

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 36 -2020

AUTHORIZING A SECOND AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH CENTURY URBAN LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, (“CONTRACTOR”) TO INCREASE THE CONTRACT AMOUNT BY \$21,000 FOR A TOTAL NOT TO EXCEED AMOUNT OF \$97,000 FOR THE NEGOTIATION OF A DISPOSITION AND DEVELOPMENT AGREEMENT FOR TRANSBAY BLOCK 4, ASSESSOR’S PARCEL NO. 3739, PORTION OF LOT 008; TRANSBAY REDEVELOPMENT PROJECT AREA

WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure) (the “Successor Agency” or “OCII”) is completing the enforceable obligations of the Redevelopment Agency of the City and County of San Francisco (the “Former Agency”) in the Transbay Redevelopment Project Area (“Project Area”) under the authority of the California Community Redevelopment Law, Cal. Health & Safety Code §§ 33000 et seq., as amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq.; and,

WHEREAS, Under Assembly Bill No. 812 (Chapter 99, Statutes of 2003, codified at California Public Resources Code Section 5027.1) (“AB 812”), OCII shall ensure that at least 25 percent of all dwelling units developed within the Project Area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed 60 percent of the area median income, and that at least an additional 10 percent of all dwelling units developed within the Project Area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed 120 percent of the area median income (the “Transbay Affordable Housing Obligation”); and,

WHEREAS, The City and County of San Francisco (the “City”) approved, by Ordinance No. 124-05 and Ordinance No. 99-06, the Redevelopment Plan for the Project Area (the “Redevelopment Plan”). The Redevelopment Plan provides for the redevelopment, rehabilitation, and revitalization of the area generally bounded by Mission, Main, Second, and Folsom Streets in downtown San Francisco, and containing approximately forty (40) acres of land. The Redevelopment Plan also provides for the financing of the Transbay Terminal Project (“TTP”) and thus triggered the Transbay Affordable Housing Obligation, which is explicitly incorporated into Section 4.9.2 of the Redevelopment Plan and into binding agreements; and,

- WHEREAS, Approximately ten (10) acres of land in the Project Area were owned by the State of California (“State Owned Parcels”). The State of California (“State”), acting by and through its Department of Transportation (“Caltrans”), the City, and the Transbay Joint Powers Authority (the “TJPA”) entered into that certain Cooperative Agreement, dated as of July 11, 2003 (the “Cooperative Agreement”), pursuant to which the State has or will transfer the State-Owned Parcels to the City and the TJPA subject to certain terms and conditions; and,
- WHEREAS, Among the State-Owned Parcels included in the Cooperative Agreement are Parcel O (portion of Block 3739, Lot 008), Parcel O’ (portion of Block 3739, Lot 008), and Parcel O” (portion of Block 3739, Lot 008) (together the northern one-third of Parcels O, O’ and O” and generally depicted on Exhibit 4 to the Redevelopment Plan are referred to as “Block 4”), in San Francisco, CA; and,
- WHEREAS, Consistent with the Cooperative Agreement and the Redevelopment Plan, the City, the TJPA, and the Former Agency entered into that certain Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement (the “Pledge Agreement”), dated as of January 31, 2008, pursuant to which the parties provided for the irrevocable pledge of Net Tax Increment, as defined in the Pledge Agreement, to the TJPA for design, construction, and operation of the TTP. Also in furtherance of the Cooperative Agreement and the Redevelopment Plan, the TJPA and the Former Agency entered into that certain Transbay Redevelopment Project Implementation Agreement, dated as of January 20, 2005 (the “Implementation Agreement”), which requires, among other things, the Former Agency to prepare and sell the State-Owned Parcels to third parties and deposit the gross sales proceeds in the account dedicated to payments for the cost of construction of the TTP; and,
- WHEREAS, On April 15, 2013, the California Department of Finance (“DOF”) determined finally and conclusively that the Pledge Agreement, the Implementation Agreement, and the Transbay Affordable Housing Obligation are enforceable obligations under Redevelopment Dissolution Law. Letter, S. Szalay, DOF Local Government Consultant, to T. Bohee, Agency Executive Director (April 15, 2012[sic]) (the “Transbay Final and Conclusive Obligations”); and,
- WHEREAS, To implement the Transbay Final and Conclusive Obligations, the City, the TJPA, and the Former Agency entered into the Option Agreement for the Purchase and Sale of Real Property (“2008 Option Agreement”) dated as of January 31, 2008. The 2008 Option Agreement granted the Former Agency the option to take title to certain formerly State-Owned Parcels (subject to certain limitations) including Block 4, and,
- WHEREAS, On April 19, 2016, the Commission approved, by Resolution No. 18-2016, that certain Agreement for Option to Purchase Block 4 (“Option”) with F4 Transbay Partners LLC, a Delaware limited liability company (consisting of Hines Interests Limited Partnership, Urban Pacific Development, and Goldman Sachs) (the “Developer” or “F4 Transbay Partners, LLC”); and,

