

1 [Finding of Fiscal Feasibility - Moscone Center Expansion Project]

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3 **Resolution finding that a project proposed by the City to expand and renovate the**  
4 **North and South exhibit halls of the Moscone Convention Center, including**  
5 **reconfiguring the North and South exhibit halls to create additional contiguous exhibit**  
6 **space, a new ballroom, new loading and building service space, and improvements to**  
7 **the landscaping, urban design, and public realm, within and adjacent to the North and**  
8 **South exhibit halls, is fiscally feasible and responsible under Administrative Code,**  
9 **Chapter 29.**

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11 WHEREAS, The Successor to the San Francisco Redevelopment Agency (the  
12 “Agency”) owns and the City and County of San Francisco (the “City”) leases from the Agency  
13 approximately 5 acres located at 720 Howard Street, which is currently improved with the  
14 North exhibit hall of the Moscone Convention Center (“Moscone North”), and approximately  
15 10 acres located at 747 Howard Street, which is the South exhibit hall (“Moscone South”) of  
16 the Moscone Convention Center; and

17 WHEREAS, The City, with the authorization of the Agency, and acting through its  
18 Department of Public Works (“DPW”) and Office of Economic and Workforce Development  
19 (“OEWD”), and the San Francisco Tourism Improvement District Management Corporation  
20 (“SFTIDMC”), in its capacity as owners association on behalf of the San Francisco Tourist  
21 Improvement District (“TID”), proposes to build, finance and operate a development project  
22 consisting of the renovation and expansion of Moscone North and Moscone South (the  
23 “Project”).

24 WHEREAS, The Project would reconfigure Moscone North and Moscone South to  
25 create up to 550,000 square feet of contiguous exhibit space, which would be accomplished

1 by connecting existing space within the center, and constructing a new 35,000 to 75,000  
2 gross square foot ballroom, up to 200,000 square feet of new convention and meeting space,  
3 and up to 100,000 square feet of loading and building service space, and

4 WHEREAS, The Moscone Center contributes significantly to the City's economy,  
5 generating \$1.8 billion in spending in the City in 2011 from persons attending meetings,  
6 conventions and trade shows, and

7 WHEREAS, The Moscone Center is the smallest among 13 convention centers with  
8 which it is most competitive, and convention centers in at least two cities, Los Angeles and  
9 San Diego, have completed expansion or are in the process of expanding, while at least one,  
10 Las Vegas, is putting substantial capital into renovating the public spaces in and around its  
11 convention center; and

12 WHEREAS, The Moscone Center has reported record attendance in recent years,  
13 compounding the need for additional space, as San Francisco ranks particularly favorably  
14 among international convention attendees due to the large amount of direct air service to San  
15 Francisco International Airport, particularly from countries in Asia; and

16 WHEREAS, Meeting planners have reported that the current lack of contiguous space  
17 is a serious detriment to their ability to book Moscone Center and San Francisco, which has  
18 resulted in a loss of approximately \$2 trillion in direct spending as a result of lack of available  
19 space for conventions with dates between 2010 and 2019, as these events instead booked  
20 convention centers in Chicago, Las Vegas, San Diego and other cities, taking with them  
21 delegate spending, tax revenue and other economic impact; and

22 WHEREAS, The Moscone Expansion Project will be financed via a partnership  
23 between the tourist hotel community and the City, with the tourist hotels located within the  
24 proposed Moscone Expansion District (the "District") paying their share of expansion-related  
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1 costs out of special tax assessments, and the City paying its share of expansion-related costs  
2 out of general fund revenues or other funds and sources; and

3 WHEREAS, The District and City would each pledge revenues to pay principal, interest  
4 and related financing costs on payments of any bond, financing lease (including certificates of  
5 participation), or other similar obligations of the City that will be issued to facilitate the  
6 expansion, and based on this shared-cost scenario; and

7 WHEREAS, The City is expected to derive significant economic benefits in return for its  
8 financial commitment, as the Moscone Center Expansion Project would generate construction  
9 jobs, and additional economic activity in the form of increased spending for local businesses  
10 and increased tax revenue for the City; and

11 WHEREAS, Administrative Code Section 29.2 requires that, before submitting an  
12 environmental evaluation application (an “Environmental Application”) to the Planning  
13 Department under Administrative Code Chapter 31 and the California Environmental Quality  
14 Act, Public Resources Code Sections 21000 and Guidelines for Implementation of the  
15 California Environmental Quality Act, Title 14, Division 6, Chapter 3 of the California Code of  
16 Regulations (collectively, “CEQA”) related to the proposed Project, the sponsoring City  
17 department must procure from the Board of Supervisors a determination that the plan to  
18 undertake and implement the proposed Project is fiscally feasible and responsible; and

19 WHEREAS, Because the cost to construct the Project will exceed \$25 million, the  
20 proposed Project is subject to the process set forth in Administrative Code Chapter 29 for the  
21 Board of Supervisors to determine whether the Project is fiscally feasible and responsible; and

22 WHEREAS, The Mayor’s Office on Economic and Workforce Development has  
23 prepared a fiscal feasibility analysis for the proposed Project, which meets the requirements of  
24 Administrative Code Chapter 29.1 (the “Fiscal Feasibility Report”), which report is on file with  
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1 the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, and is hereby incorporated by this  
2 reference as part of the Resolution as if fully set forth herein; and

3 WHEREAS, The Fiscal Feasibility Report shows that the Project would generate  
4 substantial fiscal benefits for the City, including thousands of jobs and tens of millions of  
5 dollars a year in tax and other revenues; and

6 WHEREAS, Under Administrative Code Section 29.3, DPW, OEWD, and TID have  
7 submitted to the Board of Supervisors a general description of the proposed Project, the  
8 general purpose of the proposed Project, and preliminary fiscal plan that consists of the Fiscal  
9 Feasibility Report; and

10 WHEREAS, The Board of Supervisors has reviewed and considered the general  
11 description of the proposed Project, the general purpose and intended public benefits of the  
12 proposed Project, the Fiscal Feasibility Report and other information submitted to it in  
13 connection with the Project and has considered: (1) the direct and indirect financial benefits  
14 of the Project to the City, including to the extent applicable cost savings or new revenues,  
15 including tax revenues, generated by the proposed Project; (2) the estimated costs of  
16 construction for the proposed Project; (3) the anticipated available funding sources for the  
17 proposed Project; (4) the long-term operating and maintenance costs of the proposed Project;  
18 and, (5) the debt load to be carried by the City and the District; now, therefore, be it

19 RESOLVED, That the Board of Supervisors finds that the plan to undertake and  
20 implement the proposed Project is fiscally feasible and responsible under San Francisco  
21 Administrative Code Chapter 29; and, be it

22 FURTHER RESOLVED, That under San Francisco Administrative Code Chapter 29,  
23 the Environmental Application for the Project may now be filed with the Planning Department  
24 and the Planning Department may undertake environmental review of the proposed Project as  
25 required by Administrative Code Chapter 31 and CEQA; and, be it

1           FURTHER RESOLVED, That the City will conduct environmental review of the  
2 proposed Project under CEQA and nothing in this resolution approves or implements the  
3 proposed Project or any of its related facilities, grants any entitlements for the proposed  
4 Project or includes any determination as to whether the City should approve the proposed  
5 Project; nor does adoption of this resolution foreclose the possibility of considering  
6 alternatives to the proposed Project, adopting mitigation measures or deciding not to approve  
7 the proposed Project after conducting appropriate environmental review under CEQA. Any  
8 development of the Project shall be conditioned on the receipt of all required regulatory  
9 approvals, including, but not limited to, approvals from various City and State regulatory  
10 agencies with jurisdiction, following completion of the CEQA process, including required public  
11 review.

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