

Commission on Community Investment and Infrastructure

RESOLUTION NO. 31-2015

Adopted June 2, 2015

AUTHORIZING A SECOND AMENDMENT OF THE FILLMORE HERITAGE GARAGE MANAGEMENT AGREEMENT WITH IMPERIAL PARK (U.S.), LLC, A DELAWARE LIMITED LIABILITY COMPANY, TO EXTEND THE TERM UNTIL JUNE 30, 2016 CONSISTENT WITH THE SUCCESSOR AGENCY'S PROPERTY MANAGEMENT OBLIGATIONS UNDER REDEVELOPMENT DISSOLUTION LAW

WHEREAS, The Successor Agency became the successor to the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic, exercising its functions and powers and organized and existing under the Community Redevelopment Law of the State of California (the "Successor Agency"), when the former Redevelopment Agency of the City and County of San Francisco (the "Former Agency") was dissolved on February 1, 2012, pursuant to California Health and Safety Code Section 34170 et seq. ("Redevelopment Dissolution Law"); and

WHEREAS, The Successor Agency (now known as the Office of Community Investment and Infrastructure, or OCII) assumed all of the Former Agency's enforceable obligations, including ownership of the Former Agency's real property. The Successor Agency is charged with winding-down these enforceable obligations and disposing of all real property, pursuant to Redevelopment Dissolution Law, and subject to the oversight of the State Department of Finance ("DOF"), which is the lead implementing agency under Redevelopment Dissolution Law; and

WHEREAS, As a result of these legislative acts, the Successor Agency owns a 112-space public parking garage that primarily serves the commercial uses at the Fillmore Heritage Center, a mixed-use development at 1310 Fillmore Street (the "Garage"). The Garage was completed in June 2007 at a cost of about \$5.7 million in grant funds. It was built under a Disposition and Development Agreement dated May 18, 2004 between the Former Agency and Fillmore Development Associates, LLC; and

WHEREAS, The former operator, Pacific Park Management Inc., a California corporation ("Pacific Park"), was selected after a competitive public procurement process. On March 15, 2011, the Former Agency Commission approved, by Resolution No. 30-2011, a Fillmore Heritage Garage Management Agreement with Pacific Park (the "Management Agreement"); and

WHEREAS, On April 15, 2014, Commission on Community Investment and Infrastructure ("Commission") approved, by Resolution No. 26-2014, a First Amendment to the Management Agreement which extended the term to June 30, 2015, with an

option to extend for 12 additional months with the approval of the Commission (the “First Amendment”); and

WHEREAS, On June 17, 2014, pursuant to Section 20.1 of the Management Agreement with Pacific Park, the Commission consented, by Resolution No. 44-2014, to Pacific Park's assignment of the Management Agreement to Imperial Park (U.S.), LLC, a Delaware limited liability company (“Impark”), as part of Impark’s purchase of Pacific Park; and

WHEREAS, Staff desires to amend the Management Agreement to extend the term for a one-year period, until June 30, 2016, to allow time to implement the Successor Agency’s disposition plan for the Garage, as is required under Redevelopment Dissolution Law. Redevelopment Dissolution Law, California Health and Safety Code Section 34191.5 (c) (2), requires the Successor Agency to sell the Garage and the Successor Agency accordingly proposed selling the Garage under its Long-Range Property Management Plan (“PMP”), which was submitted to DOF for approval in November 2013 pursuant to Redevelopment Dissolution Law. The Successor Agency cannot sell the Garage until DOF approves OCII’s PMP. DOF is still reviewing OCII’s PMP, and staff is hopeful that DOF will approve it later this year; and

WHEREAS, After DOF’s approval of the PMP, staff expects it will take at least six months to sell the Garage. Given the impending sale, staff does not believe it is appropriate to conduct another competitive public procurement process for a new garage operator; and

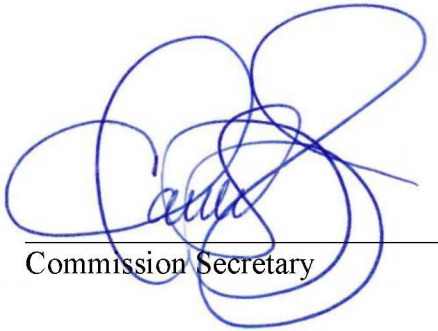
WHEREAS, The Second Amendment to the Management Agreement to extend the term by one year until June 30, 2016, which allows for the continued operation of the public parking garage at the Fillmore Heritage Center, will not independently result in a physical change in the environment. This action is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15061(b)(3); and

WHEREAS, Staff recommends approval of the proposed Second Amendment to the Management Agreement to extend the term until June 30, 2016, as provided for in Section 4.1 of the First Amendment. The extension will allow time for DOF to approve OCII’s PMP and for staff to implement the disposition plan for the Garage. All other terms of the Management Agreement remain the same, including the operator’s base management fee of \$1,000 per month (or \$12,000 per year) and the incentive fee of 50% of the Garage’s annual net operating income up to a maximum incentive fee of \$10,000 per year.

WHEREAS, The source of funds for the Management Agreement is garage revenues and new property tax revenue authorized under Line Item #118 and Line Item #119 of OCII’s Recognized Obligations Payment Schedule (“ROPS”) for the first half of the 2015-2016 fiscal year, and additional garage and property tax revenues to be authorized under OCII’s ROPS for the second half of the 2015-2016 fiscal year; now therefore, be it

RESOLVED, that the Executive Director of the Office of Community Investment and Infrastructure is authorized to execute a Second Amendment to the Management Agreement with Imperial Park (U.S), LLC, a Delaware limited liability company, to extend the term for a one-year period, until June 30, 2016, consistent with the property management obligations under Redevelopment Dissolution Law, substantially in the form approved by Successor Agency's General Counsel.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 2, 2015.



Commission Secretary