Exhibit A

706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS:
FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND STATEMENT OF OVERRIDING CONSIDERATIONS
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THECITY AND COUNTY OF SAN FRANCISCO

In determining to approve the 706 Mission Street – The Mexican Museum and Residential Tower Project located at 706 Mission Street (Assessor's Block 3706, Lots 093, 275, and 277 (portion)), described in Section I, Project Description below, ("Project"), the Oversight Board for the Successor Agency to the Redevelopment Agency of the City and County of San Francisco ("Successor Agency") as a responsible agency pursuant to the California Environmental Quality Act, California Public Resources Code Section 21000 et seq. ("CEQA"), makes and adopts the following findings of fact regarding the Project and mitigation measures and alternatives, and adopts the statement of overriding considerations and the Mitigation Monitoring and Reporting Program, based on substantial evidence in the whole record of this proceeding and pursuant to CEQA, particularly Section 21081 and 21081.5, the Guidelines for Implementation of CEQA, 14 California Code of Regulations Section 15000 et seq. ("Guidelines"), particularly Section 15091 through 15093 and Section 15096, and Chapter 31 of the San Francisco Administrative Code.

This document is organized as follows:

Section I provides a description of the Project, the Project Objectives, the environmental review process for the Project, the approval actions to be taken, and the location of records;

Section II identifies the impacts found not to be significant that do not require mitigation;

Section III identifies potentially significant impacts that are avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures;

Section IV identifies significant, unavoidable wind and shadow impacts (specifically cumulative shadow impacts), of the Project that cannot be avoided or reduced to less-than-significant levels through Mitigation Measures;

Section V evaluates the different project alternatives and the economic, legal, social, technological, and other considerations that support approval of the Project as proposed and the rejection of these alternatives; and

Section VI makes a Statement of Overriding Considerations setting forth the specific economic, legal, social, technological, or other benefits of the Project that outweigh the significant and unavoidable adverse environmental effects and support the rejection of the project alternatives.

The **Mitigation Monitoring and Reporting Program ("MMRP")** for the mitigation measures that have been proposed for adoption is attached with these findings as Exhibit 2. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. The MMRP provides a table setting forth each mitigation measure listed in the Final Environmental Impact Report for the Project ("Final EIR") that is required to reduce or avoid a significant adverse impact. The MMRP also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in the MMRP.

These findings are based upon substantial evidence in the entire record before the Successor Agency. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR") or the Responses to Comments ("RTC"), which together comprise the Final EIR, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

MOVED, that the Successor Agency, as responsible agency pursuant to CEQA, has reviewed and considered the Final EIR and the record associated therewith, including the comments and submissions made to the Successor Agency, and based thereon hereby adopts these findings under the California Environmental Quality Act, including rejecting alternatives as infeasible and adopting a Statement of Overriding Considerations, and adopts the MMRP attached as Exhibit 2 to Motion No. 18875 based on the following findings:

I. Project Description

A. 706 Mission Street – The Mexican Museum and Residential Tower Project

The project site is on the northwest corner of Third and Mission Streets, at 706 Mission Street. It consists of three lots: the entirety of Assessor's Block 3706, Lots 093 and 275, and portions of Assessor's Block 3706, Lot 277. Together, these lots cover an area of approximately 63,468 square feet or approximately 1.45 acres. The area of the project site includes the below-grade publically-owned Jessie Square Garage, which would become private by conveyance to the project sponsor. "Property" is defined herein as including (1) the Jessie Square Garage (Assessor's Block 3706, Lot 275 and portions of Lot 277), and (2) an approximately 9,778-square-foot parcel fronting Mission Street between Jessie Square Plaza and the Aronson Building located at 706 Mission Street, and including an approximately 3,690-square-foot airspace parcel above a portion of Jessie Square Plaza (Assessor's Block 3706, a portion of Lot 277).

Lot 093, an approximately 15,460 square foot, rectangular parcel is currently developed with the 10-story, 154-foot-tall Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse). The building was originally constructed in 1903, and two annexes were added in 1978. The Aronson Building is rated "A" (highest importance) by the Foundation for San Francisco's Architectural Heritage, and it is eligible for listing on the National Register of Historic Places and the California Register of Historical Resources. The Aronson Building is also designated as a Category I Significant Building within the New Montgomery-Mission-Second Street Conservation District. Including the annexes, the Aronson Building contains a total of approximately 120,340 gross square feet (gsf), with approximately 13,700 gsf of storage and utility space in the basement, an approximately 10,660-gsf retail space on the ground floor, which is currently occupied by a Rochester Big & Tall retail clothing store, and approximately 95,980 gsf of office

space on the second through tenth floors. Including the annexes, the Aronson Building covers approximately 74 percent of Lot 093.

Lot 275 is occupied by the existing ramp that provides vehicular access from Stevenson Street to the subsurface Jessie Square Garage. This lot has an area of approximately 1,635 square feet.

A currently vacant approximately 9,780 square foot portion of Lot 277 is the future permanent home of The Mexican Museum (Mexican Museum parcel). The subsurface Jessie Square Garage is the other portion of Lot 277 that makes up the project site. The Jessie Square Garage contains 442 parking spaces within a footprint of approximately 45,310 square feet. Currently, vehicles enter the Jessie Square Garage from Stevenson Street and exit onto either Stevenson or Mission Streets.

Prior to project approval, the Project Sponsor proposed modifications to the project to reduce the height of the proposed tower from 520 feet (with a 30-foot-tall elevator/mechanical penthouse) to 480 feet (with a 30-foot-tall elevator/mechanical penthouse). The project described here includes these, and other conforming, modifications. Thus, the proposed project would include a 43-story, 480-foot-tall tower (with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade on The Mexican Museum parcel and the western portion of the Aronson Building parcel. The new tower would be west of, adjacent to, and physically connected to the existing Aronson Building. The overall project would contain space for The Mexican Museum, a ground-floor retail/restaurant use, up to 190 residential units, and associated building services.

In the proposed tower, there would be up to 39 floors of residential space, including mechanical areas, and four floors of museum space. The Mexican Museum would occupy the ground through fourth floors, and residential uses would occupy the fifth through thirty-ninth floors. The fifth floor of the tower would be occupied by residential or residential amenity space, unless the residential amenity space is on the tenth floor of the Aronson Building as discussed below. Approximately 2,100 gsf on Basement Level B2 would be allocated to The Mexican Museum for storage. About 15,900 gsf on Basement Levels B1 and B2 would be occupied by the elevator core and building services.

As part of the proposed project, the historically important Aronson Building would be restored and rehabilitated, and the existing mechanical penthouse on the roof of the Aronson Building would be removed. The Aronson Building currently contains approximately 10,660 gsf of retail space on the ground floor and approximately 95,980 gsf of office space on the second through tenth floors. With the proposed project, the Aronson Building would have lobby space and retail/restaurant space on the ground floor. The Mexican Museum would occupy the second and third floors and possibly some or all of the ground floor of the Aronson Building. The fourth through tenth floors of the Aronson Building would be residential. A proposed "office flex option" that would have allowed these floors of the Aronson Building to be used as office space was eliminated as part of the Project Sponsor's proposed project changes. Building services would occupy a small portion of each floor.

The Jessie Square Garage would be reconfigured to include 470 spaces, of which up to 280 would be made available to the general public. Under the proposed project, all non-project vehicles would continue to enter the Jessie Square Garage from Stevenson Street. Project residents would have the option of parking their own vehicles or using a valet service. Project residents who choose to park their own

vehicles would be required to enter the garage from Stevenson Street; they would not be allowed to access the project site from Third Street using the car elevators to enter the garage. Project residents who choose to use the valet service would drive onto the project site from Third Street using the existing curb cut and driveway. As under current conditions, all loading trucks would exit the Jessie Square Garage onto Stevenson Street only, but delivery vans, service vehicles, and all other vehicles would have the option of exiting the garage onto either Stevenson or Mission Streets.

While several vehicular access variants to the proposed project were analyzed in the EIR, none of them are being approved by the Successor Agency or any City decision-maker. Because of this, these findings do not address the significant and unavoidable impacts that the Final EIR identified would result if the vehicular access variants were to be approved.

B. Successor Agency Project Objectives

The objectives of the Successor Agency are as follows:

- To complete the redevelopment of the Yerba Buena Center (YBC) Redevelopment Project Area envisioned under the *Yerba Buena Center Redevelopment Plan*.

- To stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, thereby improving the City's overall economic health, employment opportunities, tax base, and community economic development opportunities.

- To provide for the development of a museum facility and an endowment for The Mexican Museum on Successor Agency-owned property located adjacent to Jessie Square, at the heart of San Francisco's cultural district location, in a manner that is consistent with *General Plan* Policy VI-1.9, to "create opportunities for private developers to include arts spaces in private developments city-wide."

- To ensure construction of a preeminent building with a superior level of design for this important site across from Yerba Buena Gardens and adjacent to Jessie Square in a manner that complements the landscaping and design of Jessie Square.

- To provide housing in an urban infill location to help alleviate the effects of suburban sprawl.

- To provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents both in the South of Market area and in the City generally, in a manner consistent with the City's current and future equal opportunity programs.

- To create a development that is financially feasible and that can fund the project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- To maximize the quality of the pedestrian experience along Mission Street and Third Street, while maintaining accessibility to the project site for automobiles and loading.

- To transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking in the Jessie Square Garage for the Contemporary Jewish Museum, St. Patrick's Church, The Mexican Museum, and the public.

- To provide for rehabilitation of the historically important Aronson Building.

- To secure funding for new and affordable below-market rate units beyond the amount currently required by City ordinances.

- To secure additional funding for operations, management, and security of Yerba Buena Gardens.

C. Project Sponsor Objectives

The objectives of the project sponsor, 706 Mission Street Co., LLC, are as follows:

- To construct a residential building of superior quality and design that complements and is generally consistent with the downtown area, furthering the objectives of the *General Plan*'s Urban Design Element and the *Yerba Buena Center Redevelopment Plan*.

- To redevelop the project site with a high-quality residential development that includes a ground-floor retail or restaurant use.

- To provide housing in downtown San Francisco that is accessible to local and regional transit, as well as cultural amenities and attractions, such as performing art centers, and art museums and exhibitions.

- To rehabilitate the historically important Aronson Building.

- To design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

- To develop a project that is financially feasible and financeable, and to create a level of development sufficient to support the costs of providing the public benefits delivered by the project, including space and funding for The Mexican Museum; rehabilitation of the historically important Aronson Building; funding of affordable, below-market-rate housing; and funding for the maintenance of Yerba Buena Gardens, and that can fund project costs.

- To provide adequate parking and vehicular access to serve the needs of project residents and their visitors.

D. Planning and Environmental Review Process

The Project Sponsor submitted an Environmental Evaluation application for the project on June 30, 2008. The Environmental Evaluation application was revised on December 7, 2009, and again on March 5, 2012, to reflect design changes to the proposed project. The San Francisco Planning Department (the "Department") determined that an Environmental Impact Report was required and published and distributed a Notice of Preparation of an EIR ("NOP ") on April 13, 2011. The NOP is Appendix A to the Draft EIR. The public review period on the NOP began on April 14, 2011, and ended on May 13, 2011.

The Department published a Draft Environmental Impact Report (DEIR) on June 27, 2012. The Commission held a public hearing to solicit testimony on the DEIR on July 27, 2013. The Department received written comments on the DEIR from June 28, 2012, to August 13, 2012. The Department published the Responses to Comments on March 7, 2013. The DEIR, together with the Responses to Comments constitute the Final EIR. The FEIR was certified by Planning Commission on March 21, 2013, by Motion No. 18829. Certification of the FEIR was appealed to the Board of Supervisors. On May 7, 2013, the Board of Supervisors rejected the appeal and affirmed the certification of the FEIR.

E. Approval Actions

1. Actions by the Planning Commission

- Certification of the Final EIR on March 21, 2013, by Planning Commission Motion No. 18829;

- General Plan referral to determine project consistency with the General Plan and the Priority Policies.

- Recommend approval to the Board of Supervisors of a Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01, and to amend Zoning Map Sheet SU01 to show the Special Use District.

- Recommend approval to the Board of Supervisors of a Special Use District to address Floor Area Ratio, height, and other land use controls for the project site, which may include additional provisions regarding permitted uses, the provision of cultural/museum use within the SUD, floor area ratio limitations, dwelling unit exposure, height of rooftop equipment, bulk limitations, and curb cut locations.

- Approval of a Section 309 Determination of Compliance and Request for Exceptions for the construction of a new building in a C-3 District.

- Approval of amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989, pursuant to Planning Commission Resolution No. 11595; and Section 295 shadow significance determination and allocation to project.

2. Action by this Historic Preservation Commission

- Approval of a Major Permit to Alter pursuant to Article 11 of the Planning Code.

3. Actions by the Board of Supervisors

- The Planning Commission's certification of the Final EIR was appealed to the Board of Supervisors, and on May 7, 2013, the Board of Supervisors upheld the certification of the Final EIR.

- Adoption of a Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01, and to amend Zoning Map Sheet SU01 to show the Special Use District.

- Adoption of a Special Use District to address Floor Area Ratio, height, and other land use controls for the project site, which may include additional provisions regarding permitted uses, the provision of cultural/museum use within the SUD, floor area ratio limitations, dwelling unit exposure, height of rooftop equipment, bulk limitations, and curb cut locations.

4. Actions by the Recreation and Park Commission

- Approval of amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989, pursuant to Planning Commission Resolution No. 11595;

- Recommendation to the Planning Commission regarding the Section 295 shadow significance determination and allocation to project.

5. Actions by the Successor Agency

- Approval of the Adoption of a Long Range Property Management Plan

- Approval of a Resolution authorizing the transfer of the Property from the Successor Agency to the Project Sponsor.

6. Actions by the Oversight Board of the Successor Agency

- Approval of the Adoption of a Long Range Property Management Plan
- Approval of a Resolution directing the Successor Agency to transfer the Property from the Successor Agency to the Project Sponsor

7. Actions by the Department of Public Works

- Approval of the tentative map

8. Actions by the Department of Public Works and the SFMTA Board of Directors

- Approval of a street improvement permit and/or encroachment permit to (1) extend the existing Jessie Square passenger loading/unloading zone on Mission Street by approximately 83 feet, 6 inches to the east, resulting in a 154-foot-long passenger loading/unloading zone; and (2) designate the curb along Third Street in front of the project site as a white zone for passenger loading/unloading.

9. Actions by the Department of Building Inspection

- Approval of the site permit
- Approval of demolition, grading, and building permits

10. Actions by the San Francisco Public Utilities Commission

- Approval of compliance with requirements of the Stormwater Management Ordinance for projects with over 5,000 square feet of disturbed ground area.

F. Location and Custodian of Records

The public hearing transcript, a copy of the letters regarding the Draft EIR received during the public review period, the administrative record, and background documentation for the FEIR are located at the Planning Department, 1650 Mission Street, San Francisco. The Secretary to the Oversight Board is the custodian of records for the Successor Agency.

These findings are based upon substantial evidence in the entire record before the Successor Agency.

II. Impacts Found Not to Be Significant And Thus Do Not Require Mitigation

Under CEQA, no mitigation measures are required for impacts that are less than significant (Pub. Res. Code, § 21002; CEQA Guidelines, § 15126.4, subd. (a)(3), 15091). As more fully described in the Final EIR and based on substantial evidence in the whole record of this proceeding, the Successor Agency hereby finds that implementation of the Project would not result in any significant impacts in the following areas and that these impact areas therefore do not require mitigation.

A. Land Use and Land Use Planning

- **Impact LU-1:** The proposed project would not physically divide an established community.
- **Impact LU-2:** The proposed project would not conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect.
- **Impact LU-3:** The proposed project would not have a substantial adverse impact on the character of the vicinity.
- **Impact C-LU-1:** The proposed project, in combination with past, present, or reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to

significant adverse cumulative land use impacts related to a physical division of an established community; to conflicts with applicable land use plans, policies, or regulations of an agency with jurisdiction over the project (including, but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect; and to the existing character of the vicinity.

B. **Aesthetics**

- **Impact AE-1:** The proposed project would not have a substantial adverse effect on a scenic vista.
- **Impact AE-2:** The proposed project tower would not have a substantial adverse effect on a scenic resource.
- **Impact AE-3:** The proposed project would not have a substantial adverse effect on the visual character or quality of the site and its surroundings.
- **Impact AE-4:** The proposed project would not create a new source of substantial light or glare which would adversely affect day or nighttime views in the area or which would substantially impact other people or properties.
- **Impact C-AE-1:** The proposed project, in combination with past, present and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant impact related to aesthetics.

C. **Population and Housing**

- **Impact PH-1:** The proposed project would not induce substantial population growth in an area, either directly or indirectly.
- **Impact PH-2:** The proposed project would not displace substantial numbers of existing housing units or create demand for additional housing, necessitating the construction of replacement housing elsewhere.
- **Impact PH-3:** The proposed project would not displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.
- **Impact C-PH-1:** The proposed project, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts related to population growth, housing, and employment, either directly or indirectly.

D. **Cultural and Paleontological Resources**

- **Impact CP-5:** The proposed rehabilitation, repair and reuse of the Aronson Building under the proposed project would not cause a substantial adverse change in the significance of the Aronson Building as a historical resource under CEQA.
- **Impact CP-6:** The proposed project tower would not cause a substantial adverse change in the significance of the Aronson Building historical resource.
- **Impact CP-7:** The proposed project tower would not cause a substantial adverse change in the significance of nearby historical resources.
- **Impact C-CP-2:** The proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant impact on historic architectural resources.

