

1 [Disposition and Development Agreement - Seawall Lot 337 Associates, LLC - Mission Rock  
2 Project]

3 **Resolution approving a Disposition and Development Agreement between the Port and**  
4 **Seawall Lot 337 Associates, LLC, for 28 acres of real property known as Seawall**  
5 **Lot 337, located east of Third Street between China Basin Channel and Mission Rock**  
6 **Street, China Basin Park, and the portion of Terry A. Francois Boulevard abutting the**  
7 **park, Pier 48, the marginal wharf between Pier 48 and Pier 50, and Parcel P20, for the**  
8 **proposed Mission Rock Project; adopting findings under the California Environmental**  
9 **Quality Act; adopting findings of consistency with the General Plan, and the eight**  
10 **priority policies of Planning Code, Section 101.1(b); and adopting public trust**  
11 **consistency findings.**

12  
13 WHEREAS, California Statutes of 1968, Chapter 1333 (“Burton Act”) and Charter,  
14 Sections 4.114 and B3.581 empower the City and County of San Francisco, acting through  
15 the San Francisco Port Commission (“Port”), with the power and duty to use, conduct,  
16 operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction;  
17 and

18 WHEREAS, The Port owns approximately 28 acres of real property along San  
19 Francisco’s Central Waterfront comprised of (1) Seawall Lot 337, bounded by Third Street on  
20 the west, Parcel P20 and Mission Rock Street on the south, Pier 48 to the east, and China  
21 Basin Park on the north; (2) Pier 48; (3) China Basin Park; (4) the marginal wharf between  
22 Pier 48 and Pier 50; and (5) Parcel P20 (collectively, the “Site”); and

23 WHEREAS, From 2007-2010, the Port conducted a community process that evaluated  
24 the unique site conditions and opportunities at the Site and built a public consensus for its  
25

1 future that nested within the policies established for the South Beach/China Basin Waterfront  
2 in the Port's Waterfront Land Use Plan; and

3 WHEREAS, In May 2010, by Resolution No. 10-32, the Port Commission awarded to  
4 Seawall Lot 337 Associates, LLC, a Delaware limited liability company ("Developer"), through  
5 a competitive process, the opportunity to negotiate exclusively for the mixed-use development  
6 of Seawall Lot 337 and Pier 48, and the Port Commission later added China Basin Park, the  
7 marginal wharf between Pier 48 and Pier 50, and Parcel P20 to the development (collectively,  
8 the "Project"); and

9 WHEREAS, Developer is a wholly-owned subsidiary of Giants Development Services,  
10 LLC, which in turn is a wholly-owned subsidiary of San Francisco Baseball Associates, LLC,  
11 the Major League Baseball franchise holder of the San Francisco Giants; and

12 WHEREAS, On March 8, 2013, by Resolution No. 13-10, the Port Commission  
13 endorsed the Term Sheet for the Project; and

14 WHEREAS, In May 2013, by Resolution No. 142-13, the Board of Supervisors found  
15 the Project fiscally feasible under Administrative Code, Chapter 29 and endorsed the Term  
16 Sheet for the Project, which is now known as "Mission Rock"; and

17 WHEREAS, Port and City staff and Developer have negotiated the terms of the  
18 Disposition and Development Agreement ("DDA"), a copy of which is in Board File  
19 No. 180092 and incorporated in this resolution by reference, and related transaction  
20 documents that are incorporated into the DDA and provide the overall road map for  
21 development of the Project, including a Financing Plan, an Infrastructure Plan, a Housing  
22 Plan, a Transportation Plan and a Transportation Demand Management Plan, a Workforce  
23 Development Plan, an LBE Utilization Program, and forms of an interim Master Lease, a  
24 Vertical Disposition and Development Agreement and a Parcel Lease; and

25

1           WHEREAS, Developer has engaged in an extensive community outreach process that  
2 has included community meetings, including workshops, focus groups, formal and informal  
3 presentations, open houses and site tours; and

4           WHEREAS, Additionally, in November 2015, 74% of voters supported the Mission  
5 Rock Affordable Housing, Parks, Jobs and Historic Preservation Initiative (Proposition D,  
6 November 2015) (“Proposition D”), the ballot measure supporting reuse of the area and  
7 increasing the height limits for the Project, conditional upon Port Commission approval of a  
8 development plan for the Project; and

