File No. 150890

Committee Item No. _____5____ Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Finance Committee

Date September 30, 2015

Board of Supervisors Meeting

Date _____

Cmte Board

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	(Use back side if additional space is needed) Recreation and Park Resolution

Date

Completed	by:	Linda Wong

FILE NO. 150890

RESOLUTION NO.

[Termination Agreement - Lease Disposition and Development Agreement - Friends of the Geneva Office Building and Powerhouse]

Resolution approving and authorizing termination of the Lease Disposition and Development Agreement for the rehabilitation and lease of the Geneva Office Building and Powerhouse with the Friends of the Geneva Office Building and Powerhouse and authorizing the General Manager of the Recreation and Park Department, or designee, to execute a termination agreement.

WHEREAS, The City and County of San Francisco (City) owns the Geneva Office Building and Powerhouse (Car Barn), located at 2301 San Jose Avenue in San Francisco's District 11; and

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

WHEREAS, The Friends of the Geneva Office Building and Powerhouse (Friends), a community based nonprofit public benefit corporation, wishes to support RPD's use and operation of the Car Barn, and to work cooperatively with RPD to develop and manage the Car Barn; and

WHEREAS, Between 2007 and 2013, the Friends received seed funding from the City, RPD, SFMTA, and the Department of Children Youth and Families to support the capital campaign for the rehabilitation of the Car Barn as well as youth arts programming; and

Supervisor Avalos BOARD OF SUPERVISORS WHEREAS, On April 21, 2014, in Board of Supervisors Resolution 393-14, the Board of Supervisors approved a Lease Disposition and Development Agreement (LDDA) between the City and Friends, to govern the rehabilitation of the Car Barn by Friends; and

WHEREAS, The LDDA establishes conditions that City and Friends must satisfy before City and Friends would execute a proposed ground lease (Lease), under which Friends would renovate, improve and operate the Car Barn, and City would deliver possession of the Car Barn to Friends for such purposes, and the LDDA includes a schedule of performance with deadlines for satisfying the closing conditions; and

WHEREAS, As a condition to the closing under the LDDA, Friends, with cooperation from RPD, must obtain funding to complete construction drawings and perform the project; and

WHEREAS, RPD and Friends anticipated that Friends would obtain funding from a variety of sources, such as grants, tax credits, and private donations; however given the high costs for the restoration project, Friends reports that fundraising for the project has proven to be exceptionally difficult and that it will be unable to meet the funding requirements of the LDDA; and

WHEREAS, Rather than waiting to terminate the LDDA administratively after the deadlines have passed for Friends' performance, Friends has agreed to an early voluntary termination of the LDDA, which would allow RPD to begin more quickly to explore and implement other means of performing the restoration and improvement project, possibly resulting in an earlier commencement of recreational activities in the Car Barn; and

WHEREAS, On August 20, 2015, the Recreation and Park Commission recommended that the Board of Supervisors approve an LDDA termination agreement between RPD and Friends (Termination Agreement), a copy of which proposed Termination Agreement is on file with the Clerk of the Board of Supervisors in File No. <u>150890</u>; now, therefore, be it RESOLVED, That in accordance with the recommendation of the Recreation and Park Commission, the Board of Supervisors hereby approves the Termination Agreement and the termination of the LDDA as contemplated therein, and authorizes the General Manager of the RPD to execute the Termination Agreement in substantially the form presented to this Board; and, be it

FURTHER RESOLVED, That within 30 days of the Termination Agreement being fully executed by all parties, RPD shall provide the final document to the Clerk of the Board for inclusion in the official file.

Supervisor Avalos BOARD OF SUPERVISORS

BUDGET AND FINANCE COMMITTEE MEETING

Item 5 Department:			
ile 15-0890	Recreation and Park Department		
EXECUTIVE SUMMAR	RY		
	Legislative Objectives		
• The proposed re	solution would (1) authorize termination of the Lease Disposition and		
Development Agr and Powerhouse Powerhouse (Frie	reement (LDDA) for the rehabilitation and lease of the Geneva Car Barr (Car Barn) between the City and the Friends of the Geneva Car Barn and ends); and (2) authorize the General Manager of the Recreation and Park esignee, to execute a termination agreement. Key Points		
	the Board of Supervisors approved the LDDA between the City and the the rehabilitation of the Car Barn by the Friends.		
renovations to pr	ject includes (1) façade restoration; (2) seismic upgrades; and (3) interior ovide a 300 person event space, a 99 seat black box theater, three youth ns, and associated spaces for the new uses.		
-	orts that fundraising for the Car Barn project has proven exceptionally		
difficult and that it will be unable to meet the funding requirements of the LDDA. RPD and the Friends agreed to an early voluntary termination of the LDDA.			
 With termination Barn project from 	of the agreement, RPD will assume management responsibility for the Cau the Friends.		
	s to use a two-phased approach managed and led by RPD in which the Id be renovated first followed by renovation of the Office Building. Fiscal Impact		
	ed cost for completing the two-phased project is \$29,047,093. The Phase 1 ect is estimated to cost \$6,787,552. The Phase 2 Office Building Project is \$22,259,541.		
	8 has been appropriated by the Board of Supervisors for Phase 1. RPD wil Iditional amounts of \$6,186,274 to complete the Phase 1 Powerhouse		
	Policy Consideration		
—	\$6,186,274 in funds needed to complete the Phase 1 Powerhouse Project d anticipated \$3,064,184 in funding sources.		
Tax Credits, the C funds committee	unding sources totaling \$3,122,090 include Federal Historic Preservation Community Arts Stabilization Trust, and the City's General Fund. Any new d to the Car Barn project will be subject to Board of Supervisors		
appropriation app	Recommendation		
	Recommendation		

BUDGET AND LEGISLATIVE ANALYST

MANDATE STATEMENT

San Francisco Charter Section 9.118 (c) states that the modification, amendment, or termination of any lease of real property of the City and County of San Francisco (the City), which when entered into was for a period of ten or more years, shall be subject to approval by the Board of Supervisors by resolution.

BACKGROUND

The Geneva Car Barn and Powerhouse (Car Barn) is located at the corner of Geneva Avenue and San Jose Avenue across from the Balboa Park BART Station. The Car Barn is located adjacent to a maintenance yard and vehicle storage facility owned by the San Francisco Municipal Transportation Agency (SFMTA). In 1998, the Car Barn was saved from demolition through the efforts of a neighborhood citizens group, the Friends of the Geneva Car Barn and Powerhouse (Friends), a nonprofit organization. In 2004, the Municipal Railway (now the San Francisco Municipal Transportation Agency or SFMTA) transferred jurisdiction of the Car Barn to the Recreation and Park Department (RPD) (File No. 04-0320) at no cost, with the intent for the RPD to form a partnership with the Friends to renovate the Car Barn. This transfer was subject to the condition that if the Recreation and Park Commission determines the property is no longer necessary for a recreational purpose, jurisdiction will revert to the SFMTA.

Between 2004 and 2014, RPD and the Friends spent \$2,693,580 on the Car Barn from local, state, federal, and nonprofit organization funding sources, for various purposes including roof and building stabilization, project planning, and historic preservation.

In October 2014, the Board of Supervisors approved a Lease Disposition and Development Agreement (LDDA) between RPD and the Friends (File 14-0920; Resolution 393-14) to govern the rehabilitation of the Car Barn by the Friends. The LDDA set terms for performance of the rehabilitation project and conditions for the Friends to obtain funding. The LDDA requires the Friends to provide a financing plan to complete the project, and includes a Schedule of Performance for certain obligations of RPD and the Friends. The LDDA states that following the completion of the project, the Friends would maintain and operate the building as a community center providing programming for youth and adults in the surrounding neighborhood, City, and region, at the Friends' cost.

The scope of the project included: (1) façade restoration; (2) seismic upgrades; and (3) interior renovations to provide a 300 person event space, a 99 seat black box theater, three youth training classrooms, and associated spaces for new uses, including a 2,000 square foot restaurant and a 730 square foot retail space.

Under the LDDA approved by the Board of Supervisors in October 2014, the Friends were responsible for obtaining funding for project completion, which was estimated at that time to be \$24,285,660. RPD and the Friends anticipated that the Friends would obtain funding from a variety of sources, such as grants, tax credits, and private donations. However, given the high costs for the restoration project, the Friends reports that fundraising for the project has proven exceptionally difficult and that it will be unable to meet the funding requirements of the LDDA.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) authorize termination of the Lease Disposition and Development Agreement (LDDA) for the rehabilitation and lease of the Car Barn between the City and the Friends; and (2) authorize the General Manager of the Recreation and Park Department, or designee, to execute a termination agreement. As a result of terminating the LDDA, responsibility for financing the Car Barn project will shift from the Friends to the City.

RPD Management of Car Barn Project after Termination of the LDDA

According to Ms. Nicole Avril, Project Director at RPD, RPD and the Friends agreed to an early voluntary termination of the LDDA so that RPD may begin exploring and implementing other means of performing the restoration and improvement project, rather than waiting to terminate the LDDA administratively after the performance deadlines have passed. According to Ms. Avril, RPD now proposes to directly manage the Car Barn project.

RPD proposes to use a two-phased approach to develop the Car Barn project:

- Phase 1: Design, restoration, and improvement of the Powerhouse only (the Powerhouse Project involves seismic stabilization, hazardous material remediation, streetscape improvements, a new roof, and mechanical and electric system upgrades for the Powerhouse building), with a more limited scope of improvement than previously contemplated; and
- Phase 2: Design, restoration, and improvement of the Office Building and completion of additional improvements to the Powerhouse, which would complete the scope of work approved in 2014.

Under the new phased approach, the City, through a multi-agency coalition including RPD, the Office of Economic Workforce Development (OEWD), and the San Francisco Arts Commission, would be responsible for renovating the Powerhouse building to minimum occupancy standards (the "Phase 1 Powerhouse Project") and for developing the programming for the Powerhouse building. The anticipated schedule for the Phase 1 Powerhouse Project is summarized in Table 1, below.

Activity	Estimated Date Performed
City Design Reviews	July – October 2015
Construction Documents and Reviews	October 2015 – February 2016
Construction Permitting	March – June 2016
Construction Bidding	July – September 2016
Construction	October 2016 – May 2017
Source: RPD Staff	

Table 1: Phase 1 Powerhouse Project Anticipated Schedule

Source: RPD Staff

FISCAL IMPACT

Based on a Design Development Estimate prepared in July 2015, the total current estimated cost for the Car Barn project is \$29,047,093, of which \$6,787,552 is for the Phase 1 Powerhouse Project and \$22,259,541 is for the Phase 2 Office Building Project. As shown in Table 2 below, to date, \$601,278 has been previously appropriated by the Board of Supervisors for Phase 1, leaving a remaining balance of \$6,186,274 needed to be secured for Phase 1 of the Powerhouse Project.

Table 2: Phase 1 Powerhouse Project Funding Sources and Uses

Previously Appropriated Sources	
2000 Neighborhood Park General Obligation Bonds	\$126,278
RPD FY 2015-16 Capital Budget	\$175,000
OEWD's Invest in Neighborhoods Initiative FY 2015-16 Budget	<u>\$300,000</u>
Funds Previously Appropriated	\$601,278

Phase 1 Uses

Fild3C T 03C3	
Design Fees (Aidlin Darling Design)	\$651,219
Permits and Regulatory Agency Approvals	\$98,046
Construction Fees	\$5,235,078
Construction Contingency	\$523,508
Art Enrichment Program	\$104,702
Hazardous Materials Abatement	\$50,000
Fire Security System	\$30,000
Bathroom Trailer	\$60,000
PG&E Transformer Installation Fee	<u>\$35,000</u>
Phase 1 Powerhouse Cost Estimate	\$6,787,552

Remaining Funds to be Secured in Phase 1

\$6,186,274

In May 2014, the Board of Supervisors authorized appropriation of \$837,863 in 2000 Neighborhood Park General Obligation Bonds to partially pay for the design services of Aidlin Darling Design¹. As shown in Table 2 above, the cost of design services for Phase 1 of the Car Barn project is \$651,219.

In April 2014, the Board of Supervisors approved a waiver of competitive bidding requirements for the contract with Aidlin Darling Design (Ordinance 52-14).² Redesigning the project to accommodate the two-phased approach requires amending the existing contract between

¹ Of the \$837,863 previously appropriated by the Board of Supervisors, \$126,278 will be credited towards Phase 1 design services (as shown in Table 2 above), and the remaining \$711,585 will be used for Phase 2 design services.

