



Edwin M. Lee, Mayor
Philip A. Ginsburg, General Manager

Date: June 19, 2014

To: Recreation and Park Commission

Through: Philip A. Ginsburg, General Manager
Dawn Kamalanathan, Director of Capital & Planning

From: Holly Pearson, Planner, Capital & Planning Division

Subject: Schlage Lock Parks – Future Property Acquisition

Agenda Wording

Schlage Lock Parks – Future Property Acquisition. Discussion and possible action to adopt a resolution to authorize the General Manager to consent, on behalf of RPD, to the Schlage Lock Development Agreement between the City and County of San Francisco and Visitacion Development, LLC, and to execute Exhibit M to the Schlage Lock Development Agreement, which establishes terms for RPD's possible future acquisition of two parks in the area (Block/Lot: 5087/003A, known as “Linear Park” or Leland Greenway,” for a purchase price of \$1,966,500; and Blocks/Lots: 5100/010, 5101/006, and 5099/014, known as “Square Park” or “Visitacion Park,” for a purchase price of \$2,533,500) using Open Space Acquisition Funds, and to adopt findings pursuant to the California Environmental Quality Act.

Background

In 1999, the Schlage Lock Company closed its factory in the Visitacion Valley area. Since early 2002 the current land owner, Universal Paragon Corporation, has been working with various City agencies and residents of Visitacion Valley to develop a plan for the reuse of this important 20-acre site, which is bounded by Bayshore Boulevard, Blanken Avenue, Tunnel Avenue, and the San Francisco County-San Mateo County border.

Several years of planning work and extensive community involvement resulted in the adoption of a Redevelopment Plan and master plan for the site, which included new housing, retail, community facilities, City services and open space. However, when the Redevelopment Agency was dissolved in early 2012, the subsequent loss of public funding for redevelopment of the site required that the City look for new ways to help make the project financially feasible. Since that time, the City’s Office of Economic and Workforce Development (OEWD) has been working with Universal Paragon Corporation (developer) to reassess the project’s feasibility and to look at potential ways to help move the project forward.



The Schlage Lock project has been modified during the past two years, and the development as currently proposed includes up to 1,679 new housing units (15% of which will be affordable), up to 46,000 square feet of retail space, and over 2 acres of public open space. The project will also provide new roads, utilities, sidewalks, bicycle infrastructure, pedestrian pathways. For further details on the proposed Schlage Lock project, see the Development Agreement Summary (Attachment A).

Potential RPD Acquisition of Schlage Lock Parks

OEWD approached RPD in the spring of 2012 to explore the possibility of RPD purchasing the parks that are proposed as part of the master plan for the site's development. RPD staff recently finalized negotiations with the developer regarding the potential future acquisition of two parks that will be constructed as part of the Schlage Lock project: a "Linear Park" of approximately 33,000 square feet, also known as "Leland Greenway"; and a "Square Park" of about 40,000 square feet, also known as "Visitacion Park" (see the overall project site plan with parks, Attachment B).

The terms for RPD's acquisition of the Schlage Lock parks are set forth in Exhibit M of the Development Agreement. Under these terms, the developer will construct the parks as well as fund maintenance for a set period of time, and RPD will purchase, operate and maintain the completed parks. The developer has agreed to sell the land at a significantly discounted price – a little over 50% of the appraised value – in exchange for RPD's commitment at the time of the Development Agreement to purchase the sites.

The following is a summary of the key points of *Exhibit M, Park Design and Acquisition Terms* (Attachment C):

Modifications to / Approval of Park Designs

- RPD will work with Planning Department staff and the developer to finalize the designs for the two park sites, using the previous community input related to parks and open space and the current park designs, as conveyed in the developer's "Open Space and Streetscape Master Plan," as a starting point.
- RPD will convene a Community Advisory Panel, with representation from the Visitacion Valley Citizens Advisory Committee, to provide additional input and oversight for the park designs and to ensure that high design standards are met for the park sites.
- The Recreation and Park Commission will approve the final park designs.

Construction of Parks

- The developer will be responsible for cost and management of park construction, subject to a cost cap of \$60 per square foot (including hard costs and 10% construction contingency), in 2014 dollars. These cost caps will be adjusted to the actual year of construction by applying an annual escalation factor equal to any increase in the Consumer Price Index – Urban (CPI-U) for the San Francisco Bay Area.

Operations and Maintenance of Parks

- RPD will be responsible for actual operations and maintenance of the parks.

- The developer will make two annual payments to RPD to support operations and maintenance of the parks for a term of 22 years after transfer of property to RPD: a “Routine Maintenance Payment” in the amount of \$200,000 (for both parks), which will cover gardening and custodial staff time, park patrol staff time, and materials and supplies; and a “Renewal Payment” in the amount of \$50,000 (for both parks), to be deposited in a separate account to cover long-term repair and replacement of damaged or worn-out park facilities and equipment. Annual escalation factors will be applied to both maintenance payments as follows: adjustment equal to the increase in CPI-U for 100% of the Renewal Payment and 20% of the Routine Maintenance Payment; and adjustment by CPI-U or by any actual increase in the cost of RPD employee salaries and benefits (whichever is less) to 80% of the Routine Maintenance Payment.
- The developer intends to finance the maintenance payments through the creation of a Community Facilities District and/or Master Homeowner Association, and to provide revenue for park maintenance to RPD from assessments on future property owners.

Acquisition – Purchase Price and Funding Source

- The purchase price for the parks is \$2,533,500 for “Square Park” and \$1,966,500 for “Linear Park,” for a total of \$4.5 million for both parks. This amount is 51.7% of the total appraised value of \$8.7 million for the two properties.
- The purchase of the parks will be paid from the Open Space Acquisition Fund (see Attachment D for an analysis of estimated deposits to and expenditures from the Open Space Acquisition Fund between Fiscal Years 2014-15 to 2030-31).

Acquisition – Timing of Transfer and Payment

- The property transfer and payment for each site will occur upon final acceptance by the City of the completed park.
- The specific timing of property transfers and payments depends on the developer’s schedule for delivery of the parks, as set forth in the Project Phasing Plan.

Obligation to Purchase

- Provided that the developer fulfills all of the agreed-upon terms and constructs the parks per the final designs as approved by the Recreation and Park Commission, RPD will be obligated to purchase the parks.

While the developer will prepare a specific project schedule after the Development Agreement has been approved, the development phasing plan establishes that Phase I will include a fully built pedestrian network through the project site, from Bayshore Boulevard and the adjacent Visitacion Valley neighborhood to the west, to the Bayshore Caltrain Station to the east. This network will include well-lit pedestrian paths along Leland Avenue and Visitacion Avenue, which will be extended and accessible to this route. These pathways will bring neighbors in Visitacion Valley through the new development alongside both park sites.

Acquisition Policy Analysis

RPD has an official Acquisition Policy, which provides direction on how to identify, evaluate, and acquire real property for the Recreation and Park Department using Open Space Acquisition funds. The Acquisition Policy defines three distinct policy goals:

1. Acquire properties that are found within or serve a High Needs Area¹ and/or an open space deficient area
2. Acquire properties that have identified funding for the purchase, development, and maintenance of the property
3. Acquire properties that encourage a variety of recreational and open space uses.

The Schlage Lock park sites are surrounded by areas of varying degrees of need for new open space, as defined by the Recreation and Open Space Element, or ROSE (see map, Attachment E). Within ½ mile radius of the park sites, there are several blocks that fall into the “Greater Need” range as defined by the ROSE, and the proposed new parks would serve these areas. The site is not located within an area that is deficient in open space. Nearby parks and open space include McLaren Park, Visitacion Valley Playground, Little Hollywood Park, and Kelloch & Velasco Park.

The proposed parks have identified funding sources for both development and maintenance – as stated above, the developer of the Schlage Lock project will pay for construction of the park improvements and will also fund maintenance for a term of 22 years.

Both of the park sites are suitable for for passive recreation in the form of picnic areas, lawns, community gardens, etc. Both sites could also accommodate active recreational uses – the larger park site (“Visitacion Park”) could include basketball courts, tennis courts, a children’s playground, etc. The smaller park site (“Leland Greenway”) could also provide a children’s playground and potentially a small sports court.

Schedule of Approvals for Development Agreement

If approved by the Commission, the Terms for Park Design and Acquisition will be incorporated into the Schlage Lock Development Agreement, which will move forward to the Board of Supervisors for approval on the following dates: Government Audit and Oversight Committee on June 26; Board of Supervisors first reading on July 8; Board of Supervisors second reading on July 15.

Environmental Review

The San Francisco Redevelopment Agency Commission and the Planning Commission certified a Final Environmental Impact Report (“FEIR”) for the Visitacion Valley/Schlage Lock Project on, respectively, December 16, 2008 and December 18, 2008. As noted above, when California eliminated its Redevelopment Agencies in February 2012, the City initiated new efforts to move forward with the Schlage Lock development of the Project Site in light of reduced public funding and jurisdictional change. The proposed project design was revised, and these modifications were analyzed

¹ The Recreation and Open Space Element of the San Francisco General Plan defines “High Needs Areas” as those areas of the city that have (a) high population density, (b) a high percentage of children and/or seniors, (c) a high percentage of low-income households, (d) low access to open space, and (e) areas with high growth projections between 2014 and 2040.

in an Addendum to the FEIR prepared by the Planning Department in May 2014. The Environmental Impact Report and Addendum can be accessed through the following links (the Addendum is also provided as Attachment F to this staff report):

Draft Environmental Impact Report for the Visitacion Valley Redevelopment Program (2008):
<http://www.sfredevelopment.org/index.aspx?page=137>

Addendum to Environmental Impact Report – Visitacion Valley Redevelopment Program (Modified Development Program (2014):
http://sfmea.sfplanning.org/2006%201308E_Add.pdf

In 2008 and 2009, the Planning Commission and the Redevelopment Agency Commission adopted various findings for the Visitacion Valley/Schlage Lock project pursuant to the California Environmental Quality Act (see Attachment G). In order to move forward with approval of the Terms for Park Design and Acquisition, the Recreation and Park Commission must concur with these findings, which are incorporated by reference in the resolution (Attachment H).

Staff Recommendation

Staff recommends that the Commission adopt a resolution to authorize the General Manager to consent, on behalf of RPD, to the Schlage Lock Development Agreement between the City and County of San Francisco and Visitacion Development, LLC, and to execute Exhibit M to the Schlage Lock Development Agreement, which establishes terms for RPD's possible future acquisition of two parks in the area (Block/Lot: 5087/003A, known as “Linear Park” or Leland Greenway,” for a purchase price of \$1,966,500; and Blocks/Lots: 5100/010, 5101/006, and 5099/014, known as “Square Park” or “Visitacion Park,” for a purchase price of \$2,533,500) using Open Space Acquisition Funds, and to adopt findings pursuant to the California Environmental Quality Act.

Supported By:

Park, Recreation and Open Space Advisory Committee
Fran Martin (representing Visitacion Valley Planning Alliance)
Supervisor Malia Cohen

Opposed By:

None known

Attachments:

- A. Summary of Schlage Lock Development Agreement
- B. Schlage Lock Development – Overall Site Plan with Parks
- C. Exhibit M to the Schlage Lock Development Agreement: Park Design and Acquisition Terms
- D. Open Space Acquisition Fund Analysis
- E. Schlage Lock Parks – High Needs Map
- F. Addendum to Environmental Impact Report – Visitacion Valley Redevelopment Program
- G. CEQA Findings (2008-2009) by Planning Commission and Redevelopment Agency Commission
- H. Resolution