

FILE NO. 061225

RESOLUTION NO. 547-06

1 [Disposition and Development Agreement and Ground Lease for the Old Mint.]

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3 **Resolution approving and authorizing a disposition and development agreement and**
4 **lease for the rehabilitation and use of the Old Mint by the San Francisco Museum and**
5 **Historical Society; approving the Negative Declaration; adopting findings pursuant to**
6 **the California Environmental Quality Act; adopting findings that the transactions**
7 **contemplated are consistent with the City's General Plan and Eight Priority Policies of**
8 **City's Planning Code; and authorizing the City Administrator, or designee, to execute**
9 **documents, make certain modifications and take certain actions in furtherance of this**
10 **resolution.**

11
12 WHEREAS, The City owns the United States Mint Building located at 88 Fifth Street in
13 San Francisco ("Old Mint") pursuant to a conveyance in August 2003, at no cost from the
14 Federal Government, acting by and through its General Services Administration; and,

15 WHEREAS, The Old Mint was designated as a National Historic Landmark on July 4,
16 1961, and included on the National Register of Historic Places on October 15, 1966; and

17 WHEREAS, On February 11, 2003, the San Francisco Board of Supervisors
18 designated the Old Mint as City Landmark No. 236; and,

19 WHEREAS, On August 1, 2001, the City established the San Francisco Old Mint Task
20 Force (the "Task Force") to gather public input and opinion from diverse communities of the
21 City regarding development of the Old Mint, and to provide additional expertise to the Mayor
22 and the Board of Supervisors regarding the rehabilitation and reuse of the Old Mint; and,

23 WHEREAS, In April of 2002, with the concurrence of the Task Force, the City issued a
24 Request for Proposals ("RFP") soliciting development plans for the rehabilitation and reuse of
25 the Old Mint; and,

1 WHEREAS, After a review committee established by the City evaluated all three (3)
2 responses to the RFP, on January 29, 2003, the Task Force recommended that the City
3 commence exclusive negotiations with the San Francisco Museum and Historical Society
4 ("SFMHS") for the development of the Old Mint, subject to the Board of Supervisors' and
5 Mayor's review and approval of the resulting agreement; and,

6 WHEREAS, On June 10, 2003, the Board of Supervisors adopted Resolution
7 No. 375-03, approved by the Mayor on June 20, 2003, which endorsed the City entering into
8 the exclusive negotiating agreement (the "ENA") with SFMHS; and,

9 WHEREAS, On July 9, 2003, City staff and SFMHS entered into the ENA, a copy of
10 which is on file with the Clerk of the Board in File No. 030794, that, among other things,
11 precludes the City from negotiating with any entity other than SFMHS for the rehabilitation and
12 use of the Old Mint for the term of the ENA; and,

13 WHEREAS, The Board subsequently approved extensions of the term of the ENA; and,

14 WHEREAS, Pursuant to the terms of the ENA, and in order to implement the proposed
15 transaction, the City staff and SFMHS have negotiated terms of a proposed disposition and
16 development agreement ("DDA"), which governs the rehabilitation of the Old Mint, and a
17 proposed ground lease ("Lease"), which governs the operations of the Old Mint; and,

18 WHEREAS, Pursuant to the DDA: (i) SFMHS' proposed project (the "Project") consists
19 of rehabilitating the Old Mint into a mixed-use development with approximately seventy-four
20 thousand (74,000) square feet of useable space anchored by a museum celebrating the
21 history of San Francisco ("Museum"), and including space for a coin museum, a relocated
22 San Francisco Convention and Visitors Bureau office and visitor information center, and a
23 variety of retail uses, including one or more restaurants or cafés; (ii) the Project will include,
24 among other things, seismic upgrades to the Old Mint, and the Old Mint will be brought into
25 compliance with the Americans with Disabilities laws and the Secretary of the Interior's

1 Standards for the Rehabilitation and Guidelines for Rehabilitating Historic Buildings
2 ("Secretary's Standards"); (iii) SFMHS must satisfy certain requirements as a condition to the
3 City entering into the Lease ("Closing Conditions"); (iv) SFMHS is required to privately finance
4 the rehabilitation of the Old Mint; (v) SFMHS has eighteen (18) months to satisfy the Closing
5 Conditions, subject to normal events of force majeure described in the DDA; (vi) SFMHS must
6 maintain and repair the Old Mint and maintain certain insurance coverage for the Old Mint at
7 no cost to the City; (vii) SFMHS is not permitted to commence physical rehabilitation of the
8 Old Mint without a written statement from a historic preservation consultant approved by the
9 State's Historic Preservation Office ("SHPO") and from SHPO stating that the various phases
10 of construction drawings comply with the Secretary's Standards; and (viii) SFMHS must
11 complete the rehabilitation of the Old Mint within ~~thirty-six (36)~~^{forty-two (42)} months after the effective date
12 of the DDA, subject to normal events of force majeure described in the DDA; and,

