

BOARD of SUPERVISORS



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May 11, 2021

File No. 210509

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On May 4, 2021, Mayor London Breed introduced the following legislation:

File No. 210509

Resolution approving a Purchase Option Agreement between the City and County of San Francisco and Prologis, L.P. that provides the City with a unilateral right to exercise an option to purchase property located at 1236 Carroll Avenue at any time prior to June 1, 2022, subject to a series of preceding actions, including satisfying any conditions or requirements under the California Environmental Quality Act, and future legislation being adopted by the Board of Supervisors to authorize the City's exercise of the option and purchase of the property; and authorizing the Director of Property to make modifications and take actions in furtherance of this Resolution, as defined herein, and the Purchase Option Agreement.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

Linda Wong

By: Linda Wong, Assistant Clerk
Budget and Finance Committee

Attachment

c: Devyani Jain, Environmental Planning
Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning
Laura Lynch, Environmental Planning

1 [Purchase Option Agreement - Prologis, L.P. - 1236 Carroll Avenue - Not to Exceed \$195,000]

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3 **Resolution approving a Purchase Option Agreement between the City and County of**
4 **San Francisco and Prologis, L.P. that provides the City with a unilateral right to**
5 **exercise an option to purchase property located at 1236 Carroll Avenue at any time**
6 **prior to June 1, 2022, subject to a series of preceding actions, including satisfying any**
7 **conditions or requirements under the California Environmental Quality Act, and future**
8 **legislation being adopted by the Board of Supervisors to authorize the City’s exercise**
9 **of the option and purchase of the property; and authorizing the Director of Property to**
10 **make modifications and take actions in furtherance of this Resolution, as defined**
11 **herein, and the Purchase Option Agreement.**

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13 WHEREAS, The mission of the San Francisco Fire Department (“SFFD”) is to protect
14 the lives and property of the people of San Francisco from fires, natural disasters, and
15 hazardous materials incidents; to save lives by providing emergency medical services; to
16 prevent fires through prevention and education programs; and to provide a work environment
17 that values health, wellness and cultural diversity and is free of harassment and
18 discrimination; and

19 WHEREAS, SFFD’s training facilities are currently located in San Francisco, with the
20 “Primary Facility” at Treasure Island, under the jurisdiction of the Treasure Island
21 Development Authority (“TIDA”), and an ancillary training tower facility (“Ancillary Facility”)
22 located at 19th and Folsom Streets (collectively, the “Fire Training Facilities”); and

23 WHEREAS, SFFD educates and trains new fire fighters and provide refresher training
24 and recertification to veteran fire fighters; and

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1 WHEREAS, SFFD has approximately 1700 firefighters who use the Fire Training
2 Facilities each year depending on their qualifications and the requirements for their position,
3 but at a minimum, each firefighter has about 200 hours of training per year; and

4 WHEREAS, Initial and ongoing classroom and physical training is essential for the
5 safety of firefighters and the public; and

6 WHEREAS, No later than December 31, 2026, TIDA requires SFFD to relocate the
7 Primary Facility; SFFD requested the City’s Real Estate Divisions (“RED”) to assist with
8 identifying a suitable replacement property that would consolidate the Fire Training Facilities
9 into one location within the geographic limits of San Francisco, consisting of a minimum of 7.5
10 acres; combining the Primary Facility and Ancillary Facility at one location is a primary
11 objective of SFFD, as it will promote training efficiency and eliminate the need to have to
12 travel to two locations across town in order to complete training; and

13 WHEREAS, Prologis L.P. (“Owner”) owns almost all of Assessor’s Parcel Block No.
14 4852 (excluding Lot No. 001) consisting of 94,000 net square feet and the entirety of
15 Assessor’s Parcel Block No. 4877 consisting of 120,000 square feet, for a total of 214,000
16 square feet (the “Prologis Property”); and

17 WHEREAS, The Port of San Francisco (“Port”) owns Lot No. 001 within Assessor’s
18 Parcel Block No. 4852 (“Port Railroad Remnant Property”) consisting of approximately 26,000
19 square feet, plus paper streets located at Griffith Street and Bancroft Avenue (“Port Paper
20 Streets”) totaling approximately 86,400 square feet; and

21 WHEREAS, The Port Railroad Remnant Property and the Port Paper Streets are
22 collectively known as the “Port Property,” and total 112,400 square feet; and

23 WHEREAS, If assembled, the Prologis Property and the Port Property would total
24 approximately 326,400 contiguous square feet, or 7.5 acres, of potentially developable land
25 (the “Potential Project Site”); and

1 WHEREAS, Under California Environmental Quality Act (“CEQA”) Guidelines, Section
2 15004(b)(2)(A), the City may designate a preferred site for CEQA review and may enter into
3 land acquisition agreements when the City has conditioned future use of the site on CEQA
4 compliance, but may not be bound to buy property under an agreement until any and all
5 environmental review required by CEQA is completed and all required City approvals based
6 on such environmental and public review have been obtained; and

7 WHEREAS, There is not yet any specific proposal for the relocated Primary Facility or
8 the consolidated Fire Training Facilities, and this Resolution does not approve any project for
9 the Potential Project Site nor commit the City to any definite course of action with respect to
10 any project for the Potential Project Site; rather, any proposal for relocating the Primary
11 Facility or the Fire Training Facilities to the Potential Project Site will be developed and refined
12 through a public and environmental review process before the City considers any approval for
13 the Potential Project Site; and

