



**MEMORANDUM**

February 18, 2022

**TO:** MEMBERS, PORT COMMISSION  
Hon. Willie Adams, President  
Hon. Doreen Woo Ho, Vice President  
Hon. Kimberly Brandon  
Hon. John Burton  
Hon. Gail Gilman

**FROM:** Elaine Forbes   
Executive Director

**SUBJECT:** Informational presentation on a proposed Memorandum of Understanding between the Port and the City's Real Estate Division regarding the purchase by City of approximately 2.6 acres of Port property located at 1236 Carroll Avenue in the Southern Waterfront to develop a new fire personnel training facility

**DIRECTOR'S RECOMMENDATION:** Information Only – No Action Required

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**EXECUTIVE SUMMARY**

The City, through its Real Estate Division (City RED), is requesting to purchase 2.6 acres of Port property to develop San Francisco Fire Department's (SFFD) new training facility. SFFD's current primary training facility on Treasure Island is not available beyond 2025.

The 2.6 acres of property located on a portion of 1236 Carroll Avenue (Port Property) under Port jurisdiction has ceased to be useful for the promotion of the Public Trust and the Burton Act Trust.

The City currently holds an option to purchase an adjacent 4.9-acre, privately-held site. Together, the parcels create a 7.5-acre lot that will meet the basic real estate needs of a new fire training facility. In addition to Port Commission and Board of Supervisors

approval, the transaction for Port Property requires approval by the State Lands Commission and the California state legislature.

This staff report provides an overview of the proposed transaction, organized into the following sections:

1. Strategic Plan Alignment
2. Background and Project Summary
3. Memorandum of Understanding
4. Legislative Process
5. Next Steps

## **1. STRATEGIC PLAN ALIGNMENT**

If approved and implemented, the transfer of the Port Property at not less than fair market value to the City for the purpose of facilitating the development of a new fire training facility will support two of the Port's strategic plan objectives (from the 2021-2025 Strategic Plan):

- Economic Recovery: The Port will receive fair market value for the transfer of 2.6 acres of currently vacant and unproductive land. As a point of reference, an appraisal from January 2021 determined the Port Property to be valued at \$5.8 million. The final appraised value is subject to confirmation by the State Lands Commission.
- Sustainability: The proposed fire training facility will be a critical, public-safety asset serving San Francisco, the Bay Area, and beyond, enhancing SFFD's capacity to provide essential fire protection and emergency response services to local residents and employees, Port tenants, and visitors to the waterfront.

## **2. BACKGROUND AND PROJECT SUMMARY**

### Port Property

The Port Property is located on a portion of real property at 1236 Carroll Avenue. It includes two "paper streets" under Port jurisdiction as well as a trapezoidal, railroad remainder parcel also under Port jurisdiction, all of which have ceased to be useful for the promotion of the Public Trust and the Burton Act Trust. The 2.6-acre site was transferred by the State to the Port in 1969 but has never been a particularly productive or functional asset for the Port. The most recent lease (2015-2018) for the property (which was for the railroad parcel only, not the paper streets) was for temporary construction project laydown space and had a lease rate of \$0.30 sf/month. The currently vacant and historically underutilized property is cut off from the water, is not required for existing Port plans, and could be sold without impacting the Port's mission.

## Project Need

### ***Fire and Emergency Response Training***

SFFD identified the need for a 7.5- to 9-acre site for a new training facility because its existing training facility on Treasure Island will be retired to accommodate redevelopment. City RED, with the support of Port staff, identified the Port Property as a potential site for SFFD. The Port Property is adjacent to 1236 Carroll Avenue and could be combined with a 4.9-acre property held in private ownership to form a 7.5-acre site for SFFD's new training facility. Because Port-owned land is held in public trust, the City and Port are requesting the State Legislature to lift the trust from the Port Property in order to allow the City to purchase the 2.6 Port Property.

SFFD currently has two training facilities. The primary facility is located on Treasure Island, under the jurisdiction of the Treasure Island Development Authority ("TIDA"), and an ancillary training tower facility is located at 19th and Folsom Streets in the Mission District. According to the City's ten-year Capital Plan for Fiscal Years 2020-2029, SFFD will need a replacement training facility by 2025 because the Mission District facility is too small to meet Department needs as the primary training facility and the Treasure Island facility will be displaced by development.

SFFD educates and trains new fire fighters, Emergency Medical Technicians, and Paramedics, and provides refresher training and recertification to veteran fire fighters, Emergency Medical Technicians, and Paramedics. Approximately 1,700 firefighters use the fire training facilities each year. The primary facility on Treasure Island is one of only four sites in northern California approved to host Firefighter 1 Academy, Emergency Vehicle Operations, Confined Space Rescue Technician, Rescue Systems 1, Rescue Systems 2, and Rope Rescue Technician courses.

The new training facility is anticipated to have the same and better training and certification functions as the current facilities. It will provide regional and statewide benefits by improving the readiness and capabilities of the SFFD as well as other local and regional fire organizations to provide mutual aid in an environment of lengthening fire seasons with increased frequency and severity of fires that regularly require mutual aid.

No later than December 31, 2026, TIDA requires SFFD to relocate the primary training facility off of Treasure Island. SFFD requested City RED to assist with identifying a suitable replacement property that would consolidate the SFFD's training facilities in one location within the geographic limits of San Francisco, consisting of a minimum of 7.5 acres; combining the training facilities at one location is a primary objective of SFFD to promote training efficiency by eliminating the need to travel to two locations across town to complete training. If the City can successfully build a new fire training facility on the combined privately-owned and Port Property, then SFFD will cease using the Mission District location for training.

### ***Port Interest in the Transaction***

As referenced in the 'Strategic Plan Alignment' section above, the Port of San Francisco's support for the proposed transaction is rooted in (a) the financial benefits

that would accrue to the Port from the sale of the land for fair market value and the alleviation of the Port's maintenance and security obligations to the property; and (b) the public safety benefits associated with enhancing the capacity for the SFFD to train its personnel as well as those from other agencies within the region and State to respond to fires and other emergencies including those related to the impacts of climate change.

### ***Community Process and Benefits***

While the SFFD will pay for the Port Property through its annual (FY 2023) budget appropriation, most of the funding for the new fire training facility comes through the City's Earthquake Safety and Emergency Response (ESER) program, for which the voters of the City have approved general obligation bonding authority in 2010, 2014, and 2020 to construct capital improvements for earthquake safety and emergency response within the City.

The Port's role in the SFFD project is primarily to facilitate the sale of the Port Property to the City contingent upon the various necessary approvals described in this memo. As such, the community processes to this point - including the CEQA review of the proposed project and the Board of Supervisors approval of City RED's option to purchase the privately-owned site adjacent to the Port Property currently owned by Prologis, Inc (via a resolution co-sponsored by Mayor Breed and Board President Shamman Walton) - has been led by the SFFD and City RED with support from the Mayor's Office, the Board of Supervisors, and the Port. Additional public process and community outreach - including an upcoming presentation to the Port's Southern Waterfront Advisory Committee (SAC) - will be conducted in the coming days and weeks as the various and multi-layered project approvals needed move forward.

In addition to serving the Port's financial interests as described above as well as the SFFD's mission, the project will benefit the broader San Francisco community by enhancing emergency preparedness in our city and region.

### **Consolidated Project Site – Port Property and Prologis Property**

The Port owns Lot No. 001 within Assessor's Parcel Block No. 4852 (consisting of approximately 26,000 square foot railroad remnant parcel ("Railroad Remnant Property"), plus two unimproved, "paper" streets: portions of Griffith Street between Armstrong and Carroll Avenues, and Bancroft Avenue between Hawes and Griffith Streets ("Port Paper Streets") totaling approximately 86,400 square feet. The Port Railroad Remnant Property and the Port Paper Streets are collectively known as the "Port Property," and total 112,400 square feet.

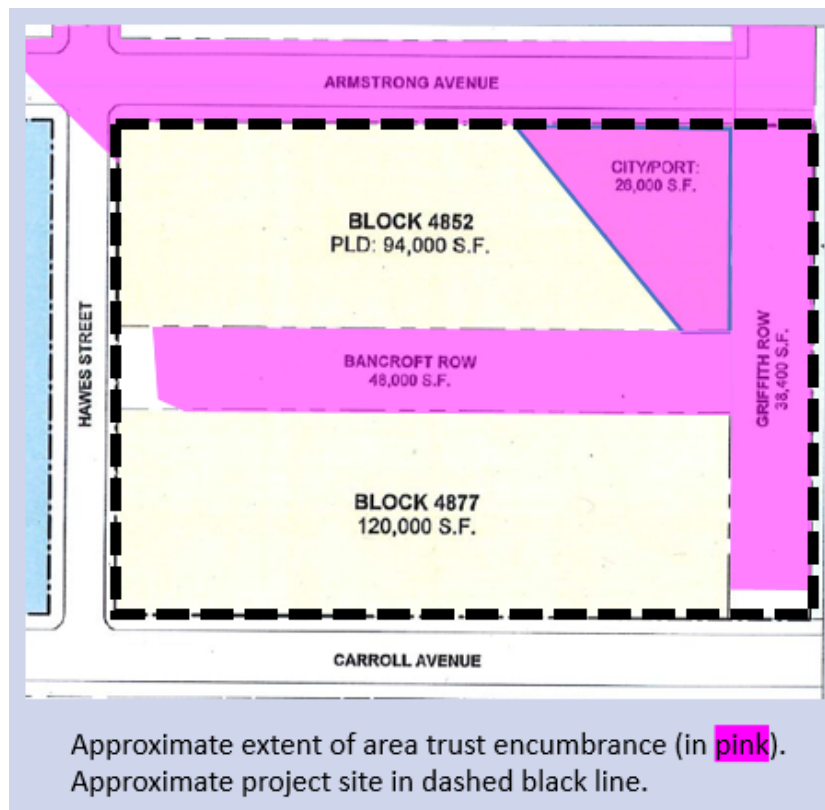
Prologis L.P. owns the remainder of Assessor's Block No. 4852 (excluding Lot No. 001) consisting of 94,000 net square feet and the entirety of Assessor's Block No. 4877 consisting of 120,000 square feet, for a total of 214,000 square feet (the "Prologis Property"). If assembled, the Prologis Property and the Port Property would total approximately 326,400 contiguous square feet, or 7.5 acres, of developable land on which the SFFD could locate its new training facility.

**Figure 1** shows the project site and Port Property in pink; **Table 1** notes the square footage of the properties; and **Figure 2** provides a context map; also, see the end of the

memorandum for additional photos (**Figures 3-5**). If the Port Property is sold, SFFD proposes to combine Block 4852 and Block 4877 with the Port Paper Streets as one parcel for the new training facility. The Project would not alter Armstrong or Carroll Avenues.

City RED purchased an option to acquire the Prologis Property, which will expire on May 31, 2022.

*Figure 1: 1236 Carroll Avenue Site Assembly Project*



*Table 1. Summary of Parcel Assemblage*

PARCELS	SQ. FT.
<b>PRIVATELY HELD PARCELS</b>	
BLOCK 4852	94,000
BLOCK 4877	<u>120,000</u>
<i>PRIVATELY HELD</i>	<i>214,000</i>
<b>PORT PROPERTY</b>	
BANCROFT ROW	48,000
GRIFFITH ROW	<u>38,400</u>
STREET ROW TOTAL	86,400 77%

RAILWAY ROW	26,000	23%
<b>TOTAL PORT</b>	112,400	100%
<b>TOTAL SITE</b>	<b>326,400</b>	

### 3. MEMORANDUM OF UNDERSTANDING (MOU)

Port and City RED staff are finalizing the terms of the MOU regarding the terms and conditions of the sale of the Port Property. Port Staff expects to return to the Port Commission within the next 1-2 months seeking approval to execute the MOU. City RED intends to seek approval from the Board of Supervisors shortly after Port Commission approval. More details on the expected timing of the MOU approval process are provided in Section 5 below.

As proposed and upon approval by the Board of Supervisors, the Port would convey the Port Property to the City in exchange for fair market value, conditioned upon the successful passage of state legislation to lift the public trust from the Port Property. The State Lands Commission will need to confirm the fair market value before the sale occurs.

### 4. LEGISLATIVE PROCESS OVERVIEW

Consistent with previous legislation authorizing the sale of Port lands (e.g., paper streets and seawall lots) that are underutilized and no longer benefit the public trust, Port staff and other representatives of the City have worked with State Lands Commission staff to draft proposed state legislation that, if enacted, will:

- Lift the public trust and Burton Act obligations from the Port Property
- Delegate authority to State Lands Commission to approve the sale of Port Property to City for SFFD’s training facility
- Ensure fair market value is paid by the City to Port for uses benefitting public access, use, and enjoyment of the San Francisco waterfront

#### Summary of Legislative Approvals Needed

The following provides a brief summary of the legislative approvals needed to effectuate the sale of the Port Property to the City:

Local Government (Port Commission and subsequently, Board of Supervisors):

- Approve jurisdictional transfer transaction; authorize execution of a memorandum of understanding between City and Port; adopt CEQA findings, all subject to approval of state legislation delegating approval authority to the State Lands Commission.

Actions by Other Government Agencies to permit the sale of the Port Property:

- California State Lands Commission - approval of the value of Port property (subject to final form of legislative approval).
- California State legislation – approval of jurisdictional transfer.

The project sponsors, led by the SFFD and the Mayor’s Office with support from City RED, Port, and State Lands Commission staff, garnered endorsement for the required State legislation to facilitate the transaction from Assemblymember Phil Ting, who is expected to introduce a bill into the 2022 legislative session before the end of this month.

## 5. NEXT STEPS

Port staff continue to work diligently alongside staff from SFFD, City RED, the Mayor’s Office, the State Lands Commission, and Assemblymember Ting’s office to bring SFFD’s vision for a new fire training facility in San Francisco to fruition. The following key steps must be completed prior to closing the transaction described above, with approximate dates (subject to change) shown for each (all 2022 unless otherwise shown):

- February 23 - Port staff and project sponsors briefing of the Southern Advisory Committee
- Mid-March - MOU between Port and City RED finalized
- April 12 - Port Commission approval of MOU
- Spring 2022 - Board of Supervisors approval of MOU
- Summer/Fall 2022 - Approval of State legislation
- Fall/Winter 2022 - State Lands Commission approval
- Winter 2022/2023 - Port-City transaction is completed (Close of Escrow/Transfer of Port property)

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**Exhibit 1: Figures 2-5 Show Context Area Map and Photos of Existing Site Conditions**

*Figure 2. Port Land in Project area, indicates Project site  
The star is EAST of the project site*



*Figure 3. Port Property, from Outside Gate*





Figure 4. Port Property, Inside Gate



Figure 5. 1236 Carroll Avenue Site Assembly Location

