

File No. 110296

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date April 11, 2011

Board of Supervisors Meeting Date _____

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Completed by: Alisa Somera Date April 7, 2011

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The complete document can be found in the file.



MEMORANDUM

TO: Supervisor Eric Mar
Supervisor Malia Cohen
Supervisor Scott Wiener

FROM: Rich Hillis, Director of Redevelopment, Office of Economic and Workforce Development

DATE: March 10, 2011

RE: Treasure Island / Yerba Buena Island Redevelopment Project

Introduction

As the final stage of the predevelopment and entitlements phase of the Treasure Island/Yerba Buena Island Redevelopment Project ("Project") commences, the Board of Supervisors Land Use and Economic Development Committee, along with the Treasure Island Citizen's Advisory Board ("CAB"), Treasure Island Development Authority Board of Directors ("TIDA Board") and the Planning Commission ("Planning") have held, and will continue hold, a series of meetings where the Office of Economic and Workforce Development ("OEWD") staff will be making presentations on the various entitlement and transaction documents for the Project. In order to place all of these documents in the context of the tremendous amount of work that has been accomplished in order to arrive at this point, staff will be providing background information and an overview of the Project, a summary of the public planning and review process, highlighting the major milestones achieved to date, and a summary of the key implementing agreements, entitlements and transaction documents (the "Project Documents") that the TIDA Board, Planning Commission and Board of Supervisors will be asked to take action on in the coming months in order to complete the project approvals and entitlements for the Project.

Copies of these documents are on file with the Authority and OEWD, and have been made available on-line for the public to review at: <http://www.sftreasureisland.org/> (the main Authority website) and: <http://sftreasureisland.org/index.aspx?page=26> (for a direct link to the documents).

The public distribution and presentation of these certain draft Project Documents represent the beginning of the final stage of the entitlements and planning phase of the Project, and culminate more than ten years of work by the CAB, TIDA Board, Treasure Island Community Development ("TICD"), the Board of Supervisors ("BOS"), and other key stakeholders including local, regional and state departments and agencies, local community organizations, residents and members of the

public. The Project is the result of one of the most extensive public planning and review processes for a large development project in the City's history, and has been widely heralded, locally, nationally and internationally, as one of the most sustainable large development projects in the world for its comprehensive approach to "triple-bottom line" sustainability (environmental, social, economic). The Project Documents reflect the enormous amount of thought and effort that has gone into making the Project a leading example of sustainable development, and memorialize the policy determinations that have been made throughout the planning process, as well as establish the legally binding framework by which the enormous package of public benefits will be delivered over the build-out of the Project.

I. PROJECT BACKGROUND

This section is intended to provide background information on the Project, as well as described the unique characteristics and constraints that have informed the project planning and give rise to certain components of the Development Plan.

History of Treasure Island. Treasure Island was constructed between 1937 and 1938 with the ultimate goal of becoming the future San Francisco airport. Its first use was as the site for the 1939-1940 Golden Gate International Exposition, or the San Francisco World's Fair. When the United States became involved in World War II, all of Treasure Island and portions of Yerba Buena Island were transferred to the U.S. Navy for use as a military facility, called Naval Station Treasure Island. After serving as a center for receiving, training and dispatching service personnel during World War II, NSTI was subsequently used for more than 50 years as a location for naval training and as an administrative center. In 1993, NSTI was selected for closure by the Base Realignment and Closure ("BRAC") Commission and the base was operationally closed in 1997.

Site Characteristics and Constraints. Treasure Island and Yerba Buena Island are located in the middle of San Francisco Bay and at the heart of the San Francisco Bay region. Treasure Island proper is a flat, man-made island comprising approximately 405 acres, of which 37 acres are owned by the U.S. Department of Labor and occupied by a Job Corps campus, a vocational training program for young people between the ages of 16 to 24. Yerba Buena Island (exclusive of the U.S. Coast Guard facility located on Yerba Buena's eastern half) is a natural rock outcropping of approximately 94 acres, located approximately mid-way on the Bay Bridge between Oakland and San Francisco.

While Treasure Island, with its sweeping views of San Francisco and the Bay, affords a tremendous opportunity for San Francisco and the region, it is also a site that is characterized by several significant development challenges. These include the following:

- ***Access and Bridge Construction.*** The Islands only current access to San Francisco or Oakland is the Bay Bridge, which is often at capacity, via substandard ramps. In addition, the on-going construction of the eastern span of the Bay Bridge presents logistical challenges for the existing community and the phasing of development.

- *Geology and Seismic.* Treasure Island is composed of bay fill and in its current state would be susceptible to failure during an earthquake without seismic stabilization of the perimeter and portions of the interior of the island. Improvements to mitigate this challenge are technologically feasible but add unique costs to the project.
- *Microclimate.* Treasure Island's location in the middle of the Bay and flat terrain expose it to strong winds coming from the west through the Golden Gate, particularly during the afternoon.
- *Deteriorating Infrastructure.* The infrastructure constructed by the Navy is deteriorating, does not conform to City standards and must be entirely replaced.
- *Environmental Contamination.* Environmental remediation will be necessary to support the proposed land use plan. The remediation required at Treasure Island, which was primarily an administrative and residential military facility, is not significant in comparison to other closed military bases, but is an additional project cost.
- *Tidelands Trust.* All of Treasure Island proper is subject to the public trust for commerce, navigation and fisheries ("Tidelands Trust"). Among other things, the Tidelands Trust generally prohibits a number of uses like housing, office and industrial uses. Yerba Buena Island is not subject to the Tidelands Trust. Fortunately, state law allows for the Tidelands Trust to be exchanged off of certain portions of Trust property and placed on other lands under certain circumstances. The Authority obtained State legislation authorizing such an exchange between Treasure Island and Yerba Buena Island. Still, as a result of the application of the Tidelands Trust, the location of various uses under the Land Use Plan is severely restricted.
- *Job Corps Campus.* While the Job Corps provides important public benefits, its location almost directly in the middle of Treasure Island impacts the Land Use Plan. The boundaries of the campus pose planning challenges and other challenges related to infrastructure and community development. In conjunction with the adoption of a final Redevelopment Plan, the Authority intends to work with the Department of Labor to better integrate the Job Corps campus and programs into the overall future island community.

II. PLANNING PROCESS SUMMARY

This section is intended to provide a summary of the extensive public planning process that started in 1993, when NSTI was selected for closure, up to the present.

Base Closure and Initial Reuse Planning for Treasure Island. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510, 10 U.S.C. §2687 and its subsequent amendments ("BRAC"). The Department of Defense subsequently designated the City, and later the Authority, as the Local Reuse Authority ("LRA") responsible for the conversion of NSTI under the federal disposition process.

In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad spectrum of community interests, was formed to review reuse planning efforts regarding Treasure Island for the San Francisco Planning Department, the San Francisco Redevelopment Agency, and the Board of Supervisors. This planning effort resulted in the establishment of a Draft Reuse Plan for Treasure Island that was endorsed in 1996 by the Mayor, the BOS and the Planning Commission. The 1996 Draft Reuse Plan operated like a "general plan" for Treasure Island, identifying opportunities and constraints and policy goals and recommendations related to the redevelopment effort. The goals and policies recommended in the Draft Reuse Plan continue to guide the planning for Treasure Island and are reflected in the 2006 Development Plan and Development Plan Update.

