

File No. 140782

Committee Item No. 2

Board Item No. 34

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date July 16, 2014

Board of Supervisors Meeting

Date July 22, 2014

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" 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 type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
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#### OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PUC Resolution No. 14-013.</u>              |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Rec. &amp; Park Resolution No. 1406-011</u> |
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Completed by: Linda Wong

Date July 11, 2014

Completed by: L.W.

Date 7/17/14

FILE NO. 140782

RESOLUTION NO.

1 [Conditional Jurisdictional Transfer of City Property - Francisco Reservoir - \$9,900,000]

2  
3 **Resolution approving the jurisdictional transfer of Assessor's Block No. 0046, Lot No.**  
4 **001, consisting of 3.29 acres and 143,344 square feet, and a portion of Assessor's**  
5 **Block No. 0047, Lot No. 001, commonly known as Francisco Reservoir, and**  
6 **surrounding area currently under the jurisdiction of the San Francisco Public Utilities**  
7 **Commission (SFPUC), to the Recreation and Park Department (RPD) as to subject to**  
8 **the terms and conditions of a Memorandum of Understanding between SFPUC and**  
9 **RPD; approving the transfer price of \$9,900,000; and making environmental findings,**  
10 **and findings of consistency with the General Plan, and the eight priority policies of**  
11 **Planning Code, Section 101.1.**

12  
13 WHEREAS, The City and County of San Francisco (City) owns certain real property  
14 located at 2445 Hyde Street, in San Francisco, California, and known as Assessor's Block No.  
15 0046, Lot No. 001, and a portion of Assessor's Block No. 0047, Lot No. 001, which is under  
16 the jurisdiction of the San Francisco Public Utilities Commission (SFPUC), as depicted on a  
17 map (Project Map) on file with the Clerk of the Board of Supervisors in File No. 140782 and  
18 incorporated herein by reference (City Property); and

19 WHEREAS, The SFPUC has declared the City Property as surplus to the needs of any  
20 utility under the jurisdiction of the SFPUC; and

21 WHEREAS, The Recreation and Park Department (RPD) wishes to acquire jurisdiction  
22 as noted on the Project Map over the City Property to design and develop a park; and

23 WHEREAS, On May 20, 2014, the Planning Department determined that the  
24 jurisdictional transfer of the City Property from SFPUC to RPD would not be subject to the  
25 California Environmental Quality Act Public Resources Code Section 21000 *et seq.* (CEQA),

1 pursuant to CEQA Guidelines Section 15060(c)(2), which provides that an activity is not  
2 subject to CEQA if the activity will not result in a direct or reasonably foreseeable indirect  
3 physical change in the environment, because there is no current design or specific plan for  
4 use of the City Property. Said determination is on file with the Clerk of the Board of  
5 Supervisors in File No. 140782 and is incorporated herein by reference; and

6 WHEREAS, The proposed acquisition of the City Property through the conditional  
7 jurisdictional transfer addresses a High Needs Area and/or an open space deficient area, of  
8 the Recreation and Open Space Element of the General Plan; and

9 WHEREAS, In accordance with the provisions of Section 23.14 of the San Francisco  
10 Administrative Code, the Director of Property has determined and reported to the Mayor that  
11 the estimated fair market value of the City Property is Nine Million Nine Hundred Thousand  
12 Dollars (\$9,900,000), the fair market value of the City Property exceeds its historical cost, and  
13 in his opinion, the City Property can be used more advantageously by RPD; and

14 WHEREAS, In order to implement the jurisdictional transfer, RPD and SFPUC  
15 have negotiated and executed a Memorandum of Understanding (MOU), a copy of which is  
16 on file with the Clerk of the Board of Supervisors in File No. 140782; and

17 WHEREAS, RPD anticipates making payments due under the terms of the MOU from  
18 the Open Space Acquisition Fund; and

19 WHEREAS, In a letter to the SF Recreation and Park Department dated June 26, 2014,  
20 the City's Planning Department found that the jurisdictional transfer of the City Property to RPD  
21 complies with CEQA and is consistent with the City's General Plan and with Planning Code  
22 Section 101.1-(b). A copy of such letter is on file with the Clerk of the Board of Supervisors in  
23 File No. 140782 and is incorporated herein by reference. The Board of Supervisors finds that  
24 the actions contemplated in this Resolution are consistent with the City's General Plan and with  
25 Planning Code Section 101.1-(b) for the reasons set forth in said letter; and

1 WHEREAS, The execution of the MOU and the jurisdictional transfer contemplated  
2 herein was approved by SFPUC on July 8, 2014, through Resolution No. 14-0113, and by  
3 Recreation and Park Commission on June 19, 2014, through Resolution No. 1406-011, copies  
4 of both Resolutions are on file with the Clerk of the Board of Supervisors in File No. 140782;  
5 and

6 WHEREAS, In adopting the SFPUC and Recreation and Park Commission  
7 Resolutions, both SFPUC, and the Recreation and Park Commission, acted in accordance  
8 with CEQA; now, therefore, be it

9 RESOLVED, That in accordance with the recommendation of the General Manager of  
10 the SFPUC, the General Manager of the RPD, and the Director of Property, the Board of  
11 Supervisors hereby declares that the public interest or necessity will not be inconvenienced by  
12 the jurisdictional transfer of the City Property; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors finds that the actions  
14 contemplated in this Resolution are consistent with the City's General Plan and with Planning  
15 Code Section 101.1-(b) for the reasons set forth in the letter from the Planning Department to  
16 the Director of Property referenced above; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and directs  
18 the Director of Property to transfer jurisdiction of the City Property in accordance with the  
19 terms and conditions of the MOU; and, be it

20 FURTHER RESOLVED, That the jurisdictional transfer contemplated herein is not  
21 subject to Chapter 23A of the San Francisco Administrative Code, the Surplus Property  
22 Ordinance, for the reasons set forth in Section 23A.2-(I); and, be it

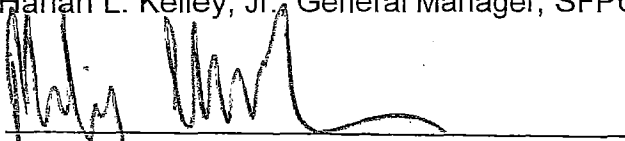
23 FURTHER RESOLVED, That the Recreation and Park Department report to the Board  
24 of Supervisors prior to December 31, 2014 on (1) the Department's strategy to acquire open  
25 space properties that meet the Open Space Acquisition Policy priorities; and (2) an evaluation

1 of the District 6 Open Space Committee process and how it could be extended to other high  
2 needs neighborhoods in the City; and, be it

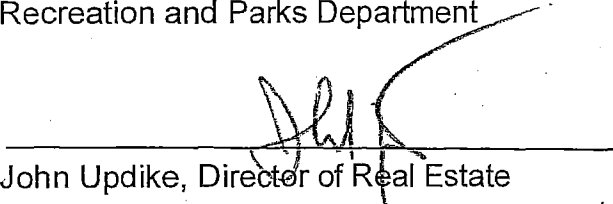
3 FURTHER RESOLVED, That the Mayor, the Clerk of the Board of Supervisors, the  
4 Director of Property, the General Manager of the SFPUC, and the General Manager of the  
5 RPD are each authorized and directed to enter into any and all documents and take any and  
6 all actions which such party, in consultation with the City Attorney, determines are in the best  
7 interest of the City, are necessary or advisable to consummate the performance of the  
8 purposes and intent of this Resolution, and comply with all applicable laws, including the  
9 City's Charter, and including but not limited to the MOU and any modifications or amendments  
10 thereto.

11 

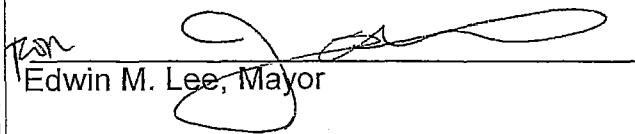
12 Harlan L. Kelley, Jr., General Manager, SFPUC

13 

14 Philip A. Ginsburg, General Manager  
15 Recreation and Parks Department

16 

17 John Updike, Director of Real Estate

18 

19 Edwin M. Lee, Mayor

**Item 2**  
**File 14-0782**

**Departments:**  
Recreation and Park Department (RPD)  
Public and Utilities Commission (PUC)  
Real Estate Division (RED)

**EXECUTIVE SUMMARY**

**Legislative Objective**

- The proposed resolution (1) authorizes the jurisdictional transfer of Assessor’s Parcel Block 0046, Lot 001, and a portion of Block 0047, Lot 001 (known as the Francisco Reservoir site) from the San Francisco Public Utilities Commission (SFPUC) to the Recreation and Park Department in the amount of \$9,900,000, and (2) finds that the transaction is consistent with the City’s General Plan and Planning Code Section 101.1 as well as exempt from California Environmental Quality Act (CEQA) review.

**Key Points**

- The Francisco Reservoir is a 3.29 acre, 143,344 square foot site located at 2445 Hyde Street in the City’s Russian Hill neighborhood. The site has not been in active use since the reservoir was closed in 1940 by SFPUC’s predecessor, the San Francisco Water Department. It is adjacent to the 0.96 acre Russian Hill Open Space.
- Recent City policy documents, including a resolution passed by the Board of Supervisors (File 08-1327) on December 19, 2008, have expressed support for maintaining the property as open space in light of neighborhood resistance to development and desire for additional park space.
- The Recreation and Park Department intends to leverage Open Space Acquisition Funds to finance the transfer of the site and enable the future development of a neighborhood park in partnership with the site’s surrounding community. From FY 2000-01 through FY 2013-14, deposits into the Open Space Acquisition Fund have totaled \$20.3 million, of which \$11.0 million or 55.7% have been used to acquire property, with a current balance of \$9.3 million. In accordance with the Open Space Acquisition Fund’s acquisition policy, an evaluation of the Francisco Reservoir designated the site as servicing a “mid-range” of needs.

**Fiscal Impact**

- Under the Memorandum of Understanding (MOU) approved by the Recreation and Park Commission on June 19, 2014, and the Public Utilities Commission on July 8, 2014, the Recreation and Park Department will make payments to SFPUC from the Open Space Acquisition Fund totaling an estimated \$10,669,725 over 12 years, beginning on the later of September 30, 2014 or 30 days after execution of the MOU.
- Interest payments are estimated at 1 percent of the outstanding balance each year, based on the current Treasurer’s Pooled interest. Because interest rates are likely to increase over the next 12 years, total principal and interest payments by the Recreation and Park Department to SFPUC will likely exceed \$10,669,725. In addition, reductions in annual deposits due to lower property tax revenues or increased expenditures to acquire additional properties could result in a future Open Space Acquisition Fund balance that is lower than current estimates.

