

## ***Memorandum***

### **Agenda Item 3a.i.**

TO: Bay Area Headquarters Authority

DATE: February 13, 2019

FR: Executive Director

W. I. 9144

RE: BAHA/ BAAQMD Funding Agreement: 375 Beale St. Large Retail Space Development (\$3,000,000)

This memorandum requests Authority approval to enter into a funding agreement with the Bay Area Air Quality Management District (“Air District”), for the build-out of the Large Retail space on Level 1 of the Bay Area Metro Center at 375 Beale Street, San Francisco for an amount not to exceed \$3,000,000, and to execute a related amendment to the Covenants, Conditions and Restrictions (CC&Rs) for 375 Beale Street.

### **Background**

The Large Retail Space on Level 1 is approximately 4,300 square feet and requires life safety and other infrastructure improvements before it is useable. After several creative workshops and tours with a variety of staff, tenants and neighborhood representatives in December 2016, three main design and operational needs were identified: nearby lunch options, large capacity meeting and public outreach space, and gathering space that supports a wide range of events including on evenings and weekends. BAHA’s architect, TEF Architecture and Interior Design, Inc. (TEF), has developed a program and design for the Level 1 Large Retail Space, as presented to the Authority at the July 2018 meeting (Attachment B, July 2018 Agenda Item 4c.i).

During agency business hours, the improved space would function similar to the existing Yerba Buena and Ohlone conference rooms, acting as a large configurable meeting space. During off-hours, staff is exploring the idea of bringing in a third-party operator to reserve and host outside and community events. Net revenue from any such operation is expected to be nominal.

The total program cost is estimated to be \$6.3 million, including construction, audio/visual and information technology deployment, design, furniture, permitting, and contingency. BAHA has \$3.3 million budgeted across the budgets for Capital Building Development (\$0.8 million), Commercial Development (\$2 million), and Building Improvement (\$0.5 million).

The Air District expressed interest in investing in the development of the space. On February 6, 2019, Air District’s board approved the terms of a funding agreement that would have Air District contribute \$3.0 million in return for the space being converted from BAHA Commercial Space to Jointly Used Space (JUS). Designating the space as JUS would require an amendment of the CC&Rs and would allow Air District to have the same rights of access and use as BAHA. Air District would also receive a proportional share of net operating income generated in the

space. The terms of the proposed funding agreement are included as Attachment A. The funding split is roughly 48% Air District and 52% BAHA.

**Recommendation**

Staff recommends the Authority authorize the Executive Director or designee to negotiate and enter into a funding agreement with Air District consistent with Attachment A, Term Sheet, in an amount not to exceed \$3,000,000 for the development of the Large Retail Space on Level 1 of the Bay Area Metro Center, and to execute an amendment to the CC&Rs to designate the space as JUS.

  
Steve Heminger

SH:gs  
Attachment

## TERM SHEET FOR A FUNDING AGREEMENT FOR A PORTION OF 375 BEALE STREET

(DRAFT: January 31, 2019)

This Term Sheet (the “*Term Sheet*”) contains the basic terms to be included in a future Funding Agreement for the property described below. The parties are the Bay Area Air Quality Management District (the “*Air District*”), and the Bay Area Headquarters Authority (“*BAHA*”). The proposed transaction is subject to (i) the acceptance by both parties of the terms as finally negotiated, and (ii) the negotiation, execution and delivery of a MOU. It is understood that this Term Sheet does not constitute a binding contract, and that the parties do not intend to be legally bound unless and until a definitive MOU has been executed by both parties.

