

Memorandum of Understanding
Between the County of San Mateo and the City of South San Francisco
Regarding the 721 Airport Blvd. Supportive Housing Project

This Memorandum of Understanding Regarding the 721 Airport Blvd Supportive Housing Project (“MOU”) is made and entered into as of the Effective Date (defined herein) by and between the County of San Mateo (the “County”) and the City of South San Francisco (the “City”). The County and City may be collectively referred to herein as “Parties” and individually as “Party”.

Recitals

WHEREAS, the County has an interest in and commitment to supporting the development of affordable housing for residents of the County and has invested substantial resources toward the goal of reaching functional zero homelessness throughout San Mateo County, and the achievement of this goal will have a positive impact on and provide public benefits to the County and each city within the County, including the City; and

WHEREAS, the County has received an award under the State’s Project Homekey program (“Homekey”) to fund the County’s acquisition of a property located at 721 Airport Boulevard, South San Francisco (Assessor Parcel No. 012-146-140) (the “Property”) for use as permanent supportive housing for individuals and families experiencing or at risk of homelessness (the “721 Airport Supportive Housing Project” or “Project”); and

WHEREAS, under the 721 Airport Blvd. Supportive Housing Project, residents of units at the Property would be tenants subject to lease terms and conditions and with rights and obligations associated with such tenancies as provided under California law and have access to supportive services; and

WHEREAS, the Property is, as of the Effective Date, and has previously been, operated as a 45-guest room hotel known as the Ramada Limited San Francisco Airport North (the “Hotel”) which generates Transient Occupancy Tax (“TOT”) revenues payable to the City; and

WHEREAS, on June 13, 2023, the County’s Board of Supervisors approved a resolution authorizing the acquisition of the Property in the event the County received an award of Homekey funds, and the County has since acquired and intends to take further steps to develop the Property and implement the Project to provide permanent supportive housing individuals and families experiencing or at risk of homelessness; and

WHEREAS, the City has expressed concerns about the implementation of the Project, which concerns include (a) loss of TOT revenues to the City from the operation of the Hotel; (b) service provisions and management plan for the Project; and (c) exterior improvements and ongoing maintenance and repairs of the Property (collectively referred to herein as the “City Concerns”); and

WHEREAS, the Parties acknowledge that success of the Project is dependent, in part, on a strong partnership between the County and the City, Episcopal Community Services (ECS) and its affiliate entities (collectively, "Operator"), the operator of the Project, as well as other nonprofit service providers, local businesses, local neighborhood associations and the surrounding community; and

WHEREAS, as specified herein, the County desires to take steps to address the City Concerns and the Parties wish to cooperate on certain activities in connection with the implementation of the Project.

NOW THEREFORE, the Parties wish to set forth the terms and understanding between them regarding the Project.

Terms

NOW THEREFORE, the Parties agree as follows:

1. **Purpose.** The purpose of this MOU is to outline the Parties' obligations and responsibilities, as specified and subject to the terms and conditions stated herein, as to certain measures relating to the implementation of the 721 Airport Blvd. Supportive Housing Project at the Property and to address the City Concerns.
2. **Term.** This MOU is effective upon the Effective Date and shall remain in effect until December 31, 2030, unless modified by written amendment executed by the Parties. The initial term and any extended term shall be collectively referred to as the "Term." This MOU may be terminated by either Party, with or without cause, (a) following a good faith attempt by the Parties to meet and confer as described in Section 12, which termination shall be effective upon thirty (30) days written notice to the other Party; or (b) upon mutual written agreement of the Parties.

The County agrees to discuss with the City any plans it may have for termination of the use of the Property for the Project and disposition of the Property for another use. In the event the County terminates this MOU, the County shall remain obligated to the City for the TOT Payment (as defined in Section 3.A below).

3. **Responsibilities.**

- A. **TOT Payment By County.** To address the City's projected loss of TOT revenue from conversion of the Hotel to residential use, the County agrees to allocate and authorize a single one-time lumpsum payment to the City in the amount of One Hundred Ninety Thousand Dollars (\$190,000) (the "TOT Payment"). The County shall remit the TOT Payment to the City within 30 days after the Effective Date. This Section 3.A shall survive the termination of this MOU as provided for in Section 2 above.
- B. **Payment of Impact Fees By County.** The County agrees to allocate and authorize a single one-time lumpsum payment to the City of One Million Dollars (\$1,000,000) in full satisfaction of any and all applicable or potentially applicable Impact Fees (including

without limitation, the City's Transportation Impact Fee, Parks and Recreation Fee, Childcare Fee, Library Impact Fee, and Public Safety Impact Fee) relating to the Project (the "Impact Fee Payment"). The Impact Fee Payment shall be remitted to the City within thirty (30) days after the Effective Date.

- C. Exterior Building Improvements. The County agrees that the County and/or its Operator will conduct community outreach and make reasonable efforts to engage with the City in an attempt to incorporate aesthetics and design feedback into exterior building improvements for the Project. The County's Operator may elect to present proposed exterior building improvements to the City's Design Review Board for feedback and comments.
- D. Provision and Maintenance of Supportive Services. The County agrees to require and maintain an appropriate level of supportive services, staffing, and security for the Project, as determined in the County's reasonable discretion consistent with Homekey requirements, so long as the Project remains in operation and use as a permanent supportive housing project.
- E. Live/Work Preference. At initial occupancy of the units at the Project, to the extent permitted under applicable law, twenty percent (20%) of the units shall be assigned through the County's homeless referral system to individuals living or working within the South San Francisco city limits, subject to eligibility requirements for the tenant population under the Homekey program and associated restrictive covenant on the Property. The County further agrees to continue applying this preference during the Term of this MOU in selecting tenants for the Project units, to the extent permitted under applicable law.
- F. City Review of Management Plan. Prior to commencement of Project operations, the County agrees to provide the City with a reasonable opportunity to review and comment on the Operator's management plan for the Project.
- G. Fire Prevention and Safety. The County and/or its Operator will work with any necessary government or private personnel to discuss and implement necessary measures as required by law to address fire prevention and evacuation issues at the Project site. In addition, Project tenants shall be expected to comply with all applicable laws and regulations.
- H. Ad-Hoc Subcommittees. The Parties will each establish ad hoc subcommittees that, for the County shall be composed of two (2) County Board of Supervisors members and be administered by two (2) County staff liaisons, and for the City shall be composed of two (2) City Council members and be administered by two (2) City staff liaisons. For the sake of clarity, the foregoing staff liaisons are not considered members of the respective subcommittees and do not serve in a membership capacity.

On a quarterly basis, or at such other reasonable intervals as mutually agreed by the subcommittees, commencing the first quarter after the commencement of operations at the Project, through December 31, 2026, the subcommittees shall meet together with:

- Representatives of the Project Operator;
- One (1) representative of the business owners of the City;
- One (1) representative of the residents of the City; and
- One (1) representative of the residents of Project

to discuss the status, progress and any community concerns and issues to be addressed (including with respect to landscaping and maintenance of the Property) in connection with the Project.

- I. **Maintenance and Aesthetics of the Property.** The County shall be responsible, at its sole cost and expense, for performing or ensuring the performance by Operator, of the maintenance and upkeep of the Property, including but not limited to interior and exterior building maintenance, and landscaping and aesthetic improvements at the Property. Any material landscaping and exterior aesthetic improvements at the Property shall be implemented by the County with notice to the City. The obligations of this Section 3.I shall be effective so long as the Project remains in operation and use as a permanent supportive housing project. This Section 3.I shall survive the termination of this MOU.
4. **Amendments.** Either Party may request changes to this MOU. Any changes, modifications, revisions, or amendments to this MOU which are mutually agreed upon by and between the Parties to this MOU shall be incorporated by written instrument, and effective when executed and signed by all Parties to this MOU.
5. **Governing Law.** The construction, interpretation and enforcement of this MOU shall be governed by the laws of the State of California. The Superior Court of the State of California, County of San Mateo shall have original jurisdiction over any action arising out of this MOU and over the Parties, and the venue for any such actions shall be the Superior Court of the State of California, County of San Mateo.
6. **Complete Agreement.** This MOU represents the entire, integrated agreement between the Parties regarding the subject matter hereof and supersedes all prior negotiations, representations and agreements, whether written or oral.
7. **Construction.** All section headings are intended for reference and convenience purposes only, and in no way define, limit, or describe the scope or intent of any provisions herein.
8. **Severability.** Should any portion of this MOU be judicially determined to be illegal or unenforceable, the remainder of the MOU shall continue in full force and effect, and either Party may renegotiate the terms affected by the severance.
9. **No Third-Party Beneficiary Rights.** The Parties do not intend to create in any other individual or entity the status of a third-party beneficiary, and this MOU shall not be construed to create such status. The rights, duties and obligations contained in this MOU shall operate only between the Parties to this MOU and shall inure solely to the benefit

of the Parties to this MOU. The provisions of this MOU are intended only to assist the Parties in determining and performing their obligations under this MOU. The Parties to this MOU intend and expressly agree that only Parties signatory to this MOU shall have any legal or equitable right to seek to enforce this MOU, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this MOU, or to bring an action for the breach of this MOU.

- 10. Indemnification.** Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify, defend, and hold the other Party (including its appointed and elected officials, officers, employees, and agents) harmless and free from any damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its appointed or elected officials, officers, employees, or agents, under or in connection with any activities undertaken in connection with this MOU. No Party, nor any appointed or elected official, officer, employee, or agent thereof, shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of any other Party, its appointed or elected officials, officers, employees, or agents, under or in connection, with any activities undertaken in connection with this MOU.
- 11. Notice.** Any notice, demand or request required or permitted to be given or made under this MOU ("Notice") shall be in writing and will be deemed given or made when delivered in person, or when sent by United States registered or certified mail, postage prepaid, to a Party at its address specified below, with email copy as follows:

If to the County:

Michael Callagy, County Executive, County of San Mateo,
400 County Center Drive, First Floor,
Redwood City, CA 94063
mcallagy@smcgov.org

With a copy to:

San Mateo County Attorney
500 County Center, 4th Floor
Redwood City, CA 94063
jnibbelin@smcgov.org

If to the City:

Sharon K. Ranals, City Manager
400 Grand Avenue
South San Francisco, CA 94080
Sharon.Ranals@ssf.net

With a copy to:

Sky Woodruff, City Attorney
Redwood Public Law
409 13th Street, Suite 600

Oakland, California 94612
sky.woodruff@redwoodpubliclaw.com

The Parties may change their addresses for Notice by notifying the other Party in the manner provided in this section.

12. **Disputes.** The Parties agree that, with regard to all disputes or disagreements arising under this MOU that are not resolved informally at the staff level after a good faith attempt, the Parties may, at their sole and mutual discretion, agree to engage in mediation, and the costs of any such mediation shall be divided equally among the Parties involved in the mediation.
13. **Signatures.** In witness whereof, the parties to this MOU through their duly authorized representatives have executed this MOU on the dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this MOU as set forth herein. This MOU may be executed by a Party's signature transmitted by facsimile or electronically, and copies of this MOU executed and delivered by such means shall have the same force and effect as copies hereof executed and delivered with original signatures. This MOU may be executed in counterparts, all of which will constitute one MOU. A copy or original of this document with all signature pages appended together will be deemed a fully executed, original MOU.
14. **No Presumption Against the Drafter.** This MOU shall be interpreted and construed only by the contents hereof, and there shall be no presumption or standard of construction in favor of or against either Party.
15. **Non-Discrimination.** In fulfilling the obligations and exercising any rights under this MOU, the Parties will not discriminate in any way against any person based on sex, pregnancy, childbirth or related medical conditions, race, veteran status, religion, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, gender (including gender identify and gender perception), sexual orientation, or any other basis protected by federal or state law.
16. **Effective Date.** This MOU shall be effective after approval by the Parties' respective governing bodies and upon the date of full execution by the Parties' duly authorized representatives shown below (the "Effective Date").

[Signatures on following page]

In witness of and in agreement with this MOU's terms, the Parties, by their duly authorized representatives, affix their respective signatures:

COUNTY OF SAN MATEO,

By:  4F48F896DAB94EE...

Date: 6/17/2025

Michael P. Callagy,
County Executive

CITY OF SOUTH SAN FRANCISCO,

By:  Sharon K. Ranals

Date: 6/17/25

Sharon K. Ranals,
City Manager



City of South San Francisco

City Council

Resolution: RES 61-2025

P.O. Box 711 (City Hall, 400
Grand Avenue)
South San Francisco, CA

File Number: 25-530

Enactment Number: RES 61-2025

**RESOLUTION AUTHORIZING THE CITY MANAGER TO
EXECUTE A MEMORANDUM OF UNDERSTANDING WITH
THE COUNTY OF SAN MATEO REGARDING THE 721
AIRPORT BLVD. SUPPORTIVE HOUSING PROJECT.**

WHEREAS, the County of San Mateo ("County") has acquired the property located at 721 Airport Boulevard, South San Francisco (Assessor Parcel No. 012-146-140) (the "Property") for use as permanent supportive housing for individuals and families experiencing or at risk of homelessness (the "Project"), to be funded by the State's Homekey program; and

WHEREAS, the Property is, and has previously been, operated as a 45-guest room hotel known as the Ramada Limited San Francisco Airport North (the "Hotel") which generates Transient Occupancy Tax ("TOT") revenues and providing short-term accommodations for visitors to the City who shop and dine. As part of the Project, the hotel would be closed, and the building would be converted into 45 units of permanent supporting housing; and

WHEREAS, the City County have negotiated a Memorandum of Understanding ("MOU") to address the economic impacts on the City from the Project and that outlines the parties' obligations and responsibilities relating to the Project; and

WHEREAS, the MOU would remain in effect until December 31, 2030, unless modified by the parties; and

WHEREAS, to address the City's projected loss of TOT revenue from conversion of the Hotel to residential use, the County would agree under the MOU to allocate and authorize a single one-time lump sum payment to the City in the amount of One Hundred Ninety Thousand Dollars (\$190,000); and

WHEREAS, the County would agree to allocate and authorize a single one-time lump sum payment to the City of One Million Dollars (\$1,000,000) in lieu of Development Impact Fees that would otherwise be applicable to a residential development of the same size as the Project; and

WHEREAS, the County would agree to require and maintain an appropriate level of supportive services, staffing, and security for the Project; and the County and/or its Project operator would work with any necessary government or private personnel to discuss and implement necessary measures as required by law to address fire prevention and evacuation issues at the Project site; and

WHEREAS, at initial occupancy of the units at the Project, to the extent permitted under applicable law and the Homekey program, twenty percent (20%) of the units would be assigned through the County's homeless referral system to individuals living or working within City limits; and the County would agree to continue applying this preference during the term of the MOU to the extent permitted under applicable law; and

WHEREAS, the parties would each establish ad hoc subcommittees that would regularly meet with representatives of the Project operator, and one representative each of the business owners of the City, the residents of the City, and the residents of the Project, to discuss the status, progress, and any community concerns and issues to be addressed in connection with the Project; and

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Enactment Number: RES 61-2025

WHEREAS, the County would be responsible, at its sole cost and expense, for the maintenance and upkeep of the Property, including, but not limited to, interior and exterior building maintenance, and landscaping and aesthetic improvements at the Property.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of South San Francisco approves the Memorandum of Understanding between the City of South San Francisco and the County of San Mateo, attached to this resolution as Exhibit A and incorporated herein.

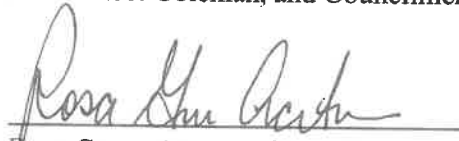
BE IT FURTHER RESOLVED that the City Manager of the City of South San Francisco or designee, is hereby authorized, and directed to execute the Memorandum of Understanding on behalf of the City of South San Francisco in substantially the same form as Exhibit A, and to take any action and execute other documents consistent with the intent of this Resolution, as long as they do not increase the City's obligations, subject to approval as to form by the City Attorney.

* * * * *

At a meeting of the City Council on 5/28/2025, a motion was made by Councilmember Nagales, seconded by Councilmember Nicolas, that this Resolution be approved. The motion passed.

Yes: 5 Mayor Flores, Vice Mayor Addiego, Councilmember Nagales,
Councilmember Coleman, and Councilmember Nicolas

Attest by



Rosa Govea Acosta, City Clerk