- A neighborhood organization, the Francisco Park Project, has set a goal to raise \$11 million for development and maintenance of the park on the Francisco Reservoir property, including \$8.5 million for park development and \$2.5 million for ongoing maintenance costs. To date, the Francisco Park Project has raised pledges of \$9 million. However, there is no certainty as to how much of the \$11 million goal will be realized. The Recreation and Park Department states the project will be scaled down if the community group is unable to raise sufficient funds.
- A detailed proposed construction and design budget is not available at this time although the Francisco Park Project estimates \$139,369 in ongoing annual maintenance costs and \$56,500 in one-time costs. There is currently no official timeline for project completion.

#### **Policy Consideration**

- The Recreation and Park Department's Open Space Acquisition Policy prioritizes acquisition of properties (1) in neighborhoods designated "High Needs" or deficient in open space, (2) in areas experiencing high population growth, and (3) to preserve natural resources. The Recreation and Park Department's current Open Space Acquisition Fund roster does not contain any sites that are classified as "High Needs" and the current acquisition process is highly community-driven. In 2013, the Recreation and Park Department formed the District 6 Open Space Committee to identify potential new park sites and develop a priority list of available properties in the Tenderloin and South of Market areas, much of which is designated as "High Needs".

#### **Recommendations**

- Amend the proposed resolution to request the Recreation and Park Department to report to the Board of Supervisors prior to December 31, 2014 on (1) the Department's strategy to acquire open space properties that meet the Open Space Acquisition Policy priorities; and (2) an evaluation of the District 6 Open Space Committee process and how it could be extended to other high needs neighborhoods in the City.
- Approval of the proposed resolution is a policy decision for the Board of Supervisors.

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

In accordance with Administrative Code Section 23.1, all resolutions and ordinances involving sales, leases, acceptances, and other real estate transactions must be conducted through the Director of Real Estate and subject to approval by the Board of Supervisors.

In accordance with Administrative Code Section 23.4, the Director of Real Estate cannot accept deeds or other instruments granting real property to the City without Board of Supervisors approval.

According to City Charter Section 16.107 (b), the City must set aside from the annual property tax levy an amount equivalent to two and one-half cents (\$0.025) for each one hundred dollars (\$100) assessed property valuation which is to be deposited into the Park, Recreation and Open Space Fund. Charter Section 16.107(f)(3) states that an allocation of not less than 5% of the monies to be deposited in the Fund shall be dedicated to the acquisition of real property.

**Background****Francisco Reservoir**

The Francisco Reservoir is a 3.29 acre, 143,344 square foot site owned by the San Francisco Public Utilities Commission (SFPUC), located at 2445 Hyde Street in the Russian Hill neighborhood (Assessor's Block 0046, Lot 001 and a portion of Block 0047, Lot 001). See Figure 1 below for a map of the Francisco Reservoir site.



**Figure 1: Map of Francisco Reservoir Site**

Source: San Francisco Public Utilities Commission

The brick and concrete-lined reservoir was opened for use in 1865 by the Spring Valley Water Company and purchased in 1930 by SFPUC's predecessor, the San Francisco Water Department. The site, which is adjacent to the 0.96 acre Russian Hill Open Space, has not been in active use since the reservoir was closed in 1940.

#### **Recent City Policy Documents**

There have been several competing plans considered for the site since the reservoir's closure, including residential redevelopment and recreation and park services. Several recent City policy documents have expressed support for open space plans in light of strong neighborhood resistance to development and desire for additional park space.

- On October 20, 2008 the SFPUC Citizens Advisory Committee passed a policy resolution recognizing the Francisco Reservoir as a major open space amenity.
- On December 19, 2008 the Board of Supervisors passed a resolution (File 08-1327) declaring it to be Board policy that Francisco Reservoir be maintained as open space and urging SFPUC to designate the site as such.
- On June 26, 2012 the SFPUC Citizens Advisory Committee approved a policy resolution further affirming the site's value and desired use as open space, and

affirming SFPUC's need to receive fair compensation in the event of a property transfer to another City department.

The June 26, 2012 resolution further noted that SFPUC's Stewardship Policy encourages community participation in major land use decisions, and that the Recreation and Open Space Element in the City's General Plan designates that surplus PUC lands should be maintained as open space and made accessible to the public.

According to Mr. Anthony Bardo, SFPUC Assistant Real Estate Director, the SFPUC has been actively seeking to dispose of properties not essential to the SFPUC's operations in order to raise funds to assist rate-payers and ease budget pressures resulting from the \$4.6 billion Water System Improvement Program. SFPUC does not want the responsibility or liability of ongoing maintenance and operations costs for the Francisco Reservoir property; further, SFPUC is mandated to receive fair market value in the event of a property transfer.

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution (1) authorizes the jurisdictional transfer of the Francisco Reservoir site from SFPUC to the Recreation and Park Department in the amount of \$9,900,000, and (2) finds that the transaction is consistent with the City's General Plan and Planning Code Section 101.1 as well as exempt from California Environmental Quality Act (CEQA) review.

The Recreation and Park Department intends to leverage Open Space Acquisition Funds to finance the transfer of the site and enable the future development of a neighborhood park in partnership with the site's surrounding community and neighborhood associations. According to Ms. Stacy Bradley, Recreation and Park Department Planner, the Department has been engaging with community stakeholders for several years on potential park plans. The Recreation and Park Department believes the site is "an excellent location for a signature park in our system".

The total cost to purchase the property is projected to be \$10,669,725, as shown in Table 1 below.

**Table 1: Total Projected Cost to Purchase the Property**

Terms	Amount
Total Square Footage	143,344
Proposed Price Per Square Foot	x \$69.06
Proposed Purchase Price (rounded)	\$9,900,000
Projected Interest Payments <sup>1</sup>	769,725
<b>Total Projected Cost to Acquire Property</b>	<b>\$10,669,725</b>

Source: Recreation and Park Department

<sup>1</sup> Purchase payments by the Recreation and Park Department to SFPUC are scheduled over 12 years; interest accrues annually on the outstanding balance (see Fiscal Impact section below).

**Open Space Acquisition Fund and Francisco Reservoir Site Evaluation**

The Recreation and Park Department has had an active open space acquisition program supported through property tax set-asides since Proposition J was approved in 1975. Open space acquisition support was extended in November of 1988 through the approval of Proposition E, and again in March of 2000 with the approval of Proposition C. This latest extension maintains property tax funding for the Open Space program through FY 2030-2031.

Table 2 below details Open Space Acquisition Fund deposits, expenditures, and acquisitions from FY 2000-01 through FY 2013-14. As shown in Table 2, deposits into the Open Space Acquisition Fund from FY 2000-01 through FY 2013-14 are \$20.3 million, of which \$11.0 million or 55.7% have been used to acquire property, with a remaining balance of \$9.3 million.

**Table 2: Open Space Acquisition Fund Expenditures, FY 2000-2001 to FY 2013-14**

Fiscal Year	Deposits	Expenditures	Percent of Fund Used in Each Fiscal Year	End-of-Year Balance	Property Acquisitions
FY 2000-01	\$1,300,000	0	0.0%	\$1,300,000	
FY 2001-02	0	0	0.0%	1,300,000	
FY 2002-03	1,089,315	1,088,023	99.9%	1,301,292	Hawk Hill Park
FY 2003-04	1,200,000	677,859	56.5%	1,823,433	Page Street Community Gardens
FY 2004-05	1,213,500	2,805,163	231.2%	231,770	Edgehill Mountain Park & 701 Lombard St.
FY 2005-06	1,299,680	1,204,220	92.7%	327,230	Edgehill Mountain Park
FY 2006-07	1,461,150	1,224,203	83.8%	564,177	Edgehill Mountain Park & 701 Lombard St.
FY 2007-08	1,646,500	0	0.0%	2,210,677	
FY 2008-09	1,858,000	0	0.0%	4,068,677	
FY 2009-10	1,830,450	0	0.0%	5,899,127	
FY 2010-11	1,736,000	3,723	0.2%	7,631,404	DPW and Real Estate Division work orders for property appraisals and environmental assessments.
FY 2011-12	1,808,450	7,182	0.4%	9,432,672	DPW and Real Estate Division work orders for property appraisals and environmental assessments.
FY 2012-13	1,860,000	3,960,447	212.9%	7,332,225	Environmental Assessment for 900 Innes Ave and 3861 24th St acquisition.
FY 2013-14	2,028,000	39,516	1.9%	9,320,709	DPH fee for 900 Innes acquisition, Noe Valley Town Square Environmental Assessment (081WM), various expenses/fees related to Noe Valley Town Square Acquisition, Noe Valley Ministry Acquisition
<b>Total</b>	<b>\$20,331,045</b>	<b>\$11,010,336</b>	<b>55.7%</b>	<b>\$9,320,709</b>	

Source: Deposits: FY 2000-01 to FY 2013-14 Annual Appropriate Ordinances; Expenditures: Recreation and Park Department and the Office of the Controller; Percentages and balances calculated by the Budget and Legislative Analyst

In 2011, the Recreation and Park Department adopted an Acquisition Policy to provide guidance to the City and stakeholders with respect to how Open Space Acquisition Funds should be utilized. The policy has three distinct goals:

1. Acquire properties that are found within or serve a High Needs Area<sup>1</sup> and/or an open space deficient area
2. Acquire properties that have identified funding for the purchase, development, and maintenance of the property
3. Acquire properties that encourage a variety of recreational and open space uses.

The Francisco Reservoir has been on the Recreation and Park Department's Acquisition Roster since 2011 and is classified as servicing an area with a mid-range of needs. Below are the primary findings of the site's evaluation:

- The site is not located within and does not serve an area designated as High Needs
- The site is located within a Distribution Deficiency Gap due to the lack of a children's playground within a ¼ mile radius around the site
- The site is not located within an adopted Area Plan
- The proposed project has significant community support and financial pledges from a neighborhood coalition
- The site is adjacent to an existing Recreation and Park Department property, and provides opportunities for passive and active recreational uses, in addition to providing scenic views.

