



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Non-Renewal of Mills Act Historical Property Contracts

HEARING DATE: DECEMBER 19, 2018

Case Number: 2008.0014U
Initiated by: Supervisor Peskin / Introduced October 16, 2018
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@sfgov.org
Recommendation: **Recommend approval to the Board of Supervisors**

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

BOARD OF SUPERVISORS RESOLUTIONS

The proposed Board of Supervisors Resolution (Resolution) would not renew the Mills Act historical property contract (Contract) for 690 Market Street. The Mills Act historical property contract for this property would be limited to a term of ten years.

The Way It Is Now:

Under the Mills Act and Administrative Code Chapter 71, one year is added automatically to the initial term of the Contract at the anniversary date of the Contract, unless notice of non-renewal is given.

The Way It Would Be:

The Contract for 690 Market Street would not be renewed and would be limited to a term of ten years.

BACKGROUND

The California Mills Act (Government Code Section 50280 et seq.) authorizes local governments to enter into a Contract with the owners of a qualified historical property who agree to rehabilitate, restore, preserve, and maintain the property in return for property tax reductions under the California Revenue and Taxation Code. Chapter 71 of the Administrative Code was adopted to implement the Mills Act in San Francisco and to preserve these historic buildings.

At a public hearing on March 20, 2008, in Resolution No. 17575, the Planning Commission recommended that the Board of Supervisors approve the Contract for the building located 690 Market Street.

At a public hearing on November 18, 2008, in Resolution No. 482-08, and after reviewing the Planning Commission's recommendation and the information provided by the Assessor Recorder's Office, the Board of Supervisors approved the Contract for 690 Market Street.

When it considered the approval of the historical property contract, the Board of Supervisors balanced the benefits of the Mills Act to the owners of the properties with the cost to the City of providing the property tax reductions authorized by the Mills Act, as well as the historical value of the properties and the resultant property tax reductions, and determined that it was in the public interest to enter into a historical property contract with the applicant.

The Contract for 690 Market Street was recorded at the Assessor Recorder's Office on July 15, 2009, which is the anniversary date of the Contract. The Contract for 690 Market Street is binding on all successors and assigns, as are all Mills Act Contracts.

On October 16, 2018, Supervisor Peskin introduced proposed legislation regarding non-renewal of the Contract for 690 Market Street; thereby limiting the Contract to a term of ten years in order to better achieve a balance between the benefits of the Mills Act and the costs to the City.

ISSUES AND CONSIDERATIONS

The Contract allows either the property owner or the City to not renew the Contract in advance of the annual renewal date. If the property owner desires not renew the Contract, they must serve written notice to the City at least ninety (90) days prior to the date of renewal. If the City desires not to renew the Contract, the City must serve written notice to the property owner sixty (60) days prior to the date of renewal. If written notice is not served prior to the renewal date, one year will be automatically added to the term of the Contract. The Board of Supervisors will make the City's determination that the Contract will not be renewed by either party.

If the City desires not to renew the Contract, the City must serve written notice of non-renewal to the property owners 60 days prior to the date of renewal.

Upon receipt by the property owners of a notice of nonrenewal from the City, the property owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If either party serves notice of non-renewal of the Contract, the Contract will remain in effect for the balance of the period remaining since the original execution or the last renewal of the Contract, as the case may be.

The Contract for 690 Market Street will be in effect for 10 years only.

Thereafter, the property owners will pay property taxes to the City without regard to any restriction imposed on the property by the Contract, and based upon the Assessor's determination of the fair market value of the property as of expiration of the Contract.

The property owners will pay property taxes based on the fair market value of the property after the Contract expires.

690 Market Street includes three sections: (1) a nine-story plus mezzanine office tower originally designed by Burnham & Root and constructed in 1889-90, and enlarged in 1905 by D.H. Burnham & Co. into an eleven-story tower and reconstructed in 1907-09 by Willis Polk; (2) an adjoining sixteen-story tower designed and constructed in 1905 by D.H. Burnham & Co and reconstructed in 1908 by Willis Polk; and (3) an eight-story vertical addition completed in 2007.

The nine-story plus mezzanine office tower originally constructed in 1889-90 and the adjoining sixteen-story tower originally constructed in 1905 are considered the historic property and subject to the Contract. The eight-story vertical addition completed in 2007 is not subject to the Contract.

Implementation

The Department has determined that the Resolution will not impact our current implementation procedures.

RECOMMENDATION

The Department recommends that the Commission recommend *approval* of the proposed Resolution for non-renewal of the Mills Act historical property contract for 690 Market Street to the Board of Supervisors and adopt the attached Draft Resolution to that effect.

BASIS FOR RECOMMENDATION

The Board of Supervisors balanced the benefits of the Mills Act to the property owners with the costs to the City of providing the property tax reduction, as well as the historical value of the property and the resultant property tax reduction when it approved the Contract 690 Market Street. The Board of Supervisors has expressed interest in limiting the Contract for 690 Market Street to a term of ten years in order to better achieve a balance between the benefits of the Mills Act and the costs to the City.

The Contract states that if the City desires not to renew the Contract, the City must serve written notice of non-renewal to the property owners 60 days prior to the date of renewal. The Board of Supervisors will make the City's determination that the Contract will not be renewed. Scopes of work detailed in the Rehabilitation/Restoration and Maintenance plans will be completed according the schedule stated in each plan.

REQUIRED COMMISSION ACTION

The proposed Resolution is before the Commission so that it may recommend approval, rejection, or approval with modifications for the non-renewal of the Mills Act historical property contract for 690 Market Street to the Board of Supervisors.

ENVIRONMENTAL REVIEW

The Planning Department has determined that the actions contemplated in the Resolution is categorically exempt from with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) under section 15331

PUBLIC COMMENT

As of the date of this report, the Planning Department has not received any public comment regarding the proposed Resolution.

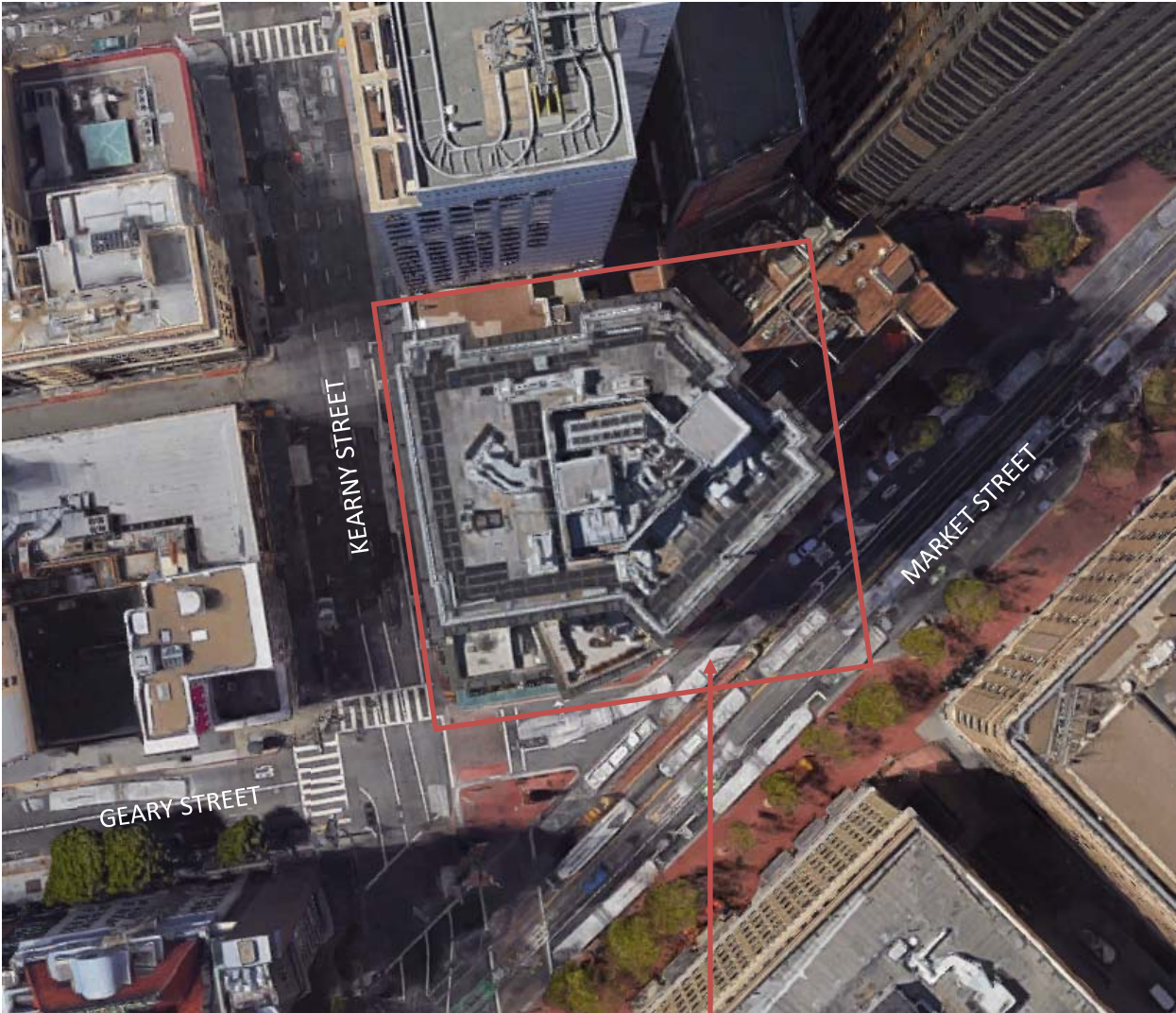
Attachments:

Draft Historic Preservation Commission Resolution
Board of Supervisors Resolution
Recorded Contract for 690 Market Street

SITE PHOTO



AERIAL PHOTO



SUBJECT PROPERTY



SAN FRANCISCO PLANNING DEPARTMENT

Historic Preservation Commission Resolution No. XXX

HEARING DATE DECEMBER 19, 2018

Case No.: 2008.0014U
Project Address: **690 Market Street** (APN: 0311/016-119)
Re: Non-Renewal of Mills Act Historical Property Contract
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@sfgov.org

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF NON-RENEWAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT FOR 690 MARKET STREET, THE CHRONICLE BUILDING, ASSESSOR'S BLOCK NO. 0311, LOT 6 (SPECIFICALLY ASSESSOR'S BLOCK NOS. 0311, LOT NOS. 016-069, 73-74, AND 78-79):

WHEREAS, The Mills Act, California Government Code Sections 50280 et seq. ("the Mills Act") authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

WHEREAS, In accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code, the City and County of San Francisco may provide certain property tax reductions, such as those provided for in the Mills Act; and

WHEREAS, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71, to implement Mills Act locally; and

WHEREAS, The Planning Department has determined that the actions contemplated in this Resolution are categorically exempt from with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) under section 15331; and

WHEREAS, The existing building located at 690 Market Street is listed under Article 11 of the San Francisco Planning Code Planning Code as a Category II Significant Building and thus qualifies as a historic property; and

WHEREAS, At a public hearing on March 20, 2008, in Resolution 17575, the Planning Commission recommended that the Board of Supervisors approve the Mills Act Historical Property Contract for the historic building located at 690 Market Street; and

WHEREAS, At a public hearing on November 18, 2008, in Resolution No. 482-08, and after reviewing the Historic Preservation Commission's recommendation and the information provided by the Assessor's Office, the Board of Supervisors approved the Mills Act Historical Property Contract for the historic building located at 690 Market Street; and

WHEREAS, When the Board of Supervisors considered the approval of the Mills Act Historical Property Contract, it balanced the benefits of the Mills Act to the owner of 690 Market Street with the cost to the City of providing the property tax reduction authorized by the Mills Act, as well as the historical value of 690 Market Street and the resultant property tax reduction, and determined that it was in the public interest to enter into a Mills Act Historical Property Contract with the applicants;

WHEREAS, the Board of Supervisors expressed interest in limiting the historical property contract for 690 Market Street to a term of ten years in order to better achieve such balance between the benefits of the Mills Act and the costs to the City; and

THEREFORE BE IT RESOLED, that the Historic Preservation Commission hereby recommends non-renewal of the Mills Act Historical Property Contract for 690 Market Street (Assessor's Block No. 0311, Lot Nos. 016-119) to the Board of Supervisors; and

BE IT FURTHER RESOLVED That the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution and other pertinent materials in the case file 2008.0014U to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on December 19, 2018.

Jonas P. Ionin
Commissions Secretary

AYES:

NOES:

ABSENT:

ADOPTED: December 19, 2018

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: John Rahaim, Director, Planning Department
Jonas Ionin, Commission Secretary, Historic Preservation Commission
Carmen Chu, Assessor-Recorder

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: October 22, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on October 16, 2018:

File No. 181012

Resolution regarding non-renewal of a Mills Act historical property contract with RCP LLC, the owner of 690 Market Street, The Chronicle Building, Assessor's Parcel Block No. 311, Lot No. 016 (specifically Assessor's Parcel Block No. 311, Lot Nos. 016-069, 73-74, and 78-79) under Chapter 71 of the Administrative Code; notifying the Assessor Recorder's Office of such non-renewal; and authorizing the Planning Director to send notice of the non-renewal of the historical property contract to the owner and record a notice of non-renewal.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Scott Sanchez, Planning Department
Lisa Gibson, Planning Department
Devyani Jain, Planning Department
AnMarie Rodgers, Planning Department
Tim Frye, Planning Department
Joy Navarrete, Planning Department
Georgia Powell, Planning Department
Andrea Ruiz-Esquide, Deputy City Attorney
Nicole Agbayani, Office of the Assessor-Recorder

1 [Non-Renewal of a Mills Act Historical Property Contract - 690 Market Street]

2
3 **Resolution regarding non-renewal of a Mills Act historical property contract with RCP**
4 **LLC, the owner of 690 Market Street, The Chronicle Building, Assessor's Parcel Block**
5 **No. 311, Lot No. 016 (specifically Assessor's Parcel Block No. 311, Lot**
6 **Nos. 016-069, 73-74, and 78-79) under Chapter 71 of the Administrative Code; notifying**
7 **the Assessor Recorder's Office of such non-renewal; and authorizing the Planning**
8 **Director to send notice of the non-renewal of the historical property contract to the**
9 **owner and record a notice of non-renewal.**

10
11 WHEREAS, The California Mills Act (Government Code, Section 50280 et seq.)
12 authorizes local governments to enter into a contract with the owners of a qualified historical
13 property, as defined in the Act, who agree to rehabilitate, restore, preserve, and maintain the
14 property in return for property tax reductions under the California Revenue and Taxation
15 Code; and

16 WHEREAS, Chapter 71 of the Administrative Code was adopted to implement the Mills
17 Act in San Francisco and to preserve these historic buildings; and

18 WHEREAS, Under the Mills Act and Chapter 71, a year is added automatically to the
19 initial term of the contract at the anniversary date of the contract, unless notice of non-renewal
20 is given as provided as prescribed in the Mills Act; and

21 WHEREAS, A Mills Act application for an historical property contract was submitted by
22 RC Chronicle Building LP and 690 Market Master Association, the owners of 690 Market
23 Street Assessor's Parcel Block No. 311, Lot No. 016 (specifically Assessor's Parcel Block
24 No. 311, Lot Nos. 016-069, 73-74, and 78-79), detailing rehabilitation work and proposing a
25 maintenance plan for the property; and

1 WHEREAS, At a public hearing on November 18, 2008, in Resolution No. 482-08, and
2 after reviewing the Historic Preservation Commission's recommendation and the information
3 provided by the Assessor Recorder's Office, the Board of Supervisors approved the historical
4 property contract between RC Chronicle Building LP and 690 Market Master Association, the
5 owners of 690 Market Street, and the City and County of San Francisco; and

6 WHEREAS, When it considered the approval of the historical property contract, the
7 Board of Supervisors balanced the benefits of the Mills Act to the owner of 690 Market Street
8 with the cost to the City of providing the property tax reductions authorized by the Mills Act, as
9 well as the historical value of 690 Market Street and the resultant property tax reductions, and
10 determined that it was in the public interest to enter into a historical property contract with the
11 applicants; and

12 WHEREAS, The historical property contract for 690 Market Street was recorded at the
13 Assessor Recorder Office on July 15, 2009, which is the anniversary date of the contract; and

14 WHEREAS, The historical property contract for 690 Market Street is binding on all
15 successors and assigns, as are all Mills Act contracts; and

16 WHEREAS, The Planning Department has determined that the actions contemplated in
17 this Resolution comply with the California Environmental Quality Act (California Public
18 Resources Code, Sections 21000 et seq.); said determination is on file with the Clerk of the
19 Board of Supervisors in File No. ____, is incorporated herein by reference, and the Board
20 herein affirms it; and now, therefore, be it

21 RESOLVED, That the Board of Supervisors hereby elects not to renew the historical
22 property contract for 690 Market Street Assessor's Parcel Block No. 311, Lot No. 016
23 (specifically Assessor's Parcel Block 311, Lot Nos. 016-069, 73-74, and 78-79); and, be it
24
25

1 FURTHER RESOLVED, That the Board of Supervisors hereby notifies the Assessor
2 Recorder of the non-renewal of the historical property contract for 690 Market Street; and, be
3 it

4 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Planning
5 Director to send notice at least 60 days prior to the anniversary date to the current owner of
6 690 Market Street, RCP LLC, informing them that the historical property contract will not be
7 renewed; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Planning
9 Director to cause a notice of the non-renewal of the contract to be recorded in the City
10 Assessor Recorder's office.

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2018 OCT 16 PM 4:19
Time stamp
or meeting date

BY [Signature]

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisor Peskin

Subject:

[Non-Renewal of a Mills Act Historical Property Contract - 690 Market Street]

The text is listed:


Resolution under Chapter 71 of the San Francisco Administrative Code, regarding non-renewal of a Mills Act historical property contract with RCP LLC, the owner of 690 Market Street, The Chronicle Building, Assessor's Block No. 311, Lot No. 016 (specifically Assessor's Block No. 311, Lot Nos. 016-069, 73-74, and 78-79); notifying the Assessor Recorder's Office of such non-renewal; and authorizing the Planning Director to send notice of the non-renewal of the historical property contract to the owner and record a notice of non-renewal.

Signature of Sponsoring Supervisor:

[Signature]

For Clerk's Use Only

Recording Requested by, and
when recorded, send notice to:
Director of Planning
1660 Mission Street
San Francisco, California 94103-2414


San Francisco Assessor-Recorder
Phil Ting, Assessor-Recorder
DOC- 2009-1794742-00
Acct 38-S.F. City Planning Dept.
Wednesday, JUL 15, 2009 14:18:37
Ttl Pd \$0.00 Rcpt # 0003703311
REEL J934 IMAGE 0502
009/AB/1-29

n/c
29

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
690 Market Street ("CHRONICLE BUILDING")
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (hereinafter called the "City") and RC Chronicle Building LP and 690 Market Master Association, a nonprofit mutual public benefit association, (hereinafter called the "Owners").

RECITALS

Owners are the Owners of the property located at 690 Market Street, in San Francisco, California. The building located at 690 Market Street was designated a Significant Building (Category II) under Article 11 of the San Francisco Planning Code on November 4, 2008 by the Board of Supervisors and is also known as the "Chronicle Building." The building includes three sections: (1) a nine-story plus mezzanine office tower originally designed by Burnham & Root and constructed in 1889-90, enlarged in 1905 by D.H. Burnham & Co. into an eleven-story tower and reconstructed in 1907-09 by Willis Polk; (2) an adjoining sixteen-story tower designed and constructed in 1905 by D.H. Burnham & Co and reconstructed in 1908 by Willis Polk; and (3) an eight-story vertical addition completed in 2007.

The first two sections of the building described above (the nine-story plus mezzanine office tower originally constructed in 1889-90 and the adjoining sixteen-story tower originally constructed in 1905 (Block Number 311, Lot Numbers 016-069, 73-74, and 78-79)) shall hereinafter be called the "Historic Property". The eight-story vertical addition completed in 2007 shall hereinafter be called the "2007 Addition" (Block Number 311, Lot Numbers 70-71, 75-77, and 80-119).

Owners have performed extensive rehabilitation on the Historic Property and desire to execute an ongoing maintenance project for the Historic Property. Owners have spent approximately Sixty-One Million Seventy Thousand Dollars (\$61,070,000) on rehabilitation, restoration, and preservation of the Historic Property (See Rehabilitation Plan, Exhibit A). Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which they estimate will cost Sixty-Six Thousand Dollars (\$66,000) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the "Mills Act" (California Government Code ["Govt. Code"] Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement with the City to help mitigate its expenditure to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. **Application of Mills Act.** The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.
2. **Rehabilitation of the Historic Property.** Owners have completed the work set forth in Exhibit A attached hereto according to certain accepted preservation standards and requirements.
3. **Maintenance.** Owners shall maintain the Historic Property and, where described in the Maintenance Plan or otherwise required, the 2007 Addition during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B (Maintenance Plan), the U.S. Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the San Francisco Landmarks Preservation Advisory Board ("Landmarks Board"), the San Francisco Planning Commission, and the San Francisco Board of Supervisors.
4. **Damage.** Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an

extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 15 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. **Insurance.** Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

6. **Inspections.** Owners shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the Landmarks Board, the City's Assessor, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation, and the State Board of Equalization, upon seventy-two (72) hours advance notice, to monitor Owners' compliance with the terms of this Agreement. Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement as requested by any of the above-referenced representatives.

7. **Term.** This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Initial Term"). As provided in Government Code Section 50282, one year shall be added automatically to the Initial Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 11 herein.