### GENERAL TERMS:

- Property Description:** The portion of the first floor of 375 Beale Street, San Francisco, CA delineated in Attachment A and referred to as Large Retail.
- Agreement Price:** Upon execution of the Funding Agreement the Air District will provide BAHA \$3,000,000 in return for the build-out of the Large Retail space and a proportional share of any net operating income generated in the space. Any proportional share of net operating income generated in the space may be applied to obligations owed the Condominium Association by the Air District. Air District would not be required to share in construction cost overruns for the scope stated herein.
- Condominium:** The Large Retail space will become a Jointly Used Space as defined in the CC&Rs.
- Scope:** The scope of the project in this Term Sheet is the tenant improvement (TI) of the Level 1 Large Retail to create a shared conference space with a non-cooking café. Improvements include finishes comparable to the quality of the lobby interior, kitchen equipment suitable for reheat catering and pop-up food service, and conference-type furniture. Audio-visual improvements include lighting, screens and monitors, and microphones and speakers. Included in the scope is configuration to accommodate future installation of web casting and video conferencing. Not included in the scope are increases in network capacity.
- As a separate project BAHA plans to expand the Yerba Buena/Ohlone space, and the Air District anticipates participation under separate agreement in associated audio visual improvements.
- Operations:** BAHA and Air District will share first priority for the use of the Large Retail for agency events. BAHA intends to hire an operator to program the space for events when not in use by agencies. Operator costs are intended to be covered by revenue from the events.
- Termination:** BAHA and the Air District will define a mutually agreeable method to terminate the agreement that is consistent with existing termination causes in their existing agreements, to the extent applicable.



# Attachment A

## SYMBOL LEGEND

- MILLWORK
- REFER TO 'T' SHEETS (003-06 THROUGH 003-08)

## KEYNOTE LEGEND

- SANDBLAST (E) CONC. COIL
- 2" THICK BLACK FACED INSULATION OR DUCT LINER BOARD (BNC OF 6" ON 100% OF AVAILABLE WALL SURFACES IF NOT TO THE CEILING AND 100% OF THE AVAILABLE CEILING AREA)
- CONTRACTOR TO CONFIRM 2-HR RATING
- CONC. WHEEL STOP SEE SPECS
- SEE A02-50 FOR DEMO REQUIRED TO RECEIVE NEW CONSTRUCTION

## FIRE-RATED PARTITION LEGEND

- NEW PARTITION
- EXISTING PARTITION
- 1 HOUR FIRE-RATED BARRIER
- 2 HOUR FIRE-RATED BARRIER
- 1 HR - SINGLE LAYER GYP
- 1 HR - SINGLE LAYER GYP - W/ ACOUSTICAL INSULATION
- 1 HR - SHAF-T WALL
- 2 HR - DOUBLE LAYER GYP
- 2 HR - DOUBLE LAYER GYP - W/ ACOUSTICAL INSULATION
- 2 HR - SHAF-T WALL
- 2 HR - DOUBLE STUD - W/ ACOUSTICAL INSULATION
- 2 HR - (E) POURED CONCRETE OR CMU PARTITION
- 2 HR - (E) SHAF-T WALL PARTITION

## ROOM NAME LEGEND

- 1 FOR COMPLETE FIRE-RATED PARTITION SCHEDULE. SEE A04-00a
- 2 FOR ALL OTHER PARTITIONS. SEE A04-00b
- 3 (E) FIRE-RATED PARTITIONS CONTRACTOR TO MAINTAIN (E) FIRE-RATING
- 4 MILLWORK. SEE INTERIOR ELEVATIONS AND ASSOCIATED DETAILS FOR INFO

## PERKINS + WILL

185 Berry St., Suite 5100  
San Francisco, CA 94107  
415.856.3000  
415.856.3001  
www.perkinswill.com

## REGIONAL AGENCY HEADQUARTERS

500 Main Street  
San Francisco, CA 94105

## BAY AREA HEADQUARTERS AUTHORITY

### ASSOCIATE ARCHITECT

TOM ELIOT FISCH  
201 Post Street, 7th Floor  
San Francisco, CA 94108  
415.391.9918  
415.391.7399  
DRAFT

### ASSOCIATE ARCHITECT

1646 N. California Blvd. #400  
Walrus Creek, CA 94596  
1.925.940.2200  
1.925.940.2299  
LANDSCAPE

### ASSOCIATE ARCHITECT

GLS Landscape | Architecture  
2677 Mission Street, No. 200  
San Francisco, CA 94104  
415.285.3614  
415.285.3624

### ASSOCIATE ARCHITECT

Structural  
Holmes Culley  
130 Sutter Street, Suite 400  
San Francisco, CA 94104  
415.693.1400  
415.693.1760

### ASSOCIATE ARCHITECT

MEP ENGINEER  
WSP  
405 Howard Street  
Suite 501, CA 94105  
415.398.3833  
415.433.5311

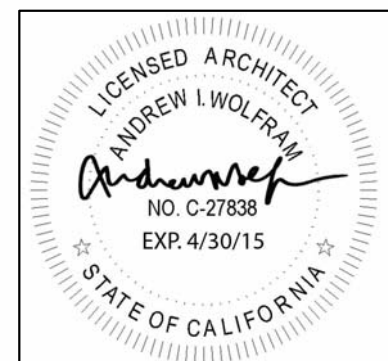
### ASSOCIATE ARCHITECT

TELECOM SECURITY  
TECCOM  
1333 Broadway Suite 601  
Oakland, CA 94612  
510.337.2800  
510.337.2804

## CONFORM SET

Feb 5, 2014

SFM #: 01-38-11-0015  
DSA #: 01-113249  
INCREMENT #2



21 CONFORM SET	05FEB14
20 PERMIT SET	08JAN14
19 BIP 4 KIDRENOLUM	06NOV13
18 CD GMP SET	13SEP13
17 10% CD	16AUG13
16 10% CD	03JUL13
15 10% DD	18APR13
14 50% DD	15MAR13
13 SCHEMATIC DESIGN	12OCT12
12 ISSUE	DATE

### Sheet Information

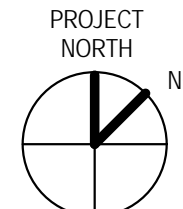
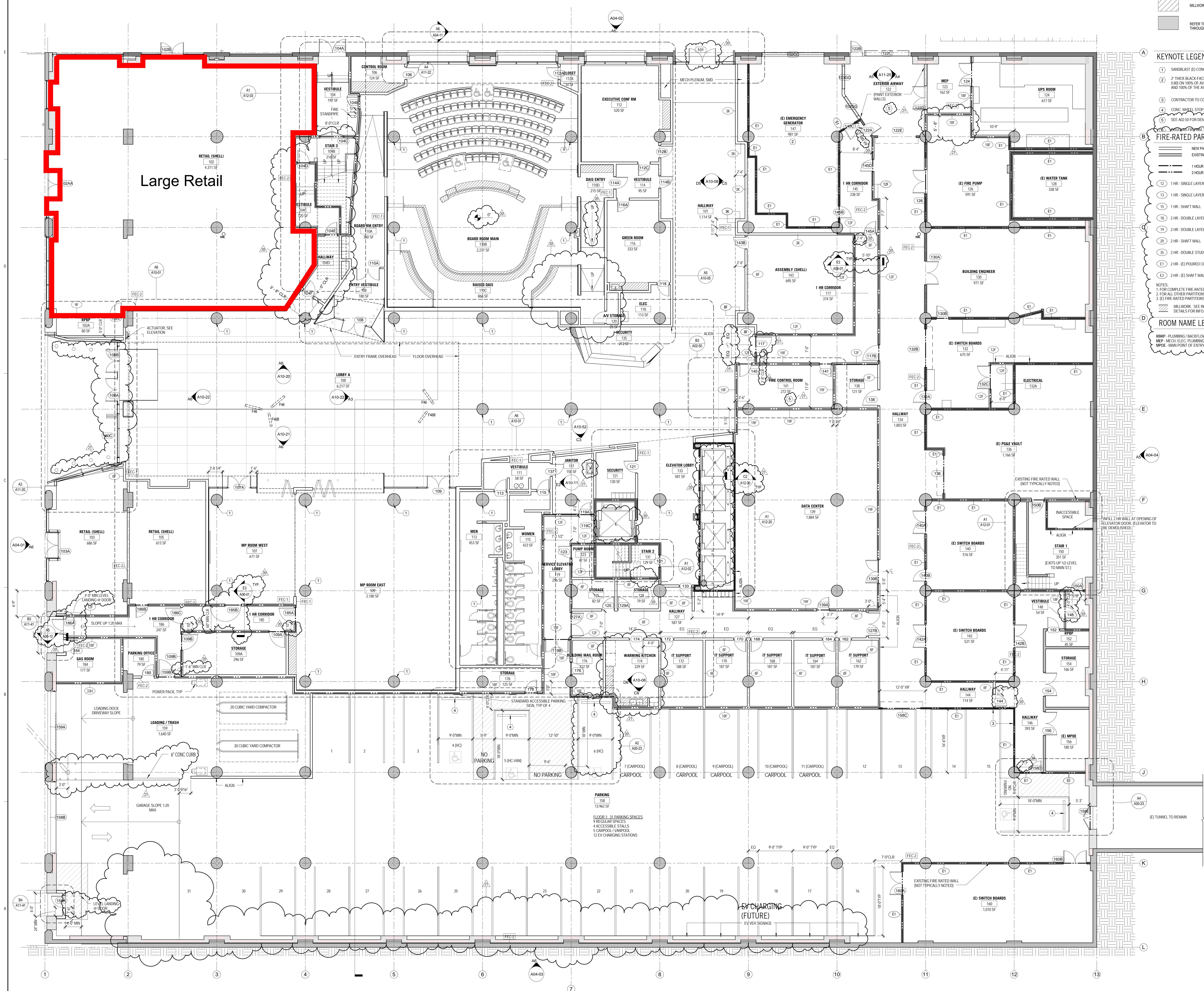
Date: 01/16/2014  
Job Number: 491122.000  
Drawn: DB  
Checked: JM  
Approved: GT