#### **Francisco Reservoir Fair Market Value**

On September 1, 2013, SFPUC procured an appraisal of the property from Clifford Advisory LLC<sup>2</sup> giving the land a fair market value of \$9,900,000. This appraisal has been approved by the City's Director of Real Estate, in accordance with Section 23.14 of the City's Administrative Code. According to Mr. Bardo, although the site could technically support improvements that would result in a greater potential market value, such as residential and commercial development, significant neighborhood opposition to such development raised concerns about feasibility. According to the appraisal report, only 1.09 acres of the 3.29 acre Francisco Reservoir property (33 percent) would support vertical development with the balance of the property representing an expansion of surrounding open space and park uses.

#### **California Environmental Quality Act Review**

The Planning Department has determined that the jurisdictional transfer of the Francisco Reservoir from SFPUC to the Recreation and Park Department is not considered a project as

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<sup>1</sup> The Recreation and Open Space Element of the San Francisco General Plan defines "High Needs Areas" as those areas of the city that have (a) high population density, (b) a high percentage of children and / or seniors, (c) a high percentage of low-income households, and (d) low access to open space, and areas with high growth projections between 2014 and 2040.

<sup>2</sup> Clifford Advisory, LLC is a San Francisco-based real estate valuation and arbitration firm that has been working in the Bay Area for approximately 30 years. The firm was selected for the Francisco Reservoir appraisal via a competitive bid.

defined by CEQA. Future development of the property will be subject to separate environmental review pursuant to CEQA.

## FISCAL IMPACT

### Proposed Payment Schedule

The Recreation and Park Department and SFPUC will enter into a Memorandum of Understanding (MOU) for the jurisdictional transfer of the Francisco Reservoir from SFPUC to the Recreation and Park Department subsequent to Board of Supervisors approval of the proposed jurisdictional transfer. Under the MOU approved by the Recreation and Park Commission on June 19, 2014 and the Public Utilities Commission on July 8, 2014, the Recreation and Park Department will make payments to SFPUC from the Open Space Acquisition Fund totaling an estimated \$10,669,725 over 12 years. Payments will begin on the later of September 30, 2014 or 30 days after execution of the MOU. The payment schedule is shown in Table 3 below, including annual principal and interest payments. As can be seen in Table 3, the proposed schedule is back-loaded, with \$7,959,600 in principal, or approximately 80% of the total \$9,900,000, coming due in the last six years of the 12-year payment schedule.

**Table 3: Francisco Reservoir Payment Schedule**

Year	Principal	Interest	Total
1	\$207,900	\$0	\$207,900
2	198,000	96,921	294,921
3	198,000	94,941	292,941
4	425,700	92,961	518,661
5	455,400	88,704	544,104
6	455,400	84,150	539,550
<b>Subtotal Years 1 through 6</b>	<b>1,940,400</b>	<b>457,677</b>	<b>2,398,077</b>
7	950,400	79,596	1,029,996
8	980,100	70,092	1,050,192
9	1,039,500	60,291	1,099,791
10	1,564,200	49,896	1,614,096
11	1,633,500	34,254	1,667,754
12	1,791,900	17,919	1,809,819
<b>Subtotal Years 7 through 12</b>	<b>7,959,600</b>	<b>312,048</b>	<b>8,271,648</b>
<b>Total</b>	<b>\$9,900,000</b>	<b>\$769,725</b>	<b>\$10,669,725</b>

Source: Recreation and Parks Department

Interest payments in Table 3 above are estimated at 1 percent of the outstanding balance each year, based on the current Treasurer's Pooled interest rate. Because interest rates are likely to increase over the next 12 years, total principal and interest payments by the Recreation and Park Department to SFPUC will likely exceed \$10,669,725. For example, if interest rates were to

remain at 1% for Years 1 – 6 of the payment schedule, but rise to 3% for Years 7 – 12, it would result in an additional \$624,096 in interest payments and raise the total projected transfer cost to \$11,293,821.

Attachment I to this report shows the Recreation and Park Department’s projected Open Space Acquisition Fund balance from FY 2014-15 through FY 2030-31, the year in which the Fund sunsets, which includes expenditures for the proposed purchase of Francisco Reservoir, Innes Avenue, and the Schlage Lock Factory properties. While Attachment I shows an estimated end-of-year Fund balance ranging from \$11.1 million in FY 2014-15 up to \$39.2 million in FY 2030-31, reductions in annual deposits due to lower property tax revenues or increased expenditures to acquire additional properties could result in a lower fund balance.

**Development and Maintenance Costs**

According to Ms. Bradley, the Francisco Park Project, a neighborhood organization, has set a goal to raise \$11 million for development and maintenance of the park on the Francisco Reservoir property, including \$8.5 million to pay for park development and \$2.5 million to establish a fund for ongoing maintenance costs. To date, the Francisco Park Project has raised pledges of \$9 million. However, there is no certainty as to how much of the \$11 million will be realized.

According to Ms. Bradley, the initial construction and design budget is based on a conceptual plan developed by the community which has not been officially endorsed by the Recreation and Park Department; a detailed proposed construction and design budget is therefore not available at this time. Once the property is acquired, the Recreation and Park Department will work with the neighborhood organization to enter into an MOU for the construction and design budget. As shown in Table 4 below, the Francisco Park Project estimates \$139,369 in ongoing annual maintenance costs and \$56,500 in one-time costs.

**Table 4: Francisco Park Estimated Maintenance Costs**

<b>Item</b>	<b>Amount</b>
<b>Annual Costs</b>	
Landscape Maintenance (1 Gardener)	\$129,168
Turf Renovation (1 Operator Engineer)	1,476
<b>Subtotal Labor Costs</b>	<b>130,644</b>
Replacement Plant Material	3,000
Miscellaneous bulk landscape materials and supplies	5,000
Seed	563
Fertilizer	162
<b>Subtotal Supplies</b>	<b>8,725</b>
<b>Total Annual Costs</b>	<b>\$139,369</b>
<b>One Time Costs</b>	
Miscellaneous hand gardening tools	\$1,500
Power landscaping equipment	25,000
Vehicle	30,000
<b>Total One Time Costs</b>	<b>\$56,500</b>

Source: Recreation and Parks Department

remain at 1% for Years 1 – 6 of the payment schedule, but rise to 3% for Years 7 – 12, it would result in an additional \$624,096 in interest payments and raise the total projected transfer cost to \$11,293,821.

Attachment I to this report shows the Recreation and Park Department's projected Open Space Acquisition Fund balance from FY 2014-15 through FY 2030-31, the year in which the Fund sunsets, which includes expenditures for the proposed purchase of Francisco Reservoir, Innes Avenue, and the Schlage Lock Factory properties. While Attachment I shows an estimated end-of-year Fund balance ranging from \$11.1 million in FY 2014-15 up to \$39.2 million in FY 2030-31, reductions in annual deposits due to lower property tax revenues or increased expenditures to acquire additional properties could result in a lower fund balance.

#### Development and Maintenance Costs

According to Ms. Bradley, the Francisco Park Project, a neighborhood organization, has set a goal to raise \$11 million for development and maintenance of the park on the Francisco Reservoir property, including \$8.5 million to pay for park development and \$2.5 million to establish a fund for ongoing maintenance costs. To date, the Francisco Park Project has raised pledges of \$9 million. However, there is no certainty as to how much of the \$11 million will be realized.

According to Ms. Bradley, the initial construction and design budget is based on a conceptual plan developed by the community which has not been officially endorsed by the Recreation and Park Department; a detailed proposed construction and design budget is therefore not available at this time. Once the property is acquired, the Recreation and Park Department will work with the neighborhood organization to enter into an MOU for the construction and design budget. As shown in Table 4 below, the Francisco Park Project estimates \$139,369 in ongoing annual maintenance costs and \$56,500 in one-time costs.

**Table 4: Francisco Park Estimated Maintenance Costs**

Item	Amount
<u>Annual Costs</u>	
Landscape Maintenance (1 Gardener)	\$129,168
Turf Renovation (1 Operator Engineer)	1,476
<b>Subtotal Labor Costs</b>	<b>130,644</b>
Replacement Plant Material	3,000
Miscellaneous bulk landscape materials and supplies	5,000
Seed	563
Fertilizer	162
<b>Subtotal Supplies</b>	<b>8,725</b>
<b>Total Annual Costs</b>	<b>\$139,369</b>
<u>One Time Costs</u>	
Miscellaneous hand gardening tools	\$1,500
Power landscaping equipment	25,000
Vehicle	30,000
<b>Total One Time Costs</b>	<b>\$56,500</b>

Source: Recreation and Parks Department



If the Francisco Park Project does not secure all or a portion of its \$11 million goal, the balance of the costs for development and maintenance of the proposed park at Francisco Reservoir will result in General Fund costs unless other funding sources are identified. Ms. Bradley states that the Recreation and Park Department will scale down the park project as needed to conform to available funding.

Ms. Bradley states it will likely take eight months to two years to complete the design process and receive project approvals. There is currently no official timeline for project completion.

### **POLICY CONSIDERATION**

The Recreation and Park Department's current Open Space Acquisition Fund roster does not contain any sites that are classified as "High Needs", as shown in Attachment II to this report. As noted above, the Recreation and Park Department's Open Space Acquisition Policy prioritizes acquisition of properties (1) in neighborhoods designated "high needs" or deficient in open space, (2) in areas experiencing high population growth, and (3) to preserve natural resources. As previously noted in the Budget and Legislative Analyst's report on the acquisition of 3861 24<sup>th</sup> Street (File 13-0341), the Recreation and Park Department's acquisition process is highly community-driven and in most cases, properties that are included on the Open Space Acquisition Fund roster are recommended by community members rather than identification of properties in high needs areas.

The Recreation and Park Department began a process in 2013 to identify potential new park sites in District 6 (Tenderloin and South of Market), much of which is designated as a high needs area. According to Ms. Dawn Kamalanathan, Recreation and Park Department Director of Capital and Planning, the District 6 Open Space Committee has developed a priority list of available properties and the Director of Real Estate hired Colliers, a real estate broker, to assist in selecting a short list of potential properties for acquisition. Ms. Kamalanathan states the process in District 6 could potentially serve as a model for future acquisition of open space in high needs areas.

The Budget and Legislative Analyst recommends amending the proposed resolution to request the Recreation and Park Department to report to the Board of Supervisors prior to December 31, 2014 on (1) the Department's strategy to acquire open space properties that meet the Open Space Acquisition Policy priorities, noted above; and (2) an evaluation of the District 6 Open Space Committee process and how it could be extended to other high needs neighborhoods in the City.

**RECOMMENDATIONS**

1. Amend the proposed resolution to request the Recreation and Park Department to report to the Board of Supervisors prior to December 31, 2014 on (1) the Department's strategy to acquire open space properties that meet the Open Space Acquisition Policy priorities; and (2) an evaluation of the District 6 Open Space Committee process and how it could be extended to other high needs neighborhoods in the City.
2. Approval of the proposed resolution, as amended, is a policy decision for the Board of Supervisors.

## Open Space Acquisition Fund Analysis

2013/14 to 2030/31

	Estimated Deposits	Projected Balance (start of FY)	Francisco (Projected)	900 Innes (Estimated)	Schlage Lock (Estimated)	Remaining Funds (end of FY)	Balance with no acquisitions *
13-14		9.149				9.149	9.149 *
14-15	2.149	11.298	0.208			11.090	11.298
15-16	2.246	13.336	0.295	3.126		9.915	13.544
16-17	2.342	12.257	0.293		1.967	9.997	15.886
17-18	2.435	12.432	0.519			11.913	18.320
18-19	2.508	14.421	0.544		2.534	11.343	20.828
19-20	2.583	13.926	0.540			13.387	23.411
20-21	2.660	16.047	1.030			15.017	26.071
21-22	2.740	17.757	1.050			16.707	28.812
22-23	2.822	19.530	1.100			18.430	31.634
23-24	2.907	21.337	1.614			19.723	34.541
24-25	2.994	22.717	1.668			21.049	37.535
25-26	3.084	24.134	1.810			22.324	40.619
26-27	3.177	25.500				25.500	43.796
27-28	3.272	28.772				28.772	47.068
28-29	3.370	32.142				32.142	50.438
29-30	3.471	35.614				35.614	53.909
30-31	3.575	<b>39.189</b>				<b>39.189</b>	57.485
<b>Totals</b>	<b>48.336</b>		<b>10.670</b>	<b>3.126</b>	<b>4.500</b>		

\* The difference between the FY 2013-14 end-of-year balance discussed above and Attachment I is due to delays in reconciling year-end balances for FY 2013-14.

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3701

Attachment I

RECREATION and PARK DEPARTMENT ACQUISITION ROSTER

POLICY GOALS 1-3	MOST DESIRABLE	Located within or Serves a High Needs Area										
		Located within a Distribution Deficiency Gap										
		Leverages Other Funding for Acquisition										
		Leverages other Funding for Construction										
		Leverages other Funding for Maintenance										
		Passive Recreation										
Active Recreation												
Natural Resources Protection												
Special Attributes (Scenic Views, Accessibility to Water)												
PROJECT INFORMATION	Property Description and Site	Project Title	M. Scott School	Balboa Park Reservoir	India Basin (900 Innes Avenue)	Vislacion Valley Greenway	Selby & Palou Transfer	Francisco St. Reservoir	7th & Lawton	Palou / Phelps Open Space Extension	3rd and Hudson	Noe Valley Town Square
		Address / Block and Lot	20th Street b/w Tennessee and Minnesota St Block 4107, Lot 006	Block 3180, Lot 001	Properties surrounding 900 Innes Avenue. Block 4645 Lots 10, 10A, 11; Block 2629	Block 6201 lots 6 & 37; Block 6202 lots 2,3 & 45; Block 6208 lots 18-22 & 28-31 Block 6235 lots 13-15 & 32-34; Block 6238 lot 12,13,32 & 33; Block 6247 lots 11, 12, 30 & 31.	Selby St & Palou Ave Block 5331, Lot 055, 057	851 Bay St. Block 0046, Lot 001 and portion of Block 007, lot 001	Block 1937, Lot 001	Peiou Street and Phelps Avenue Block 5336 lots 052, 047, 048, 049, 001	4101 3rd Street Block 5269, lot 001	3861 24th Street/ Block 6509, Lot 040
		Property Size	29,999 sq. ft. / 0.69 acres	TBD	TBD	80,000 +/- sq. ft. / 2.11 acres	8,900 sq. ft. / 0.2 acres	172,000 sq. ft. / 3.95 acres	82,764 sq. ft. / 1.9 acres	14980 sq. ft. / 0.34 acres	7,200 sq. ft. / 0.16 acres	0.25 acres / 10,829 sq. ft.
Important Attributes & Notes From Site Info Sheet		Close Proximity to Transit; Existing Site Features and existing historic building likely provide both recreation opportunities and challenges; Within Central Waterfront Area Plan	Close Proximity to Transit; Within the Balboa Park Station Area Plan	Historic Resources located on site; Former Industrial Uses on site may require clean up; adjacent to RPD Properties; Part of local and regional trail alignment; Within Bayview Hunters Point Area Plan & India Basin Subarea Plan; In discussion; Investigation of property and status in progress; 3 different owners.	PUC owned; Existing recreational site features are currently maintained by RPD	DPW owned; Proximity to transit; Existing recreational site currently maintained by RPD; Adjacent to elevated portion of 280 Freeway; RPD previously requested improvements to site by DPW prior to transfer; Within the Bayview Hunters Point Area Plan.	PUC owned; Adjacent to RPD property; Scenic views of the Bay	Potential for Natural Resources to exist on site; SFUSD owned; partial views; Close Proximity to Transit; Surrounding area sloped; Adjacent streets pose potential hazards; On study corridor for cross town trail	Adjacent to existing RPD Property; Provides Scenic Views; Natural Area; Within Bayview Hunters Point Area Plan; Appraised value less than asking price.	Close Proximity to Transit; between 3 streets - 1 very busy; Appraised value less than asking price; Within Bayview Hunters Point Area Plan.	Strong community partner has leveraged funds for construction and maintenance; Possible \$4 grant may also contribute to acquisition.	
PROSAC Findings		Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster Jan. 2013
Date Listed		Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	Approved Roster June 2011	12/12/2012



# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

Date: June 26, 2014  
Case No. Case No. 2014.0673R

Acquisition by the San Francisco Recreation and Park Department of one parcel owned by the San Francisco Public Utilities Commission in the Russian Hill neighborhood for expanded public open space. The project at this time consists of land acquisition only - no immediate change in use or physical site changes are planned.

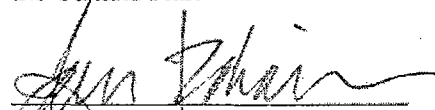
Block/Lot No.: 0047/001  
Project Sponsor: SF Recreation and Park Department  
Capital and Planning Division  
30 Van Ness Ave., 4<sup>th</sup> Floor  
San Francisco, CA 94102

Applicant: Stacy Bradley  
SF Recreation and Parks Department  
Capital and Planning Division  
30 Van Ness Ave., 4<sup>th</sup> Floor  
San Francisco, CA 94102

Staff Contact: Paul Chasan - (415) 575-9065  
[paul.chasan@sfgov.org](mailto:paul.chasan@sfgov.org)

Recommendation: Finding the project, on balance, is in conformity with the General Plan

Recommended By:

  
John Rahaim, Director of Planning

### PROJECT DESCRIPTION

Acquisition by the San Francisco Recreation and Park Department of one parcel in the Russian Hill neighborhood for expanded public open space. The project at this time consists of land acquisition only – no immediate change in use or physical site changes are planned. The parcel, a former reservoir is owned by the San Francisco Public Utilities Commission (SFPUC). The SFPUC has determined this to be unnecessary for their operations.

The submittal is for a General Plan Referral to recommend whether the Project is in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

### SITE DESCRIPTION AND PRESENT USE

The site is located at 2445 Hyde Street, which is the City's Russian Hill neighborhood. The site was formerly used as reservoir and was decommissioned in 1958. The site has been vacant ever since. An easement for the Francisco Street ROW currently bisects the site.

### ENVIRONMENTAL REVIEW

On May 7, 2014, the Environmental Planning Division of the Planning Department determined that the Project (acquisition of property [block/lot number: 0047/001] by the Recreation and Park Department from the San Francisco Public Utilities Commission) to be Categorically Exempt from Environmental Review under Class 8, acquisition of land for a park and class 16(b), acquisition of land to establish a park where the land contains a historical resource and to preserve the historical resource.

### GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project involves the acquisition of a vacant parcel at 2445 Hyde Street in the Russian Hill neighborhood by the Department of Recreation and Parks.

The project is, on balance, **in-conformity** with the following Objectives and Policies of the General Plan:

#### RECREATION AND OPEN SPACE ELEMENT

**OBJECTIVE 1:** Preserve large areas of open space sufficient to meet the long-range needs of the Bay region.

**POLICY 1.2:** Make open space lands already in public ownership accessible to the public for compatible recreational uses.

**OBJECTIVE 2:** Develop and maintain a diversified and balanced citywide system of high quality public open space.

**POLICY 2.2:** Preserve existing public open space.

**POLICY 2.7:** Acquire additional open space for public use.

**OBJECTIVE 4:** Provide opportunities for recreation and the enjoyment of open space in every San Francisco neighborhood.

**POLICY 4.4:** Acquire and develop new public open space in existing residential neighborhoods, giving priority to areas which are most deficient in open space.

**POLICY 4.4:** Acquire and develop new public open space in existing residential neighborhoods, giving priority to areas which are most deficient in open space.

*Note: Policy 4.4 contains two maps articulating areas with high residential densities and areas deficient in open space. The Francisco Reservoir site is adjacent to both a high needs area and an area with high residential density.*

### Policy 4.4 Graphics

Residential Density Overlay

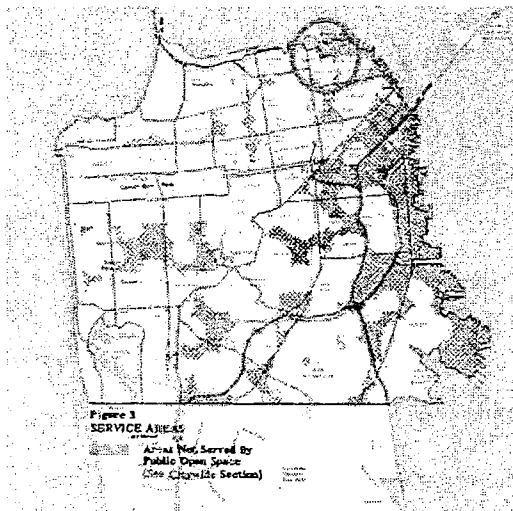
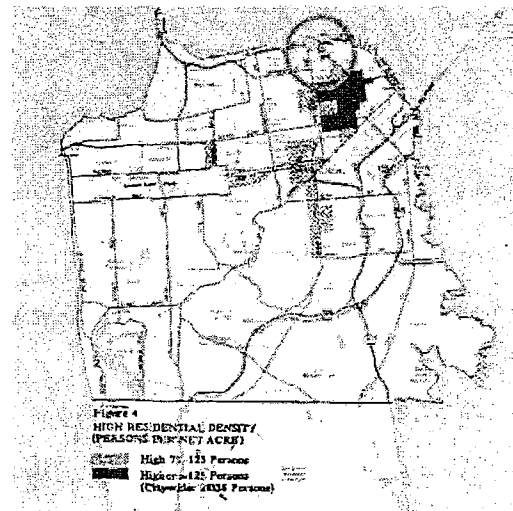


Figure 3 Needs Overlay



**URBAN DESIGN ELEMENT**

**POLICY 1.1:** Recognize and protect major views in the city, with particular attention to those of open space and water.

