

Mission Bay Parks Open Space

February 2022



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1. Introductions OCII, Port, Recreation and Parks
2. Background
3. OCII, RPD and Port Plan
4. Reason to Transfer Now
5. Recap of Property Management Plan (PMP) 2015
6. Proposed Schedule
7. Proposed Next Steps

Background

- Mission Bay open space (41 acres) is developed under the Redevelopment Plan and Owner Participation Agreement (OPA), which are scheduled to expire in 2028
- Community Facilities District (CFD) #5 was created to fund maintenance and operations of the Mission Bay open space until 2044
- City and Port own Mission Bay open space parcels which are then ground leased to OCII
- Ground Lease and other land use agreements, created at the inception of the Project Area, anticipated Parks would transition back to the City/Port
- State Mandated Dissolution of the Redevelopment Agency requires OCII to terminate its ground lease with the City and Port

Fiscal

- The annual CFD funds currently cover the cost of operation and maintenance of the completed parks, but OCII projects that within approximately 10-12 years, after all parks are built, additional funds from the City will be needed to cover costs (\$800,000 a year increasing with CPI)
- OCII will remain the CFD Administrator until 2044
- CFD funds can only be spent on Mission Bay Open Space

OCII, Port, RPD Plan

1. MJM steps down as manager of Mission Bay Open Space and Parklabs Open Space Management takes over, contract extended for a year to allow time for City/Port to prepare and seek approval of interagency MOU (Spring 2022)
2. OCII steps aside to let RPD, collaboration with the Port, manage contract with POSM and learn the Mission Bay Open Space system (July 2022 – June 2023)
3. OCII exits Ground Lease (July 2023)
4. RPD and Port self manage Mission Bay Open Space system in with OCII managing CFD funds

Reason to Transfer Now

- State Department of Finance/Dissolution Law requires the transfer of the Open Space to the City/Port
- Project Management Plan (PMP) states the timing for the transfer (which is past due)
- Current Management Contract Expires June 30, 2022
- Minimal availability of management entities leaves City at Risk (Previous processes had limited response)

Property Management Plan (PMP)

- Document detailing Plan to transfer Open Space from OCII management
- Mission Bay Community and Master Developer provided input in drafting the PMP in 2013
- Approved by the State Department of Finance 2015

Property Management Plan (PMP)

- PMP Scheduled the Transfer in 3 Phases
- **Phase 1 – 2017**
- NP1-5, P1, P10, P16, P17, P 18 and P21
- **Phase 2 -2019**
- P2, P3, P5, P6, P8, P11, P11A, P19, P22, P23/24, P26 and P27
- **Phase 3 – 2022**
- P7, P9, P12, P13, P15 and P20

- Dates were estimates based on current market conditions. If there are changes in the economy outside the control of the Successor Agency, the timing may change.

Property Management Plan (PMP)

The City, Developer, and Mission Bay community representatives have expressed a preference for the Park Parcels to (1) remain together and continue to be managed as a single asset by a single entity (i.e., either one City entity or a separate non-profit) as a cohesive parks system, (2) continue to be cost-effectively managed and efficiently utilize finite Maintenance CFD financial resources, (3) continue to be professionally managed under a competitive bidding process, and (4) continue to be managed in a way that allows for direct community involvement and oversight.

Property Management Plan (PMP)

The City, Developer, and Mission Bay community representatives have expressed a preference for the Park Parcels to:

Met under OCII, RPD, Port Plan

1) remain together and continue to be managed as a single asset by a single entity (i.e., either one City entity or a separate non-profit) as a cohesive parks system

Partially

Park system proposed to be managed by 2 public entities, Port keeps the parks under its current jurisdiction

2) continue to be cost-effectively managed and efficiently utilize finite Maintenance CFD financial resources

Fully

RPD proprietary budget model + financial backing to CFD

Port history of managing waterfront parks

3) continue to be professionally managed under a competitive bidding process

Fully

Approved City Contracting Policies compliant with the City's Contract Monitoring Division

4) continue to be managed in a way that allows for direct community involvement and oversight

Fully

RPD and Port history of engaging with their own citizen advisory committees; commit to continue relationship with MB CAC

Proposed Schedule

May and June 2022: Assignment of POSM contract from OCII to RPD presented to Mission Bay CAC, SAC and relevant Commissions

July 1, 2022: Assignment comes into effect so that RPD, in collaboration with Port, oversees POSM's management of Mission Bay Parks

July 2022 - December 2022: Port, RPD OCII determine logistics of overall asset transfer, to be codified in a Memorandum of Understanding document ("MOU") between the three parties that, amongst other things, outlines the CFD administration agreement

December 2022 – January 2023: MOU presented to Mission Bay CAC, SAC and relevant Commissions

January – June 2023: RPD, Port and OCII work on any documents / approval process for the termination of the Ground Lease (includes all open space in Mission Bay) between OCII and the City

April 2023: Ground Lease Termination presented to Mission Bay CAC, SAC

July 1, 2023: Ground Lease Terminates

July 2023 – June 2044: OCII remains administrator of CFD, with oversight over how funds are spent in Mission Bay parks

Proposed Next Steps

- RPD, Port and OCII work with CAC sub- Committee to identify and resolve issues of concern
- Report back to full CAC and Port Rec Park CAC's
- City work towards Joint Management Agreement / MOU
- Prepare for July 2023 Transition

Questions / Comments

- Port owned = ~ 13 acres (incl. P22)
- City owned = ~ 28 acres



- Owner Participation Agreement (“OPA”) and related Plan documents obligate:
 - Master Developer to provide **41 acres of Open Space**
 - City to accept the **Open Space as public parks**

- Construction Started
- Complete
- Future
- Port Owned

*All other Parcels owned by City