RESOLUTION NO. 112-2003

Adopted July 8, 2003

AUTHORIZING A SECOND AMENDMENT TO THE PROPERTY MANAGEMENT AND LEASING AGREEMENT WITH JOHN STEWART COMPANY, A CALIFORNIA CORPORATION, TO MANAGE THE PLAZA HOTEL, 988-992 HOWARD STREET, IN AN AMOUNT NOT TO EXCEED $274,700 FOR SERVICES BETWEEN JANUARY 23, 2003 THROUGH JANUARY 23, 2004, PAYABLE FROM PREVIOUSLY AUTHORIZED FUNDS, IN A TOTAL AGGREGATE AMOUNT OF $900,000, WITH AN OPTION TO EXTEND FOR A 6-MONTH PERIOD SUBJECT TO APPROPRIATION OF FUNDS; SOUTH OF MARKET EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On April 4, 2000, the Redevelopment Agency Commission authorized staff to negotiate with real property owners along the South of Market Sixth Street corridor for the acquisition of certain properties which had been identified as dilapidated properties and/or underutilized parcels with the intention of expanding the City’s affordable housing stock and revitalizing Sixth Street.

2. On August 22, 2000, the Redevelopment Agency’s Commission adopted Resolution No. 159-2000 authorizing staff to enter into a purchase agreement with the owner of the Plaza Hotel property at 988-992 Howard Street (“the Property”). The Agency acquired title to the Property on January 22, 2001.

3. On November 22, 2000, the Agency issued a Request for Proposals (“RFP”) to solicit licensed and bonded property management firms for the interim onsite management of the Plaza Hotel for a maximum term of twenty-four months, during which time eligible tenants would be relocated, predevelopment activities would occur, and subsequently the building would be demolished and a new affordable housing project, with ground floor commercial would be developed at the site.

4. On December 15, 2000, the Agency received one proposal to provide the required services from the John Stewart Company, a San Francisco based property management firm that has been providing residential and commercial management services for over twenty years. Staff determined that the firm met the qualifications outlined in the RFP and that entering into the Property Management and Leasing Agreement for property management services with
John Stewart Company complied with Section XII, Subsection B2, Competitive Sealed Bids of the Agency’s Purchasing Policy.

5. On January 9, 2001, the Agency adopted Resolution No. 2-2001 authorizing the Executive Director to enter into a Property Management and Leasing Agreement with John Stewart Company (sometimes “the Agreement”) with a term of twenty-four months for property management services and authorizing expenditures not to exceed $550,000 for the repair and operation of the Plaza Hotel.

6. On March 19, 2002, the Agency adopted Resolution No. 52-2002, authorizing a First Amendment to the Agreement to increase the authorized expenditures by an amount not to exceed $350,000 for a total aggregate amount not to exceed $900,000 to cover the costs of capital improvements, code compliance and fire/life/safety repairs and other operational costs associated with the Property. Approximately $274,700 of the total aggregate amount previously authorized has not been expended.

7. Due to delays related to identifying a developer for the Property, the development schedule has been delayed thereby extending the Agency’s holding period. In concert with the initial development schedule, the term of the Agreement ended on January 23, 2003; however, John Stewart Company continued to provide management services for the Property and completing the necessary repairs on a month-to-month basis since that time.

8. Under the current development schedule, Public Initiatives Development Corporation, the California nonprofit corporation that is the project developer, anticipates that all financing to develop the site will be secured by January 2004. Therefore, the Property will remain in operation for approximately six (6) more months until it is vacated for demolition. It is therefore appropriate to extend the Agreement for continued provision of management services through January 23, 2004. The Second Amendment to the Agreement also provides for an option to further extend the Agreement for an additional period up to 6 months, at the Executive Director’s election, subject to Agency approval and the appropriation of funds necessary for such extension.

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 Second Amendment to the Agreement for Property Management and Leasing Services with John Stewart Company, a California corporation, to manage the Plaza Hotel, 988-992 Howard Street, for a term of one year, retroactive to January 23, 2003 and continuing through
January 23, 2004, in an amount not to exceed $274,700, for a total aggregate amount not to exceed $900,000, and also providing for one 6-month option to extend, subject to Agency approval and appropriation of funds.

APPROVED AS TO FORM:

Bertha A. Ontiveros
Agency General Counsel