

1 [Lease Disposition and Development Agreement and Lease and Access License - Geneva  
Office Building and Powerhouse Rehabilitation - Cameron Beach Rail Yard]

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3 **Resolution approving and authorizing a Lease Disposition and Development**  
4 **Agreement and 55-year Lease and Access License to the Friends of the Geneva Office**  
5 **Building and Powerhouse for the rehabilitation and use of the Geneva Office Building**  
6 **and Powerhouse for Cameron Beach Rail Yard; affirming a community plan exemption**  
7 **determination by the Planning Department and adopting findings pursuant to the**  
8 **California Environmental Quality Act; authorizing the San Francisco Municipal**  
9 **Transportation Agency Director of Transportation, or designee, to execute and make**  
10 **certain modifications to the Access License; and authorizing the General Manager of**  
11 **the Recreation and Park Department, or designee, to execute certain documents, make**  
12 **certain modifications, and take certain actions in furtherance of this Resolution.**

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14 WHEREAS, The City and County of San Francisco (City) owns the Geneva Office  
15 Building and Powerhouse (the "Car Barn"), located at 2301 San Jose Avenue, at the corner of  
16 Geneva Avenue and San Jose Avenue in San Francisco's District 11 and the adjacent  
17 Cameron Beach Rail Yard; and

18 WHEREAS, The Car Barn consists of two adjoining structures, an approximately  
19 13,000 square foot two-story office building, and an approximately 3,000 square foot single-  
20 story car shed, known as the Powerhouse; and

21 WHEREAS, The Car Barn was designed and built in 1901 by the Reid brothers,  
22 originally served as a depot for both private railroads as well as the San Francisco Municipal  
23 Railway, and is the last physical vestige of San Francisco's first electric railway; and

24 WHEREAS, The Board of Supervisors of the City and County of San Francisco  
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1 designated the Car Barn as City Landmark No. 180 in 1985, and the Car Barn was included  
2 on the National Register of Historic Places in 2010; and

3 WHEREAS, The City's Municipal Transportation Agency (SFMTA) used portions of the  
4 Car Barn as office space until 1989, when the Car Barn was heavily damaged in the Loma  
5 Prieta earthquake, and the Car Barn has been vacant ever since; and

6 WHEREAS, In 1998, the Car Barn was saved from a planned demolition through the  
7 efforts of the Friends of the Geneva Car Barn and Powerhouse (Friends), a neighborhood  
8 citizens group; and

9 WHEREAS, Between 1999 and 2000, a Stabilization Project for the Car Barn was  
10 completed which included seismic bracing and re-enforcement to protect against additional  
11 earthquake damage, the construction of a new roof and the repair of a sub-roof structural  
12 system; the stabilization work did not include the work required to make the building  
13 seismically safe for occupancy, or necessary electrical, mechanical or plumbing upgrades or  
14 other refurbishment or renovations; and

15 WHEREAS, In 2004, jurisdiction over the Car Barn was transferred from SFMTA to the  
16 Recreation and Park Department (RPD), to be used for recreational purposes and related  
17 uses consistent with the RPD's mission (Board of Supervisors Resolution 193-04; File No.  
18 040320), with SFMTA retaining jurisdiction over the adjacent Cameron Beach Rail Yard; and

19 WHEREAS, The Friends desire to support RPD's use and operation of the Car Barn,  
20 and to work cooperatively with RPD to develop and manage the Car Barn as a dedicated  
21 space where artists, youth, and community members convene, exchange, learn, create and  
22 exhibit artistic and cultural works, and RPD welcomes and encourages such cooperation; and

23 WHEREAS, The proposed rehabilitation and use of the Car Barn by Friends will have  
24 numerous public benefits to the City, including (i) the historic and seismic rehabilitation of the  
25 Car Barn, a landmark structure that is currently in significant disrepair; (ii) the creation of a

1 substantially improved use for the Car Barn, which is currently unused; (iii) educational and  
2 recreational opportunities in the Excelsior and Ocean View-Merced Heights-Ingleside  
3 neighborhoods, which neighborhoods have a low median family income relative to the  
4 remainder of the City of San Francisco and are underserved by community, cultural and  
5 youth-serving facilities and programs; and (iv) support for other efforts underway and in the  
6 planning process to revitalize the area surrounding the Balboa Park Station; and

7 WHEREAS, Between 2007 and 2013, the Friends received \$1,704,000 in seed funding  
8 from the City, RPD, SFMTA, and the Department of Children Youth and Families to support  
9 the capital campaign for the rehabilitation of the Car Barn as well as youth arts programming;  
10 and

11 WHEREAS, Between 2009 and 2014, the Car Barn received \$489,500 of pro-bono  
12 support for architectural services (including conceptual and schematic design), legal services,  
13 graphic design and branding services, infrastructure and office support, and pre-construction  
14 services; and

15 WHEREAS, As part of the Federal Historic Preservation Tax Credit Process, the  
16 schematic design has been reviewed and approved by the State Office of Historic  
17 Preservation (SHPO) and the National Park Service (NPS); and

18 WHEREAS, RPD allocated \$838,000 of the 2000 General Obligation Bond toward the  
19 project and, in April 2014, the Board of Supervisors approved Ordinance No 52-14 (File No.  
20 140034) authorizing the General Manager of RPD (the "General Manager") to enter into a  
21 professional services agreement with Aidlin Darling Design in the amount of \$837,863 for the  
22 purpose of completing the design development documents and partial completion of  
23 construction documents for the Geneva Car Barn and Powerhouse project (the "Project") and  
24 to amend the agreement as necessary to complete final (100 percent) construction  
25 documents with funds provided by the Friends as long as the amendment would not require

1 expenditure of any other City funds, and provided that any gift of funds from the Friends to  
2 RPD to fund the completion of the construction documents is subject to acceptance and  
3 approval by the Board of Supervisors as required; and

4 WHEREAS, In furtherance of the Friends' goal of raising funds to support the design  
5 and construction costs of the Car Barn rehabilitation, City staff and the Friends have  
6 negotiated terms of a proposed Lease Disposition and Development Agreement (LDDA),  
7 which governs the rehabilitation of the Car Barn and establishes the conditions that the  
8 Friends and City must satisfy before the premises are delivered to and accepted by the  
9 Friends, and a proposed ground lease (Lease), which governs the operations of the Car Barn,  
10 a copy of which proposed LDDA and Lease are on file with the Clerk of the Board of  
11 Supervisors in File No. 140920 which is hereby declared to be a part of this resolution as if set  
12 forth fully herein; and

13 WHEREAS, The Friends require a license to access portions of SFMTA's Cameron  
14 Beach Rail Yard for their rehabilitation and future operation of the Car Barn during the term of  
15 the Lease (Access License), a copy of which proposed Access License is on file with the  
16 Clerk of the Board of Supervisors in File No. 140920 which is hereby declared to be a part of  
17 this resolution as if set forth fully herein, which would provide such access while protecting  
18 SFMTA's continued operations at the Cameron Beach Rail Yard; and

19 WHEREAS, Due to the unique nature of the Friends as an organization founded to  
20 save the Car Barn from demolition, and solely dedicated to supporting, promoting,  
21 rehabilitating and providing programming for the Car Barn, competitively bidding the LDDA,  
22 Lease, and Access License is impractical or infeasible; and

23 WHEREAS, Under the LDDA, the Friends' proposed project (Project) will include,  
24 among other things (1) rehabilitating the exterior and interior of the Car Barn; (2) bringing the  
25 Car Barn into compliance with current regulatory requirements, including the Secretary of the

1 Interior's Standards for the Rehabilitation and Guidelines for Rehabilitating Historic Buildings,  
2 the San Francisco Building Code, and the Americans with Disabilities Act; (3) seismically  
3 strengthening the Car Barn; (4) developing the Car Barn for use as a community center,  
4 including, among other things, classrooms, a community meeting room, a theater, a café,  
5 exhibition and event spaces, and a limited amount of visitor-serving retail space; and

