

MEMORANDUM

February 27, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy, Commissioner
Hon. Michael Hardeman, Commissioner
Hon. Pius Lee, Commissioner

FROM: Douglas F. Wong
Executive Director

SUBJECT: Adoption of Findings under the California Environmental Quality Act and Approval of Memorandum of Understanding between the Port and the Public Transportation Commission (MUNI) to Lease a 17 acre parcel of the Western Pacific Railroad Yard located adjacent to Pier 80 between Illinois, Cesar Chavez, Maryland and 25th Streets.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background

Pursuant to Mission Bay Port Land Transfer Agreement, dated November 16, 1998, the Port acquired from Catellus Development Corporation an approximately 27 acre site commonly known as the Western Pacific Railroad Yard. The Port holds title to the portion of the Western Pacific Railroad Yard outside the 150 foot shoreline band free and clear of the public trust.

MUNI is presently undertaking planning and development of the Third Street Light Rail System, which will extend light rail service along the Third Street Corridor across the Peter R. Maloney (Fourth Street) Bridge to Bay View/Hunters Point. The Third Street Light Rail will significantly benefit the Port by providing improved public transportation and access to Port property located in the Southern Waterfront area, including the Mission Bay open space located within Port jurisdiction, the Port's opportunity area at Pier 70, the Port's marine terminals at Pier 80 and 94-96, and Port open space at Islais Creek and Heron's Head Park.

THIS PRINT COVERS CALENDAR ITEM NO. **4A**

An essential component of the Third Street Light Rail System is the MUNI Metro East Maintenance and Operations Facility, which will serve as the maintenance and storage yard for light rail cars along the Third Street Light Rail line. The Port and MUNI have identified an approximately 17 acre site of the Western Pacific Railroad Yard as the optimum site for the MUNI Metro East Maintenance and Operations Facility.

MUNI has expressed an interest in leasing the 17 acre site from the Port, and Port staff has negotiated the terms and conditions for MUNI's proposed use of the property. These terms have been incorporated into a Memorandum of Understanding (MOU), which is on file with the Commission Secretary.

MUNI has obtained financing from the Transportation Authority (TA) to pay for MUNI's use of the Western Pacific site and has also received an additional \$4 million which MUNI will allocate toward the funding of the Illinois Street Bridge. The Illinois Street Bridge will allow the Port to continue rail service to the Pier 80 Cargo Container Facility and greatly enhance truck access to the Port's maritime facilities at Piers 80 and 94/96.

The basic terms and conditions of the MOU are discussed below:

Proposed Terms and Conditions

- (1) **Premises**: Approximately 17 acres of real property located at the Western Pacific Railroad Yard parcel, bounded by Illinois, Cesar Chavez, Maryland and 25th Streets, as more particularly described in Exhibit A attached hereto.
- (2) **Use Fee**: \$25.7 million, in a one-time advance payment, which represents the fair market value of the Premises.
- (3) **Pass Through**: MUNI shall further pay to the Port \$4 million, which was allocated by the Transportation Authority, for the construction of the Illinois Street Bridge.
- (4) **Use**: The construction and operation of the MUNI Metro East Maintenance Facility including; light rail vehicle storage, operations and maintenance facilities serving 3rd Street Light Rail and for other MUNI operational needs.
- (5) **Term**: MUNI shall have exclusive use of the property, in perpetuity, for so long as the Premises are used for the permitted uses under the MOU.
- (6) **Environmental Remediation**: Muni agrees to assume the liability for the handling of any hazardous materials on the 17 acres of the Western Pacific site.
- (7) **Public Trust**: The Port may desire to place the State Public Trust (Trust) on the 17 acres of the Western Pacific Railroad Yard. The Port shall have up to 7 years to place the Trust on the 17 acres. If at the end of 7 years the Port has not placed the Trust on the Western Pacific site, then the 17 acres will become Muni fee-owned property through a City interdepartmental transfer.

- (8) Right of First Refusal: If the Port chooses to sell the remaining 10 acres of the Western Pacific property in the future, MUNI shall have the right of first refusal for the acquisition, at fair market value, of said property. MUNI shall have 60 days to exercise its right after formal notice from the Port of the property's availability.
- (9) Assignment of Lease: The Port currently has a lease on the Premises with Pacific Cement Company. The lease expires on June 30, 2001. Muni has agreed on assignment of that lease from the Port for the remainder of the lease term.
- (10) Acknowledgement and Waiver: If the Port transfers the Premises to MUNI in fee, MUNI agrees that future occupants will acknowledge the Port's industrial and other uses in the area, and will waive rights to bring suit against the Port arising out of the impacts of Port uses on the Premises.

Environmental Review under California Environmental Quality Act ("CEQA") and National Environmental Policy Act ("NEPA")

MUNI has applied for and received all environmental clearances from the City and County of San Francisco Planning Department, Office of Environmental Review (OER). The Final Environmental Impact Statement/Environmental Impact Report (Final EIS/EIR) was published on November 16, 1998. On December 3, 1998, the San Francisco Planning Commission certified the Final EIR in Motion No. 14742 finding in its independent judgement, that the Final EIS/EIR was objective, complete and in compliance with CEQA. In addition, OER issued a document titled "Third Street Light Rail Project CEQA/NEPA Reevaluation" dated February 21, 2001. The Port Commission has been provided with copies of the Final EIS/EIR and the Addendum prior to the February 27, 2001 meeting.

The Port Commission is being asked to authorize the Executive Director to execute the attached MOU with MUNI for 17 acres of the Western Pacific Railroad Yard, and to adopt certain findings under the California Environmental Quality Act with regard to the Final EIS/EIR.

Prepared by: Mark W. Lozovoy, Assistant Deputy Director, Real Estate

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 01-15

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, the Port and Catellus Development Corporation (“Catellus”) are parties to the Port Land Transfer Agreement (“PLTA”), dated as of November 16, 1998. Under the PLTA, the Port agreed to transfer certain Port lands to Catellus in exchange for, among other things, the Western Pacific Railroad Yard located adjacent to Pier 80; and
- WHEREAS, MUNI is presently undertaking planning and development of the Third Street Light Rail System, which will extend light rail service along the Third Street Corridor across the Peter R. Maloney (Fourth Street) Bridge to Bay View/Hunters Point. The Third Street Light Rail will significantly benefit the Port by providing improved public transportation and access to Port property located in the Southern Waterfront area, including the Mission Bay open space located within Port jurisdiction, the Port’s opportunity area at Pier 70, the Port’s marine terminals at Pier 80 and 94-96, and Port open space at Islais Creek and Heron’s Head Park; and
- WHEREAS, an essential component of the Third Street Light Rail System is the MUNI Metro East Maintenance and Operations Facility, which will serve as the maintenance and storage yard for light rail cars along the Third Street Light Rail line. The Port and MUNI have identified an approximately 17 acre site of the Western Pacific Railroad Yard as the optimum site for the MUNI Metro East Maintenance and Operations Facility; and
- WHEREAS, the Public Transportation Agency (MUNI) has proposed to construct and operate the MUNI Metro East Maintenance Facility on a 17 acre parcel of the Western Pacific Railroad Yard parcel, as shown on Exhibit A attached to the Memorandum of Agenda Item 4A for the February 27, 2001, Port Commission meeting; and
- WHEREAS, Port staff has negotiated the terms and conditions for MUNI’s proposed use of the Western Pacific site, which have been incorporated into a Memorandum of Understanding (MOU) between the Port and MUNI, the terms of which are set forth in the Memorandum of Agenda Item 4A for the Port Commission meeting of February 27, 2001; and
- WHEREAS, in August 1997, MUNI began preparation of an Environmental Impact Statement/Report (EIS/R) for the Third Street Light Rail Project that considered three alternatives: No Project Alternative, a No Build/Transportation systems Management (TSM) Alternative (upgraded diesel service) and a Light Rail Build Alternative; and

- WHEREAS, on April 3, 1998, a Draft Environmental Impact Statement/Draft Environmental Impact Report (“DEIS/DEIR”) was published by the Federal Transit Administration and San Francisco Planning Department, respectively, (State Clearinghouse No. 96102097, SF Case File No. 96.281E) for an expansion of MUNI light rail service to the Third Street Corridor; and
- WHEREAS, on June 23, 1998, the Public Transportation Commission (“PTC”) selected the Light Rail Build Alternative, with two project phases, as the Locally Preferred Alternative; and
- WHEREAS, pursuant to CEQA, the Guidelines for Implementation of CEQA, Title 15 California Code of Regulations Sections 15000 et seq., (“CEQA Guidelines”) and Chapter 31 of the San Francisco Administrative Code (“Chapter 31”), entitled Environmental Quality, and the National Environmental Policy Act (“NEPA”) 42 U.S.C. Section 102 et seq., and the Council on Environmental Quality Regulations, 40 C.F.R. 1500.1 et seq., all written and oral comments were considered and analyzed; and
- WHEREAS, the Final Environmental Impact Statement/Environmental Impact Report (“Final EIS/EIR”) was published on November 16, 1998; and
- WHEREAS, on December 3, 1998, the Planning Commission as the lead agency pursuant to CEQA, the CEQA Guidelines and Article 31, certified the Final EIS/EIR in Motion No. 14742, finding in its independent judgment, that the Final EIS/EIR was objective, complete and in compliance with CEQA and the CEQA Guidelines; and
- WHEREAS, on February 21, 2001, the City’s Planning Department issued an Addendum entitled “Third Street Light Rail Project CEQA/NEPA Reevaluation;” and
- WHEREAS, a copy of the Final EIS/EIR and the Addendum have been reviewed and considered by the Port Commission and are on file with the Secretary of the Port Commission for this item; now, therefore, be it
- RESOLVED, that this Commission, in exercising its independent judgment, makes and adopts the findings under CEQA, incorporated by reference and attached hereto as Attachment A, for approval of the Light Rail Alternative; and, be it further
- RESOLVED, that the mitigation measures described in Section IV(A) of Attachment A attached to this Resolution and incorporated by reference herein which impact the proposed Memorandum of Understanding are adopted as conditions of approval and shall be the responsibility of MUNI to implement under the Mitigation Monitoring Program attached as Exhibit 1 to Attachment A; and, be it further

RESOLVED, that based upon this Commission's review of the Final EIS/EIR and the Addendum, the Commission further finds that (1) modifications incorporated into the project will not require important revisions to the Final EIS/EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) no substantial changes have occurred with respect to the circumstances under which the project will be undertaken which would require major revisions to the Final EIS/EIR due to the involvement of new environmental effects, or a substantial increase in the Resolution No. 01-15, severity of effects identified in the Final EIS/EIR; and (3) no new information of substantial importance to the project has become available which would indicate (a) the project has significant effects not discussed in the Final EIS/EIR, (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the Final EIS/EIR would substantially reduce one or more significant effects on the environment; and be it further

RESOLVED, that the San Francisco Port Commission, hereby approves the Memorandum of Understanding upon the terms and conditions set forth in the Memorandum of Agenda Item 4A for the February 27, 2001 Port Commission meeting, and authorizes the Executive Director to execute the Memorandum of Understanding in such final form as is approved by the City Attorney; and be it further

RESOLVED, that the Port Commission hereby approves the Assignment of Lease No. L-12645, dated May 18, 1990, assigning such lease to from the Port to MUNI in such form as is approved by the City Attorney; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director, in consultation with the City Attorney, to take all such further action, including executing further documents or assurances necessary to implement the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 27, 2001.

Secretary