13 WHEREAS, pursuant to the Lease: (i) the term of the Lease is sixty-six (66) years;
14 (ii) the term of the Lease will commence after the Closing Conditions have been met; (iii) the
15 Premises will be delivered "as-is", without representation or warranty by City; (iv) SFMHS is
16 not required to pay a fixed rent to the City; instead, one hundred percent (100%) of the
17 revenues generated by the SFMHS from the Old Mint must be spent according to a budget
18 approved by the City annually, and if any surplus revenues remain after approved expenses
19 are paid by SFMHS, such surplus revenues will be paid to the City into a special account
20 which will be used solely for the historic preservation of buildings or structures in
21 San Francisco, including the Old Mint; (v) the City can terminate the Lease if an event of
22 default occurs, also if SFMHS ceases to operate the Museum in the Premises for one
23 hundred twenty (120) consecutive days without prior written consent of the City, or if after five
24 (5) years of operation, the average annual paid visitor total for the Museum has not exceeded
25 one hundred thousand (100,000); and,

1 WHEREAS, the DDA and the Lease contain commercially standard arbitration
2 provisions for the prompt resolution of disputes related to, among other things, whether the
3 City is acting inconsistently with an approval previously given by the City and regarding the
4 cost of restoration of the Old Mint if it is damaged; and,

5 WHEREAS, The Planning Department issued a preliminary mitigated negative
6 declaration on December 18, 2004, and republished the preliminary mitigated negative
7 declaration on January 15, 2005; and,

8 WHEREAS, In response to a timely appeal filed with the Planning Commission on
9 February 14, 2005, the Planning Department revised the preliminary mitigated negative
10 declaration and with the withdrawal of the appeal issued a Final Revised Mitigated Negative
11 Declaration ("Negative Declaration") for the Project on June 23, 2005, and,

12 WHEREAS, The Board of Supervisors has reviewed the Negative Declaration for the
13 Project issued by the Planning Department and associated attachments, records, public
14 comments and references as the environmental review documents for the Project; and,

15 WHEREAS, The Project as contemplated by the DDA and Lease is substantially as
16 described in the Project Description for the Negative Declaration; and,

17 WHEREAS, the Director of Planning, by letter dated August 22, 2006, found that
18 the Project as contemplated by the DDA and the Lease is consistent with the City's General
19 Plan, and with the Eight Priority Policies of City Planning Code Section 101.1, which letter is
20 on file with the Clerk of the Board of Supervisors under File No. 061225, and which
21 letter is incorporated herein by this reference; now, therefore, be it

22 RESOLVED, That the Board of Supervisors hereby adopts the Negative Declaration
23 and finds that the Negative Declaration reflects the Planning Department's independent
24 judgment and analysis, and on the basis of the whole record before it finds that the Negative

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1 Declaration is adequate and complete and there is no substantial evidence that the Project
2 could have a significant effect on the environment; and, be it

3 FURTHER RESOLVED, That any and all documents referenced herein have been
4 made available to and reviewed by the Board of Supervisors and can be found in the files of
5 the Planning Department, as the custodian of records, at 1660 Mission Street in
6 San Francisco; and, be it

7 FURTHER RESOLVED, That any mitigation measures and improvement measures
8 included in the Negative Declaration are adopted as conditions of approval and will be
9 implemented and monitored as follows:

10 (a) Historic Resources mitigation related to the design phase of the Old Mint
11 rehabilitation will be implemented by SFMHS and the City in accordance with the terms and
12 obligations and procedures contained in the Programmatic Agreement entered into among the
13 United States, the Advisory Council on Historic Preservation, SHPO and the City and
14 additionally, SFMHS will present each phase of rehabilitation design to the Landmark
15 Preservation Advisory Board for its review and its recommendations at a public hearing, and
16 compliance with the Historic Resources mitigation measure will be monitored through the
17 DDA between SFMHS and the City;

