

1 [Finding of Fiscal Feasibility; 34th America's Cup Host City Agreement]

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3 **Resolution approving a Host City and Venue Agreement among the City, the America's**
4 **Cup Event Authority, and the San Francisco America's Cup Organizing Committee;**
5 **authorizing the Mayor or his designee and the Port to execute the Host City and Venue**
6 **Agreement; authorizing and urging the Mayor, Office of Economic and Workforce**
7 **Development, Port and such other City Officials as appropriate to take such steps and**
8 **execute such additional agreements as are consistent with the Host City and Venue**
9 **Agreement and this Resolution to bring the 34th America's Cup to the San Francisco**
10 **Bay; and finding that the proposed Event is fiscally feasible as set forth in**
11 **Administrative Code Chapter 29.**
12

13 WHEREAS, The Board of Supervisors finds as follows:

14 (a) In February 2010, BMW Oracle Racing, sailing for the Golden Gate Yacht Club
15 (together, the "Team"), won the 33rd America's Cup in Valencia, Spain; and,

16 (b) The Team, as Defenders of the America's Cup, has the right and duty to organize
17 the 34th America's Cup (the "Event"), and has created an Event Authority for purposes of
18 organizing the Event; and,

19 (c) The Team had selected three potential venues for hosting the Event, including
20 San Francisco, the only United States city under consideration, and two European venues,
21 and the Team will make the final selection by December 31, 2010; and,

22 (d) Hosting the 34th America's Cup in San Francisco would generate significant public
23 benefits for the City including: (i) the repair, improvement and productive reuse of certain City
24 piers along the City's central and southern waterfront that are currently in a state of disrepair;
25 (ii) the generation of significant new jobs and economic development in a very short period of

1 time, including over 9,000 jobs and more than \$1.4 billion of new economic activity, as
2 projected in an economic impact analysis completed by the Bay Area Council Economic
3 Institute and Beacon Economics; and (iii) substantially increased public access to the
4 waterfront, new opportunities for people to view and enjoy the San Francisco Bay and an
5 extraordinary showcase for the Bay to the world; and,

6 (e) An America's Cup Organizing Committee (the "ACOC"), an independent not-for-
7 profit corporation, has been established and includes civic and corporate leaders from
8 throughout the Bay Area, California and the nation, as well as a bipartisan honorary
9 committee including elected and appointed representatives from our local, state and federal
10 governments; and,

11 (f) On October 5, 2010, by Resolution 465-10 (File No. 101254) the Board of
12 Supervisors approved a Term Sheet that outlined the basis for the City, the ACOC and the
13 Event Authority to negotiate a Host City and Venue Agreement for the 34th America's Cup;
14 and,

15 (g) Consistent with the Term Sheet, City staff has negotiated a Host City and Venue
16 Agreement with the ACOC and the Event Authority and has presented the agreement to the
17 Board for approval; and a copy of the agreement is on file with the Clerk of the Board in
18 File No. 101259 which is hereby declared to be a part of this Resolution as if set forth fully
19 herein (the "Host Agreement"); and,

20 (h) On _____, 2010, the Port Commission, by Resolution
21 No. _____ approved the Host Agreement and recommended that this Board
22 approve the Host Agreement; and,

23 (i) The Host Agreement contemplates sole source negotiations with the Event Authority
24 for venue leases and other agreements for environmental review and to use City property
25 needed for the Event. Also, the Host Agreement requires the Event Authority to make an

1 estimated \$150 million in substructure and infrastructure improvements to Port facilities for the
2 Event, subject to City verification; and in exchange, the City agrees, subject to the terms and
3 conditions of the Host Agreement, including environmental review under CEQA and future
4 approvals by the Port and Board of Supervisors, to grant the long-term development rights to
5 Piers 30-32 and 50 and Seawall Lot 330 on a sole source basis to the Event Authority,
6 together with proceeds of property tax increment financing from the future development of
7 such sites, to help reimburse the Event Authority for the cost of the infrastructure repairs and
8 improvements. The sole source negotiations contemplated by the Host Agreement are
9 required for the City to host the Event, make competitive bidding impractical and infeasible
10 and are in the City's best interests; and,

11 (j) The Host Agreement requires the City to provide certain indemnity obligations in
12 favor of the Event Authority and the ACOC, permits specific performance as a remedy, and
13 provides for certain waivers of remedies and limitations on liability, all on the terms and
14 conditions more particularly set forth in the Host Agreement; and,

15 (k) The City has identified potential financial impacts to the Port of hosting the
16 34th America's Cup and a range of potential solutions, including using Charter Section B7.320
17 to offset race-related, net short-term rent reductions to the Port, financing the costs of Pier 50
18 site preparations and relocation of the Port's maintenance facility with City certificates of
19 participation, and City financing for waterfront improvements to offset reductions in the Port's
20 revenue bond capacity, subject to the review and approval of the Capital Planning Committee,
21 the Mayor and the San Francisco Board of Supervisors, as applicable; and,

22 (l) Under the Host Agreement, the Team and Event Authority will continue to assess
23 and analyze information to determine the final type and placement of facilities and
24 infrastructure necessary to host the 34th America's Cup, and will work collaboratively with the
25 City to further refine the plans for the 34th America's Cup that do not materially increase the

1 obligations or liabilities of the City and are necessary to accomplish the Event contemplated
2 by the Host Agreement; and,

3 (m) The Team and Event Authority currently are evaluating Piers 19-29 in combination
4 with Piers 30-32 as an alternative Event location that may be preferred by the City, as further
5 described in a letter dated November 8, 2010 from Stephen Barclay on behalf of the
6 America's Cup Committee, Golden Gate Yacht Club, a copy of which is on file with the Clerk
7 of the Board in File No. 101259 and which is hereby declared to be a part of this Resolution
8 as if set forth fully herein; and,

9 (n) The City will undertake environmental review under CEQA of the 34th America's
10 Cup event and facilities and will work with the Team as well as experts and the public to
11 develop a thorough environmental analysis that will inform both the design and placement of
12 the 34th America's Cup events and facilities, and the City and the Team intend the
13 34th America's Cup event and facilities to be models of green, sustainable technology and
14 event planning; and,

15 (o) Chapter 29 of the Administrative Code requires the Board of Supervisors to
16 determine whether certain projects proposed by a City department or other entity are fiscally
17 feasible and responsible prior to initiating environmental review under the California
18 Environmental Quality Act ("CEQA"); and,

19 (p) The Office of Economic and Workforce Development has submitted to the Board of
20 Supervisors a report on the proposed Project ("the Fiscal Feasibility Report") containing the
21 information required by Administrative Code Section 29.3, which Report is on file with the
22 Clerk of the Board of Supervisors in File No. 101259, and is hereby incorporated by this
23 reference as part of the Resolution as if fully set forth herein; and,

24 (q) The Board of Supervisors has reviewed and considered the general description of
25 the Event, the general purpose of the Event, the fiscal plan and other information submitted to

1 it and has considered the direct and indirect financial benefits of the Event to the City, as set
2 forth in the Fiscal Feasibility Report; and,

3 (r) The Venue Leases (and licenses) and Disposition and Development Agreements
4 ("DDAs"), Legacy Leases and Transfer Agreement contemplated in the Host Agreement will
5 be subject to later discretionary approvals by the Board of Supervisors and Port, following
6 completion of environmental review of the Event under CEQA. A proposed schedule of major
7 approvals is on file with the Clerk of the Board in File No. _____ which is hereby
8 declared to be a part of this Resolution as if set forth fully herein; and,

9 (s) Under Section 1 of the Host Agreement, the Host Agreement will terminate if the
10 City is not selected as host city for the 34th America's Cup; and under Section 2 of the Host
11 Agreement, the Host Agreement will terminate without liability to any Party if the Parties
12 otherwise are unable to reach agreement on a variety of contingencies, including but not
13 limited to if environmental review under CEQA would require unacceptable modifications to
14 the Event or other terms of the Host Agreement; and,

15 (t) The obligations of the City and the ACOC owed to the Event Authority under the
16 Host Agreement shall be secured by a surety bond in the amount of \$32 million provided by
17 the ACOC.

18 Now, therefore, be it

19 RESOLVED, That the Board of Supervisors finds that the plan to undertake and
20 implement the Event is fiscally feasible and responsible under San Francisco Administrative
21 Code Chapter 29; and, be it

22 FURTHER RESOLVED, That under San Francisco Administrative Code Chapter 29,
23 the environmental application may now be filed with the Planning Department and the
24 Planning Department may now undertake environmental review of the Event as required by
25 Administrative Code Chapter 31 and CEQA; and, be it

1 FURTHER RESOLVED, That the City will conduct environmental review of the
2 34th America's Cup under the California Environmental Quality Act ("CEQA") and nothing in
3 this Resolution implements any approvals or facilities for the Event, or grants any entitlements
4 to the Event Authority, nor does adoption of this Resolution foreclose the possibility of
5 considering alternatives to the proposal, mitigation measures or deciding not to grant
6 entitlement or approve or implement any actions to construct necessary amenities for the
7 Event after conducting appropriate environmental review under CEQA, and while the Host
8 Agreement identifies many of the essential terms of a proposed transaction between the
9 Event Authority and the City, it does not approve or finalize all of the material terms and
10 conditions of the project, including the Venue Leases and DDAs, Legacy Leases and Transfer
11 Agreement; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Host
13 Agreement and authorizes the Mayor and City Officials with jurisdiction of over the specific
14 contractual and leasing agreement subject matter, including the Executive Director of the Port
15 over Port matters, to enter into and perform the City's obligations under the Host Agreement;
16 and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and urges
18 the Mayor, Director of the Office of Economic and Workforce Development, and other City
19 Officials with jurisdiction over the specific contractual and leasing subject matter, including the
20 Executive Director of the Port over Port matters, to take such steps and enter into any
21 additions, amendments or other modifications to the Host Agreement as they, in consultation
22 with the City Attorney, determine are in the best interests of the City, do not materially
23 increase the obligations or liabilities of the City and are necessary or advisable to bring the
24 34th America's Cup to San Francisco Bay and effectuate the purpose and intent of this
25 Resolution, and further ratifies such actions that the Mayor, Director of the Office of Economic

1 and Workforce Development, Port Director or other City Official may undertake within the
2 scope of this authority before final adoption of this Resolution, except for the Venue Leases
3 and the DDAs, Legacy Leases and Transfer Agreement contemplated in the Host Agreement,
4 which all will be subject to later discretionary approvals by the Board of Supervisors and Port,
5 as applicable, following CEQA review of the Event.