

Commission on Community Investment and Infrastructure

RESOLUTION NO. 26-2014

Adopted April 15, 2014

AUTHORIZING A FIRST AMENDMENT TO THE GARAGE MANAGEMENT AGREEMENT WITH PACIFIC PARK MANAGEMENT INC., A CALIFORNIA CORPORATION, TO EXTEND THE TERM FOR 14 MONTHS TO JUNE 30, 2015, WITH ONE 12-MONTH EXTENSION WITH THE COMMISSION'S APPROVAL, FOR A BASE MANAGEMENT FEE OF \$12,000 A YEAR PLUS REIMBURSEMENT FOR REASONABLE GARAGE OPERATING EXPENSES, TO OPERATE AND MANAGE THE SUCCESSOR AGENCY'S PUBLIC PARKING GARAGE AT THE FILLMORE HERITAGE CENTER AT 1310 FILLMORE STREET, CONSISTENT WITH THE SUCCESSOR AGENCY'S MAY 18, 2004 DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE SITE

WHEREAS, The Successor Agency became the successor to the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, exercising its functions and powers and organized and existing under the Community Redevelopment Law of the State of California (the "Successor Agency"), when the former Redevelopment Agency of the City and County of San Francisco (the "SFRA") was dissolved on February 1, 2012, pursuant to California Assembly Bill 26 ("AB 26") and the California Supreme Court's decision and order in the case entitled California Redevelopment Association et al. v. Ana Matosantos; and

WHEREAS, About four months later, in June 2012, the California State Legislature passed a follow-up bill to AB 26, commonly called Assembly Bill 1484 ("AB 1484") (together with AB 26, "Redevelopment Dissolution Law"). Under AB 1484, the Successor Agency (now known as the Office of Community Investment and Infrastructure, or OCII) became a separate legal entity, separate from the City and County of San Francisco (the "City"). Under Redevelopment Dissolution Law, the Successor Agency assumed all of the SFRA's enforceable obligations, including ownership of the SFRA's real property. The Successor Agency is charged with winding-down these enforceable obligations and disposing of all real property, pursuant to Redevelopment Dissolution Law, and subject to the oversight of the State Department of Finance ("DOF"), which is the lead implementing agency under Redevelopment Dissolution Law; and

WHEREAS, As a result of these legislative acts, the Successor Agency owns a 112-space public parking garage that primarily serves the commercial uses at the Fillmore Heritage Center, a mixed-use development at 1310 Fillmore Street (the "Garage"). The Garage was completed in June 2007 at a cost of about \$5.7 million in grant funds. It was built under a Disposition and Development Agreement dated May 18, 2004 between the SFRA and Fillmore Development Associates, LLC, a California limited liability company (the "Developer"); and

WHEREAS, The current operator, Pacific Park Management Inc., a California corporation (the "Manager"), was selected after a competitive public procurement process. On

March 15, 2011, the SFRA Commission approved, by Resolution No. 30-2011, a Fillmore Heritage Garage Management Agreement with the Manager that expires on April 30, 2014 (the "Management Agreement"); and

WHEREAS, Under the Management Agreement, the Successor Agency pays the Manager a fixed monthly fee of \$1,000 a month (or \$12,000 a year) and a variable incentive fee of 50% of the Garage's annual net operating income up to a maximum incentive fee of \$10,000 a year, if certain conditions are met. In addition, the Successor Agency reimburses the Manager for reasonable Garage operating expenses, which average about \$33,500 a month. To date, the Manager has not received any incentive fees because the Garage has not generated any annual net operating income; and

WHEREAS, Staff desires to extend the Management Agreement to allow time to implement the Successor Agency's disposition plan for the Garage, as is required under Redevelopment Dissolution Law. The Successor Agency proposed selling the Garage under its Long-Range Property Management Plan ("PMP"), which was submitted to DOF for approval in November 2013 pursuant to Redevelopment Dissolution Law. The Successor Agency cannot sell the Garage until DOF approves OCII's PMP. DOF is still reviewing OCII's PMP, and staff is hopeful that DOF will approve it later this year; and

WHEREAS, After DOF's approval of the PMP, staff expects it will take at least six months to either sell the Garage or transfer it to the City so that City staff can sell the Garage. Given the impending sale, staff does not believe it is appropriate to conduct another competitive public procurement process for a new garage operator; and

WHEREAS, The First Amendment to the Management Agreement, which allows for the continued operation of the public parking garage at the Fillmore Heritage Center, will not independently result in a physical change in the environment. This action is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3); and

WHEREAS, Staff recommends approval of the First Amendment, which extends the Management Agreement 14 months to June 30, 2015, with one 12-month extension to June 30, 2016 with the Commission's approval. The extension will allow time for DOF to approve OCII's PMP and for staff to implement the disposition plan; now therefore, be it

RESOLVED, that the Executive Director of the Office of Community Investment and Infrastructure is authorized to execute a First Amendment to the Management Agreement with Pacific Park Management Inc., a California corporation, to extend the term for 14 months to June 30, 2015, with one 12-month extension with the Commission's approval, for a base management fee of \$12,000 a year plus reimbursement for reasonable garage operating expenses, to operate and manage the Successor Agency's public parking garage at the Fillmore Heritage Center at 1310 Fillmore Street, consistent with the Successor Agency's May 18,

2004 Disposition and Development Agreement for the site, in substantially the form of the First Amendment on file with the Secretary of the Commission, approved as to form by the Interim General Counsel to the Successor Agency.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 15, 2014.

Natasha Jones

Commission Secretary