MEMORANDUM

TO: Oversight Board Members

FROM: Tiffany Bohee, Executive Director

SUBJECT: Authorizing the Successor Agency, as required by Section 34180 (e) of the California Health & Safety Code, to continue the acceptance, for an additional period of two years, of federal grants under grant agreements No. 07-49-05947 and No. 07-49-06113 from the U.S. Department of Commerce’s, Economic Development Administration (for implementation of an Arts and Technology District in the Hunters Point Shipyards Redevelopment Area), each grant requiring a local match of 10 percent, and authorizing a Third Amendment to grant agreement No. 07-49-05947, and a First Amendment to grant agreement No. 07-49-06113, extending the term of each grant by two years for the continued acceptance period.

EXECUTIVE SUMMARY

The San Francisco Redevelopment Agency (the “Agency”) received grant funding from the U.S. Department of Commerce’s, Economic Development Administration (“EDA”) for projects at the Hunters Point Shipyards (“Shipyard”). Grant Agreement No. 07-49-05947 (“EDA #4”) was entered into by the Agency in 2006 and Grant Agreement No. 07-49-06113 (“EDA #5”) was entered into by the Agency in 2007 (together the “Grants”). The funds from each grant must be spent within the five year period after each grant award date and each grant requires a 10 percent local match of funds (“Local Match”). The Grants’ total aggregate amount is $9,288,890, including the required Local Match of ten percent ($928,889). Approximately 70%, or $6.5 million, of the Grants have been used to date.

The Grants are for planning activities, the development of architecture/engineering documents, and the installation of improvements to the open space and buildings in the “Arts and Technology District” on the Shipyard (see Attachment A: General Map of the Arts and Technology District). The Grants, the Local Match, and the EDA related contracts/expenditures are “enforceable obligations” under Assembly Bill No. X1 26 (“AB 26”) and are shown on the Recognized Obligation Payment Schedule (“ROPS”) for July through December 2012, which has been approved by the Oversight Board and the Department of Finance (“DOF”).

Delays in the U.S. Navy’s environmental remediation program and the dissolution of the Agency under AB 26 have delayed development at the Shipyard and the implementation of the Arts and Technology District. EDA #4 expires on October 15, 2012 and EDA #5 expires on September 21, 2012. In order to fulfill the terms of the Grants’ programs, both Grants need to be amended to extend the terms for an additional two years. Under Section 34180 (E) of the California Health & Safety Code, the continued acceptance of each grant is subject to Oversight Board
approval because each requires the Successor Agency to provide a local match that is greater than five percent of the grant amount.

Staff recommends approval of the continued acceptance of grant funds from the EDA under grant agreements No. 07-49-05947 and No. 07-49-06113, and approval of a Third Amendment to grant agreement No. 07-49-05947, and a First Amendment to grant agreement No. 07-49-06113, extending the term of each agreement by two years for the continued acceptance period.

DISCUSSION

Background

The goals of the EDA grant are to generate jobs, help retain existing jobs, and stimulate job producing growth in economically distressed areas. Since 2003, the Agency has received five grant awards totaling approximately $15.5 million from EDA for the Shipyard; the work under the first three EDA grants has been completed. Grant EDA #4 has already been amended to move the project of partially renovating Building #101 to EDA #2 (“First Amendment”) and amended again to extend the grant term by one year (“Second Amendment”); EDA #5 has not been amended. See the summary below of the EDA grants received to date:

<table>
<thead>
<tr>
<th>GRANT NUMBER AND DESCRIPTION</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>1. (COMPLETE) Demolition/deconstruction of Parcel A buildings</td>
<td>$1,478,000</td>
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<tr>
<td>2. (COMPLETE) Partial renovation of Building #101</td>
<td>$2,371,000</td>
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<tr>
<td>3. (COMPLETE) Community Facilities Demonstration building construction</td>
<td>$2,351,250</td>
</tr>
<tr>
<td>4. Arts &amp; Technology District, Community Facilities Demonstration building tenant improvements, and Building #813 predevelopment abatement</td>
<td>$4,222,223</td>
</tr>
<tr>
<td>5. Arts &amp; Technology District: Building #813 stabilization and open space public art fabrication and installation</td>
<td>$5,066,667</td>
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**TOTAL** $15,489,140

Arts and Technology District

The Arts and Technology District is an important element of the redevelopment of the Shipyard. The conceptual goal of the Arts and Technology District is to attract important job producing and innovation driven growth in the arts, creative, and science/technology industries to locate on the Shipyard.

Since the mid 1970’s artists have occupied studios in various buildings on the Shipyard, creating the largest artist enclave on the western seaboard. Through decades of planning efforts related to the Shipyard, the need to maintain the role of the artists in the future of the Shipyard has become a clear mandate from a variety of local, state and federal stakeholders.

In May 2007, the Mayor, the San Francisco Board of Supervisors (“BOS”), the Redevelopment Commission, and the two community-based advisory organizations, the Hunters Point Shipyard Citizen’s Advisory Committee (“CAC”) and the Bayview Hunters Point Project Area
Committee, endorsed a "Conceptual Framework" for the integrated redevelopment of Candlestick Point and the Shipyard, which includes the creation of permanent affordable artist space at the Shipyard. In June 2008, San Francisco voters overwhelmingly approved Proposition G, the Bayview Jobs, Parks and Housing Initiative which set forth guiding principles, a development program, and a plan for the integrated development of the two sites, requiring permanent space for the existing artists. In 1997 the Board of Supervisors adopted the Shipyard Redevelopment Plan in 1997, and amended it in 2010. The Redevelopment Plan contains the CAC’s Planning Guidelines – Statement of General Principles which state in part, “Support Existing Businesses and Artists’ Community New uses should be compatible with existing South Bayshore businesses, Shipyard businesses and artists, and other sectors of San Francisco’s economy. Maintain the large community of artists and artisans on the Shipyard, providing for their need for flexible low-cost space, while accommodating the full diversity of arts and culture in the South Bayshore community. Expand the scope of activities to accommodate the full range of arts and culture.”

The ultimate vision of the Arts and Technology district includes:
- a performing arts, arts education, display and gallery space
- other arts-related retail and services
- 225,000 square feet of artists studios
- a 3 million square foot center on Parcel C for clean-tech research and development industries, as well as potential space for a business incubator for early-stage, innovation driven industries with an emphasis on clean technology and green businesses at Building #813

The efforts undertaken thus far to facilitate this includes: 1) retaining/improving the existing artists’ studios and developing new artists’ studios; 2) improving the surrounding plazas and installing public art in the adjacent open space, 3) cooperating with the bi-annual Shipyard artists’ “Open Studio” event to bring cultural visitors to the Shipyard and the surrounding community, 4) conducting predevelopment abatement and building stabilization of Building #813 to facilitate the building’s reuse as a business incubation and sustainable and clean technology center.

Continued Acceptance of the Grants & Extension of the Grant Terms

The Grants must now be amended to extend each term for an additional two years, or until October 2014 for EDA #4 and September 2015 for EDA #5, in order to fulfill the full scopes and terms of the Grants and enable the Agency to complete the following:

1. **Building 813 Stabilization:** painting and building envelope stabilization, roof replacement, entry way and door repair/replacement, window repair/replacement, basic life safety system enhancements/installation, and basic utility connections.

2. **Community Facilities Demonstration Building Upgrades:** expansion/improvement of the non-irrigated hydro-seed landscaping area, installation of an electric vehicle charging station, and design and construction of open plan/flex tenant improvements.
3. **Shipyard Public Art (Phase One):** Installation of nine public art pieces, initiating the Agency’s Cultural Historic Recognition Public Art program which will attract cultural visitors to the Shipyard and engage area residents and businesses in the production, sale, and promotion of art.

The obligation to satisfy the Local Match is an enforceable obligation under AB 26. The Grants, the Local Match, and the EDA related contracts/expenditures are shown on lines HPSY 4 through HPSY 4.19 of the ROPS for July through December 2012, which has been approved by the Oversight Board and the DOF. The source of funds for the Local Match during this time period, and going forward, is anticipated to be project area tax increment. The Grants are enforceable obligations under AB 26, but their continued acceptance is subject to the approval of the Oversight Board under Section 34180 (e) of the California Health and Safety Code because each grant requires the Successor Agency to provide matching funds greater than five percent of the total grant.

**California Environmental Quality Act**

Authorizing a Third Amendment to grant agreement No. 07-49-05947, and a First Amendment to grant agreement No. 07-49-06113, and extending the term of each grant by two years to create an Arts and Technology District in the Hunters Point Shipyard will provide funding for several projects that are exempt under the California Environmental Quality Act ("CEQA"): 1) stabilizing Building 813 is categorically exempt under CEQA Guidelines Section 15301(d) because it involves the restoration and rehabilitation of a deteriorated and damaged structure; 2) upgrading the Community Facilities Demonstration Building, is categorically exempt under CEQA Guidelines Section 15301(a) because it involves minor interior and exterior alterations to an existing structure; and 3) installing public art on Parcel A is categorically exempt under CEQA Guidelines Section 15303(e) because it involves the installation of accessory structures, i.e. artwork, in public open spaces.

*(Originated by Thor Kaslofsky, Project Manager)*

Tiffany Bohce
Executive Director

Attachment A: General Map of the Hunters Point Shipyard Arts and Technology District