

1 [Vertical Disposition and Development Agreement - TMG Partners and Presidio Bay Ventures
2 - Parcel K North/Pier 70]

3 **Resolution approving a Vertical Disposition and Development Agreement between the**
4 **Port and a joint venture between TMG Partners and Presidio Bay Ventures for the sale**
5 **of Parcel K North, located at 20th Street and Illinois Street, by the Port Commission;**
6 **and adopting findings under the California Environmental Quality Act, and findings of**
7 **consistency with the General Plan, and the eight priority policies of Planning Code,**
8 **Section 101(b).**

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10 WHEREAS, The City and County of San Francisco, acting through the San Francisco
11 Port Commission (“Port”), owns approximately 72 acres along San Francisco’s Central
12 Waterfront known as Pier 70; and

13 WHEREAS, Beginning in 2006, the Port initiated an intensive planning process that
14 culminated in a project to restore and redevelop an approximately 35-acre site located at Pier
15 70 bounded generally by Illinois Street on the west, 20th Street to the north, San Francisco
16 Bay on the east and 22nd Street on the south in San Francisco’s Central Waterfront Plan
17 Area (“Project Site”); and

18 WHEREAS, The Project Site includes (1) an approximately 28-acre Port-owned site
19 bounded generally by Michigan Street on the west, 22nd Street on the south, San Francisco
20 Bay on the east, and 20th street on the north (“28-Acre Site”); (2) portions of Michigan Street
21 vacated by Board of Supervisors’ Ordinance No. 265-18; (3) an adjacent 3-acre site owned by
22 the Port at 20th and Illinois Streets known as “Parcel K”; and (4) approximately 3 acres of land
23 immediately south of Parcel K owned by Pacific Gas and Electric Company known as the
24 “Hoedown Yard”; and

1 WHEREAS, On October 31, 2017, the Board of Supervisors approved legislation
2 authorizing the “Pier 70 Mixed-Use District Project” on the Project Site, including: (1)
3 Resolution 402-17, a trust exchange agreement between the City, acting through the Port
4 Commission, and the California State Lands Commission, effective on September 14, 2018,
5 under Chapter 477 of the Statutes of 2011 (AB418) (“Trust Exchange”), a copy of which is on
6 file in Board File No. 170987, to impress or confirm the common law public trust and the
7 statutory trust under the Burton Act (Stats. 1968, ch. 1333) (collectively, the “Public Trust”) on
8 portions of Pier 70 area most useful for Public Trust purposes and remove the Public Trust
9 from areas more suitable for development for nontrust uses; (2) Ordinance 225-17,
10 amendments to the Planning Code to create the Pier 70 Special Use District (“Pier 70 SUD”)
11 over the Project Site and related amendments to the zoning maps; (3) Resolution 401-17, a
12 Disposition and Development Agreement (“DDA”) between the Port and FC Pier 70, LLC
13 (“Forest City”) for development of the 28-Acre Site, a copy of which is on file in Board File
14 No. 170986; and (4) Ordinance 224-17, a Development Agreement between the City and
15 Forest City for the 28-Acre Site, a copy of which is on file in Board File No. 170863; copies of
16 said motions, resolution, and ordinance are incorporated herein by reference; and

17 WHEREAS, At full build-out, the Pier 70 Mixed-Use District Project will include:
18 (1) 1,100 to 2,150 new residential units, at least 30% of which will be on-site housing
19 affordable to a range of low- to moderate-income households; (2) between 1 million and
20 2 million gross square feet of new commercial and office space, including space for small-
21 scale manufacturing, retail, and neighborhood services; (3) rehabilitation of three historic
22 buildings categorized as significant contributing resources to the historic district;
23 (4) transportation demand management on-site, a shuttle service, and payment of impact fees
24 to the Municipal Transportation Agency that it will use to improve transportation connections
25 through the neighborhood; (5) 9 acres of new open space, potentially including active

1 recreation on rooftops, a playground, a market square, a central commons, and waterfront
2 parks along the shoreline; (6) on-site strategies to protect against sea level rise; and
3 (7) replacement studio space for artists leasing space in Building 11 in Pier 70 and a new arts
4 space; and

5 WHEREAS, The approvals for the Pier 70 Mixed-Use District Project contemplate that
6 Parcel K will be merged with an adjacent 12-foot strip of Michigan Street and then subdivided
7 to create four new parcels: a plaza at the corner of 20th and Illinois Streets (“20th Street
8 Plaza”), “Parcel K North”, “Parcel K South”, and a new segment of the future 21st Street; and

