

File No. 180871

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Sept. 19, 2018

Board of Supervisors Meeting:

Date: _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination - September 13, 2018</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referrals FYI and CEQA - September 10, 2018</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Prepared by: John Carroll

Date: Sept. 14, 2018

Prepared by: John Carroll

Date: _____

1 [Non-Renewal of a Mills Act Historical Property Contract - 973 Market Street]

2
3 **Resolution regarding non-renewal of a Mills Act historical property contract with**
4 **Raintree 973 Market Newco LLC, the owner of 973 Market Street (Assessor's Parcel**
5 **Block No. 3704, Lot No. 069), under Chapter 71 of the San Francisco Administrative**
6 **Code; notifying the Assessor-Recorder's Office of such non-renewal; and authorizing**
7 **the Planning Director to send notice of the non-renewal of the historical property**
8 **contract to the owner.**

9
10 WHEREAS, The California Mills Act (Government Code, Section 50280 et seq.)
11 authorizes local governments to enter into a contract with the owners of a qualified historical
12 property, as defined in the Act, who agree to rehabilitate, restore, preserve, and maintain the
13 property in return for property tax reductions under the California Revenue and Taxation
14 Code; and

15 WHEREAS, Chapter 71 of the Administrative Code was adopted to implement the Mills
16 Act in San Francisco and to preserve these historic buildings; and

17 WHEREAS, Under the Mills Act and Chapter 71, a year is added automatically to the
18 initial term of the contract at the anniversary date of the contract, unless notice of non-renewal
19 is given as provided as prescribed in the Act; and

20 WHEREAS, A Mills Act application for an historical property contract was submitted by
21 Raintree 973 Market Newco LLC, the owner of 973 Market Street (Assessor's Block No. 3704,
22 Lot No. 069), detailing rehabilitation work and proposing a maintenance plan for the property;
23 and

24 WHEREAS, At a public hearing on December 12, 2017, in Resolution No. 454-17, and
25 after reviewing the Historic Preservation Commission's recommendation and the information

1 provided by the Assessor's Office, the Board of Supervisors approved the historical property
2 contract between Raintree 973 Market Newco LLC, the owner of 973 Market Street, and the
3 City and County of San Francisco; and

4 WHEREAS, When it considered the approval of the historical property contract, the
5 Board of Supervisors balanced the benefits of the Mills Act to the owner of 973 Market Street
6 with the cost to the City of providing the property tax reductions authorized by the Mills Act, as
7 well as the historical value of 973 Market Street and the resultant property tax reductions, and
8 determined that it was in the public interest to enter into a historical property contract with the
9 applicants; and

10 WHEREAS, At the time, the Board of Supervisors also expressed interest in the
11 historical property contract for 973 Market Street having a term of ten years, no more, in order
12 to better achieve such balance between the benefits of the Mills Act and the costs to the City;
13 and

14 WHEREAS, The historical property contract for 973 Market Street was recorded at the
15 Assessor Recorder Office on April 13, 2018, and therefore under the contract, that is the
16 anniversary date of the contract; and

17 WHEREAS, The Planning Department has determined that the actions contemplated in
18 this Resolution comply with the California Environmental Quality Act (California Public
19 Resources Code, Sections 21000 et seq.); said determination is on file with the Clerk of the
20 Board of Supervisors in File No. 180871, is incorporated herein by reference, and the Board
21 herein affirms it; and now, therefore, be it

22 RESOLVED, That the Board of Supervisors hereby decides not to renew the historical
23 property contract for 973 Market Street (Assessor's Block No. 3704, Lot No. 069); and, be it
24
25

1 FURTHER RESOLVED, That the Board of Supervisors hereby notifies the Assessor
2 Recorder of the non-renewal of the historical property contract for 973 Market Street; and, be
3 it

4 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Planning
5 Director to send notice to the owner of the historical property contract for 973 Market Street,
6 informing the owner of the non-renewal of the contract at least 90 days prior to the
7 anniversary date.