14 WHEREAS, The Owner and the City have negotiated an Agreement of Purchase and
15 Sale for Real Estate (the “PSA”), for the City’s potential purchase of the Prologis Property, on
16 the terms and conditions contained in the PSA, including an agreed upon purchase price of
17 \$38,500,000 (the “Purchase Price”); and

18 WHEREAS, In consultation with SFFD, RED has determined that the Potential Project
19 Site is the best location to explore the potential relocation of the Fire Training Facilities,
20 subject to several preconditions involving the Port Property, including but not limited to: Port
21 Commission approval of the sale, State Lands Commission recommending approval of the
22 sale and removal of the State Trust, the State Legislature passing a bill removing the State
23 Trust to allow for the transfer of the Port Property to the City, drafting of a memorandum of
24 understanding (“MOU”) or other agreement specifying the terms and conditions of the Port’s
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1 transfer of jurisdiction of the Port Property to the City, and any and all actions required by the
2 Port's Commission ("Port Property Preconditions"); and

3 WHEREAS, In addition to the Port Property Preconditions, there are other
4 preconditions that will need to be satisfied in order for the City to move forward with the
5 purchase of the Potential Project Site, including but not limited to: outreach to the surrounding
6 community; preliminary design of the Fire Training Facilities; initial CEQA review; Planning
7 Commission approval, Fire Commission approval and vacating the Paper Streets ("Other
8 Preconditions"); and

9 WHEREAS, Because the Port Property Preconditions and the Other Preconditions to
10 the purchase of the Potential Project Site have not yet occurred, in order to induce the Owner
11 to commit to sell the Prologis Property to the City on the terms of the PSA and to induce the
12 Owner not to market or sell the Prologis Property to third parties, the Owner and the City have
13 negotiated a Purchase Option Agreement dated as of June 1, 2021 (the "Option Agreement"),
14 which provides the City the exclusive right to purchase the Prologis Property on the terms and
15 conditions of the PSA (the "Option"); the Option may be exercised by the City at any time
16 through May 31, 2022; a copy of the Option Agreement is on file with the Clerk of the Board of
17 Supervisors in File No. _____; and

18 WHEREAS, Authority to exercise the Option, execute the PSA, and acquire the
19 Prologis Property will be the subject of future authorizing legislation by the City's Board of
20 Supervisors; and

21 WHEREAS, Under the Option Agreement, the City will pay to the Owner \$15,000 per
22 month, each month beginning June 1, 2021, until May 31, 2021, unless the City terminates
23 the agreement or exercises the Option earlier; and

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1 WHEREAS, The form of PSA agreed to and signed by Owner is attached to the Option
2 Agreement; and

3 WHEREAS, Prior to seeking future Board of Supervisors approval to exercise the
4 Option and execute the PSA, RED will have caused to be completed the Port Property
5 Preconditions and the Other Preconditions including all required environmental review and all
6 required regulatory approvals; and

7 WHEREAS, A precondition to seeking Board of Supervisors approval of exercise of the
8 Option and execution of the PSA, is that the Planning Department will have found that the
9 transactions contemplated by the PSA are consistent with the General Plan, and with the
10 eight priority policies of Planning Code, Section 101; now, be it

11 RESOLVED, The Board of Supervisors determines that the Potential Project Site, as
12 assembled, is the City's preferred site, pursuant to CEQA Guidelines, Section
13 15004(b)(2)(A); and, be it

14 FURTHER RESOLVED, As a portion of the preferred site, the Board of Supervisors, in
15 accordance with the recommendation of SFFD and the Director of Property, hereby approves
16 the terms and conditions of the Option Agreement and authorizes the Director of Property to
17 execute the Option Agreement; and, be it

18 FURTHER RESOLVED, That the Director of Property shall be authorized to enter into
19 any amendments or modifications of the Option Agreement, including, without limitation,
20 completion and execution of the exhibits (but excluding the exercise of the Option and the
21 execution of the PSA), and to take all steps, including, but not limited to the execution and
22 delivery of all certificates, notices, consents, agreements, memoranda, and other documents,
23 that the Director of Property, in consultation with the City Attorney, are in the best interests of
24 the City, and do not materially increase the obligations or liabilities of the City, are necessary
25 or advisable to complete the actions contemplated in the Option Agreement and effectuate the

1 purpose and intent of the Option Agreement or this Resolution, and are in compliance with all
2 applicable laws, including the City's Charter; and, be it

3 FURTHER RESOLVED, That any authorizing actions associated with the Option
4 Agreement will not apply to executing the PSA, which will be authorized, if at all, through a
5 future Resolution to be considered after all environmental review is conducted and all
6 required regulatory approvals have occurred; and, be it

7 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
8 with respect to the Option Agreement are hereby approved, confirmed and ratified; and, be it

9 FURTHER RESOLVED, That within thirty (30) days of the Option Agreement being
10 fully executed by all parties, RED shall provide the executed Option Agreement to the Clerk of
11 the Board for inclusion into the official file.

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