18 (b) Construction-period mitigation measures concerning Air Quality, Contaminated
19 Waste Removal and Historical Resources will be implemented by SFMHS and will be
20 monitored by City staff through the normal building permit procedures and through the DDA
21 between SFMHS and the City;

22 (c) Construction-period improvement measures concerning construction traffic will
23 be implemented by SFMHS in cooperation with and monitored by the City's Department of
24 Parking and Traffic ("DPT"), the City's Department of Public Works ("DPW") and the City's
25 Municipal Railway ("MUNI") staff; and

1 (d) Project operation-period improvement measures concerning Traffic, Transit and
2 Parking, respectively, will be implemented by SFMHS upon approval with subsequent
3 monitoring by DPT, MUNI and DPT, respectively; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors hereby adopts and
5 incorporates the findings under CEQA made by the Planning Department contained in the
6 Negative Declaration, a copy of which is on file with the Clerk of the Board in File
7 No. 061225, by reference as though such findings were fully set forth in this
8 resolution; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors hereby finds that there have
10 been no substantial Project changes, no substantial changes to Project circumstances and no
11 new information of substantial importance that would change the conclusions set forth in the
12 Negative Declaration; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project,
14 as contemplated by the DDA and the Lease, is consistent with the General Plan and with the
15 Eight Priority Policies of Planning Code Section 101.1 for the same reasons as set forth in the
16 letter of the Director of Planning dated August 22, 2006, and hereby incorporates such
17 findings by reference as though fully set forth in this resolution; and, be it

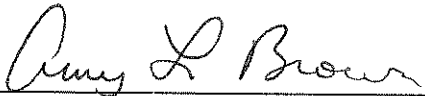
18 FURTHER RESOLVED, That in accordance with the recommendation of the Director
19 of Property, the Board of Supervisors hereby approves the DDA, the Lease and the
20 transactions contemplated thereby and authorizes the Director of Property to execute the
21 DDA and the Lease, including the attached exhibits, in substantially the form presented to this
22 Board; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
24 Property and/or the City Administrator or the City Administrator's designee to enter into any
25 additions, amendments or other modifications to the DDA and the Lease (including, without

1 limitation, the attached exhibits) that the Director of Property and/or the City Administrator
2 determine are in the best interest of the City, do not materially decrease the revenue to the
3 City in connection with the Old Mint or otherwise materially increase the obligations or
4 liabilities of the City, and are necessary or advisable to complete the transaction contemplated
5 in the DDA and the Lease and to effectuate the purpose and intent of this resolution; and, be it

6 FURTHER RESOLVED, That any action taken by any City employee or official with
7 respect to the DDA and the Lease are hereby ratified and affirmed.

8 RECOMMENDED:

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11 Director of Property,
12 Real Estate Division of the
13 Office of Administrative Services

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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Resolution

File Number: 061225

Date Passed:

Resolution approving and authorizing a disposition and development agreement and lease for the rehabilitation and use of the Old Mint by the San Francisco Museum and Historical Society; approving the Negative Declaration; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the transactions contemplated are consistent with the City's General Plan and Eight Priority Policies of City's Planning Code; and authorizing the City Administrator, or designee, to execute documents, make certain modifications and take certain actions in furtherance of this resolution.

September 26, 2006 Board of Supervisors — ADOPTED

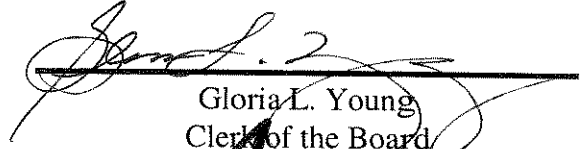
Ayes: 10 - Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval

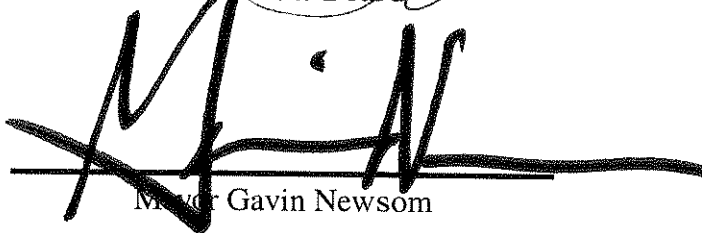
Excused: 1 - Alioto-Pier

File No. 061225

I hereby certify that the foregoing Resolution was ADOPTED on September 26, 2006 by the Board of Supervisors of the City and County of San Francisco.

10/4/06
Date Approved


Gloria L. Young
Clerk of the Board


Mayor Gavin Newsom