

File No. 100670

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date July 26, 2010

Board of Supervisors Meeting Date _____

Cmte Board

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

OTHER

(Use back side if additional space is needed)

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|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Proxy Development Lease Agreement, Dated July 14, 010</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Department, General Plan Determination, Dated May 14, 2010</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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Completed by: LaTonia Stokes Date July 23, 2010

Completed by: _____ Date _____

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

1 [Sublease of Real Property - Parcel K (Portion of Assessor's Block No. 0817, Lot No.30)]

2
3 **Resolution approving the sublease of property located at the southeast corner of**
4 **Octavia Boulevard and Hayes Street and commonly known as Parcel K (portion of**
5 **Assessor's Block No. 0817, Lot No. 30) to PROXYDevelopment, LLC, for three years at**
6 **a monthly base rent of \$5,000 per month.**

7 WHEREAS, The State of California transferred certain property (the "Central Freeway
8 Parcels") in the Hayes Valley neighborhood to the City and County of San Francisco ("City")
9 as part of the demolition of the former Central Freeway and on the condition that City use the
10 proceeds from any disposition of the Central Freeway Parcels in connection with City's
11 Octavia Boulevard project and for transportation and related purposes set forth in Section
12 72.1(f)(1) of the California Streets and Highways Code; and,

13 WHEREAS, The City sold a Central Freeway Parcel commonly known as Parcel K
14 (portion of Block 0817, Lot 30) (the "Parcel K ") to the San Francisco Redevelopment Agency
15 ("Agency") and leased Parcel K back from the Agency under a lease dated as of January 30,
16 2004, a copy of which is on file with the Clerk of the Board of Supervisors in File No.
17 100670 (the "Agency Ground Lease"); and

18 WHEREAS, The Agency Ground Lease is on a month to month basis for \$1 per month,
19 and permits the City to use Parcel K as a staging area for the construction of the City's
20 Octavia Boulevard project and for parking uses; and,

21 WHEREAS, The Agency has agreed to amend the Agency Ground Lease to have a
22 fixed three year term, and to permit for additional uses and subleases of Parcel K, if such
23 changes are requested by City and approved by Agency's Executive Director, as further set
24 forth in an amendment to ground lease, a copy of which is on file with the Clerk of the Board
25 of Supervisors in File No. 100670 (the "Ground Lease Amendment"); and,

1 WHEREAS, The City owns additional Central Freeway Parcels that are either currently
2 vacant or leased for parking and other uses (the "Remaining Parcels"), and which the City
3 intends to sell when current economic conditions improve; and

4 WHEREAS, The City wishes to lease some of the Remaining Parcels for interim uses
5 that will activate the Remaining Parcels until they are sold by the City, and activate Parcel K
6 while it is leased by City, to provide additional amenities to the public and promote economic
7 development; and

8 WHEREAS, The City's Office of Economic and Workforce Development ("OEWD"),
-9 issued a Request for Proposals on December 1, 2009, seeking proposals from qualified
10 respondents for such interim uses on the Remaining Parcels (the "RFP"); and

11 WHEREAS, PROXYdevelopment LLC ("Subtenant") submitted a proposal to sublease
12 Parcel K for retail activities (including the sale of foods and beverages), the operation of
13 restaurants, and the operation of a membership-based car sharing business; and

14 WHEREAS, The City wishes to sublease Parcel K to the Subtenant for three years at a
15 monthly base rent of \$5,000 per month for such uses under a lease substantially in the form
16 on file with the Clerk of the Board of Supervisors in File No. 100670 (the
17 "Sublease"), if the Agency's Executive Director approves revising the Agency Ground Lease
18 to have a three year term and approves the Sublease; and

19 WHEREAS, The Director of Planning, by letter dated May 14, 2010, a copy of which is
20 on file with the Clerk of the Board of Supervisors in File No. 100670, found that the
21 proposed sublease of Parcel K is categorically exempt from environmental review and is in
22 conformance with the City's General Plan; now, therefore, be it

23 RESOLVED, That in accordance with the recommendation of the Director of OEWD
24 and the Director of Property, the Director of Property is hereby authorized to request the
25 Agency's Executive Director approval to revise the Agency Ground Lease to have a three

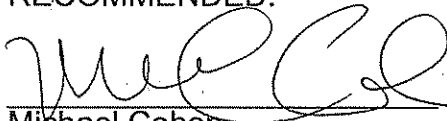
1 year term and to permit City to sublease Parcel K to Subtenant on the terms set forth in the
2 Sublease; and, be it

3 FURTHER RESOLVED, If the Agency's Executive Director approves such request to
4 revise the Agency Ground Lease and to approve the Sublease, the Director of Property is
5 hereby authorized to execute the Sublease; and, be it

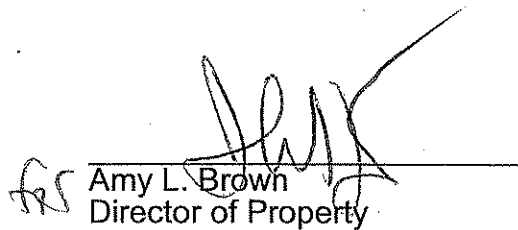
6 FURTHER RESOLVED, That all actions heretofore taken by any employee or official of
7 the City with respect to the RFP, the Amendment to Ground Lease and the Sublease are
8 hereby approved, confirmed and ratified; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
10 Property to enter into any amendments or modifications to the Sublease that the Director of
11 Property determines, in consultation with the City Attorney, are in the best interest of the City,
12 do not materially reduce the rent or otherwise materially increase the obligations or liabilities
13 of the City, are necessary or advisable to effectuate the purposes of the Sublease and are in
14 compliance with all applicable laws, including City's Charter.

15
16 RECOMMENDED:

17 

18 Michael Cohen
19 Director, Office of Economic
20 and Workforce Development

21 

22 fcs Amy L. Brown
23 Director of Property
24
25

LEASE

between

CITY AND COUNTY OF SAN FRANCISCO, Landlord

and

PROXYDEVELOPMENT, LLC, Lessee

**For the lease of Parcel K
(near the SE Corner of Hayes and Octavia)
San Francisco, California**

July 14, 2010

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
 (S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, San Francisco Board of Supervisors	City elective office(s) held: Members, San Francisco Board of Supervisors
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: PROXY development, LLC	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. DOUGLAS BURNHAM, SOLE MEMBER	
Contractor address: 1661 20TH ST. No. 1 OAKLAND, CA 94607	
Date that contract was approved:	Amount of contract: LOT L: \$2,000/MO, 4 YR. TERM LOT K: \$5,000/MO, 3 YR. TERM
Describe the nature of the contract that was approved: LEASES FOR OCTAVIA BLVD LOTS K + L	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Clerk of the San Francisco Board of Supervisors	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: bos.legislation@sfgov.org

 Signature of City Elective Officer (if submitted by City elective officer)

 Date Signed

 Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

 Date Signed



SAN FRANCISCO PLANNING DEPARTMENT

May 14, 2010

Ms. Amy Brown
Director of Real Estate
San Francisco Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Re: **Case No. 2010.0359R**
Central Freeway Parcels K and L (0817/030, 0817/033)
Proposed Leases for Interim Uses

Dear Ms. Brown,

The Department received your request on 5/12/2010, for a General Plan Referral as required by Section 4.105 of the San Francisco Charter, and Section 2A.53 of the San Francisco Administrative Code.

Project Description

Parcels K and L were vacated as part of the demolition of the Central Freeway and construction of Octavia Boulevard. Parcel K was transferred by the City to the San Francisco Redevelopment Agency. The Redevelopment Agency plans eventually to develop affordable housing on this parcel, but does not anticipate doing so for several years. In the meantime, the City has leased this parcel back from the Redevelopment Agency for the purpose of interim uses. Parcel L is owned by the City and awaits future disposition to a developer.

In December 2009, the City issued a Request for Proposals from qualified respondents for interim uses on several vacant Central Freeway parcels, including parcels K and L, for the purpose of activating these parcels to provide additional amenities to the public and promote economic development, until the economy will allow for housing development on these sites.

These parcels were rezoned as part of the Market Octavia Plan. Their current zoning is Hayes NCT. The Market Octavia Plan envisions mixed use development on these parcels ultimately, with ground floor retail on both parcels.

As a result of a competitive solicitation, the City intends to enter into leases with PROXYDevelopment, LLC for the purpose of providing interim retail activities, including the sale of foods and beverages, the operation of restaurants, and the operation of a membership-based car sharing business. The term of the Parcel K lease is three years and the term of the Parcel L lease is four years. The detailed proposal from PROXYDevelopment is attached to this letter and incorporated by reference.

