

RESOLUTION NO. 9-2012

Adopted June 25, 2012

APPROVING AN AGREEMENT WITH THE DEPARTMENT OF PUBLIC WORKS IN AN AMOUNT NOT TO EXCEED \$860,458 FOR SOUTH OF MARKET ALLEYWAY IMPROVEMENTS IN COMPLIANCE WITH THE MATCHING FUND REQUIREMENT OF THE METROPOLITAN TRANSPORTATION COMMISSION'S TRANSPORTATION FOR LIVABLE COMMUNITIES GRANT IN THE AMOUNT OF \$1.38 MILLION AND WITH THE BOND COVENANTS FOR USE OF TAX-EXEMPT BOND PROCEEDS

WHEREAS, On April 22, 2010, staff of the Redevelopment Agency of the City and County of San Francisco ("Redevelopment Agency") submitted an application to the Metropolitan Transportation Commission ("MTC") for a grant from the Transportation for Livable Communities ("TLC") Program. The program is funded through the federal government's Congestion Mitigation and Air Quality Improvement Program ("CMAQ") and administered regionally by MTC. The grant application is for the South of Market Alleyways Improvements, Phase 2 ("Project"); and,

WHEREAS, The goal of the Project is to improve the appearance of the alleyways, improve the quality of life for residents and visitors and to slow automobile traffic in order to make the streets safer for pedestrians and bicycles. The Project will include improvements to the following alleyways in the South of Market Redevelopment Project Area ("Project Area"): Minna, Natoma, Clementina, Tehama, Shipley and Clara Streets from Fifth to Sixth Streets. The total estimated budget for the Project is \$2.34 Million comprised of \$1.38 Million from MTC and \$959,400 provided by the Agency as the matching contribution; and,

WHEREAS, MTC staff completed its review of the applications on July 9, 2010, and the Project was included on a list of projects that were recommended for funding. MTC staff recommended that the Project receive \$1,381,000 of funding, as requested in the Agency staff's application. On July 28, 2010, MTC approved the recommended funding on the condition that the Redevelopment Agency comply with the terms of the grant application, which required among other things, that the Redevelopment Agency Commission adopt a resolution accepting the grant for the Project, committing the Agency to provide a 41% matching contribution for construction of the alleyway improvements, completing the Project per MTC policies, and paying for any cost increases; and,

WHEREAS, on July 20, 2010, the Agency executed the Transportation for Livable Communities Grant Agreement ("TLC Grant Agreement"); and,

WHEREAS, on August 3, 2010, the Agency Commission adopted, by Resolution 103-2010, a resolution of support for the Project and provided assurances that the Agency would provide \$959,400 in non-federal matching funds and

also would pay for any cost increases, which could not be funded with CMAQ funds; and,

WHEREAS, on December 7, 2010, the Agency Commission approved, by Resolution No. 144-2010, a letter agreement with the Department of Public Works of the City and County of San Francisco ("DPW") for design, permitting, and construction management of the Project for \$266,200. DPW has prepared 100% construction drawings. The Agency paid DPW \$98,942, but still owes \$167,258 in accordance with the letter agreement, which has expired;

WHEREAS, Under Assembly Bill No. X1 26 ("AB26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the Agency, together with all other redevelopment agencies in the State of California, were dissolved. Consistent with AB26, the City and County of San Francisco became the successor agency to the Redevelopment Agency ("Successor Agency"), and acquired its housing and non-housing assets and enforceable obligations. The TLC Grant Agreement is an enforceable obligation under AB26, but its continued acceptance is subject to the approval of the Oversight Board under Section 34180 (e) of the California Health and Safety Code because it requires the Successor Agency to provide matching funds greater than 5 percent of the total grant; and,

WHEREAS, To fulfill the matching requirement under the TLC Grant Agreement, the Successor Agency must provide an additional amount of \$860,458 to DPW, which can then complete this Project. Under the TLC Grant Agreement, the Successor Agency must commit these funds prior to the end of the 2012 calendar year in order to receive the federal matching funds; and,

WHEREAS, The source of the \$860,458 in matching funds is tax-exempt bond proceeds that the Agency received for public improvements within the South of Market Project Area, pursuant to the following tax-exempt bond loan agreements: the Embarcadero-Lower Market (Golden Gateway) Redevelopment Project Area / South of Market Earthquake Recovery Project Area / Federal Office Building Project Area Loan Agreement, dated as of May 1, 2000 (the "Series A Loan Agreement"), the South of Market Redevelopment Project Area Loan Agreement, dated as of September 1, 2009 (the "Series B Loan Agreement"), and the South of Market Redevelopment Project Area Loan Agreement, dated as of December 1, 2009 (the "Series F Loan Agreement"). The use of these funds for the Project thus complies with the bond covenants requiring that the tax-exempt bond proceeds be used for public improvements in the South of Market Project Area; and,

WHEREAS, Payment of the matching funds is listed in Rows # SOMA 8 and SOMA 9, on page 18 of the Non-Housing-Exhibit A-1, of the Recognized Obligation Payment Schedule ("ROPS") for the period of January 1, 2012

– June 30, 2012, which was approved by the Oversight Board and subsequently the State Department of Finance; and

WHEREAS, Successor Agency staff therefore recommends continuing the acceptance of the funds under the TLC Grant Agreement, which requires matching funds, and approving an agreement with DPW to fulfill the Successor Agency's enforceable obligations under the TLC Grant Agreement and the bond covenants for the use of the South of Market tax-exempt bond proceeds; and

WHEREAS, The activities under the Project are categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301(c). The activities involve minor alteration of existing streets and would not cause a significant change in the physical environment.

RESOLVED, That the Oversight Board approves the continuing acceptance of grant funds under the TLC Grant Agreement, which requires the Successor Agency to provide matching funds in the amount of \$860,458 and to enter into an agreement with DPW for the same amount to complete the design and engineering, contractor solicitation, construction management and support, and public outreach for the Project.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of June 25, 2012.

Natesha Jones.

Board Secretary