8. **Valuation:** The valuation provided for in the Mills Act and San Francisco Administrative Code Chapter 71, both as amended from time to time, shall only apply to the Historic Property. The 2007 Addition shall not be subject to such valuation. Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

9. **Stipulation Regarding Annual Income.** As authorized by Revenue & Taxation Code Section 439.2(a)(3), the parties to the Contract stipulate that:

(a) for the 2009-10 tax year (July 1, 2009 through June 31, 2010), the Assessor shall determine the value of the enforceably restricted historical property by capitalizing an annual income of not less than \$16,419,686; and

(b) for the 2010-11 tax year (July 1, 2010 through June 31, 2011), the Assessor shall determine the value of the enforceably restricted historical property by capitalizing an annual income sufficient to limit the property tax revenue loss from the Contract (fair value, less value

as enforceably restricted, multiplied by the property tax rate) to \$525,000 less actual revenue loss in excess of \$525,000 for the 2009-10 tax year;

(c) for each following tax year during the term of this Contract, the Assessor shall determine the value of the enforceably restricted historical property by capitalizing an annual income sufficient to limit the property tax revenue loss from the Contract to \$525,000.

(d) Owners agree to reimburse the Assessor's reasonable costs, including staff time, for each of these calculations.

Owners and City intend this Section 9 to limit the City's property tax revenue loss from this Agreement to \$525,000 each tax year. Owners acknowledge that the property tax loss for the first year of this Agreement, the 2009-10 tax year, will be based on the Assessor's estimates of the fair value of condominium units and timeshares intervals, some of which have not yet been sold. If those units and interest sell for more than the Assessor's estimate, the tax loss for the 2009-10 tax year will exceed \$525,000. Subparagraph (b) is intended to allow the City to recapture that greater-than-anticipated loss in the succeeding, 2010-11, tax year.¹

10. **Termination.** In the event Owners terminates this Agreement during the Initial Term, Owners shall pay the Cancellation Fee as set forth in Paragraph 15 herein. In addition, the City Assessor shall determine the fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement and shall reassess the property taxes payable for the fair market value of the Historic Property as of the date of Termination without regard to any restrictions imposed on the Historic Property by this Agreement. Such reassessment of the property taxes for the Historic Property shall be effective and payable six (6) months from the date of Termination.

11. **Notice of Nonrenewal.** If in any year after the Initial Term of this Agreement has expired either the Owners or the City desires not to renew this Agreement that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the term of the Agreement. The San Francisco Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If in any year after the expiration of the Initial Term of the Agreement, either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the execution of the last renewal of the Agreement.

12. **Payment of Fees.** Before the execution of this Agreement, City shall tender to Owners a written accounting of its reasonable costs related to the preparation and approval of the Agreement as provided for in Govt. Code §50281.1 and San Francisco Administrative Code Section 71.6. This Agreement shall not become effective unless and until Owners pay the

¹ Example: After this Agreement becomes effective, Owners sell units and intervals for more than the Assessor's fair value estimates, and the actual tax revenue loss for the 2009-10 tax year is \$600,000--\$75,000 more than the parties now anticipate based on current value estimates. The City will reduce the Owners' tax benefit by \$75,000—to \$450,000—for the 2010-11 tax year.

requested amount. For the 2010-11 tax year and each following tax year during the term of this Agreement, the City shall bill the Owners for reimbursement of the City's reasonable costs, including staff time, including, but not limited to, costs incurred by the Assessor for the calculations required by Sections 9(b) and (c), above. Owners agree to pay such bills within forty-five (45) days of receipt.

13. **Default.** An event of default under this Agreement may be any one of the following:

- (a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A in accordance with the standards set forth in Paragraph 2 herein;
- (b) Owners' failure to maintain the Historic Property in accordance with the requirements of Paragraph 3 herein;
- (c) Owners' failure to repair any damage to the Historic Property in a timely manner as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections as provided in Paragraph 6 herein;
- (e) Owners' termination of this Agreement during the Initial Term;
- (f) Owners' failure to pay any fees requested by the City as provided in Paragraph 12 herein;
- (g) Owners' failure to maintain adequate insurance for the repair and replacement costs of the Historic Property; or
- (h) Owners' failure to comply with any other provision of this Agreement.

An event of default shall result in cancellation of this Agreement as set forth in Paragraphs 14 and 15 herein and payment of the cancellation fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraphs 14 and 15 herein. In order to determine whether an event of default has occurred, the San Francisco Board of Supervisors shall conduct a public hearing as set forth in Paragraph 14 herein prior to cancellation of this Agreement.

14. **Cancellation.** As provided for in Government Code §50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owners has breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 13 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owners and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code §50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

15. **Cancellation Fee.** If the City cancels this Agreement as set forth in Paragraph 14 above, Owners shall pay a cancellation fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The cancellation fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic

Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

16. **Enforcement of Agreement.** In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owners has breached this Agreement, the City shall give the Owners written notice by registered or certified mail setting forth the grounds for the breach. If the Owners does not correct the breach, or if it does not undertake and diligently pursue corrective action, to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 13 and bring any action necessary to enforce the obligations of the Owners set forth in this Agreement. The City does not waive any claim of default by the Owners if it does not enforce or cancel this Agreement.

17. **Indemnification.** The Owners shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the "City") from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owners, its Agents or Invitees; (c) the condition of the Historic Property; (d) any construction or other work undertaken by Owners on the Historic Property; or (e) any claims by unit or interval owners for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City's cost of investigating any claim. In addition to Owners obligation to indemnify City, Owner specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to owner by City, and continues at all times thereafter. The Owners' obligations under this Paragraph shall survive termination of this Agreement.

18. **Eminent Domain.** In the event that a public agency acquires the Historic Property in whole or part by eminent domain or other similar action, this Agreement shall be cancelled and no cancellation fee imposed as provided by Govt. Code §50288.

19. **Binding on Successors and Assigns.** The covenants, benefits, restrictions, and obligations contained in this Agreement shall be deemed to run with the land and shall be binding upon and inure to the benefit of all successors and assigns in interest of the Owners.

20. **Legal Fees.** In the event that either the City or the Owners fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the prevailing party may recover all costs and expenses incurred in enforcing or establishing its rights hereunder, including reasonable attorneys' fees, in addition to court costs and any other relief ordered by a court of competent

jurisdiction. Reasonable attorneys fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

21. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

22. **Recordation.** Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

23. **Amendments.** This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

24. **No Implied Waiver.** No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

25. **Authority.** If the Owners signs as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owners has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

26. **Severability.** If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

27. **Tropical Hardwood Ban.** The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

28. **Charter Provisions.** This Agreement is governed by and subject to the provisions of the Charter of the City.


29. **Signatures.** This Agreement may be signed and dated in parts

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CITY AND COUNTY OF SAN FRANCISCO:


By: 
Phil Ting
Assessor-Recorder

DATE: 7/9/2009

By: 
John Rahaim
Director of Planning


DATE: 7-8-09

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: 
Marleah G. Byrne
Deputy City Attorney


DATE: July 7, 2009

RC CHRONICLE BUILDING LP

By: 
Print Name: William T. Phillips

DATE: 1-23-09

690 MARKET MASTER ASSOCIATION, a Nonprofit Mutual Public Benefit Association

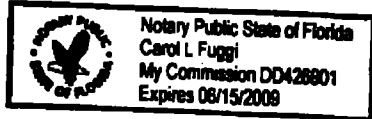
By: 
John Albert

DATE: 1-23-09

**OWNERS' SIGNATURE(S) MUST BE NOTARIZED.
ATTACH PUBLIC NOTARY FORMS HERE.**

STATE OF FLORIDA)
) SS.
COUNTY OF ORANGE)

THE FOREGOING instrument was acknowledged, sworn to and subscribed before me this 23rd day of January, 2009, by John Albert on behalf of 690 Market Master Association. He is personally known to me ~~or has produced~~ as identification.



NOTARY SEAL

CS
Notary Public

Print Name: Carol Fuggi
Commission No.: _____
My Commission Expires: _____

STATE OF FLORIDA)
) SS.
COUNTY OF ORANGE)

THE FOREGOING instrument was acknowledged, sworn to and subscribed before me this 23rd day of January, 2009, by William T. Phillips on behalf of RC Chronicle Building LP. He is personally known to me or has produced as identification.



NOTARY SEAL

Iris A. Herz
Notary Public

Print Name: Iris A. Herz
Commission No.: _____
My Commission Expires: _____

ACKNOWLEDGMENT

State of California
County of San Francisco

On July 15, 2009 before me, Christine M. Silva, Notary Public,
(insert name and title of the officer)

personally appeared Phil Ting
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/hers/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Christine M. Silva

(Seal)



ACKNOWLEDGMENT

State of California
County of San Francisco

On July 15, 2009 before me, Christine M. Silva, Notary Public,
(Insert name and title of the officer)

personally appeared John Rahaim
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Christine M. Silva (Seal)



EXHIBIT A

MILLS ACT HISTORIC PROPERTY CONTRACT: REHABILITATION PROGRAM FOR THE CHRONICLE BUILDING

The Chronicle Building
690 Market Street
San Francisco, CA 94104

This Rehabilitation Program has been prepared by historic preservation architects, Page & Turnbull, Inc., for the completed rehabilitation, alteration and expansion of the Chronicle Building located at 690 Market Street, San Francisco (the "Project") and currently owned by 690A HCT, LLC and 690B HCT, LLC (collectively, "Owner"). As set forth in the Mills Act Historic Property Contract for 690 Market Street, a "Mills Act Historic Property Contract Maintenance Program" (Attachment C) will commence upon completion of this Rehabilitation Program.

A "Glossary of Rehabilitation Terms" is attached to this Rehabilitation Plan as Exhibit A. All definitions for restoration techniques and materials discussed in this Rehabilitation Program shall have the meanings set forth in the Glossary.

A copy of the National Park Service *Preservation Brief No. 16* is also attached as Exhibit B. The brief is for reference regarding the use of substitute materials on an historic building exterior. Photographs and diagrams are provided along the right-hand column to further illustrate specific techniques and materials discussed in the text.

I. GENERAL REHABILITATION

- A. **Location:** Main façades on Market, Geary and Kearny Streets. Secondary north and east façades.
- B. **Scope:** Clean exterior facades. Repair existing sandstone, face brick, common brick and terra cotta with appropriate materials. Repair existing wood frames and double-hung windows. Provide new double hung windows where missing.
- C. **Recommended Procedure:** Repair, clean, and replace with appropriate materials. Protect historic materials during construction.

Appropriate materials were determined on a case-by-case basis, taking into account the importance of the material in light of its contribution to restoring the historic integrity of the greater building, its exposure to public view, and its impact on the overall economic feasibility of the rehabilitation effort. Every reasonable effort was made to preserve existing historic materials and all

EXHIBIT A

substitute materials did reflect the character and quality of the existing original materials of the building.

With the exception of the building area devoted to new ground floor storefronts, original materials were replaced in kind (e.g., sandstone was replaced with sandstone) up through the 2nd story. Above the 2nd story, appropriate substitute materials were utilized in the rehabilitation work based on the following criteria:

- Past, successful experience utilizing the same substitute material in major San Francisco restoration projects include the Ferry Building, Orpheum Theater, Fairmont Hotel, Flood Building, and the St. Francis Hotel. (Specific examples are provided throughout this document).
- Consistency of the substitute material with NPS Preservation Briefs (see Exhibit B to this document) and the Secretary of the Interior's *Standards for Rehabilitation*.
- Economic feasibility of in-kind replacement compared to employment of substitute materials such as cast stone, or glass-fiber-reinforced concrete ("GFRC").
- The total quantity of material to be replaced.
- Relative proximity of the replacement material to the public view.
- Likely weathering effects of substitute materials compared to the original material.
- Proximity of a substitute material to similar original materials.

Based on the above criteria, the specific rehabilitation plans—organized by material and area—are discussed in greater detail below.

EXHIBIT A

II. MASONRY REHABILITATION

A. Rectangular and Curved Face Brick

1. **Location:** Brick façades along Market, Geary and Kearny Street façades.
2. **Scope of work:** Remove existing metal and marble cladding, miscellaneous attachments, equipment and wiring. Remove painted construction markings (see separate description). Repair broken, deteriorated and cracked brick. Replace missing brick. Repoint joints. Clean overall façade.
3. **Recommended Procedure:** Remove miscellaneous attachments. Determine brick strength, moisture absorption and other mechanical properties. Determine size and color match.

Where cladding anchorage extends through brick, remove brick around anchorage and cut back steel. Install new matching face brick. Where face brick is missing, replace with new matching face brick. Where brick is cracked or spalled, determine and mitigate cause of damage. If necessary, remove damaged brick and replace with new to match existing.

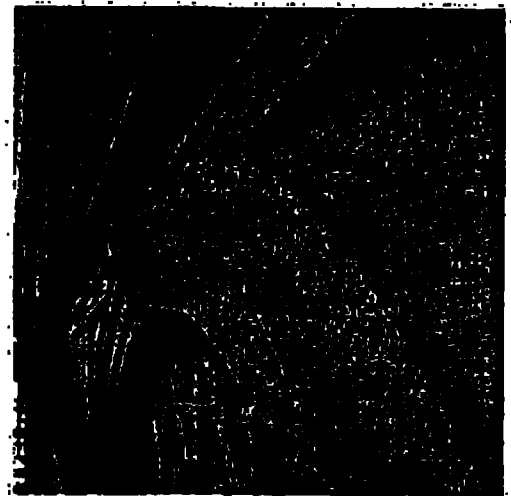
Where existing anchorage is insufficient or deteriorated, install new stainless steel anchors from building interior or through exterior wall face at joint locations. Repoint joints where mortar is missing or recessed. Determine type and extent of staining and clean brick facade using least aggressive method of cleaning. Mechanical or abrasive methods of cleaning will not be used.

B. Common Brick

1. **Location:** North and east façades.



Ferry Building: Existing brick arch on the left and adjacent FRP brick panel to the right.



Ferry Building: GFRG hysteresis at a brick arch which has been partially chamed.

EXHIBIT A

2. **Scope of work:** (Common brick is only present at secondary façades. All extant common brick has been painted.) Remove miscellaneous attachments, repair broken, deteriorated and cracked brick. Replace missing brick. Repoint joints. Clean overall façade. Repaint brick.
3. **Recommended Procedure:** Remove miscellaneous attachments. Determine brick strength, absorbance and other mechanical properties. Determine size match.

