

1 [Port Park Lease and Loan, Management Agreement, and Utilities Licenses and Absolving
2 Services Agreement - Mission Rock]

3 **Ordinance approving and waiving competitive solicitation obligations for a Port**
4 **Commission Park Lease and Loan for China Basin Park and for a Management**
5 **Agreement for adjacent public and open spaces between the Port and an affiliate of**
6 **Seawall Lot 337 Associates, LLC, Developer of the Mission Rock Project bounded by**
7 **China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay**
8 **(“Project”); approving a Port Commission License with Mission Rock Utilities, Inc., a**
9 **private utility provider servicing the Project; and approving two Port Commission**
10 **Licenses and an Absolving Services Agreement with Pacific Gas and Electric Company**
11 **to facilitate gas service to private property in the Project area and electric power**
12 **service to the Third Street Bridge Pilot House; and affirming the Planning Department’s**
13 **determination under the California Environmental Quality Act, and its findings of**
14 **consistency with the General Plan, and the eight priority policies of Planning Code,**
15 **Section 101.1.**

16 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
17 **Additions to Codes** are in *single-underline italics Times New Roman font*.
18 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
19 **Board amendment additions** are in double-underlined Arial font.
20 **Board amendment deletions** are in ~~strikethrough Arial font~~.
21 **Asterisks (* * * *)** indicate the omission of unchanged Code
22 subsections or parts of tables.

21 Be it ordained by the People of the City and County of San Francisco:

22
23 Section 1. Background and Findings.

24 (a) In January 2018, the Port Commission adopted Resolution No. 18-03 approving
25 the terms of a Disposition and Development Agreement (“DDA”), between the Port of San

1 Francisco (“Port”) and Seawall Lot 337 Associates, LLC, a Delaware limited liability company
2 (“Developer”), and related transaction documents that are incorporated into the DDA, for the
3 development of approximately 28-acres located along the Port’s Central Waterfront and
4 commonly referred to as “Mission Rock” (the “Project”), comprised of (1) Seawall Lot 337,
5 bounded by Third Street on the west, Mission Rock Street on the south, Pier 48 to the east,
6 and China Basin Park on the north; (2) Pier 48; (3) China Basin Park; (4) the marginal wharf
7 between Pier 48 and Pier 50; and (5) Parcel P20 (collectively, the “Site”).

8 (b) In February 2018, the Board of Supervisors approved the DDA by Resolution
9 No. 42-18, and approved the Development Agreement for the Project by Ordinance
10 No. 33-18.

11 (c) The Developer, with a Developer affiliate, Mission Rock Horizontal Sub (Phase 1),
12 L.L.C., a Delaware Limited Liability Company, has constructed certain “Horizontal
13 Improvements” including: installation of utilities such as auxiliary water supply mains, low-
14 pressure water mains, combined sewer mains, combined sewer storage, non-potable water
15 mains, electricity and gas infrastructure, private utility systems, surface improvements along
16 Third Street, Bridgeview Way, Dr. Maya Angelou Way, Toni Stone Crossing, surface
17 improvements within Port open spaces (Bridgeview Paseo, Dr. Maya Angelou Paseo, a
18 portion of the future Mission Rock Square), and surface and subsurface improvements to
19 China Basin Park and the China Basin Park Promenade.

20 (d) The Horizontal Improvements built to City standards will be owned, maintained,
21 and permitted by the City (Public Works, Municipal Transportation Agency, Public Utilities
22 Commission, Department of Technology) (“City Acceptance Items”). Non-standard
23 improvements built within the City-accepted rights-of-way will be owned by the Port (“Port
24 Encroachments”), as described in an Interagency Master Encroachment Permit (“IMEP”).
25 Improvements built within Port open space will also be owned by the Port (“Port Open Space

1 Assets”). Port Encroachments and Port Open Space Assets are collectively referred to as
2 “Port Assets.” Once the acceptance process is complete, the Port will release the Port Assets
3 and City Acceptance Items from the Master Lease premises, which ownership framework is
4 memorialized in the jurisdictional memorandum of understanding among City departments
5 and in the DDA.

6 (e) Port and Developer have negotiated the China Basin Park Lease and Loan
7 Agreement (the “Park Lease and Loan”), through which Port would (1) provide a zero-rent
8 lease of China Basin Park to a new Developer affiliate, which has not yet been formed but is
9 anticipated to be named “Mission Rock Commons,” for management, maintenance, activation,
10 and programming for public park purposes for a term of 15 years, plus three options for
11 Mission Rock Commons to extend for five years each for a total potential term of 30 years; (2)
12 include certain indemnities benefiting the Port and City; and (3) subject to appropriation by the
13 Port Commission and Board of Supervisors, provide a zero interest loan of up to \$800,000
14 over three years for baseline maintenance and operations purposes, subject to repayment
15 prior to the conclusion of the initial term, as described in the memorandum to the Port
16 Commission dated February 7, 2025. The Park Lease and Loan contemplates certain
17 delegations of authority by the Port Commission to the Port Executive Director for certain
18 administrative functions, including the abilities to (A) revise the China Basin Park leased
19 premises to facilitate construction of future park improvements; (B) approve certain
20 sponsorship agreements that do not exceed 10 years; and (C) approve future annual budgets
21 that fall within a permitted variance of the prior year’s Budget, all without seeking additional
22 Port Commission approval and each as more particularly described in the Park Lease and
23 Loan.

