

## RESOLUTION NO. 77-2010

*Adopted June 15, 2010*

### **MAKING FINDINGS REQUIRED BY SECTION 33445 OF THE COMMUNITY REDEVELOPMENT LAW TO ALLOW THE AGENCY TO FUND THE REHABILITATION OF BUILDING 813 LOCATED ON PARCEL D-2 IN THE HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA AND AUTHORIZING THE SUBMISSION OF A RESOLUTION MAKING THE SAME FINDINGS FOR CONSIDERATION BY THE CITY AND COUNTY OF SAN FRANCISCO BOARD OF SUPERVISORS; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA**

#### **BASIS FOR RESOLUTION**

1. Building 813 is an existing 260,000 square foot building located on Parcel D-2 within the Hunters Point Shipyard Redevelopment Project Area (the "Project Area" or the "Shipyards"). The Redevelopment Agency of the City and County of San Francisco (the "Agency") desires to enter into a professional services contract with a project management team to conduct feasibility and pre-development analyses, and assist with the construction management of the initial rehabilitation of Building 813 (the "Building 813 Project").
2. The renovated Building 813 is planned to serve as a business incubator for innovation-driven industries with an emphasis on clean technology and green businesses. As an incubator, the building would provide affordable, short term, small and flexible leases for companies in early stages of development. Building 813 would serve as a platform to start and grow companies with the goal of graduating those companies to the upper floors of Building 813, or elsewhere in either the Shipyards or San Francisco. The Building 813 incubator will accommodate and facilitate the creation and expansion of companies at various stages of their growth lifecycle, but particularly those at the earliest stages of business development, thereby creating jobs for economic vitality as well as creating an appropriate mix of new businesses. Whether as an incubator or some other commercial use, the rehabilitation of Building 813 will activate this dormant and vacant property, helping to restore economic activity to the Project Area.
3. The Agency intends to use approximately \$7,258,890 to pay for the Building 813 Project. Ninety percent (90%) of these funds will be covered by money from two grants awarded by the United States Department of Commerce, Economic Development Administration ("EDA"), to fund the Building 813 Project. The EDA grant requires a grant recipient to provide a ten percent (10%) match on funds it invests in a project. Therefore, ten percent (10%) of the costs of the project will be covered by the Agency. These matching funds from the Agency will be covered by rent revenues from the Project Area. The goals of EDA's grants are to generate jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically distressed areas of the United States. These grants, and the projects

they fund, have been a critical component of the Agency's strategy to restore the Shipyard's role in supporting the economic vitality of the Bayview Hunters Point community.

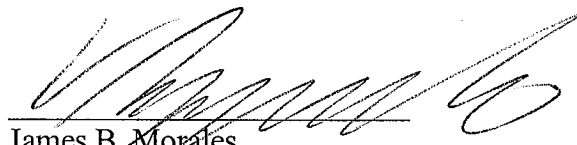
4. Implementing the Building 813 Project contract requires the Agency's "legislative body", which, for these purposes, is the City and County of San Francisco Board of Supervisors ("Board of Supervisors") to comply with Section 33445 of California's Community Redevelopment Law ("Section 33445"). In order to comply with the mandates of Section 33445, the Board of Supervisors must make findings that: 1) the installation or construction of buildings, facilities, structures or other public improvements that are part of the Building 813 Project will help to eliminate blight within the Project Area; 2) no other reasonable means of financing the Building 813 Project is available to the community; and 3) payment of funds for the cost of the Building 813 Project is consistent with the current implementation plan for the Project Area. Findings relevant for the Building 813 Project are further set forth in the attached Exhibit A.
5. This is an Agency administrative activity that would not have any direct physical effects on the environment and is not a "Project" as defined in Section 15378(b)(5) of the California Environmental Quality Act Guidelines.

#### **RESOLUTION**

**ACCORDINGLY, BE IT RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Agency hereby adopts the findings contained in Exhibit A.

**BE IT FURTHER RESOLVED** the Executive Director is authorized to prepare, on behalf of the Agency, a resolution for consideration by the Board of Supervisors (together with other relevant documents), which resolution shall comply with the requirements of Section 33445 of the California Redevelopment Law to allow for Agency funding of the Building 813 Project and shall include findings identical or substantially similar to those attached in Exhibit A.

**APPROVED AS TO FORM:**

for   
James B. Morales  
Agency General Counsel

## EXHIBIT A

### FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33445 HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA BUILDING 813 RENOVATION

The Redevelopment Agency makes the following findings related to the Project to rehabilitate Building 813 (the "Building 813 Project" or the "Project"), an existing 260,000 square foot building located on Parcel D-2 within the Hunters Point Shipyard Redevelopment Project Area (the "Project Area") further described in the attached resolution.

- I. The publicly-owned improvements will be of benefit to the Hunters Point Shipyard Redevelopment Project Area by helping to eliminate blight in the Project Area.*

The above-stated finding is based on facts in the record and otherwise known to the Commission including the following:

- A. The renovated Building 813 will be a publicly-owned improvement and will clearly benefit the Project Area by eliminating one or more of the blighting conditions in the Project Area. The blighting conditions that persist within the Shipyard today include, but are not limited to, the presence of vacant and contaminated land, dilapidated buildings, and higher than average unemployment. Building 813 is envisioned to become a high-performance demonstration building utilizing world-class building re-use technologies and exemplifying the highest commitment to sustainable building and design. The building is expected to meet or exceed the United States Green Building Council's Leadership in Energy and Environmental Design ("LEED") Platinum level of certification, or an acceptable equivalent, with an intention to incorporate as many green building and energy efficiency systems, techniques and practices as possible. As a result, the blighting condition of dilapidation of the building will be eliminated as will its current condition as a vacant structure (another blighting condition).
- B. Additionally, the renovated Building 813 is planned to serve as a business incubator for innovation driven industries with an emphasis on clean technology and green businesses. As an incubator, the building would provide affordable, short term, small and flexible leases for companies in early stages of development. Building 813 would serve as a platform to start and grow companies with the goal of graduating those companies to the upper floors of Building 813, or elsewhere in either the Shipyard or San Francisco. The Building 813 incubator will accommodate and facilitate the creation and expansion of companies at various stages of their growth lifecycle, but particularly those at the earliest stages of business development, thereby "*creating jobs for economic*

vitality” as well as “creating an appropriate mix of new businesses,” two of the Hunters Point Shipyard Redevelopment Plan Statements of General Principle for the redevelopment of the Shipyard. Whether as an incubator or some other commercial use, the rehabilitation of Building 813 will activate this dormant and vacant property, helping to restore economic activity to the Project Area. This planned use will generate jobs and will help alleviate the blighting condition of unemployment in the Project Area.

***II. There are no other reasonable means of financing the installation or construction of the publicly-owned improvements.***

The above-stated finding is based on facts in the record and otherwise known to the Commission including the following:

The City faces substantial fiscal challenges in light of substantially reduced tax revenues and challenging economic conditions created by the ongoing recession. Several budget-related documents confirm the breadth and depth of the City’s fiscal challenges. Based on the conclusions of those documents, including those specifically summarized below, as well as independent Analysis by Agency staff, no other reasonable means of financing the Building 813 Project are available to the community aside from funding the Project through a grant from the United States Department of Commerce, Economic Development Administration with matching funds from the Agency.

i. City’s Three-Year Budget Projection for General Fund Supported Obligations FY 2010-11 through 2012-13

According to the Three-Year Budget Projection for General Fund Supported Obligations Fiscal Year (“FY”) 2010-11 through 2012-13 (published April 2, 2010 by the Controller's Office, Mayor's Office, and Board of Supervisors Budget Analyst):

- a) Projected shortfalls in General Fund revenues compared to expenditures over the next three years are \$483 million in FY 2010-11, \$712 million in FY 2011-12, and \$787 million in FY 2012-13.
- b) Due to the State's severe budget shortfall, the City expects significant cuts in State funding. While the City's budgeting assumed a reduction of \$58 million, the Three-Year Budget Projection notes that it is possible the final State budget could contain significantly more reductions in funding to the City than were assumed.

ii. Budget Year 2010 – 2011 City & County of San Francisco Mayor’s Office Instructions & Controller’s Technical Instructions

In order to implement each year’s budget, the Controller releases technical instructions designed to conform departmental spending and budgeting to the citywide budget. The instructions released in connection with the 2010-2011 Citywide budget reveal the significant fiscal challenges faced by the City and illustrate why alternative sources of

funding are not available for the Building 813 Project. Among the findings included in the Controller's Technical Instructions are the following:

- a) The Mayor's Budget Office projects a \$522.2 million shortfall for FY 2010-11, assuming current spending levels and estimated revenue shortfalls. The Budget Office has required all departments to submit plans to reduce their General Fund spending in the current year by 3.9 percent in order to address the FY 2009-10 revenue shortfall. If all of these mid-year adjustments are annualized, the deficit would be reduced by approximately \$56.3 million, leaving a budget shortfall of \$465.9 million.
- b) The Budget Office has instructed departments to submit budget requests for FY 2010-11 that reflect at least a 20 percent reduction in General Fund support. Of the 20 percent reductions proposed, at least 15 percent should be ongoing, and no more than 5 percent should be one-time in nature.
- c) The Budget Office has instructed departments to submit a prioritized contingency plan with their budget submission equal to 10 percent of their reduced General Fund base. The Budget Office anticipates that it will need some or all of the departmental contingency reductions in order to balance the citywide deficit.

***III. The publicly-owned improvements are consistent with the Implementation Plan for the Project Area.***

The above-stated finding is based on facts in the record and otherwise known to the Commission, including the following:

The Building 813 Project is consistent with the Project Area's Five-Year Implementation Plan adopted pursuant to Health and Safety Code Section 33490 Commission Resolution No. 15-2009, February 3, 2009 (the "Implementation Plan"), including specifically three goals of the plan:

1. Fostering employment, business, and entrepreneurial opportunities in the construction of facilities in the Project Area;
2. Providing for the development of economically vibrant and environmentally sound districts; and
3. Encouraging use of the most cost effective, energy-efficient measures feasible.

The retention and renovation of Building 813 would create jobs for economic vitality as well as create a locally appropriate mix of new businesses. The Building 813 Project will constitute a critical step in establishing a clean technology and research and development industry cluster that will ensure that San Francisco continues to develop its workforce and remains economically competitive into the next century. The Building 813 Project is therefore consistent with the Implementation Plan.