

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

Date: November 5, 2015
To: Recreation and Park Commission Operations Committee
Through: Philip A. Ginsburg, General Manager
Dana Ketcham, Director of Property Management, Permits and Reservations
From: Cassandra Costello
Re: Selection of Top Scoring Respondents from the Palace RFCP and Release of the Palace RFP

Agenda Item Wording (Two Separate Items)

Discussion and possible action to select the evaluation panel's top three scoring proposers to the Request for Concept Proposals for participation as the sole respondents to a Request for Proposals for the lease of the Palace of Fine Arts Building. (Action Item)

Discussion and possible action to authorize the General Manager to approve the issuance of the Request for Proposals for the lease of the Palace of Fine Arts Building. (Action Item)

Exhibits:

- Exhibit A- Proposal Summaries and Link to Website for Full Proposals
- Exhibit B-Matrix Summaries of Each Proposal
- Exhibit C-RFCP Community Outreach Process
- Exhibit D-Panel Members
- Exhibit E-Proposed RFP for the lease of the Palace of Fine Arts

Request for Concept Proposals

Last November, the Department began a two phased competitive bidding process, with the release of the Request for Concept Proposals (RFCP), to select a long term tenant to invest in and occupy the Palace of Fine Arts.

The Department's primary objectives stated in the RFCP were as follows:

- Restoring the Palace of Fine Arts
- Obtaining a financially viable tenant to enter into a long term lease agreement to provide valuable services and amenities
- Obtaining a tenant that will compliment and connect existing amenities in the surrounding area
- Enhance visitors' experience to the Palace of Fine Arts and surrounding park



- Provide significant public access to the Palace
- Provide a use that will continually engage the public over the duration of the term

There were two mandatory requirements stated in the RFCP for future use of the Palace:

- Building usage must fulfill a recreational purpose (per City of San Francisco Charter)
- New tenant must have the ability to fund the necessary structural improvements to the Building

The Department received seven proposals to the RFCP, listed in alphabetical order, consisting of the following, (See **Exhibit A**-One Page Proposal Summaries and Link to Website for Full Proposals):

Proposal	Proposed Use
The Arcadium San Francisco	<ul style="list-style-type: none"> • Arts space, with a dedicated cultural heritage exhibit, rotating exhibits, galleries, arts education, mixed use studios, SF neighborhood installations performance space • A market hall with artisans, retailers and food service • Multiple intergrative clinics, Holistic spa, Wellness center and spaces for yoga, movement and dance • Event rental spaces • Commissary and teaching kitchen • Co-working and non-profit office space, intergenerational services, including child care • Women’s club, Flow Global (8-9% square footage) Members will be women, but guests and visitors will be anyone) • Plant-based restaurants and eateries • Theater: retained
The Bay Club at the Palace of Fine Arts	<ul style="list-style-type: none"> • “Public recreational, social, and cultural hub” for the community, modeled after NY’s Chelsea Piers. • Primary Uses: Sports and fitness, including baseball, hockey, climbing, basketball and ancillary retail and support uses <ul style="list-style-type: none"> • Theater: Retained under all three options
Bladium Sports and Fitness Club Proposal for the Palace of Fine Arts RFCP	<ul style="list-style-type: none"> • Primary Uses: Sports recreational activities including indoor soccer, for adults and children, youth baseball, basketball, lacrosse, volleyball, flag football, group fitness, kid’s camps, kid’s birthday parties, martial arts, crossfit, summer camps and community events. • Theater: Retained under Option 2
Center for Global Arts and Cultures	<ul style="list-style-type: none"> • Grand Atrium • The Palace of Fine Arts Theater • Exhibition Pavilion. A performance and special event venue space (including weddings).

	<ul style="list-style-type: none"> • International Cuisines Pavilion. "Taste the world" cuisine using locally sourced and sustainably farmed food; café/bar, with catering options available. • Additional uses: Arts technology lab; two rehearsal studios/ classrooms; history gallery & gift Shop; and office & support services. • Theater: Retained, renovated and expanded to 1,000 seats.
The Maybeck Center at the Palace of Fine Arts	<ul style="list-style-type: none"> • Lodging (room count not specified) • Meeting/event facilities (including ballroom and wedding chapel) • Restaurants • Historic Displays • Exploratorium Exhibits • Panama Pacific International Exposition Exhibits • Gathering areas and wellness/fitness facilities • Theater: retained, though apparently with a reduced lobby
Palace of Fine Arts-San Francisco Arts, Crafts, Community and Hospitality	<ul style="list-style-type: none"> • 174-room lodge • Grand public concourse extending the full length of the building featuring: <ul style="list-style-type: none"> • Retail uses similar to the Ferry Building, with an emphasis on local products • Hands-on studios and galleries • Cooking school and cafes • Interpretive and interactive exhibits exploring the history of the City and the Palace • Performance art, and curated installations of local arts and sculpture • Theater: Removed
SFMAP Consortium: Response to Request for Concept Proposals for the Palace of Fine Arts	<ul style="list-style-type: none"> • SFMAP is a museum focused on telling the San Francisco and Bay Area story. "Working exhibits" would use existing and emerging technologies to create and refresh the story galleries. • Exposition Hall. A large central hall space to contain kiosks for locally made goods and artisans, with flexibility to serve as public event space throughout the year. • Destination Restaurant. Would include a story gallery, telling the tale of San Francisco's food innovations • Palace of Fine Arts Theater. Theater operations would be retained for large public events and to serve as a home for a variety of non-profit groups, smaller arts organizations and programs and organizations linked to the Museum.

A matrix containing the public information in each of the proposals is summarized into additional categories in **Exhibit B**.

Outreach to Potential Bidders

The Department cast a wide net for the RFCP outreach and contacted hundreds of potentially interested parties for this opportunity. The outreach efforts focused on the uses identified by the Advisory Committee and the public.

The outreach consisted of:

- Regular emails to parties that have shown interest in the opportunity
- Individuals who have attended one of the various community meetings
- Email contacts to hundreds of potentially interested individuals, companies, and developers
- Direct mailing to potentially interested parties
- Posting on the Office of Contract Administration's website
- Contact to companies or individuals who have bid on City opportunities or opportunities offered by the Presidio Trust
- Posting on the Department's website
- Blast in the Department's E-newsletter
- Posting on Office of Small Business website, Twitter Feed and Facebook page
- Supervisor Farrell's Newsletter
- Articles in the San Francisco Business Times, 7X7 Magazine, KCBS and the SF Chronicle
- Contacts to potentially interested parties from our consultants, Adam Engelskirchen and Lynn Sedway
- Four onsite pre-bidding conferences and tours
- Individual tours to interested parties

Public Participation in RFCP Responses

The full proposals and proposal summaries were posted on the Department's website, sfrecpark.org. The public was given the opportunity to comment on each of the proposals through the website. Additionally, the Department hosted a public meeting last June at the Palace where each of the seven respondent teams presented their proposals and participated in a public question and answer session. The video from the public meeting was also posted on the Department's website to enable viewing access to those who were unable to attend the meeting.

Additionally, prior to the release of the RFCP, the Department conducted a thorough public outreach process with the community and the Palace of Fine Arts Advisory Committee. (See **Exhibit C-RFCP Community Outreach Process**).

Evaluation Process

The Department convened a six member evaluation panel (the "Panel"), to evaluate and score the proposals. The Panel consisted of individuals with various backgrounds, professions and areas of expertise providing for a diversity of perspectives (See **Exhibit D**-Panel Members). The Panel scored the proposals based the following criteria listed in the RFCP:

- Use
- Public Access
- Financials
- Compatibility with the Palace and Surrounding Neighborhood
- Consistency with Department Goals and Requirements and the Advisory Committee's Desired Requirements
- Public Input

The Panel participated in thoughtful discussions and thoroughly read and considered each of the seven proposals. At the conclusion of the evaluation process, the panel members issued the following statement:

"The Selection Panel commends all of the respondents on thoughtful and creative proposals. Many of the proposals included elements that could effectively be combined with other proposals. In particular, the Panel recommends that the finalists focus on opportunities to combine a financially sustainable operating model with cultural offerings that reflect San Francisco's vibrant and diverse population."

The panel's total; scores, listed in order from highest to lowest scoring, are shown on the next page:

Palace of Fine Arts Request for Concept Proposals Scores

Proposal Name	Public Access	Financials	Compatibility with the Palace and Neighborhood	Consistency with Dept. and Advisory Committee's Goals	Proposed Use	Public Input	Gross Total Score	Score
	(120 possible points)	(120 possible points)	(120 possible points)	(90 possible points)	(120 possible points)	(30 possible points)	600 possible points	100 possible points
The Maybeck Center at the Palace of Fine Arts	98	108	94	75	105	25	505	84
Palace of Fine Arts-San Francisco Arts, Crafts, Community and Hospitality	94	109	93	76	106	26	504	84
SFMAP Consortium: Response to Request for Concept Proposals for the Palace of Fine Arts	91	52	81	65	89	25	403	67
Center for Global Arts and Cultures	89	21	64	44	82	23	323	54
The Arcadium San Francisco	79	40	66	54	59	19	317	53
The Bay Club at the Palace of Fine Arts	49	90	54	50	53	18	314	52
Bladium Sports and Fitness Club Proposal for the Palace of Fine Arts RFCP	66	56	61	54	51	16	304	51

Department Recommendation

The RFCP stated that the Commission would invite the top scoring respondents to participate in the full Request for Proposals (RFP), the second and final stage in the bidding process. As seen in the chart above, there is a significant scoring gap between the top two scoring respondents and the third scoring respondent and another gap between the third scoring respondent and the rest of the proposals.

The top two scoring respondents are *Palace of Fine Arts-San Francisco Arts, Crafts, Community and Hospitality* and *The Maybeck Center at the Palace of Fine Arts*. The third top scoring respondent is *SFMAP Consortium*. Staff recommends that the Commission invite the top three scoring respondents to ensure a robust RFP process with a variety of uses and organizational structures represented.

Staff believes that the top scoring proposals offer a variety of engaging and active uses that enhance the enjoyment of the visitors to the park and are ancillary to, or supportive of, a recreational purpose. The proposed uses would not interfere with the primary recreational use of the park, and are scaled appropriately to serve the park. Art and cultural museums, lodging, food and beverage, educational and historic exhibits, performing arts, health and wellness facilities, event space, and educational classes are common in park owned properties and provide for added amenities to further the enjoyment of this special park resource.

In addition, staff noted the strong support for a theater. As a result, the RFP (as described below), will require that any subsequent proposer include a theater as part of their proposal.

Request for Proposals for the Palace of Fine Arts Building

Upon the Commission's approval, the Department proposes to release the RFP for the lease of the Palace and invite the top scoring respondents to submit a response, (**Exhibit E**-Proposed RFP for the lease of the Palace of Fine Arts). The RFP requires the respondents to provide the Department with detailed business and operational plans, schematics, proposed public access plans, and financial information that clearly show that the entity is able to sustain the proposed concept.

The Department is recommending three mandatory requirements in the RFP (the "Mandatory Requirements") for each of the submissions. The first two were captured in the RFCP, and the newly added third requirement mandates the retention of a theater capable of accommodating performing arts. The Department has received input from many in the performing arts community and beyond that the retention of the Palace of Fine Arts Theater is important to arts in the Bay Area. This sentiment has been echoed at many of the public meetings that the Department has hosted over the past few years

The Proposed Mandatory Requirements are as follows:

- Section 4.113 of the San Francisco Charter prohibits the Recreation and Park Department from leasing park land or buildings for non-recreational purposes. We encourage proposers to be creative in their proposals; however, the Commission cannot approve a lease if it cannot determine that an anticipated use satisfies the recreational purpose requirement.
- In addition to any tenant improvements and seismic improvements that may be required in order to serve a particular proposed use(s), the tenant must have the ability to fund the Required Improvements to the Palace of Fine Arts Theatre and the former Exploratorium Space (together, the Palace of Fine Arts Building) as indicated in the EHDD (Esherick Homsey Dodge and Davis Architects). Respondent must show records of superior credit history and demonstrated ability to finance the project proposed on reasonable terms from equity or debt from bona fide financial institutions or donations. Additionally, respondents must be able to finance ongoing capital maintenance, repairs and improvements to the building and be able to make improvements to the Palace Drive parking lot such as repaving and restriping. Additional proposed improvements are welcome.

- The Palace building contains the Palace of Fine Arts Theater, a 36,025 square foot space, including a lobby, built in 1970. The tenant must retain a performing arts theater capable of supporting cultural events, performing arts activities and live performances (including a functional backstage area suitable for professional performance artists) as part of the future use and programming of the building. The theater is not required to remain the existing size or physical placement. Installation of a movie theater will not satisfy the theater use requirement.

The Department recommends a number of primary objectives for the RFP. The objectives reflect the Department's goals, along with sentiments heard from the public and the Palace of Fine Arts Advisory Committee. The proposed objectives are as follows:

- To retain a theater that will continue the offering of performing arts and other types of performances and programming
- To obtain a tenant with a financially sustainable business model that carries through the duration of the proposed term and provides for continued and ongoing capital maintenance to the building
- To obtain a tenant capable of restoring the Palace of Fine Arts Building. This requires a tenant who has the financial capacity to provide the upfront capital costs to complete the Required Improvements in a timely fashion
- To obtain a tenant that will provide valuable services and amenities and significant and meaningful public access
- To receive proposals that contain strategies and elements that will mitigate noise, parking and traffic impacts to the surrounding residential neighborhood
- To activate the Palace with a use that will complement and connect existing amenities and recreation in the surrounding area including the Palace of Fine Arts Park and Lagoon, Crissy Field, the Marina Green and the Presidio
- To provide a use that will continually engage the public over the duration of the term
- To provide for a public central entryway concept
- To restore the Palace of Fine Arts Building to its original architectural state to the extent feasible
- To provide security for the building.
- To provide business and employment opportunities for local workers and businesses during the design, construction and operation phases of the improvements to the building as well as the long-term activation of the Palace

In order to assure that the goals and objectives are met, the RFP also mandates that the Respondents show significant financial commitments by the submission due date. The purpose of providing up front financial assurances is to ensure that the Respondents will have the funding necessary to finance their proposal and that the renovation is not delayed by uncertain fundraising.

Community Input Process Looking Forward

As noted in this memo, the Department has already begun a robust public input program as part of this competitive process. As the Department moves forward, there will be public meetings at the Recreation and Park Commission and meetings held in the community.

Below is an estimated outline of anticipated public meetings and public postings. Anticipated meetings are subject to change without notice.

Release of the RFP

- The responsive RFP five page project summaries received will be posted on the Department's website
- The Department will accept comments on the project summaries through the Department's website
- The Department will host a public meeting to solicit public input on the proposal summaries and possibly request that the respondents present their proposals
- Proposal summaries and a video will be put on display at the Palace of Fine Arts and possibly other locations coordinated through the Department
- The Department will present the Selection Panel's final recommendation to the Recreation and Park Commission Operations Committee and then the Full Commission for their consideration and authorization to commence exclusive negotiations

Anticipated Schedule

Anticipated Schedule	
Release of RFP	December, 2015
Deadline for submission of written questions	May 6, 2016
RFP Deadline	May 20, 2016
Selection of Winning Respondent to the RFP	Summer, 2016
Negotiation and approval of an ENA	Fall-Winter, 2016
Negotiation of a Land Disposition and Development Agreement and Lease Agreement	2017-2018
Environmental Review	2016-2018
Lease Approval	2018-2019

Department Recommendation:

The Department recommends that the Commission approve the RFP and invite the three top scoring respondents from the RFP to participate.

Next Steps:

Should the Commission approve the RFP, Department staff will release the opportunity to the top scoring invited respondents and commence the complete bidding and public input process.

Exhibit A-One Page Proposal Summaries and Link to Website for Full Proposal

Link to website for full proposal: <http://sfrecpark.org/about/partnership-opportunities/palace-of-fine-arts-request-for-concept-proposals/>



THE ARCADIMUM SAN FRANCISCO

Sponsored by The Arcadium LLC Pending

The Arcadium SF combines a premier arts space, destination market hall, and holistic wellness pavilion supported by foundational pillars of culture, community, commerce, and care.

CULTURE In the tradition of California's Panama Pacific International Exposition, the Arcadium will represent San Francisco as a worldwide leader of art and culture. The southern half of the building will house contemporary galleries, studio space, mixed-use performance areas including the Palace of Fine Arts Theatre, arts education, a Maybeck heritage exhibit, community and interactive installations.

COMMUNITY The Arcadium enlivens place for true gathering. We will facilitate small and large participatory events to venerate, to celebrate, to engage, and to solicit feedback. We prioritize community programming with recreational offerings that are collaborative and cross economic, cultural, age, and regional boundaries.

COMMERCE The Market Hall will serve as a showcase for regenerative commerce, curating the best artisanal offerings of the Bay Area and a select few vanguard service providers of national renown. Vendors will include plant-based eateries, a commissary/teaching kitchen hub and takeaway picnic counter, office and coworking space with on-site pre-school child care, outstanding service providers, and a spectrum of exemplary, local retail.

CARE Care for individual, community and environmental health sets the tone for the holistic wellness pavilion which will include a thriving yoga center, three integrative wellness clinics, the Flow Global club for women,

nutritious food offerings, a therapeutic destination spa, and additional spaces for movement, fitness and dance.

Our programming and vendor partner selection, ongoing community engagement, and commitment to the four foundational pillars will guide the dynamic evolution of this institution.

ARCHITECTURAL OVERVIEW The Arcadium proposes an adaptive reuse and rehabilitation focusing on sustainable building materials and systems, preserving and showcasing historically significant features, beautiful design, and seamless integration with the surrounding area. All recommended and mandatory structural improvements will be completed. Key design features include a central entryway on both sides, glazed doorways, restored fireplace gathering areas, skylight spine, numerous art installations, new winding mezzanine with a view of the Golden Gate Bridge and a renovated glazed north entrance.

FINANCING The Arcadium SF is supported by a committed team of social impact investors and philanthropists. Its resilient business model combines proven successful elements of a market hall, arts and cultural space, and wellness centers into a globally unique destination. Capital improvements will be funded by a debt/equity split underwritten by our investment team, as well as a portion allotted to a Direct Public Offering to allow local residents to invest in the building's programming at a low minimum investment threshold.



The Bay Club at the Palace of Fine Arts

Sponsored by the Bay Club Company and its 175 employee owners

Overview and Programming

The Bay Club's proposal for the Palace of Fine Arts space is to create a public recreational, social, and cultural hub for SF residents and visitors, with public access being a cornerstone of the vision. Many parts of the space will be designed for free public access and community gatherings, including outdoor playgrounds, bocce ball courts, outdoor basketball courts, and some of the cultural, educational, musical, and social events housed on the grounds and in the Palace of Fine Arts Theatre. Other components of the space would be open to the public for a fee, including fitness programming, recreational and educational classes, tennis courts, youth programs, speaker series, and cultural, musical, and social events.

Additionally, the Palace of Fine Arts Theatre space would be made available to local clubs and partners, especially those supporting low-income programs like the YMCA, as a community-gathering space for event hosting.

Recreation + Sports

- Playgrounds
- Tennis
- Basketball
- Yoga
- Bocce ball
- Boot camps
- Badminton
- Recreational tournaments and clinics

Community Gathering + Theatre

- Presenting space with independent and iconic film premieres, viewings, and festivals
- Activity hub with speaker series and musical acts
- Educational facility with evolving programming to enrich the community

Social + Business

- Wine tastings
- Social events
- Fire pits
- Corporate and community event hosting
- Outdoor movie nights

Family

- Childcare
- Summer camps
- Youth programs
- Tennis and basketball classes and leagues
- Mentorship programs
- Youth employment opportunities

Financing

The Bay Club Company has a market capitalization in the range of \$800 million to \$1 billion. This project will not be financed separately from Bay Club's base business (i.e., no project financing) and the funding will come from the Bay Club's senior credit facility and secured by all of the Bay Club's clubs and assets. Bay Club's ownership group (led by [York Capital](#)) will also make an additional equity investment in the Bay Club, as necessary, to fund the capital project needs.



Palace of Fine Arts RFCP Summary of Proposal for Bladium Sports and Fitness Clubs

Official Title of Proposal:

Bladium Sports and Fitness Club Proposal for the Palace of Fine Arts RFCP

Official Name of the Sponsor of the Proposal:

Bladium Sports and Fitness Club

Overview of the Features of the Proposal:

Bladium Sports & Fitness Club proposes to transform the Palace of Fine Arts into a vibrant hub of recreational activities that will include indoor soccer, basketball, lacrosse, volleyball, flag football, Little Kickers Soccer, Little Sluggers Baseball, group fitness, kids camps, kids birthday parties, Kids Club, and community events. We envision a light, bright, safe, and welcoming environment that promotes healthy activities to children, young adults, couples, families, seniors, and others in the community.

Part of the transformation will include the construction of 3 to 4 indoor multipurpose sports fields, each enclosed within professional-grade walls or "boards", topped by protective safety glass and netting. Additionally, open "flex space" will accommodate uses such as group fitness, kids activities, community events, etc. To support these uses, changing rooms, a small cafe, observation areas, and a child care facility are proposed.

Creating inspired spaces for sports, fitness, and active recreation has been our business and passion since we opened our first facility in San Francisco, in 1995, dedicated to the then-booming sport of inline hockey. In the ensuing 20 years, Bladium has evolved to serve a much broader market, welcoming soccer, volleyball, basketball, lacrosse, rock climbing, and boxing enthusiasts, as well as offering kids camps, kids birthday parties, fitness, group exercise, CrossFit, and martial arts programs. In many ways, we have become the equivalent of a privately operated, publicly-minded, highly-diversified yet specialized, community recreation center. We are extremely enthused about the possibility of returning to San Francisco, energized by the opportunity to revitalize and reintroduce the Palace of Fine Arts as a recreational gathering spot for the community.

How the Capital Improvements are to be Financed:

Bladium has had excellent relationships with its lenders over the past 20 years, has an excellent history of profitability, and has sufficient internal and personal equity available. Bladium has borrowed in excess of \$10mm over this time, and has an excellent repayment and credit record. Bladium anticipates funding the large initial investments through a combination of internal equity, bank financing and rent credits.

BANK FINANCING:	\$9,000,000
BLADIUM EQUITY:	\$2,233,007
TOTAL BUDGET:	\$11,233,007

RENT CREDITS: Bladium is proposing a lease rate of \$0.45 per foot, equating to \$556,740 per year. To cover the funding of the EHDD required improvements we propose that 80% of this be classified as rent credits to Bladium each month. This would leave the SF Park and Rec Department with a net rent of \$111,348 per year, until the EHDD Required Improvements are fully amortized.

PROPOSAL TITLE | CENTER for GLOBAL ARTS and CULTURES
SPONSOR | Palace of Fine Arts Foundation/World Arts West

OVERVIEW

Governance | Palace of Fine Arts Foundation (POFAF), a 501(c)(3) organization in development; currently forming a fiscal-sponsor relationship with the San Francisco Foundation. Board of Directors in formation. Anchor partner in the new entity will be World Arts West, a 501(c)(3) organization presenting world dance and music at the Palace of Fine Arts for over 25 years, serving over 10,000 local artists and hundreds of thousands of audience members.

POFAF Executive Leadership Team | *Robert Cole*, Artistic and Executive Director; *Julie Mushet*, E.D., World Arts West and POFAF Local Artist Programs Director; *Mark Heiser*, Managing Director, Palace of Fine Arts League, and POFAF Managing Director; *Eddie Orton*, President, Orton Development, Inc.; *Marilyn Bancel*, The Oram Group, Inc. **Additional Team Members |** *Alice Waters*, Owner and Founder, Chez Panisse; *Nabih Youssef*, Nabih Youssef Associates, Structural Engineers; *John Meyer*, Meyer Sound; *Sheila Lewis*, CEO, Ashton 212; *Mahealani Uchiyama*, President, Board of Directors, World Arts West; *Kary Schulman*, Director, Grants for the Arts; and *Laura Hitchcock*, E.D., Presidio Community YMCA.

POFAF Mission | Connecting Bay Area artists and audiences with global arts and cultures through the performing arts, arts education, and community engagement in SF's iconic Palace of Fine Arts.

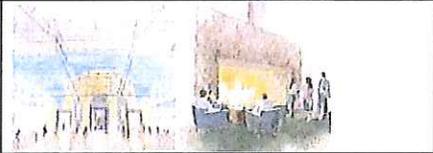
Major Elements:

- **Grand Atrium**, dramatic public gathering space with access to/from the Rotunda and Crissy Field
- **Palace of Fine Arts Theater**, presenting outstanding international performances, including the celebrated *San Francisco Ethnic Dance Festival* and a new *Palace Presents* series
- **International Cuisines Pavilion**
- **Exhibition Pavilion** for large-scale performances, events, and civic celebrations
- Two fully-equipped **Rehearsal and Rental Studios/Classrooms**
- **Arts Technology Lab**
- Panama-Pacific International Exposition **History Gallery** and **Gift Shop**

Proposed Use | The San Francisco Bay Area is one of the most diverse regions in the world, and is the historic and continuing home to a tremendously productive intellectual and creative energy that draws from all cultures. We now have available to this community a landmark site that was originally designed to express, reflect, and celebrate our region's place on the world stage. The **CENTER for GLOBAL ARTS and CULTURES** will be a vibrant cultural destination, community hub, and events site hosting major and large-venue productions, arts education, international cuisines, important civic celebrations, wedding parties and other special events, with services and refreshments for the visiting public. Many of the world's most exciting artists who are now missing from San Francisco's cultural calendar will perform in a renovated **Palace of Fine Arts Theater** and a new, large-scale, flexible-space **Exhibition Pavilion**. The San Francisco Ethnic Dance Festival and its hugely popular auditions will be able to return to its long-time home. A host of new events will showcase our region's vast artistic and cultural diversity. A **History Gallery** will guide Palace of Fine Arts visitors through the 1915 Panama-Pacific International Exposition (PPIE). The Gallery and its **Gift Shop** will give visitors a deeper connection to the sole remaining structure of the PPIE. Two **Studios/Classrooms** plus an innovative **Arts Technology Lab** will host community classes for students of all ages, and will serve as rehearsal spaces for major touring dancers and musicians. An **International Cuisines Pavilion** will provide visitors an authentic taste of featured cultures.

Financing | Funds for renovations will be raised primarily as contributions in two phases: (1) Basic Infrastructure and recommended seismic retrofitting, including razing of the current mezzanine (\$20M), and (2) POFA Theater and Exhibition Pavilion renovations (\$130M).

The Maybeck Center at the Palace of Fine Arts

Project Sponsor:	TMG Partners and Flynn Properties	
Project Architect:	Hornberger +Worstell	
General Contractor:	Plant Construction	

The Maybeck Center will offer a unique combination of cultural, historic, entertainment and hospitality facilities. Our team is ideally suited to continue the legacy of the Palace of Fine Arts for generations to come.

- **Best in class local development team:** TMG/Flynn are widely recognized as among the most successful development companies in the Bay Area. Our development and design team have a unique portfolio of local projects recognized for quality, innovation, and enduring solutions to complex technical, economic, and historic preservation challenges.
- **Unparalleled experience rehabilitating historic buildings:** Our team has extensive comparable experience rehabilitating local Landmark and National Register buildings including work with the State Office of Historic Preservation and the Department of the Interior. TMG and Plant Construction together have completed many similarly complex renovations over the last 20 years.
- **Deep understanding of place-making through design, leasing, and operations:** We create award-winning, site-specific solutions that fit projects into their neighborhood and historic context.
- **30-year Track Record of Capitalizing Complex Developments:** Over the past 30 years, TMG /Flynn have capitalized over \$6 billion in real estate ventures through a diverse network of lender and investor relationships including similarly complex projects. TMG/Flynn and our existing investor and lender network shall provide equity and debt capitalization for the project.

The Maybeck Center will be a world-class location for celebration, education, entertainment, and hospitality including:

- **Complete building rehabilitation featuring the historic doors, fireplaces, trusses, seismic and code upgrades, and enhanced public access** and utilization for The Palace of Fine Arts.
- **A Rotunda view court** opening the building interior to full view of the magnificent exterior Rotunda through a glazed, sky-lit visitor entrance and central dining court. The central court will integrate cultural and historic exhibits with world class dining beneath the exposed steel trusses.
- **Interactive exhibit galleries** by the California Historical Society and The Exploratorium will feature the site's history, Panama Pacific International Exposition and Maybeck's architectural legacy.
- **Restoration of on-site theater** for continued public, cultural, entertainment, and meeting uses.
- **Guest lodging in a small-scale, world-class hotel** that invites the public for a more leisurely overnight visit.
- **Full-service restaurant, bar, and café** offering high-quality local food and wines as well as picnic baskets for visitors to enjoy on the grounds.
- **Wellness and fitness facilities** open to visitors and neighbors.
- **Shared bicycles and cars** to access and enjoy San Francisco's waterfront and minimize traffic.
- **Gathering and celebration venues** including a ballroom, wedding/special event chapel, building interior courtyards, historic fireside lounge, and central Rotunda view court.

Our vibrant mix of public recreational uses will complement and connect amenities in the neighborhood, enhance the visitor experience, and provide significant engagement between the Palace building and the grounds. Park visitors and neighbors will continue to enjoy recreation including entertainment, education, dining, celebrations and lodging at the Maybeck Center at the Palace of Fine Arts.

TITLE: PALACE OF FINE ARTS-SAN FRANCISCO ARTS, CRAFTS, COMMUNITY AND HOSPITALITY
SPONSOR: EQUITY COMMUNITY BUILDERS (ECB)

OVERVIEW: Our vision for the Palace of Fine Arts is to create a grand public concourse that embraces the history, arts, products, crafts and culture of San Francisco, particularly celebrating the building's legacy from the Panama Pacific Exposition. The concourse will extend the full length of the Palace, opening the south entry to welcome the neighborhood, and connecting through to the prior Exploratorium entry to the north. The concourse will be punctuated by the restoration of the grand historic central entry across from the rotunda. The 700-foot length of the concourse and the space fronting the colonnade and lagoon will open to embrace the public, matching the Ferry Building and other well-known interior public markets and promenades in size and scale, with a broad public purpose of featuring the arts and welcoming the community. We envision a lively, interactive public experience throughout the ground floor as a complementary and natural extension of the recreational experience of the adjacent park and the broader northern waterfront, including: curated installations of art and sculpture; studios, galleries, artists in residence, maker spaces, hands-on classes; interpretive and interactive exhibits that tell the story of the Palace of Fine Arts, the Pan Pacific International Exhibition, and Bernard Maybeck; a cooking school, restaurants, cafes and a small marketplace; outlets for San Francisco crafts and products, featuring local manufacturers; and places and structures, inspired by the arts, where families and kids of all ages can play and learn.

A powerful revenue generator must be created to support the high cost of rehabilitation, maintenance and operation of the public programming of the Palace of Fine Arts. Based on our experience at Cavallo Point Lodge, the strength of the local market, and this prime location along the San Francisco waterfront, we believe a hospitality use can be the economic engine that supports the larger project, while not overpowering its public purpose and access. The hospitality use strongly enhances public access to the Palace and the many cultural and recreational destinations available along the northern edge of San Francisco, including those found at the Golden Gate Bridge, Crissy Field, the Presidio, the Marina, and Fort Mason. The iconic 1915 Exhibition Hall will be sensitively rehabilitated to preserve and honor the past, with new interior additions to accommodate the public uses at the first level grand concourse, and approximately 175 guest rooms at two new mezzanine levels.

The programming focus for the renewed Exhibition Hall will be the arts and maker culture – a focus on ingenuity and creativity, a modern parallel to the Exposition. The arts represented here can be as diverse as digital photography, ceramics, painting and sculpture, extending to wine making, culinary arts, product design and the performance arts. The arts theme will permeate the guest rooms and facilities, with installations in the public areas and a curated program with local artists throughout the guest rooms, restaurant and common areas.

The hospitality use offers a unique opportunity to control parking and traffic. Guest parking demand is substantially lower than many other uses and can be controlled through an attendant program for guests, while employee parking can be limited through transit programs and incentives. The ground floor public uses are anticipated to largely complement and serve existing visitors and residents.

The financing sources for the proposed development include conventional bank financing, historic tax credit equity, and equity from our development entity and from investors. Strong market justification indicates the project will attract the required investment, and support substantial lease payments to the Department of Rec and Parks.

To achieve this vision, ECB, developer of Cavallo Point, the Thoreau Center, the Bay School, and the Strand Theater, has assembled an outstanding team of professionals with experience on many relevant projects, including: LMS (Cavallo, Fort Mason Pier 2) and BCV Architects (Ferry Building, Market Square/Twitter), Page & Turnbull (PFA Feasibility Study, Ferry Building), CMG Landscape Architects (SFMOMA), Cahill (Argonaut Hotel), Fisher Development (The Metro), Rutherford & Chekene Structural Engineers (Pier 2, Ferry Building) and Nelson/Nygaard Traffic Engineers (Cavallo, PFA Feasibility Study).



S F M A P
C O N S O R T I U M

OFFICIAL PROPOSAL TITLE: SFMAP Consortium: Response to Request for Concept Proposals for the Palace of Fine Arts

OFFICIAL SPONSOR OF THE PROPOSAL: SFMAP CONSORTIUM

OVERVIEW OF THE PROPOSAL FEATURES: The vision by the San Francisco Museum At The Palace (SFMAP) Consortium for the Palace of Fine Arts proposal is to give Maybeck's original design a revived civic presence that unites the building and the magnificent grounds and extends its public presence for visitors far and near. Our vision is to revitalize the Palace of Fine Arts as a public resource and amenity – fully accessible to the public – by creating a mixed-use destination comprised of the new SFMAP, a new great Hall at the Palace providing a new entrance to the Palace of Fine Arts Theater, which will be retained, as well as the introduction of a destination fine dining restaurant. Together, these complementary uses will transform the Palace into a center for Bay Area culture and history, totally accessible to the public.

Welcoming the public both day and night, the restored Palace will serve as a critical architectural element marking the Bay Area's commitment to public gathering places where history, innovation and conversations are celebrated. A large central hall will be inserted into the heart of the building, taking advantage of the dramatic interior volume and beautiful light cascading in throughout the day. The Hall will serve as a needed public link between the Palace of Fine Arts, the magnificent Rotunda and Lagoon, the adjacent residential neighborhood, and the significant improvements throughout the Presidio and the Crissy Field corridor to the Bay and Golden Gate. A destination restaurant, a highly interactive and educational museum for the public, flexible supporting retail and café kiosks, and the existing theater will be programmatic elements that activate the building throughout the year and enrich the Palace with a highly civic presence.

THE UNTOLD STORY

San Francisco Museum At The Palace is a storytelling museum sharing the untold San Francisco and the Bay Area story with the City, the region, and the rest of the world.

SFMAP tells the "I didn't know that" San Francisco innovation stories through existing and emerging technologies that have forever changed the way the world works—and the way we can now tell stories. Visitors to SFMAP will be "put in the picture." They will engage with the past, the present, and the future—all at the same time.

Our proposal is consistent with all of the Recreation & Park Department's Goals and Objectives. SFMAP Consortium is focused on rehabilitating the Palace of Fine Arts building and re-establishing its civic presence. SFMAP, the restaurant and café coupled with additional support retail amenities in the Hall will ensure the financial viability of the project. Creating a strong and long lasting solution for the iconic Palace of Fine Arts, SFMAP will not only augment existing amenities and recreational elements in the surrounding area but will reflect the Palace's role as a civic building which is respectful of its original purpose, the adjacent natural region, and of the neighborhood. It is exactly the type of public program and long lasting public use consistent with Maybeck's original masterpiece.

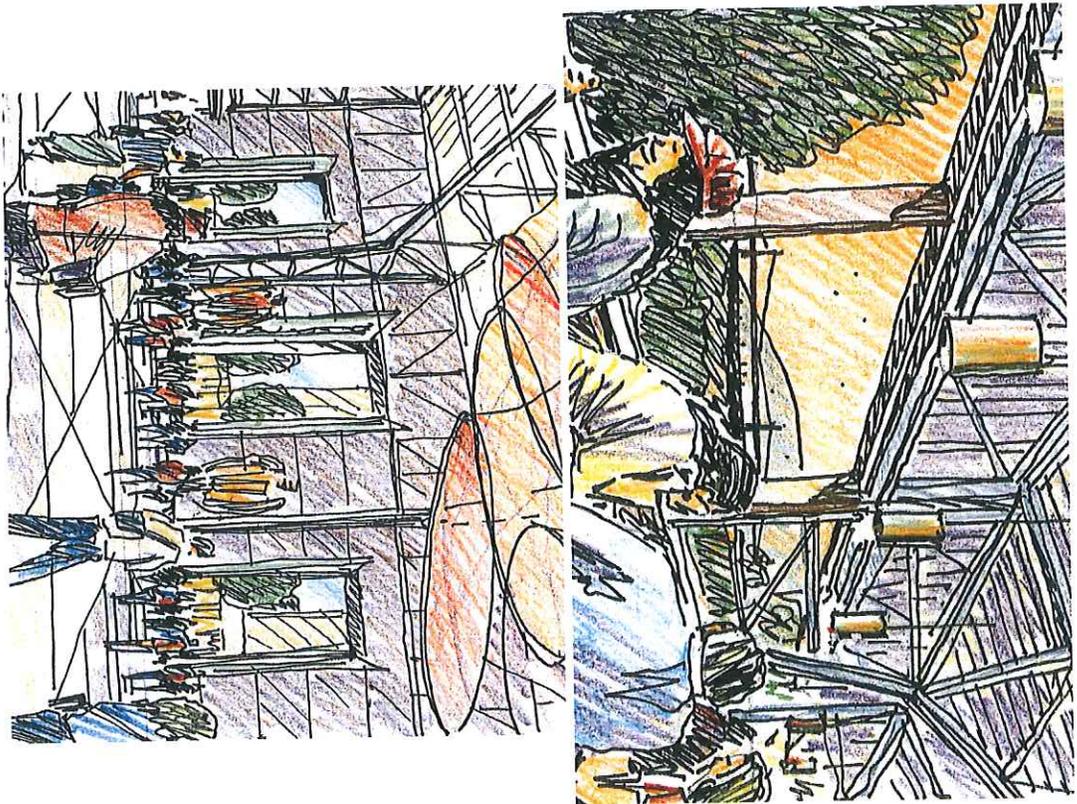
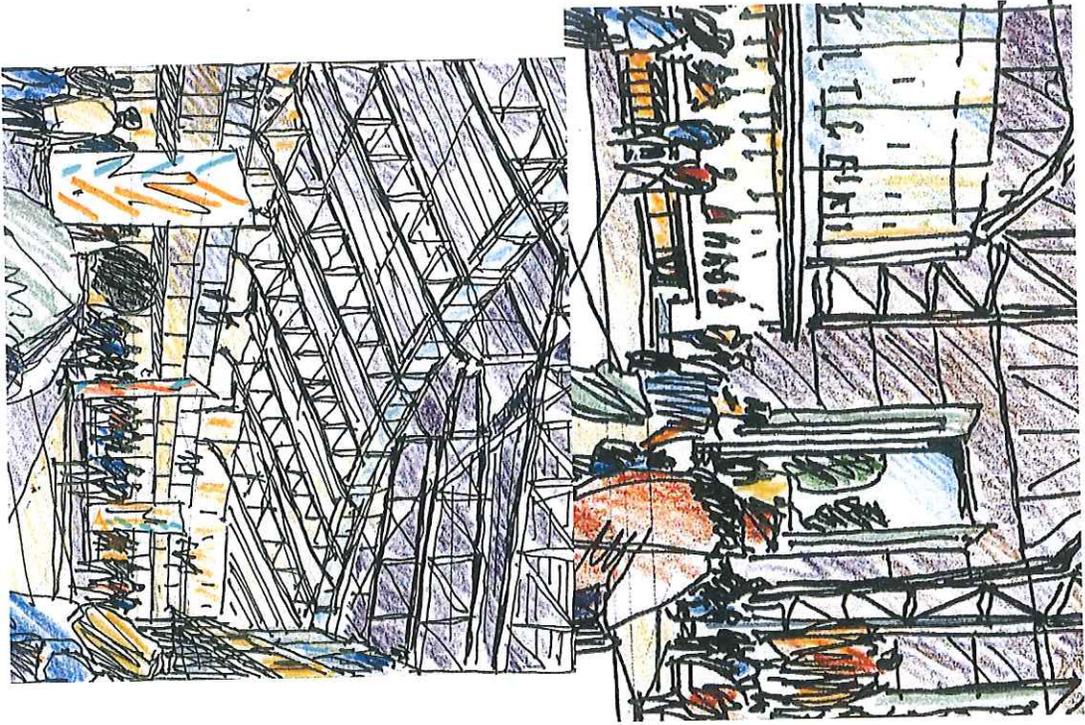
FINANCING CAPITAL IMPROVEMENTS: Capital improvements will be financed by a mixture of equity and debt sources. Historic Preservation Tax Credit equity will be provided by an investor member of our Consortium. Additional equity will be provided by corporate exhibition sponsors and philanthropy. Construction debt will be fully serviced by project revenues pursuant to a thoroughgoing Business Plan prepared by one of the country's leading experts in the economics of visitor serving facilities.

ARCADIUM
 PALACE OF FINE ARTS PROPOSAL SUMMARY *
 AUGUST 2015



Proponent & Team Members	Proposed Use	Proposed Public Access	Proposed Improvements to Building	Estimated Project Cost	Proposed Lease Terms	Financing Approach	Project Experience	Parking/Traffic/Noise Plans
<p>The Arcadium LLC 182 Howard Street #361 San Francisco, CA 94106 (415) 362-5584 info@arcadiumfund.com</p> <p>Mirran Raphaely, Arcadium Founder</p> <p>Barney Aldridge, Equity Investor, Developer, Project Manager</p> <p>Flow Global Team: Bec Chapin, Troy Carter and Stephanie Clancio (Flow Global is a startup women's club & proposed anchor tenant)</p> <p>Consultants/Contractors: Environmental Building Strategies; Erin Martin Design; Habitat Horticulture; Petosi Law Group; CHS Consulting Group; Silvani Transportation Consulting; Landis Communications Inc.; BergDavis Public Affairs; Plant Co., General Construction; and Forrell / Elisser</p>	<ul style="list-style-type: none"> Primary Uses: Arts space, with a dedicated cultural heritage exhibit, rotating exhibits, galleries, arts education, mixed use studios, SF neighborhood installations performance space A market hall with artisans, retailers and food service Multiple interactive clinics, holistic spa, wellness center and spaces for yoga, movement and dance Event rental spaces Commissary and teaching kitchen Co-working and non-profit office space, intergenerational services, including child care Women's club, Flow Global (8-9% square footage). Members will be women, but guests and visitors will be anyone. Plant-based restaurants and cafes 	<p>Public atrium with interpretive exhibits, access to retail, food service, and art spaces.</p> <p>Proposal does not identify any space that would not be public.</p>	<p>Retain, repair and preserve all of the significant features per Page & Turnbull's report including: (i) building massing and scale; (ii) three hinge truss steel frames original to the 1915 construction; and (iii) doors, fireplaces, chimneys original to the 1915 construction</p> <p>Exterior plaster would be cleaned and repaired, existing skylights will be rehabilitated, and new skylights running the length of the roof will be added. Views to the Golden Gate bridge will be added.</p> <p>A new free-standing mezzanine would be built in one-third of the building footprint for tenant spaces, including Flow Global, wellness providers, and a tea house/restaurant.</p> <p>Updating northern (Marina Green) side entrance</p> <p>Theater will be retained</p>	<p>Term: 55-year lease</p> <p>Rent Commencement: July 1, 2016</p> <p>Annual Base Rent: \$677,000 (Years 1 through 4); \$1,419,504 (Year 5)</p> <p>Base Rent Adj: 2% annual increase, beginning Year 6</p> <p>Security Deposit: \$56,416</p>			<p>Founder, Mirran Raphaely, Former Dr. Hanselha Skin Care CEO, International Retail and Branding, Socially Responsible Business Awards, International PR strategies, Holistic/Wellness Industries</p> <p>Daniel Claussen, key consultant, CEO of Futurity Foundation, leader in the development and execution of strategies that serve a wide range of executives, leaders, philanthropists, etc. seeking to create positive social and environmental changes.</p> <p>Lenny Kassin, key consultant, Attorney and advisor for mission-driven enterprises. Co-founder of Cutting Edge Capital, a firm that helps social ventures raise capital in alignment with their goals and values</p> <p>Kathy LaMay, key consultant, Founder of Raising Change, INC., a successful capital raising corporation that advances social change agendas</p> <p>Barney Aldridge development projects:</p> <p>The Batlow, a 212,000 sf historic rehab destination marketplace in Sebastopol</p> <p>Meadowview Town Houses, a 65,000 sf 72-unit residential gated community in Santa Rosa</p>	<p>Use of existing public transportation, including Muni, Golden Gate Transit and the Presidio Trust internal Presidio park shuttle and the PresidioGo.</p> <p>Commuter checks; an onsite employee that coordinates vanpool and carpool services; provision of emergency ride home for employees who take transit; onsite car sharing; bicycle parking for employees and guests; and bike share and car share programs.</p> <p>Project would implement an electric public shuttle program "a few years into operation."</p> <p>On-site parking spaces proposed to be fee parking with higher charges during peak demand periods.</p> <p>Noise levels to comply with City of San Francisco Noise Ordinance.</p>

* This summary has been prepared to assist reviewers in developing a general understanding of the proposal. It is intended to support, but not to replace, a careful review of the full proposal.



ARCADIUM
SELECTED GRAPHICS

**BAY CLUB
PALACE OF FINE ARTS PROPOSAL SUMMARY *
AUGUST 2015**

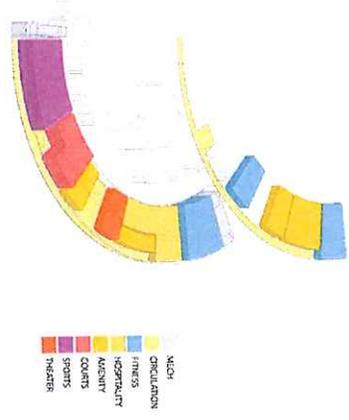


Proponent & Team Members	Proposed Use	Proposed Public Access	Proposed Improvements to Building	Estimated Project Cost	Proposed Lease Terms	Financing Approach	Project Experience	Parking/Traffic/Noise Plans
<p>The Bay Club Company Annie Appel, EVP annie.appel@bhcvelabs.com 415.901.9220</p>	<p>"Public recreational, social, and cultural hub" for the community, modeled after NY's Chelsea Piers.</p> <p>Primary Uses: Sports and fitness, including baseball, hockey, climbing, basketball and ancillary retail and support uses.</p> <p>Theater: Retained under all three options.</p>	<p>Per proposal, many parts of the space will be designed for free public access and community gatherings, including outdoor playgrounds, bocce ball courts, outdoor basketball courts, and some of the cultural, educational, musical, and social events housed on the grounds and in the Palace of Fine Arts Theatre.</p> <p>Other components of the space would be open to the public for a fee, including fitness programming, recreational classes, tennis courts, youth programs, speaker series, and cultural, musical, and social events.</p> <p>Theater space would be made available to local clubs and partners, especially those supporting low-income programs like the YMCA, as a community-gathering space for event hosting.</p>	<p>All Required Improvements proposed by the Department together with improvements required for the building program.</p> <p>Bay Club's proposal includes graphic depictions of three separate program options: Base, Enhanced and Transformative. The three approaches differ from one another significantly, and range from improvements solely within the building to installation of tennis courts over a range of location outside the FFA premises.</p> <p>Theater will be retained.</p>	<p>Term: 15 years, with three 5-year options</p> <p>Rent Commencement: 23rd month of lease term</p> <p>Annual Base Rent: \$10/square foot annually (\$1,440,000 per year), with a rent abatement for the first 24 months.</p> <p>Base Rent Adj.: The base rent will increase by 10% every 5 years</p> <p>Security Deposit: None specified</p> <p>Lease Guaranty: Tenant's parent company will provide a parent guaranty to Landlord.</p> <p>Lease Contingency: Tenant may terminate lease if all required City approvals have not been obtained within twelve months of the commencement date.</p>			<p>Per proposal, Bay Club Company has a network of fitness centers, athletic clubs, swim and tennis complexes, and country clubs across 10 campuses encompassing 23 locations throughout California. The extent of Bay Club's role in developing these facilities is unclear from the proposal. The Bay Club Company was established in 1977 and is headquartered in San Francisco.</p>	<p>Team proposes to mitigate parking, traffic, and noise issues to the surrounding neighborhood by providing off-site parking at Bay Club locations. The intent would be to provide easily accessible parking combined with the expanded Bay Club shuttle service to alleviate traffic in the surrounding Palace of Fine Arts area.</p>

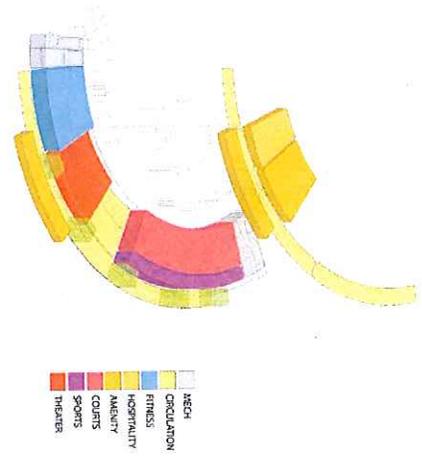
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**BAY CLUB
SELECTED GRAPHICS**

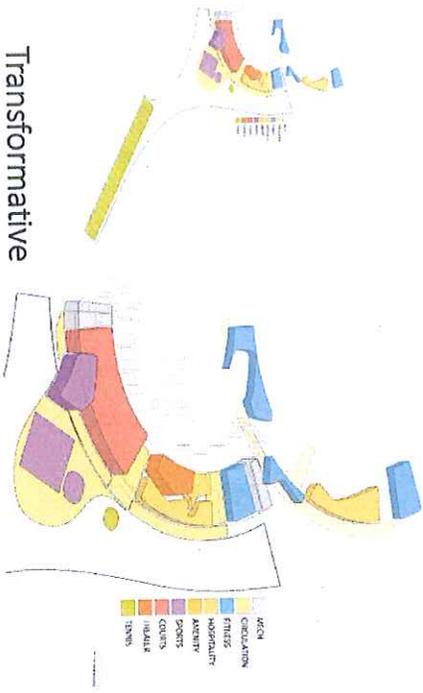
Base



Enhanced



Transformative



BLADIUM
PALACE OF FINE ARTS PROPOSAL SUMMARY *
AUGUST 2015

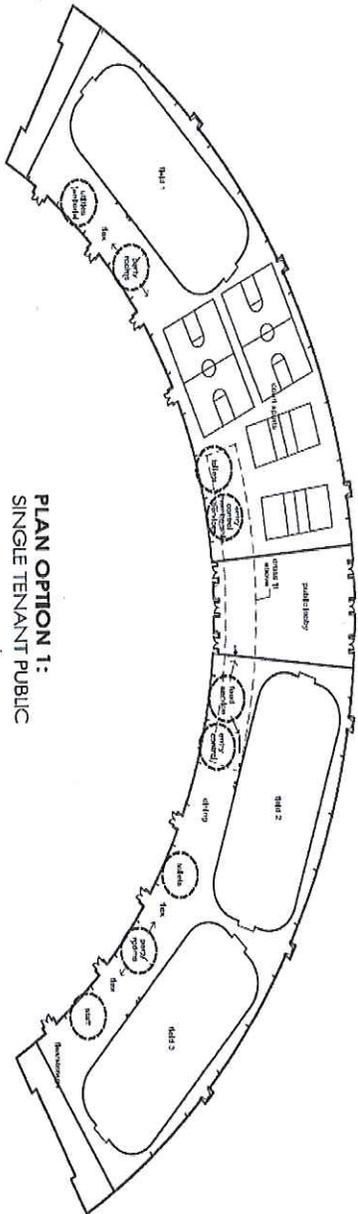


Proponent & Team Members	Proposed Use	Proposed Public Access	Proposed Improvements to Building	Estimated Project Cost	Proposed Lease Terms	Financing Approach	Project Experience	Parking/Traffic/Noise Plans
Bladium Sports & Fitness Club 800 West Tower Avenue Building 40 Alameda, CA 94501 Bladium.com P: 510-814-4999 F: 510-814-4990	Primary Uses: Sports recreational activities including indoor soccer, for adults and children, youth baseball, basketball, lacrosse, volleyball, flag football, group fitness, kid's camps, kid's birthday parties, martial arts, crossfit, summer camps and community events.	The lobby is public under both options. "Services are affordable to the majority of people" within our communities	3 to 4 indoor multipurpose sports fields, each enclosed within walls or "boards", topped by protective safety glass and netting. "Flex space" will accommodate uses such as group fitness, kids activities and community events. Ancillary uses will include changing rooms, a small cafe, observation areas, and a child care facility.	Term: 55 years Rent Commencement: Upon issuance of a Certificate of Occupancy Annual Base Rent: \$556,200/year (\$0.45 psf per month) or 10% of gross revenues, whichever is greater. Base Rent Adj.: No calculation specified Security Deposit: "TBD"			Three major projects: San Francisco / 1995 1050 3rd Street 27,000 sq. ft. \$500,000 redevelopment Denver / 1996 2400 Central Park Blvd. 53,000 sq. ft. \$3.0 million redevelopment Alameda / 2001 / Naval Air Station Historic District 800 West Tower Ave. 110,000 sq. ft. \$5.0 million redevelopment	Per proposal, activities at Bladium are low-density and spread over a wide range of days and times, resulting in low traffic volume and parking demand. Noises are not expected to project beyond the building's walls, except when Bladium hosts sporting or community events. Parking and traffic demands are not, per proposal, expected to exceed the Palace's prior uses, and the primary uses are likely to be at times other than peak commute hours.
Brad Shoak, President Jeffrey Parshalle, Architect	Theater: Retained under Option 2		Option 1 Bladium would convert the entire structure – including the theater – to recreational uses. The lobby would remain public, allowing for pedestrian traffic between the park and parking lot. Option 2 Bladium would lease the entire space but occupy only the middle and north end of the building. An operator would be found for the theater. The lobby would be configured to allow for pedestrian traffic between the park and parking lot, as well as for access to the theater. Theater retained under Option 2.	Rent Credits: Rent to be reduced by 80% until capital costs, and costs of financing, have been offset. Net rent (per proposal) would be \$111,348 per year.				

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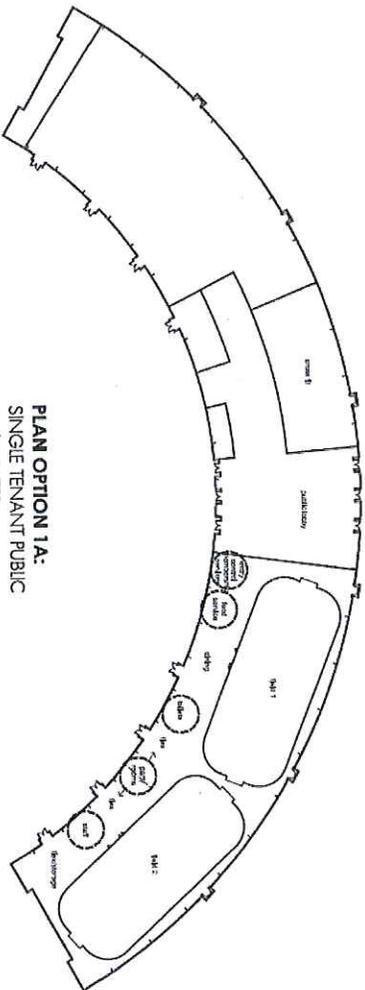
BLADIUM
SELECTED GRAPHICS

Plan Option 1



PLAN OPTION 1:
SINGLE TENANT PUBLIC

Plan Option 1A



PLAN OPTION 1A:
SINGLE TENANT PUBLIC
w/ THEATER

**CENTER FOR GLOBAL ARTS AND CULTURES
AT THE PALACE OF FINE ARTS
PROPOSAL SUMMARY *
AUGUST 2015**



Proponent & Team Members **	Proposed Use	Proposed Public Access	Proposed Improvements to Building	Estimated Project Cost	Proposed Lease Terms	Financing Approach	Project Sponsor Experience and Affiliated Architects	Parking/Traffic/Noise Plans
<p>Palace of Fine Arts Foundation (in the process of being established) to include:</p> <p>Robert W. Cole, Artistic and Executive Director Former Executive Director Cal Performances</p> <p>Julie Musket, Director of Local Artist Program Executive Director Worlds Arts West, Inc.</p> <p>Mark Heiser, Managing Director Palace of Fine Arts League.</p> <p>J.R. "Eddie" Orton III, Project Advisor.</p> <p>Advisors include: Alice Waters (cuisine); Nabih Youssef (structural engineer); Marlynn Bancal (fundraising); Sheila Lewis (marketing); and John Meyer (sound).</p>	<p>Primary Uses: The Center will be a cultural destination, a community hub, and a major events site. It will offer major and large-venue productions, arts education, international cuisines, support for wedding parties and other events, and extensive supporting services for the visiting public.</p> <ul style="list-style-type: none"> The Palace of Fine Arts Theatre, a venue for artists, international consular corps, and Bay Area patrons. Exhibition Pavilion. A performance and special event venue space (including weddings) International Cuisines Pavilion. "Taste the world" cuisine using locally sourced and sustainably farmed food, catering, with catering options available. Additional uses include: Arts Technology Lab; Two Rehearsal Studios/ Classrooms with Fully Sprung Professional Dance Floors; History Gallery & Gift Shop; and Office & Support Services. Theater: Retained, renovated and expanded to 1,000 seats. 	<p>The entire facility is intended to be open to the public, apparently with access controls for the theater and special events.</p>	<p>The Palace of Fine Arts Foundation will conduct all identified infrastructure renovations as the first preservation priority.</p> <p>The Department's recommended seismic work recommended seismic work divided in a manner similar to Plan Option 1 of the EHQD study.</p> <p>"No modifications" to exterior facade.</p> <p>Roof skylights and existing fireplaces would be monitored and maintained.</p> <p>Central mezzanine structure would be removed.</p>	<p>Two rehearsal studios/ classrooms would be built to scale of the POFA stage. (50' x 40').</p> <p>Fully renovate and expand theatre with a capacity of 1,100 seats, plus an upgraded lobby. Complete upgrade of all theatrical systems and update front-of-house amenities (box office, rest rooms, etc.)</p>	<p>Term: 55 years.</p> <p>Rent Commencement: Not specified</p> <p>Annual Base Rent: Not specified</p> <p>Base Rent Adj.: Not specified</p> <p>Security Deposit: Not specified</p> <p>A sublease with a restaurant operator will require a term of at least 25 years, depending upon scope, to allow the business to depreciate the investment of FFE capital.</p> <p>The capital campaign will likely involve naming opportunities for properties within the venue. Such naming agreements that are not in perpetuity will have terms that can be up to 50 years after the death of the present donor. It is assumed that any naming agreement will require City approval and would involve an agreement directly with the City, so any term of lease for the Master Tenant could be written so that such naming agreement would survive the termination of the lease.</p>		<p>Eddie Orton, Commercial real estate developer focused on historic, environmentally, seismically or obsolescence-challenged properties. Responsible for the redevelopment and repositioning of projects totaling approximately 20 million square feet. Presently, Orton Development is rehabbing the 20th Street Historic Buildings at Pier 70 in San Francisco.</p> <p>Mark Heiser, Former Managing Director of the New York State Theatre at Lincoln Center for the Performing Arts, home of the New York City Ballet.</p> <p>Robert Cole, Relevant experience includes renovation of Zellerbach Hall at UC Berkeley (\$15 million capital campaign); former Executive Director of Cal Performances; major historic restoration of Bardavan Opera House in Poughkeepsie, New York.</p>	<p>Parking and transportation activities would be coordinated with users of facilities and its own events. More signs would be added to direct patrons to parking areas.</p> <p>Per proposal, parking supply already in place (with additional spaces available following completion of Presidio Parkway) expected to be sufficient.</p> <p>Buses bringing school groups will have designated parking areas away from nearby residences and will not be permitted to leave motors idling.</p>

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** The original proposal listed Michael Luckoff (Board President, Palace of Fine Arts League) and Laura Hitchcock (Executive Director, Presidio Community YMCA). Both individuals have since requested the removal of their names.

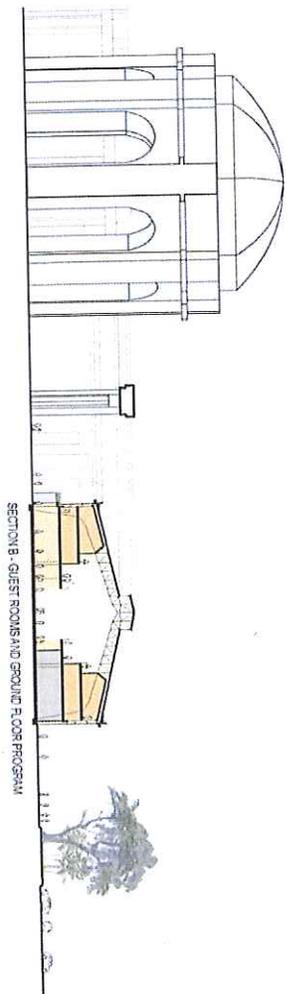
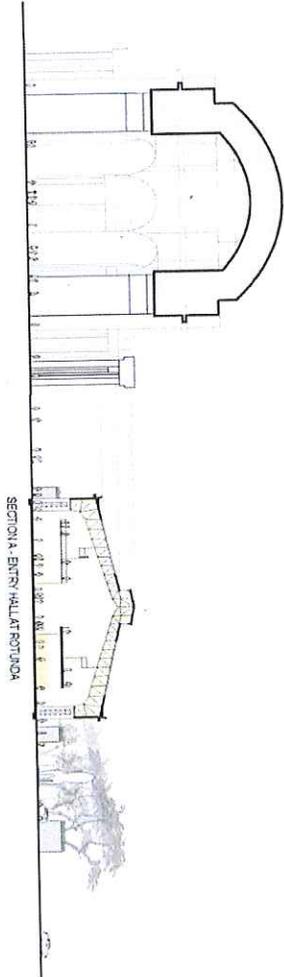
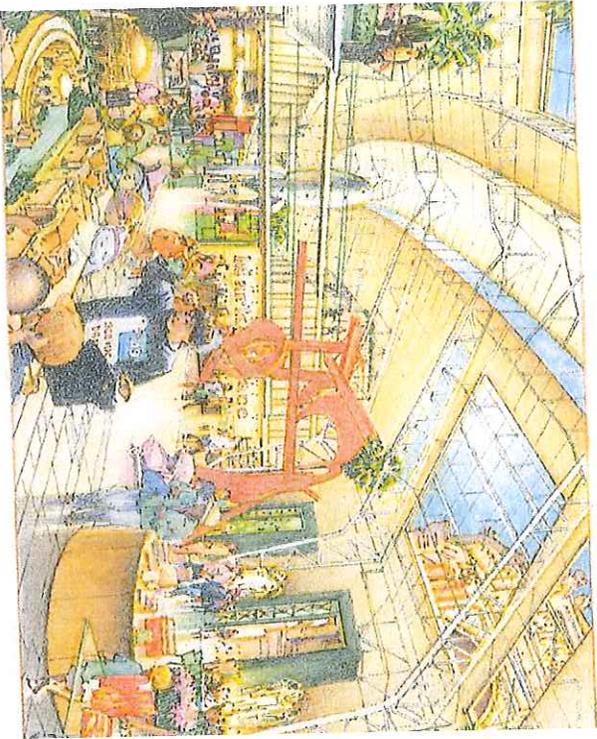
**EQUITY COMMUNITY BUILDERS / PALACE OF FINE ARTS
PROPOSAL SUMMARY *
AUGUST 2015**



Proponent & Team Members	Proposed Use	Proposed Public Access	Proposed Improvements to Building	Estimated Project Cost	Proposed Lease Terms	Financing Approach	Project Experience	Parking/Traffic/Noise Plans
<p>Equity Community Builders</p> <p>38 Keyes Avenue Suite 201, South Lobby San Francisco, CA 94129 415.561.6200 WWW.ECBSF.COM INFO@ECBSF.COM</p> <p>John Clawson, Principal</p>	<p>Primary Uses:</p> <ul style="list-style-type: none"> 174-room lodge. Grand public concourse extending the full length of the building featuring: <ul style="list-style-type: none"> Retail uses similar to the Ferry Buildings, with an emphasis on local products Hands-on studios and galleries Cooking school and cafes Interpretive and interactive exhibits exploring the history of the City and the Palace Performance art, and curated installations of local arts and sculpture <p>Theater: Removed</p>	<p>Per proposal, meeting and banquet facilities, along with the ground floor public spaces, would offer expanded opportunities for local weddings and exhibitions, as well as community events, social gatherings and educational offerings.</p> <p>Restaurants, cafes and a marketplace would provide dining and take-out opportunities.</p> <p>Fitness, yoga and pilates studios would serve locals as well as guests.</p> <p>Play sculptures and recreational activities would be available for families and kids.</p>	<p>Structure and building systems will be upgraded with limited additions at the perimeter of the building to accommodate the proposed new arts, recreation, culinary, hospitality and public uses along the continuous main concourse.</p> <p>The western entry will serve as a formal public entry and drop off area. The south facade will be renovated to provide a new entry.</p> <p>The north facade will be renovated with an enhanced entry connecting to the adjacent waterfront activities at the Marina Green, Crissy Field and Fort Mason.</p> <p>The existing skylights and clerestory windows will be restored and new photovoltaic solar panels and solar thermal panels will be added at the roof.</p> <p>Theater removed.</p>	<p>Term: 55 years</p> <p>Rent Commencement: Completion of construction.</p> <p>Rent: The greater of Base Rent or Percentage Rent.</p> <p>Annual Base Rent: \$800,000 to \$1 million per year over a 3 to 5 year stabilization period.</p> <p>Base Rent Adj.: Every 5 years based on the average increase in the CPI over the prior 5-year period.</p> <p>Security Deposit: Not specified</p> <p>Percentage Rent: Equals an "appropriate percentage" of gross revenues from operations in excess of a "Gross Revenue Threshold," with specific amounts to be established based on revenue required to support acceptable returns to debt and equity.</p>			<ul style="list-style-type: none"> Thoreau Center for Sustainability Bay School of San Francisco 38 Keyes Avenue in the Presidio Cavallo Point at Fort Baker Strand Theater on Market Street New headquarters for Girls Inc. in Oakland 	<ul style="list-style-type: none"> Proposal emphasizes limited traffic and parking demands of lodging uses. Marina Boulevard entry can serve as the exclusive vehicular entry for hotel guests, limiting or eliminating vehicular entry through the neighborhood from Baker and Lyon Streets. Team intends to evaluate traffic and parking patterns, and to implement recommended improvements and programs, such as: <ul style="list-style-type: none"> Off-site valet parking Tandem parking in on- and off-site facilities Access to shared bikes and short/long-term bike parking Distribution of transit passes or pre-tax transit benefits to employees Carpool matching and Guaranteed Ride Home services for employees Enhanced access to PresidioGo shuttle services

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EQUITY COMMUNITY BUILDERS
SELECTED GRAPHICS



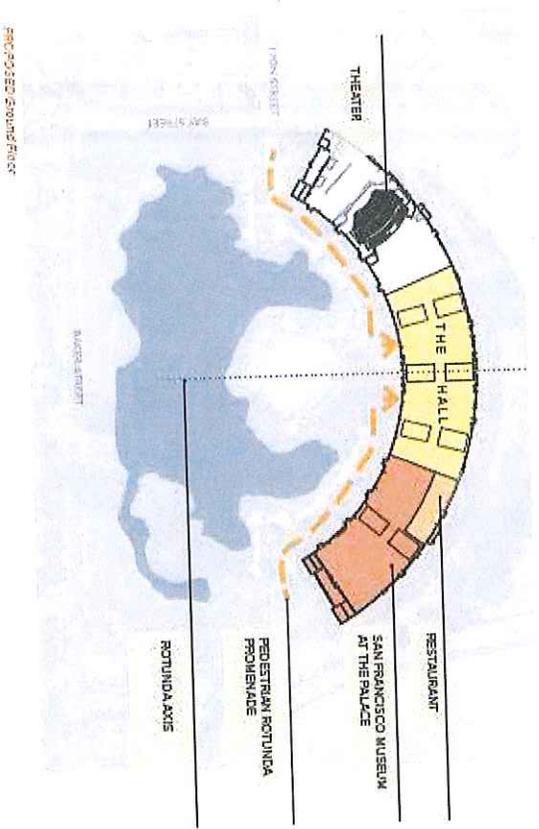
SFMAP
PALACE OF FINE ARTS PROPOSAL SUMMARY *
AUGUST 2015



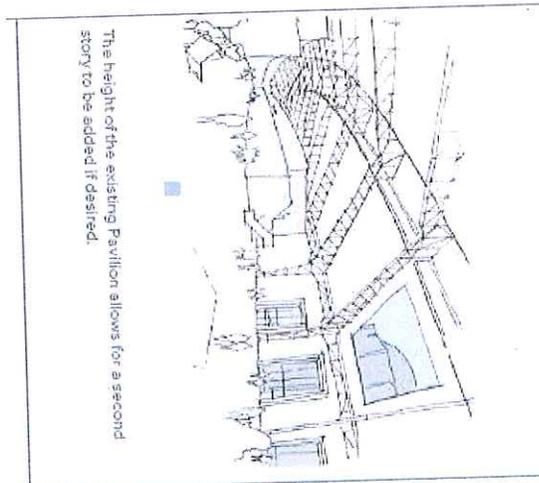
Proponent & Principals	Proposed Use	Proposed Public Access	Proposed Improvements to Building	Estimated Project Cost	Proposed Lease Terms	Financing Approach	Project Experience	Parking/Traffic/Noise Plans
<p>SFMAP Consortium Members: Abslute Group, Bill Russell, Shapiro, Eric Vreede</p> <p>Bruce Alberts, Science, Technology, Engineering & Mathematics (STEM) Education Advisor</p> <p>Chevron TCI, Inc., Nadine Barroca</p> <p>Guardians of the City, David Ebarle</p> <p>Ideas Ink, Ink Mendelsohn Jay Turnbull</p> <p>Jerome Dodson, President, Permass Investments</p> <p>Knowledge Based Consulting Group, Clive Jones</p> <p>Mary Office of Design, Kelly Macy</p> <p>Republic Metropolitan, Bob Mendelsohn</p> <p>Skidmore, Owings & Merrill (SOM), Gene Schmitt, FALA, Leo Chow, AIA, Steve Sobel, FALA</p> <p>Will Travis, Environmental Consultant</p> <p>Mike Strunsky, Entertainment Consultant</p> <p>Nibbi Brothers General Contractors, Larry Nibbi and Joseph Olla</p>	<p>San Francisco Museum at the Palace (SFMAP) is a museum focused on telling the San Francisco and Bay Area story. "Working exhibits" would use existing and emerging technologies to create and refresh the story galleries.</p> <p>Exposition Hall. A large central hall space to contain kiosks for locally made goods and artisans, with flexibility to serve as public event space throughout the year.</p> <p>Destination Restaurant. Would include a story gallery, telling the tale of San Francisco's food innovations.</p> <p>Palace of Fine Arts Theater. Theater operations would be retained for large public events and to serve as a home for a variety of non-profit groups, smaller arts organizations and programs and organizations linked to the Museum.</p>	<p>An approx. 42,000 s.f. Exposition Hall on Level 1, located on axis with the Rounda, would serve as the public heart of building and link together the public functions.</p> <p>Proposed square footages are as follows:</p> <ul style="list-style-type: none"> Theater – 36,025 s.f. The Hall – 42,271 s.f. Restaurant – 5,000 s.f.; (split between ground and mezzanine) Museum – 43,000 s.f. LI: 17,750 s.f. <p>Controlled access into theater area and museum area on either side of Exposition Hall.</p> <p>"Upstairs at the Palace - The Locals Place":</p> <ul style="list-style-type: none"> Learning Center and Maker Space for school children Resident Associates Program (RAP) for adult lifelong learning 	<p>All noted in the RIFCP, including:</p> <ul style="list-style-type: none"> Interior Construction (including new slab floor) Exterior enclosure renovations Plumbing and fire protection Reconstruction Electrical Site improvements and utilities Recommended seismic upgrades <p>Additional improvements:</p> <ul style="list-style-type: none"> A portion of the western elevation will be glass with operable sun shading. A series of large glass entry doors inserted behind the existing entry portals will allow the public to move fluidly between interior and exterior. A landscaped connection with bioswales and lighting from the Presidio Parkland project to the Palace western entry doors. Photovoltaic panels will be provided on a portion of the roof to the southwest. <p>Theater will be retained.</p>	<p>Term: 55 years</p> <p>Rent Commencement: 2018</p> <p>Annual Base Rent: \$300,000 per year against a percentage rent.</p> <p>Percentage Rent: 11% of rental revenue. Under the projections, percentage rent exceeds Annual Base Rent in all years, representing \$892,000 in 2018 and increasing thereafter. Per proposal, rental revenue would exceed \$9,000,000 over first 10 years of operation, and would approach \$75 million over 55 years (\$1.36 million annually.)</p> <p>Base Rent Adj.: Not specified</p> <p>Security Deposit: Not specified</p>	<p>Financing Approach</p>	<p>SFMAP would be a new organization. Proposal cites project experience of its team members, specifically Skidmore, Owings & Merrill (SOM), Page & Turnbull, Robert Mendelsohn and Ink Mendelsohn, which include:</p> <p>U.S. Court of Appeals in 1996. Renovation, expansion and retrofit of 350,000 s.f. building and 50,000 s.f. expansion.</p> <p>San Francisco Civic Center Complex in 1998. Renovation of 200,000 s.f. historical building and addition of 800,000 s.f. new office tower.</p> <p>St. Regis Hotel and Residences. Architectural and engineering service for new 42-story, multi-use tower that includes residential, 5-star hotel, cultural center, parking and retail spaces.</p> <p>Strand Theater. New performance space for a 1917 movie house that had been shuttered since 2003, for use by American Conservatory Theater (A.C.T.)</p> <p>Holocaust Memorial Museum. Bob Mendelsohn was a Presidential appointee to the United States Holocaust Memorial Museum Council. As a member of the three-member Executive Committee of the Museum Development Committee, he helped direct the design and construction of the Holocaust Memorial Museum in Washington.</p> <p>While a Board Member of the Wolf Trap Foundation, Mendelsohn was a member of the Building Committee that oversaw the financing, design and reconstruction of the Wolf Trap Farm Park for the Performing Arts after it was destroyed by fire.</p> <p>The Smithsonian Institution. Smithsonian's Office of Public Affairs (OPA), as Public Affairs Specialist, Ink Mendelsohn spent a decade ensuring the success of the Smithsonian's mission, "the increase and diffusion of knowledge...". Smithsonian News Service - writer, editor of stories distributed to more than 2,000 newspapers here and abroad with a circulation of close to 100 million.</p>	<p>Per proposal, demand management and pricing strategies would reduce vehicular and parking demand.</p> <ul style="list-style-type: none"> All on-site parking would be fee parking with higher charge during peak demand periods. Parking supply information would be provided on SFMAP website, as well as lots within ¼ and ½ mile of site. Palace Team would work with SFMTA and Presidio Trust to expand SPark project to the project area. <p>Public transportation components would include: Muni and Golden Gate Transit services, and a nearby PresidioGo bus stop.</p> <p>Transportation demand management program is proposed to include commuter checks, on-site employee who coordinates vanpool and carpool services, emergency ride home for employees, on-site car sharing, bicycle parking and bike share and car share program.</p> <p>Improvements proposed by SFMAP will take into account all requirements of the San Francisco Noise Ordinance</p>	

* This summary has been prepared to assist reviewers in developing a general understanding of the proposal. It is intended to support, but not to replace, a careful review of the full proposal.

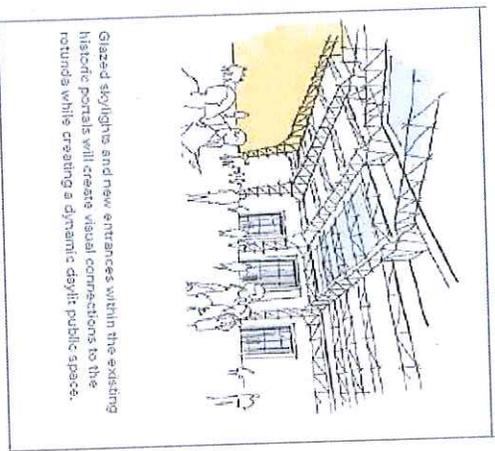
SFMAP
SELECTED GRAPHICS



PROPOSED Grounds Plan



The height of the existing Pavilion allows for a second story to be added if desired.



Glazed skylights and new entrances within the existing historic pavilion will create visual connections to the rotunda while creating a dynamic daylit public space.

Drawings: EHQD Feasibility Study

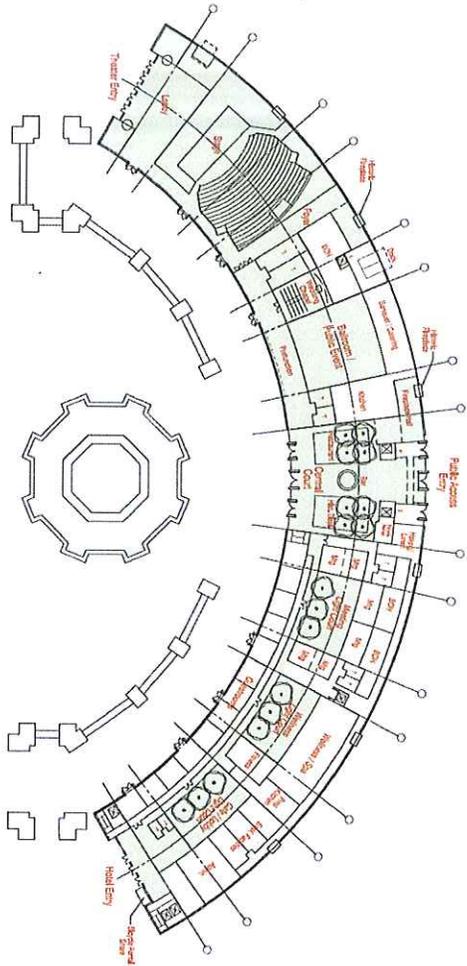
TMG
PALACE OF FINE ARTS PROPOSAL SUMMARY *
AUGUST 2015



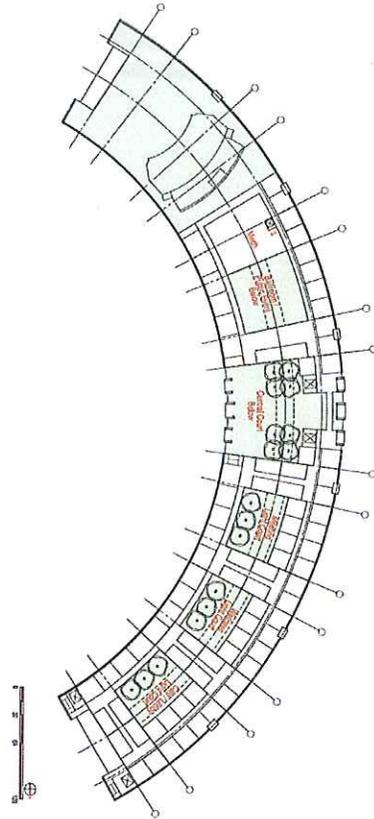
Proproment & Team Members	Proposed Use	Proposed Public Access	Proposed Improvements to Buildings	Estimated Project Cost	Proposed Lease Terms	Financing Approach	Project Experience	Parking/Traffic/Noise Plans
<p>TMG Partners 100 Bush St., 26th Floor San Francisco, CA 94104</p> <p>Michael A. Covarrubias Chairman & CEO</p> <p>Matt Field, Managing Dir.</p> <p>Adam Chall, Partner</p> <p>Dentse Prinkston, Partner</p> <p>and</p> <p>Flynn Partners 225 Bush St., Suite 1800 San Francisco, CA 94104</p> <p>Greg Flynn, Pres. & CEO</p> <p>Lorin Cortina, EVP & CFO</p> <p>Chad Arkoff, Principal</p>	<p>Primary Uses:</p> <ul style="list-style-type: none"> Lodging (room count not specified); meeting/event facilities (including ballroom & wedding chapel) Restaurants Historic displays Exploratorium exhibits Panama Pacific International Exposition exhibits Gathering areas and wellness/fitness facilities. <p>Theater: Retained, though apparently with a reduced lobby.</p>	<p>Theater, museum, galleries and special event spaces (including a chapel, ballroom, atrium court, and historic fireplace lounge) would open to the public.</p> <p>Public also would be welcome to visit wellness and fitness facilities, cafes and restaurants.</p>	<p>All of the Required Capital Improvements noted in the 2013 Existing Conditions Assessment, and the "Add Alternate" scope to address seismic and day lighting concerns.</p> <p>Historic main building to be "topped up" with a central courtyard surrounded by new mezzanine. At least one of the historic fireplaces to be restored.</p> <p>Overnight accommodations to be built within a new multi-level interior structure such that the full historic ceiling height remains in the central dining and event court, and in individual light courts.</p> <p>Theater will be retained though with a reduced lobby.</p>	<p>Term: 99-year Master Lease (tenant is willing to consider a shorter lease term, which "may" affect other terms of the transaction).</p> <p>Rent Commencement: The earlier of twenty-four (24) months following the lease commencement date or hotel opening.</p> <p>Annual Base Rent: \$700,000 NNN</p> <p>Base Rent Adj.: Increased every 10 years by CPI with each increase collared at 10-20%.</p> <p>Security Deposit: \$250,000</p> <p>Percentage Rent: "Willing to discuss."</p> <p>Rent Credit: Rent to be reduced by up to 50% per year for the first 20 years to offset the cost of the required improvements and recommended seismic improvements</p>	<p>TMG is a 30 year old, San Francisco investment and development company. Per proposal, the company has developed over 24 million square feet of commercial and residential space and has specialized in the adaptive re-use of older historic buildings, including One Market Street and 1000 Van Ness.</p> <p>Projects and ownership include The Carneros Inn in Napa (currently owns) and Esperanza in Los Cabos, and 808 Brannan Street and 225 Bush Street in San Francisco. Flynn Restaurant Group operates 660 restaurants in North America (Applebee's).</p>	<p>Per proposal, transportation Demand Management program (TDM) would encourage employees and visitors to use alternatives to the single occupant vehicle to travel to the site, including transit passes; car share cars onsite; shuttle services or extension of existing PrestiGO service; bicycle storage, sharing, and rental facilities; taxis and ride share; transit (MUNI); off-peak commutes for employees; valet and tandem parking.</p> <p>Hotel guests would park in the shared public parking facilities near property. The hotel would also encourage groups of visitors to come to the facility via shared shuttles and ride sharing services.</p> <p>Existing noise from theater would be mitigated by insulation. Noise from weddings and special events would be managed to a level so as not to disturb hotel guests or neighborhood residents.</p>		

* This summary has been prepared to assist reviewers in developing a general understanding of the proposal. It is intended to support, but not to replace, a careful review of the full proposal.

