

Fillmore Heritage Center – Request for Interest

Posted Date: January 28, 2016

Deadline for Submission: March 4, 2016

Subject: Fillmore Heritage Center Development Opportunity

Dear Interested Parties:

The City and County of San Francisco (the “City”) is soliciting interest from qualified respondents for the possible purchase and repurposing of the commercial portions 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 Fillmore Heritage Center, one of the last projects from 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, which prior to Urban Renewal was considered “Harlem of the West” for its sizable community of African American residents and African American-owned businesses, many of them music venues.

The City is committed to ensuring that the Property emerges as a vibrant and financially viable commercial venue, such as an entertainment venue, that provides substantial and sustained benefits to the Fillmore corridor and the Western Addition community. The City encourages proposals that creatively incorporate one or more commercial and community benefits, such as 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 in order to achieve these goals and will set up appropriate mechanisms to ensure the community benefits are delivered.

The Property consists of the commercial portion of a mixed-use building as well as the adjacent parking garage. The commercial portion of the building is 50,000 square feet and includes a 28,000-square-foot entertainment venue/restaurant and a 6,000-square-foot restaurant/lounge. The 28,000-square-foot entertainment venue/restaurant is currently vacant after previously being operated as the jazz clubs Yoshi’s and The Addition. The Addition closed in January 2015. The 6,000-square-foot restaurant/lounge “1300 on Fillmore” is currently leased and operational. If 1300 on Fillmore is ultimately included in the sale of the Property, the City would assign a long-term lease to the eventual purchaser. The Property also includes the adjacent 112-space public parking garage with access through the building lobby. The available Property does not include the residential portion of the mixed-use development.

Request for Interest Overview and Purpose

The Office of Community Investment and Infrastructure currently owns the Property, but will transfer ownership to the City in 2016. The City's primary objective for this request for interest ("RFI") is to solicit information that will assist the City in determining the content of a Request for Proposals ("RFP") that will be released at a later date. Non-participation in the RFI process does not preclude interested parties from responding to the forthcoming RFP.

More specifically, this RFI seeks to document interest from a) prospective qualified respondents with a proven track record and full capability of developing, financing, and operating other sites similar to the Property who are interested in purchasing the Property ("Project Leads"); and b) individuals or organizations interested in potentially partnering with prospective Project Leads in order to enhance the operations and/or the community benefits components of the Property. These partnering organizations will be considered "Team Members". In contrast to Project Leads, Team Members need not have the full financial capability to purchase the property but add other value to the team.

The attached application includes a form for Project Leads and a form for Team Members. Respondents may choose to submit the Project Lead form, the Team Member form, or both. In the form, respondents may choose to make their submission available to the public and other respondents. Those forms that are made available will be posted on-line and will potentially facilitate the formation of respondent teams for the future RFP.

Future Request for Proposals Selection Process

After the City has reviewed the information received through this RFI, it will be used to finalize the selection criteria for the RFP, which the City anticipates releasing in Spring 2016. By responding to this RFI, Project Leads and/or Team Members will be formally sent the link to the RFP on the City's website.

Once the RFP submission period is complete, proposals will be screened for minimum qualifications. Then a representative team of Western Addition community members and City staff (the "Selection Committee") will meet together and formally review the proposals. The selection committee will include 9 individuals, 5 from the community and 4 from City departments. Any community member interested in applying to sit on the Selection Committee, may obtain a form from the following web site:

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

The proposal that meets the minimum criteria and scores the highest during the Selection Committee review may be recommended to enter into an exclusive negotiating agreement (“ENA”) with the City to try to finalize a purchase and sale agreement. Any sale of the Property will likely require use restrictions on the deed, which will be finalized during the ENA process. Any sale of the property will require approval by the City’s Board of Supervisors and Mayor in their absolute and sole discretion.

Future Request for Proposals Selection Criteria and Requirements

The Property was appraised in the summer of 2015 for more than eleven million dollars (\$11,200,000). However, in the forthcoming RFP, the City will require respondents to submit a Minimum Bid Price of only six million three hundred thousand dollars (\$6,300,000), an amount which allows the City to pay down the debt necessary to sell the Property. The City is not requiring 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. Competitive proposals will balance bid price, business plan, and community benefits. To ensure that the future use of the property is generally as is presented in the awarded bid, the City plans to record use restrictions on the property by means of a silent second loan. The amount of the loan would be equal to the difference between the bid price and the appraised value of the property. No payments would be due on the loan unless the use of the property significantly changes in the future. Specific details of this use restriction and loan will be negotiated with the purchasing entity.

The RFP will require documentation to support a Minimum Bid Price, as well as additional documentation. An example of the types of information to be required in the RFP and the potential selection criteria are outlined in the attached document “Sample RFP Deliverables and Selection Criteria”.

Sunshine Ordinance

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.

Inquiries

All questions or clarifications may be directed to Derick Brown at the contact information below. Inquiries should be submitted in writing, if possible.

Derick Brown, Director
Mayor's Office of Neighborhood Services
City Hall, Room 160
1 Dr. Carlton B. Goodlett Place
[San Francisco, California 94102](http://www.sanfrancisco.ca.us)
Direct: [415.554.6475](tel:415.554.6475)
mons.info@sfgov.org

Answers to all questions submitted by February 15, 2016 will be posted on-line by February 19, 2016 at the following City web site:

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

Interim questions and answers may be posted in advance of that date so interested parties are encouraged to check the site often for these interim postings.

Request for Information Submission Form

To standardize this RFI process, the City requests that respondents to this RFI limit responses to the forms attached to this letter. If you have any additional questions prior to or after you have submitted the RFI form(s), please contact Derick Brown, whose contact information is above.

Additional Information

On-Line Information and Documents: For an informational memo on the history of the Property (including a review of existing debt obligations), floor plans, and a list of frequently asked questions, please visit:

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

Informational Meeting: The City will be holding a community meeting on February 8, 2016 at 6:30 pm at the Property, 1330 Fillmore, to answer any questions about this RFI process and share general information about the forthcoming RFP process.

Tour: A tour of the Property will be held on February 8, 2016 at 5:30pm at 1330 Fillmore.

The City is excited to invite your participation into this process and looks forward to receiving your letters of interest.

Sincerely,



Joaquín Torres
Deputy Director/Invest in Neighborhoods
Office of Economic and Workforce
Development

Attachments: Project Lead Form;
Team Member Form;
Sample RFP Deliverables and Selection Criteria

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PROJECT LEAD

Please complete this form if you are interested in purchasing the property and have the full financial capability to do so. Respondents may complete a Project Lead form, a Team Member form, or both.

First Name _____ Last Name _____

Company Name (if applicable) _____

Street Address _____

City, State, Zip Code _____

Phone Number _____ E-mail Address _____

Do you live in the Western Addition? Yes _____ No _____

Please provide a brief overview of the uses you see for the Property and how the development would benefit the community:

Please provide a brief summary of your experience with development and operations of a similar project:

As a Project Lead, e.g. purchaser of the Property, what are the general sources of funds by which you would acquire the Property?

If your proposal is selected and you acquire the Property, what would be the development timeline (assuming a sale occurred in the summer of 2016)?

Please provide any additional comments that may be relevant to the upcoming RFP process:

Please indicate by checking the box whether you would like your submission of this RFI made available to other respondents and the public via the City’s website. The purpose is to enable you to form relationships with possible Team Members or Project Leads for the upcoming RFP. By not checking either box, your information will not be made public via the City’s website.

Share my Entire Submission

Share my Contact Information Only

Completed Team Member and Project Lead forms should be mailed or scanned and emailed to:

City and County of San Francisco
Real Estate Division
Attention: Fillmore Heritage Center RFI
General Services Agency
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Email: RealEstateAdmin@sfgov.org (subject line: “Fillmore Heritage Center – RFI”)

For an informational memo on the history of the Property (including a review of existing debt obligations), floor plans, and a list of frequently ask questions that will be updated as needed during both the RFI process and RFP process, please visit:

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

Your Signature _____ Date _____

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TEAM MEMBER

Please complete this form if you are interested in partnering with a Project Lead to enhance the operations and/or the community benefits components of the project but may not have the full financial capability to purchase the property. Respondents may complete a Project Lead form, a Team Member form, or both.

First Name _____ Last Name _____

Company Name (if applicable) _____

Street Address _____

City, State, Zip Code _____

Phone Number _____ E-mail Address _____

Do you live in the Western Addition? Yes _____ No _____

Please provide a brief overview of the uses you see for the Property and how the development would benefit the community:

Please provide a brief summary of the potential uses and/or other community benefits you could bring to the Property:

As a Team Member, please describe the specific role you can play in assisting a Project Lead with the development of this Property:

Please provide any additional comments that may be relevant to the upcoming RFP process:

Please indicate by checking the box whether you would like your submission of this RFI made available to other respondents and the public via the City’s website. The purpose is to enable you to form relationships with possible Team Members or Project Leads for the upcoming RFP. By not checking either box, your information will not be made public via the City’s website.

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Your Signature _____ Date _____

Sample RFP Deliverables and Selection Criteria

Sample Deliverables to be required by the future RFP

<p style="text-align: center;">Business Plan</p> <ul style="list-style-type: none"> ○ Executive summary / mission statement ○ Profiles and experience of company / team members, including recent completed projects ○ Detailed description and explanation of business and business model ○ Management team and structure ○ Market analysis ○ Sales and marketing approach ○ Financial plan (short-term, through long-term stabilization) 	<p style="text-align: center;">Financial Information</p> <ul style="list-style-type: none"> ○ Recent years' tax returns ○ Financial statements indicating assets and liabilities ○ Verification of funding sources (letters of credit, notes pending, etc.) 	<p style="text-align: center;">Community Benefits</p> <ul style="list-style-type: none"> ○ Detailed description of community benefits (short-term, long-term) ○ Current and future external partnerships
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Sample Criteria for evaluating the future RFP

<p style="text-align: center;">Overall Appropriateness</p> <ul style="list-style-type: none"> ○ Suitability and strength of the proposer's business plan ○ Alignment with City's goals and objectives ○ Alignment with Community's goals and objectives 	<p style="text-align: center;">Development Experience</p> <ul style="list-style-type: none"> ○ Track record and successful completion of projects ○ Recent proposed or completed projects. ○ Timelines of performance ○ Relative absence of judgments or pending litigation ○ Proven ability of the development team ○ Management expertise of the development team 	<p style="text-align: center;">Community Benefits Offered</p> <ul style="list-style-type: none"> ○ Clearly described and qualified ○ Feasibility of implementation and sustainability ○ Demonstrative value to the community ○ Short and long-term economic return to the public, including generation of new tax revenues and job creation
<p style="text-align: center;">Other Factors</p> <p>Deemed appropriate by:</p> <ul style="list-style-type: none"> ○ City staff ○ Selection Committee, including community members of the committee ○ Request for Interest process 	<p style="text-align: center;">Financial Strength</p> <ul style="list-style-type: none"> ○ Demonstrates ability to purchase the Property for bid price (minimum \$6,300,000) ○ Equity capital available for the project. ○ Ability to raise additional equity capital as-needed ○ Ability to obtain necessary financing. ○ Current relationships with lenders and other sources of financing ○ Creditworthiness of development entity and any guarantors 	<p style="text-align: center;">Capacity and Ability to Perform</p> <ul style="list-style-type: none"> ○ Reasonableness of financial projections and feasibility of the development program ○ Understanding of the local market and community issues ○ Understanding of the regulatory approvals process, as reflected in the project schedule and general project concept