E. **Transportation and Circulation**

- **Impact TR-1:** The proposed project would not cause a substantial increase in traffic that would cause the level of service to decline from LOS D or better to LOS E or F, or from LOS E to F at seven intersections studied in the project vicinity.
- **Impact TR-2:** The proposed project would not cause a substantial increase in transit demand that could not be accommodated by adjacent transit capacity; nor would it cause a substantial increase in delays or costs such that significant adverse impacts in transit service levels could occur.
- **Impact TR-3:** The proposed project would not result in substantial overcrowding on public sidewalks, nor create potentially hazardous conditions for pedestrians, or otherwise interfere with pedestrian accessibility to the site and adjoining areas.
- **Impact TR-4:** The proposed project would not create potentially hazardous conditions for bicyclists, or otherwise substantially interfere with bicycle accessibility to the site and adjoining areas.
- **Impact TR-5:** The loading demand of the proposed project during the peak hour of loading activities would be accommodated within the proposed on-site loading facilities or within convenient on-street loading zones, and would not create potentially hazardous traffic conditions or significant delays involving traffic, transit, bicycles, or pedestrians.
- **Impact TR-6:** Construction and operation of the proposed project would not result in inadequate emergency access.
- **Impact TR-7:** Construction-related impacts of the proposed project would not be considered significant due to their temporary and limited duration.
- **Impact C-TR-1:** The proposed project would not contribute considerably to future cumulative traffic increases that would cause levels of service to deteriorate to unacceptable levels at seven intersections.
- **Impact C-TR-2:** The proposed project would not contribute considerably to cumulative increases in transit ridership that would cause the levels of service to deteriorate to unacceptable levels.
- **Impact C-TR-3:** The construction impacts of the proposed project would not result in a considerable contribution to a significant cumulative impact when combined with other nearby proposed projects due to the temporary and limited duration of the construction of the proposed project and nearby projects.

F. **Noise**

- **Impact NO-4:** The proposed project's new residences and cultural uses would not be substantially affected by existing noise levels.
- **Impact C-NO-1:** Construction of the proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not result in a cumulatively considerable contribution to significant temporary or periodic increases in ambient noise levels in the project vicinity above levels existing without the proposed project.
- **Impact C-NO-3:** Operation of the proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not result in a cumulatively considerable contribution to significant permanent increase in ambient noise levels in the project vicinity above levels existing without the project.
- **Impact C-NO-4:** Noise from traffic increases generated by the proposed project, when combined with noise from reasonably foreseeable traffic growth forecast to the year 2030, would not contribute considerably to significant cumulative traffic noise impacts.

G. **Air Quality**

- **Impact AQ-1:** Construction of the proposed project would not violate an air quality standard or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of criteria air pollutants, for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-2:** Construction of the proposed project would not expose sensitive receptors to substantial pollutant concentrations of fugitive dust.
- **Impact AQ-4:** Operation of the proposed project would not violate an air quality standard or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of any criteria air pollutant for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-5:** Operation of the proposed project would not generate emissions of PM2.5 and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-6:** Operation of the proposed project would not expose new on-site sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-7:** Construction and operation of the proposed project would not conflict with or obstruct implementation of the Bay Area 2010 Clean Air Plan (CAP), the applicable air quality plan.
- **Impact AQ-8:** Construction and operation of the proposed project would not expose a substantial number of people to objectionable odors.
- **Impact C-AQ-1:** Construction and operation of the proposed project, in combination with other past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to exposure of sensitive receptors to significant cumulative substantial pollutant concentrations.

H. **Greenhouse Gas Emissions**

- **Impact C-GG-1:** The proposed project would be consistent with the City's GHG Reduction Plan and the AB 32 Scoping Plan, and would, therefore, not result in a cumulatively considerable contribution to significant cumulative GHG emissions or conflict with any policy, plan, or regulation adopted for the purpose of reducing GHG emissions.

I. **Wind and Shadow**

- **Impact WS-1:** The proposed project would not alter wind in a manner that substantially affects public areas.
- **Impact C-WS-1:** The proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant cumulative wind impact.
- **Impact WS-2:** The proposed project would not create new shadow in a manner that substantially affects outdoor recreation facilities and other public areas.

J. **Recreation**

- **Impact RE-1:** The proposed project would not increase the use of existing park and recreational facilities such that substantial physical deterioration of facilities would occur or be accelerated.

- **Impact RE-2:** The proposed project would not require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment.
- **Impact RE-3:** The proposed project would not physically degrade existing recreational resources.
- **Impact C-RE-1:** Construction of the proposed project, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts on recreational facilities.

K. **Utilities and Service Systems**

- **Impact UT-1:** The proposed project would not exceed the wastewater treatment requirements of the Regional Water Quality Control Board.
- **Impact UT-2:** The proposed project would not require or result in the construction of new or the expansion of existing water or wastewater treatment facilities, or stormwater drainage facilities, the construction of which could have significant environmental effects.
- **Impact UT-3:** The proposed project would not result in a determination that there is insufficient capacity in the wastewater treatment system to serve the proposed project's estimated demand in addition to its existing demand.
- **Impact C-UT-1:** Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact regarding the treatment of stormwater runoff or capacity of wastewater treatment facilities or stormwater drainage facilities.
- **Impact UT-4:** The proposed project would be adequately served by existing water entitlements and water supply resources, and would not require new or expanded water supply resources or entitlements.
- **Impact C-UT-2:** Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on water supply.
- **Impact UT-5:** The proposed project would increase the amount of solid waste generated on the project site, but would be adequately served by the City's landfill and would comply with Federal, State, and local statutes and regulations related to solid waste.
- **Impact C-UT-3**: Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on solid waste disposal facilities.

L. **Public Services**

- **Impact PS-1:** The proposed project would not increase demand for public services to the extent that new facilities would have to be constructed or existing facilities altered in order to maintain acceptable service ratios, response times, or other performance objectives for any public services such as police protection, fire protection and emergency services, schools, or libraries.
- **Impact C-PS-1**: The proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts that would result in a need for construction of new or physically altered facilities in order to maintain acceptable service ratios, response times, or other performance objectives for any public services, including police protection, fire protection and emergency services, schools, and libraries.

M. **Biological Resources**

- **Impact BI-1:** The proposed project would not have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the CDFG or USFWS.
- **Impact BI-2:** The proposed project would not have a substantial adverse effect on the movement of native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, nor would it impede the use of native wildlife nursery sites.
- **Impact BI-3:** The proposed project would not conflict with local policies or ordinances protecting biological resources.
- **Impact C-BI-1:** The proposed project, in combination with past, present and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant adverse cumulative impact on biological resources.

N. **Geology and Soils**

- **Impact GE-1:** The proposed project would not expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving rupture, ground-shaking, liquefaction, or landslides.
- **Impact GE-2:** The proposed project would not result in substantial soil erosion or loss of topsoil.
- **Impact GE-3:** The proposed project would not be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction or collapse.
- **Impact GE-4:** The proposed project would not be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property.
- **Impact C-GE-1:** The proposed project, in combination with other past, present and other reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts with respect to geology, soils, or seismicity.

O. **Hydrology and Water Quality**

- **Impact HY-1:** The proposed project would not violate any water quality standards or waste discharge requirements or otherwise substantially degrade water quality.
- **Impact HY-2:** The proposed project would not substantially deplete groundwater supplies or interfere with groundwater recharge.
- **Impact HY-3:** The proposed project would not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on or off site.
- **Impact HY-4:** Construction of the proposed project would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.
- **Impact HY-5:** Operation of the proposed project would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.

- **Impact C-HY-1:** The proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on hydrology and water quality.

P. **Hazards and Hazardous Materials**

- **Impact HZ-1:** The proposed project would not have a substantial adverse effect on the public or the environment through the routine transport, use, or disposal of hazardous materials.
- **Impact HZ-3:** The proposed project would not emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one quarter mile of an existing or proposed school.
- **Impact HZ-4:** The proposed project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.
- **Impact HZ-5:** The proposed project would not expose people or structures to a risk of loss, injury or death involving fires.
- **Impact C-HZ-1:** The proposed project, when combined with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on hazards and hazardous materials.

Q. **Mineral and Energy Resources**

- **Impact ME-1:** The proposed project would not have a significant adverse impact on the availability of a known mineral resource and/or a locally important mineral resource recovery site.
- **Impact ME-2:** The proposed project would not have a substantial adverse effect on the use of fuel, water, or energy consumption, and would not encourage activities that could result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner.
- **Impact C-ME-1:** The proposed project, in combination with other past, present and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on mineral and energy resources.

R. **Agricultural and Forest Resources**

- **Impact AG-1:** The proposed project would not have a substantial adverse effect on the conversion of farmland, would not conflict with existing zoning for agricultural use or with a Williamson Act contract, nor involve other changes that would result in conversion of farmland to non-agricultural use.
- **Impact AG-2:** The proposed project would not conflict with existing zoning for, or cause rezoning of, forest land or timberland, nor would it result in the loss of forest land or the conversion of forest land to non-forest use.
- **Impact C-AG-1:** The proposed project, in combination with other past, present and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on agricultural resources or forest land or timberland.

III. Potentially Significant Impacts That Are Avoided Or Reduced To A Less-Than-Significant Level And Findings Regarding Mitigation Measures

The following Sections III and IV set forth the Successor Agency's findings about the Final EIR's determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the Successor Agency regarding the environmental impacts of the Project and the mitigation measures included as part of the Final EIR and adopted by the Successor Agency and City decision makers as part of the Project. To avoid duplication and redundancy, and because the Successor Agency agrees with, and hereby adopts, the conclusions in the Final EIR, these findings will not repeat the complete analysis and conclusions in the Final EIR, but instead summarizes and incorporates them by reference herein and relies rely upon them as substantial evidence supporting these findings.

In making these findings, the Successor Agency has considered the opinions of Successor Agency staff and experts, other agencies and members of the public. The Successor Agency finds that the determination of significance thresholds is a judgment decision within the discretion of the City and County of San Francisco; the significance thresholds used in the EIR are supported by substantial evidence in the record, including the expert opinion of the EIR preparers and City staff; and the significance thresholds used in the EIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project.

As set forth below, the Successor Agency adopts and incorporates all of the mitigation measures within its jurisdiction as a responsible agency and as set forth in the Final EIR and the attached MMRP to substantially lessen or avoid the potentially significant and significant impacts of the Project. The Successor Agency and City decision makers intend to adopt each of the mitigation measures proposed in the Final EIR. Accordingly, in the event a mitigation measure recommended in the Final EIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the Final EIR due to a clerical error, the language of the policies and implementation measures as set forth in the Final EIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the information contained in the Final EIR.

The potentially significant impacts of the Project that will be mitigated through implementation of mitigation measures are identified and summarized below along with the corresponding mitigation measures.

A. <u>Cultural and Paleontological Resources</u>

- **Impact CP-1:** Construction activities for the proposed project would cause a substantial adverse change in the significance of archaeological resources, if such resources are present within the project site.
    - Ground-disturbing construction activity within the project site, particularly within previously undisturbed soils, could adversely affect the significance of archaeological resources by impairing the ability of such resources to convey important scientific and

historical information. This effect would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA.

- The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-1.
  - **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting
  - **Mitigation Measure M-CP-1b:** Interpretation
- Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-CP-1a and M-CP-1b would reduce Impact CP-1 to a less-than significant level because Mitigation Measure M-CP-1a would ensure that any potentially affected archaeological deposits would be identified, evaluated, and, as appropriate, subject to data recovery and reporting by a qualified archaeologist under the oversight of the Environmental Review Officer, and Mitigation Measure M-CP-1b would ensure that a plan for the post-recovery interpretation of buried or submerged archaeological resources is developed and implemented with the assistance of qualified archaeologist and under the oversight of the Environmental Review Officer.

- **Impact CP-2:** Construction activities for the proposed project would cause a substantial adverse change in the significance of human remains, if such resources are present within the project site.
  - Ground-disturbing construction activity within the project site, particularly within previously undisturbed soils, could adversely affect the significance of human remains, which would be a potentially significant impact under CEQA.
  - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-2.
    - **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-1a would reduce Impact CP-2 to a less-than significant level because the mitigation measure would ensure that the treatment of any human remains and associated or unassociated funerary objects discovered during soil disturbing activities complies with applicable state and federal laws, including immediate notification of the Coroner of the City and County of San Francisco and, in the event of the Coroner's determination that the human remains are Native American remains, notification of the NAHC, who would appoint an MLD.

- **Impact CP-3:** Construction activities for the proposed project would cause a substantial adverse change in the significance of paleontological resources, if such resources are present within the project site.

- Paleontological resources could exist in the Franciscan, and possibly the Colma, Formations that underlie the project site. Project construction activities could disturb and impair the significance of such paleontological resources, which would be a potentially significant impact under CEQA.
- The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-3.
    - **Mitigation Measure M-CP-3:** Paleontological Resources Monitoring and Mitigation Program
- Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-3 would reduce Impact CP-3 to a less-than significant level because the mitigation measure would ensure that a plan for monitoring, recovery, identification, and curation of palenontologic resources would be developed and implemented by a qualified paleontologist under the oversight of the Environmental Review Officer in the event that paleontological resources are present within the project site.

- **Impact CP-4:** Construction activities for the proposed project would disturb unknown resources if any are present within the project site.
    - Construction activities could disturb or remove unknown human remains within the project site, which could materially impair the physical characteristics of the unknown resource, resulting in a potentially significant impact under CEQA.
    - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-4.
        - **Mitigation Measure M-CP-4:** Accidental Discovery
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-4 would reduce Impact CP-4 to a less than significant level because the mitigation measure ensures that all field and construction personnel will be informed of the potential presence of archaeological resources within the project site and the procedures that are to be followed in the event such resources are encountered during construction activities.

- **Impact C-CP-1:** Disturbance of archaeological and paleontological resources, if encountered during construction of the proposed project, in combination with other past, present, and future reasonably foreseeable projects, would make a cumulatively considerable contribution to a significant cumulative impact on archaeological resources.
    - When considered with other past and proposed development projects within San Francisco and the Bay Area region, the potential disturbance of archaeological and paleontological resources within the project site could make a cumulatively considerable contribution to a loss of significant historic and scientific information about California, Bay Area, and San Francisco history and prehistory, which would be a potentially significant impact under CEQA.

- The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact C-CP-1.
    - **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting
    - **Mitigation Measure M-CP-1b:** Interpretation
    - **Mitigation Measure M-CP-3:** Paleontological Resources Monitoring and Mitigation Program
    - **Mitigation Measure M-CP-4:** Accidental Discovery
- Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-CP-1a, M-CP-1b, M-CP-3, and M-CP-4 would reduce the project's contribution to Impact C-CP-1 to a less than cumulatively considerable level because these mitigation measures would ensure that plans for testing, monitoring, data recovery, documentation and interpretation are approved and implemented to preserve and realize the information potential of archaeological and paleontological resources that may be encountered on the project site.

B. **Noise**

- **Impact NO-1**: Construction of the proposed project would generate noise levels in excess of standards established in the San Francisco General Plan or noise ordinance and would result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project.
    - The project's demolition, excavation, and building construction activities would temporarily and intermittently increase noise in the project vicinity to levels that could be considered an annoyance by occupants of nearby properties, which would be a potentially significant impact under CEQA. The loudest construction activities, such as installing piles, grading, and excavation, would occur over the first two year of the construction period, and once the activity is completed, the associated high noise levels would no longer be experienced by the affected sensitive receptors.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-1.
        - **Mitigation Measure M-NO-1a:** Reduce Noise Levels During Construction
        - **Mitigation Measure M-NO-1b:** Noise-Reducing Techniques and Muffling Devices for Pile Installation
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-1a and M-NO-1b would reduce Impact NO-1 to a less than significant level because Mitigation Measure M-NO-1 would require the project contractor to use equipment with lower noise emissions and sound controls or barriers where feasible, locate stationary equipment as far as possible from sensitive receptors, and designate a noise coordinator, and Mitigation Measure M-NO-1b would require the use of feasible noise-reducing techniques for installing piles.

The combination of these measures would decrease construction noise levels and minimize the significant effects.

- **Impact NO-2**: Construction of the proposed project would result in exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels.
    - Proposed project demolition, excavation, and building construction activities would temporarily generate groundborne vibration in the project vicinity that could be considered an annoyance by occupants of adjacent properties, especially residential and cultural uses adjacent to the site, and could also damage nearby structures, with the highest levels of groudbourne vibration expected during demolition and the installation of piles for structural support. This would be a potentially significant impact under CEQA.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-2.
        - **Mitigation Measure M-NO-2a:** Minimize Vibration Levels During Construction
        - **Mitigation Measure M-NO-2b:** Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation
        - **Mitigation Measure M-NO-2c:** Vibration Monitoring and Management Plan
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-2a, M-NO-2b, and M-NO-2c would reduce Impact NO-2 to a less than significant level because Mitigation Measure M-NO-2a would provide for a community liaison to respond to and address complaints and require protective construction techniques, Mitigation Measure M-NO-2b would implement a pre-construction assessment and, if needed, monitoring during vibration causing activities to detect ground settlement or lateral movement of structures, and Mitigation Measure M-NO-2c would implement a vibration monitoring and management plan to avoid any adverse vibration-related impact to historic structures. With implementation of Mitigation Measures M-NO-2a and M-NO-2b, potential vibration impacts in the project vicinity would be reduced to levels that would be less than significant. With implementation of Mitigation Measure M-NO-2c, there would be no significant vibration-related impacts to the Aronson Building.

- **Impact NO-3**: Operation of the proposed project would generate noise levels in excess of standards established in the San Francisco General Plan or noise ordinance and would result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project.
    - Operation of the proposed project would introduce additional noise sources to the area, including additional motor vehicle traffic and new mechanical systems, such as ventilation equipment. Although specific information regarding the proposed stationary noise sources is currently not available, building mechanical systems would be capable of generating noise levels in excess of applicable General Plan noise-land use compatibility thresholds on adjacent sensitive receptors, which could result in potentially significant impacts on both the on-site and adjacent noise-sensitive residential and cultural uses.

- The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-3.
    - **Mitigation Measure M-NO-3:** Stationary Operational Noise Sources
- Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-3 would reduce Impact NO-3 to a less than significant level because this mitigation measure would require the screening, shielding, or setting back of stationary noise sources from noise-sensitive receptors, and would require that a qualified acoustical consultant measure the noise levels of operating exterior equipment within three months after its installation.

