

**STAFF REPORT FOR CALENDAR ITEM NO.: 10
FOR THE MEETING OF: February 10, 2022**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Authorize the Executive Director to execute a non-binding Term Sheet for Operations Agreement between the Transbay Joint Powers Authority (“TJPA”) and the East Cut Community Benefit District (“CBD”), with Office of Community Investment and Infrastructure (“OCII”) as an acknowledging entity, regarding the design, development, operations and funding of the proposed Under Ramp Park project.

EXPLANATION:

Background

In 2005, the Board of Supervisors of the City and County of San Francisco (the “City”) adopted the Transbay Redevelopment Plan to redevelop the Transbay Redevelopment Project Area (“Project Area”) and generate funding from the development of about 10 acres of State-owned property for the construction of the new Transbay Transit Center, now known as the Salesforce Transit Center.

In 2005, the Redevelopment Agency of the City and County of San Francisco (“Former Agency”) and the Transbay Joint Powers Authority (“TJPA”) entered the Transbay Redevelopment Project Implementation Agreement (“Implementation Agreement”), which, among other things, required the Former Agency to “execute all activities related to the implementation of the Transbay Redevelopment Plan, including all administrative activities related to implementation, including, but not limited to, activities related to major infrastructure improvements, including new public parks.... The costs for implementation of the Transbay Redevelopment Plan activities ... shall be an indebtedness incurred by the [Redevelopment] Agency....”

In 2006, the Former Agency and the San Francisco Planning Department released the Transbay Redevelopment Project Area Streetscape and Open Space Concept Plan (“Streetscape Plan”), which identified the under ramp areas beneath TJPA and California Department of Transportation (“Caltrans”) off-ramps from the San Francisco-Oakland Bay Bridge within the project area as potential opportunities for public park use.

In 2011, the Former Agency entered into a contract with CMG Landscape Architecture (“CMG”) to complete design documents for select elements of the Streetscape Plan, including a proposed park planned to be located primarily under TJPA’s bus ramps (formerly referred to as “Oscar Park” and referred to here as “Under Ramp Park” as a placeholder name).

In 2012, the State of California dissolved the Former Agency and established a successor agency to wind down redevelopment activities and complete some of the unfinished enforceable obligations of the Former Agency. OCII is the Successor Agency to the Former Agency.

In 2013, the California Department of Finance determined that the Implementation Agreement, among other Transbay-related documents, is an enforceable obligation of the Former Agency. Accordingly, OCII has authority pursuant to the Implementation Agreement to complete certain infrastructure improvements, including new public parks like the proposed Under Ramp Park. OCII, however, has no authority to acquire or operate the park; OCII cannot have any ownership or leasehold interest in either the land or the improvements for the park during or after construction.

Concept for Under Ramp Park

In 2013, the OCII Commission approved its contractor CMG's conceptual design for Under Ramp Park. In 2017, OCII staff directed CMG to update its original concept design. While still in concept stage, the proposed Under Ramp Park would total approximately 2.3 acres, spanning Harrison to Howard Streets. The park primarily would be located on TJPA property, below the TJPA's bus ramps. The concept proposes that a portion of the park to be located on property owned by Caltrans primarily under the existing Interstate 80 Fremont exit ramp. Approximately 25% of the site would be open to the sky.

In 2018, OCII's contractor CMG prepared a draft Schematic Design. Although not final, the draft design includes a range of proposed programming for Under Ramp Park, including a dog park, areas for children's play, walking, biking, adult and youth sports, relaxation spaces, areas for events and community programs, and casual dining. With respect to casual dining in the park, a beer garden/concessions building, lounge space and game area is proposed adjacent to Clementina Street at the center of the park. A two-story pavilion building totaling approximately 4,500 square feet is planned at the Folsom entrance to Under Ramp Park. The upper story is currently designed to include three food kiosks serving park patrons and a small indoor seating area. Additionally, outdoor seating and tables are proposed outside of the food kiosks on a large plaza overlooking the park. The lower story of the pavilion building is located at the same level as the park, and is proposed to be used as office space and storage for the park operator. Adjacent to the office is a proposed flexible space/conference room that could be available for community use/rentals. Under Ramp Park is expected to be heavily used by neighborhood residents, commuters, office workers, and visitors.

Proposed Cooperation Between OCII, TJPA, and the CBD relative to Under Ramp Park

As described above, OCII has authority to fund and complete certain infrastructure improvements, including the proposed Under Ramp Park. OCII, however, has no authority to acquire or operate the park.

The proposed Under Ramp Park is not currently part of the Transbay Program. TJPA staff acknowledge, however, the advantages that could accrue to the Transbay neighborhood as a whole, and the TJPA directly, from programming and activation of areas on TJPA property

under its bus ramps and adjacent parcels. For the last several years, OCII and TJPA staff have discussed opportunities for the agencies to cooperate to achieve delivery of the proposed Under Ramp Park, recognizing, among other things: the limits on OCII under the redevelopment dissolution law; TJPA's lack of funding sources to support design, construction or operation of the park; TJPA's need to ensure the transit center infrastructure (particularly its bus ramp) is protected; and TJPA's interest in ensuring that the proposed park complements (rather than detracts from) the transit center programming and operations.

Those discussions have more recently included the East Cut Community Benefit District ("CBD"). In 2015, the City and County of San Francisco Board of Supervisors (1) established the property-based business improvement district called the "Greater Rincon Hill Community Benefit District," which is now known as "The East Cut Community Benefit District" ("District"), (2) ordered the levy and collection of special assessments on parcels within the District, (3) approved a Management Plan for the District, and (4) authorized the City to contract with a private entity to administer the improvements, services, and activities to be funded with the assessment funds. The Management Plan provides that a significant portion of the maintenance and operations costs of the Salesforce Park are paid with District assessment funds. Additional assessment funds are available for other purposes within the District, including operation of other parks.

The CBD is a 501(c)(3) non-profit corporation. The City entered an agreement with the CBD for implementing the Management Plan ("Administration Agreement"). The proposed Under Ramp Park is wholly within the boundaries of the District and described in the District's Management Plan. The Management Plan and Administration Agreement contemplate that the CBD will operate and manage certain parks within the District in conjunction with their public owners.

The TJPA, OCII, and CBD have identified a potential framework for accomplishing Under Ramp Park that is summarized as:

- OCII would fund the design and construction of Under Ramp Park. OCII would enter an agreement with San Francisco Public Works ("SFPW") to oversee the park's construction.
- TJPA would own the land under much of the park and the park improvements, once completed. TJPA would seek to enter a lease with Caltrans for the right to use a portion of Caltrans land for the park.
- CBD would manage the operations and maintenance of the proposed Under Ramp Park, and fund all associated operating costs, minimizing the financial risk to TJPA, until the end of the term of the CBD (June 2030) (potentially subject to extension).

Projected Operating Revenue and Expense

As part of the Under Ramp Park predevelopment activities, OCII staff worked with consultants to prepare an analysis of projected income and expenses associated with Under Ramp Park, generating a 5-year cash flow. The analysis indicates that District assessments dedicated to Under Ramp Park (\$235,000 per year), along with projected income received from park activities, may not be sufficient to cover operations and maintenance costs. That analysis shows a

potential operating deficit of \$2.7 million by the end of the fifth year of Under Ramp Park operations.

Accordingly, consistent with the TJPA's position that it has no source of funds to cover the operations and maintenance of the proposed Under Ramp Park, the CBD would need to engage in a private fundraising effort to develop a robust financial reserve dedicated to Under Ramp Park operations and maintenance. TJPA staff recommends that the CBD must raise a minimum of \$3 million (in addition to the assessment funds and estimated operating revenues) to cover the projected shortfall before authorizing commencement of Under Ramp Park construction.

The purpose of the required \$3 million in fundraising proceeds is to ensure the CBD has sufficient funding for the period from the construction completion (approximately 2026) through 2030, when the CBD expires. At that time, the CBD anticipates seeking both renewal and an increase of assessments to cover Under Ramp Park operations and maintenance (informed by actual stabilized revenue and expense data, rather than only projections). The Term Sheet confirms if the CBD is not renewed and no other supplemental funding source is identified, or if the TJPA terminates the operating agreement with the CBD, the TJPA will be solely responsible for decisions related to the ongoing operations and maintenance of the proposed park.

Term Sheet Summary

To help advance the discussions between the parties, and allow the CBD to begin exploring private fundraising to defray the operations and maintenance costs of the proposed park, the TJPA and CBD have drafted a non-binding Term Sheet for Operations Agreement ("Term Sheet"), with OCII as an acknowledging entity, attached hereto, which lays out contemplated roles and responsibilities of the parties, and details the fundraising milestones the CBD must meet for development to continue on Under Ramp Park.

The Term Sheet provides a narrative description of the proposed Under Ramp Park project, describes the legal parcels that would comprise the site, describes the CBD's obligation to prepare an operations and maintenance plan for the park, and outlines the CBD's fundraising milestones that must be achieved to cover the anticipated operating deficit to minimize financial risk to TJPA as owner (as described above).

To help ensure that OCII and TJPA are mitigating the risk that the CBD may not be able to raise such private funds, the term sheet contemplates that the CBD meet two fundraising milestones before OCII and TJPA take certain actions:

Fundraising Milestone 1:

- Raise at least \$1.2 million, 50% of which must be in hand, with the balance allowed to be in written commitments from donors.
 - *To date, the CBD has secured over \$700,000 in cash.*
- Upon satisfaction of Milestone 1, TJPA will authorize OCII to advance the Under Ramp Park Project through construction documents, permitting, and other design and preconstruction activities.

Fundraising Milestone 2:

- Raise remaining funds to meet \$3 million total, all of which must be funds in hand.
- Upon satisfaction of Milestone 2, TJPA will authorize, through OCII and SFPW, construction to commence.

The Term Sheet would provide the basis for negotiating an Operating Agreement between TJPA and the CBD, which would be put forward to the TJPA and CBD Boards for review and approval.

California Environmental Quality Act

Authorization of the Term Sheet is an organizational activity of government that will not result in direct or indirect physical changes in the environment and is therefore not a “project” that requires environmental review under the California Environmental Quality Act Guidelines Section 15378(b)(5). Approval of the non-binding Term Sheet is also statutorily exempt per Guidelines section 15262 because it involves only feasibility or planning studies for possible future actions, which the TJPA Board of Directors has not approved, adopted, or funded.

Fiscal Impacts

As a non-binding Term Sheet, approval does not bring with it a fiscal impact to TJPA.

RECOMMENDATION:

Authorize the Executive Director to execute the non-binding Term Sheet for Operations Agreement between the TJPA and the CBD, with OCII as an acknowledging entity, as presented herein.

ENCLOSURE:

1. Resolution
2. Term Sheet

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, In 2005, the Board of Supervisors of the City and County of San Francisco (the “City”) adopted the Transbay Redevelopment Plan to redevelop the Transbay Redevelopment Project Area (“Project Area”) and generate funding from the development of about 10 acres of State-owned property for the construction of the new Transbay Transit Center, now known as the Salesforce Transit Center; and

WHEREAS, In 2005, the Redevelopment Agency of the City and County of San Francisco (“Former Agency”) and the Transbay Joint Powers Authority (“TJPA”) entered the Transbay Redevelopment Project Area Implementation Agreement (“Implementation Agreement”), which, among other things, required the Former Agency to “execute all activities related to the implementation of the Transbay Redevelopment Plan, including all administrative activities related to implementation, including, but not limited to, activities related to major infrastructure improvements, including new public parks The costs for implementation of the Transbay Redevelopment Plan activities ... shall be an indebtedness incurred by the [Redevelopment] Agency...”; and

WHEREAS, In 2006, the Former Agency and the San Francisco Planning Department released the Transbay Redevelopment Project Area Streetscape and Open Space Concept Plan (“Streetscape Plan”), which identified the under ramp areas beneath the TJPA and California Department of Transportation (“Caltrans”) off-ramps from the San Francisco-Oakland Bay Bridge within the project area as potential opportunities for public park use; and

WHEREAS, In 2012, the State of California dissolved the Former Agency and established a successor agency to wind down redevelopment activities and complete some of the unfinished enforceable obligations of the Former Agency. The Office of Community Investment and Infrastructure (“OCII”) is the Successor Agency to the Former Agency; and

WHEREAS, In 2013, the California Department of Finance determined that the Implementation Agreement, among other Transbay-related documents, is an enforceable obligation of the Former Agency. Accordingly, OCII has authority pursuant to the Implementation Agreement to complete certain infrastructure improvements, including new public parks like the proposed Under Ramp Park. OCII, however, has no authority to acquire or operate the park; OCII cannot have any ownership or leasehold interest in either the land or the improvements for the park during or after construction; and

WHEREAS, TJPA acknowledges the advantages that could accrue to the Transbay neighborhood as a whole, and the TJPA directly, from programming and activation of areas on TJPA property under its bus ramps and adjacent parcels; and

WHEREAS, The East Cut Community Benefit District (“CBD”) is a 501(c)(3) non-profit corporation. The City and County of San Francisco has entered an administration agreement with the CBD, contemplating that the CBD will operate and manage certain parks within the East Cut Community Benefit District assessment district in conjunction with their public owners; and

WHEREAS, The TJPA, OCII, and CBD have identified a potential framework for accomplishing Under Ramp Park that is summarized as: OCII would fund the design and construction of Under Ramp Park; OCII would enter an agreement with San Francisco Public Works (“SFPW”) to oversee the park’s construction; TJPA would own the land under much of the park and the park improvements, once completed; TJPA would seek to enter a lease with Caltrans for the right to use a portion of Caltrans land for the park; CBD would manage the operations and maintenance of the proposed Under Ramp Park, and fund all associated operating costs, minimizing the financial and risk obligations to TJPA, until the end of the term of the CBD (June 2030) (potentially subject to extension); and

WHEREAS, To help advance the discussions between the parties, and allow the CBD to begin exploring private fundraising to defray the operations and maintenance costs of the proposed park, the TJPA and CBD have drafted a non-binding Term Sheet for Operations Agreement (“Term Sheet”), with OCII as an acknowledging entity. Such Term Sheet would provide the basis for negotiating an Operating Agreement between TJPA and the CBD, which would be put forward to the TJPA and CBD Boards for review and approval; now, therefore, be it

RESOLVED, That the TJPA Board of Directors finds entering the non-binding Term Sheet as a basis to negotiate an Operations Agreement to be in the best interest of the public; and, be it

FURTHER RESOLVED, That the TJPA Board of Directors authorizes the Executive Director to execute the non-binding Term Sheet in the form substantially as presented herewith.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of February 10, 2022.

Interim Secretary, Transbay Joint Powers Authority

February 10, 2022

Adam Van de Water
Executive Director
Transbay Joint Powers Authority
425 Mission Street, Suite 250
San Francisco, CA 94105

re: Under Ramp Park – Proposed Term Sheet for Operations Agreement

Dear Mr. Van de Water:

The East Cut Community Benefit District (the “CBD”) wishes to enter into an agreement (“Operations Agreement”) with the Transbay Joint Powers Authority (the “TJPA”) regarding operations, maintenance, and funding of the proposed Under Ramp Park (the “Park”).

Through this Term Sheet, we capture the current intentions and understandings of the CBD, the Office of Community Investment and Infrastructure (“OCII”), and TJPA on specified aspects of fundraising, development, operations, and maintenance of the Park; however, it is not a legally binding agreement, and it is not enforceable by any party against another. Any Operations Agreement would be subject to final approval by the CBD and the TJPA Board of Directors.

Any Operations Agreement also would be contingent on, among other things, TJPA, OCII, and the City and County of San Francisco Department of Public Works (“PW”) reaching a mutually-acceptable agreement regarding capital funding, design and construction of the Park (“Construction Agreement”).

Following are the terms currently contemplated by the CBD, TJPA, and OCII for the Operations Agreement and related aspects of Park development.

Park

The Park is planned to be located below and adjacent to the existing Caltrans Interstate 80 Fremont Street off-ramp and TJPA’s bus ramp connection to the Salesforce Transit Center. As planned, the Park is generally bounded by Howard Street to the north, First Street to the east, Folsom Street to the south, and Essex Street to the west. The Park is expected to total about 2.3 acres and span four blocks. See Schedule 1 – Site Plan (dated September 20, 2018).

The Park is one of the Parks and Greenspaces identified in OCII’s Transbay Redevelopment Project Area Design for Development and Transbay Streetscape and Open Space Plan documents, which implement the City’s and OCII’s Transbay Redevelopment Plan and establishes specific plans for all streetscapes improvements and parks on and adjacent to former State-owned property in the Transbay Project Area.

OCII is designing the Park. Based on OCII’s most recent schematic design for the Park, dated September 20, 2018, plans for the Park include gardens,

sports and recreation areas, food, beverage, and other small commercial spaces, public event spaces, community offices, and a dog park. As planned, approximately 25% of the Park will be open to the sky. The design of the Park is subject to change; TJPA cannot guarantee the Park elements, sizing, configuration, or related design issues. OCII will finalize the design of the Park with assistance from PW, subject to entitlement approvals, before the Operations Agreement is approved. The construction of the Park may occur in phases; TJPA cannot guarantee the timing for or scope of construction of the Park.

Property

TJPA owns a portion of the properties on which the Park will be located. TJPA has granted an easement to a private party for a portion of the TJPA property where the Park will be located (recorded March 2, 2018 as Doc No. 2018-K584625). Caltrans retains a right to retake a portion of the TJPA property if the property is not dedicated to park purposes by January 1, 2024 (see document recorded September 11, 2018 as Doc No. 2018K671708).

Caltrans owns the remainder of the properties on which the Park would be located. Although the Park is planned to span multiple blocks, the City ROW is not included in the design of the Park. See Schedule 1 – Site Plan.

Use of Caltrans property for the Park is subject to approval by Caltrans in its discretion. TJPA plans to seek Caltrans approval of a mutually-acceptable lease agreement for such occupancy and use. TJPA cannot guarantee that it will be able to reach such an agreement with Caltrans.