*Note: The existing site has views of the Bay*



*Image: SocietSite.com*

**OBJECTIVE 4:** Improvement of the neighborhood environment to increase personal safety, comfort, pride and opportunity

**POLICY 4.8:** Provide convenient access to a variety of recreation opportunities.

**POLICY 4.9:** Maximize the use of recreation areas for recreational purposes.

**PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project, demolition and replacement of the Chinese Recreation Center, is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

**Eight Priority Policies Findings**

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:



1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

*There are no direct or immediate changes to existing retail as a result of SFRPD's purchase of the property. However, the continued and future use of the site as a public open space will contribute to the overall improvement of the Russian Hill neighborhood, thereby supporting and preserving neighborhood-serving retail uses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

*There are no proposed changes that affect housing. The continued and future public open space will be compatible with the existing neighborhood character and support local neighborhood activities.*

3. That the City's supply of affordable housing be preserved and enhanced.

*Policy does not apply -- there are no proposed changes that affect the City's supply of affordable housing.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

*The purchase of the property by SFRPD is not expected to increase local traffic or create an additional burden on neighborhood parking. Because the future proposed use (public park) does not involve residential or employment uses, there is no anticipated increase in commuter traffic from this project, nor will there be an impediment to Muni transit service.*

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 residential employment and ownership in these sectors be enhanced.

*The proposed property acquisition does not involve commercial office development that would cause displacement. In the future, the intended use of the site is an expanded public park, which would be accessible for the enjoyment of residents, employees and visitors in the area.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*Policy does not apply -- property acquisition will not affect preparedness in the event of an earthquake. The presence of an expanded public open space may provide a gathering place for the exchange of information and resources following an earthquake or other natural disaster.*

7. That landmarks and historic buildings be preserved.

*There are no historic buildings however, the reservoir is considered historic While not listed with the National Register of Historic Places or the California Register of Historical Resources, the reservoir was constructed in 1859 by the San Francisco City Water Works. No physical changes to the reservoir are planned at this time – planning and design work need to be completed to identify anticipated, physical changes to the reservoir.*

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

*The property to be acquired will continue as public open space and eventually be developed with expanded public open space. The location of the site on northern side of Russian Hill will ensure access to sunlight and vistas of the bay, Alcatraz, Angel Island, Marin County and portions of the Golden Gate Bridge.*

<b>RECOMMENDATION:</b>	<b>Finding the Project, on balance, in-conformity with the General Plan</b>
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MEMORANDUM OF UNDERSTANDING  
(Francisco Street Reservoir)

THIS MEMORANDUM OF UNDERSTANDING (this “MOU”), dated for reference purposes only as of \_\_\_\_\_, 2014 (the “Agreement Date”), is by and between the City and County of San Francisco Recreation and Park Department (“RPD”) and the City and County of San Francisco Public Utilities Commission (“PUC”).

RECITALS

A. The City and County of San Francisco (“City”) owns that certain property (the “Site”) described in attached **Exhibit A** and depicted approximately in the attached **Exhibit B**.

B. PUC obtained jurisdiction over the Site at some time after the City purchased the Site in 1930 for the PUC’s predecessor, the San Francisco Water Department.

C. Pursuant to Charter Section 8B.121, PUC has exclusive charge of real assets under its jurisdiction. PUC, by Resolution No. XXX-XX, adopted on [DATE], 2014, determined that the Site is surplus to the needs of any utility under its jurisdiction, and PUC wishes to transfer jurisdiction of the Site in exchange for fair market value, as required by applicable law, subject to Board of Supervisors approval of a jurisdictional transfer consistent with this MOU. Fair market value was established based on the appraised value for the Site set forth in the appraisal prepared by Clifford Advisory LLC dated September 15, 2013 and approved by the Director of City’s Real Estate Division (“RED”) (the “Appraisal”), in the total amount of \$9.9 million dollars.

D. RPD wishes to acquire jurisdiction over the Site in order to explore the feasibility of developing a neighborhood park, consistent with the Board of Supervisors’ Resolution No. 502-08, adopted on December 16, 2008. RPD has not undertaken any planning or design for such a potential park. On May 20, 2014, the City Planning Department opined that the jurisdictional transfer of the Site from PUC to RPD would not be subject to the California Environmental Quality Act Public Resources Code Section 21000 *et seq.* (CEQA), pursuant to CEQA Guidelines Section 15060(c)(2), which provides that an activity is not subject to CEQA if the activity will not result in a direct or reasonably foreseeable indirect physical change to the environment.”

E. PUC is willing to transfer possession and jurisdiction to RPD, and RPD is willing to accept such transfers, on the terms and subject to the conditions set forth in this MOU.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.
2. Transfer of Possession. On September 30, 2014, or within thirty (30) days after the MOU Execution Date [as defined in Section 4(b)(1)], whichever is later, PUC will tender possession of

the Site to RPD, provided that the first Payment has been timely made by RPD as provided in Section 4(d). Such delivery of possession to RPD shall be referred to herein as the “**Initial Closing**.” RPD acknowledges that PUC will retain jurisdiction over the Site until the Final Closing (as defined in Section 3), and any investment in Site improvements prior to the Final Closing shall be at RPD’s sole risk. RPD’s possession of the Site from the Initial Closing to the Final Closing shall be subject to the terms of Section 5. In no event shall the Site be considered open space or park land under the City Charter until a transfer of jurisdiction occurs on the Final Closing.

3. Transfer of Jurisdiction. No later than thirty (30) days after RPD delivers the final Payment to PUC thereby completing payment in full of the RPD Transfer Price and all outstanding interest in accordance with Section 4, or a later date mutually agreed upon by PUC and RPD (the “**Closing Date**”), PUC shall transfer jurisdiction over the Site to RPD by submitting to RED all necessary materials to enable RED to effect the full jurisdictional transfer of the Site to RPD, and RED shall memorialize the jurisdictional transfer of the Site in the City’s real estate records (the “**Final Closing**”).

4. RPD Transfer Price; Payments for Site.

(a) RPD Transfer Price. In consideration of the jurisdictional transfer of the Site and the interim transfer of possession of the Site pending payment in full, RPD shall pay PUC an amount (the “**RPD Transfer Price**”) equal to Nine Million Nine Hundred Thousand Dollars (\$9,900,000), in installments as provided in Section 4(d) below, together with interest on the unpaid principal balance from time to time outstanding at an annual interest rate equal to the Interest Rate, as defined below. The RPD Transfer Price for the Site was established based on the Appraisal.

(b) Interest; Interest Rates.

(1) Basic Interest Rate. Subject to Section 4(b)(2) below, interest on the unpaid principal balance will accrue at the Interest Rate from the day this MOU is executed by RPD and PUC (following approval by City’s Board of Supervisors and Mayor and all necessary approvals by the RPD Commission and PUC Commission) (the “**MOU Execution Date**”). The “**Interest Rate**” shall be the average annual rate of interest earned on the City’s pooled investment funds during the fiscal year that ends on the June 30th preceding the Payment Date (as defined in Section 4(d)) in question. Such rate is reported as “**Earned Income Yield**” in the City Treasurer’s annual report of pooled fund portfolio statistics, which is posted on the Treasurer’s website under Investment Reports.

(2) Default Rates. Any principal not paid on the Payment Date when due (the “**Due Date**”) shall then automatically bear interest at an increased interest rate determined as follows (the “**Default Rate**”). From the Due Date until the one-year anniversary of the Due Date, the Default Rate shall be the annual Interest Rate that was applicable on the Due Date plus one (1) percentage point. For principal that remains delinquent for more than one year, the Default Rate shall be adjusted on each September 30th (commencing on the one-year anniversary of the Due Date) to be equal to the annual Interest Rate applicable to nondelinquent payments due on such September 30 plus four (4) percentage points.

(c) Application of Payments. Each Payment shall be credited first to interest then due and any remainder to principal. All payments of principal shall be applied to the most remote principal installment then unpaid.

(d) Payment Schedule. The RPD Transfer Price and accrued interest shall be paid in twelve installments (each, a “Payment”) in accordance with the payment schedule set forth below. The first Payment shall be due on the later of September 30, 2014, or thirty (30) days after the MOU Execution Date. The second Payment shall be due on September 30 of the next fiscal year. The remaining 10 Payments shall be due on September 30 of each succeeding fiscal year. Each such due date is referred to herein as a “Payment Date.” By August 15 prior to each Payment Date, PUC will deliver an invoice to RPD, setting forth the amount payable on the Payment Date and providing a breakdown of principal and interest. If RPD has questions or concerns about the invoice, the parties shall meet and confer in good faith to resolve the issues.

Subject to appropriation and approval by the Board, RPD shall make the Payments according to the following schedule:

<b>Payment</b>	<b><u>Payment Due Date</u></b>	<b>Payment Amount</b>
1	Later of 9.30.14 or 30 days after MOU Execution Date	\$207,918.90 in principal, plus accrued interest
2	9.30.15	\$198,018.00 in principal, plus accrued interest
3	9.30.16	\$198,018.00 in principal, plus accrued interest
4	9.30.17	\$425,738.70 in principal, plus accrued interest
5	9.30.18	\$455,441.40 in principal, plus accrued interest
6	9.30.19	\$455,441.40 in principal, plus accrued interest
7	9.30.20	\$950,486.40 in principal, plus accrued interest
8	9.30.21	\$980,189.10 in principal, plus accrued interest
9	9.30.22	\$1,039,594.50 in principal, plus accrued interest
10	9.30.23	\$1,564,342.20 in principal, plus accrued interest
11	9.30.24	\$1,633,648.50 in principal, plus accrued interest
12	9.30.25	\$1,792,062.90 in principal, plus any other remaining unpaid principal and accrued interest

If RPD proposes a restructuring of any of Payments 7 through 11, PUC will consider such restructuring, provided that RPD proposes the restructuring in writing at least one year in advance with an explanation of the reasons for the requested restructuring. PUC will not unreasonably withhold agreement to a proposed restructuring, taking into consideration such factors as PUC’s ratepayer obligations, RPD’s payment history, the circumstances giving rise to

the proposed restructuring, and PUC's determination, in its sole judgment, of the impact the restructuring may have on the likelihood of RPD completing payment in full by the twelfth Payment.

