

City and County of San Francisco
Request for Proposals: Sale of Real Property

FILLMORE HERITAGE CENTER
(Block 0732, Lots 032 & 033)



Date Issued:
Proposal Due:

February 10, 2017
April 3, 2017, 4:00 p.m.

Request for Proposals for *FILLMORE HERITAGE CENTER*

TABLE OF CONTENTS

	<u>Page</u>
I. Introduction and Schedule	1
II. Development Opportunity and Scope of Work	1
III. Minimum Bid Price.....	7
IV. Submission Requirements.....	7
V. Evaluation and Selection Criteria	12
VI. Terms and Conditions for Receipt of Proposals	13
VII. Contract Requirements.....	16

Exhibits:

Exhibit A – Property Map

Exhibit B – Legal Description & Parcel Map

Exhibit C – Minimum Qualifications Checklist

Exhibit D – List of Potential Community Partners

Exhibit E – Bid and Offer to Negotiate Exclusively (to be posted online by 2/24/17)

Exhibit F – Form of Exclusive Right to Negotiate Agreement (to be posted online by 2/24/17)

Exhibit G – Form SFEC-126

Exhibit H – Community Benefits Submission Form

Exhibit I – Earnest Money Deposit Form

Exhibit J – Local Hiring and Prevailing Wage

**Request for Proposals for
*FILLMORE HERITAGE CENTER***

I. Introduction and Schedule

A. General

The City and County of San Francisco (the “City”) is soliciting proposals (“Request for Proposals”, or “RFP”) from qualified respondents (“Developer”, “Respondents” or “Purchaser”) for the purchase and repurposing of the commercial portions and the parking garage of the Fillmore Heritage Center (the “Property”) located at the corner of Fillmore and Eddy Streets in the Western Addition neighborhood of San Francisco. The Property is located at 1300-1320-1330 Fillmore Street in San Francisco.

B. Schedule

The anticipated schedule for selecting a Respondent with whom to exclusively negotiate is:

<u>Proposal Phase</u>	<u>Date</u>
RFP issued by the City:	February 10, 2017
Registration opens for prospective Respondents (See page 11 Earnest Money Deposit – Registration)	February 13, 2017
First Tour of Fillmore Heritage Center Registration required: Email: fillmore-heritage-rfp@sfgov.org Phone: (415) 554 -6475	February 22, 2017 (9:30 a.m.)
Second Tour of Fillmore Heritage Center Registration required: Email: fillmore-heritage-rfp@sfgov.org Phone: (415) 554 -6475	March 8, 2017 (9:30 a.m.)
Deadline for submission of written questions or requests for clarification:	March 17, 2017
Final responses to questions posted on website:	March 24, 2017
Proposals due:	April 3, 2017
Tentative date of oral interview with Respondents selected for further consideration:	April 21, 2017

II. Development Opportunity and Scope of Work

A. Project Overview

The Fillmore Heritage Center, one of the last projects of the Western Addition redevelopment program, was developed as a multi-use facility whose goal was both to revitalize the commercial corridor and to honor the cultural heritage of the neighborhood. Prior to “Urban Renewal”, this

RFP for *FILLMORE HERITAGE CENTER*

neighborhood was considered the “Harlem of the West” for its sizable community of African American residents and African American-owned businesses, many of them music venues.

City Departments and Supervisor London Breed have engaged extensively with community members and area businesses since the closure of the Fillmore Heritage Center’s tenant Yoshi’s (and later The Addition) in early 2015 in order to gain input for the repurposing of the Property. This information serves as the guiding principles of this RFP.

In addition to a series of community meetings in 2015 (July 7, July 13, and October 26), the City issued a Request for Information in late January 2016, with an accompanying community meeting on February 8, 2016. The purpose of the Request for Information was to gather additional input on the desired uses and community benefits for the Property as well as to document interest from both prospective buyers and prospective community partners – i.e. those small businesses, nonprofit organizations or individuals who may not themselves have the capital to purchase and operate the Property, but would like to make themselves available to participate on teams and bring other value beyond capital, such as to strengthen a prospective buyer’s community benefits package.

To date, input from community engagement and the Request for Information has indicated the following goals and objectives from community stakeholders:

- This Property, like the neighborhood, is of historical significance to San Francisco’s African American community and there is strong interest in uses, ownership structure, business opportunities, design or other components that reinforce this cultural history;
- There is a strong desire for live entertainment to remain an anchor use of the Property;
- The Property should act as an economic generator for the Fillmore corridor, drawing visitors to support other area small businesses and generally activating the streetscape, during the day and at night;
- The Property, and potential businesses within should be viable and sustainable; and
- There is a strong desire for substantial community benefits – including community events and programming opportunities, jobs, affordable arts and small business space, and other benefits – and for these benefits to be sustained over time.

In addition to the community engagement and the Request for Information, the City and Supervisor Breed also sponsored a Community Activation and Events Program beginning in April 2016 and continuing through the end of 2016. The program, hosted in partnership with Urban Solutions and Andrea Baker Consulting, has enabled more than 60 events in the gallery, screening room, theater, restaurant and cocktail lounge, generating foot traffic for area businesses and helping community events promoters gain access to affordable rental facilities. This also helped the City and community members learn more about the benefits and challenges of programming these spaces in a safe and inclusive manner. The success of the initial program enabled the City to recently announce an extension through May 2017 as the RFP proceeds.

Based on the input and experience to date, the City is committed to ensuring that, through its sale, the Property emerges as a vibrant and financially viable commercial establishment, such as an entertainment venue, that also provides substantial and sustained community benefits to the Fillmore corridor and the Western Addition community. The City encourages proposals that

RFP for *FILLMORE HERITAGE CENTER*

creatively incorporate one or more of the following uses: performing arts, visual/media arts, food, and recreation/leisure activities.

The City is ultimately interested in identifying competitive proposals that can balance bid price, business plan, and community benefits provided in order to achieve these goals. Moreover, the City will set up appropriate mechanisms to ensure the community benefits are delivered.

B. Site Environs

The Fillmore Heritage Center is the heart of the Western Addition's Lower Fillmore commercial district, also known as "The Fillmore". Historically a Jewish and then Japanese neighborhood, the demographics in the neighborhood shifted substantially in the middle part of the twentieth century. As Japanese and Japanese-American families suffered internment, and many Caucasian families dispersed, African Americans coming to San Francisco for war industry jobs arrived in the Fillmore. The burgeoning African American community supported new jazz clubs and neighborhood businesses flourished. Through the 40's and 50's the Fillmore became a key West Coast destination on the national circuit for jazz, blues, and R&B performers, boasting venues as large as the Fillmore Auditorium and as small as the backroom jazz sessions at Jimbo's Waffle Shop which grew into the club called Bop City. The neighborhood became affectionately known as "the Harlem of the West". Unfortunately, during the postwar period, Urban Renewal in the Western Addition did severe damage to the community fabric, displacing residents and small businesses and disrupting the community network. The first phase, known as the Western Addition Redevelopment Project Area A-1, began in 1956 and covered 100 acres focused around the intersection of Fillmore and Geary.

The former Western Addition Redevelopment Project Area A-2 was formed in 1964. Early efforts undertaken by the San Francisco Redevelopment Agency ("SFRA") focused primarily on residential construction. Nearly all the Victorian residences and businesses were replaced with "superblock" developments, converting Geary Boulevard from a regular city street into a high-speed expressway. As a result, more than 8,400 residential units were created. Of those, approximately 40% were affordable to low and moderate income households.

Later, the focus shifted to economic development, particularly along the Fillmore corridor. In the mid-1990s, after an extensive community engagement process, SFRA created a destination dining and entertainment district called the Fillmore Jazz Preservation District. The goal of the district was to revitalize the neighborhood by drawing consumers from outside the neighborhood to supplement local businesses.

The Fillmore Heritage Center was a key component of this revitalization effort. The Fillmore Heritage Center was constructed as an \$80.5 million public-private partnership that includes 80 condominiums, about 50,000 square feet of commercial space, and a public parking garage. Of that \$80.5 million, about 35% was financed using public funds from the City and SFRA. The public investment of dollars built the public parking garage and the commercial space. SFRA also contributed the land, and provided two tenant improvement loans totaling about \$10.4 million. The City, through the Mayor's Office of Housing and Community Development, provided a tenant improvement loan totaling \$5.5 million. The original tenants of the project were: 1) Yoshi's San Francisco, a 28,000-square-foot jazz club and restaurant that closed its doors in 2014 after declaring bankruptcy and (2) "1300 on Fillmore," a 6,300-square-foot restaurant/music lounge that is still in operation. Upon the closure of Yoshi's San Francisco, Fillmore Development Commercial, the original developer of the project, brought in a new team to operate The Addition, which closed in early 2015. Currently, the City is sponsoring a Community Activation and Events Program, providing affordable space rentals on a short-term basis to activate the site.

Today, the Fillmore district continues to be a destination for live music – including Sheba Lounge, the Boom Boom Room, and the Fillmore Auditorium. In addition to community-serving businesses with histories in the neighborhood, including Miyako Ice Cream, Bumzy's

RFP for *FILLMORE HERITAGE CENTER*

Cookies, and the Fillmore Cafe, the Fillmore boasts a growing food scene with award-winning restaurants such as State Bird Provisions, The Progress, 1300 on Fillmore, Wise Sons Bagels, Black Bark BBQ, and a handful of new African and African American businesses such as African Plural Art gallery, Electric Bicycle Super Store and Z011 Coffee Traders.

The Fillmore has many active community and cultural organizations working to preserve the history of the neighborhood and contribute to the quality of life of the area. The Lower Fillmore Merchants Association supports and promotes neighborhood businesses. The sustained and community-driven vitality of the Fillmore remains a central priority for the City, which provides funding for business assistance, promotional campaigns, community events and beautification projects.

C. The Property

The Property offered in this RFP (depicted in Exhibit A) consists of (1) the commercial portion of the mixed-use building located at 1300-1320-1330 Fillmore Street (“Commercial Parcel”) and (2) the adjacent, subterranean parking garage (“Garage Parcel”). The Property does not include the residential portion of the mixed-use development located at 1310 Fillmore Street. The Office of Community Infrastructure and Investment, as the Successor Agency to SFRA, (“OCII”), currently owns the Commercial Parcel and master leases the entire 50,000 square feet to the City. OCII also currently owns the Garage Parcel. State law requires OCII to transfer the property under a Long Range Property Management Plan (“PMP”) approved by the California Department of Finance.¹ For the Commercial Parcel, the PMP requires that (1) the City enter into a Compensation Agreement with certain taxing entities and (2) the repurposing of the parcel serve as a catalyst to the revitalization of the Fillmore Street corridor and the creation of employment opportunities for the community. For the Garage Parcel, the PMP requires that the garage continue to serve the general public. *OCII will transfer ownership of both parcels to the City prior to the City’s sale and conveyance of the Property. The master lease with the City will terminate on or before the conveyance of the Property to a Respondent.*

The Property is further described and mapped as Exhibit B.