WHEREAS, On September 18, 2018, the Commission approved, by Resolution No. 38-2018, that certain First Amendment for Option to Purchase of Block 4 (“Option Amendment”), which extended the Outside Option Exercise Date to June 30, 2020, to provide additional time for OCII and Developer to negotiate a Disposition and Development Agreement for Block 4 (“DDA”); and,

WHEREAS, On June 1, 2020 the Developer requested a postponement of the Outside Option Exercise Date established in the Option due to Force Majeure conditions created by the COVID-19 pandemic. On June 24, 2020 the OCII Executive Director concurred with this request, postponing the Outside Option Exercise Date to January 1, 2021; and,

WHEREAS, Since the date of execution of the Option, OCII and Developer continue to negotiate the terms of the DDA; and,

WHEREAS, On July 14, 2017, in furtherance of OCII’s obligation to negotiate a DDA, and consistent with OCII’s purchasing policy, OCII entered into a Personal Services Contract (“Contract”) with Century Urban, LLC, a California limited liability company (“Contractor”), to provide financial analysis and real estate advisory services; and,

WHEREAS, On July 21, 2020, the OCII Commission approved, by Resolution No. 16-2020, the First Amendment to the Personal Services Contract with Contractor to extend the Contract term through June 30, 2021 and increase the budget authority to \$76,000; and,

WHEREAS, To date, Contractor has assisted OCII by reviewing Developer’s submittals, including their financial model and underwriting assumptions, providing residual land value models of potential development scenarios, and analyzing potential transfer fee revenue and Contractor’s performance has been satisfactory to date; and,

WHEREAS, Staff desires to continue Contractor’s services to assist in the successful negotiation of a DDA, and now anticipates the need to include the services of a third-party construction cost estimate of the Block 4 project as proposed under the DDA. It is estimated that construction cost estimate services will cost \$21,000. Staff now seeks authorization to increase Contractor’s budget authority to allow Contractor include construction cost estimation services in its Contract, and,

WHEREAS, Expenditures under this Contract are reimbursable by the Developer under the Option and are subject to approval under OCII’s Recognized Obligations Payment Schedule; and,

WHEREAS, The Second Amendment is an action in furtherance of the implementation of the Pledge Agreement, the Implementation Agreement, and the Transbay Affordable Housing Obligation - all enforceable obligations under Redevelopment Dissolution law; and,

WHEREAS, Authorization of the Second Amendment is statutorily exempt from the California Environmental Quality Act (“CEQA”) as a feasibility and planning study, pursuant to CEQA Guidelines Section 15262. The Second Amendment will authorize Contractor to continue advising OCII for the negotiation of the design of a project that may be subsequently reviewed and considered for approval. The Second Amendment will not independently result in physical effects on the environment; and, now, therefore, be it

RESOLVED, That this Commission approves and authorizes the Executive Director to execute the Second Amendment to the Contract, substantially in the form on file with the Secretary of this Commission, to increase the budget by \$21,000 for a total not to exceed amount of \$97,000.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of December 1, 2020.

