



City and County of San Francisco
Meeting Minutes - Final
Budget and Finance Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Members: Connie Chan, Rafael Mandelman, Myrna Melgar

Clerk: Brent Jalipa
(415) 554-7712 ~ brent.jalipa@sfgov.org

Wednesday, April 24, 2024

10:00 AM

City Hall, Legislative Chamber, Room 250

Regular Meeting

Present: 3 - Connie Chan, Rafael Mandelman, and Myrna Melgar

The Budget and Finance Committee met in a regular session on Wednesday, April 24, 2024, with Chair Connie Chan presiding. Chair Chan called the meeting to order at 10:02 a.m.

ROLL CALL AND ANNOUNCEMENTS

On the call of the roll, Chair Chan and Vice Chair Mandelman were noted present. Member Melgar was noted not present. A quorum was present.

COMMUNICATIONS

Brent Jalipa, Budget and Finance Committee Clerk, instructed members of the public that public comment is taken on each item on the agenda. Alternatively, written comments may be submitted through email (brent.jalipa@sfgov.org) or the U.S. Postal Service at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

AGENDA CHANGES

There were no agenda changes.

REGULAR AGENDA

240290 [License to Enter and Use - Honeybee Foods Corp. - Hallidie Plaza - \$1,200 Initial Annual Base Fee]

Resolution approving and authorizing the Director of Property to enter into a license to enter and use with Honeybee Foods Corp., a Delaware Corporation, dba Jollibee USA for approximately 414 square feet (underground) of Hallidie Plaza, effective upon approval of this Resolution through December 8, 2034, at an initial license fee of \$1,200 annually with 3% annual increases thereafter; and authorizing the Director of Property to enter into any additions, amendments, or other modifications to the License that do not materially increase the obligations or liabilities of the City to effectuate the purposes of this Resolution. (Real Estate Department)

03/19/24; RECEIVED FROM DEPARTMENT.

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

04/17/24; AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. Heard in Committee. Speaker(s): Claudia Gorham (City Administrator's Real Estate Division); Anne Pearson (Office of the City Attorney); provided an overview and responded to questions raised throughout the discussion. Anthony; shared various concerns relating to the hearing matter.

04/17/24; CONTINUED AS AMENDED.

Heard in Committee. Speaker(s): None.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 2 - Chan, Mandelman

Absent: 1 - Melgar

Member Melgar was noted present at 10:07 a.m.

240155 [California Constitution Appropriations Limit for FY2023-2024]

Resolution establishing the appropriations limit established at \$11,678,040,780 for Fiscal Year (FY) 2023-2024 pursuant to California Constitution, Article XIII B, due to the addition of local non-residential new construction and the percent change in population within the San Francisco Metropolitan Area from the previous year for the purpose of computation of its Appropriations Limit. (Controller) (Fiscal Impact)

02/12/24; RECEIVED FROM DEPARTMENT.

02/27/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Michael Mitton (Office of the Controller); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240299 [Administrative Code - Firefighter Personal Protective Equipment Containing PFAS]**Sponsors: Peskin; Safai, Chan, Melgar and Engardio**

Ordinance amending the Administrative Code to prohibit the Fire Department from providing or using personal protective equipment containing intentionally-added PFAS (perfluoroalkyl and polyfluoroalkyl substances) by June 30, 2026; and requiring the Fire Department to conduct regular meetings with labor representatives, and submit regular reports to the Board of Supervisors and Fire Commission, regarding its progress toward meeting the June 30, 2026, deadline.

(Meet and confer obligations met.)

(Fiscal Impact)

03/26/24; ASSIGNED UNDER 30 DAY RULE to Rules Committee, expires on 4/25/2024.

04/03/24; REFERRED TO DEPARTMENT. Referred to Fire Dept. and Fire Commission for informational purposes. Referred to DHR for meet and confer requirements.

04/17/24; TRANSFERRED to Public Safety and Neighborhood Services Committee. President Peskin transferred this ordinance from the Rules committee to the Public Safety and Neighborhood Services committee.

04/18/24; TRANSFERRED to Budget and Finance Committee. President Peskin transferred this ordinance from the Public Safety and Neighborhood Services Committee to the Budget and Finance Committee.

Heard in Committee. Speaker(s): None.

Chair Chan moved that this Ordinance be CONTINUED to the Budget and Finance Committee meeting of May 1, 2024. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Chair Chan requested File Nos. 240258 and 240342 be called together.

240258 [Lease Agreement Exemption - SkyStar Wheel, LLC]**Sponsor: Mayor**

Resolution exempting from the competitive bidding policy set forth in Administrative Code, Section 2.6-1, the potential lease on a portion of the east end of Sea Wall Lot (SWL) 301, with SkyStar Wheel, LLC, for the continued operation of an observation wheel; and adopting environmental findings under the California Environmental Quality Act. (Port)

03/15/24; RECEIVED FROM DEPARTMENT.

03/19/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

04/03/24; CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speaker(s): None.

Heard in Committee. Speaker(s): Michael Martin and Wyatt Donnelly-Landolt (Port Department); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion. Katy Lidell, Co-Chair (Port Northern Advisory Committee); Rudy Gonzalez (San Francisco Building and Construction Trades Council); spoke on various concerns relating to the hearing matter.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240342 [Finding of Fiscal Feasibility and Term Sheet Endorsement - Port and Strada TCC, LLC - Lease and Development of Piers 30-32 & Seawall Lot 330]**Sponsors: Mayor; Peskin and Dorsey**

Resolution finding the proposed lease and development of Piers 30-32 & Seawall Lot 330, an approximately 15.3-acre site generally located along the Embarcadero between Bryant and Beale Streets, is fiscally feasible under Administrative Code, Chapter 29, and endorsing the term sheet.

(Port)

(Fiscal Impact)

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Michael Martin and Wyatt Donnelly-Landolt (Port Department); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion. Katy Lidell, Co-Chair (Port Northern Advisory Committee); Rudy Gonzalez (San Francisco Building and Construction Trades Council); spoke on various concerns relating to the hearing matter.

The Committee requested that the Port provide an update on the Project financing plan when the Port submits the Lease Disposition and Development Agreement for approval to the Board of Supervisors.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240289 [Real Property Lease Amendment - Raul and Denise Arriaza and Olson Trust - 1305 and 1309 Evans Avenue - \$470,544 Annual Base Rent]

Resolution authorizing and approving an Amendment to the real property lease of approximately 12,690 square feet located at 1305 and 1309 Evans Avenue including 13 parking stalls, with Raul and Denise Arriaza, husband and wife, as to an undivided 50% interest; and Linda Lee Olson and Carl Edwards Olson, as Trustees of The Olson Family Trust dated October 16, 2014, as to an undivided 50% interest as Landlord, for an extended approximately five-year term effective upon approval of this Resolution through June 13, 2028, at the fixed monthly base rent of \$39,212 for a total annual base rent of \$470,544; and authorizing the Director of Property to enter into amendments or modifications to the Lease that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the Amendment or this Resolution. (Public Health Department)

(Fiscal Impact)

03/25/24; RECEIVED FROM DEPARTMENT.

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Andrico Penick, Director (City Administrator's Real Estate Division); Nicolas Menard (Office of the Budget and Legislative Analyst); David Borgognoni (Department of Public Health); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Chair Chan requested File Nos. 230966 and 240236 be called together.

230966 [Lease Agreement - Guava and Java SFO, Inc. dba Black Point Café and La Colombe Coffee Roasters - \$420,000 Minimum Annual Guarantee]

Resolution approving the Terminal 2 Coffee Café Lease No.23-0197, between Guava and Java SFO, Inc. dba Black Point Café and La Colombe Coffee Roasters and the City and County of San Francisco, acting by and through its Airport Commission, for a term of 12 years with two one-year options to extend at the sole discretion of the Airport Commission, and a minimum annual guarantee of \$420,000 for the first year of the lease, effective upon approval of this Resolution. (Airport Commission)

09/07/23; RECEIVED FROM DEPARTMENT.

09/19/23; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Dyanna Volek (Airport Department); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240236 [Accept and Expend Grant - Federal Aviation Administration - Airport Infrastructure Grant - \$90,972,120]

Sponsor: Mayor

Resolution authorizing the Airport Commission to accept and expend a grant in an amount not to exceed \$90,972,120 and any additional amounts up to 15% of the original grant, that may be offered from the Federal Aviation Administration for the implementation of the Recycled Water System Project, for the period of October 1, 2023, through September 30, 2028, contingent on receipt by the Airport Commission of a grant offer from the Federal Aviation Administration. (Airport Commission) (Fiscal Impact)

03/12/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Dyanna Volek (Airport Department); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240286 [Contract Amendment - Bayview Hunters Point Foundation - Substance Use Disorder Services - Not to Exceed \$15,438,048]

Resolution approving Amendment No. 3 to the agreement between Bayview Hunters Point Foundation and the Department of Public Health (DPH), for substance use disorder services; to increase the agreement by \$7,896,043 for a total amount not to exceed \$19,496,043; to extend the term by three years from June 30, 2024, for a total agreement term of July 1, 2017, through June 30, 2027; and to authorize DPH to enter into amendments or modifications to the contract prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract or this Resolution. (Public Health Department)
(Fiscal Impact)

03/25/24; RECEIVED FROM DEPARTMENT.

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Maximilian Rocha, Director of Systems of Care (Department of Public Health); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE, by reducing the amount to increase the agreement from '\$7,896,043' to '\$3,838,048', reduce the the total not to exceed amount from '\$19,496,043' to '\$15,438,048', reduce the length of term to extend from 'three years' to 'eighteen months', and reduce the end of term from 'June 30, 2027' to 'December 31, 2025' throughout the legislation. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Resolution approving Amendment No. 3 to the agreement between Bayview Hunters Point Foundation and the Department of Public Health (DPH), for substance use disorder services; to increase the agreement by \$3,838,048 for a total amount not to exceed \$15,438,048; to extend the term by eighteen months from June 30, 2024, for a total agreement term of July 1, 2017, through December 31, 2025; and to authorize DPH to enter into amendments or modifications to the contract prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract or this Resolution. (Public Health Department)
(Fiscal Impact)

Chair Chan moved that this Resolution be RECOMMENDED AS AMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240287 [Contract Amendment - Retroactive - Regents of the University of California - Behavioral Health Services - Not to Exceed \$133,397,493]**Sponsor: Mandelman**

Resolution retroactively approving Amendment No. 2 to the agreement between The Regents of the University of California and the Department of Public Health, for behavioral health services for high-risk transitional-aged youth, adults, and older adults, to increase the agreement by \$84,121,542 for an amount not to exceed \$133,397,493; to extend the term by five and one-half years from December 31, 2022, for a total agreement term of July 1, 2018, through June 30, 2028; and to authorize the Department of Public Health to enter into amendments or modifications to the contract prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract or this Resolution. (Public Health Department) (Fiscal Impact)

03/25/24; RECEIVED FROM DEPARTMENT.

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Angelica Almeida, Director of Adult Systems of Care (Department of Public Health); Nicolas Menard (Office of the Budget and Legislative Analyst); Anne Pearson (Office of the City Attorney); provided an overview and responded to questions raised throughout the discussion.

Supervisor Mandelman requested to assume primary sponsorship.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240288 [Contract Amendment - San Francisco Public Health Foundation - Food Security Services - Not to Exceed \$11,197,782]

Resolution approving Amendment No. 1 to the Agreement between San Francisco Public Health Foundation and the Department of Public Health for food security services; to increase the agreement by \$1,625,459 for an amount not to exceed \$11,197,782; to extend the term by five years from June 30, 2024, for a total agreement term of July 1, 2021, through June 30, 2029; and to authorize DPH to enter into modifications of the Agreement that do not materially increase the City's obligations or liabilities and are necessary to effectuate the purposes of the Agreement or this Resolution. (Public Health Department) (Fiscal Impact)

03/25/24; RECEIVED FROM DEPARTMENT.

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Dr. Paul Jones, Director of Food Security (Department of Public Health); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240253 [Contract Amendment - Tryfacta, Inc. - Temporary Traveling Nurse Registry Personnel - Not to Exceed \$11,401,859]

Resolution retroactively approving Amendment No. 3 to the agreement between Tryfacta, Inc. and the Department of Public Health (DPH), for temporary traveling nurse registry personnel; to increase the agreement by \$1,501,860 for an amount not to exceed \$11,401,859; to extend the term by one year from December 31, 2023, for a total agreement term of June 1, 2021, through December 31, 2024; and to authorize DPH to enter into amendments or modifications to the contract prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract or this Resolution. (Public Health Department) (Fiscal Impact)

03/14/24; RECEIVED FROM DEPARTMENT.

03/26/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Troy Williams, Drew Murrell, and Kimberly Walden (Department of Public Health); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE, by removing retroactive language and striking 'to extend the term by one year from December 31, 2023, throughout the legislation. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Resolution approving Amendment No. 3 to the agreement between Tryfacta, Inc. and the Department of Public Health (DPH), for temporary traveling nurse registry personnel; to increase the agreement by \$1,501,860 for an amount not to exceed \$11,401,859; for a total agreement term of June 1, 2021, through December 31, 2024; and to authorize DPH to enter into amendments or modifications to the contract prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract or this Resolution. (Public Health Department) (Fiscal Impact)

Chair Chan moved that this Resolution be REFERRED WITHOUT RECOMMENDATION AS AMENDED to the Board of Supervisors. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

231083 [Accept and Expend Grant - Retroactive - California Board of State and Community Corrections - Officer Wellness and Mental Health Grant Program - \$1,407,675.74]

Sponsors: Mayor; Mandelman

Resolution retroactively authorizing the Police Department to accept and expend a grant in the amount of \$1,407,675.74 from the California Board of State and Community Corrections Officer Wellness and Mental Health Grant Program to improve officer wellness and expand mental health sources for our sworn members with the project period beginning on July 1, 2022, through December 1, 2025. (Police Department)

10/17/23; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Kimmie Wu, Chief Financial Officer (Police Department); provided an overview and responded to questions raised throughout the discussion.

Supervisor Mandelman requested to be added as a co-sponsor.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Chair Chan requested File Nos. 230815 and 240334 be called together.

230815 [Accept and Expend In-Kind Gift - Retroactive - Naloxone Distribution Project - Naloxone - Valued at \$48,750]

Sponsors: Mayor; Mandelman

Resolution retroactively authorizing the Police Department to accept and expend an in-kind gift of 900 units of Naloxone valued at \$48,750 through the Naloxone Distribution Project, which is funded by the Substance Abuse and Mental Health Services Administration and administered by the Department of Health Care Services.

07/11/23; RECEIVED AND ASSIGNED to Budget and Finance Committee.

01/11/24; REMAIN ACTIVE. Mayor Breed's Office requested that this Resolution remain open through 7/11/2024.

Heard in Committee. Speaker(s): Kimme Wu, Controller (Police Department); provided an overview and responded to questions raised throughout the discussion.

Supervisor Mandelman requested to be added as a co-sponsor.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240334 [Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - Paul Coverdell Forensic Science Improvement Program - \$70,549]

Sponsor: Mayor

Resolution retroactively authorizing the Police Department to accept and expend a grant in the amount of \$70,549 from the California Governor's Office of Emergency Services for the Paul Coverdell Forensic Science Improvement Program, to train and procure equipment for the Criminology Laboratory, with the project period beginning on April 1, 2023, through June 30, 2024. (Police Department)

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Kimme Wu, Controller (Police Department); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240341 [Lease Amendment - La Cocina, Inc. - 101 Hyde Street - Sidewalk Improvements, Light Manufacturing and Operation, Remove Utility Payments - Reimburse Tenant \$106,528.02]

Sponsor: Mayor

Resolution authorizing the Director of Property to execute a First Amendment to a Lease between City and La Cocina, Inc. ("Tenant") related to the lease of City-owned property located at 101 Hyde Street to extend the lease for one year from January 1, 2026, for a total term of July 7, 2019, through December 31, 2026, reimburse Tenant in the amount of \$106,528.02 for sidewalk improvements, allow for light manufacturing and operation of a shared-use commercial kitchen, and remove required utility payments by Tenant; forgive past utility payments from March 1, 2020, through the date of the First Amendment to Lease in an amount not to exceed \$115,000 and forgive future utility payments until the expiration or termination of the Lease; make certain modifications to the First Amendment to Lease and take certain actions in furtherance of this Resolution, as defined herein; and to authorize the Director of Property to enter into amendments or modifications to the lease that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the lease or this Resolution. (Real Estate Department)
(Fiscal Impact)

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Robert Baca (Mayor's Office of Housing and Community Development); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Chair Chan moved that this Resolution be AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE, on Page 1, Lines 3-20, to read 'Resolution authorizing the Director of Property to execute a First Amendment to a Lease between City and La Cocina, Inc. ("Tenant") related to the lease of City-owned property located at 101 Hyde Street to extend the lease for one year from January 1, 2026, for a total term of July 7, 2019, through December 31, 2026, reimburse Tenant in the amount of \$106,528.02 for sidewalk improvements, allow for light manufacturing and operation of a shared-use commercial kitchen, and remove required future utility payments by Tenant until expiration or termination of the lease; forgive past utility payments retroactive from March 1, 2020, through the date of the First Amendment to Lease in an amount not to exceed \$115,000; determining that the less than market rent payable under the Lease will serve a public purpose by reducing economic barriers and fostering an inclusive food economy, in accordance with Section 23.30 of the Administrative Code; and enter into amendments or modifications to the First Amendment to the Lease and/or take certain actions that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the lease or this Resolution.'; on Page 2, Lines 7-13, by adding 'WHEREAS, Tenant's mission is to cultivate low income food entrepreneurs as they formalize and grow their businesses by providing affordable commercial kitchen space, industry-specific technical assistance and access to market opportunities; and WHEREAS, Tenant has transformed the Property into an incubator kitchen that provides substantial public benefits by reducing economic barriers and fostering an inclusive food economy, including support for entrepreneurs who are Black, Indigenous, and People of Color and/or immigrant women; and'; on Page 3, Lines 16-19, by adding 'WHEREAS, The proposed elimination of utility payments by Tenant combined with the existing base rent is less than Market Rent (as defined in Administrative Code, Section 23.30), but the lower rent will serve a public purpose by reducing economic barriers and fostering an inclusive food economy; and'; and on Page 4, Lines 3-7, to read 'RESOLVED, That in accordance with the recommendations of the Director of Property and the Director of MOHCD, the Board of Supervisors hereby finds that the lower rent will serve a public purpose by reducing economic barriers and fostering an inclusive food economy and approves and authorizes the Director of Property, along with the Director of MOHCD, to finalize and execute the First Amendment; and, be it'. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Resolution authorizing the Director of Property to execute a First Amendment to a Lease between the City and La Cocina, Inc. ("Tenant") related to the lease of City-owned property located at 101 Hyde Street to extend the lease for one year from January 1, 2026, for a total term of July 7, 2019, through December 31, 2026, reimburse Tenant in the amount of \$106,528.02 for sidewalk improvements, allow for light manufacturing and operation of a shared-use commercial kitchen, and remove required future utility payments by Tenant until expiration or termination of the lease; forgive past utility payments retroactive from March 1, 2020, through the date of the First Amendment to Lease in an amount not to exceed \$115,000; determining that the less than market rent payable under the Lease will serve a public purpose by reducing economic barriers and fostering an inclusive food economy, in accordance with Section 23.30 of the Administrative Code; and enter into amendments or modifications to the First Amendment to the Lease and/or take certain actions that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the lease or this Resolution. (Real Estate Department)
(Fiscal Impact)

Chair Chan moved that this Resolution be RECOMMENDED AS AMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Chair Chan requested File Nos. 240335 and 240336 be called together.

240335 [Acquisition of Real Property for \$9,600,000 - Ground Lease with Base Rent of \$15,000 - Loan Not to Exceed \$16,956,650 - 2550 Irving Associates, L.P. - 100% Affordable Housing - 2550 Irving Street]

Sponsors: Mayor; Engardio, Mandelman and Melgar

Resolution 1) approving and authorizing the Director of Property, on behalf of the Mayor's Office of Housing and Community Development ("MOHCD"), to acquire Real Property located at 2550 Irving Street ("Property") from 2550 Irving Associates, L.P. ("Borrower") for \$9,600,000 under an Agreement for Purchase and Sale ("Purchase Agreement"); 2) placing the Property under the jurisdiction of MOHCD for use in constructing affordable housing; 3) approving and authorizing the Director of Property and the Director of MOHCD to enter into a Ground Lease to lease the Property back to the Borrower for a term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 ("Ground Lease") in order to construct a 100% affordable, 90-unit multifamily rental housing development affordable to low-income households, including one manager unit, and ancillary community space for public benefit use (the "Project"); 4) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$16,956,650 for a minimum loan term of 57 years ("Loan Agreement") to finance the development and construction of the Project; 5) adopting findings declaring that the Property is "exempt surplus land" pursuant to the California Surplus Lands Act; 6) determining that the less than market rent payable under the Ground Lease will serve a public purpose by providing affordable housing for low-income households in need, in accordance with Section 23.3 of the Administrative Code; 7) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; 8) and authorizing the Director of Property and/or the Director of MOHCD to enter into certain amendments or modifications to the Purchase Agreement, Ground Lease, and Loan Agreement, as defined herein, that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract or this Resolution, and take certain actions in furtherance of this Resolution, as defined herein.

(Fiscal Impact)

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Omar Masry (Mayor's Office of Housing and Community Development); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Supervisors Mandelman and Melgar requested to be added as co-sponsors.

Chair Chan moved that this Resolution be RECOMMENDED. Before the vote was taken, Chair Chan withdrew this motion to recommend.

Chair Chan moved that this Resolution be AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE, on Page 1, Line 21, and on Page 4, Line 23, by correcting the Administrative Code authority to Section 23.30. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

Resolution 1) approving and authorizing the Director of Property, on behalf of the Mayor's Office of Housing and Community Development ("MOHCD"), to acquire Real Property located at 2550 Irving Street ("Property") from 2550 Irving Associates, L.P. ("Borrower") for \$9,600,000 under an Agreement for Purchase and Sale ("Purchase Agreement"); 2) placing the Property under the jurisdiction of MOHCD for use in constructing affordable housing; 3) approving and authorizing the Director of Property and the Director of MOHCD to enter into a Ground Lease to lease the Property back to the Borrower for a term of 75 years and one 24-year option to extend and an annual base rent of \$15,000 ("Ground Lease") in order to construct a 100% affordable, 90-unit multifamily rental housing development affordable to low-income households, including one manager unit, and ancillary community space for public benefit use (the "Project"); 4) approving and authorizing an Amended and Restated Loan Agreement in an amount not to exceed \$16,956,650 for a minimum loan term of 57 years ("Loan Agreement") to finance the development and construction of the Project; 5) adopting findings declaring that the Property is "exempt surplus land" pursuant to the California Surplus Lands Act; 6) determining that the less than market rent payable under the Ground Lease will serve a public purpose by providing affordable housing for low-income households in need, in accordance with Section 23.30 of the Administrative Code; 7) adopting findings that the Project and proposed transactions are consistent with the General Plan, and the eight priority policies of Planning Code, Section 101.1; 8) and authorizing the Director of Property and/or the Director of MOHCD to enter into certain amendments or modifications to the Purchase Agreement, Ground Lease, and Loan Agreement, as defined herein, that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract or this Resolution, and take certain actions in furtherance of this Resolution, as defined herein.
(Fiscal Impact)

Chair Chan moved that this Resolution be RECOMMENDED AS AMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

240336 [Multifamily Housing Revenue Note - 2550 Irving Associates, L.P. - Not to Exceed \$63,846,000]

Sponsors: Mayor; Engardio, Peskin, Mandelman and Melgar

Resolution authorizing the execution and delivery of a multifamily housing revenue note in one or more series in an aggregate principal amount not to exceed \$63,846,000 for the purpose of providing financing for the construction of a 90-unit multifamily rental housing project known as "2550 Irving"; approving the form of and authorizing the execution of a funding loan agreement, providing the terms and conditions of the loan from the funding lender to the City, and the execution and delivery of the note; approving the form of and authorizing the execution of a project loan agreement providing the terms and conditions of the loan from the City to the borrower; approving the form of and authorizing the execution of an assignment of deed of trust and loan documents; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the back-to-back loans, the note and the project; granting general authority to City officials to take actions necessary to implement this Resolution, as defined herein; and related matters, as defined herein. (Mayor's Office of Housing and Community Development)

04/02/24; RECEIVED AND ASSIGNED to Budget and Finance Committee.

Heard in Committee. Speaker(s): Omar Masry (Mayor's Office of Housing and Community Development); Nicolas Menard (Office of the Budget and Legislative Analyst); provided an overview and responded to questions raised throughout the discussion.

Supervisors Mandelman and Melgar requested to be added as co-sponsors.

Chair Chan moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Chan, Mandelman, Melgar

ADJOURNMENT

There being no further business, the Budget and Finance Committee adjourned at the hour of 12:50 p.m.

N.B. The Minutes of this meeting set forth all actions taken by the Budget and Finance Committee on the matters stated, but not necessarily in the chronological sequence in which the matters were taken up.