6 WHEREAS, Pursuant to the LDDA, the Friends and the City must each satisfy certain  
7 requirements as a condition to the other party entering into the Lease (Closing Conditions),  
8 including, among other matters, (i) City's completion of and the Friends' approval of final  
9 construction drawings, (ii) Friends, as part of the Historic Preservation Tax Credit process,  
10 has received approval from the SHPO and the NPS, and from SHPO stating that the various  
11 phases of construction drawings comply with the Secretary's Standards, (iii) City's approval of  
12 an estimated budget of total development costs for the Project, (iv) evidence from the Friends  
13 of a guaranteed maximum price contract or a stipulated sum contract for construction of the  
14 improvements with a contractor reasonably acceptable to City, consistent with the approved  
15 budget and the financing for the Project in form reasonably acceptable to City, (v) evidence  
16 from the Friends of adequate financing for the Project, (vi) SFMTA's agreement to grant the  
17 Access License to the Friends if the City and the Friends execute the Lease, and (vii) the  
18 Friends shall have obtained all required regulatory approvals for construction of the  
19 improvements; and

20 WHEREAS, The LDDA requires RPD and the Friends to work together to identify and  
21 pursue private and public sources of funds for construction of the improvements; and

22 WHEREAS, The LDDA includes a schedule of performance with deadlines for  
23 satisfying various Closing Conditions and for performing the Project, if the Closing Conditions  
24 are satisfied, in each case subject to extension due to delay resulting from events of force  
25 majeure described in the LDDA and subject to adjustments to the schedule as may be

1 approved administratively by the General Manager. The schedule of performance provides for  
2 satisfaction of the Closing Conditions and delivery of the Lease not later than June 2017 and  
3 completion of the Project not later than December 2018. If the Closing Conditions are not  
4 satisfied by the date specified in the schedule of performance and the parties are unable to  
5 reach agreement with regard to an amended schedule of performance following a period of  
6 specified in the LDDA, then either party may terminate the LDDA upon one hundred eighty  
7 (180) days prior written notice to the other and the Lease would not be executed by the  
8 parties; and

9 WHEREAS, If the Closing Conditions are satisfied, City and the Friends would enter  
10 into the Lease with the following material terms: (i) the term is fifty-five (55) years,  
11 commencing after the Closing Conditions have been met; (ii) the premises will be delivered  
12 "as-is", without representation or warranty by City; (iii) the Friends is not required to pay a  
13 fixed rent to the City; instead, one hundred percent (100%) of the revenues generated by the  
14 Friends from the Car Barn must be spent according to a budget approved by the City  
15 annually; (iv) the Car Barn will be used for the purpose of providing recreational, educational  
16 and cultural programming for youth and adults in the surrounding neighborhood, the City of  
17 San Francisco, and the region (the "Primary Use"), including opportunities for job training and  
18 apprenticeships in areas including, but not limited to, the culinary, media, literary, visual,  
19 dance, musical, performing, film/cinema/television production, digital, design and technical  
20 arts, and certain secondary uses reasonably related to the Primary Use, and the Friends, or  
21 others on behalf of the Friends, shall actively program the Car Barn with youth-focused arts  
22 programming by offering daily, weekday classes throughout the academic year, and more  
23 robust programming during the summer months, subject to certain excused disruptions; (v)  
24 the Friends must maintain a capital repair budget; (vi) the Friends shall provide utilities for  
25 sub-leased and permitted spaces such as the cafe, retail space, Powerhouse, and theater and

1 the City shall provide utilities for Friends’ nonprofit programming-specific uses such as  
2 community meeting room, student lounge, and arts studios; (vii) if the General Manager  
3 determines that the programming by the Friends is not the best use of the building and the  
4 Friends proposes a change of use, the Lease gives the Recreation and Park Commission  
5 (Commission) the authority to approve the proposed changed use and associated lease  
6 amendment; and

7 WHEREAS, If City and the Friends enter into the Lease, at the Commission’s request,  
8 the SFMTA and the Friends would enter into the Access License, which would expire on the  
9 expiration of the Lease unless earlier terminated on the terms specified in the Access License;  
10 and

11 WHEREAS, RPD staff have reported that the annual value of the services and support  
12 to RPD to be provided by Friends under the LDDA and Lease, such as raising a significant  
13 portion of the funds for the rehabilitation of the Car Barn, employing a professional staff to  
14 deliver programming at the Car Barn, including robust youth education programming,  
15 managing the Car Barn facility and operations and funding non-structural interior repairs,  
16 exceeds the fair market rental value for the leased premises during the Lease term; and

17 WHEREAS, The LDDA and the Lease contain commercially standard arbitration  
18 provisions for the prompt resolution of certain limited disputes specifically enumerated in the  
19 respective agreement; and

