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

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

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

WHEREAS, EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability company ("Developer") is under contract to purchase certain real property known as 425-
439 Washington Street, Assessor’s Parcel Block No. 0206, Lot Nos. 013 and 014

(“Developer’s Property”), consisting of approximately 9,000 square feet and improved with
a two-story and a three-story building; and

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

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

WHEREAS, Developer’s proposal entails reconstructing Fire Station 13 as a four-
story 22,000 square foot building on a future legal parcel (the “Exchange Parcel”) at
Washington Street mid-block between Sansome and Battery, with vehicular access to
Washington and Merchant, and constructing a new vertically-integrated mixed-use high-
rise at the southeast corner of Sansome and Washington to contain lower level lobby
space, a health club, a hotel and condominiums; and

WHEREAS, Upon completion of the proposed project, an exchange of the City
Property and the Exchange Parcel would be effected on the terms of the Conditional
Property Exchange Agreement (“CPEA”); and

WHEREAS, Developer would construct the replacement Fire Station 13 on the
Exchange Parcel to City specifications at Developer’s cost, and Developer shall pay to City
at close of escrow, upon completion of the project, the amount, if any, of $25,500,000 less

Mayor Breed, Supervisor Peskin
BOARD OF SUPERVISORS
the cost of turn-key construction of the replacement Fire Station 13, in consideration for
City’s agreement to enter into the property exchange; and

WHEREAS, Developer and the City have negotiated the CPEA, a copy of which is
on file with the Clerk of the Board of Supervisors in File No. 190419 (the “Agreement”),
which, among other things and upon the satisfaction of certain conditions, provides for (a)
the exchange of the City Property for the Exchange Parcel; (b) the Developer’s obligation
to construct the replacement Fire Station 13 in accordance with City’s specifications; and
(c) the Developer’s obligation to pay the City such sums as outlined in the Agreement; and

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

WHEREAS, The City has not completed environmental review under the California
Environmental Quality Act (“CEQA”) (California Public Resources Code, Section 21000 et
seq.), the CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 et
seq.), and Chapter 31 of the San Francisco Administrative Code for the proposed project; and

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

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

WHEREAS, The City will review and consider each of the environmental review
documents that relate to the proposed project outlined in the CPEA before deciding
whether to approve the proposed project, including any associated rezoning, Municipal
Code or General Plan amendments or waivers, and design, demolition, and building permits; and

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

WHEREAS, The City does not commit to any definite course of action with regard to the proposed project prior to CEQA compliance and further, retains its absolute discretion to (a) require modifications to the proposed project to mitigate significant adverse environmental impacts; (b) select feasible alternatives that avoid significant adverse impacts of the proposed project, including the “no project” alternative; (c) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the proposed project, as identified through environmental review; (d) reject all or part of the proposed project if the economic and social benefits of the proposed project do not outweigh otherwise unavoidable significant adverse impacts of that project; (e) approve the proposed project upon a finding that the economic and social benefits of the proposed project outweigh otherwise unavoidable significant adverse environmental impact of that project; and (f) deny the proposed project; and

WHEREAS, The City has obtained an independent third-party appraisal of the City Property in compliance with Administrative Code, Section 23.3, that confirms the compensation from Developer (the Exchange Parcel and any amount by which $25,500,000 exceeds delivery costs of the Fire Station 13 replacement at closing of escrow) is not less than the fair market value of the City Property offered herein, which was also confirmed by the marketplace in terms of their response to this offering; and
WHEREAS, After completion of environmental review and before closing of the property exchange, if any, the CPEA requires the Board of Supervisors and the Mayor, each at their respective sole and absolute discretion, to ratify the property exchange and approve certain agreements; and

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

RESOLVED, That the Board of Supervisors finds that the CPEA is a conditional land acquisition agreement as described in CEQA Guidelines, Section 15004(b)(2)(A), and subject to the conditions of Section 15004(b)(2)(A) and Section 15004(b)(4), and closing is conditioned on City’s discretionary approval of the property exchange following the completion of the environmental review and the ratification of the CPEA and approval of certain documents described in the CPEA; and be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves the CPEA and authorizes the execution and performance of the CPEA by the Director of Property and the Fire Chief in substantially the form presented to the Board in File No. 190419, together with any other subsequently negotiated documents or Exhibits thereto that are necessary or advisable to effectuate the proposed property exchange subject to satisfaction of each of the conditions of the CPEA, including the City’s subsequent discretionary approval; and, be it

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

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

Andrico Q. Penick
Director of Property, Real Estate Division

Chief, Fire Department
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April 29, 2019 Land Use and Transportation Committee - RECOMMENDED AS COMMITTEE REPORT

April 30, 2019 Board of Supervisors - ADOPTED
Ayes: 11 - Brown, Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 4/30/2019 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved
5/10/19