

1 [Real Property Lease - San Antonio Reservoir to Chevron Pipe Line Company]

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3 **Resolution: 1) authorizing the General Manager of the San Francisco Public Utilities**
4 **Commission to execute a twenty-year lease for an approximately 11.73 acre pipeline**
5 **right of way near the San Antonio Reservoir in Alameda County to Chevron Pipe Line**
6 **Company at an initial rent of \$12,500 per year; 2) adopting environmental findings; and**
7 **3) authorizing other actions in furtherance of this Resolution.**

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9 WHEREAS, The San Francisco Public Utilities Commission (SFPUC), and Chevron
10 Pipe Line Company, a Delaware corporation (Chevron), entered into that certain lease dated
11 as of April 11, 1967, as amended by an amendment dated as of July 21, 1975 (1967 Lease),
12 relating to a pipeline for oil, gas, and petroleum products over certain watershed property
13 (Original Premises) in the vicinity of the San Antonio Reservoir; and,

14 WHEREAS, The 1967 Lease expired on June 1, 1985, and when SFPUC and Chevron
15 were unable to agree to the terms of a new lease, SFPUC filed an unlawful detainer action
16 against Chevron and Chevron filed an eminent domain action for the Original Premises; and,

17 WHEREAS, SFPUC and Chevron settled such legal actions in 2001 and entered into
18 an eight year lease dated as of October 9, 2001 (2001 Lease); and,

19 WHEREAS, The 2001 Lease required Chevron to abandon the portion of the Chevron
20 pipeline on the Original Premises closest to the San Antonio Reservoir (Removal Portion) and
21 install a replacement pipeline on SFPUC property (Replacement Portion) that was adjacent to
22 the Original Premises and farther from the San Antonio Reservoir by December 1, 2008; and,

23 WHEREAS, The 2001 Lease specified that SFPUC would enter into good faith
24 negotiations with Chevron for a new pipeline lease if Chevron timely abandoned the Removal
25 Portion and installed the Replacement Portion; and,

1 WHEREAS, Chevron timely abandoned the Removal Portion and installed the
2 Replacement Portion, and SFPUC and Chevron amended the 2001 Lease under a First
3 Amendment to Ground Lease dated as of June 1, 2007 (2007 Amendment) to modify the
4 Original Premises by deleting the Removal Portion and adding the Replacement Portion
5 (Modified Premises); and,

6 WHEREAS, The 2001 Lease Agreement, as amended by the 2007 Amendment,
7 expired on December 1, 2009, and Chevron currently occupies the Modified Premises on a
8 holdover month-to-month tenancy; and,

9 WHEREAS, As required under the 2001 Lease, SFPUC has held good faith
10 negotiations with Chevron for a new lease for the Modified Premises; and,

11 WHEREAS, In 2007, the City's consultant, Economic & Planning Systems determined
12 the fair market rental value of the Premises is \$3,700 per year and in 2011, Economic &
13 Planning Systems confirmed that they have no reason "to conclude that more recent land
14 transaction data, based on transactions since 2006, would indicate an increase in values";
15 and,

16 WHEREAS, SFPUC and Chevron have negotiated a new twenty-year lease for the
17 Modified Premises, with an initial rent of \$12,500 per year and three SFPUC options to
18 readjust the rent to fair market rent, all on the terms and conditions set forth in the form of
19 lease on file with the Clerk of the Board of Supervisors in File No. 111308 and incorporated
20 herein by reference (Lease); and,

21 WHEREAS, The Chevron Pipeline Relocation and Watershed Protection Project
22 (Project) consists of relocation and replacement of an existing 7.5-mile section of a liquid fuel
23 pipeline to reduce the risk of water supply contamination in the San Antonio Reservoir
24 watershed; and,

1 WHEREAS, On August 2, 2004, the Alameda County Planning Commission, acting as
2 lead agency under the California Environmental Quality Act (CEQA), certified a Final
3 Environmental Impact Report (FEIR) for the Project dated July 2004, and the State
4 Clearinghouse Number for the FEIR is 2002072028, a copy of which is on file with the Clerk of
5 the Board of Supervisors in File No. 111308 and is incorporated herein by reference; and,