- **Impact C-NO-2**: Construction of the proposed project, in combination with other past, resent, and reasonably foreseeable future projects in the project vicinity, would result in a cumulatively considerable contribution to significant exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels.
    - The project along with other nearby projects such as the SFMOMA Expansion (151 Third Street), the Palace Hotel (2 New Montgomery Street), and the Central Subway project have the potential for cumulatively significant groundborne vibration and noise level impacts, particularly during initial phases of proposed project construction. However, the periods when construction vibration impacts would overlap would be brief and limited, and the overall cumulative construction vibration impacts would not be cumulatively significant.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact C-NO-2.
        - **Mitigation Measure M-NO-2a:** Minimize Vibration Levels During Construction
        - **Mitigation Measure M-NO-2b:** Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation
        - **Mitigation Measure M-NO-2c:** Vibration Monitoring and Management Plan
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that with implementation of Mitigation Measures M-NO-2a, M-NO-2b, and M-NO-2c, the proposed project would not result in a cumulatively considerable contribution to significant cumulative impacts associated with groundborne vibration for the reasons discussed under Impact NO-2 above and as more fully set forth in the final EIR.

C. **Air Quality**

- **Impact AQ-3**: Construction of the proposed project would generate emissions of PM2.5 and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.

- The Air Quality Technical Report that was prepared for the project found that constructions emissions would exceed the threshold of significance for excess cancer risk at the project MEI if the emissions were not mitigated.
- The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact AQ-3.
    - **Mitigation Measure M-AQ-3:** Construction Emissions Mitigation
- Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-AQ-3 would reduce Impact AQ-3 to a less than significant level because this mitigation measure would require a Construction Emissions Mitigation Plan designed to reduce construction-related diesel particulate matter emissions from off-road construction equipment used at the site by at least 65 percent as compared to the construction equipment list, schedule, and inventory provided by the sponsor on May 27, 2011, which would bring emissions below the threshold of significance for excess cancer risk.

D. **Hazards and Hazardous Materials**

- **Impact HZ-2**: The proposed project would have a substantial adverse effect on the public or the environment through the accidental release of hazardous materials into the environment.
    - In order to construct the proposed tower, excavation to a depth of approximately 41 feet below the surface on the west side of the Aronson Building would be required, which could have the potential to expose the public and environment to contaminants in the soil.
    - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact HZ-2.
        - **Mitigation Measure M-HZ-2:** Hazardous Materials – Testing for and Handling of Contaminated Soil
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-HZ-2 would reduce Impact HZ-2 to a less than significant level because this mitigation measure would require soil testing for contaminants of concern, preparation of a Soil Mitigation Plan for managing contaminated soils on the site, and protocols for the handling, hauling, and disposal of contaminated soils, which would reduce the potential for exposure of the public and the environment to a less than significant level.

The Project Sponsor has agreed to implement all mitigation measures identified in the Final EIR for the project. The required mitigation measures are fully enforceable and will be included as conditions of approval by the Successor Agency and City decision makers. Pursuant to CEQA Section 21081.6, adopted mitigation measures will be implemented and monitored as described in the MMRP, which is incorporated herein by reference.

With the required mitigation measures, all potential project impacts, with the exception of impacts described in Section IV below, would be avoided or reduced to a less-than-significant level.

As authorized by CEQA Section 21081 and CEQA Guidelines Section 15091, 15092, and 15093, based on substantial evidence in the whole record of this proceeding, the Successor Agency finds that, unless otherwise stated, all of the changes or alterations to the Project identified in the mitigation measures have been or will be required in, or incorporated into, the project to mitigate or avoid the significant or potentially significant environmental impacts listed herein, as identified in the Final EIR, that these mitigation measures will be effective to reduce or avoid the potentially significant impacts as described in the EIR, and these mitigation measures are feasible to implement and are within the responsibility and jurisdiction of the City and County of San Francisco to implement or enforce.

IV. Significant Impacts That Cannot Be Avoided Or Reduced To A Less-Than-Significant Level

Based on substantial evidence in the whole record of these proceedings, the Successor Agency finds that, where feasible, changes or alterations have been required, or incorporated into, the Project to avoid or substantially lessen the significant environmental impacts. The Successor Agency finds that changes have been required in, or incorporated into, the Project that, pursuant to Public Resources Code section 21002 and CEQA Guidelines section 15091, may substantially lessen, but do not avoid (i.e., reduce to less than significant levels), the potentially significant environmental effect associated with implementation of the Project. The Successor Agency adopts all of the mitigation measures within its jurisdiction as a responsible agency, and as proposed in the Final EIR and set forth in the MMRP. The Successor Agency further finds, however, for the impact listed below, despite the implementation of mitigation measures, the effects remain significant and unavoidable.

The Successor Agency determines that the following significant impact on the environment, as reflected in the Final EIR, is unavoidable, but under Public Resources Code Section 21081(a)(3) and (b), and CEQA Guidelines 15091(a)(3), 15092(b)(2)(B), and 15093, the Successor Agency determines that the impacts are acceptable due to the overriding considerations described in Section VI below. This finding is supported by substantial evidence in the record of this proceeding.

A. <u>Significant and Unavoidable Impacts – Cumulative Shadow</u>

- **Impact C-WS-2:** The proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity, would create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas, resulting in a significant cumulative shadow impact. The proposed project would make a cumulatively considerable contribution to this significant cumulative shadow impact.

    - There are several proposed projects in the project vicinity that have the potential to shadow outdoor recreation facilities or other public areas, including some of the same open spaces that the proposed project would shadow. Reasonably foreseeable future projects in the vicinity of the project site include 151 Third Street (the San Francisco Museum of Modern Art Expansion Project), 2 New Montgomery Street (the Palace Hotel Project), and the Transit Tower, and the other projects contemplated by the Transit

Center District Plan. The proposed project in combination with other proposed projects in the vicinity would add new shadow on various open spaces and public areas. By contributing shadow to open spaces and public areas, the proposed project would make a cumulatively considerable contribution to the significant and unavoidable cumulative shadow impacts.

- There is no feasible mitigation for the proposed project's contribution to cumulative shadow impacts, because any theoretical mitigation that would address the cumulatively considerable contribution to shadow impacts on outdoor recreation facilities or other public areas within the project vicinity would fundamentally alter the project's basic design and programming parameters. Thus, rather than treat a substantial reduction in height as a mitigation measure, the EIR analyzed a reduction in height in two separate alternatives.
  With regard to the project's shadow impacts on Union Square, other than a reduction in the height of the tower to approximately 351 feet or less, no further modification of the tower could eliminate the tower's net new shadow on Union Square. The project has already undergone design revisions to sculpt the top of the tower in order to reduce shadow on Union Square. The original project proposed by the project sponsor included an elliptical tower design that was approximately 630 feet tall and 170 feet wide at the highest level. That proposal was modified to reflect a shorter and more slender rectangular tower design that was shifted to the west on the project site to reduce shadow impacts on Union Square. The rectangular design ultimately chosen for the project would break up the tower massing and top into smaller volumes at different or staggered heights, particularly along the eastern edge of the site and tower, to further reduce shadow. In addition, the tower massing and the tower core were moved 15 feet to the west on the project site, and the tower cantilever over the Aronson Building was reduced from 106 feet to 8 feet to further reduce shadow impacts on Union Square.

- On May 21, 2013, a technical memorandum prepared by Turnstone Consulting was submitted analyzing the shadow impacts of the Project on Union Square, based on the reduced 480-foot roof height. The memorandum concluded that the Project would cast 238,788 sfh of net new shadow on Union Square on a yearly basis, which would be an increase of about 0.06% of the Theoretically Available Annual Sunlight (TAAS) on Union Square. The reduction in the height of the tower results in a reduction of approximately 29% of net new shadow compared with the Project's 520-foot tower design.

- Even if the project's shadow impacts to Union Square were eliminated, the project would still shadow other downtown open spaces and public areas such as sidewalks. A further reduction of the building height beyond that already included would substantially reduce the development program of the proposed project. Thus, the project's cumulatively considerable contribution to the significant and unavoidable impact would remain and there is no feasible mitigation to reduce the project's contribution to this significant cumulative impact to a less-than-cumulatively considerable level. Because a significant decrease in the tower height affects the Project significantly, these height

reductions were discussed as alternatives. See also the discussion of the Existing Zoning Alternative and the Reduced Shadow Alternative, below.

- Therefore, the proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity would create new cumulative shadow in a manner that would substantially affect parks, outdoor recreation facilities, or other public areas. This cumulative shadow impact would be significant and unavoidable, and the proposed project would make a cumulatively considerable contribution to this significant cumulative shadow impact.

V. Alternatives Rejected and the Reasons for Rejecting Them as Infeasible

The Successor Agency rejects the Alternatives set forth in the Final EIR and listed below because the Successor Agency finds that there is substantial evidence, including evidence of economic, legal, social, technological, and other considerations described in this Section, in addition to those described in Section VI below, under CEQA Guidelines 15091(a)(3), that make infeasible such Alternatives. In making these determinations, the Successor Agency is aware that CEQA defines "feasibility" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors." The Successor Agency is also aware that under CEQA case law the concept of "feasibility" encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project. and (ii) the question of whether an alternative is "desirable" from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

The Successor Agency adopts the EIR's analysis and conclusions regarding alternatives eliminated from further consideration, both during the scoping process and in response to comments. The Successor Agency certifies that it has independently reviewed and considered the information on the alternatives provided in the Final EIR and in the record. The Project Sponsor engaged Economic & Planning Systems, Inc. to prepare an economic analysis of the financial feasibility of the project alternatives described in the EIR. (Report on the Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower Project and Alternatives, dated May 2013 (the "EPS Report"). The Successor Agency retained an independent economic consultant Keyser Marston Associates, Inc., to peer review the EPS Report and Keyser Marston Associates prepared the "Peer Review of Financial Feasibility Report for 706 Mission Street" ("Peer Review"). The Peer Review, independently reviewed and evaluated by the Successor Agency, concurs with the results of the EPS Report. The Final EIR reflects the Successor Agency's independent judgment as to the alternatives.