1. Commercial Parcel

The Commercial Parcel (Block 0732, Lot 033) contains approximately 50,000 square feet of commercial space on the ground floor of the Fillmore Heritage Center. The Commercial Parcel includes:

(1) a 28,000-square-foot restaurant/entertainment venue, currently vacant after being previously operated as the jazz clubs Yoshi’s and The Addition (which closed in January 2015);

(2) a 6,300-square-foot restaurant/lounge (1300 on Fillmore, operated under a sublease to Food for Soul). 1300 on Fillmore is currently operational and unless a new direct lease is negotiated between the operator and potential Respondent as a community benefit to the Project, the existing lease (with a term including options that could run through October 2032) would be assigned to the eventual Respondent through a sale of the Property; and

(3) a gallery, screening room, and common areas, including a large, commercial lobby area that serves as the pedestrian entrance to the garage.

2. Garage Parcel

The Garage Parcel (Block 0732, Lot 032) contains approximately 50,000 square feet of floor area, and is located in the basement of the Fillmore Heritage Center. The garage can

¹ The PMP is available at

http://www.dof.ca.gov/Programs/Redevelopment/Long_Range_Property_Management/LRPMP_C Plans/documents/San%20Francisco_LRPMP_Revised.pdf.

RFP for *FILLMORE HERITAGE CENTER*

accommodate up to 160 cars with assisted valet parking. This garage is not part of the residential development. It has one entrance and exit on Eddy Street, bicycle spaces, and an elevator and stairs from its basement to the lobby of the Commercial Parcel. The Garage is open to the public, and any Respondent must ensure it continues to remain open to the public. It is being operated by Imperial Parking (U.S.), LLC (“Impark”). It has all necessary approvals and permits to operate and the operating agreement, which operates on a month-to-month basis, could be assigned to the eventual Respondent through the sale of the Property.

D. Project Goals and Objectives

This RFP attempts to balance multiple objectives articulated through the above-described community engagement process. At a minimum, any proposal should address the following specific objectives:

- Meet or exceed the Minimum Bid Price (as defined in Section III below);
- Demonstrate the capacity to be a financially viable and sustainable commercial establishment;
- Fulfill the PMP objectives that the Property serve as a catalyst to the revitalization of the Fillmore Street commercial corridor and the creation of employment opportunities for the community (see Section IIC);
- Complement the streetscape and the corridor’s mix of uses, and apply design principles and leasing strategies that help activate the fronting sidewalk and the corridor;
- Provide community benefits (see Section IIF. below), including but not limited to (a) nonprofit or small business partnerships; (b) affordable community activation (i.e. space rental) opportunities; (c) job creation; (d) and minority- and women-owned enterprise opportunities; and
- Provide additional economic return to the public, including generation of revenue above the minimum bid price from the sale of the Property.

E. Preferred Development Program

Development of the Property is governed by the City’s General Plan and Planning Code. Any proposal should conform to the planning objectives, policies and standards contained in those documents.

Beyond adhering to any regulatory requirements, the preferred development program for the Property is a project that provides ongoing and sustainable operations, including but not limited to:

- Arts, culture and entertainment, with a focus on live entertainment;
- Recreation and leisure; and
- Food uses.

F. Community Benefits

The City is looking for community impact and benefits from the repurposing of this Property on a scale that meets or exceeds the value difference between the bid price and the appraised value (see Section III below). In addition, it is anticipated that the sale of the Property will free up other City resources for use in the community by allowing the City to pay off debt on the building.

Proposals should provide meaningful benefits to the Fillmore corridor and the Western Addition community. Proposals should outline clear, feasible and sustainable benefits and a plan for monitoring each proposed benefit. Proposals should think creatively about how best to ensure

that the repositioned Property provides an overall benefit to the community. To that end, proposals may include, but are not limited to, the following community benefits:

(a) Nonprofit or small business partnerships

- Creative partnerships with Fillmore/Western Addition community/cultural organizations or small businesses (for potential partners see 2016 Request for Information Team Member Contact Information and the Fillmore District web site link, attached as Exhibit D);
- Willingness and ability to negotiate a long-term lease with the operator of 1300 on Fillmore restaurant (proposals that include this community benefit should demonstrate such interest with an executed letter of intent to be included with any response);
- Affordable, long-term leases to other small businesses or nonprofit community or cultural organizations;

(b) Affordable community activation opportunities

- Below market rate event rentals for community activities (see example program at www.fillmoreheritage.com);
- Interim community-oriented activation of Fillmore Heritage Center spaces prior to construction;

(c) Job creation, particularly for local residents

- New construction and good-paying permanent jobs for the Western Addition neighborhood and the City, in conjunction with the City's workforce development priorities and programs; and

(d) Minority- or women-owned entrepreneurship opportunities

- Create economic opportunities for minority and women-owned enterprises with an equal opportunity to compete for and participate in project development and operations.

G. Conveyance Documents

In acquiring the Commercial Parcel from OCII under the PMP, the City will enter into a Compensation Agreement with certain taxing entities requiring the City to convey the Property to the selected Respondent with covenants and conditions regarding specific uses and community benefits to be provided by the Respondent. After the RFP process, the selected Respondent and the City will negotiate final conveyance documents consistent with the Respondent's proposal and the above-mentioned covenants and conditions. Respondent and City shall first negotiate an Exclusive Negotiating Agreement ("ENA") in the form attached as Exhibit E. Upon the City's Board of Supervisors approving the ENA, Respondent and City will execute a Purchase and Sale Agreement ("PSA") for final conveyance of the Property. In the PSA, the City may require that applicable key elements of the selected proposal be recorded as covenants encumbering the property and binding on successor and assigns. The ENA, PSA and other recordable instruments are collectively, the "Conveyance Documents". In addition, the Conveyance Documents will also include other conditions to the close of escrow, including possible prohibitions on the

RFP for *FILLMORE HERITAGE CENTER*

transfer prior to completion of the proposed redevelopment without the City's consent, and provisions obligating the Respondent to complete the project in accordance with a scope of development and a schedule of performance.

The Conveyance Documents shall also specify that the Property will be transferred via a quitclaim deed transferring title in its strictly "as is" condition, without representation or warranties by the City. Before the City will enter into Conveyance Documents with the Respondent, the Respondent will have produced, to the City's satisfaction, evidence of sufficient financing available to Respondent so that Respondent can operate the approved project.

III. Minimum Bid Price

The Property was appraised in the summer of 2015 for more than eleven million dollars (\$11,200,000). The City is currently in the process of updating that appraisal. The City will not necessarily require a Respondent to propose paying the appraised value in light of the covenants and restrictions required under the PMP. However, no proposal will be considered that does not meet or exceed the "Minimum Bid Price" of:

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS (\$6,500,000)

The price offered by the selected Respondent will be payable to the City in all cash at the time of conveyance of the Property. The offered price for the Property will be part of the selection criteria, though will not be the sole deciding factor in proposal review. Proposals which require City subsidy, investment, or deferment for acquisition, improvement, or operations will not be considered to be competitive.

The Minimum Bid Price is the amount that will allow the City to pay down the debt necessary to sell the Property. The City is not requiring a Respondent necessarily purchase the Property at the appraised value, recognizing that the factors contributing to the value of this Property include the quality of the proposed business and the community benefits it provides as well as the revenue generated by its sale. The City may elect to secure the community benefits by requiring a performance bond or other financial instrument, such as a note recorded on the property.

IV. Submission Requirements

A. Time and Place for Submission of Proposals

Proposals must be received by 4:00 p.m., on April 3, 2017. Postmarks will not be considered in judging the timeliness of submissions. Proposals may be delivered in person or mailed to:

City and County of San Francisco
C/O: Real Estate Division
Attention: Request for Proposals: FILLMORE HERITAGE CENTER
General Services Agency
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Interested Respondents shall submit **nine (9) copies** of the proposal, separately bound, in a sealed envelope clearly marked "**Request for Proposals: FILLMORE HERITAGE CENTER**" to the above location. Proposals that are submitted by email or fax will not be accepted. Late submissions will not be considered unless the RFP submission deadline is formally extended to all applicants.

B. Format

RFP for *FILLMORE HERITAGE CENTER*

The City will place proposals in three-ring binders for review. Please use 8.5 x 11 sized three-hole recycled paper, print double-sided to the maximum extent practical, and bind the proposal with a binder clip, rubber band, or single staple, or submit it in a three-ring binder. Please do not bind your proposal with a spiral binding, glued binding, or anything similar. You may use tabs or other separators within the document.

For word processing documents, the City prefers that text be unjustified (i.e., with a ragged-right margin) and in a serif font (e.g., Times Roman, and not Arial), and that pages have margins of at least 1" on all sides (excluding headers and footers).

Please include a Table of Contents.

C. Content

Respondents must submit the following information, in the order specified below (for additional information, see the Minimum Qualifications attached as Exhibit C):

1. Introduction and Executive Summary (up to 5 pages)

Submit a letter of introduction and executive summary of the proposal. The summary must concisely summarize the proposal. This information must be in the first paragraph of the letter. The letter must be signed by a person authorized to obligate the Respondent to perform the commitments contained in the proposal. Submission of the letter will constitute a representation that Respondent is willing and able to perform the commitments contained in the proposal.

2. Proposed Use and Community Benefits

Describe the proposed use of the property, as well as the proposed community benefits, by providing all of the following:

- (a) Provide, in a narrative, the project plan for the Property, including the types of uses and the amount of space devoted to each use.
- (b) Describe uses and how such uses will complement the streetscape and the uses along the commercial corridor.
- (c) Describe how the project conforms to the City's planning and design goals.
- (d) Describe how the project addresses the City's community benefit goals. Please submit Exhibit H, Community Benefits Submission Form.

Submit a current business plan that includes a detailed description of the proposed uses, the business model, market analysis, a marketing plan, and a financial plan showing start-up through long-term stabilization as well as sources of financing.

In order to demonstrate viability of the proposed uses, Respondents should provide as much detail as possible about potential operators/tenants. *If available*, the please include the following in the business plan submission:

- Identification and description of operators if they differ from Respondent. Documentation to include:
 - Name of business
 - Written proposal for business concept, including products/services to be provided, hours of operation, numbers of employees, market analysis, marketing plan, financial plan for launch and sustainability
 - Names and qualifications of management team, including duties and years of experience

RFP for *FILLMORE HERITAGE CENTER*

- Financial feasibility of operators/tenants if they differ from Respondent. Documentation to include:
 - Pro forma (3-5 years)
 - Financial statements
 - Evidence of access to capital and financing
- Lease terms, including draft or executed Letters of Intent if available, that could include:
 - Location/square footage
 - Term
 - Rent, utilities, maintenance, etc.

It is understood that the descriptions proposed in the project concept are preliminary in nature, (i.e., representing the initial thinking of the development team about the scope of the project). Such descriptions may be subject to change with City approval, since the project will be refined and modified in the development of plan documents. However, the City expects that this project description will provide an opportunity for teams to display creativity, market, industry and community knowledge, and a response that is site-specific.

3. Statement of Qualifications

A brief narrative description of the development team must be submitted and must include the following information in the form and order listed below:

(a) Development Team Qualifications:

(1) Identify the lead legal entity that will accomplish the development and implementation of the project and identify the legal entity, if different, that will contract with the City. Provide an explanation of the roles which the individual firms will have in the accomplishment of the project.

(2) Identify each development partner (see Exhibit D for potential partners) and major consultant and the role each will play in the implementation of the development and the responsible entity in the organizational structure for ongoing project management. The consultants should include, but not be limited to, architects, contractors, regulatory advisors, and legal counsel.

(3) Identify the lead negotiator for the project and identify any limitations on his/her authority to contractually bind the entity in negotiations.

(4) Identify each firm and the role it will play in the operation and management of the project following its completion.

(5) If the lead entity is a single purpose entity, identify any guaranty or other financial assurance appropriate to ensure the City of its obligation to close and other obligations under a negotiated Conveyance Document.

(b) Development Team Expertise:

(1) Present the relevant experience of the lead legal entity or entities, development partners, and consultants involved in the development of the project, as well as the relevant experience of each firm that will be managing/operating the project after its completion. Include a list and description of development projects in which entity or lead individuals in each entity have been involved, indicating the date, size, cost, construction and take-out lenders, location, and the role of the entity in each project. Describe, in particular, projects and experience with projects similar to that being proposed, include the status of any current, in-progress developments.

RFP for *FILLMORE HERITAGE CENTER*

(2) Describe any incidences in which the principals of the lead development entity or entities filed for bankruptcy individually and/or as a principal in an entity. Provide date of filing, circumstances and status.

(3) Describe any pending legal proceedings or actions that have been filed against any lead entity principals individually and/or as a principal in a development entity. Provide dates the complaints were filed and the present status of the litigation.

4. Financial Statements

Financial statement submittals are a key submission criteria the City will rely upon in the selection process. Along with its submission, a Respondent must:

(a) Provide copies of current (within last 18 months) audited financial statements, the most recent available credit report, the most recent annual report and audited financial statements (including explanatory material and audit reports) of each entity or individual that would have an ownership stake in the Property if acquired, including statement of changes in financial position and statements of any parent organizations and any materially relevant subsidiary units, identifying any projects with negative cash flows, amount of Respondent's recourse debt, any non-performing loans, including with the City or OCII, and the amount of guarantees and/or contingent liabilities.

(b) Provide a written statement from each financing source identified in the business plan that the equity and/or subordinate mortgage capital is available or will be made available for funding the proposed development. In lieu of a letter of commitment, submit written statements from financing sources describing past projects financed for respondent, detailing the amount of capital, the size of the project, and any other pertinent information that will assist the City in determining the availability of equity or subordinate mortgage capital to fund the project.

(c) Provide evidence of liquid assets sufficient to cover all predevelopment and pre-conveyance expenses.

NOTE:

Upon selection of a Respondent, the City will make copies of each of the responses to the RFP available to members of the public for their review and comment. Therefore, it is important for Respondents to clearly identify in their proposals those financial records or other information that the respondent in good faith determines to be a trade secret or confidential proprietary information protected from disclosure under applicable law. To the extent permitted by law, the City will attempt to reasonably maintain the confidentiality of such information, and information so marked will be redacted from copies presented to the public. However, generally, all documentation, including financial information submitted by any respondent to the City are public records under State and local law, including the City's Sunshine Ordinance, and the City will not under any circumstances be responsible for damages or losses incurred by a respondent or any other person or entity because of the release of such fiscal information.

5. Project Feasibility

(a) Provide a breakdown of construction and development costs, including hard and soft costs.

(b) Provide a projection of revenues and expenses of the proposed development in a project pro-forma (at least three (3) years, but no less than five (5) years). Clearly state assumptions to a degree sufficient for the City to judge the validity of the estimates, and the projected rates of return on equity. Indicate first year of stabilized operations.

(c) Provide a complete explanation of the financial arrangements, including how the development will be financed and the proportion of equity cash and subordinate debt. Specifically identify the source(s) of all needed funds.

RFP for *FILLMORE HERITAGE CENTER*

(d) Provide a projected sales forecast for any portion of the project to be sold and a pro-forma income and expense projection for the balance of the development, noting all key assumptions used and the projected rates of return on equity.

(e) Describe the direct and indirect economic benefits that the Respondent's proposed project will provide in the City, including – by way of example only – the retention of existing jobs and/or the creation of new jobs.

(f) Provide written evidence of the concurrence of key participants in the development with the concept proposed and the economics proposed. These participants should include, at a minimum, any major tenants, sources of equity and debt financing, and local consultants or brokers as to sales projections.

6. Bid and Offer to Negotiate Exclusively

Complete two (2) copies of the Bid and Offer to Negotiate Exclusively, attached as Exhibit E (which will be posted online on or around February 24, 2017) specifying the Respondent's bid price (at or above the Minimum Bid Price) for the Property. By executing the Bid and Offer to Negotiate Exclusively, the Respondent indicates its awareness and agreement to comply with the General Terms and Conditions set forth in this RFP.

7. Project Schedule

Provide an anticipated project timeline upon acquisition (in summer of 2017), setting forth anticipated dates to complete negotiations, secure entitlements, begin construction, complete construction and open for occupancy.

8. Proposal Execution

Exhibit E must be signed in ink by the Respondent's authorized representative, with the address of the Respondent's entity provided. Evidence of the legal status of the Respondent's entity, whether individual, partnership, corporation, limited liability company, county or municipality shall also be provided. A corporation shall execute the proposal by its duly authorized officers in accordance with its bylaws and shall list the State in which it is incorporated. A partnership shall give the full names and addresses of all partners and shall list the State in which it is organized and shall execute the proposal by its duly authorized partners in accordance with the partnership agreement. A limited liability company shall give full names and addresses of all members and shall list the State in which it is organized and shall execute the proposal by its duly authorized members or managers in accordance with its operating agreement. Partnerships, limited liability companies, and individuals shall be required to state the names of all persons involved in the proposal. The place of residence of each partnership, member, or individually, or the office address in case of a firm or company, including state, zip code and telephone number, shall be given after each name. If the Respondent's firm is a joint venture consisting of a combination of any of the above entities, each representative of such joint venture shall execute the proposal. Anyone signing a proposal as an agent of a firm or entity shall submit legal evidence of their authority to do so with the proposal.

9. Form SFEC-126

Respondent's submission shall include the information requested in Exhibit G.

10. Earnest Money Deposit - Registration

If a Respondent desires to view more information about the Property to conduct due diligence, Respondent must complete the Earnest Money Deposit form and provide the Earnest Money Deposit prior to accessing the due diligence materials. In any case, no later than April 3 at 4pm, all Respondents must complete Exhibit I and provide an Earnest Money Deposit in the amount of One thousand dollars (\$1,000.00) payable to:

CITY AND COUNTY OF SAN FRANCISCO

RFP for *FILLMORE HERITAGE CENTER*

Payment shall be in the form of a cashier's or certified check is required in order for a submittal to be considered. The Earnest Money Deposit may be accepted as early as February 13, 2017 and as late as April 3, 2017 at 4pm.

Earnest Money deposits made out to the **City and County of San** shall be mailed or delivered to:

City and County of San Francisco
Attn: Rally Catapang
Mayor's Office of Housing and Community Development
1 South Van Ness, 5th Floor
San Francisco, CA 94103

Please note that the above address is different than the submittal address for the proposals.

Upon City's receipt of the Earnest Money Deposit, a potential Respondent shall have access to detailed information specific to the Property. All deposits received will be cashed. After the selection of a proposal, the deposits of all unsuccessful Respondents will be refunded. Within three (3) business days of selection, the successful Respondent will be required to increase its deposit by Nine Thousand Dollars (\$9,000.00), to a total of Ten Thousand Dollars (\$10,000.00). At that point, the entirety of the deposit will become non-refundable and will be used to cover a portion of the City's costs related to project administration. The deposit will increase to five (5) % of the purchase price upon execution of the Purchase and Sale Agreement, and shall be non-refundable except in an event of default by City.

V. Evaluation and Selection Criteria

A. Review and Selection Process

Once the RFP submission period is complete proposals will be screened for "Minimum Qualifications" (which are outlined in Exhibit C). On or around April 21, 2017 a representative team of community members and City staff (the "RFP Review Panel") will meet and formally review the proposals. The RFP Review Panel includes nine individuals, five from the community and four from representative City departments. The community members and representative City departments forming the RFP Review Panel are listed on the following web site:

<http://sfgov.org/realestate/documents>

At any point upon receipt of a proposal, the City reserves the right to request clarification or additional information from the Respondents. The City intends for the RFP Review Panel to evaluate the proposals generally in accordance with the criteria itemized below. All proposals meeting the Minimum Qualifications ("Finalists") will be interviewed by the RFP Review Panel. The RFP Review Panel will then recommend a Finalist with whom the City may enter into an ENA, a sample of which will be posted online on or before February 24, 2017 as Exhibit F to this RFP. The proposed ENA will be recommended to the City's Board of Supervisors and Mayor for consideration of approval, in their absolute and sole discretion. Upon legislative approval of an ENA, the selected Respondent and the City shall negotiate a Purchase and Sale Agreement for the conveyance of the Property

B. Selection Criteria

The RFP Review Panel will be reviewing Finalists' proposals using a score sheet that places particular emphasis upon the following criteria:

