



450-0042024-002

Agenda Item **No. 5(c)**
Meeting of May 21, 2024

MEMORANDUM

TO: Commission on Community Investment and Infrastructure

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing a First Amendment to the Personal Services Contract with ALH Urban & Regional Economics, a sole proprietorship ("Contractor"), to increase the contract amount by \$75,000 for a total not to exceed amount of \$124,000 to provide economic advisory services related to the Disposition and Development Agreement for Candlestick Point and Phase II of the Hunters Point Shipyard; Hunters Point Shipyard and Bayview Hunters Point Project Areas

On January 25, 2024, consistent with the Office of Community Investment and Infrastructure ("OCII") Purchase Policy, OCII entered into a personal services contract ("Contract") with ALH Urban & Regional Economics, a sole proprietorship ("Contractor"), to provide economic and strategic real estate advisory services to assist OCII with the re-entitlement negotiations ("Re-entitlement") with the master developer ("Developer" or "CP Development Co. LLC") for the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement ("Phase 2 DDA"). The contract has a three-year term and a total budget not to exceed \$49,000.

The Contract's scope of work is comprised of three categories: 1) Proforma Analysis, 2) Strategic Real Estate Development Advisory Services, and 3) Fiscal Impact Analysis. To date, the Contractor has assisted OCII by reviewing the Re-entitlement's fiscal impact report, updates to the project phasing and land use program, including providing analysis and recommendations. It is anticipated that the Contractor's expertise will continue to be needed as negotiations progress. Therefore, staff is now seeking to increase the contract amount to allow the Contractor to continue to provide the economic and strategic real estate advisory services to OCII.

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MAYOR

Thor Kaslofsky
EXECUTIVE DIRECTOR

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Staff recommends authorizing a First Amendment to the Personal Service Contract with ALH Urban & Regional Economics, a sole proprietorship ("First Amendment to the Contract") to increase the contract amount by \$75,000 for a total not to exceed amount of \$124,000 to provide economic advisory services related to the implementation of the Phase 2 DDA.

DISCUSSION

Background

In June 2010, the former San Francisco Redevelopment Agency (now OCII) took a series of actions to approve the Candlestick Point/Hunters Point Shipyard Phase 2 development (the "Project") including the approval of the Phase 2 DDA with the Developer. A key tenet of the Phase 2 DDA is that the master developer must initially pay for the costs of completing the horizontal development, using private capital and revenues generated by the Project itself, subject to subsequent reimbursement from public financing proceeds. As such, the Phase 2 DDA includes financial agreements between the Developer and OCII, which describe how the infrastructure and related public benefits supporting the horizontal land development of the Project will be paid for.

The Project's financial agreements are contained in several key documents, including the Finance Plan (Phase 2 DDA Exhibit H), a Form Acquisition and Reimbursement Agreement (DDA Exhibit H-C), a Form Tax-Allocation and Pledge Agreement (DDA Exhibit H-1), and the Community Benefits Plan (DDA Exhibit G) (together, the "Financial Agreements"). The Project's Financial Agreements create specific obligations for OCII in the use of tax increment financing and Mello-Roos Community Facility District. Underpinning the financing assumptions is a Project Proforma (DDA Exhibit H-B), which was last updated in 2018 ("2018 Proforma").

On October 4, 2016, the Commission authorized, by Resolution No. 47-2016, a Contract with the Contractor to provide economic and financial advisory services related to the 2018 Proforma. OCII found their work highly satisfactory.

ALH Urban & Regional Economics Contract

The Developer will be submitting a revised Project Proforma and fiscal impact report, along with updates to the Project phasing and land use program ("Phase 2 DDA Updates"). On January 25, 2024, OCII entered into the Contract with ALH Contractor to provide economic and strategic real estate advisory services to support OCII in its negotiations related to the Phase 2 DDA Updates providing analysis and recommendations.

Consistent with Section IX, C,5 of OCII's Purchase Policy, the Contractor was selected from City and County of San Francisco Controller's Office prequalified pool of economic consultants established on December 17, 2022, based on a number of factors including: (1) the particular expertise of the firm's available staff to provide the required services; (3) the response time within which the firm can complete the task; and (3) previous work performed for OCII in connection with 2018 Proforma. The contract has a three-year term and a total budget not to exceed \$49,000. For more detail, please see the Contract attached to the Resolution as Exhibit B.

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First Amendment

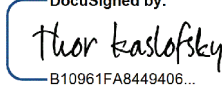
As negotiations progress, the Contractor's expertise is anticipated to be needed. Therefore, staff is seeking a First Amendment to the Contract to increase the contract amount by \$75,000 for a total not to exceed amount of \$124,000 to allow the Contractor to continue providing economic and strategic real estate advisory services to OCII related to the Phase 2 DDA Updates. All other terms and conditions in the Contract remain in place and will not be amended through this First Amendment to the Contract. For more detail, please see the First Amendment to the Contract attached to the Resolution as Exhibit A.

Expenditures for this First Amendment to the Contract is authorized in the Recognized Obligation Payment Schedule (ROPS) Line 398 and will continue to be reimbursable by the Developer under the Phase 2 DDA. All other terms and conditions in the Contract remain the same.

STAFF RECOMMENDATION

Staff recommends authorizing a First Amendment to the Contract with ALH Urban & Regional Economics, to increase the contract amount by \$75,000 for a total not to exceed amount of \$124,000 to provide economic advisory services in association with the implementation of the Project.

(Originated by Nikki Henry, Development Specialist)

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Thor Kaslofsky
Executive Director