the property exchange;  
14 and

15 WHEREAS, Developer and the City have negotiated the CPEA, a copy of which is  
16 on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, which, among  
17 other things and upon the satisfaction of certain conditions, provides for (a) the exchange  
18 of the City Property for the Exchange Parcel; (b) the Developer’s obligation to construct the  
19 replacement Fire Station 13 in accordance with City’s specifications; (c) the Developer’s  
20 obligation to pay the City such sums as outlined in the CPEA; and (d) the Developer’s and  
21 City’s mutual desire to deliver said Fire Station at a projected cost of \$32,128,429; and

22 WHEREAS, The CPEA does not commit the City to approving any proposed  
23 development of either the City Property or Developer’s Property; and

24 WHEREAS, The City has not completed environmental review under the California  
25 Environmental Quality Act (“CEQA”) (California Public Resources Code, Section 21000 et

1 seq.), the CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 et  
2 seq.), and Chapter 31 of the San Francisco Administrative Code) for the proposed Fire  
3 Station Project and Tower Project (together, the “Projects”); and

4 WHEREAS, The City’s obligation to complete the property exchange is conditioned  
5 on, among other things, the City’s approval of the property exchange at its sole discretion  
6 following completion of all required environmental review; and

7 WHEREAS, Developer’s obligation to complete the property exchange is  
8 conditioned upon, among other things, the receipt of all governmental approvals necessary  
9 for Developer to proceed with the Projects outlined in the CPEA, including zoning changes  
10 if deemed necessary; and

11 WHEREAS, The City Property is “exempt surplus land” under California Government  
12 Code, Section 54221(f)(1)(C); and

13 WHEREAS, The City will review and consider the environmental review document  
14 that relates to the proposed Projects outlined in the CPEA before deciding whether to  
15 approve them, including any rezoning, Municipal Code or General Plan amendments or  
16 waivers, and design, demolition, and building permits needed for the Projects; and

17 WHEREAS, The CPEA is a conditional land acquisition agreement as described in  
18 CEQA Guidelines, Section 15004(b)(2)(A) that conditionally designates a preferred site for  
19 the proposed project, on the terms set forth in the CPEA and subject to compliance with  
20 CEQA, including the conditions of CEQA Guidelines, Section 15004(b)(2)(A), and Section  
21 15004(b)(4); and

22 WHEREAS, The City does not commit to any definite course of action with regard to  
23 the proposed Fire Station Project or Tower Project prior to CEQA compliance and further,  
24 retains its absolute discretion to (a) require modifications to the proposed projects to  
25 mitigate significant adverse environmental impacts; (b) select feasible alternatives that

1 avoid significant adverse impacts of the proposed projects, including the “no project”  
2 alternative; (c) require the implementation of specific measures to mitigate the significant  
3 adverse environmental impacts of the proposed projects, as identified through  
4 environmental review; (d) reject all or part of the proposed projects if the economic and  
5 social benefits of the proposed projects do not outweigh otherwise unavoidable significant  
6 adverse impacts of those projects; (e) approve the proposed projects upon a finding that  
7 the economic and social benefits of the proposed projects outweigh otherwise unavoidable  
8 significant adverse environmental impact of those projects; and (f) deny the proposed  
9 projects; and

10 WHEREAS, The City has obtained an independent third-party appraisal of the City  
11 Property in compliance with Administrative Code, Section 23.3 that confirms the  
12 compensation from Developer (the Exchange Parcel and any amount by which  
13 \$25,500,000 exceeds delivery costs of the Fire Station 13 replacement at closing of  
14 escrow) is not less than the fair market value of the City Property offered herein, which was  
15 also confirmed by the marketplace in terms of their response to this offering; and

16 WHEREAS, After completion of environmental review and before closing of the  
17 property exchange, if any, the CPEA requires the Board of Supervisors and the Mayor,  
18 each at their respective sole and absolute discretion, to ratify the property exchange and  
19 approve certain agreements; and

20 WHEREAS, This Resolution is not an approval of the proposed Fire Station Project  
21 or Tower Project a commitment to proceed with the property exchange, and this Resolution  
22 does not constitute an “Approval” as that terms in defined by CEQA Guidelines, Section  
23 15352; now, therefore, be it

24 RESOLVED, That the Board of Supervisors finds that the CPEA is a conditional land  
25 acquisition agreement as described in CEQA Guidelines, Section 15004(b)(2)(A) and

1 subject to the conditions of Section 15004(b)(2)(A) and Section 15004(b)(4), and closing is  
2 conditioned on City's discretionary approval of the property exchange following the  
3 completion of the environmental review and the ratification of the CPEA and approval of  
4 certain documents described in the CPEA; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby approves the CPEA  
6 and authorizes the execution and performance of the CPEA by the Director of Property and  
7 the Fire Chief in substantially the form presented to the Board in File No. \_\_\_\_\_,  
8 together with any other subsequently negotiated documents or Exhibits thereto that are  
9 necessary or advisable to effectuate the proposed property exchange subject to  
10 satisfaction of each of the conditions of the CPEA, including the City's subsequent  
11 discretionary approval; and, be it

12 FURTHER RESOLVED, Nothing in this Resolution limits the discretion of the Board  
13 with respect to the approval or rejection of the proposed Projects, and the Board of  
14 Supervisors understands that conditions for the benefit of Developer, including the  
15 issuance of project approvals for the Projects, may be waived by Developer; and, be it

16 FURTHER RESOLVED, That within thirty (30) days of the CPEA being fully  
17 executed by all parties, the Real Estate Division shall provide the final contract to the Clerk  
18 of the Board for inclusion into the official file.

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21 Signatures on next Page

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RECOMMENDED:

/s/ Andrico Penick  
Andrico Q. Penick  
Director of Real Estate

/s/ Chief Jeanine Nicholson  
Chief, Fire Department