File No. 120021

Committee Item No. 9
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee **Date:** January 18, 2012

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Completed by: Victor Young **Date:** January 13, 2012
Completed by: Victor Young **Date:** _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[Transfer of Assets, Obligations, and Functions to the City as Successor Agency for the Redevelopment Agency Upon its Dissolution as Required by State Law]

Resolution: 1) approving the retention by the City and County of San Francisco (the City) as successor agency to the Redevelopment Agency of the City and County of San Francisco (the Agency) of the Agency's affordable housing assets and functions upon the Agency's dissolution, including all funds in the Agency's Low and Moderate Income Housing Fund, and authorizing the Mayor's Office of Housing to manage these affordable housing assets and to exercise the housing functions that the Agency previously performed; 2) acknowledging that upon the Agency's dissolution the City as successor agency shall accept the transfer of all of the Agency's non-affordable housing assets, which shall be placed under the jurisdiction of the Director of the Department of Administrative Services unless otherwise provided for in the Charter, and that the Director shall have the authority to manage such assets and to exercise the functions that the Agency previously performed for such assets; 3) providing for the required payment and performance of enforceable obligations, the transfer and establishment of funds and accounts, and for the administration of funds and other assets, all associated with the City's exercise of its responsibilities as successor agency to the Agency under state law; 4) authorizing the new Oversight Board, which state law requires the City as successor agency to create, to oversee certain fiscal management of former Agency assets other than affordable housing assets, to exercise land use, development, and design approval authority under the enforceable obligations for the Mission Bay Redevelopment Project Area, Hunters Point Shipyard Project Area, and Zone 1 of the Bayview Hunters Point Redevelopment Project Area, and part of the Transbay Redevelopment Project Area, in place of the former Agency Commission, authorizing the Oversight Board to approve certain changes to such

obligations, related documents and certain new agreements to implement those enforceable agreements, including review and approval for issuing bonds under such agreements, and authorizing the Director of the Department of Administrative Services to provide coordinated staff support to the Oversight Board, in the place of staff of the former Agency, in the exercise of these functions; 5) rescinding the designation of the Treasure Island Development Authority as a Redevelopment Agency; and 6) making findings under the California Environmental Quality Act.

WHEREAS, In accordance with the California Community Redevelopment Law, California Health and Safety Code section 33000 et. seq. (the "CRL"), the Board of Supervisors (the "Board") created the Redevelopment Agency of the City and County of San Francisco (the "Agency") and approved redevelopment plans to alleviate blight in various parts of the City. For more than 60 years, the Agency has been engaged in state-authorized activities to implement those plans; and,

WHEREAS, Since the Board's adoption of those redevelopment plans, the Agency has played a critical role in alleviating physical and economic blight in disadvantaged neighborhoods in San Francisco, by attracting private investment and leveraging public resources to increase the City's supply of affordable housing, improve public facilities and infrastructure, create jobs and expand the local economy; and,

WHEREAS, The Agency has seven active redevelopment project areas approved by the Board, consisting of (1) the Mission Bay North and the Mission Bay South Project Areas (collectively "Mission Bay"), (2) Phases One and Two of the Hunters Point Shipyard Project Area and Zone 1 of the Bayview Hunters Point Project Area (collectively, "Hunters Point Shipyard/Candlestick Point"), (3) the Transbay Transit Center Project Area ("Transbay"),

(4) the South of Market Project Area, (5) the Visitacion Valley Project Area, (6) the Bayview-Hunters Point Project Area, and (7) the Rincon Point-South Beach Project Area; and,

WHEREAS, In some of those redevelopment project areas, including Mission Bay, Hunters Point Shipyard/Candlestick Point and Rincon Point-South Beach, the Agency has established Community Facilities Districts (the "CFDs") to help finance the construction of infrastructure and pay for services; and,

WHEREAS, In connection with its approval of the redevelopment plan for each of the active project areas, the Board adopted land use designations, design controls and procedures under the redevelopment plans and in some instances under related interagency cooperation agreements and other documents and the Agency has adopted further designations, controls and procedures consistent with the Board-adopted controls (collectively, "Land Use Controls"), which designations, controls and procedures will continue to apply and govern land use and development decisions in these areas unless and until the Board adopts zoning legislation to alter such Land Use Controls, all subject to enforceable obligations with private parties that apply to some of those of project areas; and,

WHEREAS, In furtherance of redevelopment plans that the Board approved and pre-existing binding contracts and other enforceable obligations that the Agency has entered into with third parties, the Agency has been engaged in implementing three major integrated, multi-phase revitalization projects that are vital to the City's future, including Mission Bay, Hunters Point Shipyard/Candlestick Point and parts of Transbay (including Zone 1) (collectively, the "Major Approved Development Projects"), which rely on Land Use Controls that the Agency directly administered; and,

WHEREAS, Enforceable obligations for the Major Approved Development Projects, including, among others, agreements with or for the express benefit of private investors as well as regional, state and federal agencies, require the pledge for the duration of those

projects of incremental property tax revenues generated in the project areas (including, for Transbay, parcels T and F in Zone 2) for the purpose of building public infrastructure and public facilities to support development of projects and of developing affordable housing, and specifically oblige the issuance of bonds or other evidences of indebtedness (collectively, "Bonds") for those purposes that the City will pay back based on such pledges of increment according to the terms and conditions of those binding agreements; and,

WHEREAS, Integrated with such financing obligations for Mission Bay and Hunters Point Shipyard/Candlestick Point are other provisions of the enforceable obligations with private parties that require that the Agency and the City abide by specific Land Use Controls; and,

WHEREAS, Completion of the Major Approved Development Projects is in the City's best interests, is consistent with earlier Board approvals and is required under the terms and conditions of all enforceable obligations that the City, as successor agency to the Agency, is obligated to perform under AB 26, including Section 34177(c) of the CRL; and,

WHEREAS, Certain possible changes to the Land Use Controls or amendments to agreements comprising enforceable obligations for the Major Approved Development Projects, as well possible new ancillary agreements, may be required to implement those projects over their remaining terms to achieve the objectives of the redevelopment plans that the Board approved and to realize the public benefits that those approved plans contemplate; and,

WHEREAS, The Agency has assisted in the development of over 10,000 affordable housing units restricted to low and moderate income households, has enforceable obligations including housing projects, such as the Mary Helen Rogers Senior Community, Rene Cazenave Apartments, has over 1,400 affordable housing units in the planning or pre-development stages to provide housing for about 4,200 residents, has obligations to assist in

the development of about 3,000 affordable housing units in the Hunters Point Shipyard/Candlestick Point; about 1,100 units remaining in Mission Bay, and about 1,100 units in Transbay, and has obligations to replace about 6,700 affordable units destroyed in the 1960's and early 1970's (See California Health & Safety Code Sections 33333.7 and 33333.8, and Board Ordinance Nos. 256-09 (December 30, 2009), 316-08 (December 19, 2008), and 15-05 (January 21, 2005); and,

WHEREAS, The City has embarked on an aggressive program to redevelop its most distressed public housing developments ("HOPE SF") and redevelopment funding has been a necessary component of the financing for the first two projects, Hunters View and Alice Griffith, consisting of 493 and 504 units, respectively; and,

WHEREAS, The Agency has been required, under Section 33334.3 of the CRL, to deposit all funds to be used for the purposes of increasing, improving, and preserving the supply of affordable housing in a separate Low and Moderate Income Housing Fund and the current amount in the fund is about $200 million, which is more specifically described in the document prepared by the Agency entitled Funds in the Low and Moderate Income Housing Fund, a copy of which is on file with the Clerk of the Board in File No. 120021; and,

WHEREAS, The Agency performs important functions relating to the production and protection of affordable housing under the CRL including, but not limited to:

1. exercising any and all powers, as described in Section 33334.2 and other CRL sections, for the construction, rehabilitation, or preservation of affordable housing for extremely low, very low, low- and moderate-income person or families ("Affordable Housing");
2. fulfilling Affordable Housing obligations specified in Section 33333.8 and Section 33333.7;

3. receiving tax increment pledged to Affordable Housing and deposit these funds in the Low and Moderate Income Housing Fund;
4. fulfilling enforceable obligations, as defined in Section 34171 (d) related to Affordable Housing including the issuance of Bonds secured by affordable housing tax increment;
5. receiving payments related to Agency Affordable Housing including earlier Agency loans or land leases;
6. lending or granting funds from the Low and Moderate Income Housing Fund for Affordable Housing;
7. guaranteeing commercial loans related to the development of Affordable Housing;
8. adopting and amending Affordable Housing policies and agreements consistent with the CRL;
9. acquiring and disposing of real property, including long term ground leases, for the purposes of Affordable Housing;
10. enforcing affordability restrictions of existing Agency agreements, such as ground leases, owner participation agreements and development and disposition agreements;
11. managing Affordable Housing developments under development by the Agency;
12. managing Affordable Housing implementation in the remaining redevelopment project areas;
13. implementing the Agency's Property Owner and Occupant Preference Program, as reprinted September 11, 2008 and effective October 1, 2008; and,

WHEREAS, The City has also designated the Agency to administer the federal Housing Opportunities for Persons with AIDS Program ("HOPWA") and the HOPWA Special Project of National Significance grant ("HOPWA Programs"); and,

WHEREAS, The Board has designated the Treasure Island Development Authority ("TIDA"), a California non-profit public benefit corporation, as having the powers of a redevelopment agency under the CRL, as allowed by the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Conversion Act"); and,

WHEREAS, On June 15, 2011, as part of a special session that the Governor called to address the State's fiscal emergency and as trailers to the State's budget bill for the 2011-2012 fiscal year, the California Legislature, by majority vote, adopted two companion bills relating to community redevelopment; and,

WHEREAS, The first of those bills, Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26"), (1) suspends most new activities of redevelopment agencies (other than making payments due, enforcing covenants and performing its obligations under Bonds and other "enforceable obligations" as defined in the act) as of the effective date of the act and before their dissolution; (2) dissolves all redevelopment agencies in the State as of October 1, 2011 (which date has been extended as described below), and (3) designates successor agencies–generally the cities and counties where the agencies operated–to receive assets of the former redevelopment agencies, satisfy enforceable obligations, preserve assets for the benefit of taxing entities and wind up the affairs of former redevelopment agencies; and,

WHEREAS, AB 26 places successor agencies' performance of their duties under the supervision of newly established oversight boards, which are separate from the local legislative bodies and which will oversee the fiscal management of future successor agency

activities regarding the enforceable obligations. AB 26 provides that the oversight boards, in performing their functions required under the act, have fiduciary responsibilities to the holders of enforceable obligations and the taxing entities that benefit from the distribution of property tax revenues under the act. Some actions by the oversight boards and successor agencies are also subject to discretionary review by the State Department of Finance under AB 26; and,

WHEREAS, AB 26 provides a special rule for the composition of the oversight board that San Francisco, as a combined city and county, is obligated to create as the successor agency to the Agency (the "Oversight Board"). Under AB 26, the City controls a majority of the Oversight Board. The Mayor appoints four of the seven members to the Oversight Board, subject to confirmation by this Board. One of those four members must represent the largest group of former Agency employees. BART appoints one member of the Oversight Board. The Superintendent of Schools and the State Chancellor of the Community College Districts each appoints one of the remaining two members. A majority (i.e., four members) constitutes a quorum of the Oversight Board, and the Oversight Board acts by majority vote; and,

WHEREAS, AB 26 requires the Controller to establish a Redevelopment Property Tax Trust Fund for property tax revenues related to the former Agency and also requires the City to create within its treasury a Redevelopment Obligation Retirement Fund to pay indebtedness and satisfy enforceable obligations of the former Agency, and the Controller has created or will create each of these funds on or before February 1, 2012. AB 26 also requires that the Controller conduct or cause to be conducted an agreed-upon procedures audit of the Agency, and possibly TIDA; and,

WHEREAS, AB 26 also empowers the successor agency to accept the transfer of affordable housing assets and functions of a former redevelopment agency and, if the successor agency accepts this transfer, it is required to maintain the Low and Moderate Income Housing Fund. Specifically, AB 26 added Section 34176 (a) to the CRL, which

provides that a city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and housing functions previously performed by the redevelopment agency, including all of its rights, duties, and obligations under the CRL; and,

WHEREAS, The Board finds that all funds in the Low and Moderate Income Housing Fund are necessary to fulfill enforceable obligations and complete previously-authorized projects, preserve existing affordable housing assets and comply with legal restrictions governing the use of affordable housing bond proceeds, and further finds that the intent and purpose of AB 26 is to include at a minimum the proceeds of all taxable and tax exempt Bonds as well as all other restricted and encumbered funds, in the transfer of housing assets and functions to the successor housing agency; and,

WHEREAS, AB 26 expressly requires that the successor agency complete approved development projects with enforceable obligations, by expressly requiring the successor agency to make payments and perform obligations under enforceable obligations of the former redevelopment agency (adding Sections 34177(a), (b) and (c) to the CRL), and to continue to oversee development of properties until the contracted work has been completed or the contractual obligations can be transferred to other parties (adding Section 34177(i) to the CRL). AB 26 further expressly mandates that pledges of increment associated with enforceable obligations of former redevelopment agencies be honored (Section 34175(a) of the CRL and see also Sections 34172(c) and (d) and 34174(a)) and provides for successor agencies to make new pledges of former tax increment, subject to approval of their oversight boards and possible review by the State Department of Finance, for certain enforceable obligations (Section 34180(i) of the CRL). Accordingly, for the Major Approved Development Projects, which include enforceable obligations pledging the stream of incremental property tax revenues from those project areas over their life and requiring the issuance of Bonds to be repaid from those pledges, secured by the pledge or otherwise payable from a contribution of

the proceeds of such incremental property tax revenues, the City as successor agency must have the authority to issue new Bonds secured by the pledges or otherwise payable from a contribution of such tax revenues to complete those projects and comply with the enforceable obligations, subject to approval by the Oversight Board and review by the State Department of Finance under the process contemplated by AB 26; and,

WHEREAS, AB 26 insulates successor agencies such as the City from General Fund liability associated with the dissolution of redevelopment agencies and transfer of assets and obligations by providing that the liability of any successor agency acting under the powers granted under AB 26 shall be limited to the extent of the total sum of property tax revenues the successor agency receives under AB 26 and the value of the assets transferred to it as a successor agency for a dissolved redevelopment agency (see Section 34174(e), added to the CRL); and,

WHEREAS, AB 26 preserves powers under the CRL to the extent that AB 26 does not supersede or limit that authority, but provides that the City, acting as successor agency to the Agency, shall exercise those residual powers. Since under Section 101 of the City Charter the Board has reserved powers not vested in other officers or entities, the Board has the authority to delegate to the Oversight Board the power to exercise the residual powers that the Agency previously exercised under the CRL for the enforceable obligations relating to the Major Approved Development Projects, consistent with the limitations of AB 26. These residual powers include, among other things, the authority to approve projects under the Land Use Controls that do not rely on the Planning Code; and,

WHEREAS, The second bill, Assembly Bill No. 1X 27 (Chapter 6, Statutes of 2011-12, First Extraordinary Session) ("AB 27"), would have allowed a city or county (the "Community") to provide for redevelopment agencies within that Community to continue to exist and operate, despite AB 26, if the local legislative body timely enacted an ordinance to comply with AB 27,

including most importantly a requirement that the Community make specified payments each year mainly to benefit the local school district and community college; and,