Commission Secretary

Exhibit A: Second Amendment to the Personal Services Contract with Century Urban, LLC

Second Amendment to the Personal Services Contract with Century Urban, LLC

OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE/
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO

SECOND AMENDMENT TO THE PERSONAL SERVICES CONTRACT

This SECOND AMENDMENT to Personal Services Contract (“**Second Amendment**”) is entered into as of _____ (the “**Effective Date**”) by and between the OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE/SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic (“**OCII**” or “**Successor Agency**”), and Century Urban, a limited liability corporation (“**LLC**”), formed in the State of California (the “**Contractor**”).

RECITALS

This Second Amendment is made with reference to the following facts and circumstances:

A. The Transbay Redevelopment Project Area Implementation Agreement (the “**Implementation Agreement**”) is an enforceable obligation that requires the Successor Agency to “execute all activities related to the implementation of the Transbay Redevelopment Plan, including but not limited to, activities related to major infrastructure improvements.” (Section 2.1 (d) of the Implementation Agreement at p. 4). On April 15, 2013, the California Department of Finance (“**DOF**”) determined “finally and conclusively” that the Implementation Agreement, along with other Transbay-related documents, is an enforceable obligation that will not require additional DOF review in the future.

B. Pursuant to the Implementation Agreement, on April 19, 2016, OCII, as optionor, executed an Agreement for Option to Purchase Block 4 (“**Option**”) with F4 Transbay Partners, LLC, (“**Optionee**”), for the purchase of Transbay Block 4. The Option requires OCII and Optionee to negotiate a Disposition and Development Agreement (“**DDA**”) for the development and sale of Transbay Block 4. On September 16, 2019, OCII and Optionee executed the First Amendment to the Option Agreement.

C. On July 14, 2017, OCII and Contractor entered into a three-year personal services contract for financial analysis and strategic advisory services to assist OCII with the negotiation of the DDA (“**Original Contract**”).

D. On July 21, 2020, the OCII Commission approved a First Amendment to Personal Service Contract (“**First Amendment**”), extending the Original Contract term through June 30, 2021 and increasing the budget authority to \$76,000 to allow Contractor to continue providing financial and advisory services for the negotiation of the DDA.

E. To provide a construction cost estimate of the project proposed under the DDA, OCII and Contractor seek to enter this Second Amendment to increase the budget upon the basis of the terms, covenants, and conditions set forth below. Together, the Original Contract, the First Amendment, and this Second Amendment comprise the “**Contract**”.

AGREEMENT

NOW, THEREFORE, OCII and the Contractor agree as follows:

1. The Contract shall be amended as follows:
 - a. The first sentence of Section 3(A) is hereby deleted in its entirety and replaced with the following:

“Compensation. The maximum amount payable under this contract is Ninety-Seven Thousand Dollars (\$97,000.00).”
2. Miscellaneous
 - a. This Second Amendment constitutes a part of the Contract and any reference to the Contract shall be deemed to include a reference to the Contract as amended by this Second Amendment.
 - b. Except as otherwise amended hereby, all terms, covenants, conditions and provisions of the Contract shall remain in full force and effect.
 - c. The Second Amendment shall be binding upon and inure to the benefit of the successors and assigns for the Agency and the Contractor, subject to the limitations set forth in the Contract.
 - d. This Second Amendment may be executed in any number of counterparts, all of which, together, shall constitute the original agreement.

IN WITNESS WHEREOF OCII and Contractor have executed this Second Amendment as of the date first above written.

Century Urban, LLC, a California limited liability company

By: _____
Bryant Sparkman
Principal
Federal Tax Identification No. 27-2388963

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

By: _____
Nadia Sesay
Executive Director

APPROVED AS TO FORM:

By: _____
James B. Morales
General Counsel