24 A copy of the Park Lease and Loan is on file with the Clerk of the Board of Supervisors
25 in File No. 250189.

1 (f) Port and Developer have negotiated the Mission Rock Paseos and Open Space
2 Management Agreement (“Management Agreement”), requiring Mission Rock Commons (or
3 another Developer affiliate to be formed) to maintain and operate: (1) the Port paseos in the
4 Project area as public open space; (2) Port Assets subject to and in accordance with
5 conditions included in the IMEP; (3) other Port Assets in the Project area; and to assist Port
6 with any associated claim, while the Port retains full control of this property as public space
7 funded with tax-exempt bond proceeds in accordance with Internal Revenue Service (“IRS”)
8 laws and regulations; for a term of 15 years plus three Port options to extend for five years
9 each for a total potential term of 30 years, as described in the memorandum to the Port
10 Commission dated February 7, 2025.

11 A copy of the Management Agreement is on file with the Clerk of the Board of
12 Supervisors in File No. 250189.

13 (g) Port and Pacific Gas and Electric Company (“PG&E”) have negotiated the following
14 license agreements: (1) one no-fee license agreement allowing PG&E to enter Port property
15 to operate and maintain gas pipelines located in Port open space that serve buildings on Lot 3
16 and Lot 4 of the Project; and (2) one no-fee license agreement allowing PG&E to enter Port
17 property to operate and maintain an electric line located in China Basin Park to serve the
18 Third Street Bridge “Pilot House,” each for a term of 66 years subject to approval by the Board
19 of Supervisors, and each protecting the Port and City from certain liability related to PG&E’s
20 utility infrastructure and activities (“PG&E Licenses”). For the PG&E electric line license,
21 PG&E requires an Absolving Services Agreement (“ASA”) that acknowledges the expiration or
22 termination of the electric line license may result in electric power service termination to the
23 Pilot House and in which the Port and City expressly indemnify PG&E from liability, claims,
24 and damages connected with such discontinuance of service.

1 A copy of the PG&E Licenses and ASA are on file with the Clerk of the Board of
2 Supervisors in File No. 250189.

3 (h) Port and Mission Rock Utilities, Inc., a Delaware corporation (“MRU”) that will own
4 and operate district utilities, have negotiated a no-fee license agreement (“MRU License”) to
5 enter Port property to operate and maintain private utilities including district heating and
6 cooling, recycled water treatment and distribution, and sanitary sewers while protecting the
7 Port and City from certain liability related to MRU’s utility infrastructure and activities, which
8 license requires approval by the Board of Supervisors.

9 A copy of the MRU License is on file with the Clerk of the Board of Supervisors in File
10 No. 250189.

11 (i) At its meeting on February 11, 2025, the Port Commission adopted Resolution
12 No. 25-06 approving the Park Lease and Loan, the Management Agreement, the MRU
13 License, and the PG&E Licenses and the Absolving Services Agreement and authorized the
14 Port Executive Director to seek Board of Supervisors authorization to waive any applicable
15 competitive bidding policies.

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17 Section 2. Environmental and Land Use Findings.

18 (a) In a letter dated February 6, 2025 (“Planning Department Letter”), the Planning
19 Department determined that the actions contemplated in this ordinance comply with the
20 California Environmental Quality Act (California Public Resources Code Sections 21000 et
21 seq.) and do not trigger the need for subsequent environmental review. Said determination is
22 on file with the Clerk of the Board of Supervisors in File No. 250189 and is incorporated herein
23 by reference.

1 (b) In the same letter, the Planning Department determined that the actions
2 contemplated in this ordinance are consistent, on balance, with the City's General Plan and
3 eight priority policies of Planning Code Section 101.1.

4 (c) The Board adopts as its own the environmental findings and the General Plan and
5 Planning Code Section 101.1 consistency findings in the Planning Department Letter.
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7 Section 3. The Board of Supervisors approves the Park Lease and Loan without
8 adhering to the requirements of Administrative Code Sections 2.6-1 and 23.33, or any other
9 applicable competitive procurement requirement, and authorizes the Executive Director of the
10 Port or the Executive Director's designee to execute the Park Lease and Loan in substantially
11 the form on file with the Clerk of the Board of Supervisors in File No. 250189.
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13 Section 4. The Board of Supervisors approves the Management Agreement without
14 adhering to the requirements of Administrative Code Section 21.1, or any other applicable
15 competitive procurement requirement, and authorizes the Executive Director of the Port or the
16 Executive Director's designee to execute the Management Agreement in substantially the
17 form on file with the Clerk of the Board of Supervisors in File No. 250189.
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19 Section 5. The Board of Supervisors approves the MRU License, and the PG&E
20 Licenses and Absolving Services Agreement and authorizes the Executive Director of the Port
21 or the Executive Director's designee to execute the MRU License, and the PG&E Licenses
22 and Absolving Services Agreement in substantially the forms on file with the Clerk of the
23 Board of Supervisors in File No. 250189.
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