WHEREAS, On June 28, 2011, the Governor approved AB 26 and AB 27, on June 29, 2011, the Secretary of State chaptered those bills, and on June 30, 2011, the Governor signed the State budget bill. By their terms, AB 26 and AB 27 were effective immediately because they related to the budget bill. As a result, most of the Agency's new redevelopment activities have been suspended since June 30th, except for those activities related to the performance of enforceable obligations and those related to future actions that a successor agency may be required to take; and,

WHEREAS, On July 18, 2011, the California Redevelopment Association, League of California Cities, and certain other parties filed a petition for writ of mandate and an application for temporary stay in the Supreme Court of the State of California (the "Court"), challenging the constitutionality of AB 26 and AB 27, California Redevelopment Association v. Matosantos, No. S194861 (the "Action"). In the Action the petitioners sought, among other things, to invalidate AB 26 and AB 27 and to stay the enforcement of those provisions dissolving redevelopment agencies and requiring payment of the community remittance. The Court accepted original jurisdiction in the Action, granted a partial stay pending its resolution of the case but kept in place the moratorium on most new redevelopment activities and the requirement that redevelopment agencies adopt enforceable obligation payment schedules; and,

WHEREAS, Because TIDA is not exercising any of its redevelopment powers in connection with Treasure Island/Yerba Buena Island ("TI"), and has not exercised any such powers since AB 26 went into effect and because a redevelopment plan was never adopted creating a redevelopment project area at TI and as a result TIDA does not and never has collected any property tax increment for purposes of the CRL, TIDA has not been subject to

any of the restrictions AB 26 places on new activities of redevelopment agencies. The Board intends in adopting this resolution to rescind its earlier designation of TIDA as the redevelopment agency for TI. Nothing in this resolution is intended to affect TIDA's ability to act regarding reuse, development or day-to-day management of TI using its non-redevelopment powers, including, without limitation, the interim subleasing of property to generate revenue to offset the costs of managing TI and performing its rights and obligations under the Disposition and Development Agreement for TI with the Treasure Island Community Development, LLC (the "TI DDA") and the Amended and Restated Base Closure Homeless Assistance Agreement between TIDA and the Treasure Island Homeless Development Initiative (the "TIHDI Agreement"); nor is anything in this resolution intended to affect TIDA's status as the Local Reuse Authority for TI or the tidelands trust trustee for the portions of TI subject to the tidelands trust, nor any of the other non-redevelopment powers or non-redevelopment authority that the City has granted to TIDA and that TIDA has under its articles, bylaws, the Conversion Act and other applicable instruments and laws; and,

WHEREAS, On August 11, 2011, the Agency Commission approved, under Resolution No. 95-2011, an enforceable obligation payment schedule for the Agency, and later amended it several times, under Agency Resolution Nos. 100-2011, 104-2011, 107-2011, and 109-2011, all in accordance with AB 26, and on August 29, 2011, the TIDA Board approved an enforceable obligation payment schedule for TIDA in accordance with AB 26, copies of all of which schedules are on file with the Clerk of the Board in File No. 120021. The City forwarded those schedules to the State as required by AB 26 and the State has not objected to any obligations listed on the schedules. Also, the Agency prepared a preliminary draft of the initial Recognized Obligation Payment Schedule, which lists the minimum payment amounts and due dates of payments required under enforceable obligations from January 1, 2012 through June 30, 2012, and other information describing the Agency's

enforceable obligations, a copy of which is on file with the Clerk of the Board in File No. 120021 (the "ROPS"). The Agency prepared the initial Recognized Obligation Payment Schedule based on the Statement of Indebtedness ("SOI") that the Agency submitted to the Controller on September 30, 2011 under Section 33675 of the California Health and Safety Code. The SOI, a copy of which is on file with Clerk of the Board in File No. 120021, lists all of the Agency's loans, advances, and indebtedness, including deposits in the Low and Moderate Income Housing Fund, that it has incurred. Under AB 26, the ROPS will supersede the SOI. Under AB 26 the Oversight Board is required to approve the establishment of the final Recognized Obligation Payment Schedule; and,

WHEREAS, Under the City and County of San Francisco Consolidated Budget and Annual Appropriation Ordinance for Fiscal Year ending June 30, 2012 Section 11.1, the Board has authorized that whenever the City receives from any public agency funds for special purposes, the expenditures necessary from those funds are appropriated to carry out the purpose for which the funds have been received. Consistent with this authority and the authority that AB 26 vests in the City as successor agency, upon the Agency's dissolution the Controller will make scheduled payments from the Redevelopment Obligation Retirement Fund for enforceable obligations under the ROPS, pending the Oversight Board's establishment of the Recognized Obligation Payment Schedule as required under AB 26; and,

WHEREAS, On December 29, 2011, the Court issued its final decision in the Action, (1) upholding most of AB 26 regarding the dissolution of redevelopment agencies and the transfer to successor agencies, (2) invalidating all of AB 27 because the payment obligation on its face violates the State Constitution and in particular Proposition 22, a 2010 voter initiative measure, and the payment obligation was not severable from the rest of that act, and (3) extending various deadlines under AB 26 by four months corresponding to the period the

Court's stay was in effect, and in so doing extended the deadline for the automatic dissolution of redevelopment agencies, including the Agency, to February 1, 2012; and,

WHEREAS, The Board wishes to provide for the smooth transition of assets and functions, including affordable housing assets and functions, to the City as successor agency to the Agency, to perform all enforceable obligations of the former Agency consistent with AB 26, and to achieve the following policy objectives:

1. Protect the affordable housing assets and functions that the Agency previously owned and performed to ensure the completion of significant affordable housing projects for which the City and the Agency have already committed funds and granted various approvals, such as Hunters View, Alice Griffith, Hugo Hotel, Mary Helen Rogers Senior Community projects, and to preserve the Agency's existing stock of affordable housing units and homeownership opportunities;
2. Ensure that the Major Approved Development Projects, which are governed by a set of enforceable obligations that is integrally tied to the Land Use Controls, continue forward without delay and can be completed in a coordinated, centralized and timely manner under the direction of the Mayor's Office, which shall pursue the creation of a successor entity for this purpose, consistent with the objectives of the redevelopment plans that the Board has approved and enforceable obligations. Such transition shall include, without limitation, the transfer to the City and continued administration of CFDs and the City's issuance as successor agency, subject to prior approval of the Oversight Board, of new Bonds for infrastructure, public facilities and affordable housing from former property tax increment generated in the project areas, and the expeditious grant of land use approvals under streamlined design review and document approval procedures.

3. Ensure the continuity of the process for Land Use Approvals for projects in redevelopment areas other than those covered by the Major Approved Development Projects.
4. Ensure that the City will continue forward with the following community development goals that the Agency has pursued:
    a. The Agency has been the single largest source of affordable and workforce housing for San Francisco. The City will adopt and move forward the existing affordable housing goals and commitments of the Agency, which reflect Citywide goals and needs, by working externally with the state on legislative responses to the shortage of affordable housing and locally to complete and preserve existing affordable housing commitments and develop new tools to finance affordable housing. The City will seek to protect the assets in the Agency's Low and Moderate Income Housing Fund, so that they can continue to be used for the production of much needed affordable housing and to preserve the existing stock of affordable housing and homeownership opportunities.
    b. The City will adopt and continue the neighborhood revitalization and community development goals of HOPE SF.
    c. The Agency has in place workforce and local hire programs that directly benefit low-income and at-risk populations. The City will pursue comparable programs. To do this, except for the continued use of former property tax increment required under enforceable obligations, the City must consider alternative sources of funding, including, but not limited to, the General Fund.

d. The City will adopt and continue the neighborhood revitalization and strengthening goals of the Agency, including small business support, corridor façade improvement, public realm improvements, and similar activities, especially in areas critically in need of investment like the Bayview Third Street Corridor.

e. The City will ensure that Agency projects and programs receiving state and federal matching dollars are prioritized for continuation to maximize the leveraging of our local investment and preserve existing federal grant commitments; and,

WHEREAS, The Agency has prepared and delivered to the City an inventory of its real property assets, a copy of which is on file with the Clerk of the Board under File No. 120021; and,

WHEREAS, Under Section 4.129 of the Charter, the director of the Department of Administrative Services manages all public buildings, facilities and real estate of the City unless otherwise provided for in the Charter. Accordingly, upon dissolution of the Agency, the Agency's non-housing assets received by the City and the administration of the CFDs shall be placed under the jurisdiction of the director of the Department of Administrative Services except as otherwise required under the Charter for particular assets, such as certain assets that are within the jurisdiction of the Port of San Francisco (the "Port"); and,

WHEREAS, The entire Rincon Point–South Beach redevelopment project area and portions of Mission Bay are on land under the Port's jurisdiction and that the Port has leased to the Agency (the "Port Property"); and,

WHEREAS, The Board intends, subject to approval of the Oversight Board, that the City transfer to the Transbay Joint Powers Authority (the "TJPA"), all of the Agency's rights and obligations under the January 2008 Option Agreement among the TJPA, the City and the

Agency, including the Agency's obligation to market to developers properties that Caltrans transferred to either the TJPA or the City under the 2003 Cooperative Agreement among Caltrans, the TJPA, and the City (the "Transfer Parcels") and the Agency's obligation to exercise an option to take title to Transfer Parcels from the City or the TJPA, transfer title to the purchaser, and deliver the proceeds of the sale of the Transfer Parcel to the TJPA to help fund construction of the Transbay Transit Center Project; and,

WHEREAS, Approval of this resolution is not a "project" within the meaning of Public Resources Code Section 21065 of the California Environmental Quality Act ("CEQA") and Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines because this resolution addresses organizational and administrative matters that will not result in direct or indirect physical changes in the environment. This resolution provides for the continuance of existing agreements and operations, does not authorize the encumbrance or use of any new funds on any specific projects that could result in physical changes to the environment, and will not result in changes in conditions in any redevelopment project or survey area or at any affordable housing site, as provided in the letters from the Planning Department on file with the Clerk of the Board of Supervisors in File No. 120021; now, therefore, be it

RESOLVED, That immediately upon the dissolution of the Agency, the City accepts the transfer of all affordable housing assets of the Agency (including, without limitation, all funds that the CRL has required under Section 33334.3 to be deposited in a separate Low and Moderate Income Housing Fund, all rights, interests, privileges, property–real, personal and intangible, including all loans and grants, all property, such as land, buildings, and dwelling units held by the Agency, the rights to all property to be transferred to the Agency for affordable housing production as part of all disposition and development agreements, owner participation agreements or other agreements that comprise enforceable obligations, and the Public Initiatives Development Corporation) and further elects to retain the housing functions

that the Agency previously performed, including all of its rights, duties, and obligations under the CRL; that the Mayor's Office of Housing ("MOH") shall have the authority to administer the Low and Moderate Income Housing Fund and shall be vested with administrative jurisdiction over such assets and shall act in place of the Agency, in performing such functions, with such authority and responsibilities as the Agency would have had under the CRL, including under all redevelopment plans and the enforceable obligations that the City is assuming, subject to the requirements of AB 26 and other applicable laws; that each Recognized Obligation Payment Schedule required under AB 26 shall include the costs of the affordable housing projects for which the Agency is required to construct or contribute under its enforceable obligations; that the Board designates MOH to administer the HOPWA Programs; and that the Board authorizes MOH to accept the transfer of all funds in the former Agency's Low and Moderate Income Housing Fund, for which the Controller shall establish the appropriate accounting, which funds shall be used by MOH for the purpose of fulfilling enforceable obligations and completing previously-authorized affordable housing projects and preserving existing affordable housing assets, and the future revenue generated from these affordable housing assets shall be used to fulfill CRL affordable housing requirements and to achieve the City's affordable housing goals; and, be it

FURTHER RESOLVED, That the Controller in consultation with the Treasurer shall establish, maintain and administer the Redevelopment Obligation Retirement Fund and Redevelopment Property Tax Trust Fund that AB 26 mandates, as Category 4 funds as defined by Administrative Code Section 10.100-1, and any other new funds or accounts that the Controller determines necessary or appropriate to effectuate the intent and purpose of this resolution and to comply with the requirements of AB 26 and any other applicable laws, to maintain the integrity of the pledges made under the enforceable obligations, and to satisfy Bond covenants; and,

FURTHER RESOLVED, That following the dissolution of the Agency, the Controller is authorized to make payments on behalf of the City to fulfill enforceable obligations in accordance with the Recognized Obligation Payment Schedule then in place. Until the Oversight Board adopts the Recognized Obligation Payment Schedule as provided under AB 26, the Controller shall make such payments under the preliminary draft of the ROPS. The source of funding for such payments shall be the Redevelopment Obligation Retirement Fund; and,

FURTHER RESOLVED, That immediately upon the Agency's dissolution, available appropriations authority that the Board approved in the Agency budget is transferred to the City under the City and County of San Francisco Consolidated Budget and Annual Appropriation Ordinance for Fiscal Year ending June 30, 2012 Section 11.1, and Charter Section 4.132; and,

FURTHER RESOLVED, That the Board acknowledges that immediately upon the Agency's dissolution, the City, as successor agency, shall accept the transfer of all of the Agency's non-affordable housing assets (including, without limitation, all rights, interests, privileges, property–real, personal and intangible, including all loans and grants, all property, such as land, buildings, and dwelling units held by the Agency, the rights to all disposition and development agreements, owner participation agreements or other agreements that comprise enforceable obligations), which shall be placed under the jurisdiction of the director of the Department of Administrative Services unless otherwise provided for in the Charter and except for the Port Property which shall be placed under the jurisdiction of the Port, provided that for the Port Property in Mission Bay the director of the Department of Administrative services shall administer the open space CFD consistent with existing leases between the Agency and the Port ; that the Board acknowledges that the director of the Department of Administrative Services is authorized (with delegation to staff consistent with applicable

enforceable obligations) to manage enforceable obligations associated with such assets and amend or make other changes to enforceable obligations or enter into new agreements, provided that no such changes or new agreements increase the amount of indebtedness of the former Agency that will be paid from proceeds in the Redevelopment Property Tax Trust Fund, and do not materially increase the obligations of the City or materially decrease the intended public benefits to the City, and subject to any Board approval of amendments or new agreements required under Section 9.118 of the Charter; and, be it

FURTHER RESOLVED, That the Treasurer in consultation with the Controller is authorized to receive and deposit in appropriate accounts lease and other revenues from former Agency-owned properties, loan repayments previously remitted to the Agency, to oversee bank accounts and investments that the Agency previously managed, to maintain reserves, and to transfer funds from external accounts to accounts managed within the City's pooled funds, as necessary or appropriate to effectuate the intent and purpose of this resolution and to comply with the requirements of AB 26 and any other applicable laws and enforceable obligations; and, be it

FURTHER RESOLVED, That the Controller shall seek reimbursement from the Redevelopment Property Tax Trust Fund for the Controller's cost of auditing Agency assets and liabilities and administering the Redevelopment Property Tax Trust Fund, as authorized by AB 26 and any applicable State regulations and guidelines; and, be it

FURTHER RESOLVED, That after the Agency is dissolved, the Oversight Board, immediately upon its creation under AB 26, shall have the authority to grant approvals under the Land Use Controls for the Major Approved Development Projects consistent with the approved redevelopment plans and enforceable obligations, in place of the Agency Commission, with delegation to staff consistent with such existing procedures and applicable enforceable obligations and with this resolution, which obligations include, but are not limited

to, the acquisition and disposition of real property required by enforceable obligations; and, be it

FURTHER RESOLVED, That after the Agency is dissolved, the Oversight Board, immediately upon its creation and in addition to its duties that AB 26 imposes, is authorized to, approve changes to enforceable obligations for the Major Approved Development Projects (including, without limitation, changes to the Land Use Controls and financing plans), grant variances for individual projects for the Major Approved Development Projects, and enter into new agreements as necessary or appropriate for fulfillment of the Major Approved Development Projects, provided that the Oversight Board finds that any such changes, variances or new agreements are consistent with redevelopment plan objectives that the Board has approved, do not increase the amount of property tax revenues pledged to complete those projects under existing agreements that constitute enforceable obligations under AB 26, and do not materially increase the obligations of the City or materially decrease the intended public benefits to the City, and subject to any Board approval of amendments or new agreements required under Section 9.118 of the Charter or under existing agreements on behalf of the City; and,

FURTHER RESOLVED, That for the Major Approved Development Projects (including for Transbay Parcels T and F in Zone 2 for which there are enforceable obligations pledging incremental tax revenues), after the Agency is dissolved, the Oversight Board, immediately upon its creation under AB 26, shall have the authority, as provided under AB 26 and subject to final approval by the Board, to review and approve the City's proposed issuance of Bonds (including bonds, notes, leases, certificates of participation or other evidences of indebtedness) secured by CFD or property tax revenues and to otherwise review and approve public or private financings based on the pledge of the right to receive any such revenues, for

the purpose of fulfilling the enforceable obligations for the Major Approved Development Projects; and,

FURTHER RESOLVED, That to ensure the performance of the enforceable obligations for the Major Approved Development Projects and to assist the Oversight Board in the exercise of all of the foregoing powers authorized under this resolution, the director of Administrative Services is authorized to provide coordinated staff support to the Oversight Board, in the place of staff of the former Agency under enforceable obligations,; and, be it

FURTHER RESOLVED, That the Board of Supervisors rescinds its designation of TIDA as the redevelopment agency for TI under CRL; that such rescission shall not affect TIDA's status as the Local Reuse Authority for TI or the tidelands trust trustee for the portions of TI subject to the tidelands trust, or any of the other powers or authority that the City has granted to TIDA or that TIDA may otherwise have, including, but not limited to, under TIDA's articles of incorporation and bylaws, the Conversion Act and other applicable laws, rules and regulations, nor shall such rescission affect any leases or other agreements that TIDA has entered into, permits or licenses it has granted or any other rights or obligations that TIDA may have, and that the Board is not relinquishing its authority under the Conversion Act to designate TIDA or any successor entity or agency of TIDA as the redevelopment or similar agency for TI at some future date consistent with then applicable law and the purpose of the TI DDA or the TIHDI Agreement if the Board determines that it then becomes appropriate to do so; and, be it

FURTHER RESOLVED, That because TIDA never acted as a redevelopment agency and never collected tax increment revenues, there is no need to designate a successor agency for TIDA under Health and Safety Code Section 34173 or a successor housing agency under Health and Safety Code Section 34176, and the enforceable obligation payment schedule adopted by TIDA is of no further force and effect; and, be it

FURTHER RESOLVED, That the Board urges and authorizes the City Administrator, Director of the Department of Administrative Services, Controller, Treasurer, and other City commissions, boards, departments, and officials to take such actions as may be necessary or appropriate, in consultation with the City Attorney, to effectuate the purpose and intent of this resolution and to comply with AB 26.

Item 9 File 12-0021	Department: San Francisco Redevelopment Agency (SFRA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would transfer the assets, obligations, and functions of the San Francisco Redevelopment Agency (SFRA) to the City, as the successor agency, upon dissolution of the SFRA on January 31, 2012, as mandated by State Assembly Bill (AB) 26.

Key Points

- On June 15, 2011, the California Legislature approved (a) AB 26, which provided for the dissolution of redevelopment agencies as of October 1, 2011, and (b) AB 27, which provided an alternative for communities to continue redevelopment. On December 29, 2011, the California Supreme Court upheld AB 26 but struck down AB 27. As a result the SFRA will dissolve on January 31, 2012.
- Under AB 26, the City must affirmatively elect to retain the affordable housing assets and functions of the former SFRA. If the City does not elect to retain the affordable housing assets and functions, these affordable housing assets and functions will be transferred to the San Francisco Housing Authority.
- Under AB 26, the City automatically becomes the successor agency to the SFRA for the remaining (non-housing) assets unless the Board of Supervisors adopts a resolution to not become the successor agency no later than one month after the effective date of AB 26.
- Under the proposed resolution, MOH will retain the affordable housing assets and functions of the former SFRA. MOH will assume responsibility for 22 land parcels under SFRA's Citywide Housing Program, and 63 land parcels in the SFRA's Redevelopment Project Areas. MOH will also administer the Low and Moderate Income Housing Fund in conformance with the State's Community Redevelopment Law for the purpose of meeting the SFRA's enforceable obligations, completing previously-authorized affordable housing projects, and preserving existing affordable housing assets. The estimated unexpended balance in the Low and Moderate Income Housing Fund is approximately $200 million.
- According to the proposed resolution, the City will accept the transfer of all non-housing assets. These non-housing assets will be placed under the jurisdiction of the Department of Administrative Services. Non-housing assets include ground leases for land use, leases for land and improvements, public rights-of-way, parks and mini-parks, open space, community facilities, streets, South Beach marina properties, and other uses.
- The City, as the successor agency to the SFRA, will be required to pay the enforceable obligations of the former SFRA, including debt payments, contracts, and completion of existing redevelopment projects. These enforceable obligations are to be paid by the Property Tax increment revenues that would otherwise have accrued to the SFRA.
- The SFRA has 101 employees who will be reassigned to the City. According to the SFRA, because the California Supreme Court decision allowed only one month to prepare for the dissolution of SFRA on January 31, 2012, there remains a significant amount of work by SFRA staff to determine existing obligations and to assist in the transition to the City as the successor agency.
- SFRA and City managers have not yet worked out the details of how the former SFRA assets and functions will be managed or how former SFRA staff will be assigned. According to Ms. Tiffany Bohee, SFRA Executive Director, an analysis of the functions required to manage former SFRA obligations and assets is underway, and the City Administrator with the Mayor's Office, will develop a staffing plan.

Fiscal Impact

- Financial information is insufficient at this time to determine the full fiscal impact of dissolving SFRA and transferring its redevelopment functions to the City. AB 26 requires the City, as the successor agency to the SFRA, to pay the enforceable obligations incurred by the SFRA's redevelopment activities, including debt payments on bonds, existing contracts, leases, and other obligations. For the six-month period from January 2012 through June 2012, the enforceable obligations are estimated to be $228.6 million. Of this amount, the City would incur liabilities, estimated to be $90 million, for former SFRA employees' retirement and medical benefits if the City were to terminate the existing contract with CalPERS ($55 million for retirement and $35 million for medical benefits). Enforceable obligations, including staff and other administrative costs, are expected to be paid from Property Tax revenues that would otherwise have accrued to SFRA as tax increment revenues.
- According to AB 26, the intent is to "preserve, to the maximum extent possible, the revenues and assets of redevelopment agencies so that those assets and revenues that are not needed to pay for enforceable obligations may be used by local governments to fund core governmental services, including police and fire protection services and schools". The amount of additional Property Tax revenues that the City will receive will not be known until the total amount of the enforceable obligations and Property Tax distribution to BART, SFUSD, and the Community College District are determined.

Policy Issues

- Given the timing of the recent State Supreme Court decision and the required dissolution of the existing SFRA on January 31, 2012, the SFRA, MOH, Department of Administrative Services, and other City departments affected by the dissolution of SFRA have had insufficient time to develop a detailed implementation plan for the transfer of redevelopment obligations to the City. Neither the SFRA nor the applicable City departments have determined the City's responsibility for (a) rehiring former SFRA employees, (b) where these employees will be assigned, or (c) what work they will perform. Nor have the SFRA or the applicable City departments determined the City's liability for former SFRA employees' retirement and retiree medical benefit costs.
- In addition, financial information is insufficient to determine the full fiscal impact of dissolving SFRA and transferring its redevelopment functions to the City. While AB 26 intends that the City will receive new Property Tax revenues once the former SFRA's obligations have been paid, the amount of those revenues is not yet known.
- The Budget and Legislative Analyst recommends approval of the proposed resolution because it implements the State mandate under AB 26 to dissolve SFRA on January 31, 2012. However, because of the insufficient information at this time on the fiscal impact to the City of dissolving SFRA and transferring redevelopment obligations to the City, the Board of Supervisors may wish to direct the Budget and Legislative Analyst to conduct a further evaluation and assessment of the impacts of the dissolution of the SFRA, including assignment of former SFRA employees to City departments and City departments' responsibilities for managing redevelopment projects.

Recommendations

- Approve the proposed resolution.
- As noted above, the Board of Supervisors may wish to direct the Budget and Legislative Analyst to conduct a further evaluation and assessment of the impacts of the dissolution of the SFRA, including assignment of former SFRA employees to City departments and City departments' responsibilities for managing redevelopment projects.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

State Assembly Bill (AB) 26 requires the city that authorized the creation of a redevelopment agency to elect to retain the housing assets and housing functions previously performed by the redevelopment agency. If the City does not elect to retain the housing assets and functions, the San Francisco Redevelopment Agency (SFRA) housing assets would be transferred to the San Francisco Housing Authority.

The City does not need to make an election to become the successor agency for the remaining (non-housing) assets of the SFRA. The City automatically becomes the successor agency unless the Board of Supervisors adopts a resolution to not become the successor entity no later than one month after the effective date of AB 26.

Background

On June 15, 2011, the California Legislature approved (a) State Assembly Bill (AB) 26, which provided for the dissolution of redevelopment agencies as of October 1, 2011, and (b) AB 27, which provided an alternative for communities to continue redevelopment. The purpose of AB 26 and AB 27 was to stabilize funding for schools and other local agencies by reducing or eliminating the diversion of Property Taxes from schools to redevelopment agencies.

The California Supreme Court agreed to hear challenges to AB 26 and AB 27, filed by the California Redevelopment Association and the League of California Cities, on August 11, 2011, and issued its decision on December 29, 2011. Redevelopment agency activities were suspended during the period that the California Supreme Court was considering AB 26 and AB 27. During this period, the San Francisco Redevelopment Agency (SFRA) was not allowed to (a) adopt or revise area plans; (b) issue, sell or refund tax increment bonds or otherwise incur new or modify existing debt obligations; (c) enter into new contracts or modify existing contracts; (d) purchase or sell property; or (e) initiate other redevelopment activities. The SFRA continued to perform existing duties, such as managing ongoing development projects and paying outstanding debt.

The California Supreme Court upheld AB 26, providing for the dissolution of redevelopment agencies as of January 31, 2012, but struck down AB 27, eliminating the alternative for communities to continue redevelopment. Therefore, the City must now move forward with dissolution of the SFRA as of January 31, 2012.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution implements actions related to the dissolution of the SFRA and transfer of assets and responsibilities of the SFRA to the City and County of San Francisco (City). Specifically, the proposed resolution:

(1) Affirms that the City is the successor agency to SFRA, and transfers SFRA's affordable housing assets, including all funds in the SFRA's Low and Moderate Income Housing Fund to the Mayor's Office of Housing (MOH);

(2) Transfers the SFRA's non-housing assets to the Director of the Department of Administrative Services;

(3) Provides for the required payment and performance of enforceable obligations, the transfer and establishment of funds and accounts, and the administration of funds and other assets;

(4) Authorizes a new Oversight Board (see Oversight Board section below) to oversee SFRA assets, other than affordable housing assets, and exercise land use and development authority for the Mission Bay Redevelopment Project Area, Hunters Point Shipyard Project Area, Zone 1 of the Bayview Hunters Point Redevelopment Project Area, and part of the Transbay Redevelopment Area;

(5) Rescinds the redevelopment designation for the Treasure Island Development Authority (TIDA); and

(6) Makes findings under the California Environmental Quality Act.

The City as Successor Agency to the SFRA, and Transfer of SFRA Assets to MOH and the Department of Administrative Services

Under AB 26, the city and/or county that established the respective redevelopment agency serves as the successor agency unless it affirmatively declines to do so. The proposed resolution memorializes that the City will be the successor agency. As of January 31, 2012, the SFRA is to transfer all assets, properties, contracts, and leases to the City.

AB 26 requires that the City, as the successor agency, shall:

- Create a (a) Redevelopment Property Tax Trust Fund for deposit of Property Tax revenues related to the former SFRA and (b) Redevelopment Obligation Retirement Fund to receive revenues from the Redevelopment Property Tax Trust Fund for payment of enforceable obligations. Enforceable obligations are payment obligations of the former SFRA that must be paid by the City, as discussed below.
- Pay the enforceable obligations, maintain reserves, and dispose of assets;
- Continue to oversee the development of former redevelopment projects until the contractual obligations are met or can be transferred to other parties; and
- Use tax increment bond proceeds to continue funded existing activities and prepare administrative budgets.

Transfer of Housing Assets to MOH

AB 26 allows the City to elect to retain the former SFRA's housing assets, including unexpended Low and Moderate Income Housing Fund balances, and functions. The City makes that election under the proposed resolution, which will transfer all SFRA housing assets to MOH. These assets include: Low and Moderate Income Housing Fund monies, land and housing units, loans and grants, and other related assets.

Low and Moderate Income Housing Fund

Under the proposed resolution, MOH will administer the Low and Moderate Income Housing Fund. According to Mr. Olson Lee, Director of MOH, the Low and Moderate Income Housing Fund will be used for the purpose of meeting the SFRA's enforceable obligations, completing previously-authorized affordable housing projects, and preserving existing affordable housing assets. Revenues generated by these affordable housing assets will be used to fulfill affordable housing requirements pursuant to the State's Community Redevelopment Law and AB 26, and to achieve the City's affordable housing goals. The Low and Moderate Income Housing Fund may be used for affordable housing planning and administrative costs, including staff costs. The current unexpended balance of the Low and Moderate Income Housing Fund is approximately $200 million.

Housing Opportunities for Persons with AIDS (HOPWA) Grant

Currently, the SFRA administers the Federal HOPWA grant for Marin, San Francisco, and San Mateo counties. The U.S. Department of Housing and Urban Development (HUD) provides for housing development, rental assistance, and services for individuals who are HIV positive or have AIDS. Under the proposed resolution, MOH will administer the HOPWA grant program previously administered by SFRA.

SFRA's Citywide Housing Program

Attachment I, provided by SFRA, shows the 22 land parcels in the SFRA's Citywide Housing Program that the proposed resolution will transfer to MOH.