Also in 1996, the City finalized the 1996 TIHDI Agreement as part of the homeless component of the Reuse Plan. Among other things, the 1996 TIHDI Agreement (1) gave TIHDI certain rights to participate in economic development opportunities on Treasure Island, (2) facilitated implementation of a permanent employment program related to TIHDI's activities, (3) gave TIHDI certain rights to both temporary and permanent housing in support of TIHDI's programs, and (4) provided TIHDI with financial support. The Authority, TICD and TIHDI have worked together closely to ensure that the Development Plan Update is consistent with the TIHDI Term Sheet.

Treasure Island Development Authority Created. One of the key recommendations from the reuse planning process was for the City to create a single-purpose authority to govern the redevelopment of Treasure Island. The Authority was created in 1997 to serve as that entity. Under the Treasure Island Conversion Act of 1997 (the "Act"), the California Legislature (1) designated the Authority as a redevelopment agency under California Community Redevelopment Law with authority over Treasure Island, and (2) with respect to those portions of Treasure Island that are subject to the Tidelands Trust, vested in the Authority the authority to administer the Tidelands Trust in accordance with the terms of the Act.

Treasure Island/Yerba Buena Island Citizens Advisory Board. The CAB was formed in 2000 to provide broad-based community policy guidance and oversight regarding the redevelopment of Treasure Island. The CAB has 25 members, including four members of the CAB who must be residents of the Island. The Mayor appoints 12 members, the BOS appoints 9 members and the four Island residents were elected by a vote of Island residents. Since its inception, the CAB has held more than 100 meetings regarding the redevelopment of Treasure Island.

Selection of Master Developer. Another key recommendation from the reuse planning process was that the redevelopment of Treasure Island should be planned and implemented as a public/private partnership in collaboration with a private "master developer." Accordingly, on June 14, 2000, the Authority authorized the issuance of a Request for Qualifications ("RFQ") regarding the master development of Treasure Island. The RFQ contemplated the issuance of a Request for Proposals ("RFP") to those respondents who met the qualifications under the RFQ. Based on review of the submittals to the RFQ by the CAB, staff and a team of consultants, the Authority selected TICD as the most qualified to proceed to the RFP phase.

After an extensive public process of drafting the RFP with direct input from the CAB, the Authority issued a focused RFP in April 2002. After almost another year of intensive analysis and

numerous public meetings, on March 12, 2003, the Authority determined that TICD's final response to the focused RFP met the criteria set forth in the RFP and warranted the Authority entering into exclusive negotiations with TICD. On June 1, 2003, the Authority entered into an Exclusive Negotiating Agreement with TICD, which was amended and restated in September 2006, and further amended most recently in March 2010 (the "ENA"). All together, the public process of reviewing the form of and the responses to the RFQ, the RFP and the ENA involved nearly 60 public meetings.

Exclusive Negotiations and Redevelopment Planning. The ENA includes a schedule of performance setting forth a number of major milestones. The first key milestone, TICD's presentation of certain additional studies regarding the alternative locations of a future ferry terminal, the feasibility of on-site wastewater treatment and peer review of TICD's geotechnical assumptions and approaches (collectively, the "Studies"), was achieved in January 2004. In addition, after significant planning with the California State Lands Commission and input from the CAB and the Authority, in September of 2004, the Governor signed into law Senate Bill 1873, which authorizes an exchange of Tideland Trust properties between Treasure and Yerba Buena Islands. This legislation was a major milestone for the project because it established the areas on Treasure Island where residential and other non-Trust uses could be developed. This exchange legislation was further amended in 2007 and 2009 to be consistent with the proposed land plan for the project.

Development Plan and Term Sheet Endorsed. In December 2006, the Development Plan was endorsed by the Treasure CAB by a vote of 16-0-1, by the Authority Board by a vote of 6-0 and by the BOS by a vote of 10-1. The 2006 Development Plan and Term Sheet anticipated the need to reach agreement with the Navy on the economic terms of the transfer of the property to the Authority, which would then have to be incorporated into the redevelopment project budget. Since that time significant work has been achieved through the public planning process, as outlined in the Executive Summary section above.

Development Plan Updated. The 2006 Development Plan was updated pursuant to the 2010 Development Plan Update that (i) the TICAB voted 15 to 1, with one abstention, to endorse on April 6, 2010,(ii) the Authority Board voted 7 to 0 to endorse on April 7, 2010, and (iii) the BOS voted 11 to 0 to endorse on May 18, 2010. The 2006 Development Plan and the 2010 Development Plan Update are collectively referred to in this Agreement as the "Development Plan."

Navy Conveyance Agreement Endorsed. In August 2010, Mayor Gavin Newsom, House Speaker Nancy Pelosi, and U.S. Secretary of the Navy Ray Mabus endorsed the terms for the conveyance of the property from the Navy to the City, as outlined in EDC MOA Terms.

DDA Negotiations with TICD. OEWD staff have been negotiating the terms of a final Disposition and Development Agreement with TICD, in order to implement the Redevelopment Plan by providing for the disposition and development of the Project Site after the Navy's transfer of NSTI to the Authority in accordance with the Conveyance Agreement. The DDA describes those elements of the Project that Developer is permitted, and in some cases, obligated to construct, and

contemplates that certain proposed improvements described in the Redevelopment Plan will be developed by parties other than Developer, such as the expanded marina, and affordable housing to be developed by the Authority and TIHDI member organizations. The DDA provides for a mixed-use development that is in furtherance of and consistent with the Reuse Plan, the Development Plan, the TIHDI Agreement and the Redevelopment Plan, and is consistent with the City's General Plan and the eight Priority Planning Policies.

Public Review. Since 2000, the Project has been presented and reviewed by the Treasure Island community and other stakeholders at over 225 public meetings, including those held before the CAB, Authority Board, the BOS, the Planning Commission and in other local forums. As the Project moves into the final stages of the predevelopment planning and entitlements phase, there will be numerous public meetings and opportunities for the public to provide input on the draft Plans, and ultimately for the Authority and BOS to consider for approval all of the Project Documents, subject to the completion of environmental review under CEQA.

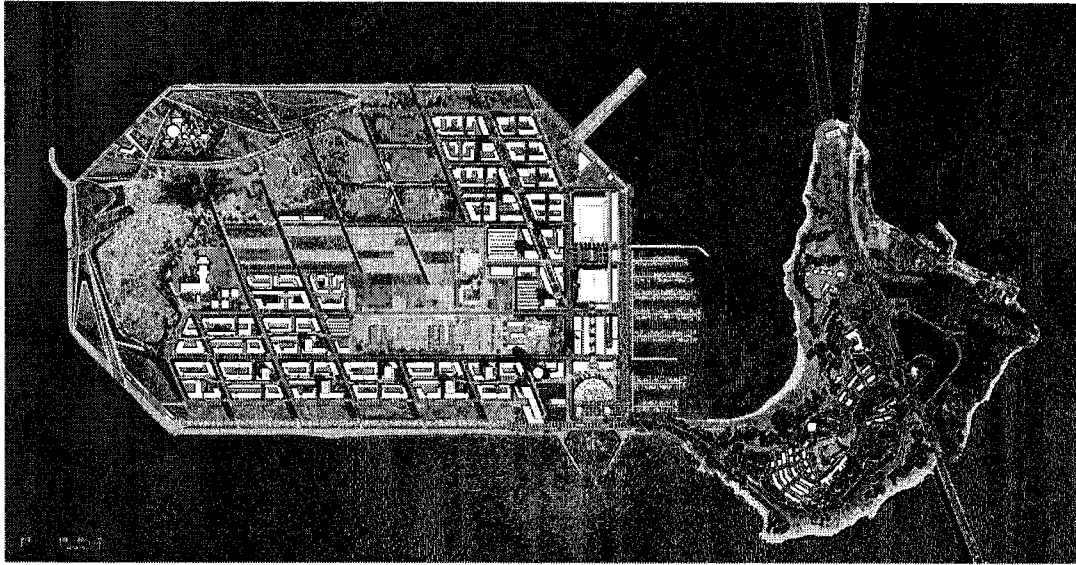
III. PROJECT OVERVIEW

This section is intended to provide an overview of the Project's Development Plan and Development Program that have been shaped by the unique characteristics and constraints of the Islands, and refined over time through the public planning process.

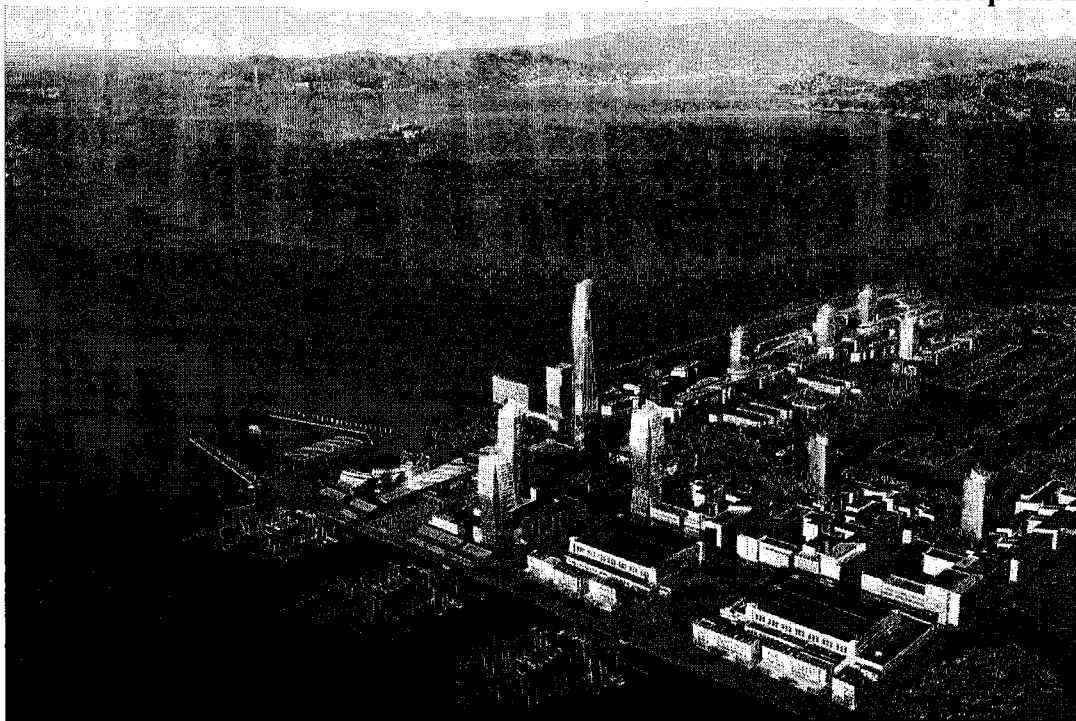
Development Plan and Development Program. The Development Plan contains a variety of land uses that promote both a new San Francisco neighborhood and a major new destination for local, regional, national and international visitors, consistent with the original policies, goals and objectives of the 1996 Reuse Plan that have continued to be refined over the past ten years through the extensive public planning and review process. The four primary components of the land use plan continue to be (i) residential, (ii) open space and recreation, (iii) commercial and adaptive reuse, and (iv) community and public facilities. The development program includes the following specific components:

- Geotechnical stabilization of certain portions of Treasure Island and the causeway connecting it to Yerba Buena Island, as well as addition of fill to raise the surface elevation on those portions of Treasure Island that are to be developed to address flood protection and potential future sea level rise as more particularly described in the Infrastructure Plan;
- Up to approximately 5,895 residential units, of which approximately 5% percent will be Inclusionary Units constructed in accordance with the Housing Plan (with up to an additional 2,105 units to be designed, constructed and completed by the Authority, TIHDI and Qualified Housing Developers);
- Up to approximately 140,000 square feet of new commercial and retail space with accessory parking in accordance with the Design for Development and other Redevelopment Requirements;
- Up to approximately 100,000 square feet of new office space with accessory parking in accordance with the Design for Development and other Redevelopment Requirements;

- Adaptive reuse of Buildings 1, 2, and 3 on Treasure Island with up to 311,000 square feet of commercial/flex space (the adaptive reuse would include approximately 67,000 square feet of additional retail, which, when combined with the 140,000 square feet of new retail yields a total of 207,000 square feet of retail space proposed on the Islands) with accessory parking in accordance with the Design for Development;
- Adaptive reuse of certain of the historic buildings on Yerba Buena Island
- Retention and reuse of the Chapel on Treasure Island
- Up to approximately 500 hotel rooms or fractional interest units
- New and/or upgraded public facilities, including a joint police/fire station on Treasure Island, a school, facilities for the Treasure Island Sailing Center, and other community facilities as more particularly described in the Community Facilities Plan;
- New and/or upgraded public utilities, including the water distribution system, wastewater collection system, recycled water system, and storm water collection and treatment system as more particularly described in the Infrastructure Plan;
- Up to approximately 300 acres of parks and public open space, as more particularly described in the Parks and Open Space Plan;
- New and/or upgraded streets and public ways as more particularly described in the Infrastructure Plan;
- Bicycle, transit, and pedestrian facilities as more particularly described in the Transportation Plan;
- Landside services for the Marina as more particularly described in the Infrastructure Plan and Community Facilities Plan
- A ferry quay/bus intermodal transit center (Transit Hub) as more particularly described in the Transportation Plan; and
- Such additional environmental remediation work more particularly described in the Infrastructure Plan required to implement the Land Use Plan after issuance of one or more FOST(s) for the Project Site.



Illustrative Conceptual Land Plan



Treasure Island Illustrative Conceptual Rendering

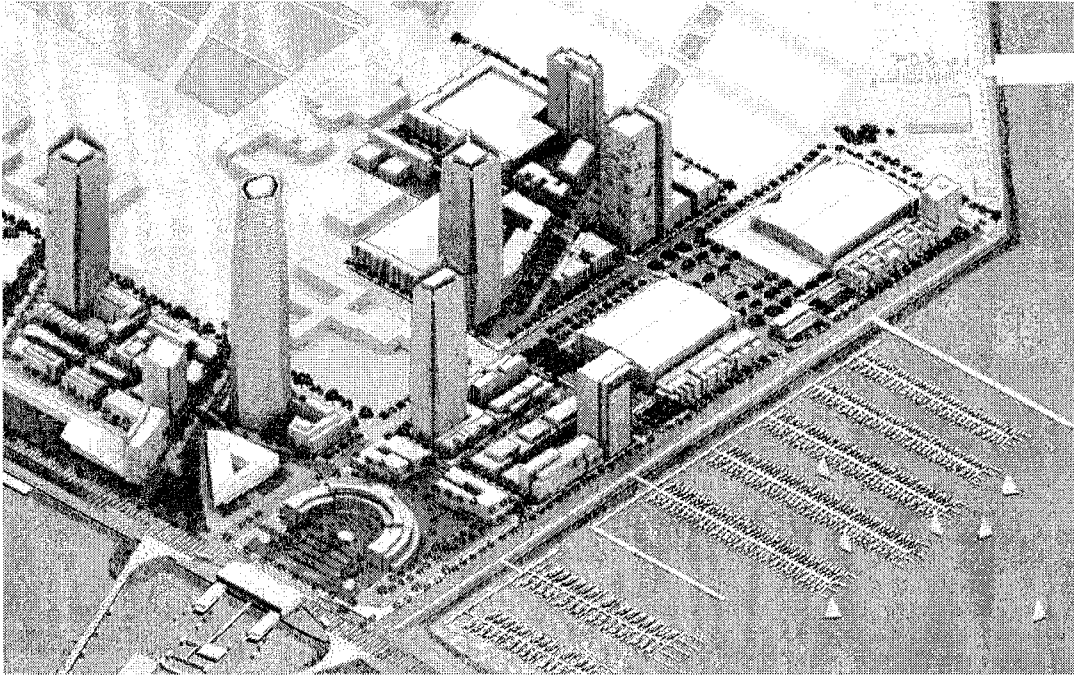
Land Use and Urban Design Concepts. The redevelopment of Treasure Island requires the complete transformation of a physical environment which today retains the character of a former military base. With the exception of the historic structures, the Chapel, the Treasure Island Elementary School and the Job Corps campus (which is outside of the Authority's jurisdiction) it is expected that all of the existing structures on Treasure Island will be deconstructed in phases commensurate with new development, creating the opportunity for an entirely new urban

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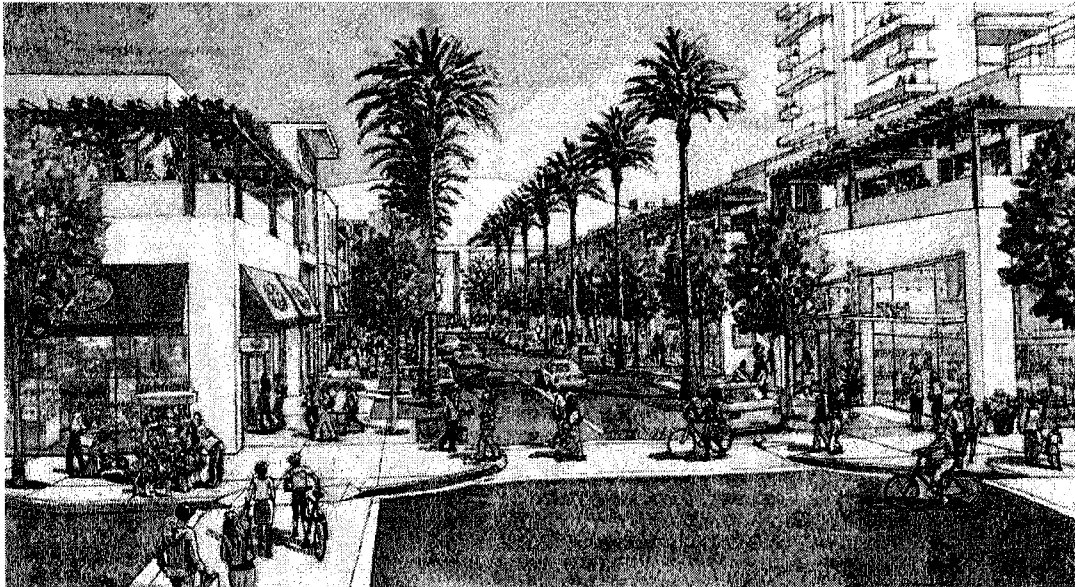
environment. The densest development will be focused around an intermodal transit hub, including a newly created ferry quay on the west side of Treasure Island. Buildings, streets and open spaces will be oriented to respond to Treasure Island's unique microclimate of wind, sun and fog, accomplished, in part, by shifting the conventional street grid to orient certain streets 68 degrees, as opposed to the typical orthogonal traditional urban street grid. The project will create a compact neighborhood with public open spaces and land uses that are organized to encourage walking, bicycling and public transit and discourage the use of private automobiles. Public and private art will be integrated throughout the project. Specifically, Treasure Island will be comprised of the following districts:

Island Center. The Island Center would occupy the southern portion of Treasure Island and would abut the southern/southeastern boundary of the Jobs Corps campus. This new neighborhood would feature a dense mix of retail, restaurant, office, hotel, residential, transit and community services uses. The ferry quay/intermodal transit hub would be located in the Island Center at the southwestern shore of Treasure Island. A pedestrian and vehicular network of streets and pathways is planned between the ferry quay and Clipper Cove around and through Buildings 1, 2 and 3. The highest densities and tallest buildings are proposed in this district. Proposed new buildings have been designed to complement and integrate the adaptive reuse of the historic structures into the overall character and feel of the district. A residential tower up to 650 feet tall is proposed. The Island Center could also include several additional high-rise towers up to 450 feet tall.

Residential Neighborhoods. The Cityside and Eastside districts would provide high-density residential land uses adjacent to the retail and transit services in the Island Center. The Cityside district would occupy the western portion of Treasure Island and would abut the western and northern boundaries of the Job Corps campus. The Eastside neighborhood would be adjacent to and northeast of the Island Center. Individual neighborhood blocks would consist primarily of dense, low-rise structures of up to 70 feet and mid-rise buildings of between 70 and 125 feet, with neighborhood high-rise towers (up to 240 feet) serving as neighborhood markers, and located to maximize sunlight and mitigate wind on planned neighborhood parks. Housing in the Cityside neighborhood would be east of the Waterfront Park along the shoreline and sited around neighborhood parks of approximately 0.1 to 0.3 acres. The Eastside neighborhood housing would form the border of a six-block-long linear park. The buildings would be spaced to enhance views and preserve view corridors and would contribute to a varied skyline when seen from San Francisco and the East Bay. Most residential parking would be in subsurface garages in residential buildings. Approximately 20 percent of residential parking is anticipated to be in centralized parking garages; neighborhood parking structures would be surrounded by residential or other active uses to reduce visual impacts. Community and commercial spaces would be permitted at the ground-floor level of some of the buildings.

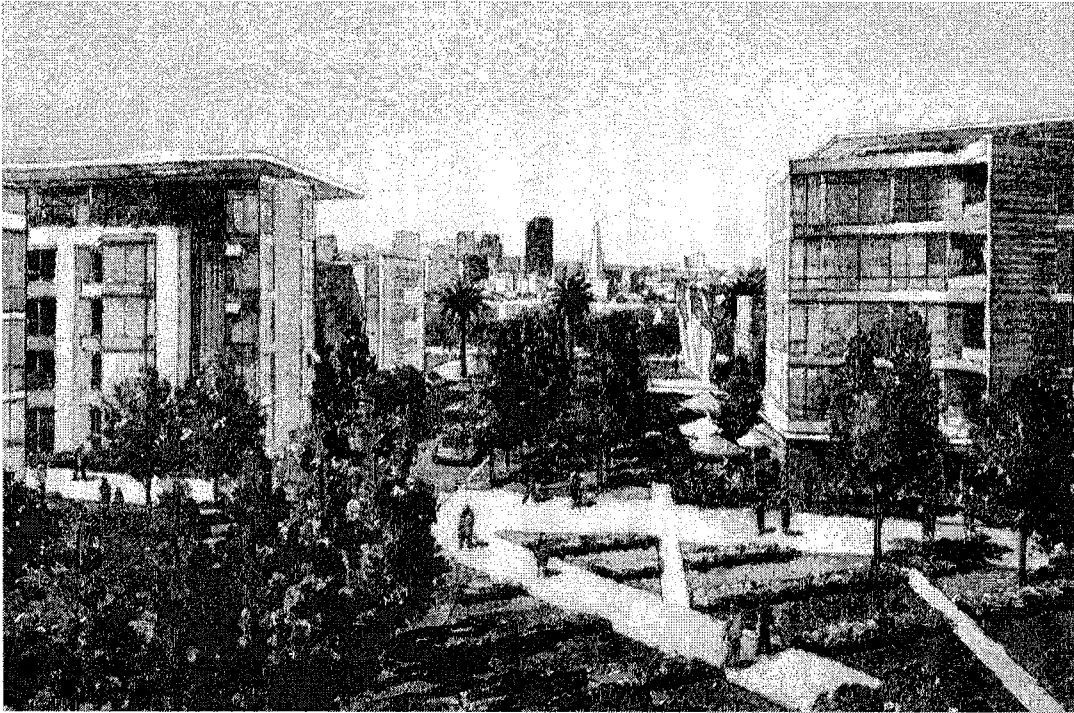


Island Center Mixed-Use District Illustrative Rendering



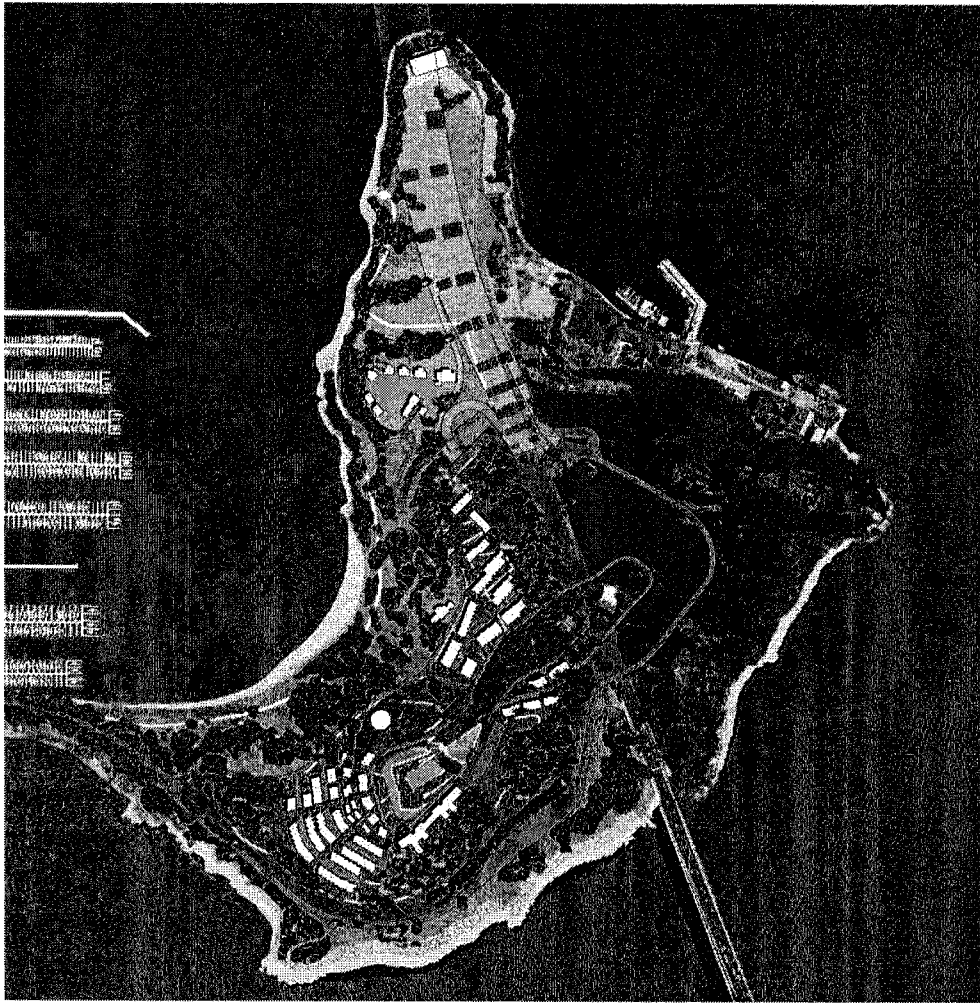
Island Center Retail Street Illustrative Rendering

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Cityside Neighborhood Park Illustrative Rendering

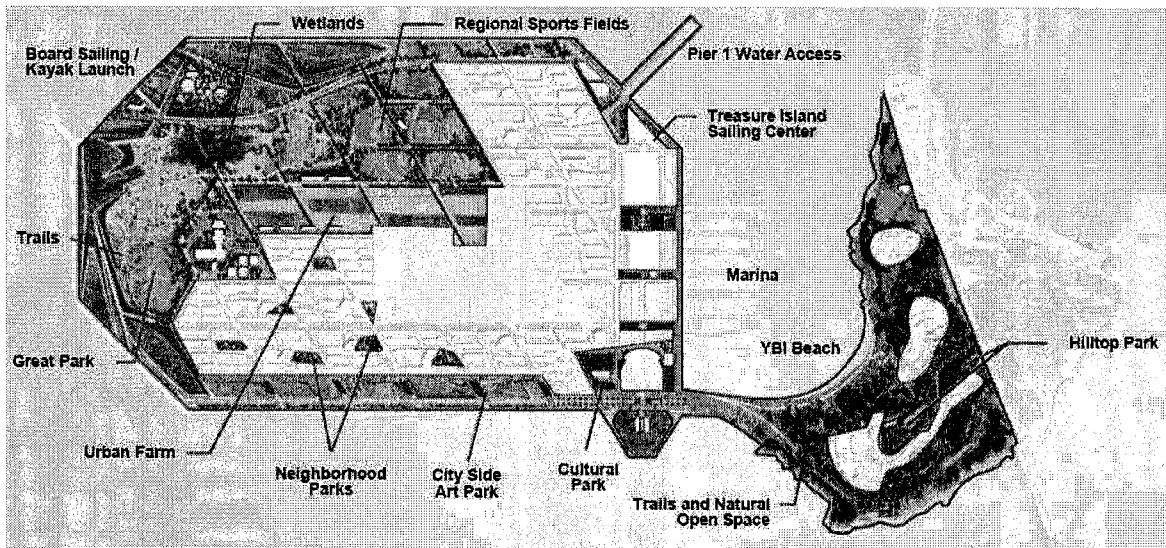
Yerba Buena Island. Development on Yerba Buena Island would include limited uses and much lower densities than those planned for Treasure Island. A wellness lodging facility/hotel is planned, and the historic Nimitz House and eight other Senior Officers' Quarters (collectively, the "Great Whites"), and the Torpedo Storehouse would be rehabilitated and programmed for public uses. New residential development (approximately 200 to 300 units) would be clustered and placed primarily on the sites of existing buildings, replacing the 100 existing housing units. The development would consist of predominantly low-rise buildings, stepping down hillsides, and would be designed to preserve and enhance views from and of the new hilltop park. Building height limitations would ensure that development would not substantially interfere with existing views, as they existed on January 1, 2010, from the proposed new Trust Lands on the eastern and western hilltop public park areas. New structures would be designed to complement Yerba Buena Island's natural conditions and would not restrict access to the hillside open spaces and trail network. An adaptive management strategy for preserving, restoring and enhancing habitat would be implemented over the course of the build-out of the project, and would continue over the long term.