6 WHEREAS, On May 26, 2005, under Resolution Number R-2005-209, the Alameda
7 County Board of Supervisors upheld certification of the FEIR by the Alameda County Planning
8 Commission and approved the Mitigation Monitoring Reporting Program (MMRP), adopting all
9 mitigation measures proposed in the FEIR as part of the MMRP and determining that the
10 Project, as described in the FEIR, would result in significant environmental effect that could be
11 mitigated to a less than significant level with implementation of the MMRP (Alameda County
12 FEIR Findings), a copy of which is on file with the Clerk of the Board of Supervisors in File No.
13 111308 and is incorporated herein by reference; and,

14 WHEREAS, In approving the Lease on October 25, 2011, SFPUC found that the
15 approval of the Lease was within the scope of the Project, the FEIR and the MMRP, and
16 SFPUC relied on the FEIR and adopted the Alameda County FEIR Findings and MMRP as its
17 own and adopted additional findings that there was no new information or new circumstances
18 requiring subsequent environmental analysis, all under Resolution No. 11-0181, a copy of
19 which is on file with the Clerk of the Board of Supervisors in File No. 111308 and is
20 incorporated herein by reference; now, therefore, be it

21 RESOLVED, That this Board of Supervisors, as a Responsible Agency under
22 CEQA, hereby adopts and incorporates herein by this reference the Alameda County FEIR
23 Findings and MMRP, and the additional environmental findings of SFPUC in its Resolution
24 No. 11-0181, as its own, for the same reasons set forth in that SFPUC Resolution; and, be
25 it

1 FURTHER RESOLVED, That this Board of Supervisors finds that since the adoption
2 of the CEQA Findings under SFPUC Resolution No. 11-0181, there have been no
3 substantial project changes and no substantial changes in the project circumstances that
4 would require major revisions to the FEIR due to the involvement of new significant
5 environmental effects or an increase in the severity of previously identified significant
6 impacts, and there is no new information of substantial importance that would change the
7 conclusions set forth in the FEIR; and, be it

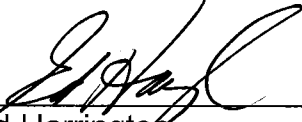
8 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Lease
9 and authorizes the General Manager of the San Francisco Public Utilities Commission to
10 execute the Lease with Chevron for a twenty-year term; and be it

11 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the General
12 Manager of SFPUC to enter into any amendments or modifications to the Lease, including
13 without limitation, any exhibits, that the General Manager determines, in consultation with the
14 City Attorney, are in the best interest of the City, do not materially increase the obligations of
15 the City, do not materially decrease the benefits to the City, are necessary or advisable to
16 consummate the performance of the purposes and intent of this Resolution, and comply with
17 all applicable laws, including the City's Charter; and be it

18 FURTHER RESOLVED, That all actions authorized by this Resolution and heretofore
19 taken by any City official in connection with the Lease are hereby ratified, approved and
20 confirmed by the Board of Supervisors.

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RECOMMENDED:



Ed Harrington
General Manager, SFPUC



John Updike
Acting Director
Real Estate Division



City and County of San Francisco
Tails
Resolution

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

File Number: 111308

Date Passed: January 10, 2012

Resolution: 1) authorizing the General Manager of the San Francisco Public Utilities Commission to execute a 20 year lease for an approximately 11.73 acre pipeline right-of-way near the San Antonio Reservoir in Alameda County to Chevron Pipe Line Company at an initial rent of \$12,500 per year; 2) adopting environmental findings; and 3) authorizing other actions in furtherance of this Resolution.

January 04, 2012 Budget and Finance Committee - RECOMMENDED

January 10, 2012 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Olague and Wiener

File No. 111308

I hereby certify that the foregoing
Resolution was ADOPTED on 1/10/2012 by
the Board of Supervisors of the City and
County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved