

RESOLUTION NO. 78-2010

Adopted June 15, 2010

MAKING FINDINGS REQUIRED BY SECTION 33445 OF THE CALIFORNIA HEALTH AND SAFETY CODE TO ALLOW AGENCY FUNDING OF A PUBLIC ART PROJECT AT THE HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA AND AUTHORIZING THE SUBMISSION OF A RESOLUTION MAKING THE SAME FINDINGS FOR CONSIDERATION BY THE SAN FRANCISCO BOARD OF SUPERVISORS; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency") desires to install public art in parks and the open space on the hilltop area of Parcel A at the Hunters Point Shipyard ("Shipyard").
2. Fabrication and Installation of public art on Parcel A of the Shipyard ("HPS Public Art Project") is part of the broader Cultural Historic Recognition Program ("CHRP"). The CHRP is one of eleven community benefit programs included in the Community Benefits Agreement of the Shipyard Phase 1 Disposition and Development Agreement between the Agency and HPS Development Co., LLP, which was approved in its original form on December 2, 2003 by the Agency Commission. The CHRP aims to create an art program that identifies opportunities for recognizing cultural components of the Shipyard and surrounding community in the development of the Shipyard. CHRP also aims to integrate cultural features and facilities throughout the Shipyard, and to provide opportunities for local artists to participate in creating public art for the Shipyard.
3. The Agency intends to use part of a \$5,066,667 grant, awarded by the United States Department of Commerce, Economic Development Administration ("EDA Grant") in 2007, to fund the HPS Public Art 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 Hunters Point Shipyard Project Area ("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 HPS Public Art Project requires the Agency to comply with California Health and Safety Code Section 33445 ("Section 33445"). In order to comply with the mandates of with Section 33445, the Board of Supervisors must make findings that: 1) the HPS Public Art Project will help to eliminate blight within

the Project Area, 2) no other reasonable means of financing the HPS Public Art Project is available to the community, and 3) payment of funds for the cost of the HPS Public Art Project is consistent with the current implementation plan for the Project Area.

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 California Health and Safety Code Section 33445 to allow for agency funding of the HPS Public Art Project and shall include findings identical or substantially similar to those attached in Exhibit A.

APPROVED AS TO FORM:

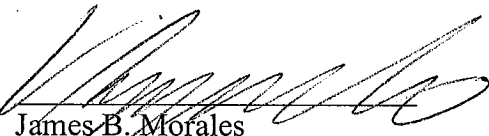
for 
James B. Morales
Agency General Counsel

EXHIBIT A

FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33445 HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA HPS PUBLIC ART RENOVATION

The Redevelopment Agency makes the following findings related to the Project to construct and install publicly owned art in open space located on the hilltop area of Parcel A at the Hunters Point Shipyard (the “HPS Public Art Project” or the “Project”).

I. The publicly-owned improvements will be of benefit to Hunters Point Shipyard Redevelopment Project Area (“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:

The art installed on open space within the Project Area will be a publicly-owned and, once installed, will be an improvement to the land, clearly benefitting 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. Installation of public art in open space of Parcel B will serve to improve the Shipyard and eliminate blight not only by beautifying the area but also by emphasizing the level of public investment in the area, making it a more attractive location to own a home or locate a business. Thus, the HPS Public Art Project will therefore help to eliminate the blighting conditions of dilapidation as well as vacant land and unemployment.

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 of San Francisco 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, the Agency finds that outside of the grant funds from the United States Department of Commerce, Economic Development Administration and the matching funds provided by the Agency, no other reasonable means of financing the HPS Public Art Project is available to the community.

i. The City of San Francisco'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 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 HPS Public Art 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 twenty percent reduction in General Fund support. Of the twenty percent reductions proposed, at least fifteen percent should be ongoing, and no more than five 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 ten 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 HPS Public Art Project is consistent with the Projects Area's Five-Year Implementation Plan adopted pursuant to Health and Safety Code Section 33490 Commission Resolution No. 15-2009, February 3, 2009, including the specific goal of the plan to provide for the development of economically vibrant and environmentally sound districts for mixed use cultural, recreation, educational and arts uses. HPS Public Art is seen as critical step in Agency's efforts to create an Arts District for the Shipyard to attract cultural visitors to the Shipyard and to directly engage Bayview Hunters Point residents and businesses in the production, sale, and promotion of art, thus increasing economic stimulus and investments in the area and assisting in the elimination of blighting conditions in the Project Area.