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Case No. 2010.0359R
Central Freeway Parcels K and L (0817/030, 0817/033)
Proposed Leases for Interim Uses

Environmental Review

The Major Environmental Review section of the Planning Department has determined that the Project is exempt from Environmental Review as a non physical project per CEQA Guidelines Section 15060(c)(2).

Staff has determined that the Project is consistent with the Eight Priority Policies of the Planning Code Section 101.1 (see Attachment 3).

Staff has determined that the project is, on balance, IN CONFORMANCE with the General Plan.

Please note that this referral covers only the proposed interim leases described above. A further referral may be required when proposed development on the parcels is considered by the Planning Department.

Sincerely,



John Rahaim
Director of Planning

cc: Stephen Shotland, Planning Department
Ken Rich, Planning Department
Rich Hillis

Attachments:

1. General Plan Case Report
2. Eight Priority Policies Findings- Planning Code Section 101.1
3. List of Project Improvements

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Case Report

Attachment 1

Case No. 2010.0359R
Central Freeway Parcels K and L (0817/030, 0817/033)
Proposed Leases for Interim Uses

Staff reviewer: Ken Rich
Date: 5/13/2010

General Plan Policy Findings

Note: General Plan Objectives are in **BOLD CAPS**, and Policies are in **bold font**, General Plan text is in regular font, and staff comments are in *italic font*.

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 6:

**MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS
EASILY ACCESSIBLE TO CITY RESIDENTS.**

POLICY 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

POLICY 6.2

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to economic and technological innovation in the marketplace and society.

POLICY 6.4

Encourage the location of neighborhood shopping areas throughout the city so that essential retail goods and personal services are accessible to all residents.

Comment: The proposed interim leases will support retail, arts and food-related activities which will support the General Plan goals and objectives above.

Case No. 2010.0359R
Central Freeway Parcels K and L (0817/030, 0817/033)
Proposed Leases for Interim Uses

MARKET AND OCTAVIA AREA PLAN

OBJECTIVE 1.1

CREATE A LAND USE PLAN THAT EMBRACES THE MARKET AND OCTAVIA NEIGHBORHOOD'S POTENTIAL AS A MIXED-USE URBAN NEIGHBORHOOD

POLICY 1.1.3

Encourage housing and retail infill to support the vitality of the Hayes-Gough, Upper Market, and Valencia Neighborhood Commercial Districts.

POLICY 1.1.8

Reinforce continuous retail activities on Market, Church, and Hayes Streets, as well as on Van Ness Avenue.

OBJECTIVE 6.2

ENCOURAGE NEW DEVELOPMENT ON THE CENTRAL FREEWAY PARCELS AND THE MARKET STREET SAFEWAY SITE TO HEAL THE PHYSICAL FABRIC OF THE NEIGHBORHOOD AND IMPROVE NEIGHBORHOOD CHARACTER.

POLICY 6.2.1

Provide guidelines for new development that respond to the opportunities presented by the Central Freeway parcels

Comment: The proposed interim leases will further the goals and objectives above, related to encouraging strong retail activities in this area and appropriately re-using the Central Freeway parcels.

Planning Code Section 101.1(b) Priority Policies Findings

Attachment 2

Case No. 2010.0359R

Central Freeway Parcels K and L (0817/030, 0817/033)

Proposed Leases for Interim Uses

The following Priority Policies are hereby established. They shall be included in the preamble to the General Plan and shall be the basis upon which inconsistencies in the General Plan are resolved:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;
The Project is not in conflict with this policy. The Project will provide for interim retail uses of vacant parcels and will compliment existing retail in Hayes Valley.
2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;
The Project is not in conflict with this policy. The interim uses on Parcel K will be replaced in the future with affordable housing
3. That the City's supply of affordable housing be preserved and enhanced;
The Project is not in conflict with this policy.
4. That commuter traffic not impede Muni transit services or overburden our streets or neighborhood parking;
The Project is not in conflict with this policy. The project will not affect or create commute trips.
5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;
The Project is not in conflict with this policy.
6. That the City achieve the greatest possible preparedness to protect against injury and the loss of life in an earthquake.
The Project is not in conflict with this policy.
7. That landmarks and historic buildings be preserved; and
The Project is not in conflict with this policy.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project is not in conflict with this policy.