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.

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

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

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

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

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

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

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

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

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

WHEREAS, If assembled, the Prologis Property and the Port Property would total approximately 326,400 contiguous square feet, or 7.5 acres, of potentially developable land (the “Potential Project Site”); and
WHEREAS, Under California Environmental Quality Act ("CEQA") Guidelines, Section 15004(b)(2)(A), the City may designate a preferred site for CEQA review and may enter into land acquisition agreements when the City has conditioned future use of the site on CEQA compliance, but may not be bound to buy property under an agreement until any and all environmental review required by CEQA is completed and all required City approvals based on such environmental and public review have been obtained; and

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

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

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

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

WHEREAS, Because the Port Property Preconditions and the Other Preconditions to
the purchase of the Potential Project Site have not yet occurred, in order to induce the Owner
to commit to sell the Prologis Property to the City on the terms of the PSA and to induce the
Owner not to market or sell the Prologis Property to third parties, the Owner and the City have
negotiated a Purchase Option Agreement dated as of June 1, 2021 (the “Option Agreement”),
which provides the City the exclusive right to purchase the Prologis Property on the terms and
conditions of the PSA (the “Option”); the Option may be exercised by the City at any time
through May 31, 2022; a copy of the Option Agreement is on file with the Clerk of the Board of
Supervisors in File No. 210509; and

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

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

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

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

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

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

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

FURTHER RESOLVED, That the Director of Property shall be authorized to enter into any amendments or modifications of the Option Agreement, including, without limitation, completion and execution of the exhibits (but excluding the exercise of the Option and the execution of the PSA), and to take all steps, including, but not limited to the execution and delivery of all certificates, notices, consents, agreements, memoranda, and other documents, that the Director of Property, in consultation with the City Attorney, are in the best interests of the City, and do not materially increase the obligations or liabilities of the City, are necessary or advisable to complete the actions contemplated in the Option Agreement and effectuate the
purpose and intent of the Option Agreement or this Resolution, and are in compliance with all applicable laws, including the City’s Charter; and, be it

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

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

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

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/s/
Michelle Allersma, Budget and Analysis Division Director on behalf of Ben Rosenfield Controller

Funding for Fiscal Year 2021/2022 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2021/2022.

/s/
San Francisco Fire Department Fire Chief

/s/
Real Estate Division Director of Property
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.

May 19, 2021 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

May 19, 2021 Budget and Finance Committee - RECOMMENDED AS AMENDED

May 25, 2021 Board of Supervisors - ADOPTED
   Ayes: 11 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 210509

I hereby certify that the foregoing Resolution was ADOPTED on 5/25/2021 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

5.28.2021