Resolution approving an option agreement to Purchase the Hoedown Yard at the northeast corner of Illinois and 22<sup>nd</sup> Streets from Pacific Gas and Electric Company for

[Option Agreement - Purchase the Hoedown Yard - Illinois and 22<sup>nd</sup> Streets - \$8,283,726]

\$63.37 per square foot or approximately \$8,283,726.

WHEREAS, Pacific Gas & Electric ("PG&E") proposes to construct a new, single circuit, 230 kV transmission line between its Embarcadero Substation and its Potrero Substation, along onshore and submerged land in the Port's jurisdiction generally within the area bounded by Pier 28½ and portions of the shoreline at the foot of 23rd Street (the "Project"), to increase reliability of electric service to downtown San Francisco and provide operational flexibility, as further described in the June 5, 2014, Port Commission staff report on file with the Clerk of the Board of Supervisors in File No. 140750; and

WHEREAS, In consideration of the Port's agreement to enter into the License with PG&E and City's agreement to enter into other agreements required for the Cable Project, PG&E is granting City an exclusive and irrevocable option ("Option") to purchase approximately 3 acres located at the northeast corner of Illinois and 22<sup>nd</sup> Streets (the "**Option Property**") for \$63.37 per square foot or approximately \$8,283,726, with the final price to be established by a survey of the Option Property (the "**Purchase Price**"), on the terms set forth in an Option Agreement and the attached form of Purchase and Sale Agreement on file with the Clerk of the Board of Supervisors in File No. 140750; and

WHEREAS, On March 5, 2014, pursuant to Resolution No. 54-14, the Board of Supervisors endorsed the Revised Term Sheet for the Project, including the terms for the Option; and

WHEREAS, The Department of Real Estate, in consultation with Port staff, negotiated the Option consistent with the terms of Board of Supervisors Resolution 54-14; and

WHEREAS, City will exercise the Option and enter into the Purchase and Sale
Agreement with PG&E for the Option Property only if the Board of Supervisors has authorized
the exercise of the Option under one of the following circumstances: 1) the Option is
transferred to a third party that agrees to pay the full Purchase Price for and assumes all
environmental liabilities and other obligations related to the Option Property as described in
the Option; or 2) a City department proposes a public use for the Option Property that
conforms to regulatory requirements and has an identified funding source to pay the Purchase
Price; and

WHEREAS, On June 11, 2013, by Resolution No. 201-13, the Board of Supervisors endorsed a Term Sheet between the Port and Forest City Development California, Inc. ("Forest City") for the mixed-use development of the Pier 70 Waterfront Site, bordered generally by 20<sup>th</sup> Street, Michigan Street, 22<sup>nd</sup> Street, and the San Francisco Bay which contemplated including rezoning of the Option Property in the planned Special Use District for the Pier 70 Waterfront Site; and

WHEREAS, PG&E has granted its permission to the City and Forest City to rezone the Option Property by its letter dated June 6, 2014, a copy of which is on file with the Clerk of the Board of Supervisors in File No. <u>140750</u>; and

WHEREAS, Resolution No. 54-14 indicates that net proceeds from the sale of the Option to a third-party will be dedicated to the rebuild of the Potrero Terrace and Annex HOPE VI rebuild project, subject to appropriation by the Board of Supervisors; now, therefore, be it

RESOLVED, That Board of Supervisors authorizes and directs the Director of Real Estate to execute the Option Agreement in substantially the form on file with the Clerk of the Board of Supervisors in File No. <u>140750</u>, and in such final form as is approved by the Director

of Real Estate in consultation with the City Attorney, and, consistent with Resolution No. 54-14, urges the Director of Real Estate to seek Board of Supervisors authorization to: 1) conduct a competitive sale of the Option to a third party or to close the purchase of the Option Property on behalf of a City department; and 2) to issue a report to the Board of Supervisors that specifies the purchase price and measures to address site contamination within 30 days after closing the sale of the Option to a third party or the purchase of the Option Property on behalf of a City department; and, be it further

RESOLVED, That the Board of Supervisors authorizes the Director of Real Estate to enter into other agreements, including easement agreements, necessary to facilitate the Option, and to enter into any additions, amendments or other modifications to the Option, including preparation and attachment of, or changes to, any or all of the attachments and exhibits that the Director of Real Estate, in consultation with the City Attorney, determines are in the best interests of the City, do not materially decrease the benefits or otherwise materially increase the obligations or liabilities of the City, and are necessary or advisable to enable the parties to effectuate the Option and the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Director of Real Estate of such other agreements, easement agreements and/or additions, amendments or other modifications to the Option; and, be it further

RESOLVED, That within 30 days of the Option being fully executed by all parties the Director of Real Estate shall provide the Option to the Clerk of the Board for inclusion in the official file.



## City and County of San Francisco **Tails**

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

## Resolution

File Number:

140750

Date Passed: July 22, 2014

Resolution approving an option agreement to purchase the Hoedown Yard at the northeast corner of Illinois and 22nd Streets from Pacific Gas and Electric Company for \$63.37 per square foot or approximately \$8,283,726.

July 16, 2014 Budget and Finance Committee - RECOMMENDED

July 22, 2014 Board of Supervisors - ADOPTED

Ayes: 10 - Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee Excused: 1 - Avalos

File No. 140750

I hereby certify that the foregoing Resolution was ADOPTED on 7/22/2014 by the Board of Supervisors of the City and County of San Francisco.

> Angela Calvillo Clerk of the Board

**Date Approved**