1. Quality of proposed use and business plan

- a. Appropriateness, desirability and feasibility of proposed uses
- b. Appropriateness and feasibility of business model
- c. Financial plan (short-term through long-term stabilization)
2. Community benefits
 - a. Quality of community benefits (i.e., potential for impact in these areas)
 - Nonprofit or small business partnerships
 - Affordable community activation opportunities
 - Job creation, particularly for local residents
 - Minority- or women-owned entrepreneurship opportunities
 - b. Sustainability of community benefits
 - c. Immediate community benefits (such as interim activation)
3. Financial strength of the Respondent
 - a. Adequate equity capital available to ensure the project is fully funded
 - b. Ability to raise additional equity capital
 - c. Ability to obtain necessary debt financing
 - d. Proposed purchase price of no less than \$6.5 million
 - e. Demonstrated ability to pay the proposed purchase price
 - f. Current relationships with lenders and other sources of financing
 - g. Creditworthiness of development entity and any guarantors
 - h. Reasonableness of financial projections and feasibility of the development program
4. Development experience, capacity and ability to perform
 - a. Successful and timely completion of comparable projects and/or achievement of key milestones in projects currently underway
 - b. Absence of judgments or pending litigation in the past 5 years
 - c. Management/operations expertise of the team
 - d. Real estate development expertise of the team
 - e. Understanding and identifying of local market and issues within the community
 - f. Understanding of the regulatory approvals process, as reflected in the project schedule and general project concept

VI. Terms and Conditions for Receipt of Proposals

A. Errors and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are to promptly notify the City, in writing, if the proposer discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any material updates or clarifications (including Exhibit E & Exhibit F) shall be published on the City's website at <http://sfgov.org/realestate/documents>. Any such notification should be directed to the email: fillmore-heritage-rfp@sfgov.org, promptly

RFP for *FILLMORE HERITAGE CENTER*

after discovery, but in no event later than five working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

B. Inquiries or Questions Regarding RFP

Inquiries or questions regarding the RFP and all oral notifications of an intent to request written modification or clarification of the RFP must be directed to:

Email: fillmore-heritage-rfp@sfgov.org

Phone: (415) 554 -6475

C. Objections to RFP Terms

Should a proposer object on any ground to any provision or legal requirement set forth in this RFP, the proposer must, not more than ten calendar days after the RFP is issued, provide written notice setting forth with specificity the grounds for the objection. The failure of a proposer to object in the manner set forth in this paragraph shall constitute a complete and irrevocable waiver of any such objection. Any formal objections should be addressed to:

City and County of San Francisco
C/O: Office of Economic and Workforce Development
City Hall Room 448
Attention: Fillmore Heritage Center
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Email: fillmore-heritage-rfp@sfgov.org

D. Change Notices

The City may modify the RFP, prior to the proposal due date, by issuing Change Notices, which will be posted on the website <http://sfgov.org/realestate/documents>. The proposer shall be responsible for ensuring that its proposal reflects any and all Change Notices issued by the City prior to the proposal due date regardless of when the proposal is submitted. This will also include updates and responses to Frequently Asked Questions. Therefore, the City recommends that the proposer consult the website frequently, including shortly before the proposal due date, to determine if the proposer has downloaded all Change Notices.

E. Term of Proposal

Submission of a proposal signifies that the proposed services and prices are valid for 120 calendar days from the proposal due date and that the quoted prices are genuine and not the result of collusion or any other anti-competitive activity.

F. Revision of Proposal

A Proposer may revise a proposal on the Proposer's own initiative at any time before the deadline for submission of proposals. The proposer must submit the revised proposal in the same manner as the original. A revised proposal must be received on or before the proposal due date.

In no case will a statement of intent to submit a revised proposal, or commencement of a revision process, extend the proposal due date for any proposer.

At any time during the proposal evaluation process, the City or the RFP Review Panel may require a proposer to provide oral or written clarification of its proposal. The RFP Review Panel reserves the right to make an award without further clarifications of proposals received.

G. Errors and Omissions in Proposal

RFP for *FILLMORE HERITAGE CENTER*

Failure by the City to object to an error, omission, or deviation in the proposal will in no way modify the RFP or excuse the vendor from full compliance with the specifications of the RFP or any contract awarded pursuant to the RFP.

H. Financial Responsibility

The City accepts no financial responsibility for any costs incurred by a firm in responding to this RFP. Submissions of the RFP will become the property of the City and may be used by the City in any way deemed appropriate.

I. Proposer's Obligations under the Campaign Reform Ordinance

Proposers must comply with Section 1.126 of the S.F. Campaign and Governmental Conduct Code (attached as Exhibit G), which states:

No person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, or for selling any land or building to the City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer, or candidates for such an office, or committee controlled by such officer or candidate at any time between commencement of negotiations and the later of either (1) the termination of negotiations for such contract, or (2) three months have elapsed from the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

If a proposer is negotiating for a contract that must be approved by an elected local officer or the board on which that officer serves, during the negotiation period the proposer is prohibited from making contributions to:

- the officer's re-election campaign
- a candidate for that officer's office
- a committee controlled by the officer or candidate.

The negotiation period begins with the first point of contact, either by telephone, in person, or in writing, when a contractor approaches any city officer or employee about a particular contract, or a city officer or employee initiates communication with a potential contractor about a contract. The negotiation period ends when a contract is awarded or not awarded to the contractor. Examples of initial contacts include: (1) a vendor contacts a city officer or employee to promote himself or herself as a candidate for a contract; and (2) a city officer or employee contacts a contractor to propose that the contractor apply for a contract. Inquiries for information about a particular contract, requests for documents relating to a Request for Proposal, and requests to be placed on a mailing list do not constitute negotiations.