- 17 land parcels have ground leases between SFRA and non-profit organizations to operate existing affordable housing developments.
- Two land parcels in the Market-Octavia neighborhood have leases between SFRA and the City, with the intention to enter into long term ground leases with housing developers to develop affordable housing.
- One land parcel at Octavia and Haight Streets has a ground lease between SFRA and Mt. Trinity Baptist Church. This parcel is intended for a long term ground lease with a housing developer to develop affordable housing.
- One land parcel on Broadway has a ground lease between SFRA and Chinatown Community Development Center. This parcel is the proposed site of a 75 unit affordable housing development for seniors serving very low income families and individuals. MOH currently oversees this project.
- One land parcel on Ocean and Lee Avenues has no lease. This land parcel is in predevelopment for 71 units of family housing.

Affordable Housing Projects in Redevelopment Project Areas

SFRA's Redevelopment Project Areas contain 63 land parcels that the proposed resolution will transfer to MOH. These affordable housing projects are located in the Bayview Hunters Point, Hunters Point, Hunters Point Shipyard, Mission Bay North, Rincon Point-South Beach, South of Market, Transbay, former Western Addition, and former Yerba Buena Project Areas.

- 18 land parcels are existing affordable housing developments for which the SFRA has ground leases with the housing developer or operator.

- 18 land parcels are affordable condominium units being held for resale.
- 27 land parcels are vacant or temporarily used as parking lots pending development as affordable housing units.

According to Mr. Lee,M OH will manage these affordable housing properties in accordance with Community Redevelopment Law. Mr. Lee states that MOH will work out the details of management and implementation of the affordable housing projects transferred to MOH from SFRA in coordination with the Mayor's Office, City Administrator's Office, Controller's Office and other City departments. Attachment II, provided by SFRA, summarizes Redevelopment Project Area assets that will be transferred to the City under the proposed resolution, including affordable housing sites within the Redevelopment Project Areas that will be transferred to MOH.

Transfer of Non-Housing Assets to the Director of Administrative Services and the Port

According to the proposed resolution, the City will accept the transfer of all non-housing assets. These non-housing assets will be placed under the jurisdiction of the Department of Administrative Services. Non-housing assets include ground leases for land use, leases for land and improvements, public rights-of-way, parks and mini-parks, open space, community facilities, streets, South Beach marina properties, and other uses. Attachment II summarizes these non-housing assets by Redevelopment Project Area.

According to Ms. Tiffany Bohee, SFRA Executive Director, SFRA has been implementing three redevelopment projects, including (1) Mission Bay, (2) Hunters Point Shipyard/Candlestick Point and (3) parts of Transbay (including Zone 1) (collectively, the "Major Approved Development Projects"). Ms. Bohee states that the administration of the Major Approved Development Projects will be coordinated so that the City can fulfill all terms and conditions of the enforceable obligations (discussed below) for these projects. Ms. Bohee states that an analysis of the functions required to manage obligations and assets for the Major Approved Development projects, as well as other assets summarized in Attachment II, is underway, and the City Administrator with the Mayor's Office, will develop a staffing plan accordingly.

Port properties currently leased by the SFRA will revert to the Port.

Enforceable Obligations and the Recognized Enforceable Obligation Schedule

AB 26 defines enforceable obligations as:

- Bonds, including debt service and related payments;
- Former SFRA loans, including funds borrowed from the Low and Moderate Income Housing Fund;
- Payments required by the Federal or State governments;
- Legal judgments and settlements;
- Agreements and contracts, including construction and professional service contracts, disposition and development.

Under AB 26, the City must prepare by March 1, 2012 a draft Recognized Obligation Payment Schedule for all former SFRA payment obligations through July 1, 2012. The SFRA has prepared a preliminary draft of the Recognized Obligation Payment Schedule. As shown in Table

1 below, the preliminary Recognized Obligation Payments from January 1, 2012 through June 30, 2012 are $228.6 million.

Table 1
The City's Recognized Obligation Payments for Redevelopment Activities
January 2012 through June 2012

			Six Month Total Jan 2012 to June 2012
Administrative Costs			
Salaries and Benefits	$6,417,756		$6,417,756
Severance Pay	2,700,000		2,700,000
CALPERS Pension and Retiree Health Obligations if Contract is Cancelled	90,000,000		90,000,000
Other administrative costs	5,135,287		5,135,287
Other agency-wide costs	124,430		124,430
Total Administrative Costs	104,377,473		104,377,473
	Non Housing	**Housing**	
Project Areas			
Bay view Hunters Point Project Area	1,657,371	15,348,949	17,006,320
Citywide Housing	0	7,346,721	7,346,721
Hunters Point Shipyard	7,182,073		7,182,073
Mission Bay North and South	36,500,923	15,620,710	52,121,633
Rincon Point South Beach	1,526,660	31,020	1,557,680
South of Market	1,828,651	8,727,136	10,555,787
South of Market/ Transbay	25,000		25,000
Transbay	301,529	15,750,000	16,051,529
Multiple Project Areas	784,000		784,000
Western Addition	260,400	5,117,045	5,377,445
Yerba Buena	6,191,252	12,000	6,203,252
Total Project Area Costs	56,257,859	67,953,581	124,211,440
Total Costs	**$160,635,332**	**$67,953,581**	**$228,588,913**

Source: SFRA

CalPERS Pension and Retiree Health Liability

According to Ms. Amy Lee, SFRA Deputy Executive Director, Finance and Administration, SFRA's contracts with CalPERS for retirement and medical (inclusive of retiree medical) are enforceable obligations. The City, as the successor agency, assumes the contractual obligation. SFRA's current method of payment for benefits through CalPERS is "pay as you go", which is currently $2.0 million annually for retirement benefits and $1.2 for medical benefits. Termination of the CalPERS contract requires compliance with specific statutory procedures, including a notice period and vote by a super-majority of the governing body of the contracting agency.

Termination of the CalPERS contract would require the City, as the successor agency to SFRA, to fully fund the retirement liability for current and future retirees in an amount of approximately $55 million. Depending on implementation of this transition, this amount may possibly be paid

over a period of 10 years. In addition, the City would be liable for providing full funding for the retiree medical which is estimated at $35 million.

The City would need to conduct an actuarial study to determine the exact liability to the City for terminating the CalPERS contract

If the City does not maintain a contract with CalPERS for medical benefits, continuation of medical coverage, i.e., COBRA, for separated employees will terminate upon cancellation of the contract.

Former SFRA Staff Re-assignment

According to AB 26, "It is the intent of the Legislature to stabilize labor and employment relations of redevelopment agencies and successor agencies". AB 26 considers collective bargaining agreements between the SFRA and their respective unions to be enforceable obligations. Under AB 26, the City is obligated to recognize the terms of employment set by the existing collective bargaining agreements between SFRA and their respective unions. SFRA employees who transfer to City employment retain their SFRA civil service status and classification for a minimum of two years.

Ms. Lee states that because the California Supreme Court decision, which was issued on December 29, 2011, allowed approximately one month to prepare for the dissolution of SFRA on January 31, 2012, there remains a significant amount of work by SFRA staff to determine existing obligations and to assist in the transition to the City as the successor agency.

Subject to meet and confer with affected employees' labor representatives, SFRA or the City, as the successor agency, will provide specific layoff notices to all employees. There are currently 101 employees (99.6 FTE), with total annual salaries of $9.6 million, as shown in Attachment III. SFRA is currently in a separate civil service system than the City, and has its own pay and classification schedule. All pension benefits are provided by CalPERS rather than the San Francisco Employee Retirement System (SFERS). Additionally, SFRA provides health benefits through CalPERS and other providers that are different than health benefits provided to City employees. As a result, SFRA employees have different levels of benefits than City employees.

The existing Memoranda of Understanding (MOUs) between the SFRA and International Federation of Professional and Technical Employees (IFPTE) Local 21 and Service Employees International Union (SEIU) Local 1021 will expire on March 31, 2012. Accordingly, prior to this expiration date, SFRA and the City, as the successor agency, are obligated to meet and confer with the unions.

Appropriations Authority

The proposed resolution transfers the SFRA's appropriation authority from the SFRA to the City for FY 2011-12.

Property Tax Revenues to Fund Enforceable Obligations

Under AB 26, Property Tax increments that accrued to SFRA will now become Property Tax revenues to the City and taxing entities within the City, including the San Francisco Unified School District (SFUSD), Community College District, and BART (Bay Area Rapid Transit). AB 26 requires the Controller to determine the amount of tax increment that would have been allocated to each redevelopment agency and deposit the amount in Redevelopment Property Tax Trust Fund.

The proposed resolution requires the Controller, in consultation with the Treasurer, to establish, maintain, and administer the Redevelopment Property Tax Trust Fund and the Redevelopment Obligation Retirement Fund. The resolution authorizes the Controller to make payments on behalf of the City to fulfill enforceable obligations listed in the Recognized Obligation Payment Schedule.

Oversight Board

AB 26 requires establishment of an Oversight Board with fiduciary responsibility to the holders of the enforceable obligations and the taxing entities that benefit from the distribution of Property Tax and other revenues. The Oversight Board will be made up of seven-members: four members are appointed by the Mayor and approved by the Board of Supervisors (one of whom represents former SFRA employees); one member is appointed by BART; one member is appointed by SFUSD; and one member is appointed by the Community College District.

The Oversight Board has specified duties under AB 26, including approval of the final Recognized Obligation Payment Schedule to satisfy enforceable obligations, and is responsible for overseeing the City's role as a successor entity in winding down the affairs of the SFRA. Many actions of the Oversight Board are subject to review by the State Department of Finance.

Completion of Existing Development Projects

The Oversight Board, immediately upon its creation, will have the authority to grant approvals under the land use controls for the Major Approved Development Projects consistent with the approved redevelopment plans and enforceable obligations.S tarting on the February 1, 2012, the Director of Administrative Services is authorized to provide coordinated staff support for the Major Approved Development Projects to the Oversight Board.

Treasure Island Development Authority (TIDA)

The proposed resolution rescinds the designation of TIDA as a redevelopment agency. According to Ms. Mirian Saez, Director of Island Operations, Treasure Island, while TIDA has been designated as a redevelopment agency, in response to last year's threats to eliminate redevelopment agencies that culminated in the passage of AB 26, TIDA chose not to exercise its redevelopment powers in connection with Treasure Island. Further, no redevelopment plan has been adopted for Treasure Island nor is Treasure Island within a designated redevelopment project area, and as a result, Treasure Island does not produce any redevelopment tax increment. TIDA will continue to be the Local Reuse Authority for the former Navy base, and will continue to perform its obligations under the Disposition and Development Agreement with Treasure Island Community Development.

CEQA Findings

As set forth in the resolution, approval of the resolution is not a "project" within the meaning of Public Resources Code Section 21065 of the California Environmental Quality Act ("CEQA") and Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines because the resolution addresses organizational and administrative matters that will not result in direct or indirect physical changes in the environment. The resolution provides for the continuance of existing agreements and operations, does not authorize the encumbrance or use of any new funds on any specific projects that could result in physical changes to the environment, and will not result in changes in conditions in any redevelopment project or survey area or at any affordable housing site, as provided in letters from the Planning Department on file with the Clerk of the Board of Supervisors.

FISCAL IMPACTS

Financial information is insufficient at this time to determine the full fiscal impact of dissolving SFRA and transferring its redevelopment functions to the City. AB 26 requires the City, as the successor agency to the SFRA, to pay the enforceable obligations incurred by the SFRA's redevelopment activities, including debt payments on bonds, existing contracts, leases, and other obligations. As noted above, for the six-month period from January 2012 through June 2012, the enforceable obligations are estimated to be $228.6 million. Of this amount, the City would incur liabilities, estimated to be $90 million, for former SFRA employees' retirement and medical benefits if the City were to terminate the existing contract with CalPERS ($55 million for retirement and $35 million for medical benefits).

Enforceable obligations, including staff and other administrative costs, are expected to be paid from Property Tax revenues that would otherwise have accrued to SFRA as tax increment revenues. AB 26 requires the Controller to audit SFRA's assets and liabilities, tax-sharing obligations, the amounts and terms of redevelopment agency indebtedness, and certify the initial Recognized Obligation Payment Schedule prior to July 1, 2012.

According to AB 26, the intent is to "preserve, to the maximum extent possible, the revenues and assets of redevelopment agencies so that those assets and revenues that are not needed to pay for enforceable obligations may be used by local governments to fund core governmental services, including police and fire protection services and schools". The amount of additional Property Tax revenues that the City will receive will not be known until the total amount of the enforceable obligations and Property Tax distribution to BART, SFUSD, and the Community College District are determined.

POLICY ISSUES

Given the timing of the recent State Supreme Court decision and the required dissolution of the existing SFRA on January 31, 2012, the SFRA, MOH, Department of Administrative Services, and other City departments affected by the dissolution of SFRA have had insufficient time to

develop a detailed implementation plan for the transfer of redevelopment obligations to the City. Neither the SFRA nor the applicable City departments have determined the City's responsibility for (a) rehiring former SFRA employees, (b) where these employees will be assigned, or (c) what work they will perform. Nor have the SFRA or the applicable City departments determined the City's liability for former SFRA employees' retirement and medical benefit costs.

However, various City departments will be required to assume responsibility for managing existing redevelopment projects and ensuring their completion. While MOH will assume management for housing development projects, the City departments that will be responsible for managing non-housing development projects have not yet been identified.

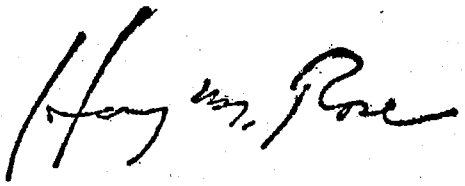
In addition, financial information is insufficient at this time to determine the full fiscal impact of dissolving SFRA and transferring its redevelopment functions to the City. While AB 26 intends that the City will receive new Property Tax revenues once the former SFRA's obligations have been paid, the amount of those revenues is not yet known. AB 26 requires the Controller to audit the SFRA's assets and liabilities and determine the amount and terms of indebtedness by July 1, 2012. The Controller must also certify the initial Recognized Payment Obligation Schedule, reported to the State Department of Finance.

The Budget and Legislative Analyst recommends approval of the proposed resolution because it implements the State mandate under AB 26 to dissolve SFRA on January 31, 2012. However, because of the insufficient information at this time on the fiscal impact to the City of dissolving SFRA and transferring redevelopment obligations to the City, the Board of Supervisors may wish to direct the Budget and Legislative Analyst to conduct a further evaluation and assessment of the impacts of the dissolution of the SFRA, including assignment of former SFRA employees to City departments and City departments' responsibilities for managing redevelopment projects.

RECOMMENDATIONS

1. Approve the proposed resolution.

2. As noted above, the Board of Supervisors may wish to direct the Budget and Legislative Analyst to conduct a further evaluation and assessment of the impacts of the dissolution of the SFRA, including assignment of former SFRA employees to City departments and City departments' responsibilities for managing redevelopment projects.



