

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 24 -2021

AUTHORIZING A THIRD AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH CENTURY URBAN LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO INCREASE THE CONTRACT AMOUNT BY \$63,000 FOR A TOTAL NOT TO EXCEED AMOUNT OF \$160,000 FOR FINANCIAL ANALYSIS AND REAL ESTATE ADVISORY SERVICES; 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 the Redevelopment Plan for the Project Area by Ordinance Nos. 124-05 and 99-06, as amended by Ordinance Nos. 84-15 and 62-16 (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 contains 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 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 ("First Amendment"),

WHEREAS, On December 1, 2020, the Commission approved a Second Amendment to the Personal Services Contract with Contractor as Resolution 36-2020, which increased the budget authority to \$97,000 to allow Contractor to provide a construction cost estimate of the project proposed under the DDA (“Second Amendment”); and,

WHEREAS, To date, Contractor has assisted OCII by reviewing Developer’s submittals, including their financial models, appraisal, and underwriting assumptions, providing models of potential development scenarios to test the feasibility of affordability levels for the Block 4 project that are higher than currently proposed by the Developer. Contractor’s performance has been satisfactory to date; and,

WHEREAS, Staff desires to continue Contractor’s services to assist in either 1) the successful negotiation of a DDA, including the Block 4 project affordability level and purchase price or 2) other financial and real estate advisory services as assigned by the Executive Director or her designee to assist OCII in implementation of its enforceable obligations. It is estimated that financial and advisory services will cost \$63,000. Staff now seeks authorization to increase Contractor’s budget authority and extend the Contract term to the date on which the total Contract compensation is expended or terminated earlier by Successor Agency or Contractor; and,

WHEREAS, Expenditures under this Contract related to Block 4 are reimbursable by the Developer under the Option and are subject to approval under OCII’s Recognized Obligations Payment Schedule (“ROPS”). Other work assigned under this Contract will be funded from alternative sources, authorized by ROPS Item No. 115 for Fiscal Year 2021-2022; and,

WHEREAS, The Third 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 Third Amendment is statutorily exempt from the California Environmental Quality Act (“CEQA”) as a feasibility and planning study, pursuant to CEQA Guidelines Section 15262. The Third 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 Third 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 Third Amendment to the Contract, substantially in the form on file with the Secretary of this Commission, to increase the budget by \$63,000 for a total not to exceed amount of \$160,000 and to extend the Contract term beyond June 30, 2021.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 15, 2021.

Commission Secretary

Exhibit A: Form of Third Amendment to the Personal Services Contract with Century Urban,
 LLC

**Exhibit A: Form of Third 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

THIRD AMENDMENT TO THE PERSONAL SERVICES CONTRACT

This THIRD AMENDMENT to Personal Services Contract (“**Third 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 company (“**LLC**”), formed in the State of California (the “**Contractor**”).

RECITALS

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

A. In 2005, the Transbay Joint Powers Authority (“TJPA”) and the former Redevelopment Agency of the City and County of San Francisco entered into, by Resolution No. 12-2005 (Jan. 25, 2005), the Transbay Redevelopment Project Implementation Agreement (“Implementation Agreement”) which required the Former Agency to “execute all activities related to the implementation of Transbay Redevelopment Plan” including, among other things: (1) developing former State-Owned Parcels, (2) complying with the Transbay Tax Increment Allocation and Sales Proceeds Pledge Agreement, (3) constructing and funding new infrastructure improvements (such as parks and streetscapes), (4) constructing and funding affordable housing consistent with the state statutory requirement (Cal. Public Resources Code § 5027.1) that 35 % of the residential units developed in the Project Area shall be available to low and moderate income households, and 5) completing all actions or proceedings to fulfill the objectives of the “Plan Documents,” which included an Option Agreement for the Purchase and Sale of Real Property (“Option Agreement”), which was attached as Exhibit B to the Implementation Agreement. 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 and Option Agreement, OCII acquired, by Resolution No. 23-2020 (Aug 18, 2020), an approximately 3.5 acres site, bordered by Howard, Main, Folsom, and Beale Streets in the City and County of San Francisco (“City”) and identified as Transbay Blocks 2, 3, and 4 (the “Site”). The Site consists of former State-Owned Parcels known as portions of Blocks 2 and 3, and all of Block 4 (Assessor Parcel Block 3739, Lot 008) and other land within Blocks 2 and 3 (Assessor Parcel Block 3739, Lots 002, 004, 006, and 007).

C. Under the Redevelopment Plan, the Site will ultimately be developed into affordable housing (“Block 2”), a public park (“Block 3”), and mixed-use development (“Block 4”). OCII is in negotiations with a developer for a mixed-income residential project on Block 4, is working with the City’s Public Works and Recreation and Parks Departments on the design of Transbay Park at Block 3 and has entered into an exclusive negotiations agreement with affordable housing co-developers for the development of two residential projects on Block 2.

D. 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 negotiations related to the disposition and development of Block 4 for a total budget of \$45,000 (“**Original Contract**”).

