

INFORMATIONAL MEMORANDUM

TO: Agency Commission

FROM: Fred Blackwell, Executive Director

SUBJECT: Western Addition Redevelopment Project Area A-2 (“WA-A2”) Project Area obligations and Agency Commission and Board of Supervisors’ approvals relating to the WA-A2 project area budget.

EXECUTIVE SUMMARY

The purpose of this Memorandum is to provide the Agency Commission (the “Commission”) with background and updated information regarding the remaining project area obligations and the status of previously approved projects and programs in the former Western Addition A-2 Redevelopment Project Area.

DISCUSSION

The Western Addition Redevelopment Project Area A-2 (“WA-A2”) remaining obligations require funding in the amount of \$ 2,445,985. These funds were obligated by a number of Commission Actions for various WA-A2 programs/projects and agreements. Certain Commission Actions required that the San Francisco Board of Supervisors (the “Board”) adopt an Amendment of the Whole to Amend the Agency’s WA-A2 Budget. The following information is intended to clarify the remaining funds in the WA-A2 budget and their uses as authorized by Commission action and some which additionally required action by the Board. On December 9, 2008, the Agency Commission, by Resolution No. 145-2008, approved an amendment to the Agency’s budget that would reprogram funds from the Muni Substation line items to provide for various other uses; and which would later be forwarded to the Board of Supervisors for its approval. In addition, the Commission authorized an amendment to the Fillmore Jazz Preservation District Revolving Loan Program (the “Loan Program”) by Resolution No. 146-2008.

The Budget Amendment forwarded to the Board of Supervisors provided for the reprogramming of \$3,301,225 from the Muni Substation line items and was allocated for the following uses:

- (1) To the Fillmore Jazz Preservation District revolving Loan Program line item in the amount of \$2,401,225, and to the economic development line item in the amount of \$500,000 and to a new property management line item in the amount of \$400,000; and
- (2) Add \$581,000 in Community Development Block Grant program (“CDBG”) income to the Revolving Loan Program line item; and

- (3) Recommend approval of the Agency's budget amendment to the Board of Supervisors.

**Section 33606 of the Community Redevelopment law (the "Law") provides for approval of the annual budget (the "Budget") of the Agency, and amendments to the Budget by the Legislative Body.*

On March 4, 2009, the Board of Supervisors adopted Resolution No. 92-09, and amended the Agency's Budget and the Commission actions adopted on December 9, 2008 as mentioned above. The Board of Supervisors' Resolution reallocated the amount of the funding for each item identified above as follows:

- (1) To the Revolving Loan Program from \$2,401,225 to \$2,366,000.
- (2) To the Office of Economic and Workforce Development for marketing and economic development activities within the Fillmore Jazz Preservation District, including predevelopment plans for the Muni Substation up from \$500,000 to \$535,225 with \$400,000 for the marketing and economic development and \$135,225 for Muni Substation predevelopment. On December 9, 2009, the Budget and Finance subcommittee of the Board of Supervisors released the \$135,000 in predevelopment funds intended for the Muni Substation.
- (3) Allocation to a new Western Addition A2 property management line item did not change (\$400,000). \$325,000 is set aside for CAM and other maintenance related to the Agency owned public parking garage. The remaining funds in this line are set aside for other property maintenance cost. See attachment 1.

The allocation to the Revolving Loan Program in the amount of \$2,366,000 is allocated in the following manner:

- 1a. A Second Amendment to the loan agreement with Yoshi's San Francisco to modify the loan terms and increase the loan amount by \$1,500,000 subject to Board of Supervisors approval of the Agency budget amendment. **Resolution No. 153-2008, adopted on December 16, 2009.**
- 1b. A First Amendment to the amended and restated tenant improvement Loan Agreement with Sheba Lounge to increase the loan amount by \$90,000. **Resolution No. 10-2009, adopted on January 13, 2009.**
- 1c. A First Amendment to the amended and restated Loan Agreement with Agonafer Shiferaw (Rasselas Jazz Club), to increase the Agency's Tenant Improvement Loan by \$251,000 for a total. **Resolution No. 9-2009, adopted on January 13, 2009.**

On November 18, 2008, by **Resolution No. 131-2008**, the Commission approved a Loan Agreement with FFS for \$100,000 to pay a portion of the past due operating expenses of 1300 on Fillmore. The First Amendment to the working capital loan agreement with Food For Soul,

(“FFS”) to increase the loan amount by \$524,000 for tenant improvements, and operating expenses for the 1300 on Fillmore Restaurant were funded with the added Community Development Block Grant program funds authorized by **Resolution No. 152-2008 adopted on December 16, 2008 and approved by the Board of Supervisors Resolution No. 92-09**. These two amendments increased FFS’s loan amount by \$624,000.

The following Personal Services Contracts and Letter Agreements were approved by the Commission action and are funded through existing funds in the WA-A2 budget approved in Fiscal Year 2008-2009 and previous budget years.

1. On December 2, 2008 by **Resolution No. 144-2008**, the Commission authorized a Letter Agreement with the Office of Economic and Workforce Development (“OEWD”) in an amount not to exceed \$239,000 to provide employment development and training services in the WA-A2 project area. Agency staff is still waiting on instructions from OEWD.
2. On December 9, 2008, by **Resolution No. 154-2008**, the Commission authorized an amended, restated Letter Agreement with the Mayor’s Office of Community Investment (“MOCI”) for the administration of the SF Shines Façade and Tenant Improvement Program for the Fillmore Street Commercial Corridor in an amount not to exceed \$675,000. However, due to budget constraints Agency staff is recommending an amount not to exceed \$400,000. The term of the agreement needs to be extended.
3. The Board of Supervisors, at its meeting of March 4, 2009, adopted **Resolution No. 92-09** which approved an amendment to the Agency’s budget to reprogram funds from the Muni Substation line items. As stated in the resolution, a portion of the funds under these line items were to be directed to OEWD for marketing and economic development activities with the Fillmore Jazz Preservation District and for the Muni Substation Predevelopment Planning process in the amount of \$535,225 (to be divided as follows: \$400,000 for economic development and marketing, and \$135,225 for predevelopment of the Muni Substation) with the provision that OEWD develop plans for both activities prior to the commitment of such funds. Pending Commission approval on January 19, 2010.
4. Japantown Taskforce – On December 16, 2009 the Commission authorized a Grant Agreement in the amount of \$56,700 with the Japantown Taskforce, to complete the formation of the Japantown Community Benefits District; and a Personal Services Contract with Japanese Community Youth Council in the amount of \$6,300 to provide Fiscal Agency services to the Japantown Taskforce. The total amount of the Grant Agreement and the Personal Services Contract is \$63,000. **Resolution No. 147-2008, adopted December 16, 2008**. Due to the economic downturn and time constraints, the Taskforce was unable to complete the tasks required for formation. The contract expires on December 16, 2009. After receipt of a final invoice, there will be approximately \$30,000 in remaining funds.

5. On December 9, 2008, by **Resolution No. 148-2008**, the Commission authorized a Letter Agreement with the City and County of San Francisco Department of Public Works in an amount not to exceed \$1,800,000 to make certain repairs to the Fillmore Streetscape improvements and to maintain the Fillmore Streetscape improvement as City-owned property. To date the Department has collected \$812,987 related to these services and has another invoice pending in the amount of \$800,000. The work completed to date is as follows: Sidewalk pavers repaired, tree planting, tree pruning, tree basin expansion, Fillmore Street Pedestrian Light Standards underground wiring, Blue Bridge broker glass, removed old pedestrian lights and replaced with new Pedestrian Light Standards. Items remaining under the Letter Agreement are: On-going upkeep and maintenance of Fillmore Streetscape improvements.
6. On December 9, 2008, by **Resolution No. 154-2008**, the Commission authorized an amendment to the Agency's budget which provided for a new property management line item in the amount of \$400,000. These funds are used for the on-going maintenance and upkeep related to the Agency owned public parking garage, Muni Substation assessment and maintenance until the property is transferred to the City and County of San Francisco, parcel 725C (Ellis Street Driveway leading to Safeway's parking lot). Attachment 1 identifies the remaining funds for this use.
7. The Puccini Group (the "Consultant")– On May 5, 2009 the Commission authorized a First Amendment to the Personal Services Contract with the Puccini Group to extend the contract term 12 months, from May 5, 2009 to May 30, 2010 and to increase the contract amount by \$210,000. **Resolution No. 42-2009 adopted May 5, 2009.** The Consultant has been updating the Agency staff and is currently preparing reports that will be provided to the restaurants within 30 days. This contract expires on May 30, 2010.
8. In Fiscal year 2008-2009 the Commission approved the WA-A2 budget which included a line item for workforce development in the amount of \$188,000. At the time the Agency's Budget was approved by the Commission and subsequently by the Board of Supervisors, and in prior years, the Agency worked with the Ella Hill Community Center to provide workforce development and training. Agency staff is waiting on a Scope of Work from Ella Hill Hutch Community Center, which will include a proposal for physical upgrades to the Center, rather than workforce development funding.
9. Historic Report on the WA-A2 \$100,000. Agency staff issued a Solicitation of Interest in mid-2008. The responses to the Solicitation of Interest were in excess of the funding the Agency allocated for this project through its budget approval process; however, we will be rebidding this project with a scaled back scope of work.

The attached budget identifies the remaining funds in the WA-A2 budget and the intended use of funds.

(Originated by Gaynell Armstrong-McCurn, Project Manager Special Projects)

Fred Blackwell
Executive Director

Attachments:

1. [Western Addition Budget \(Remaining Funds\).](#)
2. [Resolution No. 145-2008 Amendment to the Agency Budget to reprogram Muni Funds](#)
3. [Resolution No. 146-2008 Fillmore Jazz preservation District Revolving Loan Program.](#)
4. [Board of Supervisors Resolution No. 92-09](#)
5. [Resolution No. 153-2008 — Second amendment to the Loan Agreement with Yoshi's SF](#)
6. [Resolution No. 10-2009 — First Amendment to the Loan Agreement with Sheba Lounge](#)
7. [Resolution No. 9-2009 First Amendment to the Loan Agreement with Agonafer Shiferaw](#)
8. [Resolution No. 131 Authorizing a Loan Agreement with Food For Soul.](#)
9. [Resolution No. 152-2008 Authorizing a first Amendment to the Working Capital Loan Agreement with Food For Soul.](#)
10. [Resolution No. 144-2008 — Authorizing a Letter Agreement with OEWD to provide employment and training services.](#)
11. [Commission memo "Workshop relating to Agency's Fillmore "Jazz District" Restaurants.](#)
12. [Resolution No. 154-2008 - Authorizing an amended Letter Agreement with MOCI to administer the SF Shines Program.](#)
13. [Resolution No. 147-2008 — Authorizing a Grant Agreement with the Japantown Taskforce.](#)
14. [Resolution No. 148-2008 — Authorizing a Letter Agreement with DPW for the Fillmore Streetscape Improvements and on-going maintenance.](#)
15. [Resolution No. 42-2009 — Authorizing a First Amendment to the PSC with the Puccini Group.](#)
16. [Resolution No. 18-2009 Approving a Term Sheet to convey the Muni Substation to the City.](#)
17. [May 15, 2009 Memorandum to Supervisor Mirkarimi from OEWD.](#)