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San Francisco Assessor-Recorder
 Carmen Chu, Assessor-Recorder
DOC- 2018-K601183-00

Acct 36-S.F. City Planning Dept.
 Friday, APR 13, 2018 15:28:26
 Ttl Pd \$0.00 Rcpt # 0005789283
 oar/AB/1-14

Recording Requested by, and
 when recorded, send notice to:
 Shannon Ferguson
 1650 Mission Street, Suite 400
 San Francisco, CA 94103-2414

**CALIFORNIA MILLS ACT
 HISTORIC PROPERTY AGREEMENT
 973 MARKET STREET
 SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and Raintree 973 Market Newco LLC ("Owners").

RECITALS

Owners are the owners of the property located at 973 Market Street, in San Francisco, California (Block 3704, Lot 069). The building located at 973 Market Street is designated as a Contributor to the Market Street Theater and Loft National Register Historic District pursuant to Article 10 of the Planning Code, and is also known as the "Historic Property". The Historic Property is a Qualified Historic Property, as defined under California Government Code Section 50280.1.

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost one million, four hundred fifty thousand dollars (\$1,450,000.00). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately zero dollars (\$0.00) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. Application of Mills Act. The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.

2. Rehabilitation of the Historic Property. Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein.

3. Maintenance. Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

4. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 13 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall

pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance. Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

6. Inspections and Compliance Monitoring. Prior to entering into this Agreement and every five years thereafter, and upon seventy-two (72) hours advance notice, Owners shall permit any representative of the City, the Office of Historic Preservation of the California Department of Parks and Recreation, or the State Board of Equalization, to inspect of the interior and exterior of the Historic Property, to determine Owners' compliance with this Agreement. Throughout the duration of this Agreement, Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement, as requested by any of the above-referenced representatives.

7. Term. This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Term"). As provided in Government Code section 50282, one year shall be added automatically to the Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 9 herein.

8. Valuation. Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

9. Notice of Nonrenewal. If in any year of this Agreement either the Owners or the City desire not to renew this Agreement, that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the Term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the Agreement, as the case may be. Thereafter, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement, and based upon the Assessor's determination of the fair market value of the Historic Property as of expiration of this Agreement.

10. Payment of Fees. As provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6, upon filing an application to enter into a Mills Act Agreement with the City, Owners shall pay the City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owners shall pay the City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 herein.

11. Default. An event of default under this Agreement may be any one of the following:

(a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A, in accordance with the standards set forth in Paragraph 2 herein;

(b) Owners' failure to maintain the Historic Property as set forth in Exhibit B, in accordance with the requirements of Paragraph 3 herein;

- (c) Owners' failure to repair any damage to the Historic Property in a timely manner, as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections or requests for information, as provided in Paragraph 6 herein;
- (e) Owners' failure to pay any fees requested by the City as provided in Paragraph 10 herein;
- (f) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 herein; or
- (g) Owners' failure to comply with any other provision of this Agreement.

An event of default shall result in Cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein, and payment of the Cancellation Fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraph 13 herein. In order to determine whether an event of default has occurred, the Board of Supervisors shall conduct a public hearing as set forth in Paragraph 12 herein prior to cancellation of this Agreement.

12. Cancellation. As provided for in Government Code Section 50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owners have breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 11 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owners and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code Section 50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

13. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 12 above, and as required by Government Code Section 50286, Owners shall pay a Cancellation Fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The Cancellation Fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

14. Enforcement of Agreement. In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owners has breached this Agreement, the City shall give the Owners written notice by registered or certified mail setting forth the grounds for the breach. If the Owners do not correct the breach, or do not undertake and diligently pursue corrective action to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 12 and bring any action necessary to enforce the obligations of the Owners set forth in this Agreement. The City does not waive any claim of default by the Owners if it does not enforce or cancel this Agreement.

15. Indemnification. The Owners shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the "City") from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to

property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owners, their Agents or Invitees; (c) the condition of the Historic Property; (d) any construction or other work undertaken by Owners on the Historic Property; or (e) any claims by unit or interval Owners for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City's cost of investigating any claim. In addition to Owners' obligation to indemnify City, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to Owners by City, and continues at all times thereafter. The Owners' obligations under this Paragraph shall survive termination of this Agreement.

16. Eminent Domain. In the event that a public agency acquires the Historic Property in whole or part by eminent domain or other similar action, this Agreement shall be cancelled and no cancellation fee imposed as provided by Government Code Section 50288.

17. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement shall run with the land and shall be binding upon and inure to the benefit of all successors in interest and assigns of the Owners. Successors in interest and assigns shall have the same rights and obligations under this Agreement as the original Owners who entered into the Agreement.

18. Legal Fees. In the event that either the City or the Owners fail to perform any of their obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the prevailing party may recover all costs and expenses incurred in enforcing or establishing its rights hereunder, including reasonable attorneys' fees, in addition to court costs and any other relief ordered by a court of competent jurisdiction. Reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

19. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

20. Recordation. Within 20 days from the date of execution of this Agreement, the parties shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco. From and after the time of the recordation, this recorded Agreement shall impart notice to all persons of the parties' rights and obligations under the Agreement, as is afforded by the recording laws of this state.

21. Amendments. This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

22. No Implied Waiver. No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

23. Authority. If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business

in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

24. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

25. Tropical Hardwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

26. Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City.

27. Signatures. This Agreement may be signed and dated in parts

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CITY AND COUNTY OF SAN FRANCISCO:

By: [Signature] (signature) DATE: 12/21/17
(name), Assessor-Recorder

By: [Signature] (signature) DATE: 12-19-17
(name), Director of Planning
JOHN TRAHAM

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: [Signature] (signature) DATE: Dec. 19, 2017
ANDREA (name), Deputy City Attorney
RUIZESQUIDE

RAINTREE 973 MARKET NEWCO LLC, OWNERS

By: [Signature] (signature) DATE: 12/20/17
(name), (title), Owner
JASON CHECK

By: _____ (signature) DATE: _____
(name), _____ (title), Owner

OWNER(S) SIGNATURE(S) MUST BE NOTARIZED.
ATTACH PUBLIC NOTARY FORMS HERE.

REHABILITATION PLAN (EXHIBIT A)

| | | | |
|---|---|---|-----------------------------------|
| # 1 | Building Feature: Seismic and Structural | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$3,751,211 | | | |
| Description of Work | | | |
| The building was updated to meet structural and seismic code requirements. This included work to the building's foundation, construction of concrete shear walls, and completing floor plate and ceiling work left unfinished by the previous owner. Additional shear walls were constructed, generally with several twelve-inch E-W walls complemented by eight-inch shear walls at the center east. | | | |

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| # 2 | Building Feature: Terra Cotta, North Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$165,382 | | | |
| Description of Work | | | |
| As part of the 2014 rehabilitation, the terra cotta was inspected, evaluated, prepped, repaired, and repainted where necessary. | | | |

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| # 3 | Building Feature: Windows, North Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$378,022 | | | |
| Description of Work | | | |
| As part of the 2014 rehabilitation, replacement windows with a traditional fixed center pane with flanking casement-functioning windows in a vinyl frame with clear lowE glazing. The window was provided by ECO Windows, LLC, which manufactures heavy gauge premium quality uPVC windows. The specific product line proposed was the Rehau 4500 series. | | | |

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| # 4 | Building Feature: Storefronts, North Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$756,045 | | | |
| Description of Work | | | |
| As part of the 2014 rehabilitation, the modern signs at the ground floor were removed. A wood clad commercial storefront system was installed and recessed to expose the columns at the entry. Storefront bulkhead with a 12 inch cast stone base was installed. Columns were inspected and cleaned as appropriate. Fresh air louver was installed over the entry door; louver was painted to match and was flush with the door face. | | | |

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| # 5 | Building Feature: Windows, South Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$378,022 | | | |
| Description of Work | | | |
| The replacement windows are a traditional fixed center pane with flanking casement-functioning windows in a vinyl frame with clear lowE glazing. The window was provided by ECO Windows, LLC, which manufactures heavy gauge premium quality uPVC windows. The specific product line proposed was the Rehau 4500 series. | | | |

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| # 6 | Building Feature: Fire Escape, South Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$232,000 | | | |
| Description of Work | | | |
| The fire escape was inspected, repaired, and repainted. It no longer serves as a means of egress. | | | |

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| # 7 | Building Feature: Masonry, South Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$110,255 | | | |
| Description of Work | | | |
| Brick façade was repaired in many locations and failed lintels were reinforced and replaced where required. The entire rear elevation was re-pointed. At the first floor level, a concrete beam was installed at floor level 1A1, approximately nine-feet above grade, and it was painted to blend. Above the beam, a new metal framed awning style window was installed in groups of three. | | | |