(e) Prepayment. RPD's obligation may be prepaid at any time, in whole or in part, without premium or penalty, as long as any principal prepayment is accompanied by a payment of interest accrued to the date of prepayment on the amount prepaid.

(f) Termination Default.

(i) Termination Default. If RPD fails to pay a Payment in full when due and payable, which failure is not cured by the second anniversary of the Due Date (which cure deadline shall be extended by the period of any Unavoidable Delay as defined in Section 4(g)), such failure shall constitute a "**Termination Default**."

(ii) Termination Notice; Termination Date. At any time after a Termination Default until the delinquent Payment and accrued default interest (together, the "**Cure Amount**") are paid, PUC may, at its option, terminate this MOU and RPD's right of possession by giving not less than thirty (30) days' notice to RPD ("**Termination Notice**"). Any such Termination Notice shall identify the effective date of the termination ("**Termination Date**"), which shall be a date not less than thirty (30) days after delivery of the Termination Notice to RPD.

(iii) Termination of MOU. If RPD fails to pay the Cure Amount in full by the Termination Date [which may be extended by the period of any Unavoidable Delay as provided in Section 4(g)], this MOU and RPD's right of possession shall end on the Termination Date, in which event (i) RPD shall surrender possession of the Site to PUC in accordance with the following subparagraph (iv); (ii) RPD and PUC shall each be relieved of all obligations accruing hereunder after the Termination Date, other than those that expressly survive termination and those required to be performed in connection with the termination or surrender of possession; and (iii) PUC shall thereafter have the right to use the Site for any purposes, including transferring the Site to a third party for other uses. If the Termination Default giving rise to the Termination Notice is based on a delinquency in any of Payments 1 through 5, PUC shall retain all interest payments but shall refund to RPD the amount of all principal payments received from RPD prior to such termination, within one hundred eighty (180) days after RPD surrenders possession of the Site in accordance with this paragraph. If the Termination Default giving rise to the Termination Notice is based on a delinquency in any of Payments 6 through 12, PUC shall retain all interest payments previously received from RPD and shall refund principal payments previously received from RPD according to the following schedule:

<b>Delinquent Payment on which the Termination Default is Based</b>	<b><u>Principal Refund Schedule</u></b>
1	PUC shall refund 100% of RPD's principal payments.
2	PUC shall refund 100% of RPD's principal payments.
3	PUC shall refund 100% of RPD's principal payments.
4	PUC shall refund 100% of RPD's principal payments.
5	PUC shall refund 100% of RPD's principal payments.
6	PUC shall refund 50% of RPD's principal payments.
7	PUC shall refund 40% of RPD's principal payments.
8	PUC shall refund 30% of RPD's principal payments.
9	PUC shall refund 20% of RPD's principal payments.
10	PUC shall refund 10% of RPD's principal payments.
11	PUC shall not issue any refund of RPD's principal payments.
12	PUC shall not issue any refund of RPD's principal payments.

For example, if RPD fails to make Payment 7 on or before September 30, 2020, and thereafter fails to pay the Cure Amount before September 30, 2022, such failure shall be a Termination Default. If PUC sends a Termination Notice based on such failure and RPD fails to pay the Cure Amount before the Termination Date, this MOU and RPD's right of possession shall terminate and PUC shall refund to RPD 40% of the principal payments previously received.

(iv) Surrender of Possession. Upon the termination of this MOU, RPD shall surrender the Site in broom clean condition, free from hazards and clear of all debris. At such time, RPD shall remove all of its signs, personal property and equipment from the Site and, upon the PUC's reasonable request, any recreational structures or improvements installed by or for RPD, and shall repair, at its cost, any damage to the Site caused by such removal. RPD's obligations under this paragraph shall survive the termination of this MOU.

(g) Unavoidable Delay. For purposes hereof, "Unavoidable Delay" shall mean any period in which RPD is unable to perform due to terrorist or enemy action, riots, explosion, flood, hurricane, earthquake, firestorm or other natural disaster. In the event of any Unavoidable Delay, RPD shall give prompt written notice to PUC of the occurrence of such event and the projected delay in performance, and thereafter shall keep PUC regularly informed

of the status of such Unavoidable Delay. Under no circumstances shall the number of days of Unavoidable Delay for any one event exceed a total of thirty (30) days.

(h) Transaction Costs. RPD and PUC shall each bear its own attorney and consultant fees and costs incurred in negotiating this MOU, except that RPD and PUC shall each bear fifty percent (50%) of the attorney fees for the Deputy City Attorney assigned to prepare this MOU and advise both parties on real estate legal issues. Any costs charged by RED and the City Attorney's Office to effect the jurisdictional transfer of the Site pursuant to Section 3 shall be born by RPD.

5. RPD's Interim Possession. Commencing on the Initial Closing and continuing until the earlier of the Termination Date or the Final Closing, the following terms and conditions shall apply.

(a) Permitted Use. RPD may use the Site and allow its employees, agents, consultants, contractors, authorized representatives, invitees and guests (together, "**RPD Affiliates**") to use the Site only for purposes within RPD's authority under Section 4.113 of the City's Charter. RPD's rights under this MOU may be exercised by RPD's contractors and any donors under contract with RPD to provide services and/or funds for the development of the Site ("**RPD Donors**"), subject to the terms and conditions of this MOU.

(b) Improvements.

(i) Advanced Notice. RPD shall not construct or place any permanent structures or improvements in, on, under or about the Site, nor shall RPD make any alterations or additions to any existing structure or improvement on the Site, without providing thirty (30) days' prior written notice and a copy of the plans and specifications to the PUC.

(ii) Improvements Requiring Consent. Any improvement, alteration or addition (individually or collectively, "**Improvements**") inconsistent with the permitted uses shall require PUC's prior written consent. RPD shall request such consent by written notice to the PUC which such notice shall be accompanied by the plans and specifications for such Improvements. PUC shall give or withhold consent to such Improvements in its reasonable discretion within fifteen (15) days following PUC's receipt of RPD's request for consent. For purposes hereof, asphalt, concrete and cementitious concrete driveways, sidewalks and parking areas, shacks and storage facilities, and fences shall be deemed "Improvements."

(c) Dumping. RPD shall not cause or permit the dumping or other disposal in, on, under or about the Site of landfill, refuse, Hazardous Material (as defined below) or any other materials, including but not limited to materials that are unsightly or could pose a hazard to human health or safety, native vegetation or wildlife, or the environment.

(d) Hazardous Material. RPD shall not cause, nor shall RPD allow any of the RPD Affiliates to cause, any Hazardous Material (as defined below) to be brought upon, kept, used, stored, generated, released or disposed of in, on, under or about the Site, or transported to, from or over the Site. RPD shall immediately notify the PUC when RPD learns of, or has reason to believe that, a release of Hazardous Material has occurred in, on, under or about the Site. RPD shall further comply with all laws, statutes, ordinances, rules, regulations, policies, orders, edicts



and the like (collectively, Laws) requiring notice of such releases or threatened releases to governmental agencies, and shall take all action necessary or desirable to mitigate the release or minimize the spread of contamination. In the event that RPD or RPD Affiliates cause a release of Hazardous Material, RPD shall, without cost to the PUC and in accordance with all Laws and using the highest and best technology available, promptly return the Site to the condition immediately prior to the release. In connection therewith, RPD shall afford the PUC a full opportunity to negotiate and participate in any discussion with governmental agencies and environmental consultants regarding any settlement agreement, cleanup or abatement agreement, consent decree or other compromise proceeding involving Hazardous Material, and any other abatement or clean-up plan, strategy and procedure. For purposes hereof, "Hazardous Material" means material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to public health, welfare or the environment. Hazardous Material includes, without limitation, the following: any material or substance defined as a "hazardous substance, pollutant or contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 et seq., or pursuant to Section 25316 of the California Health & Safety Code or any other federal, state, or local Law; a "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the Site or are naturally occurring substances in the Site; and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids, provided, the foregoing shall not prohibit RPD from traversing to, from and across the Site in standard motor vehicles that do not exceed the weight limitations set forth below. The term "release" or "threatened release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under or about the Site.

(e) Nuisances. RPD shall not conduct, or allow, any activities in, on, under or about the Site that constitute waste, nuisance or unreasonable annoyance (including, without limitation, emission of objectionable odors, noises or lights) to the PUC, to the owners or occupants of neighboring property, or to the public, or that constitute waste or nuisance per se.

(f) Damage. RPD shall not do anything in, on, under or about the Site that could cause damage or interference to any operational pipelines, cables or other property located in, on, under or about the Site. At RPD's written request, PUC shall notify RPD of any pipelines, cables or other utility facilities owned or operated by PUC in, on or under the Site that remain in operation. RPD shall be responsible for identifying and locating any third party facilities in, on or under the Site.

(g) Ponding; Water Courses. RPD shall not conduct or allow any activities in, on, under or about the Site that cause any ponding on the Site or any flooding on adjacent land.

(h) Maintenance and Repair. RPD shall maintain the Site in good, sightly condition and repair at its sole cost. The PUC shall have no obligation to maintain or repair any or all of the Site.

(i) Insurance, Indemnity and Warranties.

(i) RPD shall cause its contractors and subcontractors, and any contractors and subcontractors retained by RPD Donors to design and construct any Improvements for the Site, to maintain at all times such insurance as the City Risk Manager recommends. The City and its officers, commissioners, agents and employees shall be included as additional insureds with respect to any such insurance.

(ii) RPD shall cause the City to be named as beneficiary of all warranties and guaranties from contractors and suppliers related to the construction of Improvements on the Site. To the extent that any Improvements will be constructed by contractors of RPD Donors, RPD will require that the RPD Donors enforce such warranties and guaranties or assign such warranties and guaranties to the City.