Violation of Section 1.126 may result in the following criminal, civil, or administrative penalties:

1. **Criminal.** Any person who knowingly or willfully violates section 1.126 is subject to a fine of up to \$5,000 and a jail term of not more than six months, or both.
2. **Civil.** Any person who intentionally or negligently violates section 1.126 may be held liable in a civil action brought by the civil prosecutor for an amount up to \$5,000.
3. **Administrative.** Any person who intentionally or negligently violates section 1.126 may be held liable in an administrative proceeding before the Ethics Commission held pursuant to the Charter for an amount up to \$5,000 for each violation.

For further information, proposers should contact the San Francisco Ethics Commission at (415) 581-2300.

J. Sunshine Ordinance

RFP for *FILLMORE HERITAGE CENTER*

In accordance with S.F. Administrative Code Section 67.24(e), contractors' bids, responses to RFPs and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

K. Public Access to Meetings and Records

If a proposer is a non-profit entity that receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, the proposer must comply with Chapter 12L. The proposer must include in its proposal: (1) a statement describing its efforts to comply with the Chapter 12L provisions regarding public access to proposer's meetings and records and (2) a summary of all complaints concerning the proposer's compliance with Chapter 12L that were filed with the City in the last two years and deemed by the City to be substantiated. The summary shall also describe the disposition of each complaint. If no such complaints were filed, the proposer shall include a statement to that effect. Failure to comply with the reporting requirements of Chapter 12L, or material misrepresentation in proposer's Chapter 12L submissions, shall be grounds for rejection of the proposal and/or termination of any subsequent Agreement reached on the basis of the proposal.

L. Reservations of Rights by the City

The issuance of this RFP does not constitute an agreement by the City that any contract will actually be entered into by the City. The City expressly reserves the right at any time to:

1. Waive or correct any defect or informality in any response, proposal, or proposal procedure;
2. Reject any or all proposals;
3. Reissue a Request for Proposals;
4. Prior to submission deadline for proposals, modify all or any portion of the selection procedures, including deadlines for accepting responses, the specifications or requirements for any materials, equipment or services to be provided under this RFP, or the requirements for contents or format of the proposals;
5. Procure any materials, equipment or services specified in this RFP by any other means; or
6. Determine that no project will be pursued.

M. No Waiver

No waiver by the City of any provision of this RFP shall be implied from any failure by the City to recognize or take action on account of any failure by a proposer to observe any provision of this RFP.

VII. Contract Requirements

A. Standard Contract Provisions

The successful proposer will be required to enter into a contract substantially in the form of the ENA, attached hereto as Exhibit F. Failure to timely execute the contract, or to furnish any and all insurance certificates and policy endorsements, surety bonds or other materials required in the contract, shall be deemed an abandonment of a contract offer. The City, in its

sole discretion, may select another firm and may proceed against the original selectee for damages.

B. Nondiscrimination in Contracts and Benefits

The successful proposer will be required to agree to comply fully with and be bound by the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Generally, Chapter 12B prohibits the City and County of San Francisco from entering into contracts or leases with any entity that discriminates in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of employees. The Chapter 12C requires nondiscrimination in contracts in public accommodation. Additional information on Chapters 12B and 12C is available on the HRC's website at www.sfhrc.org.

C. Minimum Compensation Ordinance (MCO)

The successful proposer will be required to agree to comply fully with and be bound by the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P. Generally, this Ordinance requires contractors to provide employees covered by the Ordinance who do work funded under the contract with hourly gross compensation and paid and unpaid time off that meet certain minimum requirements.

For the amount of hourly gross compensation currently required under the MCO, see www.sfgov.org/olse/mco. Note that this hourly rate may increase on January 1 of each year and that contractors will be required to pay any such increases to covered employees during the term of the contract.

Additional information regarding the MCO is available on the web at www.sfgov.org/olse/mco.

D. Local Hiring and Prevailing Wage

Through its submission of a proposal, Respondent understands and agrees to abide by the terms and conditions of the City's Local Hire and Prevailing Wage Requirements as particularly described in Exhibit J. The PSA will reflect this information.

E. Health Care Accountability Ordinance (HCAO)

The successful proposer will be required to agree to comply fully with and be bound by the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in S.F. Administrative Code Chapter 12Q. Contractors should consult the San Francisco Administrative Code to determine their compliance obligations under this chapter. Additional information regarding the HCAO is available on the web at www.sfgov.org/olse/hcao.

F. Conflicts of Interest

The successful proposer will be required to agree to comply fully with and be bound by the applicable provisions of state and local laws related to conflicts of interest, including Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California. The successful proposer will be required to acknowledge that it is familiar with these laws; certify that it does not know of any facts that constitute a violation of said provisions; and agree to immediately notify the City if it becomes aware of any such fact during the term of the Agreement.

Individuals who will perform work for the City on behalf of the successful proposer might be deemed consultants under state and local conflict of interest laws. If so, such individuals will be required to submit a Statement of Economic Interests, California Fair Political

RFP for ***FILLMORE HERITAGE CENTER***

Practices Commission Form 700, to the City within ten calendar days of the City notifying the successful proposer that the City has selected the proposer.