9 WHEREAS, On October 31, 2018, by Ordinance No. 265-18, the Board of Supervisors
10 authorized, among other things, vacation of the 12-foot strip of Michigan Street adjacent to
11 Parcel K and jurisdictional transfers between the Port, Department of Real Estate and
12 Department of Public Works under an interdepartmental Memorandum of Understanding to
13 effectuate the sale of Parcel K North; and

14 WHEREAS, Transfer Map No. 9597 will subdivide Parcel K and the 28-Acre Site into
15 new parcels upon approval by the Board of Supervisors; and

16 WHEREAS, Parcel K is a trust termination parcel under the Trust Exchange, is free
17 from Public Trust use restrictions, and can be sold and developed for housing; and

18 WHEREAS, Under the Affordable Housing Plan attached to the DDA, Parcel K South
19 and two other development parcels in the 28-Acre Site will be developed as 100% affordable
20 housing by the Mayor’s Office of Housing and Community Development (“MOHCD”); and

21 WHEREAS, Developers of market-rate residential condominiums in the Pier 70 SUD,
22 including Parcel K North, are not permitted to build on-site inclusionary units, but are required
23 to pay an affordable housing fee based on 28% of the units in the housing project; and

24 WHEREAS, Development of Parcel K North is subject to the Pier 70 SUD; under the
25 Pier 70 SUD, Parcel K North is programmed for a development of up to 261,700 gross square

1 feet of residential use, 13,200 square feet of ground floor commercial uses, and on-site
2 parking at the maximum rate of 0.6 spaces/residential unit and 1 space/1,500 square feet of
3 office space; and

4 WHEREAS, Pursuant to the DDA, the Port is required to offer Parcel K North for sale at
5 or above its fair market value established by a proprietary appraisal and specify that the
6 successful bidder must close escrow on the sale by February 15, 2019, with resulting net
7 sales proceeds used to pay for entitlement costs associated with development of the 28-Acre
8 Site; and

9 WHEREAS, On September 26, 2017, by Resolution No. 17-52, the Port Commission
10 approved the terms of a broker-managed competitive solicitation and sale of Parcel K North
11 for no less than its appraised fair market value, for development as residential condominiums;
12 and

13 WHEREAS, The Port, in consultation with City's Real Estate Division, selected Collier's
14 International through a competitive process to competitively bid the sale of Parcel K North as
15 the listing broker for the Port;

16 WHEREAS, The Port selected a joint venture between TMG Partners, a California
17 corporation, and Presidio Bay Ventures, a California limited liability company (together,
18 "Buyer") as the highest qualified bidder for Parcel K North and has negotiated a Vertical
19 Disposition and Development Agreement with the Buyer (including all attachments, exhibits
20 and schedules, the "VDDA") substantially in the form on file in Board File No. 190055 and
21 incorporated herein by reference, which requires the Buyer to, among other things:

- 22 (i) pay a total consideration to the Port of \$24,350,000;
- 23 (ii) construct the 20th Street Plaza, as a public benefit of the Pier 70 Mixed-
24 Use District Project, subject to reimbursement from public financing
25 sources;

- 1 (iii) construct public improvements to the adjacent Michigan Street segment,
2 subject to reimbursement from public financing sources;
- 3 (iv) comply with all applicable provisions of the Mitigation Monitoring and
4 Reporting Program for the Pier 70 Mixed-Use District Project, including
5 the Transportation Demand Management Plan;
- 6 (v) comply with the Illinois Street Parcel Additional Measures attached to the
7 DDA, in order to minimize potential conflicts between American Industrial
8 Center activities and future residential uses at the site;
- 9 (vi) enter into a deed restriction requiring the second and each subsequent
10 condominium purchaser to pay the Port a transfer fee equal to 1.5% of
11 the purchase price to be deposited in the Harbor Fund for Public Trust
12 purposes;
- 13 (vii) delegate its vote to form a community facilities district to the Port and
14 covenant to pay special taxes commencing three years after execution of
15 the VDDA;
- 16 (viii) comply with applicable land use restrictions, impact fees, and exactions
17 imposed by the Pier 70 SUD, including a requirement to pay in-lieu
18 affordable housing fees equal to 28% of the costs of on-site market-rate
19 condominium units;
- 20 (ix) pay all other applicable impact fees, including school facilities, utilities,
21 and transportation fees ;
- 22 (x) comply with the all applicable provisions of the City's First Source Hiring
23 Program under Chapter 83 of the City's Administrative Code, Local Hiring
24 Requirements as set forth in Chapter 82 of the City's Administrative
25 Code, Prevailing Wage Requirements as set forth in Article II Chapter 6

1 and Section 23.61 of the City’s Administrative Code, and other City
2 requirements as set forth in the VDDA; and

3 WHEREAS, The proposed market rate condominium development on Parcel K North is
4 projected to generate at least \$14.6 million in in-lieu affordable housing fees; and

5 WHEREAS, On July 24, 2018, by Resolution No. 264-18, the Board of Supervisors
6 approved the form and substance of a 75 year lease between the Port and 88 Broadway
7 Family, LP, to construct and operate 125 units of affordable housing on Seawall Lot 322-1
8 located at 88 Broadway at Front Street, affordable to individuals and families earning from 30-
9 120% of Area Median Income, under a Memorandum of Understanding between the Port and
10 MOHCD; and

11 WHEREAS, The Memorandum of Understanding obligates MOHCD to pay the \$14.9
12 million cost for the Seawall 322-1 lease with the Port with affordable housing fees paid from
13 the development of Parcel K North, with the condition that if the sale of Parcel K North or the
14 construction of the Parcel K North project is delayed or never materializes, MOHCD will need
15 to pay the Port fair market value for Seawall Lot 322-1 from another source; and

16 WHEREAS, On August 24, 2017, the Planning Commission by Motion No. 19976,
17 certified the Final Environmental Impact Report (“Final EIR”) for Pier 70 Mixed-Use District
18 Project as being accurate, complete, and in compliance with the California Environmental
19 Quality Act (California Public Resources Code Sections 21000 et seq.), the CEQA Guidelines
20 and Chapter 31 of the Administrative Code; and

21 WHEREAS, At the same hearing, the Planning Commission, by Motion No. 19977,
22 adopted findings with respect to the approval of the Pier 70 Mixed-Use District Project (“CEQA
23 Findings”) and a Mitigation Monitoring and Reporting Program (“MMRP”); and

24 WHEREAS, At the same hearing, the Planning Commission, by Resolution No. 19978,
25 found that the Pier 70 Mixed-Use District Project, including the actions contemplated by this

1 Resolution, are consistent, on balance, with the City’s General Plan and eight priority policies
2 of Planning Code, Section 101.1 (“Pier 70 General Plan Consistency Findings”); and

3 WHEREAS, On October 31, 2017, the Board of Supervisors, by Ordinance No. 227-17,
4 adopted these General Plan Consistency Findings and CEQA Findings as its own; copies of
5 said motions, resolution, and ordinance are incorporated herein by reference; and

6 WHEREAS, The Board of Supervisors has reviewed the FEIR, the MMRP and the
7 CEQA Findings, and finds that the approvals before the Board of Supervisors are within the
8 scope of the FEIR and that no substantial changes in the Pier 70 Mixed-Use District Project or
9 the circumstances surrounding the Pier 70 Mixed-Use District Project have occurred and no
10 new information that could not have been known previously showing new significant impacts
11 or an increase in severity in impacts has been discovered since the FEIR was certified; now,
12 therefore be it

13 RESOLVED, That the Board of Supervisors adopts the Pier 70 General Plan
14 Consistency Findings as its own; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors adopts the Pier 70 CEQA
16 Findings as its own and adopts the MMRP and imposes its requirements as a condition to this
17 approval action; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors approves the sale of Parcel K
19 North to the Buyer substantially on the terms and conditions of the VDDA on file in Board File
20 No. 190055; and be it

21 FURTHER RESOLVED, That the Board of Supervisors authorizes the Port’s Executive
22 Director, or her designee, to execute the VDDA in substantially the form on file in Board File
23 No. 190055; and, be it

24 FURTHER RESOLVED, That to the extent that implementation of the VDDA involves
25 the execution and delivery of additional agreements, notices, consents and other instruments

1 or documents by the Port or City subject to Board of Supervisors' approval under Charter,
2 Section 9.118 (collectively, "Subsidiary Agreements"), the Port and the City, as they may
3 deem necessary or appropriate, in consultation with the City Attorney, are hereby authorized
4 to enter into all such Subsidiary Agreements so long as the transactions governed by such
5 Subsidiary Agreements are contemplated in, and comply with the terms of, the VDDA; and, be
6 it

7 FURTHER RESOLVED, That the Board of Supervisors authorizes all officers,
8 employees, and agents of the Port and the City to take all steps that they deem necessary or
9 appropriate, to the extent permitted by applicable law, in order to implement the VDDA in
10 accordance with this resolution, including preparation and attachment of exhibits, execution of
11 subsequent documents, or to otherwise effectuate the purpose and intent of this resolution
12 and the VDDA; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
14 Director of the Port, or her designee, to enter into any amendments or modifications to the
15 VDDA that the Executive Director determines, in consultation with the City Attorney, are in the
16 best interest of the Port, do not materially decrease the benefits to or materially increase the
17 obligations or liabilities of the Port, and are in compliance with all applicable laws, such
18 determination to be conclusively evidenced by the execution and delivery by such person or
19 persons of any such documents.

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