



October 30, 2023

Supervisor Dorsey
City Hall
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Sponsorship for a Resolution Approving an Agreement for Maintenance and Operations and Termination of Ground Lease

Dear Supervisor Dorsey

The Resolution would authorize the City to enter into an agreement with the Successor Agency (also known as the Office of Community Investment and Infrastructure or "OCII") whereby OCII would provide the City with special assessments collected from Mission Bay property owners, who approved the special tax for the sole purpose of maintaining Mission Bay parks. In return, the City, acting through the Recreation and Parks Department ("RPD") and Port, would maintain, operate, and repair the Mission Bay parks according to the terms and conditions of the agreement. The agreement identifies the particular Mission Bay parks for which the RPD and the Port are responsible and provides a process for the annual allocation of special taxes to the respective City departments. The City is the owner of the Mission Bay parks, but since 2001 has delegated through a Ground Lease the responsibility for the parks' maintenance to the former Redevelopment Agency and OCII.

Under Redevelopment Law, the former Redevelopment Agency ("Former Agency") was prohibited from using redevelopment property tax increment to "pay for the normal maintenance or operation of buildings, facilities, structure, or other improvements which are publicly owned." Health & Safety Code § 33445 (b). In 1999, however, the Former Agency formed a Community Facilities District No. 5 (Mission Bay Maintenance District) under the Mello-Roos Community Facilities Act of 1982 and conducted an election of qualified voters who approved the levy of special taxes for maintenance services. Acting as a Community Facilities District ("CFD"), the Former Agency was able to fund the maintenance of the Mission Bay parks with the special taxes that it collected and thus assumed that responsibility through the Ground Lease and CFD requirements. As Mission Bay parks were completed, the City accepted the improvements and included them in the Ground Lease.

In 2012, the state dissolved all redevelopment agencies and formed successor agencies with limited authority to wind down redevelopment affairs. Redevelopment Dissolution Law, Health & Safety Code §§ 34170 *et seq.* Subsequently, the Board of Supervisors established, by

Ordinance No. 215-12 (2012), the Successor Agency Commission to implement the dissolution process. The Redevelopment Dissolution Law required, among other things, that OCII dispose of the Former Agency's real property interests. In 2015, the California Department of Finance approved a long range property management plan ("PMP") requiring the termination of the Mission Bay Ground Lease.

In compliance with the state directive under the PMP, the Resolution also authorizes the termination of the Mission Bay Ground Lease. Approval of the Resolution is the first step in a process whereby the City will assign, by ordinance, jurisdiction over the Mission Bay parks to the RPD and the Port.

Thank you for sponsoring this legislation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrico Q. Penick".

Andrico Q. Penick
Director of Property