E. 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 by \$31,000 from \$45,000 to \$76,000 to allow Contractor to continue providing financial and advisory services.

F. On December 1, 2020, the OCII Commission approved a Second Amendment to Personal Service Contract (“**Second Amendment**”), increasing the budget authority by \$21,000 from \$76,000 to \$97,000 to allow Contractor to provide a construction cost estimate of the project proposed for Block 4.

G. OCII has a continuing need for the financial and advisory services related to the development of the Site and implementation of its enforceable obligations. OCII and Contractor seek to enter this Third Amendment to increase the budget upon the basis of the terms, covenants, and conditions set forth below. Together, the Original Contract, as amended by the First Amendment, the Second Amendment, and this Third Amendment, comprise the “**Contract**”.

H. The OCII Commission approved this Third Amendment by Resolution No. ##-2021 on June 15, 2021.

AGREEMENT

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

1. The Contract shall be amended as follows:
 - a. The first sentence of Section 2 is hereby deleted in its entirety and replaced with the following:

“The term of this Contract shall begin on the Effective Date and end upon the full expenditure of the total Compensation amount allocated hereunder, or earlier termination by either party as provided by the Contract; provided, however, that the insurance and indemnity provisions in this Contract shall continue to remain in effect according to their terms.”

- b. 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 One Hundred Sixty Thousand Dollars (\$160,000.00).”

- c. Attachment A1 (“Scope of Services”) to the Contract is hereby deleted in its entirety and the document at Exhibit A hereto is substituted in lieu thereof.
- d. Attachment B1 (“Schedule of Billable Hourly Rates”) to the Contract is hereby deleted in its entirety and the document at Exhibit B hereto is substituted in lieu thereof.

2. Miscellaneous

- a. This Third 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 Third 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 Third 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 Third Amendment may be executed in any number of counterparts, all of which, together, shall constitute the original agreement.

[Remainder of page left blank]

IN WITNESS WHEREOF OCII and Contractor have executed this Third 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: _____
Sally Oerth
Interim Executive Director

APPROVED AS TO FORM:

By: _____
James B. Morales
General Counsel

EXHIBITS

Exhibit A: Attachment A1: Amended Scope of Services

Exhibit B: Attachment B1: Amended Schedule of Billable Hourly Rates

ATTACHMENT A1: AMENDED SCOPE OF SERVICES

Century Urban			
Block 4 - Scope & Estimated Budget			
			Total
Contractor shall provide financial and advisory services related to OCII real estate transactions, as assigned by the OCII Executive Director or her designee, which may include the following tasks:			
Task Description	Principal	Vice President	
Financial Analysis			
1. Review master developer pro forma for reasonableness of assumptions to validate pro forma results and evaluate maximum supportable affordable housing units and/or residual land value.	2.0	6.0	8.0
2. Review affordable housing revised developer pro forma for accuracy and reasonableness of assumptions to validate pro forma results and confirm it is appropriately reflected in the master developer pro forma.	2.0	6.0	8.0
3. Perform research to evaluate market returns for core-to-build projects.	2.0	4.0	6.0
4. Perform additional sensitivities to evaluate effect of certain adjustments to developer underwriting assumptions and program based on Century Urban research.	1.0	15.0	16.0
5. Participate in meetings with developer to resolve underwriting assumption differences.	2.0	2.0	4.0
DDA Negotiation and Technical Support			
6. Review Option Agreement, Amendment to the Option Agreement, DDA and other pertinent project documents	2.0	6.0	8.0
7. Provide as-needed technical support in the identification and review of financing strategies.	2.0	4.0	6.0
8. Support OCII staff at negotiation meetings, public meetings, and regulatory hearings related to development agreements and other project approvals	3.0	3.0	6.0
Memos, Reports and Phone Calls			
9. Prepare final report per Section 33433 of the California Health and Safety Code.	1.0	10.0	11.0
10. Prepare memos and reports summarizing findings, results or pro forma review and as requested by OCII.	1.0	10.0	11.0
11. Meetings and phone calls	2.0	5.0	7.0
Subtotal Estimated Hours	20.0	71.0	91.0
Subtotal Estimated Budget	\$ 6,000	\$ 18,460	\$ 24,457
12. Contingency	3.0	11.0	14.0
13. Other financial and advisory services related to real estate transactions	28	101	129
Total Estimated Hours	51.0	183.5	234.0
Hourly Rate	\$ 300	\$ 260	\$ 269
Total Estimated Budget	\$ 15,300	\$ 47,700	\$ 63,000

ATTACHMENT B1: AMENDED SCHEDULE OF BILLABLE HOURLY RATES

The Contractor shall bear all costs associated with performing the services described in this Agreement. Contractor will bill only for the actual hours expended and expenses incurred. Contractor will bill for services per the following hourly fee schedule based on staff member job title:

Job Title	Standard Hourly Billing Rate
Principal	\$300.00
Vice President	\$260.00
Analyst	\$165.00