Harvey M. Rose

cc: Supervisor Chu
Supervisor Avalos
Supervisor Kim
President Chiu
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Olague
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Controller
Rick Wilson

Name	Address/ Location	Lease Type	Tenant	Current Use	Notes
Central Freeway Parcel K	Hayes at Octavia Streets	Ground	CCSF	Parking Lot	Holding for disposition via long-term ground lease for affordable housing.
Central Freeway Parcel O	427-499 Fell Street	Ground	CCSF	Vacant Land	Holding for disposition via long-term ground lease for affordable housing.
Octavia Court	216 Octavia Street	Ground	Octavia Court, Inc.	Affordable Housing	15 units of affordable housing for disabled persons on the former Central Freeway Parcel Q.
Derek Silva Community	20 Franklin Street	Ground	Mercy Housing California XVIII, L.P.	Affordable Housing	68 units of very low-income rental housing.
Central Freeway Parcel U	102-104 Octavia Street (70 Haight St.)	Lease	Mt. Trinity Baptist Church	Parking Lot	Holding for disposition via long-term ground lease for affordable housing
Turk/Eddy Preservation Properties	249 Eddy Street 161-165 Turk Street	Ground	Turk & Eddy Associates, L.P.	Affordable Housing	249 Eddy Street has 55 very low income studio apartments. 161-165 Turk Street has 22 very low income studio apartment apartments.
Jordan Apartments	820 O'Farrell Street	Ground	Jordan Housing Corporation	Affordable Housing	54 units of very low income rental housing
O'Farrell Towers	477 O'Farrell Street	Ground	Citizens Housing Corporation	Affordable Housing	101 units of very low-income senior housing located in the Tenderloin
Antonia Manor	180 Turk Street	Ground	Antonia GP LLC	Affordable Housing	133-units of very low-income rental housing
Notre Dame Apartments	1590 Broadway	Ground	Notre Dame Housing, LLP	Affordable Housing	205 units of low-income senior housing
Maria Manor	174 Ellis Street	Ground	Maria GP LLC	Affordable Housing	119-unit very low-income rental housing development located in the Tenderloin neighborhood.
Marlton Manor	240 Jones Street	Ground	Mercy Properties California	Affordable Housing	151 units of low-income housing
The Alexander Residences	230 Eddy Street	Ground	Alexander GP LLC	Affordable Housing	179-unit rental development.
Ocean Beach Apartments	720 La Playa Street	Ground	Ocean Beach Apartments, L.P	Affordable Housing	85-unit affordable rental housing development

Source: SFRA

Name	Address/ Location	Lease Type	Tenant	Current Use	Notes
Leland Polk Senior Housing	1301-1327 Polk Street	Ground	Mercy Housing California XVIII	Affordable Housing	72-rental units for very low-income seniors
Ninth and Jessie Senior Housing	66 Ninth Street	Ground	Mercy Housing California XXXIV	Affordable Housing	107 units of affordable senior rental housing
Tenth and Mission Family Housing	1390 Mission Street	Ground	Mercy Housing California XIV	Affordable Housing	134 units of family rental housing for very low-income families
Bishop Swing Community House	275 Tenth Street	Ground	275 10th Street Associates, L.P,	Affordable Housing	135-unit supportive housing development for chronically homeless individuals
Mariposa Gardens II	2445 Mariposa Street	Ground	Mariposa Gardens II, L.P.	Affordable Housing	62 units of very low income family rental housing, located on the south side of Mariposa Street between Potrero Avenue and Hampshire Street in the Mission District.
Arnett Watson Apartments	650-666 Eddy Street	Ground	650 Eddy, L.P.	Affordable Housing	83 units of supportive housing for formerly homeless families and individuals.
Broadway-Sansome Apartments	235 Broadway	Ground	Chinatown Community Development Center	Vacant Land	Proposed site of a 75-unit of affordable housing development with ground floor retail, serving very low income families and individuals. MOH oversees this project for the Agency.
Phelan Loop Parcel	Ocean Avenue at Lee Avenue	—	—	Parking Lot	In predevelopment for 71 units of family housing. Agency purchased land from MTA. MTA still is occupying property (parking lot) and will vacate by 2013 in time for construction of the housing to begin. Agency has entered into a DDA with developer and will enter into a Ground Lease later.

Source: SFRA

Rincon Point-South Beach
Asset Inventory Summary

- The Agency had an option agreement (now expired) for the entire land area, which allowed the Agency to lease land from the Port in stages as the Agency developed sections over time

- The Agency has 16 leases with the Port. The Port then allows the Agency to sublease the land for development (Development Subleases) or sublease the buildings for income (Occupancy Subleases)

- The Agency's interest is all a leasehold interest except for its affordable housing condos.

- The Agency can terminate the Port leases provided the Agency gives the Port 90 days' notice. Note: The Port may ask for quitclaim deeds since the leases were so long.

- The Agency has a separate 65-year "Agreement to Lease" with the Port for Rincon Park. The Agency agreed to maintain the park and art sculpture during the term of this lease, with temporary (i.e., 10 years) financial help from the Gap.

Summary of Inventory

1. **South Beach Harbor and Marina/Pier 40 (N's)**
   This area is primarily governed by Port Lease N-2. This lease covers all of South Beach Harbor and Marina except:
   - Port Lease N1-A: The land in front of the Pier 40 Shed
   - Port Lease N1-B: The Pier 40 Shed
   - Port Lease N1-C: The Carmen's building and surrounding land

2. **Waterfront Promenade/Open Space/Realigned Embarcadero (S's)**
   This area includes the waterfront promenade and park, other open space, streets and the South Beach parking lot. There are multiple Port leases that cover this area:
   - Port Leases S, S-1, S-2, S-3 and S-6, which cover vacated streets that resulted from the realignment of Embarcadero.
   - Port Lease for the "Rempp" parcel, which covers a portion of the waterfront. This lease allowed for the demolition of the Dolphin P. Rempp ship and construction of a portion of the South Beach park/promenade.

3. **Seawall Lots (J & K)**
   There are two seawall lots (Site J and K):
   - Port Lease J: The Agency has a Development Sublease (ground lease) which led to the development of Delancey Street apartments.
   - Port Lease K: The Agency has a Development Sublease (ground lease) which led to the development of Steamboat Point apartments. There is also a Port Lease K-1 that covers a realigned portion of Townsend Street.

Source: SFRA

4. **South Beach Parking Lot and Turnaround**
There are two Port Leases that govern this area: (1) Port Lease M-5 and (2) Port Lease M-3, M-4A, S-1D (vacated portion of Embarcadero). The Agency subleases a portion of this area to the ballpark for parking and pedestrian/vehicular access.

5. **Union Building and Surrounding Area (Local 34 ILWU)**
The Port had a direct lease with ILWU for this building and surrounding area (Parcel M4-B). The Port assigned this direct lease to the Agency, with an assignment and assumption agreement.

6. **Occupancy Subleases**
The Agency has several occupancy subleases, summarized and grouped as follows:
   - Pier 40 Floorspace (Under South Beach Harbor management)
     1. Spinnaker Sailing/Rendezvous
     2. City Kayak
     3. Westwind Precision Boat
     4. North Beach Marine Canvas
     5. Cal Marine Electronics
     6. South Beach Riggers/America True
     7. Cingular Wireless

   - Second Floor of Harbor Services Building, leased to South Beach Yacht Club
   - Restaurant Space on Pier 38/40 Bulkhead, leased to Carmen's Restaurant
   - Portion of Pier 40, leased to the Bike Hut Foundation (Tides)

7. **Rincon Park/Art Sculpture**
The Agency entered into a 65-year "Agreement to Lease" with the Port on June 13, 1995, which makes the Agency primarily responsible for maintaining the park and art sculpture during the term of the lease. Per the 1995 DDA with the Gap, the GAP paid for and constructed Rincon Park. The Agency agreed to partially pay to operate/maintain the park during the lease term. The Agency has an agreement with the Port (ending 6/30/13) whereby Port staff maintains the park and art sculpture. The Gap pays $100,000/year for 10 years ending in 2012 (per DDA and 2001 Letter Agreement) toward these costs. The Agency pays remaining cost (approx. $200,000/year) with lease revenues.

8. **The Brannan Parking Spaces**
The Agency has an irrevocable parking license for seven parking spaces at 229 Brannan St. The Agency assigns its rights in the parking spaces to individual affordable condo owners at 301 Bryant Street.

Source: SFRA

Hunters Point Shipyard
Asset Inventory Summary

- The Agency owns four buildings (Building 101, 110, 808, and the Modular Building)
- The Agency owns vacant land for open space, community facilities, affordable housing, and streets.
- The Agency leases/subleases nine buildings to Lennar (Buildings 101, 110, 808 and 103, 104, 115, 116, 117, 125) and subleases one building to SFPD (Building 606).

Summary of Inventory

1. **Interim Lease Land and Buildings**
   - ***Original Interim Lease.*** Under the Interim Lease, Lennar is responsible for maintaining all land (including Agency-owned land) and buildings (including Agency-owned buildings) on Parcel A (Phase 1 – Hilltop and Hillside). The premises includes:
     - Buildings 101, 110 and 808. The Agency owns the land and improvements and leases them to Lennar under the Interim Lease.
     - All Parcel A Land. Under the Interim Lease, Lennar must get approval for any significant interim construction projects, among other things.
   - ***First Amendment (8/19/08).*** Six buildings on Parcel B were added to the premises covered under the Interim Lease. These buildings are Buildings 103, 104, 115, 116, 117 and 125. The Agency leases the land and improvements from the U.S. Navy, and subleases them to Lennar under the Interim Lease.
   - ***Second Amendment (4/5/11).*** The premises under the Interim Lease remained unchanged. The amendment allows Lennar to construct a temporary "welcome center" on Agency-owned Block 56 (APN 4591C, Lots 084, 085, 086, and 087), which is slated for affordable housing in the future.

2. **Building 606**
   The Agency leases land and improvements from the U.S. Navy, and subleases them to the San Francisco Police Department.

3. **Hilltop Parcels**
   The Agency owns multiple vacant parcels which are slated for open space (open space, streets) and development (community facilities, affordable housing). Both the Modular Building and Lennar's temporary "welcome center" sit on Agency-owned parcels.

4. **Hillside Parcels**
   The Agency owns multiple vacant parcels which are slated for open space (open space, streets) and development (affordable housing).

Source: SFRA

Multiple Project Areas
Asset Inventory Summary

Bayview-Hunters Point

- Grocery Store Site. The Agency owns the land and ground leases it to Kroger's for a grocery store. Site is located just outside of project area.

- Affordable Housing Sites. The Agency owns three affordable housing sites (5600 Third Street, 5800 Third Street, and the Alice Griffith parking lot). The Agency has two permits to enter on the Alice Griffith parking lot (one for Aurelius Walker church parking, and one for 49er football parking).

Hunters Point

- Miniparks. These miniparks were remainder parcels from past affordable housing developments. Some are little parks, some are just vacant land. They weren't transferred at time of development due to federal funding restrictions. The Agency has attempted to deed them to adjacent affordable housing developments, but has met resistance.

- Shoreview Park. This park was also a remainder parcel from a past affordable housing development.

- Affordable Housing Site. The Agency owns one affordable housing parcel (Whitney Young, Parcel EE2).

- Affordable Condominiums. The Agency owns multiple affordable condominiums that it is preparing for resale.

Mission Bay

- Port-owned Parks. The Agency has a master ground lease with the Port, which owns most of the park land in Mission Bay. The Agency doesn't become the lessee until the land is improved with a park. A portion of one park is subleased to UCSF. Covered under CFD #5.

- Port-owned Boat Launch. The Agency has a license agreement with the Port to operate the boat launch off of Park NP4 (Mission Creek). Covered under CFD #5.

- PUC-owned Park. The Agency has a revocable permit with the PUC for a portion of Mission Bay parkland (portion of NP4-5). Covered under CFD #5.

- Affordable Housing Sites. The Agency owns two affordable housing parcels (Rich Sorro, Mission Creek).

- Affordable Condominiums. The Agency owns multiple affordable condominiums that it is preparing for resale.

Source: SFRA

South of Market

- Plaza Apartments. The Agency owns the land and ground leases it to PIDC. Project includes affordable rental units, ground floor commercial, and performing arts space.

- Westbrook/South of Market Health Center. The Agency owns the land and ground leases it to a health center (air space parcel) and affordable housing developer (air space parcel).

- Other Affordable Housing Ground Leases. The Agency owns the land and ground leases it to developers/owners of affordable housing (1028 Howard, Dudley Hotel, 8th & Howard).

- Future Affordable Housing Developments. The Agency owns the land slated for the Hugo Hotel and 474 Natoma projects.

Transbay

- Affordable Housing Site. The Agency owns the Spear Street parcel for future affordable housing development. Property is leased to Place2Park for surface parking operation.

- Affordable Housing Sites. The Agency owns two parcels (Parcel 11A and Parcel 11B). Parcel 11A is ground leased to a developer for 120 units of supportive housing for formerly homeless people, including ground floor retail and supportive services and community space. Parcel 11B is slated for a future affordable housing development.

India Basin

- Street Remainder Parcels. The Agency owns two street remainder parcels. Need to transfer to DPW.

- Sidewalk Remainder Parcels. The Agency owns three sidewalk remainder parcels. Need to transfer to City or Port.

Source: SFRA

Outside Project Areas
Asset Inventory Summary

Expired Project Area - Yerba Buena Center

Central Block 1 (Mixed ownership)

- Jessie Square Garage/Jessie Square/Mexican Museum Parcel. The Agency owns this property, which consists of the Jessie Square Garage (including land that fronts Stevenson Street and serves as ingress/egress to the garage), Jessie Square, and a parcel of land allocated to the future Mexican Museum. A portion of the garage (70 spaces) is leased to Millenium for use by the Four Seasons Hotel.

- Retail Properties along Yerba Buena Lane. The Agency owns various properties (land and airspace parcels) and leases them to Millenium under the CB-1 Retail Lease. The lease includes retail space in the first floor of the Marriott, Yerba Buena Lane (open space and walkway), underground storage/public passageways below the Marriott Hotel, and retail space in the first floor of the Four Seasons.

- Second Floor of Marriott. The Agency owns the airspace parcels and leases them to the Marriott for meeting/office space. This space was supposed to be retail space under the CB-1 Retail Lease, but that never happened.

- Marriott Ground Lease. The Agency owns the land and ground leases it to Marriott for the development and operation of the Marriott Hotel. The leased premises includes a ballroom/loading dock under the Metreon in Central Block 2, and a pedestrian tunnel under Mission Street linking the hotel with the Metreon.

Central Block 2 (Agency owns all land)

- Metreon Ground Lease. The Agency owns the land and ground leases it to Westfield. Westfield subleases to multiple tenants, including Target and AMC theaters.

- Yerba Buena Center for the Arts Improvements. The Agency owns the physical buildings that comprise the "Forum Building" and the "Theater Building" for the Yerba Buena Center for the Arts. The Agency then "leases" the space to a cultural tenant under an operating agreement.

- Central Esplanade/Open Space. The Agency owns the main open space areas, including the garden areas, Martin Luther King fountain and waterfall, artwork, outdoor stage, admin offices, public event support space, and other service space.

- East Open Space. The Agency owns the open space and fountain area fronting Third Street and SFMOMA.

- East/West Café Spaces. The Agency owns the two small café/retail spaces on the upper terrace of the Esplanade. The Agency has direct leases with two different tenants.

Source: SFRA

Central Block 2 and Central Block 3 (Mixed Agency/City ownership)

- Moscone North Ground Lease. The Agency owns the land and improvements and leases them to the City for the convention center (the second phase of Moscone construction). The property spans portions of both blocks. The lease was consummated for financing purposes and will terminate when the bonds are fully paid. The City will then own the land and improvements.

- Rooftop Facilities/Open Space. The Agency leases the land and improvements from the City for public facilities (Children's Creativity Museum, ice rink, bowling center, eateries, childcare facility, playground, etc.). The Agency then "subleases" the public facilities, except for the playground and open space, to cultural tenants under three operating agreements.

Other Assets (Yerba Buena Center)

- Sidewalks, Remnants, and Tunnel. The Agency owns two sidewalk parcels (Bonifacio Street and Rizal Street), two remnant parcels (Howard Street and Clementina Street), and a tunnel under Howard Street (between CB-2 and CB-3).

- Airspace above SFMOMA. The Agency owns an airspace parcel above the museum.

Affordable Condominiums (Yerba Buena Center)

- The Agency owns multiple affordable housing condominiums that it is preparing for resale (246 Second Street).

Expired Project Area - Western Addition

- New Affordable Housing Ground Leases. The Agency owns the land and ground leases it to developers/owners of affordable housing (Parkview Terrace/Central Freeway Parcel A, Mary Helen Rogers Senior/Central Freeway Parcel C, Richardson Apartments/Central Freeway Parcel G, Kokkoro)

- Old Affordable Housing Ground Leases. The Agency owns the land and ground leases it to developers/owners of affordable housing (Golden Gate Apartments, Laurel Gardens Apartments, Namiki Apartments)

- Affordable Condominiums. The Agency owns multiple affordable condominiums that it is preparing for resale (McAllister Mews in lawsuit).

- Fillmore Heritage Garage Parcel. The Agency owns the garage in the Fillmore Heritage Center.

Source: SFRA

- Fillmore Heritage Commercial Parcel. The Agency owns the commercial space at the Fillmore Heritage Center and ground leases (lease to own structure) it to the developer as a way to finance the land purchase.

- Ellis Street Driveway. The Agency owns a remnant of Ellis Street that now serves as an entry point into the Safeway loading dock area and shared commercial parking lot. It is governed by a reciprocal easement agreement for that area.

Citywide Housing

- Affordable Housing Sites. The Agency owns multiple properties throughout the city that it ground leases to developers/owners of affordable housing.

Source: SFRA

Classification	FTEs	Annual Salary
Accountant I	1.00	$63,128
Accountant III	4.00	374,608
Accounting Supervisor	1.00	121,940
Acting Deputy Executive Director (Reg Position -Senior Development Specialist Supe)	1.00	134,243
Acting Project Manager (Reg Position - Assistant Project Manager)	1.00	115,502
Acting Project Manager (Reg Position - Development Specialist)	1.00	115,502
Acting Project Manager (Reg Position -Assistant Project Manager)	1.00	115,502
Acting Senior Development Specialist (Reg Position - Development Specialist)	1.00	115,565
Acting Senior Harbor Attendant (Reg Position - Harbor Attendant)	1.00	60,091
Acting Staff Associate V (Reg Position -Project Manager)	1.00	121,264
Administrative Secretary	2.00	136,604
Administrative Services Mgr.	1.00	116,064
Agency General Counsel	1.00	164,715
Architect	1.00	109,980
Architectural Assistant	1.00	99,580
Assistant Harbormaster	1.00	69,628
Assistant Project Manager	4.00	403,520
Assistant Project Manager-LTA	0.50	49,816
Associate Planner	1.00	87,006
Asst Development Specialist	1.00	85,878
Contract Comp. Specialist II	1.00	102,076
Contract Compliance Spec I	1.00	84,422
Contract Compliance Spec III	1.00	109,928
Contract Compliance Specialsit II	1.00	92,586
Contract Compliance Supervisor	1.00	118,352
Dep Exec Dir., Prog&Proj Mgmt	1.00	163,550
Dep. Exec. Dir.Fin. Admin.	1.00	163,176
Deputy General Counsel	2.00	313,716
Development Services Manager	1.00	127,452
Development Specialist	8.00	836,992
Exec Asst to Exec Director	1.00	94,770
Executive Director	1.00	183,040
Executive Secretary	1.00	73,528
Facility Maintenance Worker	1.00	54,652
Financial Systems Accountant	1.60	156,208
Harbor Attendant	1.00	57,148
Harbor Attendant-LTA	1.00	51,844
Harbor Office Assistant	2.00	101,088
Harbor Security Officer	2.00	93,808
Harbormaster	1.00	80,132
Housing Const Specialist	1.00	115,492
Human Resources Manager	1.00	115,596
Info Systems Supervisor	1.00	121,914
Management Assistant II	6.00	416,920
Management Assistant III	5.00	397,904
Office Assistant I	2.00	96,616
Project Manager	3.00	348,192
Property Mgmt. Supervisor	1.00	114,924
Records Specialist I	2.00	94,692
Records Specialist II	1.00	58,864
Senior Attorney	2.00	270,504
Senior Civil Engineer	1.00	133,926
Senior Development Specialist	2.00	230,984
Senior Development Specialist Supervisory	2.00	242,684
Senior Financial Analyst	1.00	121,940
Senior Legal Secretary	1.00	81,146
Senior Office Assistant	4.00	235,456
Senior Planner-LTA	0.50	55,006
Senior Programmer Analyst	1.00	89,778
Senior Project Manager	1.00	127,452
Senior Project Manager Supervisory	1.00	143,957
Sr. Community Svcs Rep.	1.00	88,738
Staff Associate V	1.00	115,492
Support Services Supervisor	1.00	73,528
Grand Total	99.60	$9,610,311

SAN FRANCISCO
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January 9, 2012

Angela Calvillo, Clerk of the Board
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

Re: Transfer of authority and assets from the Redevelopment Agency to the City

Dear Ms. Cavillo:

On Tuesday, January 10, 2012, the Board of Supervisors (Board) will act on a resolution to transfer the authority and assets from the Redevelopment Agency (the "Agency") to the City and County of San Francisco (the "City"). The transfer involves accepting the authority and assets of the Agency, and in some cases, designating the City entity that will take on the function, and giving an oversight board the land use responsibilities to carry out the redevelopment plans. The resolution also contains a rescission of the initial steps that were taken on Treasure Island as a redevelopment area. The resolution 1) approves the retention by the City as successor agency to the Agency of the Agency's affordable housing assets and functions upon the Agency's dissolution, including all funds in the Agency's Low and Moderate Income Housing Fund, and authorizes the Mayor's Office of Housing to manage these affordable housing assets and to exercise the housing functions that the Agency previously performed; 2) acknowledges that upon the Agency's dissolution the City as successor agency shall accept the transfer of all of the Agency's non-affordable housing assets, which shall be placed under the jurisdiction of the Director of the Department of Administrative Services unless otherwise provided for in the Charter, and that the Director shall have the authority to manage such assets and to exercise the functions that the Agency previously performed for such assets; 3) provides for the required payment of enforceable obligations, the transfer and establishment of funds and accounts, and for the administration of funds and other assets, all associated with the City's exercise of its responsibilities as successor agency to the Agency under state law; 4) authorizes the new Oversight Board, which state law requires the City as successor agency to create to oversee certain fiscal management of former Agency assets other than affordable housing assets, to exercise land use, development and design approval authority under the enforceable obligations for the Mission Bay Redevelopment Project Area, Hunters Point Shipyard Project Area, Zone 1 of the Bayview Hunters Point Redevelopment Project Area and Zone 1 of the Transbay Redevelopment Project Area, in place of the Agency, authorizing the Oversight Board to approve certain changes to such obligations and certain new agreements to implement those enforceable agreements, including review and approval for issuing bonds under such agreements; 5) rescinds the designation of the Treasure Island Development Authority as a redevelopment agency and 6) make environmental findings.

The Environmental Planning (EP) division of the San Francisco Planning Department is responsible for conducting environmental review in San Francisco. EP has reviewed the proposed resolution and determined that approval of this transfer is not a "project" within the meaning of Public Resources Code Section 21065 of the California Environmental Quality Act ("CEQA") and Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines because the ordinance addresses organizational and administrative matters that will not result in direct or indirect physical changes in the environment. This resolution provides for the continuance of existing agreements and operations, does not authorize the encumbrance or use of any new funds on specific projects that could result in physical changes to the environment, and will not result in changes in conditions in any redevelopment project or survey area or at any affordable housing site.

Sincerely,

Bill Wycko
Environmental Review Officer
San Francisco Planning Department

[Enforceable Obligation Payment Schedule]

Resolution Approving the Enforceable Obligation Payment Schedule for the Treasure Island Development Authority pursuant to Assembly Bill No. 1X26.

WHEREAS, Naval Station Treasure Island is a former military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, Under the authority granted by Board of Supervisors (the "Board") under Board Resolution No. 380-97, the Mayor's Treasure Island Project established the Treasure Island Development Authority (the "Authority") as a non-profit public benefit corporation to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, The Board also designated the Authority as having the powers of a redevelopment agency ("redevelopment powers") under the California Community Redevelopment Law, California Health and Safety Code section 33000 et. seq. (the "CRL"), as allowed by the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Conversion Act"); and,

WHEREAS, Consistent with the Board's approvals and the Conversion Act, the Authority has been and continues to be responsible for overseeing interim uses of the Base and plans for the conversion and development of the Base, and acting as the local reuse authority for purposes of federal base closure law; and;

WHEREAS, In early 2000, the Authority initiated a master developer selection process, culminating in the selection of Treasure Island Community Development, LLC ("TICD") for the reuse and development of the Base; and,

WHEREAS, For about a decade, the Authority, the City and TICD had been planning for the development and conversion of the Base as a redevelopment project area to use redevelopment tax increment financing to help pay for affordable housing and public infrastructure improvements on the Base, but this Spring, after the Governor proposed dissolving redevelopment agencies as part of his budget plan for the 2011-2012 fiscal year, the Authority and the City, in negotiation with TICD, decided to shift to a plan capturing property tax increment through infrastructure financing districts instead of using redevelopment powers; and,

WHEREAS, In June 2011, consistent with the plan for the Authority to use infrastructure financing districts rather than redevelopment powers to convert the Base, the Board, by unanimous vote, and the Mayor approved a development plan, including zoning changes, a disposition and development agreement with TICD and related agreements, and that development plan did not include adoption of a redevelopment project area for the Base; and,

WHEREAS, Under these approvals, on June 28 2011, the Authority and TICD entered into a binding disposition and development agreement for the conversion of the Base (the "Disposition and Development Agreement"); and,

WHEREAS, In June 2011, as part of a special session that the Governor called to address the State's fiscal emergency and as trailers to the State's budget bill for the 2011-2012 fiscal year, the California Legislature adopted and the Governor signed two companion bills relating to redevelopment, which amended the CRL, to drastically restrict the exercise of redevelopment powers throughout the State. On June 28, 2011, the Governor approved the

bills, on June 29, 2011, the Secretary of State chaptered those bills, and on June 30, 2011, the Governor signed the State budget bill. By their terms, the companion redevelopment bills became effective immediately because they related to the budget bill; and,

WHEREAS, The first redevelopment bill, Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26"), immediately suspends most new activities of redevelopment agencies except for making payments due, enforcing covenants and performing it obligations under bonds and other enforceable obligations (the "moratorium on new redevelopment activities"). AB 26 dissolves all redevelopment agencies in the State as of October 1, 2011 (subject to certain extensions), designates successor agencies, and preserves assets for the benefit of taxing entities and winds up the affairs of former redevelopment agencies. AB 26 also subjects the successor agencies' performance of their duties under AB 26 to supervision by newly established oversight boards, which are separate from the local legislative bodies; and,

WHEREAS, AB 26 requires that within 60 days of the effective date of the bill, a redevelopment agency must at a public meeting adopt an "Enforceable Obligation Payment Schedule" ("EOPS") that lists enforceable obligations, as defined in AB 26, under which the agency has an obligation to pay money through December 2011, prohibits the redevelopment agency from making payments after the end of such 60-day period unless it has adopted an EOPS, and requires agencies to prepare an initial recognized payment obligation schedule based on the approved EOPS ("IRPOS"); and,

WHEREAS, Since AB 26 became law, the Authority has *not* been using its redevelopment powers because the Base is not located in a redevelopment project area and as a result does not produce any redevelopment tax increment; and,

WHEREAS, The second redevelopment bill, Assembly Bill No. 1X 27 (Chapter 6, Statutes of 2011-12, First Extraordinary Session) ("AB 27"), allows communities such as the

City to provide for existing redevelopment agencies to continue to exist and operate within those communities, despite AB 26, if before the agency dissolution date the local legislative body enacts an ordinance to comply with AB 27, including the requirement for the community to make specified payments each year for the benefit of the local school district and other taxing entities; and,

WHEREAS, Since the Authority has not been–and is not now–exercising any redevelopment powers, it has not been–and is not now– subject to the moratorium AB26 places on new redevelopment activities of redevelopment agencies; and,

WHEREAS, Consistent with AB 27, on August 2, 2011, the Board passed and on August 3, 2011 the Mayor signed Resolution No. 350-11, expressing the non-binding intent of the City to continue redevelopment activities in San Francisco, including preserving the ability of the Authority to exercise redevelopment powers over the Base in the future should it become appropriate to do so, and subject to all required later approvals; and,

WHEREAS, In Resolution No. 350-11, the Board adopted findings making clear that the Authority is not now exercising redevelopment powers in connection with the development of the Base and has not exercised such powers since the adoption of AB 26 and that as a result the Authority is not subject to the restrictions AB 26 places on redevelopment activities; and also that the Authority may proceed with its day-to-day operation, including but not limited to the interim subleasing property to generate revenue to offset the costs of managing the Base and performing its rights and obligations under the disposition and development agreement. Further, the findings make clear that the Board did not intend to affect the Authority's status as the Local Reuse Authority for the Base or the tidelands trust trustee for the portions of the Base subject to the trust, nor any of the other non-redevelopment powers or non-development authority that the City has granted to the Authority and that the Authority has under its articles, bylaws, and other applicable instruments and laws; and,

WHEREAS, On July 18, 2011, the California Redevelopment Association, League of California Cities, and certain other parties filed a petition for writ of mandate and an application for temporary stay in the Supreme Court of the State of California, challenging the constitutionality of AB 26 and AB 27 and seeking approval of the Court to accept original jurisdiction over the case, *California Redevelopment Association v. Matosantos*, No. S194861 (the "Action"); and,

WHEREAS, On August 11, 2011, the California Supreme Court issued an order agreeing to decide the Action and granting a partial stay, including a stay of all of AB 27 and all of AB 26 except the provisions of AB 26 that imposed the moratorium on new redevelopment activities, and seemingly including in the scope of the stay the provisions of AB 26 that required the adoption of the EOPS; and,

WHEREAS, On August 17, 2011, the California Supreme Court significantly modified its August 11, 2011 order regarding the scope of the stay to exclude the provisions of AB 26 that required adopting the EOPS, thus reviving the requirement that agencies adopt EOPS; and,

WHEREAS, Subject to approval of this resolution by the Authority Board of Directors, on August 29, 2011, the Director of Island Operations (the "Director") approved the EOPS dated as of 8/26, 2011, a copy of which is attached to this resolution as Exhibit A and incorporated by reference in this resolution, and the Director posted the EOPS on the Authority's website; and,

WHEREAS, Because the Base is not producing any redevelopment property tax increment and the Authority is not exercising redevelopment powers, it is not clear whether the requirement to adopt an EOPS applies to the Authority, but, as a matter of caution, the Authority wishes to do so consistent with Board Resolution No. 350-11 under which the Board and the Authority wish to preserve the ability of the Authority to exercise redevelopment

powers in the future should it become appropriate to do so to convert the Base; now, therefore; be it

RESOLVED, That based on the findings set forth above, and consistent with Section 34169(g)(1) of the CRL, added by AB 26, and the modified order that the California Supreme Court issued on August 17, 2011 relating to the Action, the Authority hereby approves the EOPS; and, be it,

FURTHER RESOLVED, That the Director shall transmit the EOPS and post the EOPS on the Authority's website in accordance with Section 34169(g)(1); and, be it

FURTHER RESOLVED, That the Director shall prepare an IRPOS, based on the EOPS, in accordance with Section 34169(h) of the CRL, as added by AB 26; and, be it

FURTHER RESOLVED, That all actions of the Director in furtherance of adopting the EOPS and satisfying any related requirements of AB 26 that apply to the Authority are hereby approved and ratified.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on August 29, 2011.

Jean-Paul Samaha, Secretary

Enforceable Obligation TI

Type of Obligation (1-6)	Project Area	Project Name	Payee	Description	Outstanding Amount (As of August 27)	Sept	Oct	Nov	Dec	Estimated Remaining Balance (As of January 1)	Contract Amount
6	N/A	Travel Costs	TIDA Employees	Admin Costs		$ 1,625.00	$ 1,625.00	$ 1,625.00	$ 1,625.00	$ 13,000.00	$ 19,500.00
6	N/A	Training costs	TIDA Employees	Admin Costs		$ 941.00	$ 941.00	$ 941.00	$ 941.00	$ 7,536.00	$ 11,300.00
6	N/A	Local Field Exp.	TIDA Employees	Admin Costs		$ 104.17	$ 104.17	$ 104.17	$ 104.17	$ 833.33	$ 1,250.00
6	N/A	Membership Fees	City of San Francisco	Admin Costs		$ 225.00	$ 225.00	$ 225.00	$ 225.00	$ 1,800.00	$ 2,700.00
6	N/A	Promotional and Marketing Expense	Daily Journal Corporation, McCune Audio Visual Lighting, Pacific Brokerage, Spotlight Promotions, Wine Valley Catering, Best Beverage Catering, Borden Decal	Purchase Orders	$ 500.14	$ 7,625.00	$ 7,625.00	$ 7,625.00	$ 7,625.00	$ 61,000.00	$ 91,500.00
6	N/A	Delivery and Postage	Professional Messengers	Purchase Orders		$ 1,666.67	$ 1,666.67	$ 1,666.67	$ 1,666.67	$ 13,333.33	$ 20,000.00
6	N/A	Office Rentals and Leased Equipment	Ricoh - Reproduction Store	Service Contract		$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 14,800.00	$ 22,200.00
6	N/A	Materials and Supplies	Gainger, Give Something Back LLC, Laserlink International Inc., Linda Kittlitz, The Ligature, Staples Inc & Subsidiaries	Purchase Orders		$ 2,788.33	$ 2,788.33	$ 2,788.33	$ 2,788.33	$ 22,306.67	$ 33,460.00
6	N/A	Other Administrative Expenses	Mail Finance Inc. Dba Neopost Leasing, Staff Reimbursements, AT&T, SF Chronicle, Trophy Masters, US Pure Water Corp, Agurto Corporation dba Pestec	Purchase Orders		$ 4,708.33	$ 4,708.33	$ 4,708.33	$ 4,708.33	$ 37,666.67	$ 56,500.00
5	N/A	On Island Boys and Girls Club House	Treasure Island Boys and Girls Club	Service Contract		$ 11,083.33	$ 11,083.33	$ 11,083.33	$ 11,083.33	$ 88,666.67	$ 133,000.00
5	N/A	Childcare Facility	Catholic Charities	Service Contract		$ 4,333.33	$ 4,333.33	$ 4,333.33	$ 4,333.33	$ 34,666.67	$ 52,000.00
5	N/A	Homeless Development Initiative Program	Treasure Island Homelessness Development Initiative	Service Contract		$ 13,083.33	$ 13,083.33	$ 13,083.33	$ 13,083.33	$ 104,666.67	$ 157,000.00
5	N/A	On Island Gym	YMCA	Service Contract		$ 11,875.00	$ 11,875.00	$ 11,875.00	$ 11,875.00	$ 95,000.00	$ 142,500.00
6	N/A	Marine Salvage	Parker Diving Service	Admin Costs		$ 2,500.00	$ 2,500.00	$ 2,500.00	$ 2,500.00	$ 20,000.00	$ 30,000.00
6	N/A	Public Art and Preservation	Atthowe Fine Art Services	Admin Costs		$ 3,083.33	$ 3,083.33	$ 3,083.33	$ 3,083.33	$ 24,666.67	$ 37,000.00
5	N/A	Trash Disposal	Recology Golden Gate	Contract		$ 6,250.00	$ 6,250.00	$ 6,250.00	$ 6,250.00	$ 50,000.00	$ 75,000.00
5	N/A	Janitorial Services	Toolworks Janitorial Services	Service Contract		$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 80,000.00	$ 120,000.00
5	N/A	Landscape Maintenance	Rubicon Enterprises Inc.	Service Contract		$ 55,083.33	$ 55,083.33	$ 55,083.33	$ 55,083.33	$ 440,666.67	$ 661,000.00
5	N/A	Public Safety and Security Services	Universal Protection Services	Purchase Orders		$ 6,375.00	$ 6,375.00	$ 6,375.00	$ 6,375.00	$ 51,000.00	$ 76,500.00
6	N/A	TIDA Director's Liability Insurance	City of San Francisco Risk Manager	Work Order		$ 7,570.83	$ 7,570.83	$ 7,570.83	$ 7,570.83	$ 60,566.67	$ 90,850.00
6	N/A	Other Professional Services	Far West Sanitation & Storage Inc., Tri California Events	Purchase Orders		$ 7,666.67	$ 7,666.67	$ 7,666.67	$ 7,666.67	$ 61,333.33	$ 92,000.00
6	N/A	Parking and Traffic Service	San Francisco Municipal Transportation Agency	Work Order		$ 666.67	$ 666.67	$ 666.67	$ 666.67	$ 5,333.33	$ 8,000.00
6	N/A	Telecommunication Services	Department of Technology	Work Order		$ 3,333.33	$ 3,333.33	$ 3,333.33	$ 3,333.33	$ 26,666.67	$ 40,000.00
6	N/A	Insurance Consulting	Risk Management Insurance Consulting	Admin Costs		$ 8,237.50	$ 8,237.50	$ 8,237.50	$ 8,237.50	$ 65,900.00	$ 98,850.00

3	N/A	Island Operations and Project Staff Payroll	General Services Agency	Memorandum of Agreement		$ 155,242.25	$ 155,242.25	$ 155,242.25	$ 155,242.25	$ 1,241,938.00	$ 1,862,907.00
5	N/A	Island Operations Legal Services	City Attorney's Office	Work Order		$ 10,416.67	$ 10,416.67	$ 10,416.67	$ 10,416.67	$ 83,333.33	$ 125,000.00
6	N/A	Human Resources	City of San Francisco/ GSA	Work Order		$ 250.00	$ 250.00	$ 250.00	$ 250.00	$ 2,000.00	$ 3,000.00
6	N/A	Auto Maintenance	Department of Public Works	Work Order		$ 291.67	$ 291.67	$ 291.67	$ 291.67	$ 2,333.33	$ 3,500.00
6	N/A	Fuel Stock	Department of Public Works	Work Order		$ 291.67	$ 291.67	$ 291.67	$ 291.67	$ 2,333.33	$ 3,500.00
6	N/A	Reproduction Services	City of San Francisco/ GSA	Work Order		$ 500.00	$ 500.00	$ 500.00	$ 500.00	$ 4,000.00	$ 6,000.00
6	N/A	Utilities Services / MOU for outstanding Utilities Charges	Public Utilities Commission	Contract		$ 83,166.67	$ 83,166.67	$ 83,166.67	$ 83,166.67	$ 2,693,724.33	$ 3,026,391.00
6	N/A	Building Repair	Department of Public Works	Work Order		$ 65,546.67	$ 65,546.67	$ 65,546.67	$ 65,546.67	$ 524,373.33	$ 786,560.00
6	N/A	Street Environmental Services	Department of Public Works	Work Order		$ 17,372.50	$ 17,372.50	$ 17,372.50	$ 17,372.50	$ 138,980.00	$ 208,470.00
6	N/A	Street and Sewer Repair Services	Department of Public Works	Work Order		$ 6,688.75	$ 6,688.75	$ 6,688.75	$ 6,688.75	$ 53,510.00	$ 80,265.00
6	N/A	Urban Forestry Services	Department of Public Works	Work Order		$ 13,333.33	$ 13,333.33	$ 13,333.33	$ 13,333.33	$ 106,666.67	$ 160,000.00
6	N/A	Facilities Management Services	Department of Real Estate	Work Order		$ 2,672.67	$ 2,672.67	$ 2,672.67	$ 2,672.67	$ 21,381.33	$ 32,072.00
6	N/A	Public Safety Services	San Francisco Police Department	Work Order		$ 5,886.00	$ 5,886.00	$ 5,886.00	$ 5,886.00	$ 47,088.00	$ 70,632.00
6	N/A	Facilities Management	As needed management services	Purchase Orders		$ 16,666.67	$ 16,666.67	$ 16,666.67	$ 16,666.67	$ 133,333.33	$ 200,000.00
6	N/A	Capital Improvement Projects	AAA Flag & Banner Mfg Co. Inc., Ace Drilling & Excavation, Canning Electric Inc., Clear Channel, Madden Plumbing and Fire Protection, Paul McKenna Construction, W. Wong Construction, Design Space Modular Buildings Inc.	Purchase Orders		$ 36,250.00	$ 36,250.00	$ 36,250.00	$ 36,250.00	$ 290,000.00	$ 435,000.00
6	N/A	Technology/Software	As needed technology supplies	Purchase Orders		$ 416.00	$ 416.00	$ 416.00	$ 416.00	$ 3,336.00	$ 5,000.00
3	N/A	State Lands staff reimbursement for work performed on TI	State Lands Commission	Reimbursement Agreement	$ 15,000.00	$ 15,000.00	$ -	$ -	$ -	$ -	$ 30,000.00
5	N/A	Environmental services	AMEC Geomatrix	Contract	$ 22,028.55	$ 22,000.00	$ 22,000.00	$ 22,000.00	$ 22,000.00	$ 588,483.45	$ 1,799,000.00
5	N/A	Urban design consulting services	SERA Architects	Contract	$ 1,442.50	$ -	$ -	$ -	$ -	$ -	$ 100,000.00
5	N/A	Financial services and analysis	Economic Planning systems	Contract	$ 23,071.50	$ 4,166.00	$ 4,166.00	$ 4,166.00	$ 4,166.00	$ 43,251.50	$ 515,500.00
5	N/A	Infrastructure peer review	URS	Contract	$ 5,248.07	$ -	$ -	$ -	$ -	$ -	$ 100,000.00
5	N/A	Stormwater Discharge Fees	Engeo	Contract		$ 4,729.17	$ 4,729.17	$ 4,729.17	$ 4,729.17	$ 56,750.00	$ 56,750.00
5	N/A	Redevelopment consulting services	Seifel	Contract		$ 833.33	$ 833.33	$ 833.33	$ 833.33	$ 100,000.00	$ 100,000.00
6	N/A	City staff reimbursement for work performed on TI Development Project	OEWD	Work Order		$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 110,000.00	$ 150,000.00
5	N/A	Legal Services for TI Development Project	City Attorney's Office	Work Order		$ 100,000.00	$ 100,000.00	$ 100,000.00	$ 100,000.00	$ 780,000.00	$ 1,180,000.00

6	N/A	City staff reimbursement for work performed on TI Development Project	Planning Department	Interagency Cooperative Agreement		$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 17,000.00	$ 25,000.00
6	N/A	City staff reimbursement for work performed on TI Development Project	Public Utilities Commission	Interagency Cooperative Agreement		$ 6,250.00	$ 6,250.00	$ 6,250.00	$ 6,250.00	$ 50,000.00	$ 75,000.00
6	N/A	City staff reimbursement for work performed on TI Development Project	San Francisco Municipal Transportation Agency	Interagency Cooperative Agreement		$ 2,083.00	$ 2,083.00	$ 2,083.00	$ 2,083.00	$ 16,664.00	$ 25,000.00
5	N/A	TIHDI Agreement	Treasure Island Homeless Development Initiative	Contract		$ -	$ -	$ -	$ -	$ 82,321,207.00	$ 82,321,207.00
5	N/A	MOU regarding YBI ramps project	San Francisco County Transportation Authority	Contract		$ -	$ -	$ -	$ -	$ 18,830,000.00	$ 18,830,000.00
5	N/A	Soils contract	DA McCosker Construction	Contract		$ -	$ -	$ -	$ -	$ 980,000.00	$ 980,000.00
5	N/A	MOU for funding for submarine cable	Public Utilities Commission	Contract		$ -	$ -	$ -	$ -	$ 5,438,059.00	$ 5,438,059.00
5	N/A	DDA	Treasure Island Community Development, LLC	DDA		$ -	$ -	$ -	$ -	$ 451,734,370.00	$ 451,734,370.00
				TOTALS	$ 67,290.76	$ 754,728.17	$ 822,018.93	$ 739,728.17	$ 739,728.17	$ 567,795,525.28	$ 572,540,293.00

Key:
1. Bonds
2. Loans or Moneys Borrowed by Agency
3. Payments to gov't entities; to Agency employees
4. Judgments and settlements
5. Agreemetns or contracts
6. Agreements for Agency operations

January 6, 2012

Rincon Point-South Beach
Asset Inventory Summary

- The Agency had an option agreement (now expired) for the entire land area, which allowed the Agency to lease land from the Port in stages as the Agency developed sections over time

- The Agency has 16 leases with the Port. The Port then allows the Agency to sublease the land for development (Development Subleases) or sublease the buildings for income (Occupancy Subleases)

- The Agency's interest is all a leasehold interest except for its affordable housing condos.

- The Agency can terminate the Port leases provided the Agency gives the Port 90 days' notice. Note: The Port may ask for quitclaim deeds since the leases were so long.

- The Agency has a separate 65-year "Agreement to Lease" with the Port for Rincon Park. The Agency agreed to maintain the park and art sculpture during the term of this lease, with temporary (i.e., 10 years) financial help from the Gap.

Summary of Inventory

1. **South Beach Harbor and Marina/Pier 40 (N's)**
   This area is primarily governed by Port Lease N-2. This lease covers all of South Beach Harbor and Marina except:
   - Port Lease N1-A: The land in front of the Pier 40 Shed
   - Port Lease N1-B: The Pier 40 Shed
   - Port Lease N1-C: The Carmen's building and surrounding land

2. **Waterfront Promenade/Open Space/Realigned Embarcadero (S's)**
   This area includes the waterfront promenade and park, other open space, streets and the South Beach parking lot. There are multiple Port leases that cover this area:
   - Port Leases S, S-1, S-2, S-3 and S-6, which cover vacated streets that resulted from the realignment of Embarcadero.
   - Port Lease for the "Rempp" parcel, which covers a portion of the waterfront. This lease allowed for the demolition of the Dolphin P. Rempp ship and construction of a portion of the South Beach park/promenade.

3. **Seawall Lots (J & K)**
   There are two seawall lots (Site J and K):
   - Port Lease J: The Agency has a Development Sublease (ground lease) which led to the development of Delancey Street apartments.
   - Port Lease K: The Agency has a Development Sublease (ground lease) which led to the development of Steamboat Point apartments. There is also a Port Lease K-1 that covers a realigned portion of Townsend Street.

4. **South Beach Parking Lot and Turnaround**
There are two Port Leases that govern this area: (1) Port Lease M-5 and (2) Port Lease M-3, M-4A, S-1D (vacated portion of Embarcadero). The Agency subleases a portion of this area to the ballpark for parking and pedestrian/vehicular access.

5. **Union Building and Surrounding Area (Local 34 ILWU)**
The Port had a direct lease with ILWU for this building and surrounding area (Parcel M4-B). The Port assigned this direct lease to the Agency, with an assignment and assumption agreement.

6. **Occupancy Subleases**
The Agency has several occupancy subleases, summarized and grouped as follows:
   - Pier 40 Floorspace (Under South Beach Harbor management)
     1. Spinnaker Sailing/Rendezvous
     2. City Kayak
     3. Westwind Precision Boat
     4. North Beach Marine Canvas
     5. Cal Marine Electronics
     6. South Beach Riggers/America True
     7. Cingular Wireless

   - Second Floor of Harbor Services Building, leased to South Beach Yacht Club
   - Restaurant Space on Pier 38/40 Bulkhead, leased to Carmen's Restaurant
   - Portion of Pier 40, leased to the Bike Hut Foundation (Tides)

7. **Rincon Park/Art Sculpture**
The Agency entered into a 65-year "Agreement to Lease" with the Port on June 13, 1995, which makes the Agency primarily responsible for maintaining the park and art sculpture during the term of the lease. Per the 1995 DDA with the Gap, the GAP paid for and constructed Rincon Park. The Agency agreed to partially pay to operate/maintain the park during the lease term. The Agency has an agreement with the Port (ending 6/30/13) whereby Port staff maintains the park and art sculpture. The Gap pays $100,000/year for 10 years ending in 2012 (per DDA and 2001 Letter Agreement) toward these costs. The Agency pays remaining cost (approx. $200,000/year) with lease revenues.

8. **The Brannan Parking Spaces**
The Agency has an irrevocable parking license for seven parking spaces at 229 Brannan St. The Agency assigns its rights in the parking spaces to individual affordable condo owners at 301 Bryant Street.

Hunters Point Shipyard
Asset Inventory Summary

- The Agency owns four buildings (Building 101, 110, 808, and the Modular Building)
- The Agency owns vacant land for open space, community facilities, affordable housing, and streets.
- The Agency leases/subleases nine buildings to Lennar (Buildings 101, 110, 808 and 103, 104, 115, 116, 117, 125) and subleases one building to SFPD (Building 606).

Summary of Inventory

1. **Interim Lease Land and Buildings**
   - ***Original Interim Lease.*** Under the Interim Lease, Lennar is responsible for maintaining all land (including Agency-owned land) and buildings (including Agency-owned buildings) on Parcel A (Phase 1 – Hilltop and Hillside). The premises includes:
     - Buildings 101, 110 and 808. The Agency owns the land and improvements and leases them to Lennar under the Interim Lease.
     - All Parcel A Land. Under the Interim Lease, Lennar must get approval for any significant interim construction projects, among other things.
   - ***First Amendment (8/19/08).*** Six buildings on Parcel B were added to the premises covered under the Interim Lease. These buildings are Buildings 103, 104, 115, 116, 117 and 125. The Agency leases the land and improvements from the U.S. Navy, and subleases them to Lennar under the Interim Lease.
   - ***Second Amendment (4/5/11).*** The premises under the Interim Lease remained unchanged. The amendment allows Lennar to construct a temporary "welcome center" on Agency-owned Block 56 (APN 4591C, Lots 084, 085, 086, and 087), which is slated for affordable housing in the future.

2. **Building 606**
   The Agency leases land and improvements from the U.S. Navy, and subleases them to the San Francisco Police Department.

3. **Hilltop Parcels**
   The Agency owns multiple vacant parcels which are slated for open space (open space, streets) and development (community facilities, affordable housing). Both the Modular Building and Lennar's temporary "welcome center" sit on Agency-owned parcels.

4. **Hillside Parcels**
   The Agency owns multiple vacant parcels which are slated for open space (open space, streets) and development (affordable housing).

Multiple Project Areas
Asset Inventory Summary

Bayview-Hunters Point

- Grocery Store Site. The Agency owns the land and ground leases it to Kroger's for a grocery store. Site is located just outside of project area.

- Affordable Housing Sites. The Agency owns three affordable housing sites (5600 Third Street, 5800 Third Street, and the Alice Griffith parking lot). The Agency has two permits to enter on the Alice Griffith parking lot (one for Aurelius Walker church parking, and one for 49er football parking).

Hunters Point

- Miniparks. These miniparks were remainder parcels from past affordable housing developments. Some are little parks, some are just vacant land. They weren't transferred at time of development due to federal funding restrictions. The Agency has attempted to deed them to adjacent affordable housing developments, but has met resistance.

- Shoreview Park. This park was also a remainder parcel from a past affordable housing development.

- Affordable Housing Site. The Agency owns one affordable housing parcel (Whitney Young, Parcel EE2).

- Affordable Condominiums. The Agency owns multiple affordable condominiums that it is preparing for resale.

Mission Bay

- Port-owned Parks. The Agency has a master ground lease with the Port, which owns most of the park land in Mission Bay. The Agency doesn't become the lessee until the land is improved with a park. A portion of one park is subleased to UCSF. Covered under CFD #5.

- Port-owned Boat Launch. The Agency has a license agreement with the Port to operate the boat launch off of Park NP4 (Mission Creek). Covered under CFD #5.

- PUC-owned Park. The Agency has a revocable permit with the PUC for a portion of Mission Bay parkland (portion of NP4-5). Covered under CFD #5.

- Affordable Housing Sites. The Agency owns two affordable housing parcels (Rich Sorro, Mission Creek).

- Affordable Condominiums. The Agency owns multiple affordable condominiums that it is preparing for resale.

South of Market

- Plaza Apartments. The Agency owns the land and ground leases it to PIDC. Project includes affordable rental units, ground floor commercial, and performing arts space.

- Westbrook/South of Market Health Center. The Agency owns the land and ground leases it to a health center (air space parcel) and affordable housing developer (air space parcel).

- Other Affordable Housing Ground Leases. The Agency owns the land and ground leases it to developers/owners of affordable housing (1028 Howard, Dudley Hotel, 8th & Howard).

- Future Affordable Housing Developments. The Agency owns the land slated for the Hugo Hotel and 474 Natoma projects.

Transbay

- Affordable Housing Site. The Agency owns the Spear Street parcel for future affordable housing development. Property is leased to Place2Park for surface parking operation.

- Affordable Housing Sites. The Agency owns two parcels (Parcel 11A and Parcel 11B). Parcel 11A is ground leased to a developer for 120 units of supportive housing for formerly homeless people, including ground floor retail and supportive services and community space. Parcel 11B is slated for a future affordable housing development.

India Basin

- Street Remainder Parcels. The Agency owns two street remainder parcels. Need to transfer to DPW.

- Sidewalk Remainder Parcels. The Agency owns three sidewalk remainder parcels. Need to transfer to City or Port.

Outside Project Areas
Asset Inventory Summary

Expired Project Area - Yerba Buena Center

Central Block 1 (Mixed ownership)

- Jessie Square Garage/Jessie Square/Mexican Museum Parcel. The Agency owns this property, which consists of the Jessie Square Garage (including land that fronts Stevenson Street and serves as ingress/egress to the garage), Jessie Square, and a parcel of land allocated to the future Mexican Museum. A portion of the garage (70 spaces) is leased to Millenium for use by the Four Seasons Hotel.

- Retail Properties along Yerba Buena Lane. The Agency owns various properties (land and airspace parcels) and leases them to Millenium under the CB-1 Retail Lease. The lease includes retail space in the first floor of the Marriott, Yerba Buena Lane (open space and walkway), underground storage/public passageways below the Marriott Hotel, and retail space in the first floor of the Four Seasons.

- Second Floor of Marriott. The Agency owns the airspace parcels and leases them to the Marriott for meeting/office space. This space was supposed to be retail space under the CB-1 Retail Lease, but that never happened.

- Marriott Ground Lease. The Agency owns the land and ground leases it to Marriott for the development and operation of the Marriott Hotel. The leased premises includes a ballroom/loading dock under the Metreon in Central Block 2, and a pedestrian tunnel under Mission Street linking the hotel with the Metreon.

Central Block 2 (Agency owns all land)

- Metreon Ground Lease. The Agency owns the land and ground leases it to Westfield. Westfield subleases to multiple tenants, including Target and AMC theaters.

- Yerba Buena Center for the Arts Improvements. The Agency owns the physical buildings that comprise the "Forum Building" and the "Theater Building" for the Yerba Buena Center for the Arts. The Agency then "leases" the space to a cultural tenant under an operating agreement.

- Central Esplanade/Open Space. The Agency owns the main open space areas, including the garden areas, Martin Luther King fountain and waterfall, artwork, outdoor stage, admin offices, public event support space, and other service space.

- East Open Space. The Agency owns the open space and fountain area fronting Third Street and SFMOMA.

- East/West Café Spaces. The Agency owns the two small café/retail spaces on the upper terrace of the Esplanade. The Agency has direct leases with two different tenants.

Central Block 2 and Central Block 3 (Mixed Agency/City ownership)

- Moscone North Ground Lease. The Agency owns the land and improvements and leases them to the City for the convention center (the second phase of Moscone construction). The property spans portions of both blocks. The lease was consummated for financing purposes and will terminate when the bonds are fully paid. The City will then own the land and improvements.

- Rooftop Facilities/Open Space. The Agency leases the land and improvements from the City for public facilities (Children's Creativity Museum, ice rink, bowling center, eateries, childcare facility, playground, etc.). The Agency then "subleases" the public facilities, except for the playground and open space, to cultural tenants under three operating agreements.

Other Assets (Yerba Buena Center)

- Sidewalks, Remnants, and Tunnel. The Agency owns two sidewalk parcels (Bonifacio Street and Rizal Street), two remnant parcels (Howard Street and Clementina Street), and a tunnel under Howard Street (between CB-2 and CB-3).

- Airspace above SFMOMA. The Agency owns an airspace parcel above the museum.

Affordable Condominiums (Yerba Buena Center)

- The Agency owns multiple affordable housing condominiums that it is preparing for resale (246 Second Street).

Expired Project Area - Western Addition

- New Affordable Housing Ground Leases. The Agency owns the land and ground leases it to developers/owners of affordable housing (Parkview Terrace/Central Freeway Parcel A, Mary Helen Rogers Senior/Central Freeway Parcel C, Richardson Apartments/Central Freeway Parcel G, Kokkoro)

- Old Affordable Housing Ground Leases. The Agency owns the land and ground leases it to developers/owners of affordable housing (Golden Gate Apartments, Laurel Gardens Apartments, Namiki Apartments)

- Affordable Condominiums. The Agency owns multiple affordable condominiums that it is preparing for resale (McAllister Mews in lawsuit).

- Fillmore Heritage Garage Parcel. The Agency owns the garage in the Fillmore Heritage Center.

- Fillmore Heritage Commercial Parcel. The Agency owns the commercial space at the Fillmore Heritage Center and ground leases (lease to own structure) it to the developer as a way to finance the land purchase.

- Ellis Street Driveway. The Agency owns a remnant of Ellis Street that now serves as an entry point into the Safeway loading dock area and shared commercial parking lot. It is governed by a reciprocal easement agreement for that area.

Citywide Housing

- Affordable Housing Sites. The Agency owns multiple properties throughout the city that it ground leases to developers/owners of affordable housing.

RESOLUTION NO. 95-2011

Adopted August 26, 2011

ADOPTING AN ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT TO COMMUNITY REDEVELOPMENT LAW SECTION 34169(G), AS REQUIRED UNDER AB 26

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") has implemented various redevelopment plans that the Board of Supervisors (the "Board") of the City and County of San Francisco (the "City") has approved, all in accordance with the California Community Redevelopment Law, California Health and Safety Code Section 33000 et. seq. (the "CRL").

2. On June 15, 2011, the California Legislature adopted two companion bills relating to community redevelopment: Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and Assembly Bill No. 1X 27 (Chapter 6, Statutes of 2011-12, First Extraordinary Session) ("AB 27"). On June 28, 2011, the Governor approved AB 26 and AB 27; on June 29, 2011, the Secretary of State chaptered those bills; and on June 30, 2011, the Governor signed the State budget bill. By their terms, AB 26 and AB 27 are effective immediately because they relate to the budget bill.

3. AB 26 suspends most new activities of redevelopment agencies as of the effective date of the act (other than making payments due, enforcing covenants and performing its obligations under existing bonds, contracts and other enforceable obligations), dissolves all redevelopment agencies in the State as of October 1, 2011 and designates successor agencies–generally the cities and counties where the agencies operated–to satisfy "enforceable obligations" (as defined in AB 26), preserve assets for the benefit of taxing entities and wind up the affairs of former redevelopment agencies.

4. AB 27 allows a city or county (the "Community") to continue to undertake state-authorized redevelopment activities and avoid redevelopment agency dissolution despite AB 26, if by October 1, 2011 (or alternatively November 1, 2011) the local legislative body enacts an ordinance under Section 34193 of the CRL, including the Community's agreement to make specified payments each year ("Community Remittances") to the Educational Revenue Augmentation Fund ("ERAF") for the benefit of the local school district and community college, and, if applicable, to a new Special District Allocation Fund ("SDAF") for the benefit of certain special districts, consisting of fire protection service and transit districts (the "Community Remittance Ordinance").

Complete copy of document
located in File No. 120021

San Francisco
Redevelopment Agency

One South Van Ness Avenue
San Francisco, CA 94103

415.749.2400

September 30, 2011

107-153.11-154

Ben Rosenfield, Controller
City & County of San Francisco
City Hall – Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Filing of Fiscal Year 2011/12 Statements of Indebtedness and Associated Tax Increment Draws

Dear Mr. Rosenfield:

Pursuant to Section 33675 of the California Health and Safety Code, the San Francisco Redevelopment Agency hereby submits its Statements of Indebtedness, herein enclosed, for Fiscal Year 2011/12. The table below summarizes the Agency's tax increment draw by Project Area.

Redevelopment Project Area	Tax Increment Draw FY 11/12
Golden Gateway	19,216,696
South of Market	5,674,330
Yerba Buena Center	32,007,354
Western Addition, A2	12,978,645
Rincon Point-South Beach	18,613,271
Hunters Point	684,793
India Basin	436,056
Mission Bay North <Estimate>	19,920,342
Mission Bay South <Estimate>	15,807,379
Transbay	14,007,633
Bayview Hunters Point Area B	8,705,898
Hunters Point Shipyard	11,841,000
Visitacion Valley	310,000
Gross Tax Increment	160,203,397
Less: City's share of AB1290 Pass-Through	-14,265,289
RDA's Tax Increment Draw FY 11/12	145,938,108