

1 [Sublease and Property Management Agreement Amendment - Treasure and Yerba Buena  
2 Islands Market Rate Rental Housing]

3 **Resolution approving the seventh amendment to the Sublease and Property**  
4 **Management Agreement for Treasure and Yerba Buena Islands Market Rate Rental**  
5 **Housing between the Treasure Island Development Authority and the John Stewart**  
6 **Company to extend the term by 10 years from June 30, 2024, for a total term of July 1,**  
7 **2014, through June 30, 2034, with a three year option to extend.**

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9 WHEREAS, Naval Station Treasure Island is a former military base located on  
10 Treasure Island and Yerba Buena Island (together, the "Base"), portions of which continue to  
11 be owned by the United States of America ("the Federal Government"); and

12 WHEREAS, The Base was selected for closure and disposition by the Base  
13 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its  
14 subsequent amendments; and

15 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,  
16 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit  
17 corporation known as the Treasure Island Development Authority (the "Authority") to act as a  
18 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and  
19 conversion of the Base for the public interest, convenience, welfare and common benefit of  
20 the inhabitants of the City and County of San Francisco; and

21 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended  
22 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter  
23 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority  
24 as a redevelopment agency under California redevelopment law with authority over the Base

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1 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the  
2 Base that are subject to the Tidelands Trust, vested in the Authority the authority to administer  
3 the public trust for commerce, navigation and fisheries as to such property; and

4 WHEREAS, The Board of Supervisors approved the designation of the Authority as a  
5 redevelopment agency for Treasure Island in 1997; and

6 WHEREAS, On June 7, 2011, the Board of Supervisors voted unanimously on various  
7 pieces of legislation authorizing the Treasure Island/Yerba Buena Island Development Project  
8 (the "Project"), including a Disposition and Development Agreement (the "DDA"); and

9 WHEREAS, The DDA contains a Housing Plan which, amongst other matters, granted  
10 certain housing opportunities and benefits as part of the Project to residents of affordable and  
11 market units on the island; and

12 WHEREAS, The benefits available to residents of market-rate units leased to and  
13 operated by the John Stewart Company were enumerated in the Transition Housing Rules and  
14 Regulations (the "THRR") for The Villages at Treasure Island; and

15 WHEREAS, The THRR grants certain housing opportunities and transition benefits as  
16 part of the Project to those households who were living in The Villages at Treasure Island ("The  
17 Villages") at the time of the approval of the DDA on June 2011; and

18 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of  
19 the Authority as a redevelopment agency under California Community Redevelopment Law in  
20 Resolution No. 11-12, but such rescission did not affect the Authority's status as the Local  
21 Reuse Authority for Treasure Island or the Tidelands Trust trustee for the portions of Treasure  
22 Island subject to the Tidelands Trust, or any other powers or authority of the Authority; and

23 WHEREAS, On March 17, 1999, the Authority and John Stewart Company ("JSCo")  
24 entered into a Sublease, Development, Marketing and Property Management Agreement (as  
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1 amended, the “Original Agreement”) for the development, marketing and property  
2 management of up to 766 housing units on the Base; and

3 WHEREAS, The scheduled term of the Original Agreement expired on the effective  
4 date of the DDA, but continued thereafter on a month-to-month holdover basis; and

5 WHEREAS, On March 7, 2014, the Authority issued a Request for Proposals for a  
6 Sublease and Property Management Agreement for Treasure and Yerba Buena Islands  
7 Market Rate Rental Housing (the “RFP”) to perform the services that were then-being  
8 provided under the Original Agreement; and

9 WHEREAS, JSCo was the sole respondent to the RFP; and

10 WHEREAS, The Authority and JSCo negotiated a Sublease and Property Management  
11 Agreement for Treasure and Yerba Buena Islands Market Rate Rental Housing (the  
12 “Agreement”); and

13 WHEREAS, The Agreement was approved by the Authority Board of Directors at its  
14 June 11, 2014, meeting by Authority Board Resolution No. 14-22-06/14; and

15 WHEREAS, Because the cumulative amount of the Agreement exceeded One Million  
16 Dollars (\$1,000,000), the Agreement required approval of the Board of Supervisors which was  
17 granted by Resolution No. 340-14 on September 16, 2014; and

18 WHEREAS, Under the Agreement, JSCo has supported the Authority in implementing  
19 resident relocations as anticipated and provided for under the THRR; and

20 WHEREAS, In 2014 and 2015, JSCo facilitated the relocation of 34 households as  
21 required by the Navy; and

22 WHEREAS, In 2015, JSCo facilitated the relocation of more than 40 households from  
23 Yerba Buena Island to Treasure Island to enable the first phase of development; and

24 WHEREAS, The Agreement has been modified six times since 2014, and the Term of  
25 the Agreement is set to expire on June 30, 2024; and

1           WHEREAS, The redevelopment of Treasure Island will include geotechnical  
2 improvements to the ground conditions and adaptations for sea level rise which will  
3 necessitate that all of the former Navy housing be demolished, including all structures  
4 included in the premises under the Agreement; and

5           WHEREAS, The role of JSCo in managing the property has shifted from marketing and  
6 leasing agent to supporting the transition of residents into other housing as anticipated under  
7 the THRR; and

8           WHEREAS, This includes supporting a declining resident base and facilitating  
9 transition opportunities as they become available and interim moves as they are required; and

10          WHEREAS, Only 330 units are currently occupied under the Agreement and that  
11 number is anticipated to drop by a minimum of 10% this summer as existing households  
12 transition to the newly constructed Star View Court; and

13          WHEREAS, The 2014 RFP attracted no other respondents, and an RFP issued today  
14 would be unlikely to draw additional interest; and

15          WHEREAS, JSCo has been enthusiastically supportive of the Authority's housing  
16 programs since their inception, and remains committed to continuing to provide the required  
17 services under the Agreement; and

18          WHEREAS, The Navy schedule for the completion of their work and the transfer of the  
19 residential housing area is indeterminate, but will extend beyond 2032; and

20          WHEREAS, The familiarity of JSCo staff with the residents of the Villages and the  
21 leasing records maintained by JSCo will be invaluable in the implementation of the transition  
22 housing programs provided under the THRR; and

23          WHEREAS, The Authority wishes to extend the term of the Agreement by an additional  
24 10 years to an expiration date of June 30, 2034; and

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1           WHEREAS, The Agreement as originally executed provides for a single three-year  
2 Extension Option beyond the Expiration Date should additional time be necessary to wind  
3 down the leasing operations; and

4           WHEREAS, There is no change in existing use as a result of the Agreement and the  
5 approval of the Agreement is not a project under CEQA; now, therefore, be it

6           RESOLVED, That the Board of Supervisors hereby approves the Seventh Amendment  
7 to the Agreement (the "Amendment"), and authorizes the Treasure Island Director (the  
8 "Director") to execute the Amendment in substantially the form filed with the Clerk of the  
9 Board of Supervisors, and to make any additions, amendments or other modifications to the  
10 Amendment (including, without limitation, its exhibits) that the Director determines, in  
11 consultation with the City Attorney, are in the best interests of the Authority and do not  
12 otherwise materially increase the obligations or liabilities of the Authority, and are necessary  
13 or advisable to effectuate the purpose and intent of this Resolution.