

File No. 120625

Board Item No. **30**

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting

Date: June 12, 2012

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OTHER:

Completed by: Derek Evans

Date: June 7, 2012

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document is in the file.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

08

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *JE*
RE: Warriors Arena Sole Source Negotiations
DATE: June 5, 2012

Attached for introduction to the Board of Supervisors is the resolution 1) finding that the competitive bidding policy set forth in Administrative Code Section 2.6-1 does not apply to the potential real estate transaction involving Port property at Piers 30-32 and part of Seawall Lot 330 with GSW Arena LLC (GSW), an affiliate of the Golden State Warriors, for development of an arena and other facilities and endorsing sole source negotiations with GSW for that purpose; 2) endorsing the Port Commission's designation of the Office of Economic and Workforce Development (OEWD) as the lead negotiator of the proposed transaction, in coordination with Port staff and subject to the Port Commission's direction; 3) urging OEWD and the Port to engage in outreach to affected and interested neighbors, community members and other stakeholders to ensure that the proposed project is designed with maximum public input; 4) urging OEWD and the Port to work closely with State agencies having jurisdiction over any of the site, including the State Lands Commission and the Bay Conservation and Development Commission, to develop the project description; 5) urging the OEWD Director, the Port Director and other City officials to make evaluation of the proposed project among their highest priorities and take all appropriate steps to negotiate an exclusive negotiation agreement with GSW; and 6) acknowledging that the City may commence environmental review of the proposed project under CEQA if and when the Board of Supervisors makes the required findings of fiscal feasibility and responsibility under Administrative Code Chapter 29.

Please note this item is cosponsored by Supervisors Chiu, Kim, Farrell, Chu, Wiener, Olague, and Cohen.

I request that this item be referred for adoption without committee reference at the June 12th meeting of the Board of Supervisors.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

cc. Supervisor David Chiu
Supervisor Jane Kim
Supervisor Mark Farrell
Supervisor Carmen Chu
Supervisor Scott Wiener
Supervisor Christina Olague
Supervisor Malia Cohen

Land Use

RECEIVED
BOARD OF SUPERVISORS
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1 [Warriors Arena Project - Sole Source Negotiations]
2

3 **Resolution 1) finding that the competitive bidding policy set forth in Administrative**
4 **Code Section 2.6-1 does not apply to the potential real estate transaction involving Port**
5 **property at Piers 30-32 and part of Seawall Lot 330 with GSW Arena LLC (GSW), an**
6 **affiliate of the Golden State Warriors, for development of an arena and other facilities**
7 **and endorsing sole source negotiations with GSW for that purpose; 2) endorsing the**
8 **Port Commission's designation of the Office of Economic and Workforce Development**
9 **(OEWD) as the lead negotiator of the proposed transaction, in coordination with Port**
10 **staff and subject to the Port Commission's direction; 3) urging OEWD and the Port to**
11 **engage in outreach to affected and interested neighbors, community members and**
12 **other stakeholders to ensure that the proposed project is designed with maximum**
13 **public input; 4) urging OEWD and the Port to work closely with State agencies having**
14 **jurisdiction over any of the site, including the State Lands Commission and the**
15 **Bay Conservation and Development Commission, to develop the project description;**
16 **5) urging the OEWD Director, the Port Director and other City officials to make**
17 **evaluation of the proposed project among their highest priorities and take all**
18 **appropriate steps to negotiate an exclusive negotiation agreement with GSW; and**
19 **6) acknowledging that the City may commence environmental review of the proposed**
20 **project under CEQA if and when the Board of Supervisors makes the required findings**
21 **of fiscal feasibility and responsibility under Administrative Code Chapter 29.**

22 WHEREAS, The City and County of San Francisco (the "City"), acting through its Port
23 Commission (the "Port"), owns approximately 13 acres at Piers 30-32 located on the east side
24 of The Embarcadero at Bryant Street ("Piers 30-32"), which is currently used for short-term
25 parking accommodating up to about 1,000-1,500 automobiles, occasional cruise terminal

1 berthing when the Pier 27 and Pier 35 cruise terminal berths are occupied and occasional lay-
2 berthing such as for Fleet Week Naval vessels, and approximately 2.3 acres of undeveloped
3 land at Seawall Lot 330 located on the west side of The Embarcadero between Beale and
4 Bryant Streets ("SWL 330"), which is currently used for short-term parking accommodating up
5 to about 260 automobiles (together, Piers 30-32 and such portion of SWL 330 are referred to
6 in this resolution as the "Site"); and

7 WHEREAS, GSW Arena LLC ("GSW"), a wholly owned subsidiary of GSW Sports LLC
8 and an affiliate of the entity that owns the Golden State Warriors basketball team (the
9 "Warriors"), wishes to build a new privately financed, state-of-the art multi-purpose facility that
10 would be used for the Warriors' home games and other purposes, including conventions, in
11 San Francisco, together with related public infrastructure and access improvements and other
12 improvements, in time for the beginning of the 2017 National Basketball Association ("NBA")
13 season; and

14 WHEREAS, The team, which was established in 1945, played its home games in
15 San Francisco from 1962 to 1971; and

16 WHEREAS, The Site offers a spectacular opportunity for the Warriors to return home to
17 San Francisco and for GSW to develop a world-class recreation, entertainment, convention
18 and event facility and ancillary uses that would be ideal for the Port, the City, the team, its
19 fans and the public in the entire Bay Area region and would substantially improve public open
20 space and expand public use and enjoyment of the waterfront on trust lands at this location;
21 and

22 WHEREAS, The Site provides an incredibly beautiful, vibrant and easily accessible
23 place for the public from all over the Bay Area and beyond the Bay Area to enjoy and offers a
24 transit-rich location that emphasizes access and proximity to the unparalleled beauty of the
25 San Francisco Bay; and

1 WHEREAS, GSW and City staff currently contemplate that the proposed project would
2 be consistent with the San Francisco Bay Conservation and Development Commission's
3 ("BCDC") Special Area Plan for the San Francisco Waterfront (the "Special Area Plan") and
4 generally consist of developing a multi-purpose facility capable of being used as an event
5 venue seating approximately 17,000-19,000 persons for the Warriors' home games and for
6 other public assembly uses including conventions, public open space improvements and
7 parking facilities, visitor-serving retail, maritime access, and other related uses on Piers 30-32,
8 together with additional improvements on SWL 330 and transportation improvements, all
9 subject to such changes as the parties may agree, including in connection with the
10 environmental review, public review and State-agency review processes (the "Project"); and

11 WHEREAS, To take advantage of the superlative Site, GSW is committed to designing
12 the Project to enhance public access to the waterfront at Piers 30-32 and to using the Bay as
13 an asset in the design of the multi-purpose event facility; and

14 WHEREAS, GSW and City staff expect that Warriors basketball games would
15 constitute no more than about a quarter of the total event days for the multi-purpose facility,
16 and GSW is committed to developing a use program for the facility that would include
17 solicitation and promotion of additional uses and events that further the purposes of the
18 Burton Act and the public trust for commerce, navigation and fisheries (the "public trust"); and

19 WHEREAS, GSW is also committed to developing a Project that displays world class
20 technological features and design standards, that is environmentally sustainable, consistent
21 with LEED principles, and that upholds and promotes the City's Transit First Policy; and

22 WHEREAS, Any ground lease or other City contract relating to development of the
23 proposed Project would be subject to the City's ordinance relating to labor representation
24 procedures in hotel and restaurant developments in which the City has an ongoing proprietary
25

1 interest (Administrative Code Sections 23.50 through 23.56) and the City's first source hiring
2 program (Administrative Code Chapter 83), as they may apply to the proposed Project; and

3 WHEREAS, GSW has stated its commitment to enter into an equal opportunity
4 program in connection with the transaction documents for the Project that will include local a
5 hiring program and prevailing wage requirements; and

6 WHEREAS, The Office of Economic and Workforce Development ("OEWD"), in
7 cooperation with Port staff, and GSW have been engaged in preliminary discussions to
8 establish a general description for the proposed Project, including the general parameters of a
9 fair market value long-term ground lease of Piers 30-32 and ancillary facilities as may be
10 reasonably required, and the related fair market value long-term ground lease or other
11 transfer of SWL 330, for the proposed Project; and

12 WHEREAS, As set forth in Administrative Code Section 2.6-1, the Board of
13 Supervisors' policy is to approve only such proposed leases involving City property or facilities
14 that departments have awarded to the highest responsible bidder under competitive bidding
15 procedures, except where competitive bidding is impractical or impossible; and

16 WHEREAS, The Warriors are a civic asset for the whole San Francisco Bay Area, and
17 the Warriors Foundation has a demonstrated track record in, and is committed to continue,
18 positively impacting its community and the greater Bay Area by providing financial assistance
19 and opportunities to other non-profit civic and community organizations that benefit and enrich
20 the lives of children, youth and those in need, and

21 WHEREAS, The proposed Project presents an extraordinary opportunity to provide
22 special recreational, cultural, historic and other significant public benefits to the people of the
23 City and the entire Bay Area region, including an opportunity for a new unique waterfront
24 destination that will achieve public access objectives for the Site while adding an attractive
25 mix of uses and destinations along the waterfront; and

1 WHEREAS, Piers 30-32, which has a limited remaining useful life, requires a
2 substantial capital investment to repair the substructure and bring the piers up to modern
3 seismic standards, and to preserve the piers, which costs have not been included in the Port's
4 FY 2011-2020 Capital Plan due to limited Port resources and competing Port priorities; and

5 WHEREAS, The Port Waterfront Land Use Plan, including the Design and Access
6 Element (collectively, the "Waterfront Plan"), is the Port's adopted land use document for
7 property within Port jurisdiction; such as the Site, and provides the policy foundation for
8 waterfront development and improvement projects; and

9 WHEREAS, After a multi-year cooperative process, the Port and BCDC adopted the
10 Special Area Plan, which allows for the revitalization of certain piers for uses consistent with
11 the public trust; and

12 WHEREAS, The Waterfront Plan and the Special Area Plan recognize that the
13 development of Piers 30-32 and the surrounding area should further the trust purposes of
14 supporting maritime activities and expanding public use and enjoyment of the waterfront on
15 trust lands at this location; and

16 WHEREAS, The Waterfront Plan identifies Piers 30-32 as a major, mixed-use
17 development opportunity site, and the City, through its Port, has undertaken numerous
18 unsuccessful attempts to develop the site in accordance with the Waterfront Plan's objectives,
19 including the recent effort related to the 34th America's Cup and a previous effort to develop a
20 fully entitled mixed-use, two berth international cruise terminal, where in each of those two
21 instances the private project sponsor abandoned its plans due to much higher than expected
22 costs to repair the Piers 30-32 substructure; and

23 WHEREAS, The Waterfront Plan contemplated the potential for developing an arena in
24 the South Beach/Rincon Point Subarea of Port property (at the current location of AT&T
25 Ballpark), which is only within a few blocks of the Site; and

1 WHEREAS, GSW and the City are committed to designing the Project to ensure that it
2 includes maximum feasible public access on Piers 30-32, including a significant extension of
3 the Portwalk and major new Bay-oriented public open space on the piers that will comply with
4 the public access and open space policies set forth in the Special Area Plan and take
5 advantage of the Site's extraordinary proximity to the Brannan Street Wharf and the Brannan
6 Street Wharf Open Water Basin between Piers 32 and 38; and

7 WHEREAS, As the proposed Project may be refined and improved through the public
8 review process, including the BCDC Design Review Board (with respect to Piers 30-32) and
9 the City's Waterfront Design Advisory Committee process, GSW and the City are committed
10 to designing the portions of the proposed Project on Piers 30-32 in consultation with BCDC
11 staff to meet the other design objectives of the Special Area Plan, including: to the extent
12 feasible preserving the iconic views of the Bay Bridge from public view corridors; creating a
13 design that respects the Embarcadero Historic District; using the Bay as an asset in the
14 design of the proposed Project; enhancing Bay views and providing opportunities for public
15 views of the Bay from unique elevations along the waterfront; creating ancillary parking
16 facilities sized and located to minimize adverse impacts on public access; and providing
17 plentiful and high quality bicycle parking for attendees of events at the multi-purpose facility;
18 and

19 WHEREAS, The proposed Project is a publicly-oriented use that will draw visitors from
20 the entire Bay Area to this unique site along San Francisco Bay over 200 days each year, and
21 GSW and the City are committed to designing the proposed Project and its uses in
22 consultation with the California State Lands Commission to provide a high-quality visitor
23 experience before, during and after events that is appropriate to the Site and its Bay setting;
24 and

1 WHEREAS, GSW and the City are also committed to designing the proposed Project to
2 incorporate maritime use of the Piers 30-32 north and/or east berths, water-oriented
3 transportation services and recreational boat access, visitor-serving retail and restaurants,
4 major new open space, and event programming to benefit the Port, Bay maritime commerce,
5 and other public trust purposes; and

6 WHEREAS, The proposed Project would generate substantial public benefits for the
7 City, including its Port, such as: (1) the repair, improvement and productive reuse of Piers 30-
8 32, (2) the construction of needed infrastructure improvements that benefit the Site and the
9 surrounding public trust lands and other areas, (3) the generation of significant new jobs and
10 economic development in a short period, including significant opportunities for local residents,
11 (4) the attraction of many people from the City and all over the region to enjoy the waterfront
12 and the Bay and to patronize businesses on the Site as well as other Port-owned land and
13 privately owned property in the vicinity of the Site, and (5) the enhancement of the City's
14 tourism industry, including providing an additional venue for trust related events, conventions,
15 sporting events, concerts and other special events; and

16 WHEREAS, On May 29, 2012, the Port Commission adopted Resolution No. 12-48,
17 designating OEWD as the lead negotiator for the proposed Project, among other designated
18 projects, to act in coordination with Port staff and at the direction of the Port Commission (the
19 "Port Negotiation Authority Resolution"); and

20 WHEREAS, In conjunction with this resolution and contingent on the Board of
21 Supervisors' adoption of this resolution, the Port Commission is considering or will consider
22 adopting a resolution approving sole source negotiations with GSW and authorizing staff to
23 negotiate an Exclusive Negotiation Agreement ("ENA") with GSW for the proposed Project
24 consistent with this resolution (the "Port Sole Source Resolution"); and
25

1 WHEREAS, Subject to the successful negotiation of an ENA with GSW, OEWD,
2 working in concert with the Port and other City agencies, intends to return to the Board of
3 Supervisors in several months with a proposed term sheet based on a fair market value
4 transaction for the proposed Project for the Board to consider endorsing, in conjunction with
5 the Board's consideration of a fiscal feasibility report and a resolution making fiscal feasibility
6 findings consistent with Administrative Code Chapter 29; and

7 WHEREAS, The City is proud of the success of the privately financed waterfront
8 ballpark, which is the home of the San Francisco Giants (the "Giants") and which has greatly
9 enhanced public access to and enjoyment of the Bay, the City recognizes the efforts the
10 Giants have made and continue to make to have neighborhood and community support for
11 the ballpark, and the City wishes to ensure the continued success of the ballpark, and to
12 address the parking and transportation needs of the Giants, including in the context of the
13 proposed Mission Rock development and the proposed Project; now, therefore, be it

14 RESOLVED, That the Board of Supervisors finds that due to regional civic attributes of
15 the Warriors, the unique opportunity presented by GSW's proposal to build a new multi-
16 purpose facility that would be used for the Warriors' home games and other purposes,
17 including conventions, and related improvements at the Site and the public benefits to the City
18 and the region that the proposed Project would produce, all as further described above, the
19 competitive bidding policy set forth in Administrative Code Section 2.6-1 does not apply to the
20 possible transaction with GSW (including, for all purposes of this resolution, any affiliated
21 development entity or entities that GSW may establish for the Project, as approved by the
22 City) for development of the Site, and accordingly the Board of Supervisors endorses sole
23 source negotiations by City and Port staff with GSW for the proposed Project at the Site
24 consistent with the Port Sole Source Resolution and further finds that doing so is in the City's
25 best interests; and, be it

1 FURTHER RESOLVED, That should the Port Commission and GSW agree upon
2 mutually acceptable terms for such proposed transaction and development of the Project at
3 the Site, the Board of Supervisors will not disapprove a proposed lease and other real estate
4 transaction agreements on the basis that they do not satisfy the competitive bidding policy set
5 forth in Administrative Code Section 2.6-1; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors endorses the designation of
7 OEWD as the lead negotiator for the proposed Project, in cooperation with Port staff and at
8 the Port Commission's direction; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors urges OEWD, the Port and
10 GSW to engage in outreach to affected and interested neighbors, community members and
11 stakeholders to ensure that the proposed Project is designed with maximum public input, and
12 to work closely with the San Francisco Giants to ensure the continued success of the ballpark
13 project, to address parking and transportation needs and to coordinate with the proposed
14 Mission Rock project; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors urges OEWD and the Port to
16 work closely with state agencies having jurisdiction over waterfront development, including the
17 State Lands Commission and BCDC, to develop the project description for the proposed
18 Project; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors urges OEWD, in cooperation
20 with the Port Director and with the assistance of Port staff, the City Attorney's Office and other
21 City officials as appropriate, to make evaluation of the proposed Project among its highest
22 priorities and take all actions needed to further the process of developing a description for the
23 proposed Project, and negotiating an ENA and then a term sheet with GSW, consistent with
24 this resolution; and be it.
25

1 FURTHER RESOLVED, That the Board of Supervisors acknowledges that the City
2 may commence environmental review of the proposed Project under the California
3 Environmental Quality Act ("CEQA") if and when the Board of Supervisors by a later
4 resolution makes the required findings of fiscal feasibility and responsibility under
5 Administrative Code Chapter 29, and nothing in this resolution implements any approvals or
6 facilities for the proposed Project, grants any entitlements for the proposed Project or includes
7 any determination as to whether the Port or any other unit of City government should approve
8 the proposed Project, nor does adoption of this resolution foreclose the possibility of
9 considering alternatives to the proposed Project, adopting mitigation measures or deciding not
10 to approve the proposed Project after conducting appropriate environmental review under
11 CEQA; and the Board of Supervisors further acknowledges that any development shall be
12 conditioned on the project sponsor first receiving all required regulatory approvals, including,
13 but not limited to, approvals from various City and State agencies with jurisdiction, following
14 CEQA review.