### Title

Level 01 Overall Plan

Sheet  
A03-01

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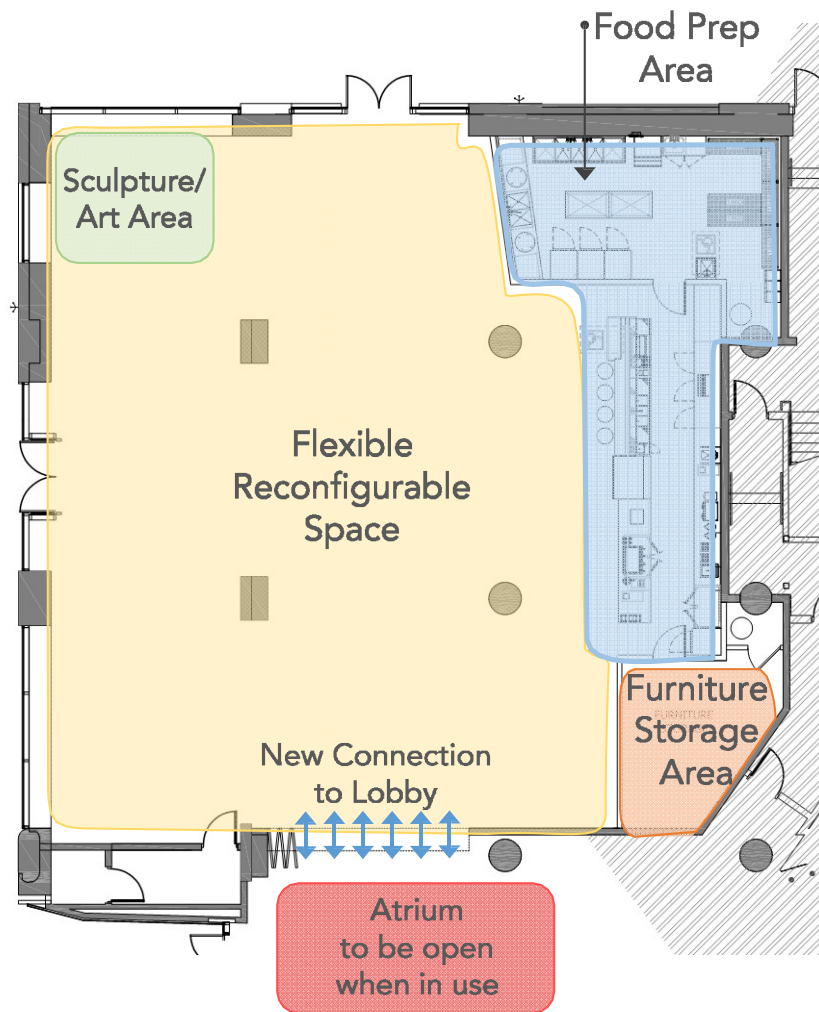




# Large Retail Space

July 11, 2018





## CAFÉ | FOODSERVICE

### Food Preparation (including Cleanup) – 880 SF

- Limited prep including the following:
  - prep sink \*
  - reach in refrigerators and freezer
  - mobile work tables
  - dry storage shelving \*
- Limited support including the following:
  - 3- compartment pot sink \*
  - mop closet \*
  - employee lockers \*
  - hand sink \*
  - dry storage shelving \*
  - ice maker
- Limited cooking option via Rapid Cook Oven and/ or Panini maker (similar to Starbucks hot food program - exhaust hood not required)
  - No scratch cooking, no protein cooking
  - All products pre-made/ par cooked and rethermalized
  - Sandwiches (hot & cold)
  - Salads (pre-made)
  - Panini's
- Wine bar (wine/ beer and/or juice bar) with potential counter seating

### Furniture Storage – 227 SF

#### FURNITURE STORAGE

- Allows for flexible furniture configuration
- Includes water heater, required for foodservice

### Flexible Open Activity Area – 3,027 SF

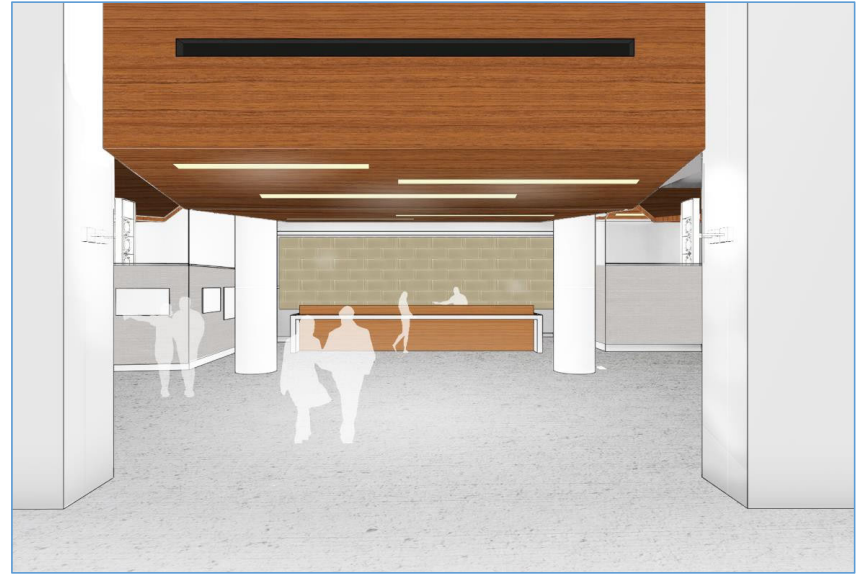
#### Base Utilities +:

- 300 Grease Interceptor
- 500 AMP Electrical

#### Staffing by Operator

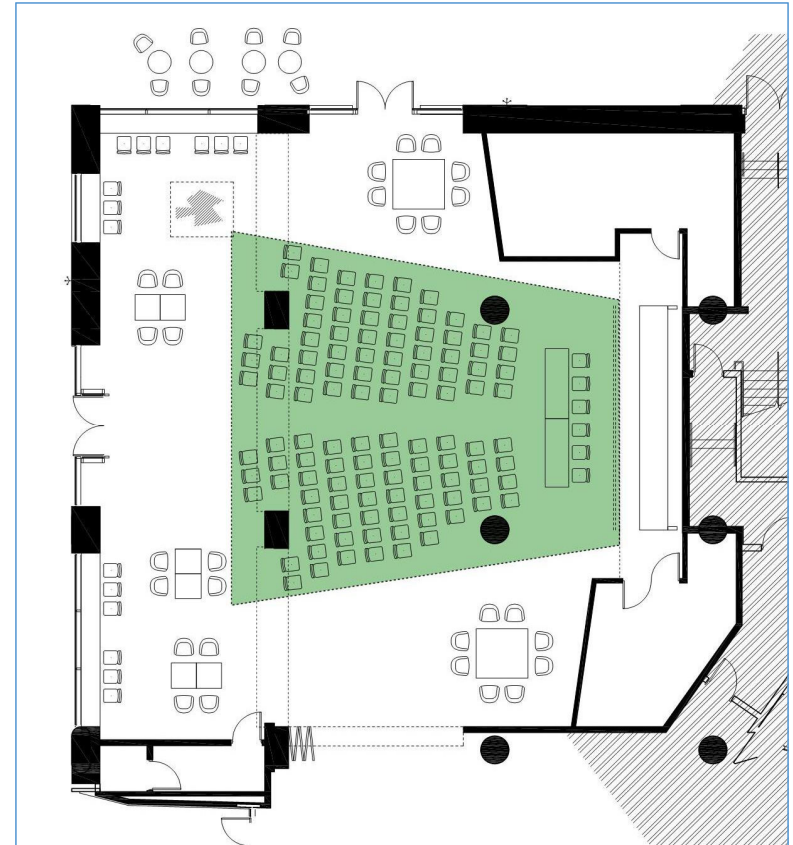
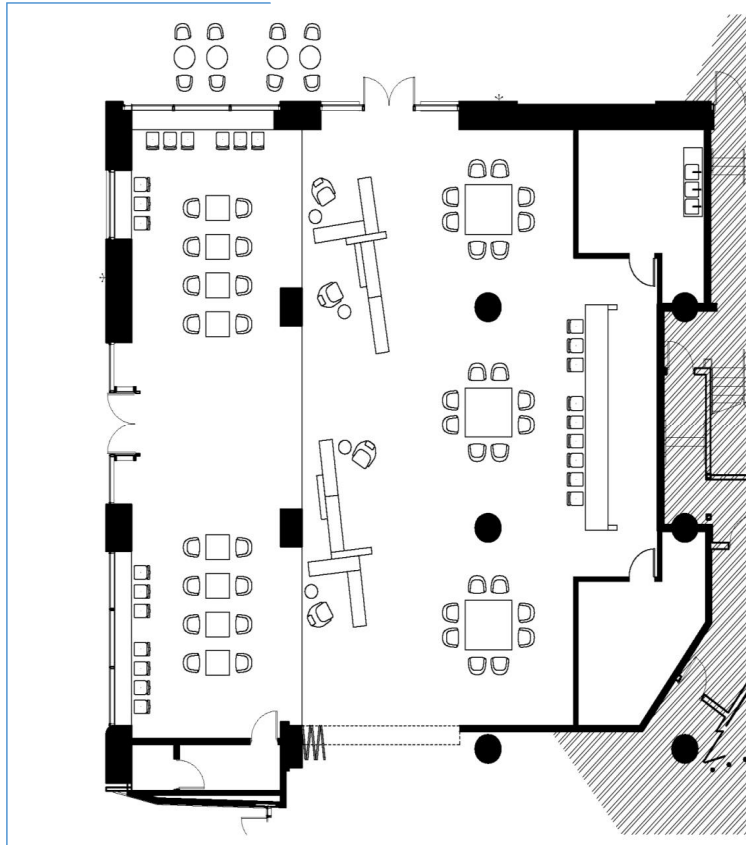
#### Health Department Code Review Required

\* Health Department Required



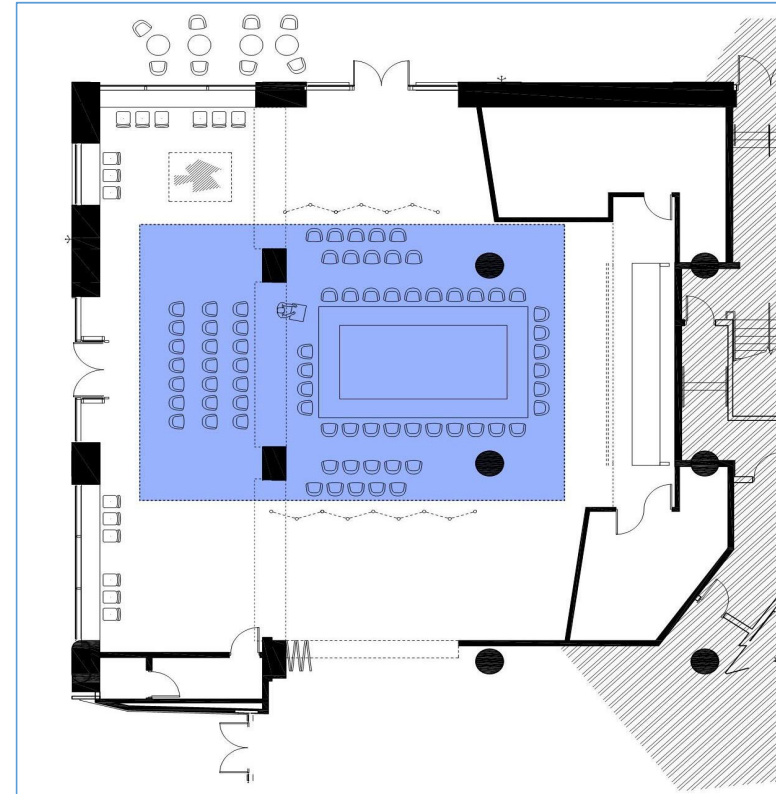
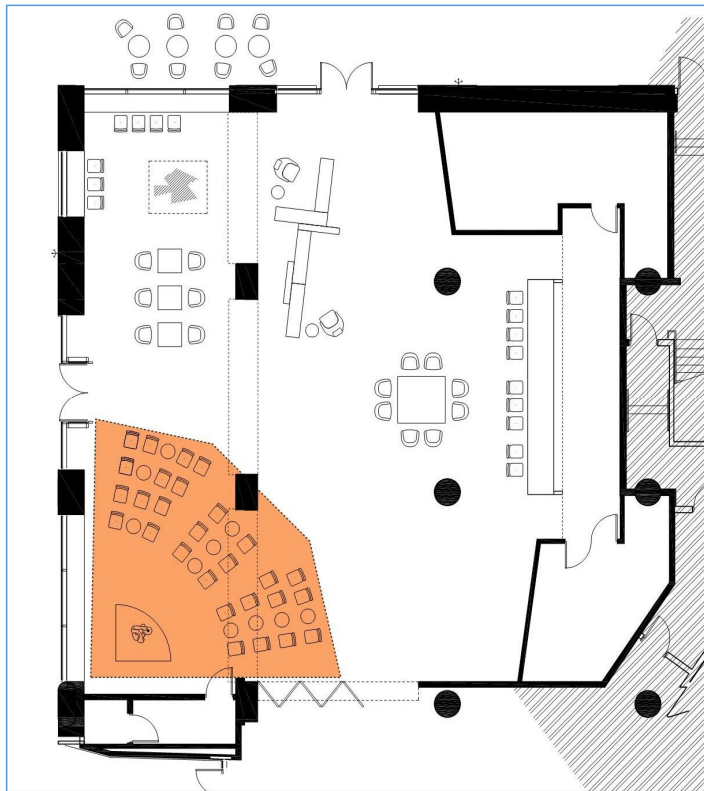


# FLEXIBILITY | FURNITURE + ACCESSORIES





## FLEXIBILITY | FURNITURE + ACCESSORIES



## REQUEST FOR AUTHORITY APPROVAL

### Summary of Contract

Contractor: Bay Area Air Quality Management District (Air District),  
San Francisco, CA

Work Project Title: Large Retail Space Development Funding Agreement

Purpose of Project: Develop the Large Retail Space on Level 1 of the Metro  
Center

Brief Scope of Work: Fund design and construction services related to these tenant  
improvements in exchange for conversion of the space to  
Jointly Used Space and a share of Net Operating Revenue.

Project Cost Not to Exceed: \$3,000,000 (incoming)

Funding Source: Air District

Fiscal Impact: Funding would increase the FY 2018-19 BAHA  
Commercial Development Fund by \$3.0 million, pending  
approval of BAHA Resolution No. 20, Revised.

Motion by Authority: That the Executive Director or designee is authorized to  
enter into an agreement with Air District as described above  
and in the Executive Director's memorandum dated  
February 13, 2019, and to execute an amendment of the  
Covenants, Conditions and Restrictions for 375 Beale Street  
to designate the space as Jointly Used Space.

BAHA Chair:

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Chair Signature

Approved:

Date: February 27, 2019