The Successor Agency finds that the Project provides the best balance between satisfaction of the project objectives and mitigation of environmental impacts to the extent feasible, as described and analyzed in the EIR, and adopts a statement of overriding considerations as set forth in Section VI below.

While the Successor Agency makes these findings regarding the environmental impacts and feasibility of each of the alternatives analyzed in the final EIR, if feasible mitigation measures substantially lessen or avoid the significant adverse environmental effects of a project, the project may be approved without an evaluation of the feasibility of project alternatives. *Laurel Hills Homeowners Association v. City Council of*

Los Angeles, 83 Cal.App.3d 515, 521 (1978). With respect to the project, all significant impacts can be reduced to a less than significant level with feasible mitigations measures, except for the project's cumulatively considerable contribution to significant cumulative shadow impacts. Thus, although the Successor Agency makes these findings regarding the environmental impacts of each of the alternatives, CEQA only requires that the Successor Agency make findings regarding the alternatives that would substantially lessen or avoid the project's cumulatively considerable contribution to significant cumulative shadow impacts. Findings for the Separate Buildings Alternative and Increased Residential Density Alternative are therefore not required by CEQA, although the Successor Agency nevertheless makes findings for those alternatives below.

The FEIR analyzed five alternatives to the Project: No Project Alternative, Existing Zoning Alternative, Separate Buildings Alternative, Increased Residential Density Alternative, and Reduced Shadow Alternative. These alternatives and the reasons for rejecting them are described below.

1. **No Project Alternative**

Under the No Project Alternative, the site would remain in its existing condition. Assuming that the existing physical conditions at the project site would remain into the foreseeable future, none of the impacts associated with the proposed project would occur.

The No Project Alternative would not create net new shadow on Union Square, or any other public open spaces, privately owned publicly accessible open spaces, or public sidewalks, and therefore would not result in a cumulatively considerable contribution to the significant unavoidable cumulative shadow impact. Because existing conditions on the project site would not change under this alternative, there would be no impacts related to land use and land use planning, aesthetics, population and housing, cultural and paleontological resources, transportation and circulation, noise, air quality, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, hazards and hazardous materials, mineral and energy resources or agricultural and forest resources. Under the proposed project, the impacts with respect to these environmental topics would be either less than significant or less than significant with mitigation, except for agricultural and forest resources. Both the No Project Alternative and the proposed project would have no impact on agricultural and forest resources.

The No Project Alternative would not be desirable or meet either the Successor Agency or the Project Sponsor's objectives, as more particularly described below. The No Project Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The No Project Alternative would not meet any of the Successor Agency or the Project Sponsor's objectives.

- The No Project Alternative would not complete the redevelopment of the YBC Redevelopment Project Area envisioned under the former *Yerba Buena Center Redevelopment Plan*.

- The No Project Alternative would not stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, thereby improving the City's overall economic health, employment opportunities, tax base, and community economic development opportunities.

- The No Project Alternative would not provide for the development of a museum facility and an endowment for The Mexican Museum on Successor Agency-owned property located adjacent to Jessie Square, at the heart of San Francisco's cultural district location, in a manner that is consistent with General Plan Policy VI-1.9, to "create opportunities for private developers to include arts spaces in private developments city-wide."

- The No Project Alternative would not result in construction of a preeminent building with a superior level of design for this important site across from Yerba Buena Gardens and adjacent to Jessie Square in a manner that complements the landscaping and design of Jessie Square.

- The No Project Alternative would not provide housing in an urban infill location to help alleviate the effects of suburban sprawl.

- The No Project Alternative would not provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents both in the South of Market area and in the City generally, in a manner consistent with the City's current and future equal opportunity programs.

- The No Project Alternative would not maximize the quality of the pedestrian experience along Mission Street and Third Street, while maintaining accessibility to the project site for automobiles and loading.

- The No Project Alternative would not provide for rehabilitation of the historically important Aronson Building.

- The No Project Alternative would not secure funding for new and affordable below-market-rate units.

- The No Project Alternative would not secure additional funding for operations, management, and security of Yerba Buena Gardens.

- The No Project Alternative would not result in the construction of a residential building of superior quality and design that complements and is generally consistent with the downtown area, furthering the objectives of the General Plan's *Urban Design Element* and the former *Yerba Buena Center Redevelopment Plan*.

- The No Project Alternative would not redevelop the project site with a high-quality residential development that includes a ground-floor retail or restaurant use.

- The No Project Alternative would not provide housing in downtown San Francisco that is accessible to local and regional transit, as well as cultural amenities and attractions, such as performing art centers, and art museums and exhibitions.

The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the No Project Alternative.

2. **Existing Zoning Alternative**

The intent of the Existing Zoning Alternative is to provide an alternative that meets all applicable provisions of the Planning Code and existing zoning for the project site. In addition, this alternative would reduce the significant and unavoidable cumulative shadow impacts compared to the proposed project, but not to a less than significant level. Under this alternative, a new 13-story, approximately 196-foot-tall building with a 9.0 to 1 FAR would be constructed adjacent to and west of the Aronson Building. As with the proposed project, the Aronson Building would be restored and rehabilitated, and the new building would be connected to it. This alternative would provide an approximately 45,000-gsf cultural space for The Mexican Museum, compared to the approximately 52,285-gsf of cultural space provided for the museum under the proposed project. Vehicular access into and out of the existing subsurface Jessie Square Garage would not change from existing conditions. Unlike the proposed project, under this alternative, there would not be a driveway on Third Street to serve the residential units. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Existing Zoning Alternative would reduce as compared to the proposed project the cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, but not to a less than cumulatively considerable level. While the reduced building height of the new tower under this alternative would not create net new shadow on Union Square, unlike the proposed project, shadow from the proposed tower could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project, and therefore may contribute to a cumulatively significant shadow impact. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Existing Zoning Alternative and the proposed project would have no impact on agricultural and forest resources.

The Existing Zoning Alternative would meet some, but not all, of the Successor Agency and Project Sponsor's objectives. For example, it would attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, and would provide housing in an urban infill location, near transit and cultural amenities to help alleviate the effects of suburban sprawl, although not as much housing as under the proposed project. The Existing Zoning Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents although the scope of these alternatives

would be less than with the proposed project due to the reduced size of the Existing Zoning Alternative. The Existing Zoning Alternative would provide for rehabilitation of the historically important Aronson Building. The Existing Zoning Alternative would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

But, the Existing Zoning Alternative would reduce but not avoid the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, although the reduced height of the new tower under this alternative would not create net new shadow on Union Square. Furthermore, the Existing Zoning Alternative would not be desirable or meet many of the Successor Agency and Project Sponsor's objectives and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below.

The EPS Report indicates that the Existing Zoning Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Existing Zoning Alternative is not financially feasible with or without the purchase of TDRs because under this Alternative, the height of the tower is reduced, which reduces the number of revenue generating units, and per square foot construction costs are highest under this alternative due to a decrease in construction cost efficiency. Additionally, the Jessie Square Garage would not be conveyed to the Project Sponsor under this alternative, which means the Alternative does not include defeasance of the outstanding Jessie Square Garage bonds or repayment of the Successor Agency's debt to the City. It also does not generate parking-related revenue.

The Existing Zoning Alternative is projected to generate approximately $149 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $292 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $142.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately negative $143.4 million under the Residential Flex Option. The Peer Review concurs with this opinion.

Therefore, the Existing Zoning Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Existing Zoning Alternative would not avoid the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact.

- The Existing Zoning Alternative would not transfer ownership of the Jessie Square Garage to a private entity and therefore does not include defeasance of the outstanding Jessie Square Garage bonds or repayment of the Successor Agency's debt to the City.

- The Existing Zoning Alternative would not create a development that meets the Successor Agency's and Project Sponsor's objective to be financially feasible with the ability to fund the

Project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Existing Zoning Alternative would not create a development that is financially feasible, the Existing Zoning Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Existing Zoning Alternative is infeasible because it does not meet the Successor's Agency's objectives to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

- Because the Existing Zoning Alternative substantially reduces the residential density and the number of housing units produced at this site, this Alternative is infeasible because it does not fully satisfy General Plan policies such as Housing Element Policies 1.1 and 1.4, among others noted in the Department's staff report accompany the Project Approvals on the Determination of Compliance with Section 309, among other approvals. The Project site is well-served by transit, services and shopping and is suited for dense residential development, where residents can commute and satisfy convenience needs without frequent use of a private automobile. The Project Site is located immediately adjacent to employment opportunities within the Downtown Core, and is in an area with abundant local and region-serving transit options, including the future Transit Center. For these reasons, a project with fewer residential units at this site is not compatible with the General Plan and is infeasible.

- The Existing Zoning Alternative is infeasible because it substantially reduces the residential density and the number of housing units produced at this site, and thus does not meet the Successor Agency's objectives to the extent that the Project does. Among other objectives, the Existing Zoning Alternative would not stimulate and attractive private investment, sales tax and other General Fund revenues to the extent that the Project would; would not provide temporary and permanent jobs to the extent that the Project would; and due to its reduced height, it may not provide a preeminent building of the same stature as the Project.