20 WHEREAS, In November 2013, the San Francisco Planning Department (Planning)  
21 issued a Certificate of Determination that under the California Environmental Quality Act  
22 (CEQA), Section 21083.3, and CEQA Guidelines Section 15183 that the Project is exempt  
23 from environmental review under a Community Plan Exemption (the “CEQA Exemption”),  
24 because the Project is consistent with the Balboa Station Area Plan, which the Board of  
25 Supervisors approved by Ordinance No. 60-09, and for which the Board of Supervisors

1 adopted CEQA Findings, including a mitigation monitoring and reporting program and a  
2 statement of overriding considerations, in reliance on the Balboa Park Station Area Plan Final  
3 Environmental Impact Report (FEIR) (State Clearinghouse No. 2006072114); and

4 WHEREAS, In the CEQA Exemption, on file with the Clerk of the Board in File No.  
5 140920, which is hereby declared to be a part of this resolution as if set forth fully herein, the  
6 Planning Department determined that previously adopted feasible mitigation measures were  
7 applicable to the Project; further, that there were no additional or peculiar significant adverse  
8 effects not examined in the FEIR nor any new or additional information that would alter the  
9 conclusions of the FEIR; and

10 WHEREAS, On May 15, 2014, following notice of its intent to take an approval action in  
11 reliance on the CEQA Exemption as provided for in Administrative Code Chapter 31, the  
12 Commission recommended that the Board of Supervisors approve the LDDA and Lease  
13 between RPD and the Friends, and approved the Schematic Design for the Car Barn and a  
14 Memorandum of Understanding between RPD and MTA; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby affirms the CEQA Exemption  
16 determination of the Planning Department; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors finds that feasible mitigation  
18 measures that the Board previously adopted and included in the CEQA Exemption are  
19 adopted as conditions of approval and will be implemented by Friends and monitored by City  
20 staff; and, be it

21 FURTHER RESOLVED, That the Board finds that the Project would not have new  
22 significant or peculiar effects on the environment not previously identified in the FEIR; and no  
23 environmental impacts would be substantially greater than described in the FEIR, no  
24 mitigation measures previously found infeasible would be feasible, and no new mitigation  
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1 measures or alternatives have been identified that would reduce impacts found to be  
2 significant in the FEIR; and, be it

3 FURTHER RESOLVED, That any and all documents referenced herein have been  
4 made available to and reviewed by the Board of Supervisors and can be found in the files of  
5 the Planning Department, as the custodian of records, at 1660 Mission Street in San  
6 Francisco; and, be it

7 FURTHER RESOLVED, That RPD will report back to the Board of Supervisors in April  
8 2015 and again by June 30, 2016, regarding the amount of funds secured to date and the  
9 Friends' plans to secure the necessary funds or financing to complete the Project; and, be it

10 FURTHER RESOLVED, That in accordance with the recommendation of the  
11 Recreation and Park Commission, the Board of Supervisors hereby approves the LDDA, the  
12 Lease and the transactions contemplated thereby, and authorizes the General Manager to  
13 execute the LDDA in substantially the form presented to this Board, and upon satisfaction of  
14 the Closing Conditions, to execute the Lease in substantially the form presented to this Board;  
15 and, be it

16 FURTHER RESOLVED, That in accordance with the recommendation of the  
17 Recreation and Park Commission, the Board of Supervisors hereby approves the Access  
18 License and the transactions contemplated thereby and authorizes the SFMTA Director of  
19 Transportation to execute the Access License in substantially the form presented to this Board  
20 and to enter into any additions, amendments or other modifications to the Access License  
21 (including, without limitation, the attached exhibits) that the SFMTA Director of Transportation  
22 determines is in the best interest of the City, do not materially increase the obligations or  
23 liabilities of the City, and are necessary or advisable to complete the transaction contemplated  
24 in the Lease and to effectuate the purpose and intent of this Resolution; and, be it

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1           FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
2 Manager to enter into any additions, amendments or other modifications to the LDDA and the  
3 Lease (including, without limitation, the attached exhibits) that the Recreation and Park  
4 Commission determines is in the best interest of the City, do not materially decrease the  
5 revenue to the City in connection with the Car Barn or otherwise materially increase the  
6 obligations or liabilities of the City, and are necessary or advisable to complete the transaction  
7 contemplated in the LDDA and the Lease and to effectuate the purpose and intent of this  
8 resolution.

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