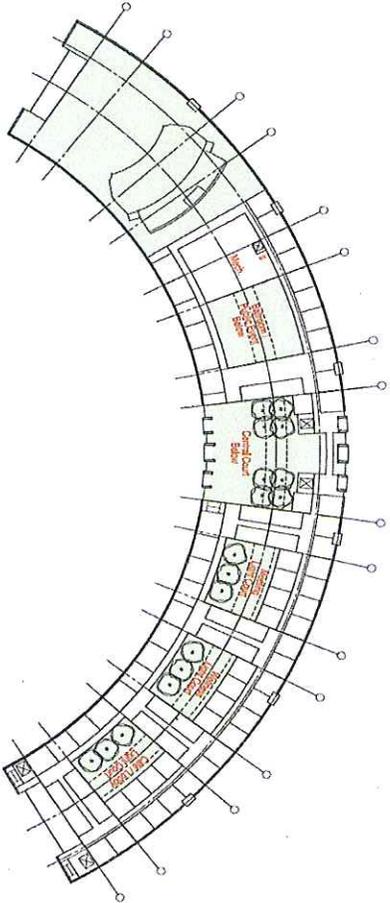
TMG
SELECTED GRAPHICS



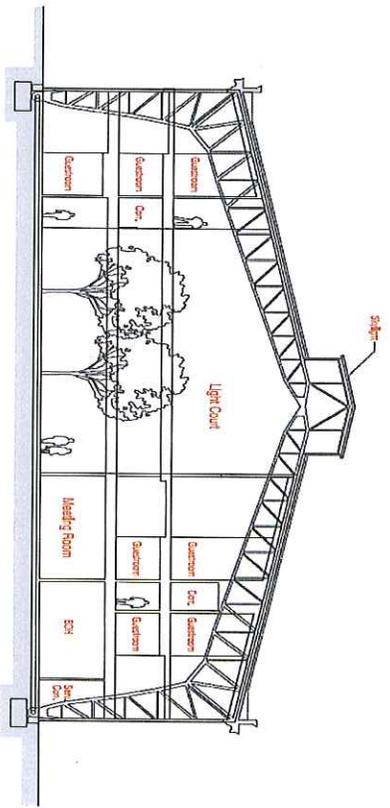
Floor Plan | Main Building - Ground Floor Plan



Floor Plan | Main Building - Level 2 Plan



Floor Plan | Main Building - Level 3 Plan



Floor Plan | Main Building - Level 2 Plan

Exhibit C- RFCP Community Outreach Process

Advisory Committee

In November of 2013, the Department along with Supervisor Farrell and Mayor Lee convened the Palace of Fine Arts Advisory Committee (the "Advisory Committee") with a breadth of citywide and neighborhood perspectives to help determine the best uses for the Palace of Fine Arts. The Advisory Committee consisted of the following individuals representing a variety of organizations and institutions:

- Supervisor Mark Farrell
- Commissioner Allan Low, Recreation and Park Commission
- Jan Berckefeldt, Maybeck Foundation
- Scott Maybeck Nittler, Maybeck Foundation
- Richard Pettler, Maybeck Foundation
- Hans Baldauf, Maybeck Foundation
- Commissioner Denise Bradley Tyson, Film Commission, formally with the Museum of the African Diaspora
- Ariel Kelley, Marina Community Association
- Ferris Ferdon, Marina Merchants
- Lori Brooke, Cow Hollow Association
- Doug Overman, Golden Gate National Park Conservancy
- Mike Martin, America's Cup 34
- Jon Ballesteros, SF Travel
- John Lum, San Francisco Museum and Historical Society
- Jim Lazarus, San Francisco Chamber of Commerce
- Don Young, D.R. Young Associates
- Lisa Pagan, Mayor's Office of Economic and Workforce Development
- Gary Strang, Principal of GLS Landscape Architecture
- Ike Kwon, ED Academy of Sciences and Parks Alliance
- Deirdre Araujo, Exploratorium
- Tula Mouroufas, Palace Neighbor
- Lynn Sedway, Sedway Consulting
- Kelly Ishida Sloan, Senior Associate, EHDD
- Marc L'Italien, Principle, EHDD

The Advisory Committee was created to provide the Department with expertise, perspective and advice on potential uses for the Palace of Fine Arts. The Advisory Committee was given information on the condition and historical uses of the building and surroundings before participating in facilitated discussions to help determine goals and priority uses for the Palace of Fine Arts.

The Advisory Committee offered the following as potential ideal uses for the space:

- Museum (museum-type use)
- Educational use

- Sports facility
- Performing arts
- Exhibition space
- Event venue
- Merchant use/retail space

The Advisory Committee also determined a number of priority uses for the site including the following:

- Offers public access to at least a portion of the building (e.g., public atrium, public “pathway”, educational/interpretive center)
- Includes strategies to mitigate parking and traffic impacts to the local neighborhood
- Retains theater and/or comparable performing arts space
- Preserves architectural significance
- Utilizes green building practices
- Is compatible and synergistic with adjacent outdoor space
- Embodies world class ethics (in keeping with the caliber of Bernard Maybeck’s work)
- Reflects and is cohesive with other uses in the area: “synergy with independence”
- Is family-friendly
- Celebrates the history of the building and the work of Bernard Maybeck (e.g., interpretative exhibits, tributes, etc.)
- Offers options for food and dining

These priorities will be incorporated, to the extent possible, into the competitive bidding process for use of the space.

Community Participation

In December of 2013, the Department convened two community meetings to solicit input from the public on priority uses for the Palace of Fine Arts. The meetings were attended by over 100 members of the public who were given information on the condition of the building, the history of the site, the Advisory Committee recommendations and general uses that have been expressed by interested parties thus far.

The public was given the opportunity to provide their input on the recommendations of the Advisory Committee as well as provide their ideas for uses of the site. The comments from the public resulted in the following suggested uses for the Palace of Fine Arts, which was incorporated into the RFCP:

- Art center
- Affordable community theater
- Affordable community space
- Use targeted to children and families (similar to Exploratorium use)
- Museum for the City of San Francisco (Guardians of the City)
- Museum for the wine industry

- Museum for the history of pinball
- Exposition space for historic pipe organ
- Performing arts school
- Studio space for artists
- General educational use
- Use of roof as tenant space (“living roof” concept)
- Urban farming/food education
- Cultural use
- Inclusion of artifacts and interpretation pertaining to Bernard Maybeck and the 1915 Panama-Pacific International Exposition

Community Outreach for Public Meetings

- Supervisor Mark Farrell
- Palace of Fine Arts Advisory Committee
- Marina Community Association
- Marina Merchants Association
- Golden Gate National Recreation Area
- Golden Gate National Parks Conservancy
- Presidio Trust
- St. Francis Yacht Club
- Golden Gate Yacht Club
- National Park Service
- Marina/Cow Hollow Merchants’ Association
- City Yachts
- Micro Soccer League
- Marina Civic Improvement and Property Owners Association
- San Francisco Marina Harbor Association
- Supervisor Farrell’s E-Newsletter
- Donors of the 2010 Palace restoration project
- Posting on RPD website

Exhibit D-Panel Members

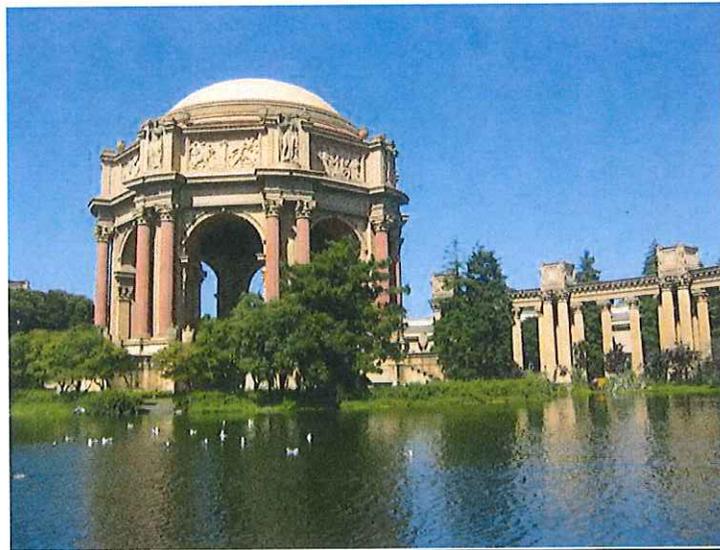
Name	Experience and Affiliations
Jim Maxwell	<ul style="list-style-type: none"> • Past President of the Chestnut Street Merchants Association • Resident of the Marina • Past President of S.F. Council of District Merchant Associations • Owner of a local, Marina District based architecture and planning business, "Architects II"
Paula Collins	<ul style="list-style-type: none"> • Founder of WDG Ventures, a real estate development company • Executive Director and Founder of the Presidio Bank in San Francisco • Chair of the Presidio Trust Board • Board member of the Glide Foundation • Past board member of the Yerba Buena Center for the Arts, Special Olympics for Northern California, and BRIDGE House Corporation
Gail Hunter	<ul style="list-style-type: none"> • Vice President of Public Affairs and Event Management for the Golden State Warriors • Leads the Warrior's community engagement efforts with the proposed entertainment complex on Piers 30-32 and Seawall Lot 330. • Over two decades of experience in professional sports administration • Active member of Women In Sports and Events (WISE)
David Wessell	<ul style="list-style-type: none"> • Principal and CEO of Architectural Resources Group Conservation Services
Dorreen Woo Ho	<ul style="list-style-type: none"> • 35 years of commercial and consumer banking experience • Port Commissioner • Former President, CEO and Director of United Commercial Bank and President of Community Banking • Member of the U.S. Bancorp Board of Directors • Board member of the San Francisco

	Opera, Committee of 100 and the Asian Pacific Islander American Scholarship Fund Advisory Board
Dean Macris	<ul style="list-style-type: none">• Former Director of Planning for San Francisco for over two decades• Expertise in urban planning and architecture



Request for Proposals

Palace of Fine Arts



City and County of San Francisco
Edwin M. Lee, Mayor

San Francisco Recreation and Park Commission
Mark Buell, President
Allan Low, Vice President
Tom Harrison, Commissioner
Gloria Bonilla, Commissioner
Meagan Levitan, Commissioner
Eric McDonnell, Commissioner

Request for Proposals
Palace of Fine Arts
Table of Contents

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- II. Background
- III. Regulatory Context
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- VI. Evaluation Process, Evaluation Criteria and Selection Process
- VII. Public Participation
- VIII. Solicitation Schedule
- IX. Submittal Requirements
- X. Other Terms and Conditions
- XI. Attachments

Appendices:

- A. Building Specifics
- B. Link to Conditions Assessment Report by EHDD
- C. Palace Drive Parking Lot
- D. Link to Tenant Options Summary by EHDD
- E. Link to Standard Lease Terms
- F. Link to Request for Concept Proposals and supporting documents, Responses to the Request for Concept Proposals and public comments on the proposals

Summary of Offering

- Opportunity:** This Request for Proposals (RFP) is the second of a two-phase competitive process for the lease of the Palace of Fine Arts (the "Palace"). The Recreation and Park Commission (the Commission) has invited the top scoring Respondents from the first phase of the process, the Request for Concept Proposals (RFCP), to participate in this RFP. The Recreation and Park Department (the "Department") is seeking to enter into a lease agreement with an entity or entities to provide for meaningful public access to the Palace, provide significant financial investment into the Palace and provide for an active and engaging use.
- Location:** The Palace is located in the North West quadrant of San Francisco in the Palace of Fine Arts Park. The park is adjacent to The Marina, Marina Boulevard, the Marina Green, Crissy Field and the Presidio.
- Capital Investment:** The Department is requiring significant initial investment into the building which includes, but is not limited to the improvements listed in Exhibit A, the "Required Improvements." There are also recommended seismic improvements, which, along with the Required Improvements, are described in more detail in the "Cost Estimate" section of this RFP.
- The Department also requires a proposal for improvements to the parking lot surrounding the Palace along Palace Drive, and for funding the ongoing and long term capital improvements, maintenance and repairs for the building and theater.
- Lease duration:** The Department will entertain a proposed lease term, including options, up to 55 years in length. The Lease term will be negotiated with selected Respondent.
- Financial Terms:** Respondents should propose a fair market rent structure with periodic minimum rent increases, appraisal adjustments, and participation rent (in both gross operating revenue and assignment/refinancing proceeds). The Department will entertain a rent credit structure to help amortize the upfront capital investments into the building and adjacent parking lot, however, Respondents should have a net base rent proposal of a minimum of \$700,000 per year in addition to any rent credit or other proposed lease term structure.
- Selection Process:** Following the evaluation of minimum qualifications, the Department will convene a selection panel to evaluate the responses based on the evaluation criteria outlined in this RFP. The Department may schedule interviews with the Respondents. Department staff will recommend the highest scoring Respondent to the Commission for approval.

Submittal Due Date: Proposals must be received by the Department no later than 5pm P.S.T. on May 20, 2016.

Contact: Cassandra Costello
501 Stanyan Street. San Francisco, CA 94117
Cassandra.Costello@sfgov.org, 415-831-2791

I. The Opportunity

A. Overview

This RFP is the second of a two-phase competitive process for the lease of the Palace. The Commission has invited only the top three scoring Respondents from the first phase of the process, the Request for Concept Proposals (RFCP), to respond to this RFP. The top scoring Respondents were selected by the Commission at a public Commission meeting on November 19, 2015.

Those entities (the "Recommended Entities") invited to participate in this RFP are as follows:

- X
- X
- X

Please note, if you are not one of the Recommended Entities, you are not invited to provide a response to this RFP. Only submissions from the Recommended Entities listed above will be evaluated as part of this RFP.

This RFP is for the lease of the Palace of Fine Arts Building only. Surrounding landscaped park grounds, Crissy Field, the Marina Green and property owned by other entities such as the Presidio Trust are not available as part of this RFP opportunity. However, entities are required to propose improvements to the surrounding parking lot owned by the Department such as landscaping, repaving, resurfacing and restriping. The costs associated with such additional improvements shall be borne strictly by the Respondent and cost estimates associated with this additional work should be included in your submittal. The Department will entertain proposals for uses of the adjacent Department owned parking lot in order to improve efficiencies of proposed operations.

B. The Offering

The Department desires to enter into a master lease agreement with the highest scoring Respondent to provide for meaningful public access to the Palace, provide significant financial investment into the Palace and provide for an active and engaging use.

II. Background

A. History

The Palace of Fine Arts was built for the Panama Pacific International Exposition (PPIE) in 1915 to showcase San Francisco's rebirth after the devastating earthquake and fire of 1906. Designed by renowned architect Bernard Maybeck, over 18 million people visited the Palace during the nine-month exhibition. Originally intended for demolition after the Exposition, a group of citizens led by Phoebe Appleton Hearst worked to preserve the Palace Rotunda and Building.

The PPIE opened on February 20, 1915 and closed as planned nine months later. More popular than ever imagined, the glittering Exposition celebrating the opening of the Panama Canal attracted nearly 19 million visitors from around the world. It was a seminal event in California's history. No longer would California be an isolated frontier state, but a player on the international scene and a future powerhouse of the Pacific Rim.

The Exposition also heralded San Francisco's miraculous rise from the ashes of the 1906 earthquake and fire. The Palace of Fine Arts Exhibition Hall presented more than 11,000 works of art from around the world to awestruck fairgoers.

Exposition organizers originally expected to dismantle the entire 635 acre site of the fairgrounds, but citizens succeeded in saving the Palace from destruction in 1916. It was turned over to the San Francisco Art Association (now the San Francisco Art Institute), thus becoming the City's first art museum. The San Francisco Art Institute mounted changing exhibitions and showcased collections from San Francisco's prominent art collectors and artists. The opening of the Palace of the Legion of Honor in 1924 shifted the art scene away from the Palace.

The 1930s brought tennis courts to the Palace. It was pressed into service lodging the Presidio's motor pool during World War II, and provided garage space for limousines of delegates to the San Francisco conference that founded the United Nations in 1945. The 1950s saw use as a phone book distribution center and fire station.

By the late 1950s the Palace structures had badly deteriorated and San Franciscans were again determined to save them. In 1959 voters approved a \$1.8 million bond measure to restore the Palace. These funds, coupled with \$2 million from the State of California and \$4.5 million from civic leader Walter S. Johnson, underwrote the recasting of the Palace of Fine Arts in permanent materials in the 1960s. Nineteen-sixty-nine marked the opening of the Exploratorium in the Palace and 1970 the opening of the Palace of Fine Arts Theatre.

Since 1915 the Palace has been home to art exhibitions, an athletic complex and most recently, the long term tenant, the Exploratorium, an interactive science museum. The Palace has been visited by three US Presidents and is featured in countless films including the classic Alfred Hitchcock thriller, "Vertigo."

With the Palace, Maybeck established a new standard for civic design by showing global audiences what critics have proclaimed "a perfect marriage between architecture and

landscape.” Incorporating an ancient tidal basin into his plan, Maybeck demonstrated how nature could serve as a vital design element in modern architecture.

The Palace complex has undergone three significant restorations. One in the 1960s to update and preserve the original structures, a seismic retrofit in 1993 and most recently in 2010, when the Maybeck Foundation and the Department (completed an extensive \$21 million renovation of the Palace grounds and rotunda.

B. Community Process and Palace of Fine Arts Advisory Committee

Since 2012, the Department has conducted a robust outreach process with the public regarding the activation of the Palace. The Department has hosted many public community meetings to discuss ideas for the next tenant and next uses for the Palace. The Department also convened the Palace of Fine Arts Advisory Committee (the “Advisory Committee”) to provide citywide and neighborhood perspectives to help determine the best uses for the Palace. The Advisory Committee was created to provide the Department with expertise, perspective and advice on potential uses for the Palace. Membership of the Advisory Committee, including consultants, was as follows:

Supervisor Mark Farrell, San Francisco Board of Supervisors

Commissioner Allan Low, Recreation and Park Commission

Jan Berckefeldt, Maybeck Foundation

Scott Maybeck Nittler, Maybeck Foundation

Richard Pettler, Maybeck Foundation

Hans Baldauf, Maybeck Foundation

Jon Ballesteros, SF Travel

Jim Lazarus, San Francisco Chamber of Commerce

Don Young, D.R. Young Associates

Doug Overman, Golden Gate National Park Conservancy

Mike Martin, America’s Cup 34

John Lum, San Francisco Museum and Historical Society

Lisa Pagan, Mayor’s Office of Economic and Workforce Development

Gary Strang, Principal of GLS Landscape Architecture

Ike Kwon, ED Academy of Sciences and Parks Alliance

Deirdre Araujo, Exploratorium

Commissioner Denise Bradley Tyson, SF Film Commission

Ariel Kelley, Marina Community Association

Ferris Ferdon, Marina Merchants

Lori Brooke, Cow Hollow Association

Tula Mouroufas, Palace Neighbor

Consultants:

Lynn Sedway, Sedway Consulting

Kelly Ishida Sloan, Senior Associate, Formally with EHDD

Marc L’Italien, Principle, EHDD

Through the Advisory Committee meeting process, the Advisory Committee was asked to provide the Department with suggestions of potential uses for the building. The following potential uses were identified:

- Museum (museum-type use)
- Educational use
- Sports facility
- Performing arts
- Exhibition space
- Event venue
- Merchant use/retail space

The Advisory Committee was also tasked with developing desired requirements for the site for future use. The following desired requirements were identified:

- Offers public access to at least a portion of the building (e.g., public atrium, public “pathway”, educational/interpretive center)
- Includes strategies to mitigate parking and traffic impacts to the local neighborhood
- Retains theater and/or comparable performing arts space
- Preserves architectural significance
- Utilizes green building practices
- Is compatible and synergistic with adjacent outdoor space
- Embodies world class ethics (in keeping with the caliber of Bernard Maybeck’s work)
- Reflects and is cohesive with other uses in the area: “synergy with independence”
- Is family-friendly
- Celebrates the history of the building and the work of Bernard Maybeck (e.g., interpretative exhibits, tributes, etc.)
- Offers options for food and dining

Below is a list of potential uses that were suggested by the members of the public at two public community meetings held in November of 2012:

- Cultural use
- General educational use
- Use targeted to children and families (similar to former Exploratorium use) Inclusion of artifacts and interpretation pertaining to Bernard Maybeck and the 1915 Panama-Pacific International Exposition
- Museum for the wine industry
- Museum for the City of San Francisco (Guardians of the City)
- Urban farming/food education
- Art center
- Affordable community theater
- Affordable community space

- Museum for the history of pinball
- Exposition space for historic pipe organ
- Performing arts school
- Studio space for artists
- Use of roof as tenant space (“living roof” concept)
- Tennis Courts

III. Regulatory Context and Steps for Lease Approval

The following information is intended to provide a general description of the approvals required for the award of a lease; it is not meant to be an exhaustive summary. Additional public agencies may be required to review and approve any proposal.

1. Selection committee review or responses for recommendation to Commission.
2. Commission approval of a Respondent for negotiations regarding Exclusive Negotiating Agreement (“ENA”) and direction to General Manager to commence negotiations.
3. Negotiations with Department staff regarding ENA and approval of ENA.
4. Negotiating with Department staff regarding Lease Disposition and Development Agreement (“LDDA”) and Form of Lease. During the negotiating period the parties will attempt to identify the actions, activities and improvements that would occur under the proposed LDDA, and thereby facilitate meaningful environmental review in accordance with the California Environmental Quality Act (“CEQA”).
5. Environmental Review (concurrent with prior steps)
6. Art Commission Civic Design Review (may happen during or before environmental review is complete).
7. Commission Approval of LDDA and Lease; Recommendation to Board of Supervisors.
8. Board of Supervisors Approval of LDDA and Lease.
9. Permit applications to Department of Building Inspection, and other applicable agencies
10. Possible Historic Preservation Commission Approval of Certificate of Appropriateness.

All fees associated with any aspect of the approval process, including environmental review, permit review, and Historic Preservation Commission approval, will be borne solely by the Respondent. In addition, the ENA will require Respondent to cover certain of the Department expenses.

A. Board of Supervisors

Section 9.118 (c) of the San Francisco City Charter provides that leases in excess of ten years or total anticipated revenues of \$1 million or more are subject to the approval or disapproval of the City’s Board of Supervisors (the “Board”). The Board consideration will

happen after completion of environmental review described below and following recommendation by the Commission.

B. Recreation and Park Commission

The selection committee will make a recommendation to the Commission for its review and approval the top ranking respondent and whether to enter into exclusive negotiations with that Respondent. The Commission shall make its decision in its sole discretion. The Commission will review the recommendation and select a Respondent. Upon approval by the Commission, Department staff will enter into negotiations with the selected Respondent to enter into an ENA. After execution of the ENA the Respondent and the Department will negotiate and LDDA and Lease. After completion of environmental review, the Commission will approve and recommend an LDDA and Lease to the Board for their consideration.

After the selection committee chooses the top ranked Respondent, RPD shall issue a notice of intent to award the lease to the Respondent, with copies to the other Respondents. The notice of intent is not assurance that any of the potential approvals described in the preceding paragraph will occur, including, without limitation, the award of the lease.

C. Historic Preservation Commission

The Palace is listed on the US National Register of Historic Places and is San Francisco Designated Landmark #88. The Palace includes certain historically significant features including the building sizing and mass, oversized double doors and hardware, skylights, chimneys, and fireplaces. According to historic consultant Page and Turnbull, the walls of the building contribute to the resource, but not are not a significant feature. Therefore, there is a possibility that the west facing walls could be modified to allow for views of the Golden Gate Bridge. However, any modifications to the Palace, especially any modifications that affect the historically significant features, may trigger additional environmental review, as well as review and approval by the Historic Preservation Commission ("HPC") prior to permit issuance. Additionally, any project that includes building permits may need a Certificate of Appropriateness from the HPC.

If the Respondent were to pursue historic tax credits, the approval of the State Historic Preservation Office would also be required.

D. Arts Commission Civic Design Review

Civic Design Review is a Charter mandated responsibility of the Arts Commission. The Civic Design Review Committee is a committee of the Arts Commission and is comprised of five Commissioners appointed by the Mayor, including two architects, a landscape architect and two other design professionals and/or lay persons. The Committee reviews new and renovated capital projects. The Committee makes a recommendation on the capital projects to Department Staff and the project sponsor. The mission of the Civic Design Review is to ensure that any capital improvement project improves the public realm, respects the natural environment and serves the best interest of the public.

E. Environmental Review

As required by the California Environmental Quality Act ("CEQA"), any proposed project that may have a significant environmental impact will undergo environmental review; the CEQA process may not be waived by the Commission or the Board of Supervisors. Respondents must comply with all CEQA requirements before the Commission or the Board of Supervisors will consider approvals on any lease or capital upgrades. Because the Palace is a designated historic resource, among other requirements, environmental review may involve completion of a Historic Resource Evaluation Report.

IV. Mandatory Requirements

A. Mandatory Requirements

- Section 4.113 of the San Francisco Charter prohibits the Recreation and Park Department from leasing park land or buildings for non-recreational purposes. We encourage proposers to be creative in their proposals; however, the Commission cannot approve a lease if it cannot determine that an anticipated use satisfies the recreational purpose requirement.
- In addition to any tenant improvements and seismic improvements that may be required in order to serve a particular proposed use(s), the tenant must have the ability to fund the Required Improvements to the Palace of Fine Arts Theatre and the former Exploratorium Space (together, the Palace of Fine Arts Building) as indicated in the EHDD (Esherick Homsey Dodge and Davis Architects) report (see Appendix A-Building Specifics and Appendix B-Conditions Assessment Report). Respondent must show records of superior credit history and demonstrated ability to finance the project proposed on reasonable terms from equity or debt from bona fide financial institutions or donations. Additionally, Respondents must be able to finance ongoing capital maintenance, repairs and improvements to the building and be able to make improvements to the Palace Drive parking lot (Appendix C) such as repaving and restriping. Additional proposed improvements are welcome.
- The Palace building contains the Palace of Fine Arts Theatre, a 36,025 square foot space, including a lobby, built in 1970. The tenant must retain a performing arts theater capable of supporting cultural events, performing arts activities and live performances (including a functional backstage area suitable for professional performance artists) as part of the future use and programming of the building. The theater is not required to remain the existing size or physical placement. Installation of a movie theater will not satisfy the theater use requirement.

V. Recreation and Park Department Objectives:

The Department, together with the Palace of Fine Arts Advisory Committee, have developed the objectives listed below for the use of the Palace:

- To obtain a tenant capable of restoring the Palace of Fine Arts Building. This requires a tenant who has the financial capacity to provide the upfront capital costs to complete the Required Improvements in a timely fashion.
- To retain a theater that will continue the offering of performing arts and other types of performances and programming
- To obtain a tenant with a financially sustainable business model that carries through the duration of the proposed term and provides for continued and ongoing capital maintenance to the building.
- To obtain a tenant that will provide valuable services and amenities and significant and meaningful public access.
- To receive proposals that contain strategies and elements that will mitigate noise, parking and traffic impacts to the surrounding residential neighborhood.
- To activate the Palace with a use that will complement and connect existing amenities and recreation in the surrounding area including the Palace of Fine Arts Park and Lagoon, Crissy Field, the Marina Green and the Presidio.
- To provide a use that will continually engage the public over the duration of the term.
- To provide for a public central entryway concept (See Appendix D, Tenant Options Study).
- To restore the Palace of Fine Arts Building to its original architectural state to the extent feasible.
- To provide security for the building.
- To provide business and employment opportunities for local workers and businesses during the design, construction and operation phases of the improvements to the building as well as the long-term activation of the Palace.

The Department encourages Respondents to consider including an interpretive exhibit or signage celebrating Bernard Maybeck and the history of the Palace of Fine Arts.

VII. Evaluation Process and Selection Process

A. Selection Panel Review

Department staff will review all submittals timely submitted to determine whether they are complete and responsive to the RFP. Only submittals that are complete, responsive and meet all requirements of this RFP, including, without limitation, the minimum qualifications will be evaluated during the selection process. Respondents whose proposals are non-responsive will receive a notice of non-responsiveness in accordance with Section X.U (Protest) of this RFP.

The advertised opportunity for which responses will be evaluated and scored involves only the use of the Palace of Fine Arts Building and improvements to the surrounding parking lot along Palace Drive. The Department manages and maintains the surrounding gardens, pond, and landscape. Any use of the outdoor space surrounding the Palace is subject to separate permit requirements. Additionally, the Department cannot authorize any uses that are not on Department-owned property (for example, Crissy Field, the Lair Lot, and other properties owned by the Presidio Trust or the National Park Service). The Department will entertain proposals for uses of the adjacent Department owned parking lot in order to improve efficiencies of proposed operations.

The responses to this RFP will be evaluated by a selection panel. Members of the selection panel will be chosen by the Recreation and Park Department and the panel will score responsive proposals based on the prescribed evaluation criteria listed in this RFP under "Evaluation Criteria." Following the submittal deadline, Respondents may be invited to interviews with the selection panel. Interviews will take place prior to the selection panel scoring the proposals and they will consist of standard questions asked of Respondents, and clarifying questions regarding individual submissions. The lead team members of the Respondent should be present for the interview as well as the lead team members of any partners and parties authorized to negotiate a contract. Information provided to the panel from the interviews may be used during the scoring process and evaluated using the same evaluation criteria that the selection panel will use to score the written proposals. The selection panel will recommend only one of the proposals to the Commission for final selection and seek authorization to enter into negotiations with the Respondent.

B. Evaluation Criteria. The responsive proposals will be evaluated by the selection panel based on the criteria stated below. The term "Respondent" as referenced in this document shall mean the primary sponsor of the proposal and any joint venture participants.

1. Public Access and Public Programming (20 points)

Each element will be evaluated by how well the proposed use provides for meaningful public access based on the following:

- a. Amount of space allocated for public access (in usable programming square feet)
- b. Days and hours of public access
- c. Any and all restrictions on public access
- d. Any fees associated with public access
- e. Any fee subsidies for public access
- f. Any membership requirements for public access
- g. Any reservations needed for public access
- h. Space activation and program concepts

2. Compatibility with the Surrounding Neighborhood (10 points)

- a. Demonstrated ability to work with local organization and/or address community concerns
- b. How the proposal mitigates potential parking and traffic impacts
- c. How the proposal mitigates potential noise issues

3. Consistency with the Department's Objectives as stated in this RFP (15 points)

- a. Activation of the Palace with a use that will complement and connect existing amenities and recreation in the surrounding area including the Palace of Fine Arts Park and lagoon, Crissy Field, the Marina Green and the Presidio.
- b. Providing a use that will continually engage the public over the duration of the term.
- c. Providing for a public central entryway concept (See Appendix D, Tenant Options Study).
- d. Restoring the Palace of Fine Arts Building to its original architectural state to the extent feasible.
- e. The size and operation of a theater capable of offering performing arts
- f. Inclusion of a museum or exhibit relating to the history of the Palace
- g. Providing security for the building.
- h. Providing business and employment opportunities for local workers and businesses during the design, construction and operation phases of the improvements to the building as well as the long term activation of the Palace.

4. Proposed Financial Terms (15 points)
- a. Proposed annual rent structure, including minimum base rent of \$700,000 per year, to the Department after rent credits,
 - b. Provisions for regular rent escalations both CPI and mark to market, provisions for participation rent that would provide for participation in the project's gross revenues and in sale and/or refinancing proceeds.
 - c. A park maintenance fund (the "Park Maintenance Fund"), to offset any impact on the surrounding parklands and to improve the maintenance of the surrounding parklands and for the care of the swans in the lagoon.
5. Financial Capacity (30 points)
- a. Current Available Funding of Preconstruction Expenses:
 - i. At the time of submittal of RFP, Respondent will be required to demonstrate that it has available Confirmed Funding (as defined below) in hand necessary to fund the development expense through the approval of the project (including environmental and planning review but excluding construction expenses) ("Preconstruction Expenses") or \$2 million whichever is higher.
 - ii. A response will be deemed nonresponsive if this condition is not met.
 - b. Funding of Project Investment: Demonstration that the Respondent has the required funding and/or the ability to attract the funding needed to cover the projected cost of the proposed project, including design, negotiations, Required Improvements and Tenant Improvements and the first two years of operations (the "Project Investment") as evidenced by:
 - i. Equity in hand (whether provided directly or through donations that have actually been received)
 - ii. Access to sufficient debt and equity, including risk equity, for the project proposed as demonstrated by documentation of
 1. Financing of comparable projects by the Respondent.
 2. On-going relationships with financial sources
 3. Ability to offer guarantees of bonding arrangements to ensure timely completion of the proposed project
 - iii. If the Respondent intends to rely on donations, the respondent must have written commitments from donors equal to at least 50% of the needed donations.
 - c. Ongoing Operations: Demonstration of proformas evidencing that the proposal has a sustainable operation including during economic downturns
 - i. Financial sustainability of proposal
 - ii. Cash flow projections that demonstrate the project, once operational, will meet all lease, debt service, and operating expenses over the life of the proposed term.

6. Financial Capacity--Confirmed Funding (10 bonus points)
 - a. Demonstration of Respondent's Confirmed Funding. Up to a maximum of 10 points will be awarded based on the ratio of Confirmed Funding to Project Investment. Specifically, points awarded will be calculated by multiply the quotient of the Confirmed Funding divided by the Project Investment by 20, and rounding to the nearest integer. Therefore, if the quotient is 0.12, the points awarded will be 2, if the quotient is .048, the points awarded will be 10, and if the quotient is 0.60, the points awarded will be 10.
 - b. Confirmed Funding includes unencumbered
 - i. Available liquid assets
 - ii. Confirmed Lines of Credit
 - iii. Other available funds that the Selection Panel concludes evidence clearly available funding

7. Project Feasibility (10 points)
 - a. Feasibility of the proposal to address the items listed in the Mandatory Requirement
 - b. The probability of obtaining approvals for the proposed design, given the historic status of the building
 - c. Respondent Qualifications
 - i. Respondent's track record in successfully completing projects of a similar nature and scale
 - ii. Experience of Respondent's team members and key personnel
 - iii. Experience with securing necessary approvals for projects of this size and nature
 - iv. Demonstrated ability to operate, sustain and maintain projects of a similar size and nature once completed
 - v. Proven ability to work with public agencies to achieve a completed project
 - vi. Track record of local hiring and participation of locally owned businesses in prior projects.
 - vii. Demonstrated understanding, ability and flexibility to obtain key approvals in a complex political and regulatory context

The Department reserves the right to request clarification or additional information from individual Respondent(s) and to request that some or all Respondents make presentations to the public, the Department, the Recreation and Park Commission and/or other public bodies. The Department also reserves the right to reject any and all responses.

C. Commission Determination

The Commission is the sole decision maker regarding the selection, and the Commission reserves the right to reject any or all submittals or to terminate this process at any time. Department staff will take the selection panel's recommendation to the Commission. Department staff will prepare a report supporting the recommendation, which may include information obtained during reference checks and other background information. After review of the staff recommendation and evaluation findings, the Commission may elect to direct staff to enter into negotiations with a Respondent. The Commission, in its sole discretion, will make such decision in a duly noticed public meeting. The Commission, acting in its proprietary capacity as landlord, has authority to approve an agreement to authorize the Department to enter into an ENA with the selection Respondent and upon completion of negotiations between the selected Respondent and Department staff, may recommend a LDDA, Lease and related documents to the Board of Supervisors. The selection of a Respondent will not imply the Commission's acceptance of all terms of the selected Respondent's submittal, which will be subject to further negotiations and approvals before the City may be legally bound.

D. Exclusive Negotiating Agreement

Upon the Commission's selection of a Respondent with whom to negotiate, Department staff and the selected Respondent will negotiate the terms of an ENA to further refine the project, negotiate required transaction documents, and secure approvals. The ENA will contain time and performance benchmarks, including provisions for payment of liquidated damages and termination for non-performance, and provide for the Respondent to fund the Department's costs associated with project planning and review, require a nonrefundable, earnest money deposit. If a satisfactory ENA cannot be negotiated with a selected Respondent, the Department, in its sole discretion, may terminate negotiations with the selected Respondent and the earnest money deposit, described later in this RFP, will be forfeited. The Department may begin exclusive negotiations with the next highest ranking, qualified Respondent, conditioned on the Department's receipt of a new earnest money deposit from that Respondent. The Department may also pursue any of the other courses reserved to it under Section X.S. (Reservation of Rights By City) of this RFP.

Each selected Respondent should anticipate extensive, substantive discussions with the Commission, Department staff and other interested parties during the term of the ENA. The Respondent should also anticipate revisions to their proposals as a result of the negotiation with the Department, and the regulatory review agencies.

E. LDDA and Lease Agreement

Upon completion of the ENA, the following events are anticipated:

1. Negotiation of a LDDA, defining parameters for development, a performance schedule, development standards and requirements, and conditions to be satisfied before the Department will enter into a lease for the building.
2. Negotiation of a form lease and related documents for the building in a final form approved by the City Attorney's Office. The basic terms required in a lease with the Department are provided in Appendix E. The Department reserves the right to make changes to the lease form during the course of negotiations.
3. The selected Respondent will secure all remaining financial commitments (if applicable) for the proposed project from lenders, equity sources, fundraising, donations, if applicable, preliminary sublease commitments from proposed anchor and other tenants.
4. The selected Respondent, with the Department's cooperation and prior approval, will complete the project approval processes.
5. The selected Respondent will undertake any environmental review and secure any additional city approvals that may be required.

Upon successful agreement to all terms of the lease and environmental review, the proposed lease will require approval from the Recreation and Park Commission and the Board of Supervisors.

VIII. Public Participation

A. Proposal Display and Video

Respondents are required to design and install a display of their proposal for the public to view. The display will be placed inside of the Atrium at the Palace of Fine Arts. Respondents are also required to provide a video of their proposal to be displayed in a publically accessible location(s). Details about the requirements for both the display and video can be found under Section IX.

B. Community Input Process

The Department has already begun a robust public input program as part of this competitive process. As the Department moves forward, there will be public meetings at the Recreation and Park Commission and meetings held in the community. Respondents may be asked to participate in one or more of these meetings to present and answer questions about submitted proposals. The public is encouraged to review and comment on all responsive proposals.

Below is an estimated outline of anticipated public meetings and public postings. Anticipated meetings are subject to change without notice.

Request for Proposals Public Process

- Release of the RFP
- The responsive RFP Project Proposal Summaries received will be posted on the City’s website
- Interactive Proposal Displays will be put on display at the Palace of Fine Arts coordinated through the Department
- Each Respondent’s video regarding their proposal will be displayed
- The Department will host a public meeting to solicit public input on the proposals and possibly request that the Respondents present their proposals.

- The Department will present the Selection Panel’s recommendation to the Recreation and Park Commission Operations Committee and then the Full Commission for their consideration.

IX. Solicitation Schedule

A. Schedule

Schedule

Anticipated Schedule	
Release of RFP	November, 2015
Deadline for submission of written questions	May 6, 2016
RFP Deadline	May 20, 2016
Selection of Winning Respondent to the RFP	Summer, 2016
Negotiation of an ENA, LDDA and Lease Agreement	2016/2017
Environmental Review	2016-2018
Lease Approval	2018-2019

Please note that there will be no brokerage commission as part of this opportunity.

*The timeline above is approximate and is subject to change without notice. Environmental review and other approvals may necessitate additional time for completion depending on the proposed use and proposed alterations and other conditions studied under environmental review.

B. Questions Concerning this RFP

In order to give the Department ample time to respond to any requests for information concerning, or clarification of, this RFP, questions must be submitted in writing on or before May 6, 2016 to Cassandra Costello, Recreation and Park Department, by email to Cassandra.Costello@sfgov.org.

Responses to all questions directed to Department staff by phone, in person or email will be posted on the Department's website for this RFP. Respondents are presumed to have received any and all information contained in this RFP or posted on the Department's website for this RFP. Accordingly, the Department strongly recommends that parties consult the Department's website frequently to determine if new information relating to this RFP is available.

C. Pre-Submittal Meeting

The Recommended Entities are strongly encouraged to attend the pre-submittal meeting on December 9, 2015 at 10am at McLaren Lodge, 501 Stanyan Street, in San Francisco. Department staff will address questions and provide any new information that is available. Please RSVP to Cassandra Costello at Cassandra.Costello@sfgov.org.

The Department will allow access to the Palace, however, it needs to be coordinated with the Department. Please coordinate with Cassandra Costello to obtain additional access besides the pre-submittal meeting. Request for access shall be submitted to Ms. Costello no later than two weeks prior to the deadline for submitting proposal. The Department may send a representative with the party to tour the space. No questions will be answered on individual tours of the space. Only questions in writing to Cassandra Costello will be responded to and posted publically.

X. Submittal Requirements

A. Time and Place for Submission of Proposals

Proposals must be delivered to Cassandra Costello at the Recreation and Park Department, 501 Stanyan Street, San Francisco, CA 94117, on or before noon on May 20, 2016.

The following items must be included in your responses and packaged in a box or envelope clearly marked: "Request for Proposals: Palace of Fine Arts," and addressed to the attention of "Cassandra Costello, Property Manager."

- 1) An original printed proposal with architectural drawings and renderings
- 2) One Flash Drive containing the entire contents of responses, including all attachments. The Flash Drive must be labeled with the proposer's name. All files should be submitted in unprotected PDF or Word format.
- 3) 10 (ten) additional hard copies of your proposal,
- 4) Earnest Money Deposit of \$25,000

Proposals that are not received at the designated address by the specified deadline will not be accepted. Facsimile reproductions of proposals also will not be accepted. Proposals should be complete and responsive to all elements of this RFP. Please formulate your responses precisely and with detail; avoid vague, meaningless, or open-ended responses. Explain how your responses further the stated objectives. Each response in the proposal must be numbered to correspond with each of the numbered items listed in the Submittal Format Section below.

B. Submittal Format

There are seven components to the required submittal (described in greater detail below):

1. Cover letter
2. Five Page Project Proposal Summary
3. Full Project Proposal
4. Rent Structure
5. Projected Pro-Formas and Budgets
6. Sources of Funds and Financial Capacity
7. Respondent Financial Information
8. Technical Information
9. Earnest Money Deposit of \$25,000
10. Public Proposal Display and Video

The cover letter and the five page project summary will be posted on the Department's website and be made available to the public upon receipt. The Proposal Display will be installed at the Palace of Fine Arts for public comment and review. All other portions of the proposal will not be made public during the review process. However, these documents are subject to City's Sunshine Ordinance and all responses and other communications from interested parties must be open to inspection by the public upon request immediately after a lease is awarded. Each Respondent must clearly mark any of the financial materials that it in good faith believes to be a trade secret or confidential proprietary information protected from disclosure under applicable law. To the extent permitted by law, the Department will attempt to maintain the confidentiality of financial materials marked confidential and/or proprietary. Page numbers are required and submissions in binders with tabs are greatly appreciated.

A Respondent may revise and submit a proposal on the Respondent's own initiative at any time before the deadline for submission of proposals. The Respondent 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 Respondent.

Details on each of the required submittal items are as follows:

1. Cover letter

- a. Name of organization(s)
- b. Contact information (address, phone number, email address, telephone number)
- c. Date the organization was established

2. Five Page Project Proposal Summary

- a. The name of the Respondent and the team members and Respondent's qualifications
- b. An overview of the features of the proposal
- c. Details on spaces that will have public access
- d. How the capital improvements and ongoing operations are to be financed
- e. Diagram of how the space will be used and visuals of the impact on the outside of the building
- f. Must be formatted on 8 ½" X 11" sheets of paper with a font no less than 10 point

3. Full Project Proposal

Proposals should contain the following:

- a. The operational and management plan for the proposed project
- b. Detailed description of proposed use for the site:
 1. A table(s) summarizing the proposed programming that identifies each type of proposed use with square footage
 2. A layout clearly showing the different use proposals
 3. Days and hours of operations for each proposed use
 4. Fee structure for each proposed use, if applicable (members, non members, special events, special uses, etc.)
 5. Programs which increase access to low income members of the public, if applicable
 6. Space activation and program concepts

Please note that all proposed uses must allow equal access to members of the public.

- c. Detailed description of the operation of a theater
 - 1. Size and seating
 - 2. Days and hours of operation
 - 3. Proposed operator (if selected)
 - 4. Anticipated program schedule
 - 5. Proposed uses for the theater (i.e., dance, music, lectures, conferences, theater, comedy, etc)
 - 6. Scholarship programs for low income members of the public for shows or programs at the theater
 - 7. Proposed rental rates for client use of the theatre

- d. Detailed description of how the project meets a "Recreational Purpose."

- e. Description of proposed improvements to the building including the Required Improvements and any tenant improvements and construction timeline for completion of such improvements.
 - 1. Describe the proposed changes to the building and how the Respondent will address integrating modern building systems into an historic structure
 - 2. Describe the proposed improvements to the surrounding parking lot on Palace Drive
 - 3. Provide a construction timeline for the completion of these improvements
 - 4. ensuring that environmental review and any other anticipated approval processes are noted in the construction timeline

- f. Description of how the project would complement and link to the surrounding uses in the area and how the project will enhance the visitor's experience to the site and surrounding park property
 - 1. Description of how the project is compatible with the surrounding neighborhood
 - 2. How the project sponsor proposes to mitigate potential parking and traffic impacts
 - 3. How the project sponsor proposes to mitigate potential noise issues
 - 4. Examples of how Respondent proposes to work with local organizations and groups to address community concerns
 - 5. Expected daily numbers of visitors and staff by day of the week.
 - 6. Any proposal for a Park Maintenance Fund

- g. How the proposal meets or exceeds the Department's Objectives listed in this RFP.

- h. How the Palace Building and surrounding park will be protected and preserved

- i. Demonstrated strength of real estate market for proposed use
- j. Image or Icon of Your Proposal
Provide a high-resolution image or icon that you would like used to identify your project. The Department will post this image or icon on our website, and possibly elsewhere, to identify your proposal.
- k. Architectural Renderings and Schematics (ARCHITECTUAL DRAWINGS)
 - 1. Detailed renderings and schematics which illustrate how you propose to use the building.
 - 2. Renderings and schematics should be done by a professional and certified architect and printed on paper no smaller than 11"X17". Drawings should clearly show the proposed alterations to the building, noting changes to historic features of the building.
 - 3. Structural engineer reports and analysis showing the feasibility of the proposed improvements
 - 4. Renderings and schematics should show the Required Improvements to the building as well as the tenant improvements. Renderings and schematics should be clearly labeled.
 - 5. Renderings and schematics should clearly show what type(s) of use(s) will activate which parts of the building.
 - 6. Drawings should clearly indicate the user/visitor/guest flow, ingress and egress to, from and through the building.
 - 7. Drawings should clearly show the impact on the outside of the building and views from the outside.

4. Rent Structure

Provide annual rent structure to the Department throughout the course of the term, including:

- a. The date rent would commence.
- b. A mechanism for periodic adjustment in the ground lease payments, including periodic "mark to market" adjustments. Specify your proposed methodology for such adjustments, including the metrics to be used for determining the market value in "mark to market" adjustments.
- c. For participation rent, the terms of an alternative ground lease structure that would include, in addition to base rent, participation in the project's gross revenue (or other performance-based measure), and in sale and/or refinancing proceeds.
- d. The amounts and terms of the payments you would be willing to make, commencing upon lease execution and extending to the point at which ground rent payment would commence under your above proposals.
- e. Any proposed rent credits

Please be advised that the Department may negotiate additional escalation clauses, market study evaluations and relative negotiated rent increases. Annual CPI adjustments will also be required.

5. Projected Pro-Formas and Budgets

- a. Development Budget
 - Provide an overall proposal budget, including all hard and soft costs (including contingencies) from preconstruction through stabilized occupancy (the “Project Investment”). Provide a separate description of preconstruction expenses as defined in section IV.B. 5 (“Preconstruction Expenses”). Explain the basis for the cost estimates and include copies of any construction cost estimates. These amounts will be used for purposes of the analysis in Section IV.B.
- b. Pro Formas
 - Provide a static pro forma for the proposal illustrating total project investment, total revenues (if applicable), operating expenses, net operating income, debt service, and return to equity at stabilization. Provide cash flow projections that demonstrate the project, once operational, will meet all lease, debt service, and operating expenses.
- c. Market Justification
 - Include market justification that clearly supports revenue assumptions and the viability of proposal.
- d. Debt and Equity
 - Indicate the amount of debt and equity (including working capital) identified for the proposal, including the anticipated loan to cost ratio for the construction financing, and the expected approach to obtaining permanent financing. Please note that, while leasehold financing will be permitted, the Department will not subordinate its fee interest in the Palace to the lien of a leasehold lender.
- e. Guarantees
 - State the proposed guarantees, bonds, or other mechanisms to be used to ensure timely completion of the proposal.

6. Sources of Funds and Financial Capacity

- a. Availability of Preconstruction Expenses
 - Provide evidence of the liquid assets necessary to fund the higher of \$1 million or the Preconstruction Expenses.
- b. Project Investment
 - Describe the sources of the equity and debt needed to fund the Project Investment

- c. Ability to Obtain Necessary Equity and Debt Funding: Demonstrate that the Respondent has the required equity and/or the ability to attract equity or debt for projects similar in scope and cost to the proposed RFP as evidenced by:
- Respondent's current relationships with investors and lenders and the ability to obtain necessary capital and debt
 - Financing of comparable projects by the Respondent
 - Direct access to sufficient debt and equity, including risk equity, for the project proposed
 - On-going relationships with financial sources
 - Written commitments for funding
- d. Fundraising: If the Respondent is relying on any funding coming from fundraising or donations, Respondent must have commitments for a minimum of 50% of the fundraising at the time that the Respondent submits its proposal. The required funding can be evidenced in two ways:
- Individual Donor (s): A letter from the individual donor(s) detailing the level of funding available for the proposed project and any conditions for the release of the funds. The Department also requires evidence from the individual donor(s) that the funding is available. Proprietary financial information from any such donor(s) shall not be subject to public disclosure unless the Respondent is awarded the lease.
 - General public fundraising: Evidence that money is held in an escrow account or other form of bank account.
 - In addition, the Respondent must also provide a timeline with commitments to the Department to show when the remaining funding will be raised. If Respondent is relying on public fundraising the Respondent must also provide confirmation from a fundraising professional with a proposed fundraising plan and indicating the basis for their belief that it is obtainable. Information regarding the fundraising professionals' experience is also required in the form of a resume and references.
- e. Availability of Other Current Confirmed Funding
- Provide evidence of any Other Current Confirmed Funding under Section 5c of the Evaluation Criteria

7. Respondent Financial Information

- a. Financial Statements
- Provide the most recent available credit report and financial statements for the past two years of the Respondent and each joint venture participant. Financial statements shall include balance sheets, income statements, and statements of changes in financial position or cash flows, and all notes to the financial statements. Financial statements must be identified as audited, reviewed, compiled or company prepared. Financial statements prepared by recognized accounting firms are preferred. The Department reserves the right to ask for additional financial statements for other periods.

b. Real Estate Portfolio

- Provide the composition of the current real estate portfolio either owned or managed by the Respondent and each joint venture partner, listing the following for each project: Project name, type, location, project size (rentable area), date completed, value, original and current debt, role (developer, operator, property manager, etc), ownership interest and occupancy rate over a 10-year period. Identify any project with negative cash flow, amount of developer's recourse debt, any non-performing loans, and the amount of guarantees and/or contingent liabilities.

c. Pipeline

- List and describe all current projects in Respondent's and each joint venture partner's pipeline including status, development schedule and financial commitments required.

d. Lender Relationships

- Describe the Respondent's current relationship with lenders and ability to obtain necessary financing for the development proposed, including recent history in obtaining financial commitments, detailing type of project, financing source, amounts committed, etc.

8. Technical Information

a. Respondent Entity and Team

- Identify and describe the Respondent submitting a proposal for the project. Include the responsibilities, name address, telephone and email address of the principal developer or the member of the Respondent's team who will lead the proposed development (and relevant joint venture partners), and any other information, including references, about the lead developer that may be pertinent to this opportunity. Joint ventures are acceptable, as long as the proposal designates one organization as the lead development entity. List any and all joint venture partners, limited partners, members of other equity holders and their percentage interests and capital/equity committed to the entity. Provide federal tax identification number and date of incorporation or organization for Respondent. Indicate the architect and other critical consultants that are proposed for this project.
- Identify the person(s) in charge of negotiations, the limits of their negotiation authority, and key personnel who will be involved in decision-making and day to day management.
- Describe the intended role of each team member and key personnel in the implementation of the project and the responsible entity in the organizational structure for entitlement phase, construction stage and on-going property management.

- Discuss plans to include (“LBE”) as defined by San Francisco Administrative Code Chapter 14B as partners, consultants, and contractors. Please identify which members of the Respondent’s team includes any LBE equity partners and, if so, what percent of capital investment each is anticipated to contribute.
- Identify selected consultants, including licensed design professionals, and identify the lead person with each consultant.

b. Disclosures

Please provide answers to the following questions:

- Is the Respondent (note that the term Respondent in this document includes in all case joint venture participants) or any principal owners or investors in the proposed project involved in any litigation or disputes that could result in a judicial decision or financial settlement having a materially adverse effect on the Respondent’s financial condition? If yes, please explain.
- Does the Respondent have any off-balance sheet liabilities, such as corporate or personal loan guarantees? If yes, please provide details of these items.
- Has the Respondent or any named individual in the response ever filed for bankruptcy or had projects that have been foreclosed, or transferred to a creditor in lieu of foreclosure, or projects where the project sponsor negotiated or refinanced permanent project debt which resulted in a relaxation of either financial or other covenant or other terms and conditions for the existing debt on the project? If yes, please list the dates and circumstances.
- List any developments or proposed developments in which the Respondent or any named individual in the response has done involving the City and County of San Francisco and any of its Departments or Divisions

c. Developer Qualifications

- Provide a list of developments in which the Respondent has (have) been involved, indicating the product type, date, size, cost, location and the role of the Respondent in each development.
- Describe in detail the Respondent’s involvement in at least three similar development projects to that proposed, including product type, dates, locations, financing, size, total development cost, performance schedule including timeframe from transaction agreement to completion, marketing, and sales performance, and at least three (3) contact references for each project. Indicate the role of the Respondent in each project. Provide photographs of the project(s) if available.
- Identify historic preservation experience of the Respondent and of the key consultants.
- List all current projects in design or development phase and capital commitments required of Respondent for each.

- Discuss Respondent's experience in meeting local business subcontracting goals on other projects.
- Provide at least three professional references for the Respondent. The references should be able to attest to the relevant experience of the Respondent.
- Demonstrate ability to work with local organizations and/or address community concerns
- Demonstrate ability to operate and maintain real estate projects once completed, inducing sustaining occupancy and addressing on-going operational needs
- Demonstrate ability to work with public agencies to achieve development

d. Project Strategy

- Describe how will the Respondent address integrating the proposed use into an historic structure and existing park.
- Provide a schedule and strategy to secure regulatory approvals for the proposed project through occupancy.

9. Earnest Money Deposit

Each Respondent must submit with its response an earnest money deposit in the amount of \$25,000, payable to the Recreation and Park Department in the form of a cashiers check. Submittals received without the earnest money shall be deemed non-responsive. Earnest money will be refunded, without interest, to each Respondent not selected for exclusive negotiations. The earnest money deposit of the Respondent selected for exclusive negotiation will be non refundable, whether or not exclusive negotiations result in the agreement. Upon selection for exclusive negotiations, the selected Respondent will be required to increase its earnest money deposit by \$100,000 for a total of \$125,000.

10. Public Display and Video

Respondents will be required to design, produce and install a display of their proposal, (the "Proposal Display"), for public review and comment. Proposal Display must be installed by the due date of the written RFP response. Respondents may use their judgment regarding the information produced for the public display, provided, however, that the information displayed must be consistent with their written proposal. The Proposal Display will be on display at the Palace of Fine Arts atrium space (the "Atrium") shortly after the RFP is due. The Atrium will be open to the public on a regular basis five days per week. The Atrium may be closed from time to time for purposes of special or unanticipated events.

Respondents will have access to electricity for their displays. The Proposal Display will not be staffed or provided any security. Respondents are encouraged to be creative and provide for interactive displays that will engage the public. The proposed Respondents will meet with the Department and the specific dimensions of the display will be refined. Respondents may use the materials of their choice for the construction of the Public Display. Respondents

will need to arrange for one or more site visits to evaluate the display space and coordinate the installation with the Department and the current tenant prior to the deadline for submissions to the written RFP.

Respondents are solely responsible for the costs associated with such display including the de-installation of the display. Respondents shall enter into an agreement with the Department or current tenant at the Palace for the installation of the Public Display. By responding to this RFP, each Respondent agrees to indemnify the City and the current tenant against any and all claims that might result from displaying the Public Display and waives any and all claims resulting from the display that the Respondent may have against the City and the tenant. Respondents agree to execute any additional documents needed to evidence such indemnity and waiver.

No security will be provided for the Public Display. If the Public Display is vandalized, it is the responsibility of the Respondent to remedy in a timely manner. The Public Display needs to be secured to the ground and surrounding walls, if applicable.

Respondents are also required to submit a video of no more than five minutes in length illustrating their proposal. Respondents are encouraged to be creative and informative with the video. The video will be posted on the Department's website and other publicly accessible outlets, at the Department's sole discretion. Respondents may use their judgment on the information produced for the video, provided, however, that the information contained in the video must be consistent with their written proposal. Video must be sent via downloadable link or flash drive along with the written proposal.

The Department will convene a meeting immediately upon the release of this RFP with all invited parties to provide further guidance and answer questions about the public display and video.

C. Other Fees

The Department will negotiate additional fees payable directly to the Department for items including but not limited to staff time, legal fees, consultant fees, lost rent, and other items. Such fees are non refundable and may be payable prior to entering an ENA, LDDA, and or upon execution of a final lease.

XI. Terms and Conditions for Receipt of RFP

A. Respondent's Duty to Investigate

It is the sole responsibility of the selected Respondent to investigate and determine the condition of the Palace of Fine Arts building and the suitability of the conditions for any proposed use and improvements.

The information presented in this RFP and in any report or other information provided by the Department is provided solely for the convenience of the interested parties. It is the responsibility of the interested parties to assure themselves that the information contained in this RFP or other documents is accurate and complete. The Department and its advisors provide no representations, assurances, or warrants pertaining to the accuracy of the information.

Respondents are responsible for reviewing all portions of this RFP and any other information provided by the Department in relation to this RFP. Respondents are to notify the Department in writing of any ambiguity, discrepancy, omissions or other error in this RFP promptly after discovery, but in no event later than 15 business days before the deadline to submit proposals. An interested party that does not give timely notice to the Department will be deemed to have waived any ambiguity, discrepancy, omission, or other error in this RFP. Modifications and clarifications will be made by addenda or other written response to questions submitted in writing.

B. Conditional Nature of Offering

The Department's issuance of this RFP is not a promise or agreement that the Department will actually enter into any agreement. The Department expressly reserves the right at any time to:

1. Waive any technical defect or informality in any submittal or submittal procedure that does not affect or alter the submittal's substantive provisions;
2. Reject any or all submittals;
3. Suspend any and all aspects of the process indicated in this RFP;
4. Amend this RFP;
5. Terminate this RFP and issue a new request for interest, qualifications or proposals;
6. Request some or all Respondents to revise submittals;
7. Select a tenant by any other means;
8. Offer new leasing opportunities in the area at any time;
9. Extend deadlines for accepting submittals, or accept amendments to submittals after expiration of deadlines; or
10. Decide not to pursue this offering.

The Department's failure to object to an error, omission, or deviation in any submittal will in no way modify this RFP or excuse Respondents from full compliance with the requirements of this RFP.

The Department may modify, clarify, and change this RFP by issuing one or more written addenda. Addenda will be posted on the Department's website at sfrecpark.org, and notice of the posting will be sent by email to each party receiving an RFP. The Department will make reasonable efforts to notify the Recommended Entities in a timely manner of modifications to this RFP, but each Respondent assumes the risk of submitting its submittal on time and obtaining all addenda and information issued by the Department. Therefore, the Department strongly encourages the Recommended Entities to check the Department's web page for any updates to this RFP frequently.

C. Respondent Selection Does Not Guarantee Project Approval

The Commission's selection of a Respondent and authorization to commence exclusive negotiations may not be construed as an approval of the proposed project.

The Department will not enter into a LDDA or Lease agreement for any portion of the Palace until environmental review under CEQA is complete. Changes to the proposed project may occur or be required during the course of public review of the proposed project, during the extensive approval processes that will follow CEQA review, and in response to other City, Department, and public concerns that may arise, and those changes may require additional CEQA review if the changes have not already been analyzed. If a project is found to cause significant adverse impacts, the Department retains absolute discretion to require additional environmental analysis, and to: 1) modify the project to mitigate significant adverse environmental impacts; 2) select feasible alternatives that avoid significant adverse impacts of the proposed project; 3) require the implementation of specific measure to mitigate the significant adverse environmental impacts of the project, as identified upon environmental evaluation in compliance with applicable environmental law; 4) reject the project as proposed if the economic and social benefits do not outweigh otherwise unavoidable significant adverse impacts of the project; or 5) approve the project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts.

The Department is issuing this RFP in its capacity as a landowner with a propriety interest in the Palace of Fine Arts Building as a whole, and not as a regulatory agency of the City. The Department's status as an agency of the City will not in any way limit any selected Respondent's obligation to obtain requisite approvals from City Departments (including the Recreation and Park Department), boards, or commissions with jurisdiction over a proposed project.

Under the San Francisco Charter, no officer or employee of the City and County of San Francisco, including the Department, has authority to commit the Department to any project until the Recreation and Park Commission has approved the transaction following completion of environmental review and until the San Francisco Board of Supervisors has approved the lease.

D. Inquiries Regarding RFP

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

Cassandra.Costello@sfgov.org

For purposes of this RFP, redundant to language in Section B.

E. Revision of Proposal

A Respondent may revise a proposal on the Respondent's own initiative at any time before the deadline for submission of proposals. The Respondent 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 Respondent.

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

F. 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 the City deems appropriate.

G. Card Check

Should a lodging or restaurant use be proposed, Respondents must comply with San Francisco Administrative Code Article VI (Labor Representation Procedures in Hotels and Restaurant Developments in Which the City Has an Ongoing Proprietary Interest) (Section 23.50 *et seq.*) on card check procedures for determining employee preference on the subject of labor union representation. Sections 23.52(1) and (2) of the Article state:

(1) **Employers.** An employer of employees working in a hotel or restaurant in a hotel or restaurant project, shall:

(i) Enter into a card check agreement, as specified in this Article, with a labor organization which requests such an agreement for the purpose of seeking to represent those employees before executing the subcontract or City contract pursuant to which it will operate a hotel or restaurant in a hotel or restaurant project;

(ii) If the parties are unable to agree to the terms of a card check agreement within 60 days of the commencement of such negotiations, they must enter into expedited binding arbitration in which the terms of a card check agreement will be imposed by an arbitrator. In such proceedings, to be

conducted by an experienced labor arbitrator selected as provided by the rules of the American Arbitration Association or equivalent organization, the arbitrator shall consider any model card check agreement provided by the City and/or to prevailing practices and the terms of card check agreements in the same or similar industries, except that such card check agreement must include the mandatory terms identified in Section [23.51\(1\)](#);

(iii) Comply with the terms of that card check agreement and this Article; and

(iv) Include in any subcontract which contemplates or permits a Subcontractor to operate or manage a hotel or restaurant in a Hotel or Restaurant Project, as defined herein, or to provide a service essential to the operation of such hotel or restaurant, a provision requiring that subcontractor to comply with the requirements provided in this Article. This provision shall be a material and mandatory term of such subcontract, binding on all successors and assigns, and shall state (modified as necessary to accommodate particular circumstances):

"The City and County of San Francisco has enacted an Ordinance at [Chapter 23, Article VI](#) of its Administrative Code, commencing at Section [23.50](#), which may apply to [Subcontractor]. Its terms are expressly incorporated by reference hereto. To the extent [Subcontractor] or its successors or assigns employs employees in a hotel or restaurant in [this facility] within the scope of that Ordinance, [Subcontractor] hereby agrees as a material condition of this [Subcontract] to enter into and abide by a Card Check Agreement with a Labor Organization or Organizations seeking to represent [Subcontractor's] employees, if and as required by that Article, and to otherwise fully comply with the requirements of that Article. [Subcontractor] recognizes that, as required by that Article, it must enter into a Card Check Agreement with a Labor Organization(s) as specified by that Article before executing this [Subcontract], and that being party to such a Card Check Agreement(s) is a condition precedent of rights or obligations under this [Subcontract]."

Notwithstanding the requirements provided in (i) any employer who has in good faith fully complied with those requirements will be excused from further compliance as to a labor organization which has taken economic action against that employer at that site in furtherance of a campaign to organize that employer's employees at that site for collective bargaining. This clause shall not be interpreted, however, to apply to economic action against an employer at other locations where that employer does business, or at any location for purposes other than organizing the employer's employees; nor shall economic action by one labor organization excuse an employer from the obligations of this Article or a card check agreement as to a different labor organization.

(2) Developers and Manager/Operators. Any developer or manager/operator of a hotel or restaurant project must:

(i) To the extent it employs employees in a hotel or restaurant in a hotel or restaurant project, abide by the requirements stated in Subsection (1);

(ii) Include the provision specified in (1)(iv) in any subcontract, modified as necessary to accommodate the circumstances of that particular subcontract;

(iii) Refrain from executing a subcontract by which an employer subject to (1) is authorized or permitted to operate a hotel or restaurant in a hotel or restaurant project until that employer has entered into a card check agreement with a labor organization, as required in (1);

(iv) Notify local labor council(s) and/or federation(s) of any hotels(s) or restaurant(s) and/or any employer(s) that will operate a hotel or restaurant in a hotel or restaurant project which may be subject to the requirements of (1), as soon as the developer or manager/operator identifies such hotel(s) or restaurant(s) or employer(s), but in no event later than 21 days before requiring an employer to sign a subcontract. This notification requirement applies only to hotels or restaurants or employers that will operate in a Hotel or Restaurant Project, as defined herein, and only where the

City's proprietary interest is based on a Lease, a loan, or a guarantee, as specified in Section [23.51\(10\)\(i\)](#);

(v) Inform any prospective subcontractor, that if the subcontractor acts as an employer subject to the requirements of (1), it must enter into a card check agreement pursuant to this Article before it may execute the subcontract, and as a condition precedent to any rights or obligations under such document;

(vi) Take reasonable steps to enforce the of terms of any subcontract requiring compliance with this Article. To the extent a developer or manager/operator is found to have intentionally aided, abetted or encouraged a subcontractor's failure to comply with such a provision or the terms of this Article, either by action or inaction, that developer or manager/operator shall be jointly and severally liable for all damages awarded pursuant to Section [23.54](#).

H. Proposer's Obligations under the Campaign Reform Ordinance

No person who contracts with the City and County of San Francisco 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 (6) six 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, Respondents should contact the San Francisco Ethics Commission at (415) 581-2300.

I. Responsible Proposals

No proposals will be accepted from any person, firm, partnership, corporation or other entity that is in arrears upon any obligation to the City or that otherwise may be deemed irresponsible, unreliable or unqualified by the City.

J. One Proposal per Respondent

Only one proposal will be accepted from any one firm or corporation, or affiliated entities; however, several alternatives may be included in one proposal, and, as noted above, joint ventures or similar arrangements are permitted.

K. Grounds for Rejection

Any false, incomplete, or unresponsive statements in connection with a proposal may be cause for its rejection at the City's discretion. Any judgment as to the significance of any falsity, incompleteness, or unresponsiveness associated with a proposal shall be the prerogative of the City and its judgment shall be final.

L. Invitation to Submit Proposals, no Obligations by City to Contract

This RFP is only an invitation to submit proposals, and does not commit the City in any way to enter into a Lease or other agreement or to proceed with the RFP. In addition, the issuance of this RFP does not obligate the City to pay any costs incurred by any Respondent in connection with (i) the preparation of a response to this RFP, (ii) any supplements or modifications of this RFP or (iii) negotiations with the City or other party arising out of or relating to this RFP. All costs incurred in the preparation and presentation of any proposal in response to this RFP shall be borne solely by the Respondent.

M. Proposal as a Public Record

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. The Respondent will clearly designate those financial records which it in good faith determines to be a trade secret or confidential propriety information protected from disclosure under applicable law. To the extent permitted by law, the City will attempt to reasonably maintain the confidentiality of such financial information, consistent with the City's general practices for maintaining the confidentiality of such information. However, the City will not under any circumstances be responsible for any damages or losses incurred by a Respondent or any other person or entity because of the release of such financial information.

N. Return of Materials

The City will not return proposals or any information submitted in connection with a proposal unless the Respondent has properly designated financial portions of the proposal as confidential at the time of proposal in accordance with the terms above and has then clearly requested that such information be returned, and provided that the City is legally permitted to return such documents.

O. Right to Disqualify

The City reserves the right to disqualify any Respondent to this RFP on the basis of any real or apparent conflict of interest that is disclosed by the responses submitted, misrepresentation or false statements in proposal, or other data available to the City. This disqualification is at the sole discretion of the City.

P. Waiver of Claims Against City

The Respondent shall not obtain by its response to this RFP any claim against the City by reason of any or all of the following: any aspect of this RFP, the selection process or any part thereof, any informalities of defects in the selection process, the rejection of any offer or all such offers, the acceptance of any offer, entering into any lease, the failure to enter into any such lease, any statement, representations, acts or omissions of the City or its agents, the exercise of any discretion set forth in or concerning any of the foregoing; and any other matters arising out of all or any of the foregoing.

Without limiting the generality of the foregoing, the information presented in or in connection with this RFP is provided solely for the convenience of the interested parties. It is the responsibility of interested parties to assure themselves that any information contained in or related to this RFP is accurate and complete. No representations, assurances, or warranties pertaining to the accuracy of such information are or will be provided by the City or its consultants and no claim may be brought against the City or any of their respective consultants as a result of the presentation of such information, irrespective of its accuracy, completeness or general utility.

Q. 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.

R. 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.

S. 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.

U. 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.

V. Protests

Within five working days of the City's issuance of a notice of non-responsiveness, any firm that has submitted a proposal and believes that the City has incorrectly determined that its proposal is non-responsive may submit a written notice of protest. Such notice of protest must be received by the City on or before the fifth working day following the City's issuance of the notice of non-responsiveness. The notice of protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an individual authorized to represent the proposer, and must cite the law, rule, local ordinance, procedure or RFP provision on which the protest is based. In addition, the protestor must specify facts and evidence sufficient for the City to determine the validity of the protest.

Delivery of Protests

All protests must be received by the due date. If a protest is mailed, the protestor bears the risk of non-delivery within the deadlines specified herein. Protests should be transmitted by a means that will objectively establish the date the City received the protest. Protests or notice of protests made orally (e.g., by telephone) will not be considered. Protests must be delivered to:

Cassandra Costello
San Francisco Recreation & Park Department
501 Stanyan Street
San Francisco, CA 94117

Appendix A-Building Specifics

Building Specifics:

Please note that the Department doesn't have any representation or warranty to the numbers or figures below.

Location

Directly off the Golden Gate Bridge, the Palace is located in the beautiful Marina District overlooking the famous Palace of Fine Arts Park to the east and the Golden Gate Bridge and Crissy Field to the north.

Palace Specifics

- Total Square Footage of entire building: 143,996
- Ground Floor Square Footage: 126,246
- Public Parking: 385 Spaces (Limited to 185 during Doyle Drive Construction). The parking is available on a first come first served basis. The Presidio Trust owns and operates the Lair Lot, which is currently being used for the construction of the Presidio Parkway. According to the Presidio Trust, they intend to convert the Lair Lot back to public parking upon the completion of the Presidio Parkway project.
- Zoning: P-Public
- Periods of Significance: 1964-1967 and 1973-1974
- Historically Significant Features: Building Sizing and Mass, oversized double doors and hardware, skylights, chimneys, and fireplaces.

Former Exploratorium Space

- Total Square Footage: 107,971
- Ground Floor Square Footage: 90,221
- Exploratorium Mezzanine Square Footage: 17,750
- Occupancy Type: A-3
- Capacity: 4,793 (3,969 on ground floor)
- Current Rent: \$500,000 annually
- Leased through September, 2016

Theater Space

- Square Footage: 36,025
- Occupancy Type: A-1
- Capacity: 933
- Current Rent: \$177,000 annually
- Leased through September, 2016

Approximate measurements of the theater interior taken from the floor to the tin roof

Measurements from front row of theater:

Center: 58.9 ft (highest peak of the ceiling)

House Left: 47 ft (on the front, measurement was taken on the side of the last seat on the concrete before the carpet)

House Right: 47.5 ft (same as above)

Measurement from Stage:

Center stage to peak of ceiling: 56.8 ft

House left: 42.8ft

House Right: 42.8 ft

Building Conditions:

In 2012, the Maybeck Foundation convened a Conditions Assessment Study (Appendix D) that was prepared by EHDD Architects. While the scope of work for any renovation project is dependent upon the final use of the Palace, the report found the building to be in fair-good condition yet in need of some significant improvements to ensure the preservation of the Palace for decades to come. The following is a high level summary of the Conditions Assessment Study and it not meant to replace a full and careful read of the entire document:

Seismic- The Palace received a full seismic renovation in 1993. Accordingly, Structural Analysis found the building to be compliant with all seismic provisions of the California Historic Building Code. The report did recommend certain un-mandated seismic improvements including adding additional micro-piles to the concrete foundation, tying all micro-piles together to add structural integrity in the event of liquefaction and reinforcing the trussed superstructure.

HVAC- The HVAC system serving the theater is approaching the end of its useful life and in need of replacement. The former Exploratorium space is served by a separate HVAC system which is not of a commercial style and will likely need to be replaced.

Plumbing- The main theater area is without fire sprinklers which would need to be installed. The building experiences periodic flooding during heavy storms possibly caused both by the high-ground water table at the site and potential irregularities with the sub-floor storm drain piping and sanitary sewer waste systems. The Study recommends scoping and cleaning of those systems.

Electrical- The Palace is served by two separate PG&E lines. Both services include a 3-100kVA 12 kV-208Y/120 Volt oil filled transformer and appear likely to have been upgraded around 1989. The former Exploratorium is served by a Main Switchboard (1,000A- 120/208 Volt) which was installed in 1964 and, according to the Study has exceeded its expected lifetime. Similarly, the theater's

electrical system appears obsolete and would likely need to be replaced as well. The Study recommended replacing the Building's entire electrical system.

Civil-During heavy rains the Building and the surrounding environs experience flooding. The Study identified potential causes of the flooding but recommended further analysis prior to conceptual design of any renovation project.

Historic Features-The Palace contains a limited number of significantly historic elements including the building sizing and mass, oversized double doors and hardware, skylights, chimneys, and fireplaces. According to historic consultant Page and Turnbull, the walls of the building are not a significant historic feature. This could allow for considerable modification of the west facing walls of the building which could open up sweeping views of the Golden Gate Bridge that no other location in the world can offer. There is doubt that any of the walls facing the historic Rotunda and lagoon can be modified due to the original vision of the architect, Bernard Maybeck. The Planning Department has the ultimate authority over permissible changes to the building, including the walls of the building. Respondent should consult a historic preservationist regarding any proposed changes. Respondent should also ensure that all proposed changes are architecturally feasible with the current building structure. The Palace is listed on the US National Register of Historic Places and is San Francisco Designated Landmark #88.

Cost Estimate- The following cost estimates are based on the scope of work identified in the EHDD Study in 2012 attached as Exhibit B Please note that these costs are estimates and real costs may be higher or lower than those listed below. These costs do not include tenant improvements specific to Respondent's Concept Proposal or optional improvements listed in the EHDD report such as restoring the historic daylighting which lined the Palace roof but of which only a few remain. Please note that the proposer must have the ability to fund the Required Improvements including seismic improvements listed below.

Description	Estimated Cost of Improvements to the Entire Palace of Fine Arts Building (Former Exploratorium Space and Palace of Fine Arts Theatre Space)
Site Prep & Demolition	\$1,238,331
Interior Construction (including new slab floor)	\$187,779
Exterior Enclosure	\$2,855,899
Plumbing and Fire Protection	\$377,078
Reconstruction	\$3,497,620
Electrical	\$1,070,590
Site Improvements and Utilities	\$505,710
<u>Subtotal of Improvements</u>	<u>\$9,733,007</u>
Required Seismic Improvements	\$5,310,000
Total	\$15,043,007
Total Required Improvements Including Soft Costs	<u>\$19,331,185</u>

Access: Transportation to the Palace

Vehicular Access: The Palace is adjacent to major thoroughfares Doyle Drive and Lombard Street which effectively connect the eastern half of San Francisco to Marin. Currently, the Presidio Parkway is under construction and is scheduled for completion at the end of 2016. Updated construction information can be found at www.presidioparkway.org. Upon completion of the Presidio Parkway, there will be approximately 385 public parking spaces adjacent to the Palace.

Transit Access: The Palace and its surrounding neighborhoods are served by Muni (Lines 30, 30X, 28, 43 and 76), the PresidiGo Shuttle and Golden Gate Transit (Over 20 routes). In addition, approximately 20 tour buses visit the Palace each day.

Bicycle and Pedestrian Access: The Palace is located near numerous bicycle paths including the popular tourist route connecting Fisherman's Wharf and the Golden Gate Bridge. Pedestrians can

access the Palace from Crissy Field, the Letterman Digital Arts Center in the Presidio, and the Bay Trail, as well as the City's Marina District.

Parking availability

Below is the approximate parking data for the Palace and immediate area. Please note that the "Lair Lot" is managed by the Presidio Trust.

On-Site Parking	Pre-Doyle Drive Construction	During Doyle Drive Construction	After Doyle Drive Construction
Lair Lot	258 spaces	58 spaces	240 spaces
Palace Drive and Exploratorium Entrance	139	139	139
Total On-Site Parking	397	197	379
Off-Site Parking	Pre-Doyle Drive Construction	During Doyle Drive Construction	After Doyle Drive Construction
Yacht Club West	187 spaces	187 spaces	187 spaces
Marina Green	369	369	369
On-Street Parking	191	191	191
Total Off-Site Parking	747	747	747
Total On-Site and Off-Site Parking	1,144 spaces	944 spaces	1,126 spaces

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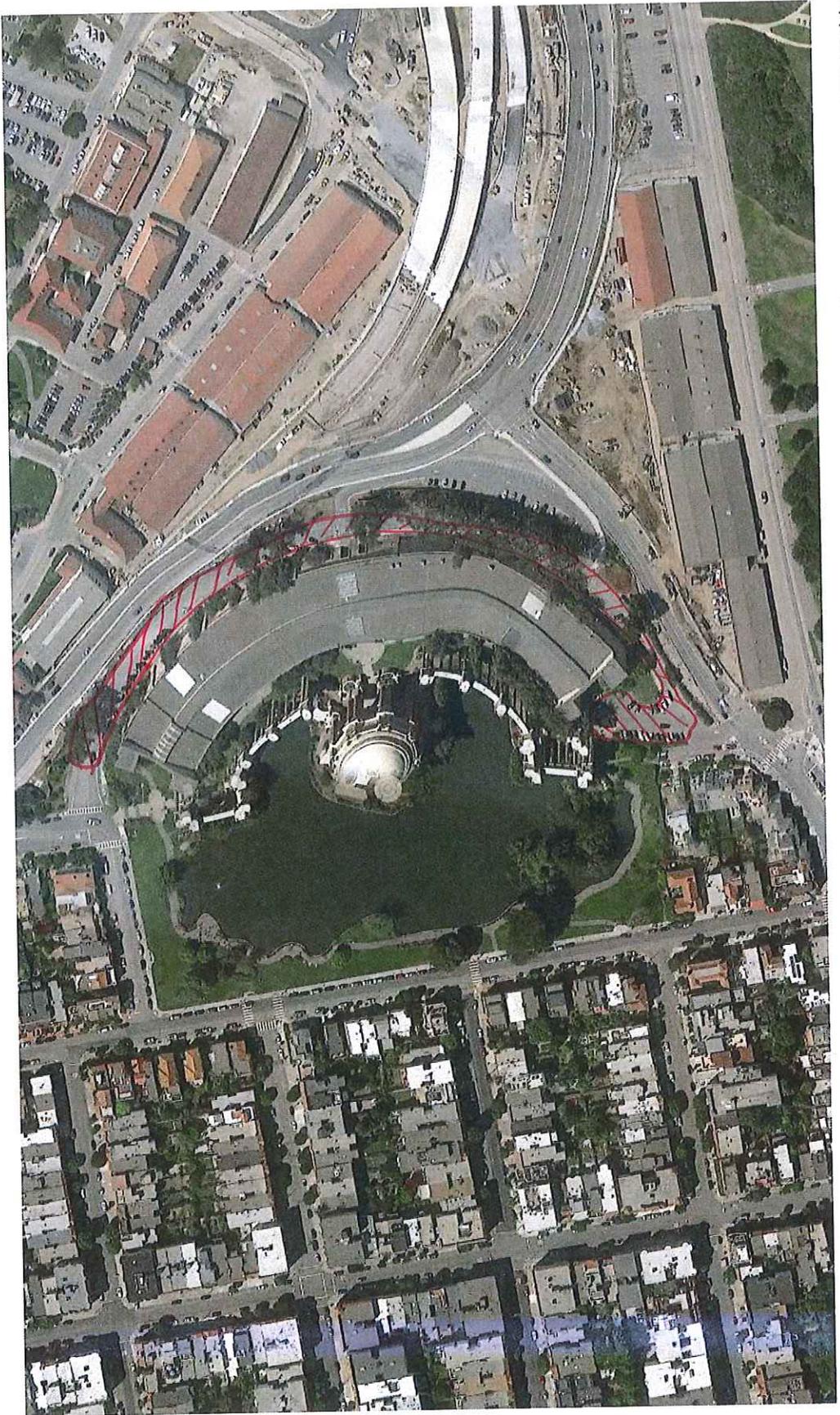
Appendix B-Link to Conditions Assessment Report by EHDD

Part One:

<http://sfrecpark.org/wp-content/uploads/PFA-FINAL-Phase-I-Report-PART-ONE.pdf>

Part Two:

<http://sfrecpark.org/wp-content/uploads/PFA-FINAL-Phase-I-Report-PART-TWO.pdf>



Appendix C-Palace Drive Parking Lot

Appendix D-Link to Tenant Option Summary by EHDD

<http://sfrecpark.org/wp-content/uploads/Tenant-Options-Summary-prepared-by-EHDD.pdf>

Appendix E-Standard Lease Terms

To be inserted

Appendix F-Link to Request for Concept Proposals and supporting documents, Responses to the Request for Concept Proposals and Public Comments on the Proposals

RFCP and Supporting Documents:

<http://sfrecpark.org/about/partnership-opportunities/palace-of-fine-arts-request-for-concept-proposals/>

Proposals:

<http://sfrecpark.org/about/partnership-opportunities/palace-of-fine-arts-request-for-concept-proposals/palace-of-fine-arts-proposals/>

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