The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Existing Zoning Alternative.

3. **Separate Buildings Alternative**

The purpose of the Separate Buildings Alternative is to minimize changes to the Aronson Building, while still meeting most of the Project Sponsor's objectives and the objectives of the Successor Agency. Under this alternative, a new 47-story, 520-foot-tall building (with 30 foot tall mechanical/elevator penthouse) would be constructed adjacent to and west of the Aronson Building. The Mexican Museum would

occupy space on the first through fifth floors of the new building. Unlike the proposed project, the new building would not be connected to the Aronson Building. Unlike the proposed project, the Separate Buildings Alternative would not undertake the full scope of rehabilitation and restoration of the Aronson Building; only repairs and improvements necessary to prevent further deterioration of the Aronson Building or to permit continued occupancy of the Aronson Building would be undertaken. However, the two non-historic annexes would still be demolished under this alternative. This alternative would include a down ramp along the north side of the Aronson Building from Third Street. The existing curb cut on Third Street would be used to provide vehicular ingress to the existing Jessie Square Garage by project residents for below-grade valet access and project-related delivery and service vehicles via a ramp. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Separate Buildings Alternative would result in similar project-level and cumulative impacts as identified under the proposed project. Since the building design and configuration of the proposed tower would be the same as under the proposed project, this alternative would result in significant unavoidable cumulative shadow impact due to the creation of net new shadow on public open spaces, privately owned publicly accessible open spaces, and public sidewalks. As with the proposed project, there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project, there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Separate Buildings Alternative and the proposed project would have no impact on agricultural and forest resources.

The Separate Building Alternative would meet some but not all of the Successor Agency and Project Sponsor's objectives. It would complete the redevelopment of the YBC Redevelopment Project Area envisioned under the former *Yerba Buena Center Redevelopment Plan* and stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site. The Separate Buildings Alternative would provide for the development of a museum facility for The Mexican Museum. It would provide housing, near transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl, although not as many housing units as under the proposed project. The Separate Buildings Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents, although not as many opportunities as with the proposed project. The Separate Buildings Alternative would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking for other cultural uses. The Separate Buildings Alternative would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint.

The Separate Buildings Alternative would result in similar project-level and cumulative impacts as the proposed project, and would not avoid or substantially lessen the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact. The Separate Buildings Alternative would not be desirable or meet some of the Successor Agency or the Project Sponsor's objectives, and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below. Therefore, the Separate Buildings Alternative is rejected in

favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Separate Buildings Alternative would result in similar project-level and cumulative impacts as the proposed project, and, most significantly, would not avoid or substantially lessen the project's cumulatively considerable contribution to a significant cumulative shadow impact.

- The Separate Buildings Alternative would not undertake the full scope of rehabilitation and restoration of the historically important Aronson Building as would be the case under the proposed project. Instead, only repairs and improvements necessary to prevent further deterioration and/or to permit continued occupancy would be undertaken meaning that the objective of rehabilitating the building would not be met.

The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Separate Buildings Alternative.

4. **Increased Residential Density Alternative**

The purpose of the Increased Residential Density Alternative is to consider a project that would provide more residential dwelling units within the same amount of floor area as would be provided by the proposed project. Under this alternative, a new 47-story, 520-foot-tall building (with 30 foot tall elevator/mechanical penthouse) would be constructed adjacent to and west of the Aronson Building. As with the proposed project, the Aronson Building would be restored and rehabilitated, and the new building would be connected to the Aronson Building. As with the proposed project, seven floors in the Aronson Building would be designated as flex space for the residential and office flex options. Under the residential flex option, the Aronson Building would include up to 325 residential units (110 more units than under the proposed project) and no office space. Under the office flex option, this building would include up to 283 residential units (92 more units than under the proposed project) and approximately 61,320 gsf of office space. As with the proposed project, the Increased Residential Density Alternative would use the existing curb cut on Third Street to provide vehicular ingress to the existing Jessie Square Garage. This access would be for use by project residents only. As with the proposed project, this alternative would include a residential drop-off area (vehicular access would be the same as under the proposed project). The vehicular access variants analyzed for the proposed project would also apply to this alternative.

The Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, although some of the alternative's impacts, such as traffic and circulation and air quality during project operations, would be slightly greater because of the increased density. The Increased Residential Density Alternative would not avoid or reduce any significant environmental effects of the proposed project. Because the building design and configuration of the proposed tower would be the same as under the proposed project, this alternative would result in significant unavoidable cumulative shadow impact due to the creation of net new shadow on Union Square and other public open spaces, privately owned publicly accessible open spaces, and public sidewalks. As with the proposed project, there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse

gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project, there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Increased Residential Density Alternative and the proposed project would have no impact on agricultural and forest resources.

The Increased Residential Density Alternative would meet some but not all of the Project Sponsor's objectives. For example, it would stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site. and result in the construction of a preeminent building at this important site across from Yerba Buena Gardens and adjacent to Jessie Square. The Increased Residential Density Alternative would provide housing, close to transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl. It would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents. and would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking for other existing nonprofit organizations and the public in the Jessie Square Garage. The Increased Residential Density Alternative would provide for rehabilitation of the historically important Aronson Building and would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

But, the Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, would slightly increase some impacts, and would not avoid or substantially lessen the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact.

The Increased Residential Density Alternative would meet most of the Successor Agency and Project Sponsor's objectives but not all of the Successor Agency or Project Sponsor's Objectives. In addition, according to the EPS Report, the Increased Residential Density Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Increased Residential Density Alternative is not financially feasible because the direct per square foot construction costs are higher under the Increased Residential Density Alternative than under the Proposed Project. Though there are more units in the Increased Residential Density Alternative than there are in the Proposed Project, the overall square footage is the same. Because residential revenue is based on a per square foot price (rather than a per unit price), the residential revenue is similar to the Proposed Project.

The Increased Residential Density Alternative is projected to generate approximately $585 million under the Residential Flex Option. Projected development costs, including developer return, are approximately $610 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $25.6 million under the Residential Flex Option. The Peer Review concurs with this opinion.

The Increased Residential Density Alternative is rejected in favor of the project and is found not to be feasible or desirable for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, would slightly increase some impacts, and would not avoid or reduce any significant environmental effects of the proposed project. Specifically, when compared to the proposed project, this alternative would result in incrementally increased impacts under Transportation and Circulation (additional trips on already impacted intersections; additional demand on transit service), Air Quality (additional project related operational emissions), Greenhouse Gas (additional project related emissions increasing the project's carbon footprint), Recreation (additional residents seeking recreation facilities), Public Services (additional residents seeking police or fire protection services), and Utilities and Service Systems (additional residents increasing water usage and generating additional wastewater).

- The Increased Residential Density Alternative would not meet the objective to create a development that is financially feasible and that can fund the Project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Increased Residential Density Alternative would not create a development that is financially feasible, the Increased Density Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Increased Residential Density Alternative is infeasible because it does not meet the Successor's Agency's objectives mentioned above including, but not limited to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Increased Residential Density Alternative.

5. **Reduced Shadow Alternative**

The purpose of the Reduced Shadow Alternative is to reduce the shadow impacts that would be caused by development under the proposed project. Under this alternative, a new 27-story, approximately 351-foot-tall tower, including a mechanical penthouse, would be constructed adjacent to, west of and connected to the Aronson Building, with approximately 45,000 gsf of cultural space for The Mexican Museum as compared to approximately 52,285 square feet under the proposed project. As with the

proposed project, the Aronson Building would be restored and rehabilitated. This alternative's residential flex option would include up to 186 residential units (4 fewer residential units than planned under the Proposed Project). This alternative's office flex option would include up to 162 residential units and approximately 52,560 gsf of office space. This alternative would also include approximately 4,800 gsf of retail/restaurant space. As under the proposed project, the Jessie Square Garage would be converted from a public garage to a private garage. Unlike the proposed project, the Reduced Shadow Alternative would not include a driveway from Third Street to serve the residential units. Vehicular access into and out of the existing subsurface Jessie Square Garage would not change from under existing conditions. The vehicular access variants analyzed for the proposed project would not apply to this alternative. The Reduced Shadow Alternative, like the proposed project, would result in a cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact. Although the reduced building height of the new tower under this alternative would substantially reduce shadow impacts and would not create net new shadow on Union Square, unlike the proposed project, shadow from the proposed tower could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project. Therefore, this alternative may contribute to a cumulatively significant shadow impact. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Reduced Shadow Alternative and the proposed project would have no impact on agricultural and forest resources.

The Reduced Shadow Alternative would meet some, but not all of the Successor Agency and Project Sponsor's objectives. It would complete redevelopment of the YBC Redevelopment Project Area envisioned under the Yerba Buena Center Redevelopment Plan and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, although to a lesser extent than with the proposed project. The Reduced Shadow Alternative would provide housing, close to transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl, although fewer housing units than with the proposed project. The Reduced Shadow Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents, although to a lesser extent than with the proposed project. The Reduced Shadow Alternative would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking in the Jessie Square Garage for adjacent nonprofit organizations and the public. The Reduced Shadow Alternative would provide for rehabilitation of the historically important Aronson Building and would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

The Reduced Shadow Alternative, like the proposed project, would result in a cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, although the reduced building height of the new tower under this alternative would reduce shadow impacts and would not create net

new shadow on Union Square. The Reduced Shadow Alternative would not be desirable or meet many of the Successor Agency or Project Sponsor's objectives, and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below.