Yerba Buena Island - Illustrative Conceptual Land Plan

Open Space. The system of open space on Treasure Island would include neighborhood- and visitor-serving parkland, ecological, recreational, neighborhood, and cultural areas. The approximately 300 acres of open space would include a wide variety of programmed and natural habitat elements, including public spaces and recreation areas; shoreline trails and access improvements, including the proposed extension of the San Francisco Bay Trail from the Bay Bridge bicycle and pedestrian path on the new East span, down Yerba Buena Island, and around the entire perimeter of Treasure Island; a stormwater wetland of about 10 to 15 acres to provide water quality treatment and natural habitat; an urban farm of approximately 20 acres; a cultural park adjacent to Building 1; the Building 1 Plaza adjacent to the ferry quay and Transit Hub; a pedestrian promenade along Clipper Cove on the south shoreline of Treasure Island; preserved and new wildlife habitat on Yerba Buena Island; and a new hilltop park with vista points, overlooks, and trails on Yerba Buena Island. Also included in the 300 acres of open space are approximately 30-40 acres proposed on the east side of Treasure Island for a regional sports complex with baseball, softball, and soccer fields, as well as other sports facilities. The Waterfront Plaza, Cityside Waterfront Park, Northern Shoreline Park, Eastern Shoreline Park, and Clipper Cove

Promenade would provide extensive public access to the shoreline on all sides of Treasure Island. A Habitat Management Plan (“HMP”) is proposed to manage and improve vegetation and wildlife habitat in the undeveloped areas on Yerba Buena Island. The gardens adjacent to the historic Nimitz House on Yerba Buena Island would be improved as part of the open space program.



Open Space Framework Diagram

IV. PROJECT DOCUMENTS SUMMARY

This section is intended to provide a summary of the various entitlements actions and transaction documents that together comprise the Project Documents that the Authority Board, Planning Commission, and the BOS will be asked to approve, and to provide an understanding as to how they relate to, are consistent with, and will serve to implement the comprehensive vision for the Project as defined in the various documents outlined above that have already been endorsed by the CAB, the Authority Board, and the BOS.

Entitlements Framework. Overall, the entitlements can be thought of in three broad pieces: (i) actions that *authorize* the project; (ii) actions that enable the project to be *implemented*; and (iii) actions that adopt *procedures* that will govern future Authority and/or City actions (e.g. subdivisions, design review, permitting, etc.). Generally speaking, the actions that authorize the project are more general and comply with strict legal processes, such as the Redevelopment Plan. The actions that implement the project are more specific and detailed, such as the DDA and its Exhibits, and there is more flexibility in the exact form that these documents take. The procedural documents are companion pieces to the implementation documents that go into detail about the processes that the City will follow in making future decisions, such as the Interagency Cooperative Agreement (“ICA”), and the Design Review and Document Approval Procedure (“DRDAP”). Together, all of these documents constitute the Project Documents that the Authority Board, the Planning Commission and BOS will be asked to approve each in their respective role in order to

grant final project approvals and vest entitlements necessary to implement the vision for the redevelopment of NSTI.

Authorizing Actions. These include the preparation and certification of the EIR, adoption of the Redevelopment Plan, Amendments to City Planning Code to make the Redevelopment Plan consistent with existing law, and the required Consistency Findings with the Bay Plan.

The **EIR** would be certified by both the Planning Commission and the Authority. It is appealable to the Board of Supervisors.

- The EIR must be certified before any other discretionary actions can be taken by any approving body.
- This EIR is project-specific and will clear the adoption of the Redevelopment Plan and all of the currently contemplated future development within the Development Plan Area.
- The Marina project was previously cleared under a separate EIR, and is not analyzed in the TI/YBI Redevelopment Project EIR, other than in the cumulative impacts section.

The **Redevelopment Plan** is a legal document that would be adopted by the Board of Supervisors, after hearings by the Planning Commission and the Authority.

- The purpose of the Redevelopment Plan is to establish the Redevelopment Project Area, provide the Authority with the powers, duties and obligations to implement the development program, set forth the basic land use standards for the Redevelopment Plan Area, and state general objectives, including planning objectives, that apply to the Plan Area.
- By law, the Redevelopment Plan must include certain land use controls, including height limits, densities, and land uses. For this project, the intent is to keep these controls as general as possible, to avoid having to amend the Redevelopment Plan in the future. For example, maximum height and density will be set on a project-wide basis (e.g. no more than 450' feet in height, no more than 8,000 units total, etc.). The Redevelopment Plan will instead authorize the Authority, under its sole authority, to adopt separate design standards and guidelines known as the **Design for Development** ("D4D"). Block-by-block land use controls, including permitted uses, as well as more specific development standards and design guidelines, will be included in the D4D.
- The Redevelopment Plan also serves an important purpose to provide for public financing to be made available for qualified project costs, through the use of tax increment financing.

Amendments to the General Plan, Planning Code, Zoning Code, and Zoning Maps will also be voted on by the Planning Commission and adopted by the Board of Supervisors.

- These amendments are necessary to make sure that the underlying City codes are consistent with the Redevelopment Plan.
- The amendments will change the underlying City code to refer to the Redevelopment Plan for the relevant information.

Bay Plan Consistency Findings must be made by the Bay Conservation and Development Commission ("BCDC"). These are required for three reasons:

- For the EIR, the project must be found to be consistent with the Bay Plan or disclose a potential environmental impact.
- For BCDC to issue the required permit for work within 100' of the shoreline
- For issuance of federal permits (e.g. the Army Corps permit), which must be consistent with the local Coastal Zone Management Plan (in San Francisco, the Bay Plan).

BCDC will only act after all local approvals and before either the BCDC or Army Corps permits can be issued.

Implementing Documents. These include, among others, the **Disposition and Development Agreement**, the **Development Agreement**, the **Design for Development**, the **Mitigation Monitoring and Reporting Plan**, and the **Public Trust Exchange Agreement**, as described below:

The **Disposition and Development Agreement** ("DDA") will be entered into between TICD and the Authority. The DDA will also be approved by the BOS, to satisfy the requirement that the Authority contracts over a certain length or dollar amount must be approved by the Board.

- The DDA provides the road map for the development consistent with the Redevelopment Plan and other Redevelopment Requirements. It sets forth TICD's rights and obligations to develop buildings and other improvements under the Redevelopment Plan, the conditions to TICD's obligations, a Schedule of Performance, the terms for permitted transfers of the TICD's rights and obligations, the terms of participation payments to the Authority, and remedies available to the Authority for defaults by TICD and provisions for termination of the DDA.
- The DDA will limit the Authority's ability amend the Redevelopment Plan in a way that adversely affects the project.
- Major attachments to the DDA include the Financing Plan, the Housing Plan, Transportation Implementation Plan, the Infrastructure Plan, the Parks and Open Space Plan, the Sustainability Plan, the Community Facilities Plan, Jobs and Economic Development Plan, and the DRDAP.
- To control future property sales, there will be a form of Vertical DDA for individual parcels that will be sold in fee and a form of Lease Disposition and Development Agreement ("LDDA") for lease properties.

The **Development Agreement** ("DA") is a legally binding contract between the City and TICD, as the City is not a signatory party to the DDA between the Authority and TICD. The DA vests TICD's development rights, sets limits on City fees and exactions that will apply to the Project, establishes the relationship between Redevelopment Requirements and existing and future City regulations, and works together with DDA to ensure orderly development of the Project site. The provisions of the DA are intended to apply to the City to the extent that the City retains any

approval authority over the Project Site, the ability to impose new City Regulations or amend the Redevelopment Plan in a manner that could affect the development of the Project Site.

The **Design for Development ("D4D")** will be adopted by the Authority pursuant to authority under the Redevelopment Plan. It is not legally required to be adopted by the Planning Commission or the Board of Supervisors since it is authorized under the approved Redevelopment Plan.

- The D4D would set out *Design Standards* that are analogous to the Planning Code. These standards include requirements for: Maximum Development; Height (establishing height zones); Bulk; Setbacks; Open Space; Sunlight; Wind; View Corridors; Street System; Parking (maximums and minimums); Loading; Signage.
- The D4D will allow the Authority to grant variances to design standards if certain findings are met.
- The D4D would also include *Design Guidelines*, which are urban design recommendations for private and public design and construction. These are subject to interpretation and public review. The Design Guidelines could include: Guidelines for each land use (Residential Guidelines; Commercial Industrial Guidelines; Retail Guidelines; Hotel) as well as for Open Space, Parking, and Street Design.
- The design review process, through which compliance with the D4D would be measured, would occur through a series of submittals as prescribed by the DRDAP, as described below.

The **Mitigation Monitoring and Reporting Plan (the "MMRP")** is required to be prepared under CEQA prior to project approval if adverse impacts have been identified in an EIR and measures have been adopted as conditions of approval to reduce the significance of the impacts. The MMRP must be adopted by all agencies that have discretionary approvals over the project, and would include the Board of Supervisors, the Authority, the Planning Commission, and all other City Departments approving the ICA (discussed below). The MMRP would typically be in a table or checklist format that identifies the individual impacts, corresponding mitigation measures, individual/agency responsible for implementation, time frame for implementation and party responsible to implement, monitor and confirm the implementation of the mitigation plan. The MMRP will be used by each approving agency to ensure that the mitigation measures are being fulfilled for each set of subsequent project approvals.

The **Exchange Agreement** is a contract that would be entered into by the Authority and the State of California to implement a series of phased trust exchanges previously approved by the State Legislature.

- The exchange is required because Treasure Island, as filled former tidelands, is subject to the Tidelands Trust doctrine and certain land use restrictions that would prohibit residential development. The exchange will lift the Trust from portions of Treasure Island and apply it to Yerba Buena Island.
- The Exchange Agreement's principal function is to make required findings to permit the exchange to occur, and to state the mechanism through which the Trust can be lifted from portions of Treasure Island and applied to portions of Yerba Buena Island. The Exchange

Agreement will allow for the exchange to occur as a single phase or in several subsequent phases.

- The Exchange Agreement will include very specific height restrictions on Yerba Buena Island to comply with the state law that authorized the Trust Exchange. These restrictions will ensure that development on Yerba Buena Island will not significantly obstruct views from public hilltop areas on Yerba Buena Island as framed by structures existing as of January 1, 2010. The intent is to make those height restrictions the same as those contained in the D4D.
- The State Lands Commission will act after the Board of Supervisors' approves all Project Documents. All prior approvals will likely be contingent on acceptance of the Exchange Agreement by the State.

Procedural Documents. The agreements in the implementing documents will be enforced through the DDA itself, as well as through separate procedural documents, including the DRDAP, which spells out the process for approving design for both horizontal and vertical development, an **Interagency Cooperation Agreement**, and the **Treasure Island Subdivision Ordinance**, as described below.

The **Design Review and Document Approval Process, or DRDAP**, will be an exhibit to the DDA, and therefore also be between the Authority and TICD.

- The DRDAP will govern horizontal development by TICD of both privately owned and publicly owned parcels within the Redevelopment Plan Area. It also establishes the design review and approval process for vertical developer submittals. It is anticipated a similar process will be established for design review and approval of submittals by developers other than TICD, such as Authority selected affordable housing developers.
- Final design review approval will rest with the Authority and the Authority staff. The Authority may elect to contract for design review staff from other departments (e.g. Planning Department or Redevelopment Agency). However, boards for those other departments would not have review or approval rights over developer submittals within the Project Area.
- The DRDAP will control both horizontal and vertical development. The horizontal process will require the Authority approval of infrastructure and associated public improvements for both Major Phases and Sub Phases.
- The first category of design review requires review and recommendation to the Authority Board by the CAB and approval by the Authority Board of (i) a Streetscape Master Plan, (ii) a Conceptual Parks and Open Space Master Plan, and (iii) a Signage Master Plan.
- The second category of design review requires approval by the Authority Board of Major Phase Applications and approval by the Executive Director of Sub-Phase Applications.
- The third category of design review, following a Sub-Phase Approval, requires approval of Vertical Improvements to be constructed within each Sub-Phase by the Vertical Developers (including Developer or its Affiliates when acting as a Vertical Developer).
- The DRDAP is separate from the Subdivision Map approval process, which will be governed by the **Treasure Island and Yerba Buena Island Subdivision Ordinance**, as described below.

The DRDAP is enforceable by contract (the DDA) between TICD and the Authority. The Authority would in turn need to enter into a contract with the City, to bind any City departments with discretionary approval rights. That contract is called the **Interagency Cooperation Agreement, or ICA**. The ICA is approved by the Authority, the City's Board of Supervisors and all other City agencies having discretionary approvals within the Redevelopment Plan area (expected to include the Planning Department, Department of Building Inspection, Municipal Transportation Authority, the Public Utilities Commission, the Department of Public Works, the San Francisco Fire Department, and the Arts Commission). TICD will be a third party beneficiary of the Interagency Cooperation Agreement, and will have the right to bring an action for specific performance to enforce the agreement against the City.

- The ICA will set forth a framework for cooperation between the City and the Authority in administering the process for control and approval of subdivisions, issuance of building permits and all other applicable land use, development, construction, improvement, infrastructure, occupancy and use requirements.
- In addition, the ICA will declare the City's intent to undertake and complete actions and proceedings necessary to be carried out by the City under the Redevelopment Plan and Plan documents. The Authority and the City commit to process expeditiously applications for approval of development and will treat those applications as a priority project.

Treasure Island and Yerba Buena Island Subdivision Ordinance would be approved by the Board of Supervisors.

- The Treasure Island and Yerba Buena Island Subdivision Ordinance would provide policies, standards, requirements, and procedures to regulate and control the design and improvement of all subdivisions within the Treasure Island and Yerba Buena Island Development Plan Area, and to ensure that all subdivisions are built to City standards consistent with the Plan and Plan Documents.
- The processing of a subdivision map may occur concurrently with or independently of the Major Phase approvals or individual project approval. However, no final subdivision map for a parcel smaller than one of the designated blocks may be approved prior to approval of a Major Phase.

V. 2006 AND 2010 TERM SHEETS

2006 Development Plan and Term Sheet. In December 2006, the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island ("2006 Development Plan") with TICD, which outlined an innovative vision for the future of Treasure Island, was endorsed by the CAB by a 17-0-1 vote, by the Authority by a 6-0 vote and by the BOS by a 10-1 vote. The comprehensive package included detailed plans regarding land uses, phasing, infrastructure, transportation, sustainability, housing, including affordable housing, parks and open space, jobs and equal opportunity programs, community facilities and project financing. The vision for the future of Treasure Island was centered around the fulfillment of several key objectives:

- New San Francisco Neighborhood. Creation of a new, mixed-use and transit-oriented neighborhood on the former military base, incorporating the best principles of smart growth and quality urban design.
- New Regional Destination. Establishment of Treasure Island as a regional destination.
- Affordable Housing. A commitment to constructing significant levels of new below-market rate housing, 30% of all units, including hundreds of supportive housing units through the nationally-recognized TIHDI program.
- Waterfront Parks System. The creation of 300 acres of new waterfront parks and open space for the City and region.
- Sustainable Development. The commitment to making the redevelopment of Treasure Island a model of environmentally sustainable development.
- Economic Development. The opportunity to generate thousands of annual construction jobs via build out of the project and thousands of permanent jobs at project completion.
- Community Benefits. A package consisting of educational, social, cultural, environmental and public safety facilities and programs.

The 2006 Development Plan acknowledged that there was considerable work remaining to be done over the following several years to reach final project approvals, including among other things: project-specific environmental review as required by CEQA, adoption of a Redevelopment Plan and Design for Development, negotiation of the final DDA and related transaction documents between the Authority and TICD, negotiation of a Trust Exchange Agreement with State Lands Commission, and the design and engineering of infrastructure and utility systems required to support development. One of the most important project milestones to achieve was an agreement with the Navy on the terms for the transfer of the property to the Authority. The 2006 Development Plan also explicitly acknowledged the need – for a project of the scale, complexity and risk as the redevelopment of former NSTI – to update the terms of the 2006 Development Plan to reflect materially changed conditions, such as terms of the deal with the Navy and/or changes to economic assumptions. This update is reflected in the 2010 Development Plan Update.

Project Planning Since 2006. Over the past four years, since the 2006 Development Plan was endorsed, staff has worked with TICD, the CAB, Authority Board, BOS Land Use and Economic Development Committee, and key stakeholders including local, regional and state departments and agencies, local community organizations, residents and members of the public to advance the project plans and due diligence within a shifting policy, regulatory and economic context. Key activities and components that have been incorporated into the project plans since 2006 include:

- Project-Specific Environmental Review. Environmental review under CEQA was initiated in 2007, with the Draft EIR being published in July 2010. The analysis and comments on the Draft EIR that were received during the sixty day public comment period have both continued to influence the Project plans.
- Reuse of Historic Structures. In response to the Authority and BOS direction at the time the 2006 Development Plan was endorsed to explore ways to improve the feasibility of

reuse of the historic structures on Treasure Island. Project plans have evolved slightly by shifting the orientation of the ferry terminal and mixed-use town center to incorporate Buildings One, Two and Three into retail main street.

- Geotechnical Strategy. An expert geotechnical team was convened and recommended a revised strategy for addressing the geotechnical challenges for new buildings and infrastructure. the Authority's own team of geotechnical experts peer reviewed the findings and recommendations and have endorsed the revised strategy.
- Proactively Responding to Potential Sea Level Rise. The issue of sea level rise has been addressed head on by developing an adaptive management strategy, in coordination with the San Francisco Public Utilities Commission ("SFPUC") and the Bay Conservation and Development Commission ("BCDC"), for mitigating the impacts of potential sea level rise. This approach has received regional, state, national and international acclaim as a leading edge example for addressing sea level rise in the context of land development.
- Urban Design. Two major efforts have been undertaken: first, a block by block analysis to fit the desired development program within the available developable acres of the land use plan. This first effort set the framework for the second step, preparation of a draft Design for Development document, which was published in March 2010 for public comment and presented to the CAB, the Authority Board, BOS Land Use and Economic Development Committee and the San Francisco Planning Commission for input.
- Transportation Authorizing Legislation. State legislation was signed into law in 2008 authorizing the creation of Treasure Island Transportation Management Agency to implement the cutting-edge transportation program proposed for Treasure Island, including implementation of the State's first congestion management pricing program.
- Trust Exchange. State Legislation was signed into law in 2009 making the Tidelands Trust Exchange consistent with the current land use plans; staff also has worked with State Lands Commission to prepare the terms of a Trust Exchange Agreement, pending completion of final project approvals.
- Utilities Infrastructure. Extensive work with the Department of Public Works ("DPW") and the SFPUC on infrastructure design criteria and the Draft Infrastructure Plan, including approval by the Authority Board and SFPUC of an Exclusive Negotiating Agreement with the SFPUC ("SFPUC ENA") regarding sharing of responsibilities for construction of new infrastructure, specifically for the financing, construction and operation of a new wastewater treatment and recycled water plant on Treasure Island by the SFPUC in exchange for 4-6 acres of land from the Authority to the SFPUC for the testing and demonstration of leading edge sustainable technologies by the SFPUC.
- Streets System. Significant progress with a Streets Working Group (consisting of staff from the Planning Department, MTA, DPT, SFPUC, DPW, San Francisco Fire Department, Mayor's Office of Disability, Department of Public Health, and the San Francisco Bicycle Coalition) to develop standards, criteria and master plans for the network of streets, paths and lanes that will prioritize cyclists and pedestrians, including a Shared Public Way component.

- Transit Plans. Significant progress on ferry terminal planning with the San Francisco Bay Area Water Emergency Transit Authority (WETA) and the San Francisco Municipal Transportation Agency (SFMTA) on the Treasure Island intermodal transit hub, bus routes and service planning.

2010 Term Sheet Documents. Based on the work conducted since endorsement of the 2006 Development Plan and the achievement of the milestone agreement on the financial terms with the Navy, staff worked with the CAB, the Authority, TICD and TIHDI to prepare a comprehensive set of term sheet documents that updated the vision for the redevelopment of Naval Station Treasure Island to be consistent with the economic terms of the proposed Navy deal, current economic conditions and recognition of realistic project funding sources that reflect an implementable project. The results of all of these work efforts were extensively reviewed and vetted by the CAB, Authority Board and BOS, and were incorporated into the 2010 Development Plan Update.

INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

Time Stamp or
Meeting Date

I hereby submit the following item for introduction:

- 1. For reference to Committee:
 An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee
- 3. Request for Committee hearing on a subject matter.
- 4. Request for letter beginning "Supervisor _____ inquires..."
- 5. City Attorney request.
- 6. Call file from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File Nos.
- 9. Request for Closed Session
- 10. Board to Sit as A Committee of the Whole

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

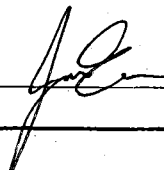
- | | |
|---|--|
| <input type="checkbox"/> Small Business Commission | <input type="checkbox"/> Youth Commission |
| <input type="checkbox"/> Ethics Commission | <input type="checkbox"/> Planning Commission |
| <input type="checkbox"/> Building Inspection Commission | |

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): ~~Supervisor~~ MAYOR EDWIN M. LEE

SUBJECT: Hearing for Treasure Island/Verba Buena Redevelopment Project

The text is listed below or attached:

Signature of Sponsoring Supervisor: For Mayor Lee:  JASON ELLIOTT

For Clerk's Use Only: