

RESOLUTION NO. 111-2011

Adopted December 6, 2011

AUTHORIZING A PERSONAL SERVICES CONTRACT WITH C.H. ELLIOTT & ASSOCIATES, A SOLE PROPRIETORSHIP, TO PROVIDE REAL ESTATE ECONOMICS SERVICES, FOR A TERM OF ONE YEAR, WITH TWO, ONE-YEAR EXTENSION OPTIONS, EXERCISED AT THE EXECUTIVE DIRECTOR'S DISCRETION, WITH A BUDGET AMOUNT NOT TO EXCEED \$55,500 FOR THE FIRST YEAR, AND FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$166,500; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On December 2, 2003, the Agency Commission (the "Commission") approved the Disposition and Development Agreement Hunters Point Shipyard Phase 1 between the Redevelopment Agency of the City and County of San Francisco (the "Agency") and HPS Development Co., LP ("Lennar") as the same has since been amended (the "Phase 1 DDA") which establishes, among other things, the boundaries, the development phasing, and the development program for the first phase of development at the Hunters Point Shipyard (the "Shipyard").
2. On June 3, 2010, the Commission approved the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement between the Agency and CP Development Co., LP ("Lennar"), which establishes, among other things, the boundaries, the development phasing, and the development program at the Shipyard Phase 2 and Candlestick Point (the "Phase 2 DDA"). The implementation of the Phase 1 DDA and Phase 2 DDA developments will be collectively referred to as the "Project."
3. In order to the effectively implement the Project, Agency staff requires assistance from a real estate economics consultant to evaluate ongoing economic and financial matters related to the Project. C.H. Elliott & Associates, Inc. (or "Colin Elliott") has provided a wide range of real estate economics services to the Project since July 1999. Colin Elliott has served as the Agency's real estate and fiscal advisor for the Phase 1 Shipyard development, first as a Senior Vice President of Jones Lang LaSalle Americas, Inc. and then as the sole proprietor of C.H. Elliott & Associates, Inc. since September 1, 2002. Most recently on November 20, 2007, by Resolution No. 124-2007, after a competitive solicitation the Commission granted the Agency Executive Director a three-year authorization to enter into personal services contracts with members of a panel of fifteen real estate economics firms for consulting services ("Real Estate Consulting Services") on an as-needed basis. In 2008, C.H. Elliott and Associates was one of the firms selected from this panel and the Agency subsequently entered into a

three-year contract with a total aggregate budget of \$166,500 which expires on December 23, 2011. C.H. Elliott & Associates is an Agency certified Small Business Enterprise.

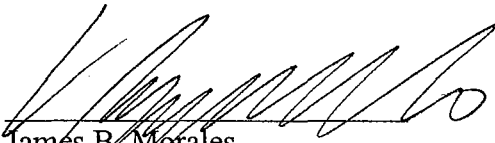
4. Implementation of the Project still requires a significant amount of analysis and negotiation. Some of the efforts that are already underway, include but are not limited to: 1) evaluating the Project's budgets and proformas; 2) implementation of the Phase 2 Financing Plan for the Project; 3) analysis of Mello-Roos and other alternative financing; 4) negotiating land sales prices; and 5) negotiating the Vertical Disposition and Development Agreements for Phase 1.
5. The Agency's Purchasing Policy, as amended on July 21, 2009, allows for a sole source method of procurement if, "the proposed Contractor has previously provided the needed Goods or Services to the Agency and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide the needed Goods or Services."
6. Colin Elliott has performed exceptionally well during his tenure with the Agency. Further, Colin Elliott's expertise and accumulated knowledge on the Shipyard's economic and financial matters continues to be critical to the negotiations and implementation of various Project initiatives.
7. Therefore, staff seeks Commission authorization of a contract with C.H. Elliott & Associates, Inc., to provide Real Estate Consulting Services to the Project, for a term of one year, with two, one-year extension options, exercised at the Executive Director's discretion, for a total maximum aggregate of \$166,500. The contract will be funded as a project cost under the Phase 1 DDA and Phase 2 DDAs.
8. The Agency briefed the Shipyard Citizens Advisory Committee ("CAC") on the details of the contract with Colin Elliott. The CAC expressed its support for the contract during its meetings in September and October 2011.
9. The costs associated arising under the contract with Colin Elliott will be reimbursed by Lennar in accordance with the terms and conditions set forth in the Phase 1 and Phase 2 DDAs.
10. The contract with C.H. Elliott & Associates is for services, not otherwise available in-house at the Agency, that will allow the Agency to fulfill enforceable obligations to perform certain real estate economics and fiscal due diligence related to the pricing and transfer of Shipyard parcels, as well as the evaluation of budgets, proformas and alternative financings under the Phase 1 and 2 DDAs all of which are a necessary component of the Agency's compliance with those agreements. As a result, entry into this contract with C.H. Elliott & Associates does not violate the restrictions on contracting set forth in AB 1X 26, California Health and Safety Code Section 34167(d).

11. Agency Commission authorization of the contract with C.H. Elliott & Associates provides real estate and fiscal consulting services in association with the implementation of the Phase 1 and 2 DDAs and is statutorily exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15262 (Feasibility and Planning Studies).

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into a personal services contract for real estate economics services with C.H. Elliott & Associates, a sole proprietorship, substantially in the form lodged with the Agency General Counsel, with a budget amount not to exceed \$55,500 for the first year and with up to two (2), one (1) year, options to extend the term and authorize a budget (exercisable at the discretion of the Executive Director) for a total aggregate amount not to exceed \$166,500.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel