



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

**Date:** October 2, 2014

**To:** Recreation and Park Commission  
Operations Committee

**Through:** Philip A. Ginsburg, General Manager  
Dana Ketcham, Acting Director Property Management

**From:** Dana Ketcham

**Subject:** Candlestick Park

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### Agenda Wording

**Candlestick Park** - Discussion and Possible Action to approve an amendment to the License and Permit to Enter Agreement, dated as of March 5, 2014 between CP Development Co., LP, a Delaware limited partnership (“Developer”) and the Recreation and Park Department (the “Department”) to authorize the Developer to perform additional tasks on the premises before the Developer acquires title to the property, including various pre-demolition and demolition activities, and to memorialize the Department's agreement to forbear from auctioning certain industrial assets on the premises in exchange for Developer's payment to the Department of a license fee in the amount of \$236,000 and acceptance of full responsibility for the premises as of November 1, 2014 and delegating authority to the General Manager to make changes to the Amendment that do not materially alter the balance of benefits and burdens between the parties.

### Background

The Department owns the Candlestick Stadium site (the “Candlestick Site”). The Redevelopment Agency of the City and County of San Francisco (the “**Redevelopment Agency**”) and the Department entered into a purchase and sale agreement dated June 3, 2010 (the “**RecPark Land Transfer Agreement**”) under which the City agreed to transfer the Candlestick Site to the Redevelopment Agency when the then existing lease to the San Francisco Forty-Niners (the “**49ers**”) terminated and the 49ers vacated the Permit Area.

The Successor Agency to the Redevelopment Agency (the “**Agency**”), and Developer are party to a Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) dated as of June 3, 2010 (the “**CP/HPS2 DDA**”), under which Developer is



planning for the development of the Shipyard Site (as defined in the CP/HPS2 DDA) and the Candlestick Site.

The City of San Francisco and the Redevelopment Agency also entered into an Interagency Cooperation Agreement dated June 3, 2010 (the “ICA”) to facilitate implementation of the CP/HPS2 Project. Developer is an express third party beneficiary of the ICA. Under the ICA, the City agreed to take various actions in furtherance of the CP/HPS2 Project, including the issuance of permits to enter onto City-owned property as set forth in Section 8.1 of the ICA.

The Department and the Developer entered into a License and Permit to Enter, dated March 5, 2014 (the “**License Agreement**”) under which the Department granted Developer access to the Candlestick Site to undertake certain activities and visual inspections and non-invasive surveying work.

It is anticipated the Candlestick Site will be transferred to the Agency and the Developer in November 2014. The Developer would like to have additional access starting October 20, 2014 including the following:

- As of October 20, 2014, Developer will be authorized to place clean soils in a designated area of the parking lot;
- As of October 20, 2014, Developer will be authorized to initiate hazardous material remediation in the Candlestick Site;
- As of November 1, 2014, Developer will be authorized to undertake the following additional lawful activities: hazardous material remediation, removal of industrial assets and equipment, pre-demolition activities and demolition activities;
- As of November 1, 2014, Developer will assume all right and responsibilities to manage, secure, repair and maintain the Permit Area, including the provision of any necessary utility services, and shall provide adequate security to ensure safety at all times and to prevent theft and unauthorized trespass by third parties. The Department would then have no continuing obligation to perform any maintenance, repair, replacement or other activity in or around the Permit Area.

In May 2014, the Department issued an RFP for an industrial auctioneer or other similar entity for the removal of stadium assets including equipment, infrastructure and materials which may have a resale value. Examples included the stadium scoreboard, and stadium wiring, and any and all other materials and assets which may reasonably have a resale value. The Department identified Heritage Global, Inc. (“**HGI**”) as the highest ranked proposer and began negotiating a contract agreement with HGI. HGI also began to catalogue the assets. In conversations with HGI and the Developer about the asset removal process, it became clear to the Department that removal of significant assets would only be possible following hazardous material remediation and as part of the demolition process. In addition, the Developer expressed an interest in commencing activities at Candlestick earlier than expected. Simultaneous work on the part of Developer and HGI presented significant coordination issues and presented the potential for hazardous material liability issues. After discussions between the Developer and HGI, the Department concluded that it would be preferable for removal of industrial assets to proceed in

close coordination with Developer's hazardous material remediation and pre-demolition activities and under the direction of Developer.

In consideration for the Department's early authorization for Developer to assume full control over the Permit Area and in consideration the Department's forbearance from selling certain industrial assets, from which the Department expected to obtain salvage value, Developer agreed to pay the Department a license fee in the amount of \$236,000. As a separate matter, Developer also agreed to pay HGI for the value to Developer of inventory services provided by HGI.

**.Staff Recommendation: Approve**

**Attachments:**

Amendment to License Agreement between the Department and the Developer  
License and Permit to Enter, dated as of March 5, 2014 between the Department and the Developer