1	[Development Agreement - Prologis, L.P San Francisco Gateway Project - Toland Stree Kirkwood Avenue]
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3	Ordinance approving a Development Agreement between the City and County of San
4	Francisco and Prologis, L.P., a Delaware limited partnership, for the development of an
5	approximately 17.1-acre site located at Toland Street at Kirkwood Avenue with two
6	multi-story production, distribution, and repair buildings in a core industrial area,
7	including 1,646,000 square feet of production, distribution, and repair, space for non-
8	retail sales and service, automotive, and retail uses, a rooftop solar array, ground-floor
9	maker space, and streets built to City standard; making findings under the California
10	Environmental Quality Act; making findings of conformity with the General Plan, and
11	with the eight priority policies of Planning Code, Section 101.1(b); making findings of
12	public convenience, necessity, and welfare under Planning Code, Section 302;
13	approving certain development impact fees for the Project and waiving certain
14	Planning Code fees and requirements; confirming compliance with or waiving certain
15	provisions of Labor and Employment Code, Articles 131, 132, 103, 104, and 106, and
16	Administrative Code, Chapters 56, 14B, 82, 83, and 23; and ratifying certain actions
17	taken in connection therewith, as defined herein.
18	NOTE: Unchanged Code text and uncodified text are in plain Arial font.
19	Additions to Codes are in single-underline italics Times New Roman font.  Deletions to Codes are in strikethrough italics Times New Roman font.
20	Board amendment additions are in double-underlined Arial font.  Board amendment deletions are in strikethrough Arial font.
21	<b>Asterisks (* * * *)</b> indicate the omission of unchanged Code subsections or parts of tables.
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23	Be it ordained by the People of the City and County of San Francisco (the "City"):
24	Section 1. General Findings.
25	The Board of Supervisors makes the following findings:

(a) California Government Code Section 65864 et seq. authorizes any city, county, or city and county to enter into an agreement for the development of real property within its jurisdiction. Chapter 56 of the San Francisco Administrative Code ("Chapter 56") sets forth certain procedures for the processing and approval of development agreements in San Francisco.

- (b) Prologis, L.P., a Delaware limited partnership (the "Developer") owns and operates an approximately 17.1-acre site, generally bounded by and including portions of Kirkwood Avenue to the north, Rankin Street to the east, McKinnon Avenue to the south, and Toland Street to the west, which site is currently occupied by four single-story production, distribution, and repair ("PDR") buildings, totaling approximately 448,000 square feet (the "Project Site").
- (c) On \_\_\_\_\_\_\_, 2025, the Developer filed an application with the City's Planning Department for approval of a development agreement relating to the Project Site (the "Development Agreement") under Chapter 56. A copy of the Development Agreement is on file with the Clerk of the Board in File No. \_\_\_\_\_.
- (d) The Developer proposes a development project with two new PDR and commercial use buildings that may include manufacturing and maker space, parcel delivery service, wholesale sales and storage, private parking garage, and other uses permitted under the PDR-2 zoning and the San Francisco Gateway Special Use District (the "SUD"), all as more particularly described in the Development Agreement and the SUD (the "Project"). Specifically, the Project includes two new multi-story buildings, totaling approximately 1,646,000 enclosed gross square feet, or 2,160,000 square feet including approximately 514,000 square feet of open, active roof area. The two buildings will include a total of approximately 543,500 gross square feet of on-site loading and parking for bicycles and vehicles (including a total of approximately 55,900 gross square feet on the ground level and

- approximately 487,600 gross square feet on the roof level), approximately 8,400 gross square feet of ground floor retail, and approximately 20,000 gross square feet of maker space, all as more particularly described in the Development Agreement. The Project will also improve the surrounding streets of Kirkwood and McKinnon Avenues, and Toland, Rankin, and Selby Streets, and provide additional streetscape improvements adjacent to the Project Site.
- (e) While the Development Agreement is between the City, acting primarily through the Planning Department, and the Developer, other City agencies retain a role in reviewing and issuing certain later approvals for the Project. Later approvals include without limitation all approvals required under the SUD or as otherwise set forth in the Municipal Code. As a result, affected City agencies have consented to the Development Agreement.
- (f) The Project is anticipated to generate an annual average of approximately 795 construction jobs during construction and, upon completion, approximately 1,980 permanent on-site jobs, an approximately \$7 million annual increase in property taxes, and approximately \$16 million in development impact fees (including transportation, school, and capacity fees), as well as approximately \$5.8 million in annual general fund revenues to the City. In addition to the significant jobs and economic benefits to the City from the Project, the City has determined that development of the Project under the Development Agreement will provide additional clear benefits to the public that could not be obtained through application of existing City ordinances, regulations, and policies. Major additional public benefits to the City from the Project include: (1) streetscape and public infrastructure improvements exceeding those that otherwise would be required; (2) a meaningful support program for PDR users and other small businesses; (3) workforce obligations, including significant training, employment, and economic development opportunities as part of the development and operation of the Project; (4) transportation demand management measures and other transportation-related support

1 exceeding the level otherwise required; and (5) sustainability and resilience measures, each 2 as further described in the Development Agreement. 3 (g) The Development Agreement will eliminate uncertainty in the City's land use planning for the Project Site and secure orderly development. 4 5 Concurrently with this ordinance, the Board is taking a number of actions in 6 furtherance of the Project, as generally described in the Development Agreement, including 7 those described in Exhibit C to the Development Agreement. 8 Section 2. CEQA Findings. On \_\_\_\_\_, by Motion No. \_\_\_\_\_, the Planning Commission certified as 9 adequate, accurate, and complete the Final Environmental Impact Report ("FEIR") for the 10 Project pursuant to the California Environmental Quality Act (California Public Resources 11 12 Code Section 21000 et seq.) ("CEQA"). A copy of Planning Commission Motion No. 13 \_\_\_\_ is on file with the Clerk of the Board of Supervisors in File No. \_\_\_ Also on \_\_\_\_\_, by Motion No. \_\_\_\_, the Planning Commission adopted CEQA 14 findings and a Mitigation Monitoring and Reporting Program (the "MMRP"). These Motions 15 are on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_. In accordance 16 17 with the actions contemplated herein, this Board has reviewed the FEIR and related 18 documents, and adopts as its own and incorporates by reference as though fully set forth 19 herein the CEQA Findings and the MMRP. 20 Section 3. General Plan and Planning Code Section 101.1(b) Findings. The Board of Supervisors is considering companion legislation concerning the 21 (a) SUD that adopts public necessity findings under Planning Code Section 302 (the "SUD 22 23 Ordinance"). A copy of the SUD Ordinance is on file with the Clerk of the Board of 24 Supervisors in File No. \_\_\_\_\_.

- (b) For purposes of this ordinance, the Board of Supervisors finds that the Development Agreement will serve the public necessity, convenience, and general welfare for the reasons set forth in the SUD Ordinance.
  - (c) For purposes of this ordinance, the Board of Supervisors finds that the Development Agreement is consistent with the General Plan and the eight priority policies of Planning Code Section 101.1(b) for the reasons set forth in the SUD Ordinance.
    - Section 4. Development Agreement.

- (a) The Board of Supervisors approves all of the terms and conditions of the Development Agreement in substantially the form on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_.
- (b) The Board of Supervisors approves and authorizes the City's execution, delivery, and performance of the Development Agreement as follows: (1) the Director of Planning (and other City officials listed thereon) are authorized to execute and deliver the Development Agreement and consents thereto, and (2) the Director of Planning and other applicable City officials are authorized to take all actions reasonably necessary or prudent to perform the City's obligations under the Development Agreement in accordance with the terms of the Development Agreement. The Director of Planning, at the Director of Planning's discretion and in consultation with the City Attorney, is authorized to enter into any additions, amendments, or other modifications to the Development Agreement that the Director of Planning determines are in the best interests of the City and that do not materially increase the obligations or liabilities of the City or materially decrease the benefits to the City, as provided in the Development Agreement.
- (c) The Board of Supervisors authorizes the Controller and City Departments to accept any funds paid by the Developer under the Development Agreement, and to appropriate and use such funds for the purposes described therein. The Board expressly

approves the use of the development impact fees as set forth in the Development Agreement, and waives or overrides any provision in Article 4 of the Planning Code that would otherwise conflict with the uses of these funds as described in the Development Agreement.

Section 5. Administrative Code Conformity and Waivers.

- (a) The Development Agreement shall prevail if there is any conflict between the Development Agreement and Administrative Code Chapters 14B and 56, and the provisions of Chapters 14B and 56 are waived to the extent inconsistent with the Development Agreement.
- (b) The Development Agreement shall prevail if there is any conflict between the Development Agreement and Labor and Employment Code Articles 131 and 132, and the provisions of Articles 131 and 132 are waived to the extent inconsistent with the Development Agreement. The Board of Supervisors waives Labor and Employment Code Sections 103.1, 103.3(a)-(d), 103.3(f), 104.1, 104.2, 104.3, 106.1, 106.2, 106.4, and 106.6 to the extent otherwise applicable to the Project.
- (c) In connection with the Development Agreement, the Board of Supervisors finds that the requirements of Chapter 56 have been substantially complied with and waives any procedural or other requirements of Chapter 56 if and to the extent to which there has not been strict compliance. The following provisions of Chapter 56 are deemed satisfied as follows:
- (1) The Project comprises approximately 17.1 acres and is the type of large multi-phase and/or mixed-use development contemplated by Chapter 56, and satisfies the provisions of Administrative Code Section 56.3(g).
- (2) The provisions of the Development Agreement, including its attached Workforce Agreement, apply and satisfy the requirements of Administrative Code Section 14B.20 and Section 56.7(c).

- 1 (3) The provisions of the Development Agreement regarding any amendment 2 or termination, including those relating to "Material Change," shall apply in lieu of the 3 provisions of Administrative Code Section 56.15.
  - (4) The provisions of Administrative Code Section 56.20 have been satisfied by the Memorandum of Understanding between the Developer and the Mayor's Office of Economic and Workforce Development for the reimbursement of City costs, a copy of which is on file with the Clerk of the Board of Supervisors in File No.
  - (d) The requirements of the Workforce Agreement attached to the Development Agreement shall apply and shall supersede, to the extent of any conflict, the provisions of: (1) Administrative Code Chapter 82 (Local Hire Requirements, Coverage); (2) Administrative Code Chapter 83 (First Source Hiring for Construction); and (3) Administrative Code Chapter 14B (Local Business Enterprise Utilization and Non-Discrimination in Contracting Ordinance).
  - (e) The Board of Supervisors finds that, so long as the square footage of real property conveyed to the City in connection with the dedication and acceptance of Public Improvements is greater than the square footage of any right-of-way easements held by City that are contemplated to be vacated and quitclaimed to the Developer pursuant to the Development Agreement, no appraisal of value of the acquired or conveyed property will be required by the City, and the requirements of Administrative Code Section 23.3 are waived.
  - (f) The Board of Supervisors authorizes the Director of Property, and other City agencies if applicable, to accept or to grant easements or licenses, or to enter into other agreements concerning real property, whether such easements, licenses, or agreements are temporary, interim, or permanent, that the Director of Property and the affected City agency determine are reasonably necessary in furtherance of implementation of the Project, whether on or off the Project Site, and on terms acceptable to the Director of Property in the Director's

- sole discretion. Accordingly, the Board of Supervisors waives any provisions of Administrative Code Chapter 23, Article I that conflict with the foregoing sentence.
  - Section 6. Planning Code Waivers; Ratification.
  - (a) The Board of Supervisors finds that the impact fees and other exactions due under the Development Agreement will provide greater benefits to the City than the impact fees and exactions under Planning Code Article 4 and waives the application of, and to the extent applicable exempts the Project from, impact fees and exactions under Planning Code Article 4 on the condition that the Developer pays the impact fees and exactions due under the Development Agreement.
  - (b) The Board of Supervisors finds that the Transportation Demand Management Plan attached to the Development Agreement and other provisions of the Development Agreement comply with the City's Transportation Demand Management Program in Planning Code Section 169.
  - (c) The Board of Supervisors finds that the Infrastructure Plan attached to the Development Agreement sets forth sufficient standards for streetscape design and waives the requirements of Planning Code Section 138.1 (Streetscape and Pedestrian Improvements).
    - Section 7. Ratification.
  - (a) All actions taken by City officials in preparing and submitting the Development Agreement to the Board of Supervisors for review and consideration are hereby ratified and confirmed, and the Board of Supervisors hereby authorizes all subsequent actions to be taken by City officials consistent with this ordinance.
    - Section 8. Effective and Operative Date.
  - (a) This ordinance shall become effective 30 days after the date of enactment.Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance

1	unsigned or does not sign the ordinance within 10 days of receiving it, or the Board of
2	Supervisors overrides the Mayor's veto of the ordinance.
3	(b) This ordinance shall become operative only on (and no rights or duties are affected
4	until) the date upon which both of the following have occurred: (1) the date this ordinance has
5	been enacted, and (2) the date that the SUD Ordinance has been enacted. A copy of the SUD
6	Ordinance is on file with the Clerk of the Board of Supervisors in File No
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8	APPROVED AS TO FORM: DAVID CHIU, City Attorney
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12	By: <u>/s/</u> Elizabeth A. Dietrich
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