

BOARD of SUPERVISORS



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MEMORANDUM

Date: _____
To: Planning Department/Planning Commission
From: John Carroll, Assistant Clerk, Land Use and Transportation Committee
Subject: Board of Supervisors Legislation Referral - File No. _____

- ☐ California Environmental Quality Act (CEQA) Determination
(*California Public Resources Code, Sections 21000 et seq.*)
 - ☐ Ordinance / Resolution
 - ☐ Ballot Measure
- ☐ Amendment to the Planning Code, including the following Findings:
(*Planning Code, Section 302(b): 90 days for Planning Commission review*)
 - ☐ General Plan ☐ Planning Code, Section 101.1 ☐ Planning Code, Section 302
- ☐ Amendment to the Administrative Code, involving Land Use/Planning
(*Board Rule 3.23: 30 days for possible Planning Department review*)
- ☐ General Plan Referral for Non-Planning Code Amendments
(*Charter, Section 4.105, and Administrative Code, Section 2A.53*)
(Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)
- ☐ Historic Preservation Commission
 - ☐ Landmark (*Planning Code, Section 1004.3*)
 - ☐ Cultural Districts (*Charter, Section 4.135 & Board Rule 3.23*)
 - ☐ Mills Act Contract (*Government Code, Section 50280*)
 - ☐ Designation for Significant/Contributory Buildings (*Planning Code, Article 11*)

Please send the Planning Department/Commission recommendation/determination to John Carroll at john.carroll@sfgov.org.

[Development Agreement - Prologis, L.P. - San Francisco Gateway Project - Toland Street at Kirkwood Avenue]

Ordinance approving a Development Agreement between the City and County of San Francisco and Prologis, L.P., a Delaware limited partnership, for the development of an approximately 17.1-acre site located at Toland Street at Kirkwood Avenue with two multi-story production, distribution, and repair buildings in a core industrial area, including 1,646,000 square feet of production, distribution, and repair, space for non-retail sales and service, automotive, and retail uses, a rooftop solar array, ground-floor maker space, and streets built to City standard; making findings under the California Environmental Quality Act; making findings of conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b); making findings of public convenience, necessity, and welfare under Planning Code, Section 302; approving certain development impact fees for the Project and waiving certain Planning Code fees and requirements; and confirming compliance with or waiving certain provisions of Administrative Code, Chapter 56, Chapter 14B, Chapter 82, Chapter 83, and Chapter 23; and ratifying certain actions taken in connection therewith, as defined herein.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco (the "City"):

Section 1. General Findings.

The Board of Supervisors makes the following findings:

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

6 (b) Prologis, L.P., a Delaware limited partnership (the "Developer") owns and
7 operates an approximately 17.1-acre site, generally bounded by and including portions of
8 Kirkwood Avenue to the north, Rankin Street to the east, McKinnon Avenue to the south, and
9 Toland Street to the west, which site is currently occupied by four single-story production,
10 distribution, and repair ("PDR") buildings, totaling approximately 448,000 square feet (the
11 "Project Site").

12 (c) On April 23, 2025, the Developer filed an application with the City's Planning
13 Department for approval of a development agreement relating to the Project Site (the
14 "Development Agreement") under Chapter 56. A copy of the Development Agreement is on
15 file with the Clerk of the Board in File No. 250427.

16 (d) The Developer proposes a development project with two new PDR and
17 commercial use buildings that may include manufacturing and maker space, parcel delivery
18 service, wholesale sales and storage, private parking garage, and other uses permitted under
19 the PDR-2 zoning and the San Francisco Gateway Special Use District (the "SUD"), all as
20 more particularly described in the Development Agreement and the SUD (the "Project").
21 Specifically, the Project includes two new multi-story buildings, totaling
22 approximately 1,646,000 enclosed gross square feet, or 2,160,000 square feet including
23 approximately 514,000 square feet of open, active roof area. The two buildings will include a
24 total of approximately 543,500 gross square feet of on-site loading and parking for bicycles
25 and vehicles (including a total of approximately 55,900 gross square feet on the ground level

1 and approximately 487,600 gross square feet on the roof level), approximately 8,400 gross
2 square feet of ground floor retail, and approximately 20,000 gross square feet of maker space,
3 all as more particularly described in the Development Agreement. The Project will also
4 improve the surrounding streets of Kirkwood and McKinnon Avenues, and Toland, Rankin,
5 and Selby Streets, and provide additional streetscape improvements adjacent to the Project
6 Site.

7 (e) While the Development Agreement is between the City, acting primarily through
8 the Planning Department, and the Developer, other City agencies retain a role in reviewing
9 and issuing certain later approvals for the Project. Later approvals include without limitation
10 all approvals required under the SUD or as otherwise set forth in the Municipal Code. As a
11 result, affected City agencies have consented to the Development Agreement.

12 (f) The Project is anticipated to generate an annual average of approximately 795
13 construction jobs during construction and, upon completion, approximately 1,980 permanent
14 on-site jobs, an approximately \$7 million annual increase in property taxes, and approximately
15 \$16 million in development impact fees (including transportation, school, and capacity fees),
16 as well as approximately \$5.8 million in annual general fund revenues to the City. In addition
17 to the significant jobs and economic benefits to the City from the Project, the City has
18 determined that development of the Project under the Development Agreement will provide
19 additional clear benefits to the public that could not be obtained through application of existing
20 City ordinances, regulations, and policies. Major additional public benefits to the City from the
21 Project include: (1) streetscape and public infrastructure improvements exceeding those that
22 otherwise would be required; (2) a meaningful support program for PDR users and other small
23 businesses; (3) workforce obligations, including significant training, employment, and
24 economic development opportunities as part of the development and operation of the Project;
25 (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
4 planning for the Project Site and secure orderly development.

5 (h) 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.

9 On _____, by Motion No. _____, the Planning Commission certified as
10 adequate, accurate, and complete the Final Environmental Impact Report ("FEIR") for the
11 Project pursuant to the California Environmental Quality Act (California Public Resources
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. _____.
14 Also on _____, by Motion No. _____, the Planning Commission adopted CEQA
15 findings and a Mitigation Monitoring and Reporting Program (the "MMRP"). These Motions
16 are on file with the Clerk of the Board of Supervisors in File No. _____. In accordance
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.

21 (a) The Board of Supervisors is considering companion legislation concerning the
22 SUD that adopts public necessity findings under Planning Code Section 302 (the "SUD
23 Ordinance"). A copy of the SUD Ordinance is on file with the Clerk of the Board of
24 Supervisors in File No. 250426.

1 (b) For purposes of this ordinance, the Board of Supervisors finds that the
2 Development Agreement will serve the public necessity, convenience, and general welfare for
3 the reasons set forth in the SUD Ordinance.

4 (c) For purposes of this ordinance, the Board of Supervisors finds that the
5 Development Agreement is consistent with the General Plan and the eight priority policies of
6 Planning Code Section 101.1(b) for the reasons set forth in the SUD Ordinance.

7 Section 4. Development Agreement.

8 (a) The Board of Supervisors approves all of the terms and conditions of the
9 Development Agreement in substantially the form on file with the Clerk of the Board of
10 Supervisors in File No. 250427.

11 (b) The Board of Supervisors approves and authorizes the City's execution,
12 delivery, and performance of the Development Agreement as follows: (1) the Director of
13 Planning (and other City officials listed thereon) are authorized to execute and deliver the
14 Development Agreement and consents thereto, and (2) the Director of Planning and other
15 applicable City officials are authorized to take all actions reasonably necessary or prudent to
16 perform the City's obligations under the Development Agreement in accordance with the
17 terms of the Development Agreement. The Director of Planning, at the Director of Planning's
18 discretion and in consultation with the City Attorney, is authorized to enter into any additions,
19 amendments, or other modifications to the Development Agreement that the Director of
20 Planning determines are in the best interests of the City and that do not materially increase
21 the obligations or liabilities of the City or materially decrease the benefits to the City, as
22 provided in the Development Agreement.

23 (c) The Board of Supervisors authorizes the Controller and City Departments to
24 accept any funds paid by the Developer under the Development Agreement, and to
25 appropriate and use such funds for the purposes described therein. The Board expressly

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

4 Section 5. Administrative Code Conformity and Waivers.

5 (a) The Development Agreement shall prevail if there is any conflict between the
6 Development Agreement and Administrative Code Chapters 14B and 56, and the provisions
7 of Chapters 14B and 56 are waived to the extent inconsistent with the Development
8 Agreement.

9 (b) In connection with the Development Agreement, the Board of Supervisors finds
10 that the requirements of Chapter 56 have been substantially complied with and waives any
11 procedural or other requirements of Chapter 56 if and to the extent to which there has not
12 been strict compliance. The following provisions of Chapter 56 are deemed satisfied as
13 follows:

14 (1) The Project comprises approximately 17.1 acres and is the type of large
15 multi-phase and/or mixed-use development contemplated by Chapter 56, and satisfies the
16 provisions of Administrative Code Section 56.3(g).

17 (2) The provisions of the Development Agreement, including its attached
18 Workforce Agreement, apply and satisfy the requirements of Administrative Code
19 Section 14B.20 and Section 56.7(c).

20 (3) The provisions of the Development Agreement regarding any amendment
21 or termination, including those relating to "Material Change," shall apply in lieu of the
22 provisions of Administrative Code Section 56.15.

23 (4) The provisions of Administrative Code Section 56.20 have been satisfied
24 by the Memorandum of Understanding between the Developer and the Mayor's Office of
25

1 Economic and Workforce Development for the reimbursement of City costs, a copy of which is
2 on file with the Clerk of the Board of Supervisors in File No. 250427.

3 (c) The requirements of the Workforce Agreement attached to the Development
4 Agreement shall apply and shall supersede, to the extent of any conflict, the provisions of
5 Administrative Code: (1) Chapter 82 (Local Hire Requirements, Coverage); (2) Chapter 83
6 (First Source Hiring for Construction); and (3) Chapter 14B (Local Business Enterprise
7 Utilization and Non-Discrimination in Contracting Ordinance).

8 (d) The Board of Supervisors finds that, so long as the square footage of real
9 property conveyed to the City in connection with the dedication and acceptance of Public
10 Improvements is greater than the square footage of any right-of-way easements held by City
11 that are contemplated to be vacated and quitclaimed to the Developer pursuant to the
12 Development Agreement, no appraisal of value of the acquired or conveyed property will be
13 required by the City, and the requirements of Administrative Code Section 23.3 are waived.

14 (e) The Board of Supervisors authorizes the Director of Property, and other City
15 agencies if applicable, to accept or to grant easements or licenses, or to enter into other
16 agreements concerning real property, whether such easements, licenses, or agreements are
17 temporary, interim, or permanent, that the Director of Property and the affected City agency
18 determine are reasonably necessary in furtherance of implementation of the Project, whether
19 on or off the Project Site, and on terms acceptable to the Director of Property in the Director's
20 sole discretion. Accordingly, the Board of Supervisors waives any provisions of Administrative
21 Code Chapter 23, Article I that conflict with the foregoing sentence.

22 Section 6. Planning Code Waivers; Ratification.

23 (a) The Board of Supervisors finds that the impact fees and other exactions due
24 under the Development Agreement will provide greater benefits to the City than the impact
25 fees and exactions under Planning Code Article 4 and waives the application of, and to the

1 extent applicable exempts the Project from, impact fees and exactions under Planning Code
2 Article 4 on the condition that the Developer pays the impact fees and exactions due under
3 the Development Agreement.

4 (b) The Board of Supervisors finds that the Transportation Demand Management
5 Plan attached to the Development Agreement and other provisions of the Development
6 Agreement comply with the City's Transportation Demand Management Program in Planning
7 Code Section 169.

8 (c) The Board of Supervisors finds that the Infrastructure Plan attached to the
9 Development Agreement sets forth sufficient standards for streetscape design and waives the
10 requirements of Planning Code Section 138.1 (Streetscape and Pedestrian Improvements).

11 Section 7. Ratification.

12 (a) All actions taken by City officials in preparing and submitting the Development
13 Agreement to the Board of Supervisors for review and consideration are hereby ratified and
14 confirmed, and the Board of Supervisors hereby authorizes all subsequent actions to be taken
15 by City officials consistent with this ordinance.

16 Section 8. Effective and Operative Date.

17 (a) This ordinance shall become effective 30 days after the date of enactment.
18 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance
19 unsigned or does not sign the ordinance within 10 days of receiving it, or the Board of
20 Supervisors overrides the Mayor's veto of the ordinance.

21 (b) This ordinance shall become operative only on (and no rights or duties are
22 affected until) the date upon which both of the following have occurred: (1) 30 days from the

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1 date of its enactment, and (2) the date that the SUD Ordinance has been enacted. A copy of
2 the SUD Ordinance is on file with the Clerk of the Board of Supervisors in File No. 240426.

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4 APPROVED AS TO FORM:
5 DAVID CHIU, City Attorney
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8 By: /s/
9 Elizabeth A. Dietrich
10 Deputy City Attorney
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LEGISLATIVE DIGEST

[Development Agreement - Prologis, L.P. - San Francisco Gateway Project - Toland Street at Kirkwood Avenue]

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Existing Law

California Government Code section 65864 *et seq.* (the “Development Agreement Statute”) and Chapter 56 of the San Francisco Administrative Code (“Chapter 56”) authorize the City to enter into a development agreement regarding the development of real property.

Amendments to Current Law

The proposed ordinance, if adopted, would result in the approval of the proposed development agreement (the “Development Agreement”) with the Developer in accordance with the Development Agreement Statute and Chapter 56. The Development Agreement would provide to Developer the vested right to develop the project site as described in the Development Agreement over a 30 year term. There are no proposed amendments to current law.

Background Information

Under the Development Agreement, the Developer proposes to develop a phased mixed use development on the Project Site that will include two multi-story production, distribution, and repair buildings in a core industrial area, including up to 1,646,000 square feet of production, distribution, and repair space; approximately 514,000 square feet of open, active roof area; non-retail sales and service space; approximately 20,000 square feet ground-floor maker space; approximately 8,400 square feet of ground floor retail; and a rooftop solar array. 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. Public benefits of the Project include streetscape and public infrastructure improvements exceeding those that otherwise would be required; a meaningful support program for PDR users and other small businesses; significant training, employment, and economic development opportunities; transportation demand management measures and other transportation-related support exceeding the level otherwise required; and sustainability and resilience measures.

By separate legislation, the Board is considering taking a number of actions in furtherance of the proposed project, including the approval of a Special Use District and Zoning Map amendments

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Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- ☐ 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- ☐ 3. Request for Hearing on a subject matter at Committee
- ☐ 4. Request for Letter beginning with "Supervisor inquires..."
- ☐ 5. City Attorney Request
- ☐ 6. Call File No. from Committee.
- ☐ 7. Budget and Legislative Analyst Request (attached written Motion)
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- ☐ Yes ☐ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: