



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator



John Updike
Director of Real Estate

November 9, 2015

Harlan L. Kelly, Jr.
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Re: Golden State Warriors Event Center and Mixed-Use Development Proposed Public Service Easement Vacations – Statement regarding Proposed Easement Vacation Value

Dear Harlan:

GSW Arena LLC is proposing a new event center and mixed-use development (**Project**) on Mission Bay Blocks 29-32 (**Project Site**). The Project Site is burdened with four utility easements in favor of the City and County of San Francisco (**City**), through the San Francisco Public Utilities Commission (**SFPUC**). GSW Arena LLC has asked the SFPUC to vacate its utility easements to allow the Project to move forward. The four utility easements are as follows:

- In 1970, the City vacated El Dorado Street between Third Street and Illinois Street, reserving an easement for a sewer and a water main (**1970 Easement**).
- In 1994, Catellus Development Corporation granted the City a water main easement (**1994 Easement**). The easement agreement contemplates termination of the easement once "reasonable alternative utility service has been provided."
- In 1998, the City approved an agreement to exchange property ownership interests with Catellus Development Corporation to facilitate the redevelopment of Mission Bay (**Mission Bay Land Transfer Agreement**). The Mission Bay Land Transfer Agreement provided a framework for the City to obtain temporary easements to facilitate access to existing utility infrastructure until the easements and infrastructure within the easements were replaced with new infrastructure. The City obtained two wastewater easements as a result of the Mission Bay Land Transfer Agreement.

Because the 1994 Easement and easements stemming from the 1998 Mission Bay Land Transfer Agreement were meant to be temporary easements, to be vacated upon functional replacement of the infrastructure within the easements, the City did not expect to receive any value at the time of the easement vacation.

Some of the functionality of that Mission Bay infrastructure has already been replaced and the rest will be replaced with the dedication of new infrastructure and new streets surrounding the Project Site. Easement quitclaim deeds will not be delivered to GSW Arena LLC until the new infrastructure and streets are completed and accepted.

Additionally, the Mission Bay Redevelopment Project, on the whole, has provided and will provide the SFPUC with new utility easements where necessary. The new and forthcoming easements include, at a minimum, three wastewater pump station control room easements, one water meter easement and a public utility easement within a private street. These are noted in the attached table. Additionally, offers of dedication of property are anticipated from GSW Arena LLC for required street and roadway purposes to be accepted by Director of Public Works and my office.

Based on the information provided above, the SFPUC has already received and will receive sufficient consideration for the proposed four easement vacations as part of the Mission Bay Redevelopment Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Updike', with a long horizontal flourish extending to the right.

John Updike

Director of Property

c: John Malamut, Deputy City Attorney
Barbara Moy, Public Works

New and Forthcoming Easements in Mission Bay

Easement Location	Relevant Infrastructure	New or Forthcoming Easements and Infrastructure
Family House (Block/Lot 8711/227)	Sanitary sewer pump station control room, access and utilities	Forthcoming, easement upon acceptance of control room, license agreement already in place
Mercy Housing (Block/Lot 8711/014)	Stormwater pump station control room, access and utilities	New
UCSF near the intersection of Nelson Rising Lane and Fourth Street	Water meters	New
ARE-San Francisco No. 43, LLC (Block/Lot 3940/003)	Stormwater pump station control room, access and utilities	Forthcoming, draft easement agreement under review by grantor
ARE-San Francisco No. 15, LLC (Block/Lot 8709/016-020, 022; Mission Bay Blocks 41-43, 45)	Municipal utilities including water, sanitary sewer, storm drain and power	New