² The rationale for awarding a sole-source contract to Aidlin Darling Design was that: (1) a typical competitive, procurement for architectural services for public service projects can take many months, which would impair the City's ability to seek 2015 Historic Preservation and New Market Tax Credits and Community Opportunity Fund money for the Car Barn project; and (2) it would be unusual for a new firm to complete design and construction documents based on Aidlin's schematic design, and inconsistencies with the design of the Car Barn could jeopardize approvals from the State Historic Preservation Office and the National Park Service.

BUDGET AND FINANCE COMMITTEE MEETING

Aidlin Darling Design and RPD to provide complete construction documents for the Phase 1 Powerhouse Project and reduce the scope of work for the full project construction documents. According to Mr. Philip Ginsburg, General Manager of RPD, the amended sole-source contract with Aidlin Darling Design is justified because a new competitive solicitation would result in duplication of costs to the City and a project delay of approximately 17 months. The sole source justification was approved by the Recreation and Parks Commission pursuant to Administrative Code Section 6.73.

POLICY CONSIDERATION

The proposed resolution authorizes termination of the LDDA between RPD and the Friends. With termination of the agreement, the City will assume fundraising and management responsibility for the Car Barn project from the Friends. Of the remaining \$6,186,274 in funds needed to complete the Phase 1 Powerhouse Project, RPD anticipates \$3,064,184 in funding sources, as shown in Table 3 below.

Total Phase 1 Powerhouse Project Budget	\$6,787,552
Previously Appropriated by the Board of Supervisors	<u>(601,278)</u>
Additional Funds Needed	\$6,186,274
Anticipated Funding Sources	
City Community Opportunity Fund ³	\$3,000,000
Federal Environment Protection Agency Brownfield Funding	<u>64,184</u>
Subtotal, Anticipated Funding Sources	\$3,064,184
Funding Sources Not Yet Determined for Phase 1	\$3,122,090

Table 3: Phase 1 Powerhouse Project Funding

Source: RPD Staff

Other potential funding sources totaling \$3,122,090 include Federal Historic Preservation Tax Credits⁴, the Community Arts Stabilization Trust⁵, and the City's General Fund. Any new City funds committed to the Car Barn project will be subject to future Board of Supervisors appropriation approval.

RECOMMENDATION

Approve the proposed resolution.

³ The City's Community Opportunity Fund is a \$6,000,000 capital program of the 2012 Clean and Safe Neighborhood Parks Bond that provides funding for small community-nominated projects.

⁴ The Friends, as a private nonprofit organization, planned to pursue \$1,207,658 in Federal Historic Preservation Tax Credits. The City, as a government agency, may not be eligible for these tax credits.

⁵ The Community Arts Stabilization Trust is a nonprofit organization that provides real estate support to arts organizations in San Francisco.

TERMINATION AGREEMENT

(Geneva Office Building and Power House Lease Disposition and Development Agreement0

THIS TERMINATION AGREEMENT (this "Termination") is made as of September _____, 2015 by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through its Recreation and Park Commission ("City"), and FRIENDS OF GENEVA OFFICE BUILDING AND POWER HOUSE, a California non-profit corporation ("Friends").

RECITALS

A. City and Friends entered into that certain Geneva Office Building and Power House Lease Disposition and Development Agreement with respect to certain improved real property in the City and County of San Francisco, State of California, located at the corner of Geneva Avenue and San Jose Avenue under the jurisdiction of the Recreation and Park Commission (the "LDDA"). City and Friends are sometimes collectively referred to as the "Parties."

B. City and Friends have mutually agreed not to pursue the project contemplated by the LDDA in the manner set forth in the LLDA at this time.

C. City and Friends now desire to terminate the LDDA in accordance with the terms and provisions hereof.

NOW, THEREFORE, in accordance with the above recitals, the truth and accuracy of which are hereby acknowledged, the undersigned hereby declare that:

1. <u>Termination</u>. For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby permanently and forever terminate the LDDA as of the Effective Date described below and agree that the LDDA shall no longer be of any force or effect. Neither Party shall have any continuing obligation under the LDDA from and after the Effective Date.

2. <u>No Prior Assignment</u>. Friends has not previously assigned, conveyed, or otherwise transferred any of its rights in and to the LDDA to any other person or party.