9           WHEREAS, Port financial staff have reviewed and confirmed the financial capacity of  
10 the Developer in amounts sufficient to satisfy its obligation to fund its obligations under the  
11 DDA; and

12           WHEREAS, The parties wish to enter into the DDA substantially in the form in Board  
13 File No. 180092; and

14           WHEREAS, Concurrently with this resolution, the Board of Supervisors has taken or  
15 intends to take a number of other actions in furtherance of the Project, including: (1) approving  
16 amendments to the Planning Code that create the Mission Rock Special Use District (“Mission  
17 Rock SUD”) over the Site and related amendments to the zoning maps; (2) approving the  
18 Development Agreement between the City and Developer; (3) approving the Design Controls,  
19 which provide more detailed land use controls for the Mission Rock SUD; (4) approving a  
20 Memorandum of Understanding for Interagency Cooperation among the Port and other City  
21 agencies with respect to approvals related to the subdivision of the Site and construction of  
22 infrastructure and other public facilities; and (5) approving formation proceedings for sub-  
23 project areas to Project Area I of City and County of San Francisco Infrastructure Financing  
24 District No. 2 and a memorandum of understanding between the Port and the Treasurer-Tax  
25

1 Collector and the Controller regarding the collection and allocation of ad valorem and special  
2 taxes to the financing districts; and

3 WHEREAS, Under the DDA and other transaction documents, at full build-out, the  
4 Project will include: (1) 1.1 million to 1.6 million gross square feet (“gsf”) of new residential  
5 uses (an estimated 1,000 to 1,950 new residential units), at least 40% of which will be on-site  
6 housing affordable to a range of low- to moderate-income households as described in the  
7 Housing Plan in the DDA; (2) 972,000 to 1.4 million gsf of new commercial and office space;  
8 (3) 241,000 to 244,800 gsf of active retail and production uses on 11 proposed development  
9 blocks on Seawall Lot 337 in buildings that would range in height from 90 to 240 feet,  
10 consistent with Section 5 of Proposition D; (4) the rehabilitation and reuse of Pier 48, a  
11 significant contributing resource to the Port of San Francisco Embarcadero Historic District;  
12 (5) up to approximately 1.1 million gsf of above- and below-grade parking in one or two  
13 garages; (6) transportation demand management on-site and payment of impact fees that the  
14 Municipal Transportation Agency will use to improve transportation service in the area;  
15 (7) approximately 5.4 acres of net new open space for a total of approximately 8 acres of new  
16 and expanded open space, including an expansion of China Basin Park, a new central  
17 Mission Rock Square, and waterfront access along the shoreline; (8) public access areas,  
18 assembly areas, and an internal grid of public streets, shared streets, and utilities  
19 infrastructure; and (9) on-site strategies to protect against sea level rise; and

20 WHEREAS, The DDA governs: (1) Developer's obligations to complete horizontal  
21 development of the Project, including entitlements, site preparation, subdivision and  
22 construction work related to streets and sidewalks, public realm amenities (e.g., parks and  
23 open space), public utilities and shoreline improvements (together, “Horizontal Development”),  
24 all to create development parcels and support and protect buildings; and (2) Developer’s  
25 option to ground lease at fair market value the developable lots in the Site for vertical

1 development, all in accordance with all of the governing land use and entitlement documents,  
2 including the Development Agreement, Mission Rock SUD, and Design Controls; and

3 WHEREAS, The DDA also governs Developer’s obligations to deliver various public  
4 benefits, at full buildout, including: (1) reserving 40 percent of all on-site residential units for  
5 applicants making 45 to 150 percent of Area Median Income or less as further described in  
6 the Housing Plan; (2) approximately 5.4 acres of net new open space for a total of  
7 approximately 8 acres of new and expanded public open space maintained by special taxes  
8 paid by the onsite vertical developments; (3) elevation of the Site and shoreline protection  
9 special taxes to protect against sea level rise, storm surges and periodic flooding along the  
10 Port’s Bay waterfront; (4) robust local hiring, Local Business Enterprise commitments and  
11 good faith efforts as further described in the Workforce Development Plan and the LBE  
12 Utilization Program; (5) commitments to renewable energy, vehicular trip reduction, water  
13 recycling and waste diversion as further described in the Sustainability Strategy; (6)  
14 commitment to in-lieu transportation fees and fair share contributions to City transit projects  
15 serving the Site and its surroundings; and (7) a City option for up to 15,000 square feet of on-  
16 site community facility space; and

17 WHEREAS, The DDA includes a Schedule of Performance that includes outside dates  
18 for the completion of public infrastructure, including streets, utilities and parks; and

19 WHEREAS, The DDA provides the Port with remedies in the event that Developer  
20 does not meet its obligations under the Schedule of Performance or other provisions of the  
21 DDA, including specific performance and termination for material breach; and

22 WHEREAS, The Project has been planned and designed, in consultation with the  
23 California State Lands Commission (“State Lands”) and in accordance with Senate Bill 815  
24 (“SB 815”) (stats. 2007, ch. 660), as modified by Assembly Bill 2797 (“AB 2797”) (stats 2016,  
25 ch. 529), to produce multiple public trust benefits; and

1           WHEREAS, After completion of a Public Trust Study that is approved by State Lands,  
2 SB 815 and AB 2797 authorize the Port to lease all or any portion of the Site free from the  
3 public use requirements for a term not to exceed 75 years from the initial occupancy date of  
4 the improvements developed on the parcel, but not beyond December 31, 2015; and

5           WHEREAS, The Financing Plan provides that (1) Developer is responsible for funding  
6 all entitlement costs and the costs of constructing Horizontal Development to the extent other  
7 Project sources are not available, subject to reimbursement; (2) Developer's costs will be  
8 repaid with an 18% market rate of return (along with certain minimum return metrics) from a  
9 number of potential sources, including rent credits, lease proceeds, community facilities  
10 district and infrastructure financing district proceeds, and, at the Port's discretion, Port capital;  
11 and (3) after the Project reaches a certain rent threshold, Developer will participate in annual  
12 ground rent revenues as an incentive for efficient buildout of the Site; and

13           WHEREAS, The Housing Plan includes measures to ensure that at least 40% of all  
14 residential units produced at the Site are affordable to low- and moderate-income households,  
15 with 24 of the lowest income units to be provided to youth transitioning out of the foster care  
16 system; and

17           WHEREAS, The Mayor's Office of Housing and Community Development will approve  
18 the on-site inclusionary unit locations, phasing, income verifications and marketing plan; and

19           WHEREAS, The Infrastructure Plan includes the conceptual level planning elements of  
20 all the infrastructure systems necessary to serve the Mission Rock SUD and describes  
21 Developer's obligation to complete streets and infrastructure to support development of the  
22 Project; and

23           WHEREAS, The Transportation Plan requires, among other things, that (1) vertical  
24 developers pay a transportation fee that the Municipal Transportation Agency will use and  
25 allocate for transportation improvements in the area; and (2) Developer, building owners, and

1 tenants implement a Transportation Demand Management Plan designed to reduce Project-  
2 related daily one-way vehicular auto trips by 20%; and

3 WHEREAS, The Workforce Development Plan, together with the LBE Utilization  
4 Program, requires Developer and its contractors and subcontractors, vertical developers, and  
5 tenants, as applicable, to comply with applicable workforce provisions, including a 30% local  
6 hiring commitment, local business enterprise utilization, participation in the City’s “First  
7 Source” hiring programs, and up to \$1,000,000 in funding to support expansion of CityBuild  
8 and workforce training; and

9 WHEREAS, The Master Lease is a form that sets forth the terms and conditions under  
10 which the Port will lease the Site, other than Pier 48, to Developer when it is ready to begin  
11 constructing horizontal improvements, including parks, streets and utilities in accordance with  
12 the DDA, and, in the interim, for parking, special events and ancillary uses; and

13 WHEREAS, Individual development parcels will be removed from the Master Lease  
14 upon completion of the horizontal improvements serving each parcel as they are leased to  
15 vertical developers, and streets and parks will be removed from the Master Lease upon  
16 acceptance by acquiring City agencies; and

17 WHEREAS, The Vertical Disposition and Development Agreement is a form that sets  
18 forth (1) the conditions to a vertical developer’s acquisition of the leasehold interest in each  
19 development parcel within the Site; and (2) applicable Port and City requirements for  
20 constructing the applicable vertical development project; and

21 WHEREAS, The Parcel Lease is a form that sets forth the terms and conditions under  
22 which vertical developers will ground lease development parcels for a term of 75 years, and  
23 will be modified, as described in the DDA, to address circumstances unique to the  
24 development parcels; and

