MEMORANDUM

TO: Oversight Board

FROM: Tiffany Bohee, Executive Director

SUBJECT: Authorizing the Successor Agency to enter into a Memorandum of Understanding with the City and County of San Francisco Department of Public Works for use of $75,000 Tax-Exempt Bond Proceeds for South of Market Area Alleyway Improvements per Recognized Obligations Payment Schedule Item 384

EXECUTIVE SUMMARY

The Successor Agency to the City and County of San Francisco Redevelopment Agency, operating as the Office of Community Investment and Infrastructure ("Successor Agency") seeks authorization to enter into a Memorandum of Understanding ("MOU") with the City and County of San Francisco Department of Public Works ("DPW") to provide $75,000 in excess South of Market Area ("SOMA") pre-2011 tax-exempt bond proceeds toward the cost of DPW's SOMA Alleyways II Improvements Project Phase II. The payment authority for transferring these funds was approved in Recognized Obligations Payment Schedule ("ROPS") 2014-15A Item 384 and is also in the ROPS 2014-15B Item 384 approved by the Oversight Board and currently under review by the California Department of Finance.

Staff recommends approval of the attached Resolution.

DISCUSSION

Pursuant to California Health & Safety Code § 34191.4(c)(2)(A), successor agencies to redevelopment agencies that have been issued a finding of completion by the Department of Finance may expend former redevelopment agency bond proceeds derived from bonds issued on or before December 31, 2010 in excess of the amounts needed to satisfy approved enforceable obligations in a manner consistent with the original bond covenants. The Successor Agency received a Finding of Completion on May 29, 2013.

The Successor Agency has approximately $591,202 in excess pre-2011 bond proceeds and up to $10,000 associated interest issued for capital improvements in the South of Market Area. The Successor Agency's Recognized Obligations Payment Schedule ("ROPS") 2014-15A for the period July to December 2014, Item 384, included payment authority to transfer up to $591,000 in excess SOMA bond proceeds to the City and County of San Francisco for uses consistent with the bond indentures. On September 22, 2014, the Oversight Board through its Resolution 10-2014, provided preliminary approval to raise the payment authority under Item 384 for ROPS
2014-15B (for the period January to June 2015) to $601,000 to include associated interest, subject to Department of Finance approval.

Staff pursued discussion with City departments, including the Mayor’s Office, the Capital Planning Committee, and various other departments regarding the use of these excess bond proceeds. The consensus from the City was that $75,000 of the proceeds be used by the Department of Public Works ("DPW") to help fund its SOMA Alleyways II Improvement Project, with the balance being used by the Municipal Transportation Agency (MTA) to fund Sixth Street Pedestrian Improvements. Staff anticipates bringing the MOU with MTA for this purpose before the Oversight Board in the near future.

As shown in the proposed Memorandum of Understanding ("MOU") with DPW attached as Exhibit A to the resolution, DPW has proposed to use $75,000 of the SOMA excess bond proceeds toward capital costs of creating safer pedestrian spaces in underutilized alleys that connect major commercial corridors within the SOMA area. Enhancements will be made on Minna, Natoma, Clementina, Tehama, Shipley and Clara Alleyways between Fifth and 6th Street. Improvements will include new street trees, new street lights, special roadway paving, raised crosswalks, and chicanes (alternating-side-of-street parking). The total budget for the project is $4.4 million, including $959,000 awarded by the former San Francisco Redevelopment Agency through Resolution 103-2010, which was used to obtain $1.38 million in federal funds distributed by the Metropolitan Transportation Commission, along with $2 million from the San Francisco Public Utilities Commission. The additional $75,000 approved in this MOU will help fund completion of the project, which is anticipated by June 2015.

This project has had extensive community outreach and public input, documented on DPW’s website at http://sfdpw.org/index.aspx?page=1686, including public workshops on July 30, 2007; February 7, 2008; July 11, 2011; and a community update on November 6, 2013.

On December 2, 2014, the Successor Agency Commission, through Resolution 99-2014, authorized the Executive Director to enter into the proposed MOU, conditional upon Oversight Board approval.

Staff recommends approval of the Resolution.

(Originated by Leo Levenson, Deputy Director, Finance and Administration)

Tiffany Bohee
Executive Director