3. <u>Valid Execution</u>. The execution and delivery of this Termination by Friends has been duly and validly authorized by all necessary action. This Termination will be a legal, valid and binding obligation of Friends, enforceable against Friends in accordance with its terms. At City's written request Friends shall provide to City a written resolution of Friends authorizing the execution of this Termination.

4. <u>Binding Effect</u>. This Termination shall be binding upon, enforceable by and against and inure to the benefit of the Parties and their respective successors and assigns.

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5. Attorneys' Fees. If any dispute arises between the Parties hereto concerning the meaning or interpretation of any provision of this Termination, then the Party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other Party on account of establishing its rights under this Termination, including, without limitation, attorneys' fees and costs. For purposes of this Termination, the reasonable fees of attorneys of City's Office of City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. The prevailing party shall be determined based upon an assessment of which party's major arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by the other party of its claim or defense, final decision, after any appeals, or otherwise) over the other party's major arguments or positions on major disputed issues. Any attorneys' fees incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment.

6. <u>Governing Law</u>. This Termination shall be governed and construed in accordance with the laws of the State of California.

7. <u>Entire Agreement</u>. This instrument contains the entire agreement between the Parties and all prior written or oral negotiations, understandings and agreements are merged herein.

8. <u>Counterparts</u>. This Termination may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9. <u>Effective Date</u>. This Termination shall become effective on the date (the "Effective Date") which is the later of: (i) the date on which the Parties have executed and delivered this Termination, and (ii) the effective date of a resolution by the City's Board of Supervisors approving this Termination and authorizing the City's execution.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Termination to be duly executed and delivered as of the date first written above.

FRIENDS:

FRIENDS OF GENEVA OFFICE BUILDING AND POWER HOUSE, a California non-profit corporation

By:		
Its:		

Rv.	
Dy.	
Its:	

<u>CITY</u>:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By:

PHILIP A. GINSBURG General Manager Recreation and Park Department

APPROVED BY

RECREATION AND PARK COMMISSION

PURSUANT TO RESOLUTION NO.

DATED:

Margaret McArthur, Commission Liaison

APPROVED AS TO FORM:

DENNIS J. HERRERA City Attorney

By:

Anita L. Wood Deputy City Attorney

RECREATION AND PARK COMMISSION City and County of San Francisco Resolution No. 1508-009

GENEVA CAR BARN RENOVATION AND IMPROVEMENT PROJECT

RESOLVED, That this Commission does (1) recommend that the Board of Supervisors approve the termination of the Lease Disposition and Development Agreement with the Friends of Geneva Office Building and Power House for the Geneva Car Barn Renovation and Improvement Project, (2) approve a new schematic design for the Phase 1 Powerhouse Project, (3) adopt a resolution approving the Department's written justification for a Sole Source Contract for Contract Number 48552-13/14 with Aidlin Darling Design, and (4) approve an increase to Contract Number 48552-13/14 in the amount of \$370,147, bringing the total contract value to \$1,208,010, to add complete construction document services for the Phase 1 Powerhouse Project.

Adopted by the f	ollowing 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 August 20, 2015

Margaret A. McArthur, Commission Liaison

Print Form

Introduction Form

CERED ECONTRACTOR Time stamp or meeting date

B	a Member	of the Board	of Supervisors	or the Mayor

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

\boxtimes	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. Request for Closed Session (attach written motion).
	10. Board to Sit as A Committee of the Whole.
	11. Question(s) submitted for Mayoral Appearance before the BOS on
Pleas	se check the appropriate boxes. The proposed legislation should be forwarded to the following:
	Planning Commission Building Inspection Commission
Note:	For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative
Spons	or(s):
Super	visor John Avalos
Subje	ct:
	ution approving and authorizing termination of the Lease Disposition and Development Agreement for the va Office Building and Powerhouse at 2301 San Jose Avenue, San Francisco

The text is listed below or attached:

Resolution approving and authorizing termination of the Lease Disposition and Development Agreement for the rehabilitation and lease of the Geneva Office Building and Powerhouse with the Friends of the Geneva Office Building and Powerhouse.

Signature of Sponsoring Supervisor:

. _____

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For Clerk's Use Only: