

APPROVED LONG-RANGE PROPERTY MANAGEMENT PLAN BLOCK 201 EASEMENT FOR UNDERGROUND TELEPHONE LINES

EXECUTIVE SUMMARY

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) submits its Long-Range Property Management Plan (“PMP”) for the disposition of an Easement for Underground Telephone Lines, reserved by the former San Francisco Redevelopment Agency (the “SFRA) on behalf of Pacific Telephone and Telegraph, recorded October 16, 1964 as Instrument No. N32945, Book A830, Page 550 of Official Records of San Francisco (the “Easement” or the “Property”). The Easement was covered by the Embarcadero-Lower Market Approved Redevelopment Plan (Golden Gateway), which expired by its own terms on January 1, 2011.

AT&T, the successor-in-interest to Pacific Telephone & Telegraph Company, does not maintain facilities within the easement and has no future requirements for its use. The use of the Easement property was restricted under the terms of a 2012 Purchase and Sale Agreement between the Port and San Francisco Waterfront Partners approved by the Port Commission (Resolution No. 12-47) and the Board of Supervisors (No. 226-12). Under this agreement, the area subject to the Easement had to be dedicated as a public street for park and open space purposes only. Subsequently, the Board of Supervisors’ approval of the Purchase and Sale Agreement was rescinded in response to a court order and the project is currently undergoing further assessment. It is likely, however, that a similar dedication of the Easement property as a public street for park and open spaces purposes would be required for any redevelopment of the site. The Successor Agency therefore proposes to transfer the Easement to the City for a governmental use purpose. However, if redevelopment of the site does not occur, the Successor Agency could sell the Easement to the current owner of Block 201, Golden Gate Center, for fair market value.

BACKGROUND

The SFRA, and now the Successor Agency, holds the above-referenced easement on behalf of Pacific Telephone & Telegraph Company and its successor-in-interest, AT&T (collectively, “AT&T”). The Easement consists of a 32’ foot wide by 129.25’ long strip of land located on Assessors Block 201, between the Embarcadero to the east, Washington Street to the south, and Drumm Street to the west. The Easement runs along a portion of former Jackson Street that was vacated in the early 1960s.

The only purpose of the Easement was to preserve rights on behalf of AT&T, should AT&T have a need to install telephone lines and related facilities within the former street area. To preserve that right on behalf of AT&T, the SFRA created the Easement through a reservation in the grant deed of Block 201 from the SFRA to the current owner, Golden Gate Center, a California limited partnership, dated October 26, 1964. The Successor Agency itself has no other property interest in Block 201 or the surrounding blocks.

LONG-RANGE PROPERTY MANAGEMENT PLAN

The following presents the information requested pursuant to Section 34191.5 of the California Health and Safety Code for the Block 201 Easement. This property is also shown on Attachment A (Map of Block 201 Easement) and Attachment B (DOF Tracking Sheet for Other Properties).

Date of Acquisition

The Agency acquired the property affected by the Easement in connection with site acquisition to implement the Embarcadero-Lower Market Approved Redevelopment Plan (Golden Gateway) on October 17, 1963. The area of former Jackson Street was conveyed to the Agency by the City after the street was vacated by an act of the San Francisco Board of Supervisors.

Value of Property at Time of Acquisition

The value of the Easement is zero (\$0). At the time of acquisition, the Easement was located wholly within the former Jackson Street right-of-way. The purpose for its creation was to continue the rights that the beneficiary, AT&T, would have had in the public right-of-way. Because of the Easement's location within the former right-of-way and its limited use, the Property would have had a market value of \$0 at the time of acquisition.

Estimate of the Current Value

The Property consists only of the Easement, held on behalf of AT&T. On January 4, 2013, AT&T issued a letter stating that it does not maintain facilities within the easement, has no future requirements for its use, and does not object to the easement being vacated. AT&T is the only party to which the easement potentially has any value and it has clearly indicated that the easement is valueless. The underlying property is owned by Golden Gate Center, and the Agency holds no other property interest in Block 201.

The underlying land was entitled in 2012 for a mixed-use development project, including 134 residential units, commercial space, a health club, parks and open space, and an underground parking garage (the "**Project**"). As part of these entitlements, the area subject to the Easement had to be dedicated as a public street for park and open space purposes only. The City's approval of the entitlements was subsequently rescinded in response to a court order and the Project is currently undergoing further assessment. However, a similar action would likely be required for any redevelopment of the site.

Purpose for which the Property was Acquired

The Easement was created through the Grant Deed reservation, described above, the purpose of which was to provide AT&T with the right to construct, operate, maintain and repair underground telephone lines. The Easement burdens a portion of Block 201 that was originally acquired by the SFRA and then transferred to Golden Gate Center in partial implementation of the Embarcadero-Lower Market Approved Redevelopment Plan (Golden Gateway) (the

“Redevelopment Plan”). The purpose of the Redevelopment Plan was for the clearance and reconstruction of slum and blighted areas in the Redevelopment Plan project area. Other than the Easement held on behalf of AT&T, the SFRA holds no other property on Block 201 and the Golden Gateway Redevelopment Plan has expired.

Address/Location

Assessor Block 201 (also known as 8 Washington), and “within the limits of an easement owned by the City and County of San Francisco for its sewer and utilities within a strip of land 32 feet wide, the center line thereof being the center line of the vacated portion of the former Jackson Street, between Drumm Street and The Embarcadero.” A map of the Easement is attached as Attachment A.

Lot Size

The size of the Easement is 4,136 square feet (32 foot wide x 129.25 long strip of land).

Current Zoning

The Property is subject to the zoning controls established by the San Francisco Planning Code within Residential-Commercial-Combined, High Density (RC-4) Districts. RC-4 districts encourage a combination of high-density dwellings, with compatible commercial uses on the ground floor to protect and enhance neighborhoods with mixed use character. The Property has a height limit of 84 feet.

Estimate of the Current Value (Including Appraisal Information)

The estimate of the current value of the Easement is \$0. As indicated above, AT&T is the only party to which the easement potentially has any value and it has indicated that the easement is valueless.

Estimate of Revenues Generated (Including Contractual Requirements for Use of Funds)

No revenue is generated by the Property currently or in the past. No future revenue is anticipated to be derived from the underlying property.

History of Environmental Contamination, Studies, Remediation Efforts

In connection with the proposed Project, a Phase I and Limited Phase II Environmental Site Assessment (“**ESA**”) was conducted for the project site. Some of the key findings from the ESAs, are briefly summarized below:

- *Permitted hazardous material uses.* Although the environmental database review identified seven permitted hazardous materials uses and environmental cases within approximately 1,100 feet of the project site, these are all either small-quantity generators of hazardous waste, permitted underground storage tank (UST) sites with no documented releases, leaking underground storage tank (LUST) sites that have received regulatory

closure, or LUST sites with a low potential to affect soil or groundwater quality at the project site.

- *Site groundwater quality.* A gasoline station was on the site of the Project until 1993, but the concentration of petroleum hydrocarbons in the groundwater have declined over time. Nonetheless, there is the potential for petroleum products and metals to be present in the groundwater.
- *Potential exposure to hazardous materials in soil and groundwater during construction.* Soil borings revealed that cyanide is present in the soil at levels that mean workers and the public could be exposed to hazardous materials in the soil and groundwater during construction, potentially resulting in adverse health effects. Additionally, flammable vapors could be present that could pose a fire or explosion risk during construction if ignited.
- *Soil disposal requirements and groundwater discharge.* Some of the fill materials could require disposal as a California hazardous waste because of high soluble lead concentration.

Potential for Transit-Oriented Development; Advancement of Planning Objectives

The Property is well-served by public transit, with both local and regional service provided nearby. Local service is provided by the Muni bus lines, which can be used to access regional transit. Service to and from the East Bay is provided by BART, AC Transit, and ferries; service to and from the North Bay is provided by Golden Gate Transit buses and ferries; service to and from the Peninsula and South Bay is provided by Caltrain, SamTrans, and BART.

The proposed quitclaim of the Property could ultimately facilitate the overall development of the property as a transit-oriented project.

History of Previous Development and Leasing Proposals

Currently, the Golden Gateway Tennis and Swim Club are located on the site. The site has hosted a variety of uses in the past. Until the 1906 earthquake and fire destroyed all the buildings on the property, the site was used for coal yards and a coppersmith. The site was quickly redeveloped and housed a sheet metal workshop, machine shops, metal products assembly areas, and an automobile repair shop through 1965. As mentioned, a gasoline service station was located on the site until approximately 1993. Several development projects have been proposed for the site. In 2004, Embarcadero Capital Partners proposed an eight-story residential building on the property; however, this proposal was never approved by the Board of Supervisors. Most recently, the Planning Commission, Board of Supervisors and Port Commission approved the Project that would include the property affected by the Easement, as described above. The City's approval of the Project was subsequently rescinded in response to a court order and it is currently undergoing further assessment. It is likely, however, that a similar dedication of the Easement property as a public street for park and open spaces purposes would be required for any redevelopment of the site.

Disposition of the Property

The Successor Agency is proposing to transfer the Property to the City as a governmental use purpose because under any proposed redevelopment of the site would likely require that the Easement Property be dedicated as a public street for park and open space purposes only. If redevelopment of the site does not occur, the Successor Agency could alternatively sell the Easement to the current owner of Block 201.

The sales price for the Property is Zero Dollars (\$0), which reflects the fair market value of the easement.

Properties Dedicated to Governmental Use Purposes and Properties Retained for Purposes of Fulfilling an Enforceable Obligation

See above section.

Attachment A: Map of Block 201 Easement
Attachment B: DOF Tracking Sheet – Other Properties

Attachment B
DOF Tracking Sheet – Other Properties