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

Resolution approving an updated 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, The Board of Supervisor and Mayor approved Resolution No. 220-19, dated May 10, 2019, which approved a Conditional Property Exchange Agreement
between the parties noted herein, and since said approval the parties have agreed to make
substantive adjustments to that draft agreement requiring a new conditional approval of the
Board of Supervisors and Mayor; and

WHEREAS, EQX JACKSON SQ HOLDCO LLC, a Delaware limited liability
compound (“Developer”), has now closed escrow on the acquisition of 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, Fire Department senior staff, Public Works, Department of
Technology and Real Estate staff have refined the scope of work necessary to deliver to
the City a fully resilient new Fire Station 13 as part of the development described herein,
that meets the anticipated needs of the Fire Department for the next generation; and

WHEREAS, Developer’s updated proposal entails reconstructing Fire Station 13 as
a four-story 19,266 gross square foot building on a future legal parcel of approximately
5,643 square feet (the “Exchange Parcel”) at Washington Street mid-block between
Sansome and Battery (the “Fire Station Project”), 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, ground floor and
rooftop restaurant spaces, a health club of approximately 35,000 square feet, a 200 room
hotel and approximately 40,000 square feet of offices (the “Tower Project”); and

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

WHEREAS, Developer would construct the replacement Fire Station 13 on the
Exchange Parcel to City updated and refined specifications at Developer’s cost, and
Developer shall pay to City at close of escrow, upon completion of the Fire Station Project,
the amount, if any, of $25,500,000 less 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. 200425, 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; (c) the Developer’s
obligation to pay the City such sums as outlined in the CPEA; and (d) the Developer’s and
City’s mutual desire to deliver said Fire Station at a projected cost of $32,128,429; and

WHEREAS, The CPEA 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 Fire Station Project and Tower Project (together, the “Projects”); 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 Projects outlined in the CPEA, including zoning changes if deemed necessary; and

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

WHEREAS, The City will review and consider the environmental review document that relates to the proposed Projects outlined in the CPEA before deciding whether to approve them, including any rezoning, Municipal Code or General Plan amendments or waivers, and design, demolition, and building permits needed for the Projects; 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 Fire Station Project or Tower Project prior to CEQA compliance and further, retains its absolute discretion to (a) require modifications to the proposed projects to mitigate significant adverse environmental impacts; (b) select feasible alternatives that
avoid significant adverse impacts of the proposed projects, including the “no project”
alternative; (c) require the implementation of specific measures to mitigate the significant
adverse environmental impacts of the proposed projects, as identified through
environmental review; (d) reject all or part of the proposed projects if the economic and
social benefits of the proposed projects do not outweigh otherwise unavoidable significant
adverse impacts of those projects; (e) approve the proposed projects upon a finding that
the economic and social benefits of the proposed projects outweigh otherwise unavoidable
significant adverse environmental impact of those projects; and (f) deny the proposed
projects; 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 Fire Station Project
or Tower Project 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. 200425, 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 Projects, and the Board of Supervisors understands that conditions for the benefit of Developer, including the issuance of project approvals for the Projects, 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.

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
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May 20, 2020 Budget and Finance Committee - RECOMMENDED

June 02, 2020 Board of Supervisors - ADOPTED

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 6/2/2020 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