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| # 8 | Building Feature: East Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$55,127 | | | |
| Description of Work | | | |
| Limited work occurred on this elevation. The brick and mortar were inspected and repaired in kind. | | | |

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| # 9 | Building Feature: Rooftop | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input checked="" type="checkbox"/> | Proposed <input type="checkbox"/> |
| Contract Year for Work Completion: 2014 | | | |
| Total Cost (rounded to the nearest dollar): \$320,268 | | | |
| Description of Work | | | |
| The original working surface was refinished with adequate sloping and a new 50-year PVC roof membrane was installed in connection with new roof drains. | | | |

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| #10 | Building Feature: Windows, North Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: Est. 2028 | | | |
| Total Cost (rounded to the nearest dollar): \$420,000 in 2017 (est. \$1.03M in 2040 assuming 4% annual cost inflation.) Price excludes 4 months of lost revenue on impacted units while windows are being replaced which is estimated at \$177,000 in 2017. | | | |
| Description of Work | | | |
| Once the property is no longer subject to the five-year recapture period for the Federal Historic Tax Credit and the installed windows reach the end of their useful life, the property owner proposes to install new windows. These windows would more closely match the historic configuration with a tripartite design, center fixed windows, single pane pivot windows on either side and a transom. Proposed windows would also have a heavier mullion design, as shown in historic documentation of the building. The windows have a useful life of 30 years, it will be replaced when necessary. | | | |

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| # 11 | Building Feature: Storefronts, North Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: est. 2028 | | | |
| Total Cost (rounded to the nearest dollar): \$200,000 in 2017. (est. \$492K in 2040 assuming 4% annual inflation) | | | |
| Description of Work | | | |
| Once the property is no longer subject to the five-year recapture period for the Federal Historic Tax Credit, the property owner proposes to install new storefronts when the installed storefronts reach the end of its useful life. These storefronts would more closely match the historic in both material and configuration as seen in documentation. The storefronts have a useful life of 30 years, it will be replaced when necessary. | | | |

| | | | |
|---|---|------------------------------------|--|
| # 12 | Building Feature: Windows, South Elevation | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: est. 2028 | | | |
| Total Cost (rounded to the nearest dollar): \$630,000 in 2017 (est. \$1.5M assuming 4% annual cost inflation). Price excludes 4 months of lost revenue while windows are being replaced which is estimated to be \$266,000. | | | |
| Description of Work | | | |
| The windows have a useful life of 30 years, and will be replaced with wood clad windows when necessary. | | | |

| | | | |
|---|--------------------------------------|------------------------------------|--|
| # 13 | Building Feature: Rooftop | | |
| Rehab/Restoration <input checked="" type="checkbox"/> | Maintenance <input type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: Est. 2028 and every 30 years after | | | |
| Total Cost (rounded to the nearest dollar): \$200,000 (est. 420,000 assuming 4% annual cost inflation) | | | |
| Description of Work | | | |
| The roof has a useful life of 30 years, it will be replaced when necessary with a new 50-year PVC roof membrane and new roof drains if necessary. | | | |

MAINTENANCE PLAN (EXHIBIT B)

| | | | |
|---|---|------------------------------------|--|
| # 14 | Building Feature: Windows, North Elevation | | |
| Rehab/Restoration <input type="checkbox"/> | Maintenance <input checked="" type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: 2018 and every 2 years thereafter | | | |
| Total Cost (rounded to the nearest dollar): \$35,000 per inspection and minor repair. \$175,000 if repainting of historic façade along Market Street is required. | | | |
| Description of Work | | | |
| Windows are accessed via an outrigger system installed behind roof parapets. Inspect windows on north elevation for deterioration and water infiltration and make repairs as necessary. | | | |

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|---|---|------------------------------------|--|
| # 15 | Building Feature: Seismic and Structural | | |
| Rehab/Restoration <input type="checkbox"/> | Maintenance <input checked="" type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: 2019, and every 5 years thereafter | | | |
| Total Cost (rounded to the nearest dollar): \$25,000 per assessment | | | |
| Description of Work | | | |
| A seismic property condition assessment will be conducted every five years. | | | |

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|---|---|------------------------------------|--|
| # 16 | Building Feature: Terra Cotta, North Elevation | | |
| Rehab/Restoration <input type="checkbox"/> | Maintenance <input checked="" type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: 2019 and every 5 years thereafter | | | |
| Total Cost (rounded to the nearest dollar): \$60,000 per inspection (Assuming only minor repair work required) | | | |
| Description of Work | | | |
| <p>Routine inspection of the terra cotta will include, but not limited to, looking for signs of crazing and spalling.</p> <p>Should routine inspections reveal the need for maintenance and/or repairs to the decorative terra cotta façade, work will be performed in accordance with Preservation Brief #7, "The Preservation of Historic Glazed Architectural Terra Cotta." The successful cleaning of glazed architectural terra-cotta removes excessive soil from the glazed surface without damaging the masonry unit itself. Of the many cleaning materials available, the most widely recommended are water, detergent, and a natural or nylon bristle brush. More stubborn pollution or fire-related dirt or bird droppings can be cleaned with steam or weak solutions of muriatic or oxalic acid. Should any water-related damage be identified, the problem will be mitigated before repairs are made to the affected area.</p> | | | |

| | | | |
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| #17 | Building Feature: Fire Escape, South Elevation | | |
| Rehab/Restoration <input type="checkbox"/> | Maintenance <input checked="" type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: 2019 and every 5 years thereafter | | | |
| Total Cost (rounded to the nearest dollar): \$35,000 per inspection | | | |
| Description of Work | | | |
| The fire escape will be inspected, repaired, and repainted as necessary. | | | |

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|---|---|------------------------------------|--|
| #18 | Building Feature: East Elevation | | |
| Rehab/Restoration <input type="checkbox"/> | Maintenance <input checked="" type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: 2019, and every 5 years thereafter | | | |
| Total Cost (rounded to the nearest dollar): \$175,000 per inspection (Assuming minor repairs) | | | |
| Description of Work | | | |
| <p>The building's masonry and mortar joints will be subject to regular inspection. Inspections, maintenance, and repairs to the masonry and mortar joints will be done in accordance with Preservation Brief #1, "Assessing Cleaning and Water-Repellent Treatments for Historic Masonry Buildings," and Preservation Brief #2, "Repointing Mortar Joints in Historic Masonry Buildings."</p> <p>Should the building be subject to graffiti and/or vandalism, the owner will take the necessary steps to carefully repair the damage using the least abrasive solvents for removing the graffiti.</p> | | | |

| | | | |
|---|---|------------------------------------|--|
| #19 | Building Feature: Masonry, South Elevation | | |
| Rehab/Restoration <input type="checkbox"/> | Maintenance <input checked="" type="checkbox"/> | Completed <input type="checkbox"/> | Proposed <input checked="" type="checkbox"/> |
| Contract Year for Work Completion: 2020, and every 10 years thereafter | | | |
| Total Cost (rounded to the nearest dollar): est. \$185,000 per inspection (assuming minimal repair) | | | |
| Description of Work | | | |
| <p>The building's masonry and mortar joints will be subject to regular inspection. Inspections, maintenance, and repairs to the masonry and mortar joints will be done in accordance with Preservation Brief #1, "Assessing Cleaning and Water-Repellent Treatments for Historic Masonry Buildings," and Preservation Brief #2, "Repointing Mortar Joints in Historic Masonry Buildings."</p> <p>Should the building be subject to graffiti and/or vandalism, the owner will take the necessary steps to carefully repair the damage using the least abrasive solvents for removing the graffiti.</p> | | | |

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

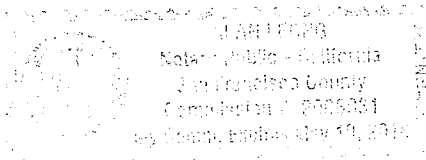
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Francisco)
On 12-20-17 before me, Alan Wong (Notary Public)
Date Here Insert Name and Title of the Officer
personally appeared Jason Cheek
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: CA Mills Act Historic Property Agreement Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Escrow No.: 11-35512495-MY
Locate No.: CACTI7738-7738-2355-0035512495
Title No.: 11-35512495-MK

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF MARKET STREET, DISTANT THEREON 176 FEET AND 6 INCHES NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF 6TH STREET; RUNNING THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF MARKET STREET, 49 FEET AND 3 INCHES; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 170 FEET TO THE NORTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY, ALONG SAID NORTHWESTERLY LINE OF STEVENSON STREET, 49 FEET AND 3 INCHES; AND THENCE AT A RIGHT ANGLE NORTHWESTERLY 170 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 380.