Under the Transbay Redevelopment Plan, most of the Park will be located in Zone 2, which is subject to the Planning Code and administration of land use approvals by the Planning Department under the Delegation Agreement (May 3, 2005) between the Planning Department and the former Redevelopment Agency. For Zone 2 projects that require OCII action, such as funding, the Delegation Agreement provides that final approval of the projects may remain with OCII subject to compliance with the Planning Code and consultation with the Planning Department. As the designer and funder of the Park, which are OCII actions, OCII intends to review and approve the Park.

TJPA

TJPA is a joint powers authority created under California Government Code Sections 6500 *et seq.* TJPA owns a portion of the property on which the Park would be located. TJPA has granted an easement to a private party for a portion of the TJPA property where the Park will be located, off Howard Street; design, construction, and operation of the Park must be consistent with that easement. TJPA will seek to enter a lease with Caltrans for occupancy and use rights on the portion of the Park planned to be located on Caltrans property.

A portion of TJPA's bus ramp is constructed on and over these properties; TJPA must ensure the construction and operation of the Park do not impair the safety or maintenance of those improvements.

Pursuant to a Construction Agreement, TJPA plans to authorize OCII to fund and PW to cause the construction of Park improvements on TJPA owned-property as well as the Caltrans leased properties. TJPA will own those Park improvements constructed on its property upon their completion. Caltrans is expected to own the Park improvements (or require removal of same) at the end of the term of the lease with TJPA.

Pursuant to the Operations Agreement, TJPA plans to contract with CBD to operate and maintain the Park and provide all funding associated therewith. The Greater Rincon Hill Community Benefit District (now known as the East Cut Community Benefit District) ("District") currently expires in June 2030; if the District and associated Assessment Funds are not timely extended and no alternate outside funding source can be identified, or if the Operations Agreement with the CBD is terminated, or if the City terminates the Administration Agreement with the CBD, TJPA would retain sole discretion on all decisions relating to operations and maintenance of the TJPA's property and the Park improvements (which may include closure if adequate outside funding for operations and maintenance cannot be secured).

OCII

OCII is the Successor Agency to the former Redevelopment Agency of the City and County of San Francisco. In 2012, the State of California dissolved the former Redevelopment Agency and established a successor agency to wind down redevelopment activities and complete some of the unfinished enforceable obligations of the former agency. OCII is a public entity separate from the City and County of San Francisco with a Mayoral-appointed Commission to which the Board of Supervisors has delegated authority. In addition, certain OCII actions, including its annual expenditure authorization, is subject to approval by the Oversight Board and the California Department of Finance ("DOF"). DOF finally and conclusively approved, as an enforceable obligation of OCII, the Transbay Implementation Agreement, which authorized the former agency to complete certain infrastructure improvements, including new public parks.

OCII will be the lead agency responsible for funding all costs related to the design and construction of the Park, subject to the approval of the budget and expenditures by the OCII Commission, the Board of Supervisors, the Oversight Board, and DOF. OCII intends to advance design of the Park with assistance from PW and its consultant contractor(s) as needed. OCII plans to enter into a Construction Agreement with TJPA and PW at the appropriate time. OCII, however, has no authority to acquire and operate the Park. OCII will not have any ownership or leasehold interest in either the land or the improvements for the Park during or after construction.

East Cut CBD

The CBD is a 501(c)(3) non-profit corporation. The CBD entered into an agreement with the City and County of San Francisco for implementing the Management Plan for the District and administering, managing, and providing property-related services, improvements, and activities funded with Assessment Funds in the District (“Administration Agreement”).

The Park is wholly within the boundaries of the District and described in the District’s Management Plan. The Management Plan and Administration Agreement contemplate that the CBD will operate and manage certain parks within the District in conjunction with their public owners. The proposal here for the CBD to operate and maintain the Park is consistent with the Management Plan and the Administration Agreement.

The CBD plans to raise all funds necessary for the operations, maintenance, and repair of the Park, and to be responsible for all operations and maintenance functions of the Park, including securing all approvals associated therewith, through at least June 2030.

Operations Plan and Operating Budget

The CBD shall prepare an operations and maintenance plan (“Operations Plan”) and 5-year operations and maintenance budget (“Operating Budget”) for TJPA’s review and approval that does all of the following:

- Provides a budget demonstrating no cost contributions from TJPA or OCII toward Park operation, maintenance, or repair through at least June 2030;
- Provides appropriate protection for TJPA’s facilities that may be affected by Park operations, such as security and hours of operation;
- Provides TJPA adequate permissions to repair and maintain TJPA bus ramp and related-transportation facilities that are located on the properties, as needed;
- Addresses the CBD’s operation and maintenance plans, including services, repairs, contractor retention and management, and programming decisions, while providing the CBD with discretion to operate and manage the Park;
- Demonstrates how the Operations Plan for the Park will achieve a unified, cohesive network of parks and greenspaces in the District;
- Ensures adequate public access to the Park;
- Ensures adequate maintenance, repair, and upkeep of the Park improvements;
- Includes reasonable reporting requirements to the TJPA Board of Directors regarding implementation of the Operations Plan, including Park operations and metrics of usage, maintenance activities, and budget.

TJPA’s approval of the Operations Plan and Operating Budget are a pre-condition to PW causing commencement of construction of the Park to occur.

Funds for Design & Construction

OCII plans to fund all costs related to the design and construction of the Park, subject to approval of the budget and expenditures by the OCII Commission, the Board of Supervisors, the Oversight Board, and DOF. OCII intends its funding strategy to be reflective of the design of the Park and the operation and maintenance concept described in this Term Sheet. TJPA cannot guarantee OCII's success in securing such funding or the timing therewith. TJPA has no source of funds available to contribute to the cost of design and construction of the Park.

Funds for Operations & Maintenance

The CBD plans to fund all costs related to the operations and maintenance of the Park (including any rent related to the Caltrans lease) through a combination of Assessment Funds, revenues generated by Park retail/event activities, and private donations. TJPA and OCII have no source of funds available to contribute to the cost of operations and maintenance of the Park.

