

1 [Approval of Lease, Parking Agreement and Negative Declaration for Piers 1½, 3 and 5]

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4 **Resolution Approving and Authorizing a 66-year Lease with San Francisco Waterfront**
5 **Partners, LLC for Piers 1½, 3 and 5, Approving Related Parking Agreement, and**
6 **Adopting Findings of Mitigated Negative Declaration pursuant to California**
7 **Environmental Quality Act**

8 WHEREAS, The Port of San Francisco's Waterfront Land Use Plan ("Waterfront Plan")
9 includes Piers 1½, the Pier 3 bulkhead and shed building, and the Pier 5 bulkhead/connector
10 building (collectively, the "Piers Project") within the Ferry Building Mixed Use Opportunity Area
11 (the "Ferry Building Area"); and

12 WHEREAS, Primary objectives established in the Waterfront Plan for the Ferry Building
13 Area include: (1) preserve and restore historic structures, both to recall the area's historic use
14 and to accommodate new uses, (2) provide maritime facilities for excursion and recreational
15 boats, (3) provide a mix of uses that generate waterfront activity and serve San Franciscans
16 and visitors, (4) extend the PortWalk through the area, providing more convenient, direct and
17 aesthetically pleasing public access connections to open space areas and the Bay, and (5)
18 pursue a mix of private and public resources to achieve the appropriate quality and mix of
19 uses; and

20 WHEREAS, The existing facilities at the site of the Piers Project are critically in need of
21 rehabilitation, are currently condemned as being unsafe for occupancy, and require
22 approximately \$10 Million in substructure repairs alone; and

23 WHEREAS, Since publication of the Waterfront Plan, the Piers Project has been listed
24 on the National Register of Historic Places, as the Central Embarcadero Piers Historic District
25 consisting of Pier 1, and Piers 1½, 3, and 5; and

1 WHEREAS, On March 10, 2000, the Port issued a Request for Proposals (“RFP”) to
2 lease and develop the Piers Project; and

3 WHEREAS, Three proposals were received in response to the RFP on August 31,
4 2000, and these proposals, as well as additional information requested by Port staff, were
5 reviewed and evaluated by Port staff, including independent investigations by an outside team
6 of qualified consultants; and

7 WHEREAS, Based upon this review and evaluation, Port staff recommended the
8 proposal from San Francisco Waterfront Partners, LLC (“SFWP”) as best meeting the project
9 objectives in the RFP, ranking first on all selection criteria, including: (1) ability, expertise and
10 past economic performance, (2) development concept, (3) financial proposal, and (4) project
11 feasibility. In addition, SFWP’s proposal contained the least amount of new construction and
12 office space in proportion to the public trust uses provided; and

13 WHEREAS, The Port and SFWP have negotiated a Lease Disposition and
14 Development Agreement, Lease, Parking Agreement, and related documents and exhibits
15 thereto, governing the rehabilitation and operation of the Piers Project; and

16 WHEREAS, On March 11, 2003, the Port Commission, by Resolution No. 03-17,
17 adopted findings and approved the LDDA and Lease for the rehabilitation of Piers 1 ½, 3 and
18 5; and

19 WHEREAS, On April 22, 2003, the Port Commission, by Resolution No. 03-32
20 approved a modification to the Lease; and

21 WHEREAS, The Piers Project is consistent with the San Francisco General Plan’s
22 Northeastern Waterfront Plan (“Northeastern Waterfront Plan”) objectives and policies
23 designed to contribute to the waterfront’s environmental quality, enhance the economic vitality
24 of the Port and the City, preserve the unique maritime character, and provide for the
25 maximum feasible visual and physical access to and along the Bay because the project

1 rehabilitates the Piers Project and provides significant maritime opportunities for recreational
2 vessels and water transit, as well as supporting the excursion vessel activities at Pier 3; and

3 WHEREAS, The Piers Project is consistent with the Northeastern Waterfront Plan's
4 Urban Design policies calling for retention of older buildings of architectural merit or historical
5 significance to preserve the architectural and historical character of the waterfront and ensure
6 the compatibility of new development, and, more specifically calling for retention of the Piers
7 Project which policies are met by this project's adaptively reusing this historic structure
8 consistent with the Secretary of the Interior's Standards for Rehabilitation; and

9 WHEREAS, The Board of Supervisors hereby adopts the following findings with
10 respect to the Final Mitigated Negative Declaration ("FMND") for the redevelopment of the
11 Piers Project, case file no. 2001.0448E:

12 1. The San Francisco Planning Department ("Department"), fulfilled all
13 procedural requirements of the California Environmental Quality Act (Cal. Pub. Res.
14 Code Section 21000 et. seq., "CEQA"), the State CEQA Guidelines (Cal. Admin. Code
15 Title 14, Section 15000 et. seq., "CEQA Guidelines") and Chapter 31 of the San
16 Francisco Administrative Code ("Chapter 31"); and

17 2. On April 20, 2002, the Department issued a Preliminary Negative
18 Declaration, and in accordance with CEQA, the CEQA Guidelines, and Chapter 31, the
19 Department posted the document in the Department offices, and mailed a copy of the
20 document to the Piers Project sponsor. The Department provided notice of the
21 preparation of the Preliminary Negative Declaration in a newspaper of general
22 circulation and this notice was mailed to the Department's list of persons requesting
23 such notice; and

24 3. In accordance with CEQA § 21091(b) and CEQA Guidelines § 15073, the
25 Preliminary Negative Declaration was available for a 30-day public review period; and

1 4. Comment Letters were received in response to the Preliminary Negative
2 Declaration from Hornblower Yachts, Inc., Tim Kelley, and the California Historical
3 Resource Information System. The Department responded in writing to the letters, and
4 comments from the letters were incorporated into the Final Mitigated Negative
5 Declaration; and

6 5. No appeal of the Preliminary Declaration was filed with the Department;
7 and

8 6. The Department prepared the FMND, which was adopted and issued on
9 May 31, 2002; and

10 7. The Piers Project is within the scope of the FMND, an addendum to the
11 FMND is not required and pursuant to CEQA Guidelines Sec. 15162, (1) no substantial
12 changes are proposed which would require major revisions to the FMND; (2) no
13 substantial changes have occurred with respect to the circumstances under which the
14 Piers Project is being undertaken which would require major revisions in the FMND;
15 and (3) no new information of substantial importance, which was not known or could
16 not have been known at the time the FMND was adopted, has become available, and

17 8. Since the FMND assumed that the rehabilitation of the Piers Project would
18 comply with the Secretary of the Interior's Standards, and since the Lease requires that
19 the project qualify as a certified tax credit project meeting the Secretary of the Interior's
20 Standards, the project will not result in any new significant impacts to cultural (historic
21 and architectural) resources; and

22 WHEREAS, As a material part of the negotiated transaction, Port staff and SFWP have
23 negotiated the terms of a Parking Agreement coterminous with the Lease term, the business
24 terms of which are set forth in the memorandum for Agenda Item 5A for the Port Commission

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1 meeting of March 11, 2003, as modified in the Memorandum for Agenda Item 6C for the Port
2 Commission meeting on April 22, 2003; and

3 WHEREAS, A copy of the proposed Lease, and its exhibits, the Parking Agreement
4 and the FMND, is on file with the Clerk of the Board of Supervisors in File No. _____, which is
5 hereby declared to be a part of this resolution as if set forth fully herein; and

6 WHEREAS, Charter Section 9.118(c) requires the Board of Supervisors approval of
7 leases having a term of ten or more years or anticipated revenues of one million dollars or
8 more; now, therefore, be it

9 RESOLVED, That the Board of Supervisors has reviewed and considered the FMND
10 and finds that it reflects the independent judgment and analysis of the Department, and the
11 Board of Supervisors finds that it is adequate, accurate, and objective, and that there is no
12 substantial evidence that the Piers Project will have a significant effect on the environment,
13 and hereby adopts the FMND; and be it

14 FURTHER RESOLVED, The Board of Supervisors hereby adopts the mitigation and
15 improvement measures and the mitigation monitoring program prepared for the Piers Project,
16 and on file with the Clerk of the Board of Supervisors in File No. _____, which is hereby
17 declared to be a part of this resolution as if set forth fully herein; and be it

18 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Lease
19 (and the LDDA to the extent its terms are incorporated in the Lease), and all exhibits thereto,
20 incorporating the business terms set forth in the Memorandum for Agenda Item 5A for the Port
21 Commission meeting on March 11, 2003, as modified in the Memorandum for Agenda Item
22 6C for the Port Commission meeting on April 22, 2003, and authorizes and directs the
23 Executive Director of the Port (the "Executive Director") to execute the Lease in such final
24 form as is approved by the Executive Director in consultation with the City Attorney; and be it

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1 FURTHER RESOLVED, That the Board of Supervisors approves the form and
2 substance of the Parking Agreement and the transactions which the Parking Agreement
3 contemplates, incorporating the business terms set forth in the Memorandum for Agenda Item
4 5A for the Port Commission meeting on March 11, 2003, as modified in the Memorandum for
5 Agenda Item 6C for the Port Commission meeting on April 22, 2003; and be it

6 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
7 Director to enter into any additions, amendments or other modifications to the Lease and/or
8 the Parking Agreement (including, without limitation, preparation and attachment of, or
9 changes to, any or all of the exhibits) that the Executive Director, in consultation with the City
10 Attorney, determine are in the best interests of the City, do not decrease the rent, and
11 otherwise do not materially increase the obligations or liabilities of the Port or City or
12 materially decrease the public benefits accruing to Port or City, and are necessary or
13 advisable to complete the transactions which the Lease contemplates and effectuate the
14 purpose and intent of this resolution, such determination to be conclusively evidenced by the
15 execution and delivery by the Executive Director of the Lease, and any amendments to the
16 document; and be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the
18 Executive Director, and any other appropriate officers, agents or employees of the City to take
19 any and all steps (including, but not limited to, the execution and delivery of any and all
20 certificates, agreements, notices, consents and other instruments or documents), as they or
21 any of them deems necessary or appropriate, in consultation with the City Attorney, in order to
22 consummate the transaction under the Lease and Parking Agreement in accordance with this
23 resolution, or to otherwise effectuate the purpose and intent of this resolution, such
24 determination to be conclusively evidenced by the execution and delivery by any such person
25 or persons of any such documents; and be it

1 FURTHER RESOLVED, That the Board of Supervisors approves, confirms and ratifies
2 all prior actions taken by the officials, employees and agents of the Port Commission or the
3 City with respect to the Lease.

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