

## RESOLUTION NO. 20-2011

*Adopted March 1, 2011*

**AUTHORIZING A LETTER AGREEMENT WITH THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT, IN AN AMOUNT NOT TO EXCEED \$500,000, FOR PROVIDING GRANTS AND THE ADMINISTRATION OF A FAÇADE AND TENANT IMPROVEMENT PROGRAM FOR THE THIRD STREET COMMERCIAL CORRIDOR AS PART OF THE LARGER CITYWIDE SF SHINES FAÇADE IMPROVEMENT PROGRAM, FROM MARCH 1, 2011 TO MARCH 1, 2012; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA**

### BASIS FOR RESOLUTION


1. On March 7, 2006, by Resolution 32-2006, the Redevelopment Agency of the City and County of San Francisco (“Agency”) approved a proposed redevelopment plan for the Bayview Hunters Point Redevelopment Project Area (“Project Area”).
2. On May 23, 2006, the Board of Supervisors of the City and County of San Francisco approved Ordinance No. 113-06 adopting the Bayview Hunters Point Redevelopment Plan (“Redevelopment Plan”).
3. The 1,361-acre Project Area B generally consists of residential, commercial, industrial, and public uses in Bayview Hunters Point. The Third Street corridor is the primary commercial street that runs through the Project Area. Along the neighborhood retail corridor are many small businesses, including restaurants, hardware stores, beauty salons, and several liquor stores, but overall, Third Street continues to suffer from disinvestment and neglect.
4. The 2002 Bayview Hunters Point Revitalization Concept Plan (“Concept Plan”), the embodiment of the community’s planning process leading up to the Redevelopment Plan, discussed the immediate need for a façade improvement program for Third Street in the “Town Center.” In accordance with the Concept Plan’s vision, the 2006 Redevelopment Plan specifically describes and authorizes the development of façade and small business assistance programs for Project Area B in Section 3.5, Proposed Economic Development Programs.
5. The Office of Economic and Workforce Development (“OEWD”), currently administers the City’s SF Shines Façade Improvement Program, a citywide program that provides grants and design assistance to property owners and merchants to improve facades, storefronts, and signs. The program targets economically distressed business corridors, including the Third Street Corridor in Bayview Hunters Point.

6. On September 2, 2008, the Commission authorized a letter agreement with the Mayor's Office of Community Investment ("MOCI," now part of OEWD) for the administration of a façade and tenant improvement program for the Third Street commercial corridor in Bayview Hunters Point.
7. After two years of implementing the SF Shines Program on Third Street, OEWD and Agency staff have proposed adjustments to the program guidelines to promote a more robust visual impact along the Third Street corridor. Under the new guidelines, the maximum grant amount increased from \$38,500 to \$75,000. Additionally, the guidelines include a prohibition on security grilles and lay out more stringent signage requirements.
8. Accordingly, staff recommends authorizing a twelve-month letter agreement ("Letter Agreement") with OEWD for the administration of a façade and tenant improvement program for the Third Street commercial corridor as part of the larger citywide SF Shines Façade Improvement Program, in an amount not to exceed \$500,000.
9. Authorization of the Letter Agreement with OEWD is not a "project" as defined by California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5). The administration of the SF Shines Façade and Tenant Improvement Program by OEWD would not independently result in a significant physical effect on the environment. Construction activities and design services under the façade and tenant improvement program are exempt from CEQA, pursuant to CEQA Guidelines Section 15301(a) and 15262, respectively. The interior and exterior alterations of existing facilities will not expand existing uses and will not result in a significant effect on the environment.

## RESOLUTION

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a Letter Agreement, with the Office of Economic and Workforce Development, in an amount not to exceed \$500,000, for providing grants and the administration of a façade and tenant improvement program for the Third Street commercial corridor as part of the larger citywide SF Shines Façade Improvement Program, from March 1, 2011 to March 1, 2012, substantially in the form attached.

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Sr. James B. Morales 2/27/11  
Agency General Counsel

## LETTER AGREEMENT

**BY EXECUTION ON March 1, 2011 (“EFFECTIVE DATE”) OF THIS LETTER AGREEMENT (“Agreement”),** the parties hereto memorialize their agreement that the Performing Party (defined below) shall complete, or cause to be completed, the work described below during the time specified, and that the Requesting Party (defined below) shall pay for such work in accordance with the Details of Payment specified herein.

**Performing Party:** Office of Economic and Workforce Development (“OEWD”)

**Requesting Party:** Redevelopment Agency of the City and County of San Francisco (“Agency”)

**Term:** The term of this Letter Agreement shall be twelve (12) months. The term shall begin March 1, 2011 and end on March 1, 2012 (“Term”).

**Work to be Performed:** OEWD will provide façade and tenant improvement grants for small business owners along Third Street within the Bayview Hunters Point Redevelopment Project Area (“Bayview Hunters Point”). General program administration and reporting requirements are described in Exhibit 1. OEWD modified the City’s existing SF Shines Program to target the Third Street commercial corridor in Bayview Hunters Point, attached as Exhibit 3. OEWD currently administers a citywide Shines Façade Improvement Program, (“SF Shines Program”), attached as Exhibit 4.

**Details of Payment:** The Agency shall pay OEWD a total aggregate amount not to exceed \$500,000 to be disbursed as follows:

The Agency shall pay OEWD an administrative fee not to exceed \$70,000 during the Term as described in the Program Budget attached as Exhibit 2, subject to satisfactory performance of goals and objectives.

The Agency will fund the services to be provided by OEWD in accordance with the Program Budget attached as Exhibit 2, in an aggregate amount not to exceed \$430,000 for work performed in accordance with this Agreement, subject to satisfactory performance of goals and objectives.

**Insurance:** The parties acknowledge and agree that the City and County of San Francisco (“City”) self-insures in the areas of general liability, automobile liability and workers’ compensation and that such self-insurance shall cover any losses, claims or damages incurred by

the Agency directly or indirectly arising out of or connected with this Letter Agreement, and any of the OEWD's activities under this Letter Agreement, excluding the willful misconduct or gross negligence of the person or entity seeking to be defended, indemnified or held harmless. However, at its sole discretion City may purchase a policy of insurance to cover against any potential exposure to loss under this Agreement.

OEWD shall require any subcontractors to maintain the following insurance:

- (1) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and
- (2) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned, and Hired auto coverage, as applicable; and
- (3) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and
- (4) Professional Liability Insurance, applicable to subcontractor's profession with limits not less than \$1,000,000 each claim with respect to negligent acts, errors or omissions in connection with professional services to be provided under this Letter Agreement; and
- (5) Commercial General Liability policy must be endorsed to name as Additional Insured the "San Francisco Redevelopment Agency, the City and County of San Francisco, and their respective Commissioners, Officers, Agents, and Employees".

**Employment/Contracting:** The Agency will require the program to utilize the Employment and Contracting Guidelines as shown in Exhibit 3.

**Prevailing Wages:** As required by California Labor Code Sections 1720, 1770, 1771 and 1774, et seq., any construction, alteration, demolition, installation or repair work done under contract and paid for in whole or in part out of public funds must be performed by workers paid the then prevailing wage rate established by the California Department of Industrial Relations.

**General Indemnification:** The City shall defend, hold harmless and indemnify the Agency, and/or its commissioners, members, officers, agents and employees of and from any and all claims, demands, losses, costs, expenses, obligations, damages, injuries, actions, causes of action and

liabilities of every kind, nature and description directly or indirectly, arising out of or connected with this Agreement and any of OEWD's activities related thereto, excluding the willful misconduct or gross negligence of the person or entity seeking to be defended, indemnified or held harmless.

**Conflict of Interest:**

Except for approved eligible administrative or personnel costs, no employee, agent, contractor, officer or official of the Agency who exercises any functions or responsibilities with respect to this Agreement or who is in a position to participate in a decision making process or gain inside information with regard to it, shall obtain a personal or financial interest in or benefit from any contract, subcontract or agreement with respect thereto, or the proceeds therein, either for himself or herself or for those with whom they have family or business ties, during his or her tenure or for two years thereafter. In order to carry out the purposes of this Section, OEWD shall incorporate, or cause to be incorporated, in all contracts and subcontracts relating to activities pursuant to this Agreement, a provision similar to that of this Section.

**Duty of Loyalty:**

OEWD agrees to abide by the Agency's duty of loyalty, which appears at Section IX.H. (Prohibited Activities of Present and Former Employees, Commissioners and Consultants) of the Agency's Personnel Policy and which states in part the following: "Unless approved in advance in writing by the [Redevelopment] Agency, no present or former employee, Commissioner or consultant of the [Redevelopment] Agency shall knowingly act for anyone other than the Agency in connection with any particular matter in which the [Redevelopment] Agency is a party, or has a direct and substantial interest, and in which he or she participated personally and substantially as an Agency employee, Commissioner or consultant whether through decisions, recommendations, advice, investigation or otherwise. Violation of this section by a present employee, consultant or Commissioner may, in the case of an employee or consultant, be grounds for discharge or termination of the consultant contract, and in the case of a Commissioner, be considered misconduct in office pursuant of California Health and Safety Code Section 33115.

**Exhibits:**

The following exhibits are attached and incorporated as a part of this Agreement:

Exhibit 1: General Program Administration and Reporting Requirements

Exhibit 2: Program Budget – Façade Grant Program and Tenant Improvement Grant Program

Exhibit 3: SF Shines Program Targeted to the Third Street Corridor

Exhibit 4: Employment & Contracting Guidelines

Exhibit 5: SF Shines Program Targeted to the Third Street Corridor

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**WE HEREBY AGREE TO THE FOREGOING:**

**REDEVELOPMENT AGENCY OF THE  
CITY AND COUNTY OF SAN FRANCISCO, a  
public body, corporate and politic**

By: \_\_\_\_\_  
Amy Lee  
Deputy Executive Director  
Finance and Administration

**APPROVED AS TO FORM:**

\_\_\_\_\_  
James B. Morales  
Agency General Counsel

**CITY AND COUNTY OF SAN FRANCISCO, a  
municipal corporation**

By: \_\_\_\_\_  
Jennifer Matz  
Director, Office of Economic and  
Workforce Development

Authorized by Resolution No. \_\_\_\_ - 2011, adopted on March 1, 2011.



## Exhibit 1

### **General Program Administration and Reporting Requirements**

**OEWD will provide the following services:**

- I. General Program Administration.** OEWD will administer the façade and tenant improvement grant agreements for participating Third Street businesses and/or property owners within the Bayview Hunters Point Redevelopment Project Area for the period of twelve (12) months, beginning March 1, 2011. OEWD shall develop, as needed, or upon Agency request, forms and reporting procedures necessary to track and evaluate façade and tenant improvement program activities and outcomes, and to assure that the Agency funds specified in this Agreement are spent within the Bayview Hunters Point Redevelopment Project Area.
- II. Utilization and Modification of Program Form of Agreement.** OEWD will use its application and grant agreement forms, modified to reflect Agency participation in the grantee selection process, the contract compliance process, as well as to reflect the Agency's Employment and Contracting requirements, including prevailing wage, and provide copies of the executed applications and grants to the Agency within 30 days after projects are chosen, on a quarterly basis.
- III. Program Modifications and Contract Negotiations.** OEWD will obtain prior approval from the Agency if OEWD believes that it is necessary or appropriate to amend its SF Shines Program Guidelines for program participants along the Third Street corridor in the Bayview Hunters Point Redevelopment Project Area. Furthermore, the Agency through its Executive Director, has the authority to terminate this Letter Agreement with thirty (30) days prior written notice to OEWD. In the event of termination, the Agency and OEWD will continue to honor all grants fully executed prior to the termination date. All unexecuted grants and negotiations for grants will be terminated on the termination date.
- IV. Coordination with Agency Staff.** OEWD will meet monthly with Agency Project Management and Contract Compliance staff to coordinate the selection of program participants and assist in the Agency's monitoring of compliance with the Agency's Employment and Contracting goals. OEWD will also review all proposed improvements with Agency architectural staff.
- V. Coordination and Outreach to Project Area Committee.** OEWD will present the status of the SF Shines Program and updates on upcoming award rounds to the BVHP Project Area Committee when funding rounds are announced (approximately quarterly).
- VI. Technical Assistance.** OEWD shall provide technical assistance in the form of project management support to individual grantees accepted into the façade and tenant improvement program. OEWD will work with Agency Contract Compliance staff to support individual grantees in the execution and fulfillment of the Agency's Employment and Contracting Requirements.
- VI. Reports.** OEWD shall provide quarterly progress reports with each quarterly invoice and provide an overall evaluation report in the sixth month outlining the general performance and effectiveness of the program for the purposes of improving the program.



Exhibit 2

**Program Budget  
1-Year**

<b>A. Façade Grant Program</b>	<b>Third Street</b>
<b>Direct Project Costs</b>	
Funds to Business	\$336,000
Design Services	51,000
Contingency	<u>16,200</u>
Subtotal	<b>\$403,200</b>
<b>Other Implementation Costs</b>	
Fiscal Service	\$24,950
Marketing	<u>1,850</u>
Subtotal	<b>\$26,800</b>
<b>OEWD/MOH Admin (14%)</b>	<b>\$70,000</b>
<b>TOTAL</b>	<b>\$500,000</b>



## Exhibit 3

### **SF Shines Program Targeted to the Third Street Corridor**

#### **Focused Target Area**

Projects must be along Third Street within the Bayview Hunters Point Redevelopment Project Area. Projects between Kirkwood Avenue and Revere Avenue in the Town Center Activity Node are prioritized.

#### **Clustering**

New projects should be clustered strategically to maximize investment of public funds, visual and catalytic impact. Clusters can be on intersection corners or middle of the block and should take into account and leverage other important public or private investments such as façade improvements, development projects, infrastructure improvements, as well as existing neighborhood assets.

#### **Unique Photographs and Computer Renderings**

Photographs and/or computer renderings (i.e., Photoshop) should be utilized to illustrate desired and highly successful facades. Incorporating the cultural heritage of the neighborhood is encouraged. Illustrations will be provided to support the design aspirations of clients who are interested in reflecting the African American heritage of the neighborhood.

#### **SF Shines Tenant Improvement Program for Third Street Corridor**

SF Shines will also provide tenant improvements grants for select Third Street Corridor businesses in conjunction with façade improvements. Grant fund guidelines are as follows:

- Clients may receive up to \$75,000 grant for combined façade and tenant improvements
- Client contributes 25% of total project costs, including all permit and inspection costs, excluding costs for signage and security grille removal, which do not require a match, pursuant to SF Shines Program Guidelines..
- Grant pays for interior improvements, including capital construction, fixtures, and major equipment (equipment integral/essential to business operations and interior layout)



## **Exhibit 4**

### **Employment & Contracting Guidelines Third Street Corridor Façade and Tenant Improvement Programs**

OEWD SF Shines and Agency staff will work together to ensure compliance with the additional Agency Employment & Contracting Guidelines described below. Agency Compliance staff will join the SF Shines team (OEWD staff and architectural partner) at the pre-construction meeting to review the specific Agency Employment and Contracting Guidelines (state prevailing wage, workforce program, and local supplier goals) with the business/property owner and selected contractor.

#### **Small Business Enterprise Contractors**

All SF Shines work funded with San Francisco Redevelopment Agency (“Agency”) proceeds must be performed by a licensed contractor who is registered with the Agency as a Small Business Enterprise (“SBE”).

SF Shines staff will provide approved projects with the Agency’s SBE list and provide support, as needed, obtaining bids.

#### **SBE Contractor Selection Process**

Each project will be required to secure a minimum of three bids for the work to be done from Agency certified SBEs, at least one of which must be from a Bayview SBE contractor located in the 94124 zip code. Each business will contract directly with the contractor selected through the bid process.

SF Shines staff will provide the Agency with information detailing the bids received and participation of contractors located in the 94124 zip code.

#### **Bonding Requirements for Contractors**

Each contractor must secure a payment and performance bond equivalent to the amount of the contract between the business/property owner and contractor. If a contractor has difficulty securing a bond, the contractor may elect, but is not required to, apply to participate in the Agency’s Surety Bond Program which is administered by Merriwether and Williams. The business/property owner eligibility will not be affected by whether or not the contractor utilizes the Agency’s Surety Bond Program, so long as the contractor satisfies the bonding requirement.

SF Shines staff will coordinate with the Agency to provide additional information to business/property owner and contractors regarding the Agency’s Surety Bond Program when needed.

## **Workforce Program**

If the scope of the project requires that that one or more casual laborers be hired, the general contractor (or contractor if there is no general contractor) will be required to first contact CityBuild to meet this need. CityBuild currently operates as Agency's construction workforce placement partner for all of the Agency's project areas in Southeast San Francisco. CityBuild is responsible for ensuring that the workers are job ready and willing to perform a range of entry-level tasks. If the contractor is unable to obtain a laborer from CityBuild within 48 hours of a request, the contractor may hire a laborer using the method the contractor normally uses.

## **Goal for Local Suppliers Participation**

Each contractor selected must agree to make a good faith effort to purchase 40% of his/her materials from suppliers located in the 94124 area code. At the completion of each contract, the contractors will be required to report to SF Shines their performance with respect to meeting this goal.