1           WHEREAS, The actions contemplated in this resolution are within the scope of the  
2 project for which the Board adopted the resolution in Board File No. 171286, affirming the  
3 Planning Commission’s certification of the Final Environmental Impact Report for the Seawall  
4 Lot 337 and Pier 48 Mixed-Use Project (“FEIR”) and making findings in accordance with the  
5 California Environmental Quality Act (California Public Resources Code section 21000 et  
6 seq.) and Administrative Code Chapter 31, which resolution is incorporated herein by  
7 reference; and

8           WHEREAS, On October 5, 2017, the Planning Commission, by Resolution No. 20019,  
9 a copy of which is in Board File No. 180092, adopted findings that the actions contemplated in  
10 this resolution are consistent, on balance, with the City’s General Plan and the eight priority  
11 policies of Planning Code Section 101.1(b) (“Mission Rock General Plan Consistency  
12 Findings”), which resolution is incorporated herein by reference; and

13           WHEREAS, On January 30, 2018, by Resolution No. 18-03, the Port Commission  
14 approved the DDA and the Public Trust Study, finding that the Project would be consistent  
15 with and further the purposes of the common law public trust and the statutory trust under the  
16 Burton Act (“Public Trust Findings”); recommended to the Board of Supervisors approval of  
17 the DDA; approved the DDA as the Development Plan under Section 4 of Proposition D; and  
18 authorized the Executive Director of the Port, or her designee, to execute the DDA, subject to  
19 Board of Supervisors’ approval of the DDA; and

20           WHEREAS, A copy of Port Commission Resolution No. 18-03 is in Board File  
21 No. 180092, and is incorporated in this resolution by reference; now, therefore, be it

22           RESOLVED, That the Board of Supervisors adopts the Mission Rock General Plan  
23 Consistency Findings as its own; and, be it

24           FURTHER RESOLVED, That the Board of Supervisors hereby approves the DDA,  
25 adopts the Port Commission’s Public Trust Findings as its own, and approves the

1 development plan described in the DDA as a Development Plan under Section 4 of  
2 Proposition D; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the Port's Executive  
4 Director, or her designee, to execute the DDA in substantially the form in Board File  
5 No. 180092; and, be it

6 FURTHER RESOLVED, That to the extent that implementation of the DDA involves the  
7 execution and delivery of additional agreements, notices, consents and other instruments or  
8 documents by the Port subject to Board of Supervisors' approval under Charter,  
9 Section 9.118, including, without limitation, the Master Lease and instruments leasing  
10 development parcels to vertical developers (such as Parcel Leases and Vertical Disposition  
11 and Development Agreements) (collectively, "Subsidiary Agreements"), the Port and the  
12 Executive Director, as they may deem necessary or appropriate, in consultation with the City  
13 Attorney, are hereby authorized to enter into all such Subsidiary Agreements so long as the  
14 transactions governed by such Subsidiary Agreements are contemplated in, and comply with  
15 the terms of, the DDA, and with respect to the Master Lease, Parcel Leases and Vertical  
16 Disposition and Development Agreements, are substantially in the form of the Master Lease,  
17 Parcel Lease and Vertical Disposition Agreement attached as Exhibits to the DDA in Board  
18 File No. 180092; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes all officers,  
20 employees, and agents of the Port and the City to take all steps that they deem necessary or  
21 appropriate, to the extent permitted by applicable law, in order to implement the DDA in  
22 accordance with this resolution, including preparation and attachment of exhibits, execution of  
23 subsequent documents, or to otherwise effectuate the purpose and intent of this resolution  
24 and the DDA; and, be it

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1           FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive  
2 Director of the Port, or her designee, to enter into any amendments or modifications to the  
3 DDA or any of the Subsidiary Agreements that the Executive Director determines, in  
4 consultation with the City Attorney, are in the best interest of the Port, do not materially  
5 decrease the benefits to or materially increase the obligations or liabilities of the Port, and are  
6 in compliance with all applicable laws, such determination to be conclusively evidenced by the  
7 execution and delivery by such person or persons of any such documents; and, be it

8           FURTHER RESOLVED, That the Board of Supervisors requests the Executive Director  
9 of the Port to provide an annual written report in May of each year to the Board of Supervisors  
10 on the status of the Project and project financing.