Development Timeline and Milestones

OCII's development timeline for the construction of the Park is:

1. OCII will complete the Schematic Design of the Park and seek approval of the design from the Planning Department and/or the OCII Commission and the TJPA Board of Directors (± 5 months): [Jan 2022 – May 2022]
2. TJPA (as the landowner) will obtain, with the cooperation of OCII (as the designer and funder), all necessary entitlement approvals (±3 months): [Jun 2022 – Aug 2022]
3. OCII will secure all funds necessary for design and construction based on budget approved by TJPA and by the OCII Commission, Board of Supervisors, the Oversight Board, and DOF (±21 months): [Mar 2022 – Dec 2023]
4. PW will issue contractor & subcontractor bid documents, and TJPA, OCII, and PW will negotiate and enter the Construction Agreement (± 5 months): [Dec 2023 – May 2024]
5. OCII and/or PW, with the cooperation of the TJPA, will oversee the processing of construction documents & permits (±15 months): [Sep 2022 – Dec 2023]
 - *Pre-conditions: TJPA and the CBD entering the Operations Agreement and the CBD achieving Fundraising Milestone 1*
6. TJPA will secure all necessary rights to affected Caltrans Rights of Way (± 7 months): [Jan 2022 – Jul 2022]
7. PW will cause commencement of construction to occur: [May 2024]
 - *Pre-conditions: The CBD achieving Fundraising Milestone 2 and TJPA approving the CBD's Operations Plan and Operating Budget*
8. Construction period (±24 months): [May 2024 – May 2026]

9. Construction contractor completes construction and conveys improvements and associated warranties to TJPA: [Jun 2026]

The activities identified above are intended to occur in sequence; TJPA reserves the right to not proceed with, and OCII reserves the right to not fund, a particular activity unless/until they determine in their discretion that any preceding activity has been adequately accomplished. The dates specified above are estimates only and are subject to change.

**CBD Fundraising
Commitment,
Timeline and
Milestones**

An estimate of anticipated operating expenses, revenues and net cash flows was commissioned by OCII in 2018. A summary of this preliminary operating budget is attached at Schedule 2.

The CBD will prepare an Operating Budget for TJPA review and approval that updates and refines the preliminary budget, and as a result, the amount of Supplementary Funds may be adjusted accordingly, and if so, any changes to required amounts of Supplementary Funds shall be reflected by adjusting accordingly the Fundraising Milestone 2 amount noted herein.

TJPA and OCII have no source of funds available to contribute to the cost of operations and maintenance of the Park; the CBD plans to fund all costs related to the operations and maintenance of the Park.

\$235,000 of Assessment Funds per year is currently dedicated under the Management Plan to Park operations and maintenance.

The CBD will engage in fundraising activities in an effort to dedicate at least \$3 million in private funds (“Supplementary Funds”) to supplement (i) the Assessment Funds already dedicated to the Park and (ii) anticipated Park net revenues identified in the preliminary budget. The purpose of the Supplementary Funds is to ensure the CBD has an adequate source of funding, including contingency/reserve and a source of funding for Park-related expenses that cannot be funded with Assessment Funds, for operation and maintenance of the Park for the period from the completion of Park construction through 2030. Supplementary Funds shall be held in one or more segregated, interest-bearing accounts until needed for Park operations and maintenance.

Certain TJPA actions regarding development of the Park shall be contingent on the CBD’s satisfaction of the following Fundraising Milestones:

Fundraising Milestone 1: The CBD has successfully raised and/or reserved at least \$1.2 million in Supplementary Funds for Park operation and maintenance; at least 50% of such amount shall be in the form of funds in hand, and the remaining amount may be in the form of written pledges from donors. To date, the CBD has secured over \$700,000 in cash toward Fundraising Milestone 1.

Fundraising Milestone 2: The CBD has successfully secured at least \$3 million in Supplementary Funds for Park operation and maintenance, in the form of funds in hand. Such amount includes the funds secured under Fundraising Milestone 1, but any written pledges from Fundraising Milestone 1 must be converted into funds in hand to qualify toward the Fundraising Milestone 2 amount.

OCII and TJPA Actions at Milestones Upon the CBD’s satisfaction of Fundraising Milestone 1, PW will oversee the processing of construction documents, submit a site permit application and other required permits for the Park, and take other steps related to advancement of the Park design and pre-construction phase.

Upon the CBD’s satisfaction of Fundraising Milestone 2, PW will cause commencement of construction to occur, and take other steps related to advancement of the Park construction.

Entitlement Approvals TJPA (as the landowner) will obtain, with the cooperation of OCII (as the designer and funder), all necessary entitlement approvals to develop and construct the Park. Entitlement approvals are expected to include, but not be limited to, obtaining all approvals required by Caltrans, the OCII Commission, the Planning Department, and the TJPA Board of Directors for, among other things, schematic design, as well as compliance with the California Environmental Quality Act.

Risk and Liability The CBD shall maintain adequate insurance coverage protecting TJPA and OCII from liability arising from Park operations and maintenance, including naming TJPA and its related entities as additional insureds. The CBD shall indemnify and defend TJPA, OCII and their respective related entities from claims arising directly or indirectly from fundraising, operations and maintenance of the Park and the CBD’s performance of the Operations Agreement.

Advance Access to Property TJPA, OCII, and PW will reasonably cooperate with the CBD in obtaining access to TJPA property in advance of completion of construction of the Park for the purpose of hosting fundraising events for the Park. The parties plan to negotiate and enter into an appropriate form of agreement(s) which may be part of or separate from the Operations Agreement.

Cooperation The parties shall reasonably cooperate and coordinate with each other to facilitate each party’s satisfaction of its obligations relative to the Park.

The parties shall respond promptly to requests for coordination, consultation and scheduling of meetings regarding the Park. The parties shall use good faith efforts to meet their respective obligations.

Form of Agreement The form of Operations Agreement between the TJPA and CBD may be a lease agreement, agreement for permit to enter, or other legal mechanism

to enable the CBD to enter TJPA's property and operate and maintain the Park consistent with the key terms and conditions herein.

Assumption of Risk

The CBD shall work diligently and in good faith to raise funds necessary to satisfy the Fundraising Milestones in a timely manner. The CBD will be solely responsible for all of the CBD's costs and expenses in this effort, and shall not have any claim against TJPA or OCII for reimbursement for any such costs and expenses, irrespective of whether Park construction proceeds.

The CBD acknowledges the risk that Park construction may not proceed and, notwithstanding the risk, wishes to enter the Operations Agreement.

Public Communications

The CBD and TJPA agree that they will not issue any press release or hold any press conference with respect to the CBD's Park fundraising efforts without agreement of the other party, which agreement shall not be unreasonably withheld. This provision is not intended to restrict the parties from presenting this term sheet, the proposed agreements contemplated herein, or the Park plans, in the context of their public meetings, or from meeting their obligations under federal, state, or local law.

Assignment; Termination

The CBD may not assign the Operations Agreement without TJPA's consent, which it may grant or withhold in its sole discretion. In the event the City and County of San Francisco terminates the Administration Agreement, TJPA would have the right to consent to assignment of the Operations Agreement to the successor, or terminate the agreement. The parties would have certain rights to terminate the Operations Agreement upon default of a party, upon notice and after expiration of any cure periods.

Other Terms and Conditions

The Operations Agreement generally is expected to incorporate terms and conditions similar to the Administration Agreement and other agreements between the CBD and TJPA.

If the above terms to be negotiated meet with the approval of you and the TJPA Board of Directors, please execute where indicated below. Many thanks for your consideration; the CBD looks forward to working with OCII and TJPA to complete development and operation of this Park for the benefit of the public.

Sincerely,

The East Cut Community Benefit District,
a California 501(c)(3) non-profit corporation

By: _____

Name: Andrew Robinson
Title: Executive Director

Agreed and accepted this ___ day of _____, 2022.

Transbay Joint Powers Authority,

By: _____

Name: Adam Van de Water
Title: Executive Director

Acknowledged this ___ day of _____, 2022.

Office of Community Investment and Infrastructure,

By: _____

Name: Sally Oerth
Title: Interim Executive Director

SCHEDULE 1

SITE PLAN



Plan Rendering with Overhead Ramps

UNDER RAMP PARK 100% SCHEMATIC DESIGN

SCHEDULE 2

5 YEAR PRELIMINARY OPERATING BUDGET

URP Summary 5-YEAR CASH FLOW

Assumptions

Project Completed and Opens:	Jan-25
Annual Income Increase:	2.5%
Annual Misc. Income Increase:	2.5%
Annual Expense Increase:	3.5%
Complete FY (in months)	12
Vacancy/Collection Loss:	5%
Year 1 Revenue:	60% Assumes earning 60% of maximum potential income, despite park operating 9.5 months of 2025. Operations will need to ramp up so 60% of potential revenue is reasonable. Assumption is no vacancy during this year.
Year 2 Revenue:	90% Assumes earning 90% of maximum potential income, despite park operating for the full year. Assumption is no vacancy during this year.
Landscape Maintenance	0.00% Assumes landscape maintenance under contract for years 1 and 2, minimally

	Jan-25 Year 1	Jan-26 Year 2	Jan-27 Year 3	Jan-28 Year 4	Jan-29 Year 5
CBD URP Operations Services Contribution	\$471,522	\$471,522	\$240,476	\$245,286	\$250,191
Food Truck	\$36,000	\$54,000	\$60,000	\$61,500	\$63,038
Sport Court Rent	\$9,000	\$13,500	\$15,000	\$15,375	\$15,759
Event Rental Fees	\$68,377	\$102,565	\$113,961	\$116,810	\$119,730
Rent CBD Space	\$18,000	\$27,000	\$30,000	\$30,750	\$31,519
Rent Pavilion Food Kiosks	\$54,000	\$81,000	\$90,000	\$92,250	\$94,556
Rent Beer Garden/Adjacent Outdoor Space	\$139,212	\$208,818	\$232,020	\$237,821	\$243,766
Gross Potential Income	\$796,111	\$958,405	\$781,457	\$799,791	\$818,560
less: Vacancy/Collection Loss	\$0	\$0	(\$16,101)	(\$16,504)	(\$16,916)
Effective Gross Income	\$796,111	\$958,405	\$765,356	\$783,288	\$801,644
CBD Annual Assessment	(\$20,000)	(\$20,000)	(\$20,600)	(\$21,218)	(\$21,855)
Insurance	(\$26,850)	(\$26,850)	(\$27,790)	(\$28,762)	(\$29,769)
Maintenance Services	(\$56,907)	(\$56,907)	(\$58,899)	(\$60,960)	(\$63,094)
Janitorial Services	(\$34,865)	(\$34,865)	(\$36,085)	(\$37,348)	(\$38,655)
Landscape Maintenance	\$0	\$0	(\$151,057)	(\$156,344)	(\$161,816)
Security Services	(\$337,961)	(\$337,961)	(\$349,790)	(\$362,032)	(\$374,703)
Signage	(\$10,000)	(\$10,000)	(\$10,350)	(\$10,712)	(\$11,087)
Events	(\$150,000)	(\$150,000)	(\$155,250)	(\$160,684)	(\$166,308)
Management staff & administration	(\$355,000)	(\$355,000)	(\$367,425)	(\$380,285)	(\$393,595)
Marketing	(\$20,000)	(\$20,000)	(\$20,700)	(\$21,425)	(\$22,174)
Other Contracted Services	(\$9,708)	(\$9,708)	(\$10,048)	(\$10,399)	(\$10,763)
Trash Removal	(\$24,000)	(\$24,000)	(\$24,840)	(\$25,709)	(\$26,609)
Purchased Utilities	(\$132,216)	(\$132,216)	(\$136,844)	(\$141,633)	(\$146,590)
Capital Expenditures (annual)	(\$37,396)	(\$47,237)	(\$48,890)	(\$47,237)	(\$47,237)
Total Operating Expenses	(\$1,214,903)	(\$1,224,744)	(\$1,418,568)	(\$1,464,750)	(\$1,514,257)
Net Operating Income	(\$418,792)	(\$266,339)	(\$653,211)	(\$681,462)	(\$712,613)

**UNDER RAMP PARK (“URP”)
Term Sheet
for
Operations Agreement**

Agenda

- Introduction
- URP history and current project status
- Proposed cooperation to deliver URP
- East Cut CBD overview and fundraising goals for URP
- Term Sheet for Operations Agreement
- Next Steps

Background

2005: City approved Transbay Redevelopment Plan

2005: SFRA and TJPA entered Implementation Agreement

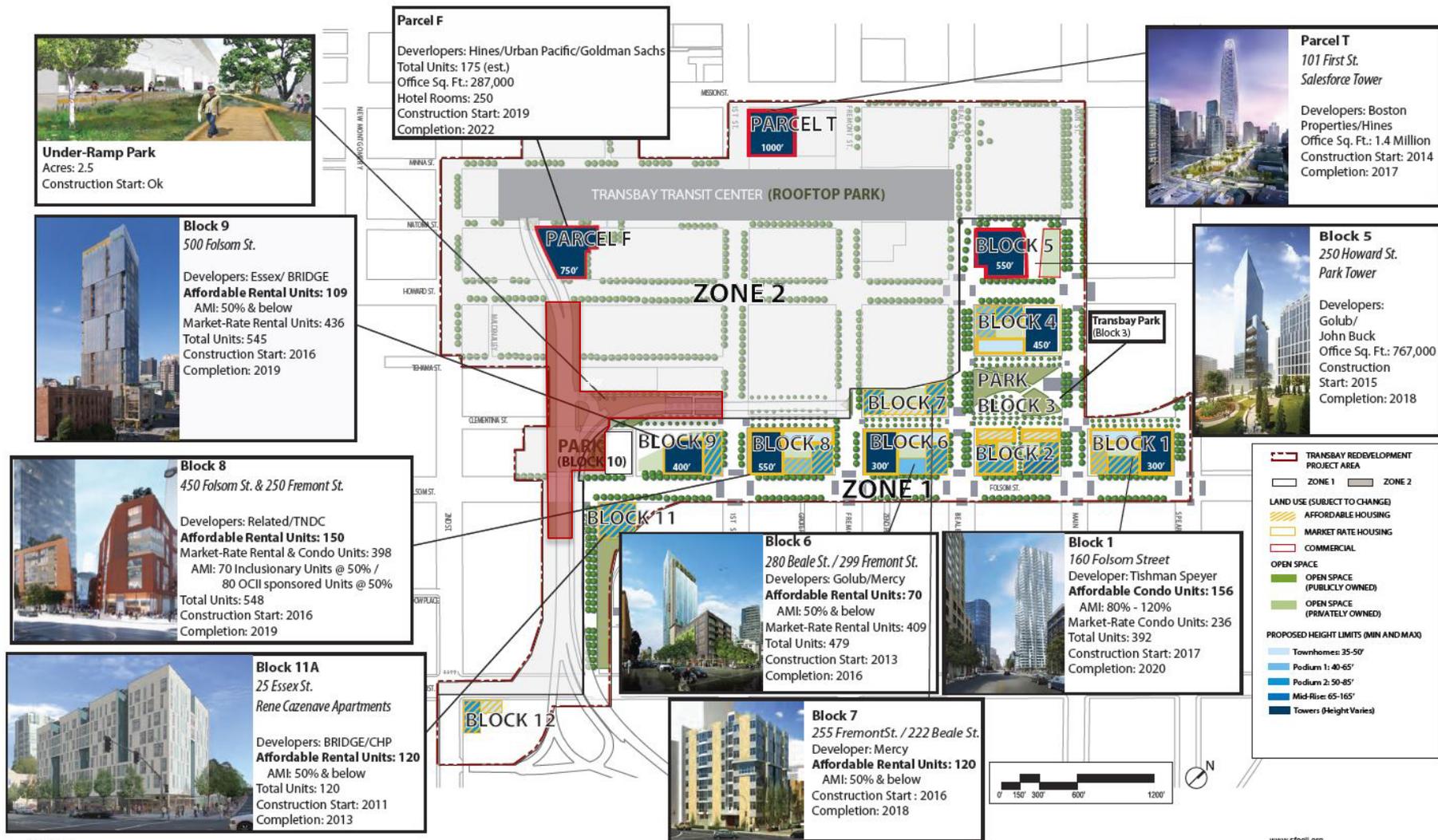
2006: SFRA approved Transbay Streetscape and Open Space Plan

2011: SFRA approved CMG contract for design work in Redevelopment Area, including URP

2012: Redevelopment agencies dissolved

2013: Cal Dept Finance determines Implementation Agreement an enforceable obligation

Transbay Redevelopment Area



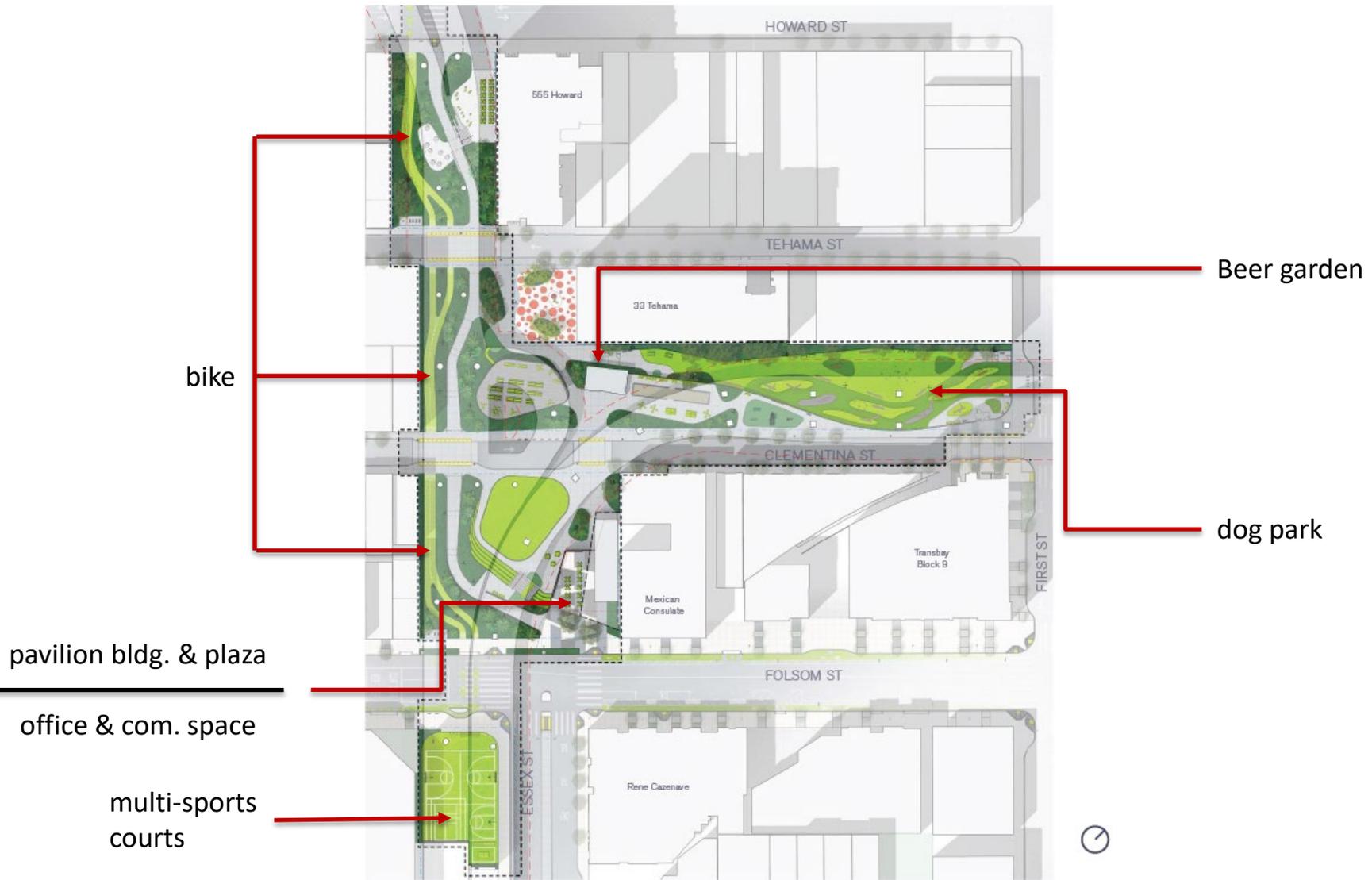
Under Ramp Park Design Work

2011: SFRA approved CMG contract for design work including URP

2013: OCII approved CMG's Concept Plan for URP

2018: CMG completed draft Schematic Design for URP

Under Ramp Park Concept



Opportunities/Constraints

TJPA and OCII working cooperatively for several years to balance opportunities and constraints:

- Important neighborhood amenity
- Programs otherwise vacant space under TJPA bus ramp
- OCII can complete URP infrastructure project but cannot own/operate URP
- URP not currently in scope of TJPA's Program
- TJPA lacks funding source to support design, construction, or operation of URP
- TJPA bus ramp must be protected
- TJPA must ensure URP complements transit center programming and operations

Strategy for Cooperation

- **Land & Improvements Ownership:** TJPA + small Caltrans parcel to be leased by TJPA
- **Predevelopment and Design:** OCII
- **Capital Funding:** OCII
- **Construction Management:** Public Works
- **Operations and Maintenance – Services and Funding:** East Cut CBD (through 2030; may be subject to extension)

East Cut CBD

- Greater Rincon Hill Community Benefits District (later “East Cut CBD”) formed in 2015
- CBD collects assessments from property owners within East Cut district to fund variety of activities and operations
- Management Plan establishes CBD will operate/manage certain East Cut parks and open spaces, including URP
- Management Plan requires that \$235K/year is set aside to support URP operations
- CBD term ends in 2030, but eligible for extension

CBD Fundraising Goals

- URP assessments and projected operating income not anticipated to fully cover park's operational costs
- Est. \$3M needed to adequately cover URP's projected operating deficit between its target opening in 2026 through 2030
- CBD will fundraise and combine other financial resources in advance to close funding gap

Term Sheet for Operations Agmt

- TJPA & CBD developed non-binding Term Sheet for Operations Agreement; OCII acknowledging party
- Purposes:
 - Clarify key roles, responsibilities, and milestones for action between OCII, TJPA, and CBD; foundation for final agreements among the agencies
 - Facilitate CBD's fundraising effort

Term Sheet for Operations Agmt

Contents:

- Provides summary of the URP and properties comprising URP
- Establishes TJPA, OCII, & CBD's respective roles in delivery and operation of URP
- Requires CBD to prepare an operations and maintenance plan
- Confirms OCII and CBD obligations relative to funding
- Identifies development schedule for URP
- Requires CBD to accomplish fundraising milestones before URP development progresses

Term Sheet for Operations Agmt

- ***Fundraising Milestone 1:***
 - Raise at least \$1.2 million, 50% cash in hand / 50% in written commitments from donors
 - *To date, the CBD has secured **over \$700,000** in cash*
 - Upon satisfaction of Milestone 1, TJPA will authorize project to advance through construction documents, permitting, & other preconstruction activities
- ***Fundraising Milestone 2:***
 - Raise remaining funds to achieve \$3M total, all which must be cash in hand
 - Upon satisfaction of Milestone 2, TJPA will authorize construction to begin

Key Next Steps

2022: CBD continues fundraising campaign

2022: OCII & TJPA approve Schematic Design

2022: TJPA approves Operations Agreement + other key agreements with OCII, Caltrans

FY22/23: OCII bond issuance for construction funds

2024: Construction start

2026: Construction completion

2030: East Cut District term ends or is renewed

Recommendation

Authorize TJPA Executive Director to execute a non-binding Term Sheet for Operations Agreement between TJPA and CBD, with OCII as an acknowledging entity, regarding design, development, operations and funding of URP

THANK YOU