(iii) RPD shall require that the City, including but not limited to all of its boards, commissions, departments, agencies and other subdivisions, and all of its and their agents, employees, officers, contractors and representatives, and their respective heirs, legal representatives, successors and assigns be included as an indemnified party in any indemnification provision between RPD and the RPD Donors or any agent, contractor or subcontractor RPD hires in connection with its use of the Site.

(j) Compliance with Laws. RPD shall, at its expense, conduct and cause to be conducted all activities on the Site allowed hereunder in a safe and reasonable manner and in compliance with all Laws of any governmental or other regulatory entity (including, without limitation, the Americans with Disabilities Act) and all covenants, restrictions and provisions of record, whether presently in effect or subsequently adopted and whether or not in the contemplation of the Parties. RPD shall, at its sole expense, procure and maintain in force at all times during its use of the Site any and all business and other licenses or approvals necessary to conduct the activities allowed hereunder. RPD understands and agrees that the PUC is entering into this Agreement in its capacity as a property owner with a proprietary interest in the Site and not as a regulatory agency with police powers. RPD further understands and agrees that no approval by the PUC for purposes of this Agreement shall be deemed to constitute approval of any federal, state, the PUC or other local regulatory authority with jurisdiction, and nothing herein shall limit RPD's obligation to obtain all such regulatory approvals at RPD's sole cost, or limit in any way the PUC's exercise of its police powers.

(k) Repair of Damage. If any portion of the Site on or about the Site is damaged or threatened by any of the activities conducted by RPD or anyone acting by or through RPD hereunder, RPD shall immediately, at its sole cost, notify the PUC by telephone and by email of such damage or threat, by telephone and email to the telephone number and email address in Section 8 as well PUC's CDD Emergency Dispatch number [(415) 550-4956 or 550-4900]. The PUC may, but shall not be obligated to, remedy such damage or threat at RPD's sole cost, or the PUC may elect to witness RPD's repair work. In the event the PUC elects not to remedy such damage or threat, RPD shall repair any and all such damage and restore the Site to good, slightly condition subject to the PUC's inspection, review and approval. RPD shall be solely responsible for arranging and paying directly for any utilities or services necessary for its activities hereunder.

(m) No Costs to the PUC. RPD shall bear all costs or expenses of any kind or nature in connection with its use of the Site, and shall keep the Site free and clear of any liens or claims of lien arising out of or in any way connected with its use of the Site.

(n) Waiver of Claims.

(i) Neither the PUC nor any of its commissioners, departments, boards, officers, agents or employees (“Agents”) shall be liable for any damage to the property of RPD or RPD Affiliates or for any bodily injury to or death of any such persons, resulting or arising from the condition of the Site or its use by RPD or RPD Affiliates, and RPD expressly assumes responsibility for any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs (together, “Claims”), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with any such property damage, injury or death, or the physical or environmental condition of the Site and any related improvements or any law or regulation applicable thereto or the suitability of the Site for RPD's intended use .

(ii) RPD acknowledges that this MOU is subject to termination pursuant to Section 4 and in view of such fact, RPD expressly assumes the risk of making any expenditure in connection with this MOU, even if such expenditures are substantial.

(iii) The PUC would not be willing to enter into this MOU in the absence of a waiver of liability for consequential or incidental damages due to the acts or omissions of the PUC or its Agents, and RPD expressly assumes the risk with respect thereto.

(iv) RPD accepts the Site in its “AS IS” condition, without representation or warranty of any kind by the PUC or its Agents, and subject to all applicable laws, rules and ordinances governing the use of the Site. Without limiting the foregoing, this Agreement is made subject to any and all existing and future covenants, conditions, restrictions, easements, encumbrances and other title matters affecting the Site, whether foreseen or unforeseen, and whether such matters are of record or would be disclosed by an accurate inspection or survey.

6. Conditions to Jurisdictional Transfer. Notwithstanding anything to the contrary contained herein (but subject to the remedies set forth in Sections 4(b) and 4(f) for delinquent payment), RPD shall have no obligation to make the Payments and complete the jurisdictional transfer unless all of the following conditions are satisfied:

(a) Prior to the Initial Closing, PUC shall have maintained the Site in substantially the same condition it was in as of June 1, 2014, and PUC shall not, without first obtaining RPD's prior written approval, have taken any of the following actions: (i) constructed any improvements on the Site, (ii) encumbered all or any part of the Site with any lien, transfer, grant, lease, license or other encumbrance, or entered into any contract affecting the Site, except for contracts that are terminable on thirty days notice or less, or (iii) caused or authorized any use of the Site different from the use of the Site as of the Agreement Date.

(b) Prior to the MOU Execution Date, RPD's Commission, PUC's Commission and the City's Board of Supervisors and Mayor, each in their respective sole discretion, shall have approved this MOU, the Park Transfer Price and the jurisdictional transfer of the Site.

(c) The Board of Supervisors and Mayor shall approve the annual appropriation of funds for RPD payments for the Site.

7. Approval Contingency. This MOU shall only be effective as of the date that all of the following conditions are met: (i) all parties hereto shall have executed this MOU; (ii) PUC's Commission, acting in its sole discretion, approves of this MOU and declares the Site surplus property, and (iii) RPD's Commission, acting in its sole discretion, approves of this MOU.

8. Notices. All notices, demand, consents or approvals which are or may be required to be given by either party to the other under this MOU shall be in writing and shall be delivered in person or sent by United States mail, postage prepaid, or reputable commercial courier, and addressed as follows:

If to PUC: San Francisco Public Utilities Commission  
Real Estate Services  
525 Golden Gate Avenue, 10th floor  
San Francisco, CA 94102  
Attn: General Manager  
Tel No.: (415) 554-3155

With a copy to: San Francisco Public Utilities Commission  
Real Estate Services  
525 Golden Gate Avenue, 10th floor  
San Francisco, CA 94102  
Attn: Real Estate Director  
Tel No.: (415) 487-5210  
RES@sfwater.org

If to RPD: Recreation & Parks Department  
510 Stanyan Street – McLaren Lodge Golden Gate Park  
San Francisco, CA 94102  
Attn: Philip Ginsburg, General Manager  
Fax No.: (415) 831-2096  
Tel No.: (415) 831-2701

If to RED: Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102  
Attn: Director of Property

or such other address that a party may from time to time designate by notice to the other parties given pursuant to the provisions of this Section. Telephone or fax numbers are provided to facilitate communication and will not be a sufficient method of delivering notice. Any correctly

addressed notice sent by a method that provides confirmation of delivery shall be deemed delivered on the first date of confirmed delivery or confirmed attempted delivery.

9. Authority. All matters requiring PUC's approval under the express terms of this MOU (including any proposed restructuring of Payments or Interest Rate pursuant to Section 4(d)) shall be approved by the General Manager of PUC or his or her designee, and by the PUC Commission, if required. All matters requiring RPD's approval shall be approved of by the General Manager of RPD or his or her designee and by the RPD Commission, if required.

10. Identification and Application of Additional Funding Sources. RPD shall have the right to apply for any federal, state or local funds that may be available to pay for any costs incurred in developing the Site, respectively. PUC shall cooperate to provide any documents held by PUC that are needed to submit such applications or to qualify for distribution of such federal, state or local funds.

11. Cooperation. Subject to the terms and conditions of this MOU, PUC and RPD staff shall use reasonable efforts to do, or cause to be done, all things reasonably necessary or advisable to carry out the purposes of this MOU as expeditiously as practicable, including, without limitation, performance of further acts and the execution and delivery of any additional documents in form and content reasonably satisfactory to all parties (subject to any necessary approvals). Notwithstanding anything to the contrary in this MOU, no party is in any way limiting its discretion or the discretion of any department, board or commission with jurisdiction over the actions described in this MOU. In addition to any conditions described in this MOU, the parties' obligations are expressly subject to the receipt of all legally required approvals following any required environmental review.

12. CEQA Compliance. RPD has not planned, designed, or proposed a project for the Site. Accordingly, all parties understand that, at such time any such project is proposed for the Park, such project would be subject to review under CEQA, the CEQA Guidelines, and Chapter 31 of the Administrative Code, as well as all other applicable laws and regulations. The City, including RPD and PUC, retains absolute discretion to: (a) require modifications in any such project to mitigate significant adverse environmental impacts; (b) select feasible alternatives that avoid significant adverse impacts; (c) require the implementation of specific measures to mitigate any significant adverse environmental; (d) reject all or part of any such project as proposed if its economic and social benefits do not outweigh otherwise unavoidable significant adverse impacts of the project; or (e) approve any such project upon a finding that its economic and social benefits outweigh otherwise unavoidable significant adverse environmental impacts.

13. Miscellaneous. (a) This MOU may be amended or modified only by a writing signed by the General Manager of PUC, or his or her designee, and the Director of RPD, or his or her designee, following any necessary approvals. (b) No waiver by any party of any of the provisions of this MOU shall be effective unless in writing and signed by an authorized representative, and only to the extent expressly provided in such written waiver. (c) This MOU (including all exhibits) contains the entire understanding between the parties as of the date of this MOU, and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. (d) Notwithstanding anything to the contrary set forth herein, no officer, director, or employee of PUC has the authority to bind PUC to any action contemplated herein unless and until its Commission and the Board of Supervisors or the Mayor, if necessary, approves thereof,

and no officer, director or employee of RPD has the authority to bind RPD to any action contemplated herein unless and until the Board of Supervisors or the Mayor, as applicable, approves of such action. (e) All transactions described herein are subject to and must be conducted in accordance with the applicable requirements of the City's Charter and codes and applicable state and/or federal laws.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed as of the dates written below.

PUC:

PUBLIC UTILITIES COMMISSION

By: \_\_\_\_\_  
Harlan L. Kelly, Jr., General Manager

Date: \_\_\_\_\_

RPD:

RECREATION AND PARK

By: \_\_\_\_\_  
Philip Ginsburg, General Manager

Date: \_\_\_\_\_

**EXHIBIT A**

**SITE LEGAL DESCRIPTION**

**EXHIBIT B**

**PROJECT MAP**



**PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

RESOLUTION NO. 14-0113

WHEREAS, The City and County of San Francisco (City) purchased real property from the Spring Valley Water Company in 1930 for the San Francisco Water Department, the predecessor-in-interest to the San Francisco Public Utilities Commission (SFPUC); and

WHEREAS, The City, by and through the SFPUC, owns that certain real property totaling approximately 143,352 square feet, or 3.29 acres, comprised of San Francisco Assessor's Block 0046, Lot 001 and a portion of Assessor's Block 0047, Lot 001, on Bay Street, between Hyde and Larkin Streets in San Francisco (Francisco Reservoir Tract); and

WHEREAS, Pursuant to the City Charter, the SFPUC has exclusive charge over the use and control of all real property assets under the SFPUC's jurisdiction (Charter Section 8B.121), including the Francisco Reservoir Tract; and

WHEREAS, The Commission may approve the transfer of control over real property, subject to applicable law, if it determines that the real property is surplus to the needs of any SFPUC utility; and

WHEREAS, The San Francisco Recreation and Parks Department (SFRPD) seeks to acquire jurisdiction over the Francisco Reservoir Tract to design and propose development of a neighborhood park; and

WHEREAS, SFRPD has not undertaken any planning or design for such a potential park; and

WHEREAS, SFPUC staff, together with SFRPD staff, have negotiated the terms of a Memorandum of Understanding (MOU), on file with the SFPUC Secretary, which provides the terms of the proposed jurisdictional transfer; and

WHEREAS, The SFPUC General Manager and staff recommend that the Commission declare the Francisco Reservoir Tract surplus to the SFPUC's utility needs and transfer jurisdiction over the Francisco Reservoir Tract to SFRPD, subject to the terms and conditions of the MOU, as the Francisco Reservoir Tract has remained unused since the reservoir was closed in 1940; and

WHEREAS, The recommendation of SFPUC is subject to the requirement under applicable law that the SFPUC obtain fair market value for the transfer of this real property asset of the SFPUC Water Enterprise; and

WHEREAS, The SFPUC procured an appraisal for Francisco Reservoir Tract prepared by Clifford Associates dated September 1, 2013 and approved by the City's Director of Real Property, in the amount of \$9.9 Million (Appraisal); and

WHEREAS, The fair market value of Francisco Reservoir Tract was established based on the appraised value set forth in the Appraisal; and

FURTHER RESOLVED, That this Commission authorizes the SFPUC General Manager to enter into any amendments or modifications to the MOU, including without limitation, the exhibits, that the General Manager determines, in consultation with the City Attorney, are in the best interest of the City; do not materially increase the obligations or liabilities of the SFPUC or materially diminish the benefits to the SFPUC; are necessary or advisable to effectuate the purposes and intent of the MOU or this resolution; and are in compliance with all applicable laws, including the City Charter.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of July 8, 2014.*



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*Secretary, Public Utilities Commission*

**CITY AND COUNTY OF SAN FRANCISCO  
RECREATION & PARK COMMISSION  
RESOLUTION NO. 1406-011**

**CONDITIONAL JURISDICTIONAL TRANSFER OF REAL PROPERTY**

WHEREAS, the City owns certain real property, comprised of a 3.29-acre property at San Francisco County Assessors Block 0046, Lot 001 and a portion of Block 0047, Lot 001, fronted by Bay, Hyde, Chestnut, and Larkin Streets, (the "Site"), in San Francisco California; and

WHEREAS, the City and County of San Francisco purchased the Site in 1930 for the San Francisco Public Utilities Commission's (PUC) predecessor, the San Francisco Water Department, for use as a reservoir; and

WHEREAS, such Site, also known as the Francisco Street Reservoir, has not been in active use since the 1940s; and

WHEREAS, the Site has great value as a public open space, both to the City of San Francisco, in general, and to the northeastern area of the City of San Francisco, in particular; and

WHEREAS, the surrounding community and neighborhood groups have expressed a significant interest in seeing the Site transformed into a public open space; and

WHEREAS, the San Francisco Recreation and Park Department (RPD) wishes to acquire jurisdiction over the Site in order to design and propose development of a City park, if authorized by the Recreation and Park Commission by this Resolution. RPD intends to design a potential park for the Site in accordance with RPD standards and procedures and to further RPD's mission to provide enriching recreational activities, maintain beautiful parks and preserve the environment for the well-being of our diverse community; and

WHEREAS, no specific park design has yet been developed or planned and any such proposal would be subject to a citywide outreach and planning effort; and

WHEREAS, on May 20, 2014, the Planning Department determined that the jurisdictional transfer of the Site from PUC to RPD would not be subject to the California Environmental Quality Act Public Resources Code Section 21000 *et seq.* (CEQA), pursuant to CEQA Guidelines Section 15060(c)(2), which provides that an activity is not subject to CEQA if the activity will not result in a direct or reasonably foreseeable indirect physical change on the environment; and

WHEREAS, pursuant to Charter Section 8B.121, PUC has exclusive charge of real assets under its jurisdiction, and if the Recreation and Park Commission approves this Resolution, the PUC will be asked make a determination that the Site is surplus to the needs of any utility under its jurisdiction and to authorize a request to the Board of Supervisors to approve transfer of jurisdiction of the Site, in exchange for fair market value determined by appraisal, as required by applicable law, subject to the terms of a Memorandum of Understanding (MOU) between PUC and RPD; and

WHEREAS, the appraised value of the PUC property is \$9.9 million dollars, as determined by an appraisal conducted by an objective, MAI and State-certified consultant appraiser, based on the highest and best use of the property; and

WHEREAS, the agreed purchase price for the Site is \$9.9 million dollars, paid over twelve (12) years, plus the Controller's Pooled Interest Rate; and

WHEREAS, the MOU sets forth the terms and conditions for effecting the conditional jurisdictional transfer; and

WHEREAS, from the time the PUC tenders initial possession of the Site to RPD until jurisdiction is transferred, RPD, as well as its employees, consultants, contractors, invitees and guests, may use the Site within RPDs authority under Section 4.113 of the City's Charter; and

WHEREAS, funds from the Open Space Acquisition Funds are the anticipated source of funds for the Site acquisition; and

WHEREAS, community neighborhood associations and their non-profit fiscal sponsor will fund the design and planning for the Site and will develop a funding strategy for any construction and maintenance of a park on the Site, all concept plans, memoranda of understandings and other related documents subject to the later approval of the Recreation and Park Commission; and

WHEREAS, the planning process for a park will take into account a broad range of stakeholders and user groups to make any park on the Site a citywide park; and

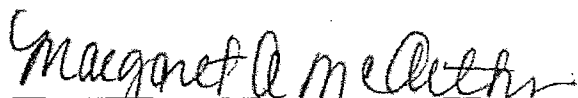
WHEREAS, RPD and the PUC agree to the price of the Site, therefore be it

RESOLVED, The Recreation and Park Commission hereby authorizes the General Manager to execute the MOU with the PUC in substantially the form on file with this Commission Resolution, and hereby recommends that the Board of Supervisors approve the conditional jurisdictional transfer from the PUC to RPD of the Site for the purpose of designing and planning a public park.

Adopted by the following vote:

Ayes	4
Noes	0
Absent	2

I hereby certify that the foregoing resolution was adopted at the Recreation and Park Commission meeting held on June 19, 2014.

  
Margaret A. McArthur, Commission Liaison





# SAN FRANCISCO PLANNING DEPARTMENT

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May 20, 2014

Stacy Bradley, AICP  
Capital and Planning Division  
San Francisco Recreation and Park Department  
City & County of San Francisco  
30 Van Ness Avenue, 4th Floor  
San Francisco, CA 94102

Dear Ms. Bradley:

I have reviewed the information you provided regarding the proposed acquisition by the San Francisco Recreation and Park Department of the Francisco Reservoir property (Block/Lot Nos. 0046/001 and 0047/001). We have determined that, per CEQA Guidelines Section 15060(c)(2), which states that CEQA does not apply if "the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment," the proposed acquisition does not require review under CEQA. At such time that improvements for the site are proposed, these improvements would be subject to separate environmental review pursuant to CEQA.

Sincerely,

A handwritten signature in black ink that reads "Rick Cooper".

Rick Cooper  
Senior Environmental Planner

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377



Edwin M. Lee, Mayor  
Naomi M. Kelly, City Administrator



John Updike  
Director of Real Estate

June 27, 2014

Honorable Mayor Edwin M. Lee  
1 Carlton B. Goodlett Drive  
City Hall, Room 200  
San Francisco, CA 94102

**SUBJECT: Jurisdictional Transfer of Former Francisco Reservoir  
From San Francisco Public Utilities Commission to  
Recreation and Park Department**

Dear Mayor Lee:

This is a formal request for introduction of legislation to the Board of Supervisors which would effect the jurisdictional transfer of approximately 3.29 acres of Lot 001, Block 0046, and a portion of Block 0047, Lot 001, San Francisco, from the San Francisco Public Utilities Commission (SFPUC) to the Recreation and Park Department (RPD), at fair market value. This action will facilitate a more advantageous use of the property by RPD.

The property has been appraised by an independent MAI appraiser at a fair market value of \$9,900,000, a value with which I concur, and which is in excess of the historical cost.

Thank you for your consideration of this request.

Respectfully submitted,

John Updike  
Director



President, District 3  
BOARD of SUPERVISORS



605-11, Andis, LU/BTFleeks  
COB, Leg. Dep *electronically*

City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-7450  
Fax No. 554-7454  
TDD/TTY No. 544-5227

DAVID CHIU  
邱信福  
市參事會主席

**PRESIDENTIAL ACTION**

Date: 7/11/14

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. \_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

Transferring (Board Rule No. 3.3)

File No. 140782 Farrell  
(Primary Sponsor)

Title. Conditional Jurisdictional Transfer of City Proj

From: Land Use & Economic Development Committee

To: Budget & Finance Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor \_\_\_\_\_

Replacing Supervisor \_\_\_\_\_

For: \_\_\_\_\_ Meeting  
(Date) (Committee)

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2014 JUL 11 AM 11:49  
*RC*

David Chiu  
David Chiu, President  
Board of Supervisors

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

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

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

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

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

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

Sponsor(s):

Supervisor Mark Farrell; Breed, Campos, Chiu, Tang, Wiener, Yee

Subject:

Jurisdictional Transfer of City Property – Francisco Reservoir

The text is listed below or attached:

See attached.

Signature of Sponsoring Supervisor: *Mark Farrell*

For Clerk's Use Only:

*Scott Wiener*    *David Campos*

*David Campos*    *Mark Farrell*    *David Campos*

*David Campos*    *Mark Farrell*    *David Campos*

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