

**COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE**

**RESOLUTION NO. 23 – 2016**

*Adopted June 21, 2016*

**AUTHORIZING A SECOND AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH KEYSER MARSTON ASSOCIATES, INC., A CALIFORNIA CORPORATION, IN THE AMOUNT OF \$25,000 FOR AN AGGREGATE CONTRACT AMOUNT NOT TO EXCEED \$74,500 FOR REAL ESTATE CONSULTING SERVICES FOR TRANSBAY BLOCK 1 (160 FOLSOM STREET), BLOCK 5 (250 HOWARD STREET) BLOCK 8 (400 FOLSOM STREET/250 FREMONT STREET), AND BLOCK 9 (500 FOLSOM STREET); 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 (the “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”), any redevelopment plan adopted to finance, in whole or in part, the demolition of the Transbay Terminal building and the construction of a new terminal, including its associated vehicle ramps, 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, by Ordinance No. 124-05 and Ordinance No. 99-06, the Redevelopment Plan (the “Redevelopment Plan”) for the Transbay Redevelopment Project. 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 containing approximately forty (40) acres of land (the “Project Area”). The Redevelopment Plan also provides for the financing of the Transbay Terminal Project 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 publicly owned land, including the former Transbay Terminal building and its bus access ramps (the “State-Owned Parcels”). The State of California (the “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, 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 and execute all activities related to the implementation of the Redevelopment Plan, including the Transbay Affordable Housing Obligation; and,

WHEREAS, On April 15, 2013, the California Department of Finance (“DOF”) determined finally and conclusively that the Implementation Agreement, the Transbay Affordable Housing Obligation, and the Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement between the Former Agency, City and TJPA are enforceable obligations under Redevelopment Dissolution Law and will not be subject to further DOF review except to determine if future Successor Agency expenditures are consistent with those obligations. 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, In furtherance of and consistent with the Transbay Final and Conclusive Obligations, OCII has already sold several of the State-Owned Parcels: Block 5 (250 Howard Street), Block 6 (299 Fremont Street/280 Beale Street), Block 7 (255 Fremont Street/222 Beale Street), Block 8 (400 Folsom Street/250 Fremont Street), Block 9 (500 Folsom Street), and Block 11A (25 Essex Street/Rene Cazenave Apartments). OCII is also in the process of selling Block 1 (160 Folsom), which is not a State-Owned Parcel; rather, it was purchased by the Former Agency with tax increment monies in 2003 for the purpose of fulfilling the Transbay Affordable Housing Obligation; and,

WHEREAS, For each of these transactions, OCII has complied or will comply with Section 33433 of the California Health and Safety Code (“Section 33433”). Section 33433 requires OCII to obtain the approval of the legislative body to sell or lease any real property acquired, in whole or in part, with tax increment funds. Under Section 33433, the Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) is the legislative body that must make findings, by resolution after a public hearing, that the consideration for the property constitutes fair market or fair reuse value in light of the covenants, conditions and development costs associated with the sale. While the State-Owned Parcels were not acquired with tax increment funds, the Redevelopment Plan requires that the

Board of Supervisors shall approve, under the Section 33433 standards, the sale or lease of any of the State-Owned Parcels; and,

WHEREAS, In September 2014, the Controller's Office and the Office of Economic and Workforce Development issued a Request for Qualifications for Economic Consulting Services for the purpose of establishing a pre-qualified panel of vendors with demonstrated experience in a wide variety of economic consulting studies, ranging from real estate feasibility analyses, fiscal impact analyses, tax incidence studies, economic impacts of environmental policies, among others. A representative from OCII was on the selection panel. In November 2014, a Notice of Intent was issued to the firms selected to be on the panel, which included Keyser Marston Associates, Inc. ("KMA"). This panel is available for use through November 7, 2016; and,

WHEREAS, Pursuant to Section IXC of OCII's Purchasing Policy, staff may select a contractor from a City panel that was established using the City's competitive selection process. The Purchasing Policy further states that if staff uses a City panel to select a contractor for a contract exceeding the Executive Director's expenditure authority of \$50,000, the Commission must approve the contract; and,

WHEREAS, Staff selected KMA from the City's panel and entered into a Personal Services Contract effective January 6, 2015 in an amount not to exceed \$35,000 so that KMA could provide assistance with the evaluation of the purchase prices for Transbay Blocks 1, 5, 8, and 9 in accordance with the standards and procedures described in Section 33433 (the "Original Contract"); and,

WHEREAS, With KMA's assistance, OCII prepared reports for Blocks 9, 5, and 8 consistent with the requirements of Section 33433 that were approved by the Board of Supervisors approved as follows: (i) Block 9 on February 3, 2015 by Resolution No. 23-15, (ii) Block 5 on July 28, 2015 by Resolution No. 312-15, and (iii) Block 8 on July 28, 2015 by Resolution No. 313-15; and,

WHEREAS, On January 25, 2016, OCII and KMA entered into a first amendment to the Original Contract (the "First Amendment") to increase the maximum contract amount by \$14,500 to a total aggregate amount not to exceed \$49,500, so KMA could undertake additional analyses related to the valuation of Block 1 and the public benefits of the proposed development program; and,

WHEREAS, OCII now desires to enter into a "Second Amendment" to the Original Contract to increase the amount payable under the contract by \$25,000 to a total aggregate amount not to exceed \$74,500, so that the KMA can (i) complete the analyses related to the valuation of Block 1, (ii) continue to represent OCII at upcoming public hearings related to Block 1, and (iii) provide general real estate valuation and project feasibility services for each of Transbay Blocks 1, 5, 8, and 9 on an as-needed basis. (Together, the Original Contract, the First Amendment, and this Second Amendment comprise the "Contract"); and,

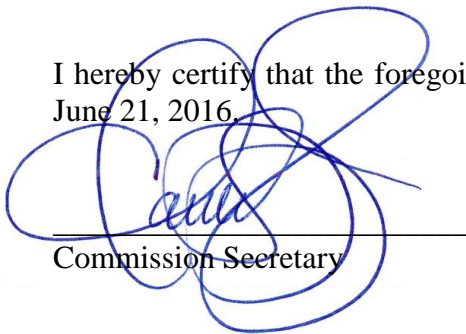
WHEREAS, Consistent with the Purchasing Policy, OCII entered into the Original Contract and the First Amendment under the expenditure authority of the Executive Director. With the proposed Second Amendment, the aggregate amount of the Contract exceeds the expenditure authority of the Executive Director; therefore, approval of the Second Amendment by the Commission is required; and,

WHEREAS, Authorization of the Second Amendment will facilitate the disposition and development of Blocks 1, 5, 8, and 9 pursuant to the Transbay Final and Conclusive Obligations. The activities under the Second Amendment are statutorily exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15262, since they are feasibility and planning studies for possible future actions. The activities would not directly cause any significant adverse change in the physical environment; and,

WHEREAS, Staff recommends approval of the Second Amendment to the Original Contract to increase the amount payable by \$25,000 to a total aggregate amount not to exceed \$74,500, so that the Contractor can (i) complete the analyses related to the valuation of Block 1, (ii) continue to represent OCII at upcoming public hearings related to Block 1, and (iii) provide general real estate valuation and project feasibility services for each of Block 1, 5, 8, and 9 on an as-needed basis; 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 Contract with Keyser Marston Associates, Inc., a California corporation, increasing the amount of the Contract by up to \$25,000 for an aggregate contract amount not to exceed \$74,500 for real estate consulting services for Transbay Block 1 (160 Folsom Street), Block 5 (250 Howard Street), Block 8 (400 Folsom Street/250 Fremont Street), and Block 9 (500 Folsom Street) in the Transbay Redevelopment Project Area, substantially in the form approved by the counsel to the Successor Agency.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of June 21, 2016.



Commission Secretary