PARCEL TWO:

EASEMENTS FOR THE OPERATION, MAINTENANCE AND REPAIR AND COVENANTS CONTAINED THEREIN, AS AN APPURTENANCE TO PARCEL ONE ABOVE, CONTAINED IN THE "PERPETUAL EASEMENT AGREEMENT" INCORPORATED IN THE INSTRUMENT ENTITLED "PROPERTY LINE COMMON WALL AGREEMENT" RECORDED FEBRUARY 4, 2005, INSTRUMENT NO. 2005-H899582, OF OFFICIAL RECORDS.

APN: Lot 069, Block 3704

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

September 10, 2018

File No. 180871

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, 4th Floor
San Francisco, CA 94103

Dear Ms. Gibson:

On September 4, 2018, Supervisor Peskin introduced the following legislation:

File No. 180871

Resolution regarding non-renewal of a Mills Act historical property contract with Raintree 973 Market Newco LLC, the owner of 973 Market Street (Assessor's Parcel Block No. 3704, Lot No. 069), under Chapter 71 of the San Francisco Administrative Code; notifying the Assessor-Recorder's Office of such non-renewal; and authorizing the Planning Director to send notice of the non-renewal of the historical property contract to the owner.

This legislation is being transmitted to you for environmental review. The file is tentatively scheduled for Government Audit and Oversight Committee consideration on September 19, 2018.

Angela Calvillo, Clerk of the Board

By: John Carroll, Assistant Clerk
Government Audit and Oversight Committee

Attachment

c: Devyani Jain, Deputy Environmental Review Officer
Joy Navarrete, Environmental Planner
Laura Lynch, Environmental Planner

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment.

Joy Navarrete
9/13/2018

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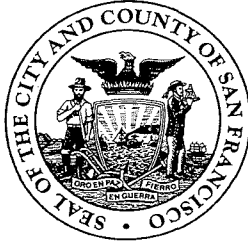
Angela Calvillo, Clerk of the Board

By: John Carroll, Assistant Clerk
Government Audit and Oversight Committee

Attachment

c: Devyani Jain, Deputy Environmental Review Officer
Joy Navarrete, Environmental Planner
Laura Lynch, Environmental Planner

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
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Tel. No. 554-5184
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MEMORANDUM

TO: John Rahaim, Director, Planning Department
Jonas Ionin, Commission Secretary, Historic Preservation Commission
Carmen Chu, Assessor-Recorder

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: September 10, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on September 4, 2018:

File No. 180871

Resolution regarding non-renewal of a Mills Act historical property contract with Raintree 973 Market Newco LLC, the owner of 973 Market Street (Assessor's Parcel Block No. 3704, Lot No. 069), under Chapter 71 of the San Francisco Administrative Code; notifying the Assessor-Recorder's Office of such non-renewal; and authorizing the Planning Director to send notice of the non-renewal of the historical property contract to the owner.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Scott Sanchez, Planning Department
Lisa Gibson, Planning Department
Devyani Jain, Planning Department
AnMarie Rodgers, Planning Department
Tim Frye, Planning Department
Joy Navarrete, Planning Department
Georgia Powell, Planning Department
Andrea Ruiz-Esquide, Deputy City Attorney
Nicole Agbayani, Office of the Assessor-Recorder

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
 BOARD OF SUPERVISORS
 SAN FRANCISCO
 2018 SEP 14 4:56
 Time stamp or meeting date
 BY _____

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisor Peskin

Subject:

[Non-Renewal of a Mills Act Historical Property Contract - 973 Market Street]

The text is listed:

Resolution under Chapter 71 of the San Francisco Administrative Code, regarding non-renewal of a Mills Act historical property contract with Raintree 973 Market Newco LLC, the owner of 973 Market Street (Assessor's Block No. 3704, Lot No. 069); notifying the Assessor Recorder's Office of such non-renewal; and authorizing the Planning Director to send notice of the non-renewal of the historical property contract to the owner.

Signature of Sponsoring Supervisor: []

For Clerk's Use Only

180871