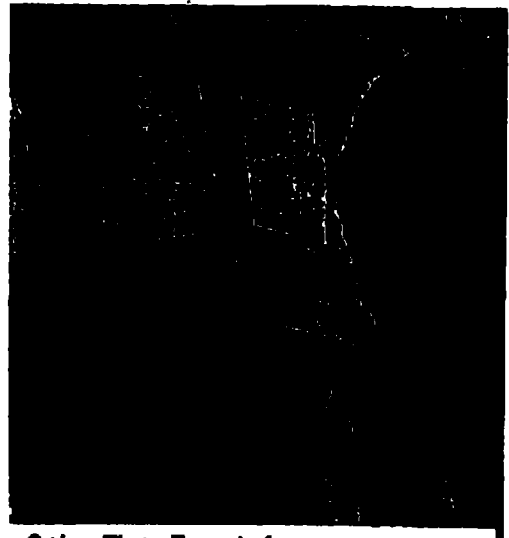
Where brick is missing, replace with new correctly sized brick. Where brick is cracked or spalled, determine cause of damage, epoxy inject cracked assembly, paint.

Where existing anchorage is insufficient or deteriorated, install new stainless steel anchors from building interior or through exterior wall face at joint locations. Repoint joints where mortar is missing or recessed. Clean painted brick facade using least aggressive method of cleaning.

Repaint existing painted brick surface.

C. Sandstone

1. **Location:** Base of Market, Geary and Kearny Street façades.
2. **Scope of work:** Remove existing marble and metal cladding, miscellaneous attachments, equipment and wiring. Where original sandstone exists, repair cracks, spalls and holes. Repoint joints. Clean sandstone. At the first and second floor levels, missing or severely damaged sandstone has been replaced in kind. Above the second floor, missing or severely damaged units have been replaced with stone. No missing or severely damaged assemblies (i.e. more than one consecutive unit) were replaced with GFRC.



Orpheum Theater: For repair of cast concrete - cast stone at spring of arch, patching mortar at column capital, and GFRC at the rope molding adjacent to the window opening. All finishes to be painted.

EXHIBIT A

3. **Recommended Procedure:** Quantify extent of damage and determine variety of unit size and type. Determine type of stone and mechanical properties of stone. Determine original appearance of units.

Repair of cracks, spalls and holes with patching mortar to match stone coloration or sandstone Dutchman. Repoint joints where mortar is missing or deteriorated. Clean stone using the gentlest means possible. Begin with a low pressure water wash and proceed to water and compatible detergent, if required. Mild chemical cleaning products, if required, should be tested in a low profile location to verify that it will not adversely affect coloration or stone composition. Spot clean areas of heavy staining with poultice or mild cleaning agent. Mechanical or abrasive methods of cleaning will not be used.

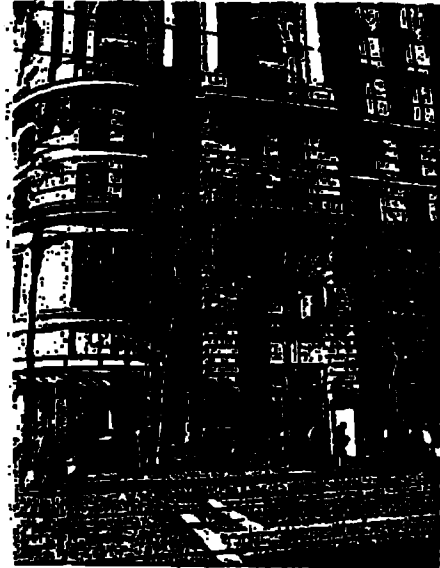
Replace missing or badly damaged individual units with new sandstone units or cast stone units to match original. Missing stone assemblies may be replaced with panels of substitute materials (GFRC) to match the original stone in profile, color, and texture. New assemblies are equipped with structural framing as required. Individual units and assemblies are secured with stainless steel anchors.

D. Terra Cotta

1. **Location:** Main and secondary façades are adorned with terra cotta string courses, ornamental window sills, jamb moldings and ornamental colonnettes.
2. **Scope of work:** Repair glaze spalls, bisque spalls and cracks. Repoint joints. Clean surfaces. Replace missing units with substitute materials (GFRC or FRP) to match original terra cotta profiles.



Orpheum Theater: Patching mortar repair at existing cast concrete curb.



The Flood Building: FRP replacement of sandstone at base level. Existing sandstone at upper levels.

EXHIBIT A

3. **Recommended Procedure:** Determine cause, extent, displacement and width of cracks. Determine extent of glaze and bisque spalling.

Cracked units: Install through-face stainless steel anchors. If crack in terra cotta is wider than 1/8", it shall be ground out with a saw blade and filled with masonry mortar to match the terra cotta finish color.

Glaze spalls: Remove unsound glaze, prepare surface and edges, install new breathable restoration coating to match original color and finish.

Bisque spalls: Anchor unit to remain, as required. Remove unsound material, prepare surface and edges. Install stainless steel anchorage/reinforcement. Install mortar patch. Install new breathable restoration coating, as required, to match original color and finish.

Missing or severely damaged units: Replace missing or severely damaged units with new terra cotta or substitute materials (cast stone, GFRC or FRP) units to match the original. Secure with stainless steel anchors. If the production of new terra cotta units is cost prohibitive, individual units may be replaced with cast stone. Missing terra cotta assemblies (several adjacent units) may be replaced with panels of substitute materials (GFRC or FRP) to match the original terra cotta in profile, color, and texture.

Missing nosing: The nosing on many of the projecting terra cotta units has been removed. If the remaining unit is severely damaged, remove entire unit and follow above instructions for missing units. If the remaining unit can be retained, fabricate and install new pre-cast cast stone "Dutchmen" units or cast-in-place mortar patches to match original nosings. Surface color and finish



The Façade: Patching mortar for repair of cracks, bisque spalls & replacement of missing units; restoration coating for glaze spall repair; GFRC cornice; and repointed joints.

EXHIBIT A

texture to match original surface characteristics.

Repoint deteriorated joints: Cleaning will be performed using the gentlest means possible. Begin with a low pressure water wash and proceed to water and compatible detergent if required. Mild chemical cleaning products, if required, should be tested in a low profile location to verify that it will not adversely affect coloration or stone composition. Spot-clean areas of heavy staining with poultice or mild cleaning agent. Mechanical or abrasive methods of cleaning will not be used.

E. Mortar

1. **Location:** Market, Geary and Kearny Street façades.
2. **Scope of work:** Investigate conditions: condition unknown until existing metal cladding is removed. Replace deteriorated, cracked, and missing mortar joints. In practice, all mortar joints were repointed.
3. **Recommended Procedure:** Assess condition of existing mortar. Determine strength, mix and color of existing mortar. Route and repoint joints where mortar is missing, cracked, or deteriorated with mortar that matches original in strength, mix and color. Note that mortar color appears to differ at 1905 Annex addition.

F. Joints

1. **Location:** Joints between dissimilar materials such as at wall openings and windows, doors, vents, louvers etc.
2. **Scope of work:** Apply sealant with backer rod where necessary.
3. **Recommended Procedure:** Apply compatible sealant. Joint sealant materials

EXHIBIT A

should not damage the substrate or adjacent surfaces by staining or chemical process. Sealant application width shall be compatible with architectural appearance and joint width.

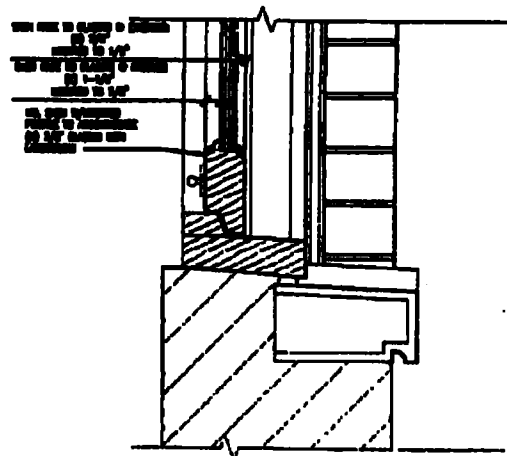
G. Painted Construction Markings and/or Graffiti

1. **Location:** Brick and stone façades along Market, Geary and Kearny Streets.
2. **Scope of work:** Remove paint and/or ink.
3. **Recommended Procedure:** Painted construction markings and/or graffiti removal will be performed using the gentlest means possible. Areas of paint/ink graffiti will be tested with varying degrees of paint removal methods as required. If required, chemical cleaners will be tested in areas of low profile prior to use verifying that the brick coloration or surface is not damaged or cause efflorescence (acidic cleaners). No mechanical means of removal is acceptable. Painted surfaces shall be repainted to match the existing paint.

III. WINDOWS

A. Wood Window Repair (existing)

1. **Location:** North and east façades.
2. **Scope of work:** Investigate conditions. Repair existing wood sash and frame, and re-glaze as required. In practice, no existing windows frames were retained/repaired.
3. **Recommended Procedure:** Assess condition of existing wood window assembly components. Remove portions of deteriorated wood and use epoxy consolidation materials to rebuild profile. Replace severely deteriorated elements in kind. Refurbish hardware in kind where



Proposed Modification of Window Sash Profile to accommodate new glazing and insulation.

EXHIBIT A

missing or broken. Install new 7/8" laminated glass (thickness of laminated glass may change based on recommendation from acoustical engineer); replace glazing putty. New glazing and laminations to be clear. Prepare wood for paint by removing flaking paint and feathering paint edges where required. Paint window sash, sills and frames.

B. Wood Window Replacement (new)

1. **Location:** West and south façades
2. **Scope of work:** Repair existing wood frames (see above), provide new wood sash to match existing. Where frame is missing, provide new wood frame to match existing. This is the method followed at all openings.
3. **Recommended Procedure:** Provide new sash and frames, where necessary, to match existing. Wood type to be determined. Install laminated glass. New glazing and laminations to be clear. Provide new hardware that is in keeping with the age and character of the building.

C. Window Hardware (existing)

1. **Location:** North and east façades
2. **Scope of work:** Maintain existing historic hardware in place, if possible, at windows that are retained. Salvage historic hardware on windows that are removed.
3. **Recommended Procedure:** Retain, clean and repair existing hardware.

D. New Projecting Window Bay

1. **Location:** Market Street façade.
2. **Scope of work:** Reconstruct original projecting window bay that was removed in 1962-63.

EXHIBIT A

- 3. Recommended Procedure:** Investigate field conditions and locate additional documentation of original window bay design and construction. Determine original materials and extent of terra cotta, brick masonry and stone masonry that was used in the original construction.

Provide new structural support and flooring system.

Replace missing masonry assemblies with panels of substitute materials (GFRC or FRP) to match the original masonry in profile, color, and texture. New assemblies are to be equipped with structural framing and fire proofing as required. Individual units and assemblies are to be secured with stainless steel anchors.

Install new wood window units to match original. New wood windows to be glazed with 7/8" laminated glass (thickness of laminated glass may change based on recommendation from acoustical engineer). Glass and laminations to be clear.

Provide new clay tile roofing at top of the projecting bay.

IV. SHEET METAL

A. Ornamental Sheet Metal Cornice

- 1. Location:** Market, Geary and Kearny Street façades. The original sheet metal cornice was removed when metal cladding was installed on the building in 1962-63.
- 2. Scope of work:** Replace missing cornice with new galvanized sheet metal or FRP cornice to match original design. Paint new cornice.
- 3. Recommended Procedure:** Replace with new.

EXHIBIT A

B. Ornamental Sheet Metal Column Base Repair

1. **Location:** Engaged column bases on Market, Geary and Kearny Street façades.
2. **Scope of work:** Investigate conditions and extent of remaining original sheet metal column base. Repair holes and tears with epoxy.
3. **Recommended Procedure:** Remove loose and damaged materials. Repair holes and tears with epoxy. Clean, prime and paint. Replace missing bases with new material to match existing.

V. ROOF (non-historic)

- A. **Location:** New stories will be added above the existing roof.
- B. **Scope of work:** New roof and drainage system.
- C. **Recommended Procedure:** Coordinate new roof and drainage system with existing system.

VI. STOREFRONTS (non-historic)

- A. **Location:** Ground floor along Market, Geary and Kearny Streets.
- B. **Scope of work:** New storefronts to replace storefronts installed in the 1960's renovation. Original storefronts do not exist beneath the modern cladding at the ground floor level except at the original sandstone arched entrance. Some original sandstone remained at piers, and was retained.
- C. **Recommended Procedure:** Install new storefronts of contemporary design that are compatible with the historic fabric immediately above and adjacent to the new work. Storefronts will include a new main entrance to the residential lobby located on the easternmost portion of the



Proposed Storefront along Market Street.

EXHIBIT A

Market Street façade and fire exits from the tower above. New doors will be installed within the historic arch fronting on Geary Street and serving as the main entrance to the retail tenant.

Storefronts will consist of vertical masonry panels of dimension similar to the masonry piers above and horizontal masonry spandrels at the top and bottom of the storefront windows. Window frames will be steel or aluminum profiles "built-up" with substantial dimensions appropriate for rehabilitation projects. Metal components will be detailed to avoid exposed seams. Frames will be coated with a high quality finish in a color compatible with the new and existing masonry. New entrance doors within the historic arch will be designed in a similar manner.

The new storefronts will be visually separated from the existing original masonry by a horizontal metal "fin", similar to the projecting elements on the new tower above. The fin will be the base for light fixtures to illuminate the historic facades. An entrance canopy will also be installed above the residential entrance. The design of the canopy will be in the same architectural vocabulary as the storefront.

VII. BIRD CONTROL

- A. Location:** Cornice, ledges, and locations where roosting occurs.
- B. Scope of work:** Provide bird control to prevent roosting. Project sponsor will wait to see if this is required.
- C. Recommended Procedure:** Remove bird nests, birds and other evidence of bird habitation. Clean area as per recommendations. Install bird control or barricade to prevent re-entry of pests. Bird control systems to include spikes, netting, electric tracks or wires as needed. Installation shall be consistent with the Secretary of the Interior's Standards. Bird control installation to have the

EXHIBIT A

least visible impact on the historic facades, taking into account the costs of installation.

VIII. STRUCTURAL SYSTEM

- A. **Description:** The historic structure consisted of two separate cast iron and steel frameworks supporting clay tile floors and masonry exterior walls. No explicit lateral load resisting system existed in either structure. Although occupied as one building, these two frameworks were structurally independent, and due to their irregular geometries and different heights would oscillate at different frequencies during an earthquake. The structures did not conform to modern seismic codes.
- B. **Scope:** The new seismic design consists of steel frames and shotcrete walls that will receive lateral loads from existing and new horizontal floor diaphragms. Shotcrete will be installed on the interior perimeter of the historic masonry walls. Filling in the floor at the lightwell is essential to tie the two original frameworks together so that the retrofitted structure will oscillate as one entity.

IX. ADDITION

- A. **Description:** An addition has been constructed above the existing historic roof levels. The addition is eight stories above the circa 1905 sixteen-story addition and thirteen stories above the existing roof level covering the original circa 1890 building footprint. The proposed construction is the second addition made to the Chronicle Building. The original 10-story building, completed in 1890 was altered in 1905 with the addition of two new stories and an adjacent 16-story tower fronting on Kearny Street. The addition is designed to express a progression of architectural styles. The original thick-walled Romanesque building was succeeded by a lighter turn-of-the-century structure 25 years later. The addition, 100 years after that, is solid in

EXHIBIT A

appearance like its predecessors, but lighter than its antecedents both visually and physically.

- B. Scope of work:** The new addition is set back from the historic building on the Market Street façade. The corner is stepped back at upper floors with terraces to break down the scale of the addition as viewed from the street level. The new Kearny Street façade is also be recessed to reveal the corner of the existing 16-story tower.

The new façades will have architectural rhythms and solid/void relationships that are sympathetic with the character of the original building. Construction materials will be light masonry or masonry-like, with small scale units. Colors will be chosen to be compatible with the original pressed brick without drawing too much visual attention. Windows will be clear glass with aluminum or steel frames. Cornices and projecting fins will be metal to terminate the new tower in an elegant manner befitting the dignified historic building below.

X. ADMINISTRATIVE REVIEW OF PROJECT COMPLIANCE WITH REHABILITATION STANDARDS

- A. On-going Staff Review and Monitoring:** The Owner and the Project Architect have continued to consult with a qualified Preservation Architect and staff from the Planning Department's preservation team to ensure that the Project's rehabilitation methods and materials are consistent with the standards set forth in this Rehabilitation Program at all steps in the entitlement and site permit process. Staff shall make reasonable accommodations for unanticipated changes in materials and methods, so long as such changes conform with the Recommended Procedures set forth in the General Rehabilitation section (Section I) of this document. When staff determines that a proposed change qualifies as a substantial material change, they shall refer the proposed change to

EXHIBIT A

the Landmarks Preservation Advisory Board for further review and a recommendation. For purposes of this document, "substantial material change" shall mean any change that includes proposed materials or methods not previously discussed in this document or when such change does not conform to conventional restoration methodologies.

- B. Referral of Substantial Material Changes to Landmarks Preservation Board:** Upon referral by staff pursuant to Section VII(a) above, the City of San Francisco Landmarks Preservation Advisory Board (Landmarks Board) shall review any substantial material change and render an opinion as to whether it conforms with the Recommended Procedures set forth in the General Rehabilitation section (Section I) of this document. The Landmarks Preservation Board shall render its opinion within 45 days of such referral by staff. If the Landmarks Board does not act within this allotted time, the decision as to whether the change is appropriate shall be made by the Planning Department's preservation team in consultation with a qualified Preservation Architect, the Project architect and the Owner unless the Landmarks Board president requires that the Landmarks Board receive additional time to review the proposed changes, not to exceed 60 days from staff's referral of the proposed material change(s).
- C. On-going Construction Updates:** Starting on the first day of construction, the Project Sponsor shall provide informational updates to the Landmarks Board on the progress of the rehabilitation at intervals not to exceed 60 days.
- D. Final Determination by Zoning Administrator:** On-going staff review shall culminate in the issuance of a written determination by the Zoning Administrator that the Project has been rehabilitated substantially in accordance with the terms set forth in this Rehabilitation Program. This written determination shall be made in consultation with the Landmarks Board president.

EXHIBIT B

Mills Act Historic Property Contract—Maintenance Plan for The Chronicle Building

The Chronicle Building
690 Market Street
San Francisco, CA 94104

This Maintenance Program has been prepared by historic preservation architects, Page & Turnbull, Inc., for the completed rehabilitation, alteration and expansion of the Chronicle Building located at 690 Market Street, San Francisco (the "Project"), and currently owned by 690A HCT, LLC and 690B HCT, LLC (collectively, "Owner"). As set forth in the Mills Act Historic Property Contract for 690 Market Street, this program will commence upon completion of the Rehabilitation Program (Attachment B). [See Rehabilitation Program for methods of cleaning and repair.]

I. DOCUMENTATION

- A. **Record of Maintenance and Inspections:** Owner agrees to keep documentation of all maintenance work performed pursuant to this Maintenance Plan and shall make such records available upon request by representatives of the Landmarks Board or Planning Department, the City Assessor or the Department of Building Inspection, upon no less than seventy-two (72) hours advance written notice, to monitor Owner's compliance with this Maintenance Plan. Such documentation shall include copies of all written reports and Estoppel Certificates issued by the City in response to previous Inspections or Owner requests. Such documentation shall serve as evidence of Owner's compliance the standards for maintenance set forth in this Maintenance Plan.

II. MAINTENANCE STANDARDS

A. Graffiti

1. **Inspect:** Daily
2. **Maintenance:** As graffiti occurs on façades, remove using the gentlest method as appropriate for the substrate as determined by testing. At painted surfaces, graffiti will be painted over to match the existing paint.

B. Brick

1. **Inspect:** Annually
2. **Maintenance:** As required approximately every 10-15 years. Clean with low pressure water wash. Clean limited areas of heavy soiling with tested chemical cleaner. Repoint joints where mortar is missing or recessed.

C. Terra Cotta

EXHIBIT B

1. **Inspect:** Annually
2. **Maintenance:** As required approximately every 10-15 years. Clean with water and non-ionic detergent. Clean limited areas of heavy soiling with tested chemical cleaner. Patch cracks and spalls. Repoint joints where mortar is missing or recessed.

D. Sandstone Base -- Market, Geary and Kearny Street Elevations

1. **Inspect:** Annually
2. **Maintain:** As required approximately every 10-15 years.
Clean stone. Repair and patch cracks and spalls. Repoint joints where mortar is missing or deteriorated.

E. Wood Window Assembly (original and new elements)

1. **Inspect:** Annually
2. **Maintenance:** As required, approximately every 15 years.
Abate peeling paint, feather edges and repaint. Consolidate or replace deteriorated wood. Repair sash, frame, sill, and trim elements. Replace severely deteriorated elements in kind. Provide new glass where broken. Replace glazing putty where deteriorated, detached, or missing.

F. Joints (between dissimilar materials)

1. **Inspect:** Annually
2. **Maintenance:** As required, approximately every 5 years
Apply sealant with backer rod where damaged, detached, or deteriorated.

G. Gutters and Drains (non-historic)

1. **Inspect:** Annually
2. **Maintenance:** Annually
Inspect drain and gutters for obstructions and failure. Remove debris. Clean, repair and, as required, replace drains and damaged gutter sections in kind.

H. Roof (non-historic)

1. **Inspect:** Annually
2. **Maintenance:** Annually, as required to repair damage.

EXHIBIT B

Inspect roof for membrane failure and separation of joints. Repair minor damage as required. Apply new roofing materials approximately every 15 years (verify).

I. Bird Control

1. **Inspect:** Annually
2. **Maintenance:** Annually

Verify location of bird droppings and nests. Repair existing bird control device if damaged. Clean bird roosting areas with a product compatible with the substrate. Add additional bird control if required.

J. Roof Cornice

3. **Inspect:** Annually
4. **Maintenance:** Annually

K. Window Sills

5. **Inspect:** Annually
6. **Maintenance:** Annually

L. Alternative Replacement Materials

7. **Inspect:** Annually
8. **Maintenance:** Annually

Annually, as required, bring appearance into conformity with similar original exterior materials and in-kind replacement materials, should alternative replacement exterior materials become noticeably incongruent in appearance with the original and in-kind materials.