In addition, according to the EPS Report, the Reduced Shadow Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Reduced Shadow Alternative is not financially feasible with or without the purchase of TDRs. In this Alternative, the height of the tower is reduced from 480 feet in the Proposed Project to 351 feet, which reduces the number of residential units to 186 under the Residential Flex Option and reduces potential revenue from residential sales. There are fewer units to generate revenue, and the number of upper floors of the Project, which command substantial price premiums due to views, are not available under the Reduced Shadow Alternative. At the same time, per square foot development costs are higher under the Reduced Shadow Alternative relative to the Proposed Project due to a decrease in construction cost efficiency. Within certain construction type thresholds, the taller the structure, the lower the cost per square foot due to cost-spreading efficiencies. The combination of these factors results in an alternative that is not financially feasible.

The Reduced Shadow Alternative is projected to generate approximately $313 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $452 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately $137.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately $139.5 million under the Residential Flex Option. The Peer Review concurs with this opinion.

The Reduced Shadow Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- While the Reduced Shadow Alternative would include a reduced height tower of 27-stories as compared to the proposed project's 43-story tower and would create a no net new shadow on Union Square, its shadow could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project.

- The Reduced Shadow Alternative would not result in a development that is financially feasible and thus does not meet the Successor Agency's and Project Sponsor's objective to create a financially feasible project that can fund the project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Reduced Shadow Alternative would not create a development that is financially feasible, the Reduced Shadow Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building,

defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Reduced Shadow Alternative is infeasible because it does not meet the Successor's Agency's objectives to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

- Because the Reduced Shadow Alternative substantially reduces the residential density and the number of housing units produced at this site, this Alternative is infeasible because it does not fully satisfy General Plan policies such as Housing Element Policies 1.1 and 1.4, among others noted in the Department's staff report accompany the Project Approvals on the Determination of Compliance with Section 309, among other approvals. The Project site is well-served by transit, services and shopping and is suited for dense residential development, where residents can commute and satisfy convenience needs without frequent use of a private automobile. The Project Site is located immediately adjacent to employment opportunities within the Downtown Core, and is in an area with abundant local and region-serving transit options, including the future Transit Center. For these reasons, a project with fewer residential units at this site is not compatible with the General Plan and is infeasible.

- The Reduced Shadow Alternative is infeasible because it substantially reduces the residential density and the number of housing units produced at this site, and thus does not meet the Successor Agency's objectives to the extent that the Project does. Among other objectives, the Existing Zoning Alternative would not stimulate and attractive private investment, sales tax and other General Fund revenues to the extent that the Project would; would not provide temporary and permanent jobs to the extent that the Project would; and due to its reduced height, it may not provide a preeminent building of the same stature as the Project. t

The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Reduced Shadow Alternative.

Alternatives Rejected and Reasons for Rejection

The EIR identifies alternatives that were considered by the Planning Department as lead agency, or the Successor Agency, but were rejected as infeasible during the design development and scoping process, and explains the reasons underlying this determination. Among the factors that were considered include the failure to meet most of the basic objectives of the proposed project and inability to avoid significant environmental impacts. These considered and rejected alternatives are the Off-Site Alternative, a Freestanding Alternative, an Office Use Alternative, and Elliptical Tower Plan Alternative.

1. Off-Site Alternative. An Off-Site Alternative that would consist of a project design and programming similar to the proposed project, but in a different, though comparable in-fill location within the City and County of San Francisco was considered but rejected. An Off-Site Alternative would not meet many of the project objectives, particularly the objective of completing the redevelopment of the Yerba Buena Center Redevelopment Project Area and providing for the development of a museum facility and endowment

for The Mexican Museum on the Successor Agency-owned property adjacent to Jessie Square. An Off-Site Alternative was also rejected since it would not include rehabilitation of the Aronson Building. The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Off-Site Alternative.

2. Freestanding Alternative. A Freestanding Alternative that would result in a development on the Mexican Museum parcel of a freestanding museum with no development, including rehabilitation of the Aronson Building, on the 706 Mission Street parcel, was considered and rejected. Construction of a freestanding museum for The Mexican Museum by the prior San Francisco Redevelopment Agency ("SFRA") was considered not financeable because the SFRA did not, and the Successor Agency does not, have sufficient funds to cover the costs of constructing a freestanding museum on that parcel. Also, this alternative would not meet any of the project objectives. Lastly, a Freestanding Alternative was rejected because it would not result in any reduced impacts that are not already being evaluated in other alternatives, such as the Existing Zoning Alternative. The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Freestanding Alternative.

3. Office Use Alternative. An Office Use Alternative that would include only office use in both the proposed tower and Aronson Building was considered and rejected. This alternative was rejected because the proposed project already has an office flex option that includes fewer proposed residential units and office-only use in the existing Aronson Building, and because an Office Use Alternative would generate more peak hour trips than would the proposed project. Further, an Office Use Alternative would not result in any reduced impacts, due to increased trip generation related to a project containing more office space. In addition, the Office Use Alternative was rejected because it would not meet the Successor Agency's project objective of providing housing in an urban infill location. The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Office Use Alternative.

4. Elliptical Tower Plan. The Environmental Evaluation Application, as originally submitted to the Planning Department in 2008, called for partial demolition of the Aronson Building and construction of a 42-story, approximately 630-foot-tall tower to the west of, adjacent to, and partially within, the Aronson Building at its northwest corner. This scheme was disfavored by Planning Department staff both because of its impacts on the physical integrity of the historic Aronson Building, as well as due to staff concerns regarding aesthetics related to its elliptical tower plan design. The Successor Agency finds each of these reasons provide sufficient independent grounds for rejecting the Elliptical Tower Plan.

Additional Alternatives Proposed by the Public

Various comments have proposed additional alternatives to the project. To the extent that these comments addressed the adequacy of the EIR analysis, they were described and analyzed in the RTC. As presented in the record, the Final EIR reviewed a reasonable range of alternatives, and CEQA does not require the City or the project sponsor to consider every proposed alternative so long as the CEQA requirements for alternatives analysis have been satisfied. For the foregoing reasons, as well as economic,

legal, social, technological and/or other considerations set forth herein, and elsewhere in the record, these alternatives are rejected.

VI. Statement of Overriding Considerations

Pursuant to CEQA section 21081 and CEQA Guideline 15093, the Successor Agency hereby finds, after consideration of the Final EIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs the significant and unavoidable impacts of the project and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the Successor Agency will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the Final EIR and in the documents found in the administrative record.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the Successor Agency specifically finds that there are significant benefits of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. The Successor Agency further finds that, as part of the process of obtaining Project approval, all significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation measures proposed in the Final EIR for the proposed Project are adopted as part of this approval action. Furthermore, the Successor Agency has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technological, legal, social and other considerations. In addition, the Successor Agency finds that the rejected Project Alternatives are also rejected for the following specific economic, social, or other considerations, in addition to the specific reasons discussed in Section V, above.

- The Project will provide a new permanent home for The Mexican Museum, a longtime cultural attraction of the City. The permanent home of The Mexican Museum will contribute to the City's reputation as home to first class cultural amenities and attractions.

- The Project will provide a $5 million operating endowment for The Mexican Museum to support its ongoing operations.

- The Project will rehabilitate the historic Aronson Building, which is rated "A" (highest importance) by the Foundation for San Francisco's Architectural Heritage and is eligible for listing on the National Register of Historic Places and the California Register of Historical Resources, and which was recently designated as a Category I Significant Building in the expanded New Montgomery-Mission-Second Street Conservation District, and which is in need of repair.

- The Project will create up to 190 new housing units, which will increase the City's and region's housing supply. These new housing units will be in close proximity to transit, employment opportunities, and neighborhood serving retail uses.

- The Project will pay an affordable housing in-lieu fee in an amount equivalent to a 28% housing production requirement, which is substantially in excess of the 20% requirement under the City's Planning Code. The Project's affordable housing in-lieu fee will be used to construct much needed affordable housing in the City.

- The Project will provide additional private funding for operations, management, and security of Yerba Buena Gardens; funding which would not be available without the project.

- The Project will construct a high quality, world-class, mixed-use development, designed by an internationally recognized architecture firm in accordance with sound urban design principles. The Project will create a new mixed-use residential development on an urban infill site in close proximity to transit, the Downtown and SOMA employment centers, the Yerba Buena cultural district, and retail uses.

- The Project's residential tower will be built to at least Leadership in Energy and Environmental Design (LEED) Silver construction standards consistent with the requirements of the Building Code for the City and County of San Francisco (or such higher and additional requirements as adopted by the City and County of San Francisco). The LEED Silver standard will help reduce the City's overall contribution to greenhouse gas emissions and global warming as well as reducing the project's carbon footprint by providing for a highly energy efficient building.

- In redeveloping the project site with a high quality residential development that includes a cultural component and a ground floor retail or restaurant use, the project will further the objectives of the General Plan's Urban Design Element and complete the development of the former Yerba Buena Center Redevelopment Plan.