File No. 130664 Committee Item No. _____
Board Item No. 47

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee _____ Date _____

Board of Supervisors Meeting Date July 23, 2013

Cmte	Board	
☐	☐	Motion
☐	☐	Resolution
☐	☐	Ordinance
☐	☐	Legislative Digest
☐	☐	Budget Analyst Report
☐	☐	Legislative Analyst Report
☐	☒	Introduction Form (for hearings)
☐	☒	Department/Agency Cover Letter and/or Report
☐	☐	MOU
☐	☐	Grant Information Form
☐	☐	Grant Budget
☐	☐	Subcontract Budget
☐	☐	Contract/Agreement
☐	☐	Award Letter
☐	☐	Application
☐	☒	Public Correspondence

OTHER (Use back side if additional space is needed)

- ☐ ☒ Appellants' Letter of Request for Continuance
- ☐ ☒ Project Sponsor's Response to Appellant's Request for Continuance
- ☐ ☒ Appellants' Appeal Filings
- ☐ ☒ Appellants' Arguments
- ☐ ☒ Project Sponsor's Response
- ☐ ☒ Planning Department's Response

Completed by: Joy Lamug Date July 3, 2013
Completed by: _____ Date _____

An asterisked item represents the cover sheet to a document that exceeds 20 pages. The complete document is in the file.

Lamug, Joy

From: Veneracion, April
Sent: Wednesday, July 03, 2013 8:49 AM
To: Tom Lippe; Lamug, Joy
Cc: Frye, Tim; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Dayrit, Erica; 'Engler, Daniel M.'
Subject: RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear all,

Both parties have agreed to a continuance of the appeal of the Historic Preservation Commission's decision on a major permit to alter relating to 706 Mission Street to date certain July 23, 2013.

Supervisor Kim will make a motion to that effect at next Tuesday's July 9, 2013 board meeting.

Have a great holiday weekend.

April Veneracion Ang

From: Tom Lippe [tlippe@lgwlawyers.com]
Sent: Monday, July 01, 2013 12:50 PM
To: Lamug, Joy
Cc: Frye, Tim; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Dayrit, Erica; 'Engler, Daniel M.'
Subject: RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear Ms. Lamug

On behalf of Appellants, I request that the Board of Supervisors continue the July 9, 2013 hearing on this appeal to a date when it can be heard on the same agenda as the proposed Special Use District and Zoning Map Amendment proposed for this Project.

Later dates in July that work for my clients and myself are July 16 and July 23.

Thank you for your attention to this matter.

Tom Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, CA 94107
Tel 415 777-5600 x 202
Fax 415 777-9809
e-mail: tlippe@lgwlawyers.com
Web: www.lgwlawyers.com and www.lippelaw.com

From: Lamug, Joy [mailto:joy.lamug@sfgov.org]
Sent: June 21, 2013 3:38 PM
To: tlippe@lgwlawyers.com
Cc: Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Byrne, Marlena; Boyajian, Judy; Sanchez, Scott; Jones, Sarah; Rodgers, AnMarie; Frye, Tim; Yegazu, Lily; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Da
Subject: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear Mr. Lippe:

The Office of the Clerk of the Board is in receipt of a memorandum dated June 20, 2013, from the City Attorney's Office regarding the appeal of the Historic Preservation Commission's decision on a Major Permit to Alter relating to 706 Mission Street.

The City Attorney has determined that the appeal is appealable to the Board of Supervisors.

I have attached a copy of the City Attorney's memorandum for further explanation.

A hearing date has been scheduled on **Tuesday, July 9, 2013, at 3:00 p.m.**, at the Board of Supervisors meeting to be held in City Hall, Legislative Chamber, Room 250, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

P Please provide 1 electronic copy and 18 hard copies to the Clerk's Office by:

8 **8 days prior to the hearing:** any documentation which you may want available to the Board members prior to the hearing;

11 days prior to the hearing: names of interested parties to be notified of the hearing.

If you have any questions, please feel free to contact Legislative Director, Rick Caldeira at (415) 554-7711 or Legislative Clerk, Joy Lamug at (415) 554-7712.

Joy Lamug
Board of Supervisors-Clerk's Office
1 Dr. Carlton B. Goodlett Place,
City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-7712
Email: joy.lamug@sfgov.org

From: Lamug, Joy [mailto:joy.lamug@sfgov.org]
Sent: June 21, 2013 3:38 PM
To: tlippe@lgwlawyers.com
Cc: Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Byrne, Marlena; Boyajian, Judy; Sanchez, Scott; Jones, Sarah; Rodgers, AnMarie; Frye, Tim; Yegazu, Lily; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Da
Subject: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear Mr. Lippe:

The Office of the Clerk of the Board is in receipt of a memorandum dated June 20, 2013, from the City Attorney's Office regarding the appeal of the Historic Preservation Commission's decision on a Major Permit to Alter relating to 706 Mission Street.

The City Attorney has determined that the appeal is appealable to the Board of Supervisors.

I have attached a copy of the City Attorney's memorandum for further explanation.

A hearing date has been scheduled on **Tuesday, July 9, 2013, at 3:00 p.m.**, at the Board of Supervisors meeting to be held in City Hall, Legislative Chamber, Room 250, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

P Please provide 1 electronic copy and 18 hard copies to the Clerk's Office by:

8 **8 days prior to the hearing:** any documentation which you may want available to the Board members prior to the hearing;

11 days prior to the hearing: names of interested parties to be notified of the hearing.

If you have any questions, please feel free to contact Legislative Director, Rick Caldeira at (415) 554-7711 or Legislative Clerk, Joy Lamug at (415) 554-7712.

Joy Lamug
Board of Supervisors-Clerk's Office
1 Dr. Carlton B. Goodlett Place,
City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-7712
Email: joy.lamug@sfgov.org

Lamug, Joy

From: Engler, Daniel M. [dengler@coxcastle.com]
Sent: Tuesday, July 02, 2013 10:50 AM
To: Calvillo, Angela
Cc: Byrne, Marlena; Cleveland-Knowles, Susan; Yegazu, Lily; Frye, Tim; Guy, Kevin; Dwyer, Debra; 'tlippe@lgwlawyers.com'; Lamug, Joy; Bradish, Margo; Birkey, Scott B.
Subject: Appeal of the Historic Preservation Commission's Decision on the Major Permit to Alter for the 706 Mission Street-The Mexican Museum Project
Attachments: Letter to Board.pdf

Dear Ms. Cavillo,

On behalf of the Project Sponsor for the 706 Mission Street-The Mexican Museum Residential Tower Project, attached please find a letter responding to Mr. Lippe's email dated July 1, 2013 requesting a continuance of the July 9, 2013 hearing on the appeal of the Major Permit to Alter for the Project.

Regards,
Dan

Daniel M. Engler
Cox, Castle & Nicholson LLP
555 California Street, 10th Floor
San Francisco, CA 94104
Direct Dial: (415) 262-5134
Fax: (415) 262-5199
Email: dengler@coxcastle.com
Website: www.coxcastle.com

COX CASTLE NICHOLSON

Cox, Castle & Nicholson LLP
555 California Street, 10th Floor
San Francisco, California 94104-1513
P 415.262.5100 F 415.262-5199

Margo N. Bradish
415.262.5101
mbradish@coxcastle.com

File No. 56238

July 2, 2013

BY E-MAIL

Board President David Chiu and Members of the Board of Supervisors
c/o Ms. Angela Calvillo
Clerk of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: 706 Mission Street -- Residential Tower and Mexican Museum Project; Project Sponsor's Response to Appellants' Request for Continuance

Dear Board President David Chiu and Members of the Board of Supervisors:

I am in receipt of an e-mail to the Board of Supervisors' Clerk's Office dated July 1, 2013, from Mr. Tom Lippe, counsel for Appellants in the appeal of the Historic Preservation Commission's approval of a Major Permit to Alter for the 706 Mission Street – The Mexican Museum and Residential Tower Project. Mr. Lippe's email requests that the Board of Supervisors continue the July 9, 2013, hearing on the appeal.

On behalf of 706 Mission Street Co LLC, the Project Sponsor, we would agree to Mr. Lippe's request for a continuance, provided that the appeal can be calendared to a date certain and placed on the Board of Supervisors' July 23, 2013 agenda, where it can be considered along with the Project's Special Use District and Zoning Map Amendment proposals.

Sincerely,

Margo N. Bradish

cc: Sean Jefferies, Millennium Partners
Marlena Byrne, Esq., San Francisco City Attorney's Office
Susan Cleveland-Knowles, Esq., Esq., San Francisco City Attorney's Office
Ms. Lily Yegazu, San Francisco Planning Department
Mr. Tim Frye, San Francisco Planning Department
Mr. Kevin Guy, San Francisco Planning Department
Ms. Debra Dwyer, San Francisco Planning Department
Tom Lippe, Esq., Lippe Gaffney Wagner LLP

Lamug, Joy

From: Tom Lippe [tlippe@lgwlawyers.com]
Sent: Monday, July 01, 2013 3:48 PM
To: Lamug, Joy
Cc: Caldeira, Rick
Subject: RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street
Attachments: LGW 026 070113 Party Addresses.pdf

Dear Ms Lamug

Please see attached letter with addresses of known interested parties

Tom Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, CA 94107
Tel 415 777-5600 x 202
Fax 415 777-9809
e-mail: tlippe@lgwlawyers.com
Web: www.lgwlawyers.com and www.lippelaw.com

From: Lamug, Joy [mailto:joy.lamug@sfgov.org]
Sent: July 01, 2013 10:06 AM
To: Tom Lippe
Cc: Caldeira, Rick
Subject: RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Good Morning Mr. Lippe,

Thank you for your email. Kindly provide us with the names and addresses of the interested parties to be notified.

Thank you.

Joy Lamug
Board of Supervisors-Clerk's Office
1 Dr. Carlton B. Goodlett Place,
City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-7712
Email: joy.lamug@sfgov.org

From: Tom Lippe [mailto:tlippe@lgwlawyers.com]
Sent: Friday, June 28, 2013 3:29 PM
To: Lamug, Joy
Cc: Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Byrne, Marlena; Boyajian, Judy; Sanchez, Scott; Jones, Sarah; Rodgers, AnMarie; Frye, Tim; Yegazu, Lily; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Dayrit, Erica; 'Engler, Daniel M.'
Subject: RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear Ms Lamung

Please see attached letter responding to your request for the names of interested parties.

Tom Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, CA 94107
Tel 415 777-5600 x 202
Fax 415 777-9809
e-mail: tlippe@lgwlawyers.com
Web: www.lgwlawyers.com and www.lippelaw.com

From: Lamug, Joy [mailto:joy.lamug@sfgov.org]
Sent: June 21, 2013 3:38 PM
To: tlippe@lgwlawyers.com
Cc: Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Byrne, Marlena; Boyajian, Judy; Sanchez, Scott; Jones, Sarah; Rodgers, AnMarie; Frye, Tim; Yegazu, Lily; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Da
Subject: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear Mr. Lippe:

The Office of the Clerk of the Board is in receipt of a memorandum dated June 20, 2013, from the City Attorney's Office regarding the appeal of the Historic Preservation Commission's decision on a Major Permit to Alter relating to 706 Mission Street.

The City Attorney has determined that the appeal is appealable to the Board of Supervisors.

I have attached a copy of the City Attorney's memorandum for further explanation.

A hearing date has been scheduled on **Tuesday, July 9, 2013, at 3:00 p.m.**, at the Board of Supervisors meeting to be held in City Hall, Legislative Chamber, Room 250, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

P Please provide 1 electronic copy and 18 hard copies to the Clerk's Office by:

8 **8 days prior to the hearing:** any documentation which you may want available to the Board members prior to the hearing;

11 days prior to the hearing: names of interested parties to be notified of the hearing.

If you have any questions, please feel free to contact Legislative Director, Rick Caldeira at (415) 554-7711 or Legislative Clerk, Joy Lamug at (415) 554-7712.

Joy Lamug
Board of Supervisors-Clerk's Office
1 Dr. Carlton B. Goodlett Place,
City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-7712
Email: joy.lamug@sfgov.org

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO - 329 Bryant St., Ste. 3D, San Francisco, CA 94107 - T 415.777.5600 - F 415.777.9809
SACRAMENTO - 9333 Sparks Way, Sacramento, CA 95827 - T 916.361.3887 - F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

July 1, 2013

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: **Appeal of May 15, 2013 Historic Preservation Commission Article 11 Determination; Motion No. 0197.**

Dear Ms. Calvillo:

This office represents the 765 Market Street Residential Owner's Association ("ROA"), Friends of Yerba Buena ("FYB"), Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Appellants"), regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project"). I am writing in response to your email request for the addresses of "interested parties."

1. My clients listed in the first paragraph of this letter (i.e., appellants), may be notified through me, at the San Francisco address on the letterhead above.

2. The Project Sponsors, 706 Mission Street Co., LLC, may be notified through their counsel: Margo N. Bradish, Cox, Castle & Nicholson LLP, 555 California Street, 10th Floor, San Francisco, CA 94104-1513.

3. Tenants and Owners Development Corporation and Yerba Buena Neighborhood Consortium may be notified through their counsel: Susan Brandt-Hawley, Law Offices of Susan Brandt-Hawley, 13760 Arnold Drive, Glen Ellen, CA 95442.

Thank you for your attention to this matter.

Very Truly Yours,

Tom Lippe

Thomas N. Lippe

\\Lgw-server\tl\706 Mission\Administrative Proceedings\LGW Docs\BOS HPC Art 11 Appeal\LGW 026 070113 Party Addresses.wpd

Lamug, Joy

From:	Tom Lippe [tlippe@lgwlawyers.com]
Sent:	Monday, July 01, 2013 4:29 PM
To:	Lamug, Joy; BOS-Supervisors
Cc:	Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Boyajian, Judy; Sanchez, Scott; Guy, Kevin; Ionin, Jonas; Calvillo, Angela; Caldeira, Rick; BOS-Legislative Aides; 'Bradish, Margo'; 'Birkey, Scott B.'; 'Engler, Daniel M.'
Subject:	[WARNING : MESSAGE ENCRYPTED] RE: Appeal - Major Permit to Alter for the 706 Mission Street-The Mexican Museum Residential Tower Project
Attachments:	LGW 025a 070113 Appeal of HPC to BOS.pdf; Exh 2 EPS Report May 8 2013.pdf; Exh 1 Final Sussman Report 6-28-2013 with Exhibits.pdf

Please see Appellants' additional documentation in support of this appeal, attached.

Tom Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, CA 94107
Tel 415 777-5600 x 202
Fax 415 777-9809
e-mail: tlippe@lgwlawyers.com
Web: www.lgwlawyers.com and www.lippelaw.com

From: Lamug, Joy [mailto:joy.lamug@sfgov.org]
Sent: July 01, 2013 1:06 PM
To: BOS-Supervisors
Cc: Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Boyajian, Judy; Sanchez, Scott; Guy, Kevin; Ionin, Jonas; Calvillo, Angela; Caldeira, Rick; BOS-Legislative Aides; 'tlippe@lgwlawyers.com'; Bradish, Margo; Birkey, Scott B.; Engler, Daniel M.
Subject: FW: Appeal Response - Major Permit to Alter for the 706 Mission Street-The Mexican Museum Residential Tower Project

Dear Supervisors,

Attached please find the Planning Department's response to the appeal of the Major Permit to Alter for the 706 Mission Street-The Mexican Museum Residential Tower Project, scheduled to be heard on Tuesday, July 9th at 3:00 p.m.

Thank you.

Joy Lamug
Board of Supervisors-Clerk's Office
1 Dr. Carlton B. Goodlett Place,
City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-7712

Email: joy.lamug@sfgov.org

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO • 329 Bryant St., Ste. 3D, San Francisco, CA 94107 • T 415.777.5600 • F 415.777.9809
SACRAMENTO • 9333 Sparks Way, Sacramento, CA 95827 • T 916.361.3887 • F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

July 1, 2013

Board President David Chiu and Members of the Board of Supervisors
c/o Ms. Angela Calvillo
Clerk of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: Further Argument and Evidence in Support of Appeal of May 15, 2013 Historic Preservation Commission Article 11 Determination; Motion No. 0197.

Dear Board President David Chiu and Members of the Board of Supervisors:

This office represents the 765 Market Street Residential Owner's Association ("ROA"), Friends of Yerba Buena ("FYB"), Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Appellants"), regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project") and this appeal.

I am writing to briefly restate the grounds for this appeal that were listed in my Notice of Appeal letter dated June 13, 2013 and to provide additional argument, as well as additional evidence developed since that date.

With the exception of the additional argument presented below regarding grounds 2 through 5 and ground 7, I previously presented the arguments in support of this appeal in my office's letter dated May 15, 2013 to the Historic Preservation Commission (in connection with its decision to approve the Major Permit to Alter) or in my letter dated April 25, 2013 to this Board (in connection with my clients' appeal of the Planning Commission's certification of the EIR). Therefore, I will not repeat what those letters say; instead, I hereby incorporate them by reference and also submit herewith courtesy copies of same.

The grounds for this appeal include:

1. The Project violates Planning Code Article 11, section 1111.6(c)(6) because the Project tower will increase the height of the Aronson Building by more than one story. See section 3 of my April 25, 2013 letter to this Board and section III.A of my May 15, 2013 letter to the HPC.

2. The Project violates Planning Code Article 11, section 1111.6(c)(6) because the Project tower is not compatible in scale with the Aronson Building. See section 3 of my April 25, 2013 letter to this Board and section III.B of my May 15, 2013 letter to the HPC.

3. The Project violates Planning Code Article 11, section 1113(a) because the Project tower is

not compatible in scale and design with the New Montgomery-Mission-Second ("NMMS") Conservation District. as set forth in Sections 6 and 7 of Appendix F. See section 3 of my April 25, 2013 letter to this Board and section III.C of my May 15, 2013 letter to the HPC.

4. The Project tower violates Planning Code Article 11, section 1111.6(a) because the alteration is not consistent with and appropriate for the effectuation of the purposes of this Article 11. See section 3 of my April 25, 2013 letter to this Board and section III of my May 15, 2013 letter to the HPC

5. The Project tower violates Planning Code Article 11, section 1111.6(b) because the work does not comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties and Rehabilitation. See section 3 of my April 25, 2013 letter to this Board and section III of my May 15, 2013 letter to the HPC.

With respect to grounds 2 through 5, two additional points deserve your consideration. If the HPC is correct that the proposed tower (which is now proposed to be 480 feet high) is not out-of-scale with the Aronson Building and the Conservation District in violation of Article 11 standards, then nothing is, and Article 11 is meaningless. Therefore, the HPC's findings on these issues violate "the 'cardinal rule of statutory construction' to give effect to all words and provisions of a statute and leave no part superfluous or inoperative." (*Leavitt v. County of Madera* (2004) 123 Cal.App.4th 1502, 1519.)

Second, Planning Code § 1113(a) provides:

> The HPC, Planning Commission, Board of Appeals, and Board of Supervisors shall find in their review of applications for any new or replacement structure or for an addition to any existing structure in a Conservation District that such construction is compatible in scale and design with the District as set forth in Sections 6 and 7 of the Appendix that describes the District

HPC Motion No. 0197 finds that the Project is consistent with Secretary Standard 9, stating:

> Standard 9:
> New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment. . . . .
> *Although the proposed height of the tower is much taller than the Aronson Building, the proposed location and articulation of the tower as a related but visually separate building from the Aronson Building maintains a context that is similar to many buildings of varying heights within the district and the immediate vicinity thereby*

retaining the spatial relationships that characterize the property within the District.

(Motion No. 0197, pp. 9-10, italics in original).)

Thus, the evidentiary support for the HPC's finding that the tower is compatible in scale with the Conservation District and consistent with the Secretary's Standards is that it is compatible in scale with tall buildings outside of the Conservation District and with buildings within the Conservation Dsitrcit that are not "contributory" to the historic scale of the District as described in sections 6 and 7 of Appendix F of Article 11. In short, the evidence that the HPC cites in support of its findings relating to grounds 2 through 5 is irrelevant to those findings. Irrelevant evidence does not qualify as "substantial evidence." (*Orinda Assn v. Board of Supervisors* (1986) 182 Cal.App.3d 1145, 1166 [*Orinda Assn*].)

6. The Commission adopted the following CEQA Findings regarding historic resources:

a. The proposed rehabilitation, repair, and reuse of the Aronson Building under the proposed project would not cause a substantial adverse change in the significance of the Aronson Building as a historical resource under CEQA. (Impact CP-5).

b. The Project tower would not cause a substantial adverse change in the significance of the Aronson Building historical resource. (Impact CP-6).

c. The Project tower would not cause a substantial adverse change in the significance of nearby historical resources (Impact CP-7).

d. The Project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant impact on historic architectural resources (Impact CP-2).

In making these findings, the HPC did not proceed in the manner required by law and they are not supported by substantial evidence in the record for all the reasons described in my letters dated April 25, 2013 to this Board and May 15, 2013 to the HPC.

7. The HPC's CEQA Findings do not comply with governing law.

a. The HPC adopted a CEQA Finding (in Section IV of Motion No. 0197) that further mitigation of the Project's significant cumulative shadow impact on Union Square by reducing the height of the tower is infeasible. The Commission did not proceed in the manner required by law in making this finding, and it is not supported by substantial evidence in the record.

The applicant's analysis of the financial feasibility of Project alternatives (i.e., the

May 8, 2013 report by Economic and Planning Systems) finds the Reduced Shadow Alternative (i.e. a tower height of 351 feet with 27 stories as discussed in the Project EIR) is not financially feasible, meaning it has a negative Project Residual. "Project Residual" is defined in the EPS Report as any amount of net profit above a "Developer Return" equal to a predetermined percentage of costs (i.e., 18% in EPS's analysis). The EPS report shows no developer profit on the Reduced Shadow Alternative because the Project Residual is negative (i.e., -$137,623,238). (Exhibit 2, EPS Report, Appendix A, Table 5.)

Neither the Project EIR nor the EPS Report analyze any mitigation measure or alternative that calls for a tower lower than 520 feet but higher than 351 feet that would "substantially lessen" the impact, even if it would not entirely avoid the impact. Therefore, based on the record as it now stands, no agency of the can make the finding required by CEQA that there are no feasible mitigation measures that would "substantially lessen" this impact. See section VIII of my May 15, 2013 letter to the HPC.

Also, the EPS report shows that there are feasible alternative tower heights lower than 520 feet, because it shows the developer's profit on the proposed Project is $123,607,636, which consists of a required Developer Return of $83,315,695 (equal to 18% of costs) plus a positive Project Residual of $40,291,941 over and above the required Developer Return. (Exhibit 2, EPS Report, Appendix A, Table 1.) Therefore, once again, neither the HPC nor this Board can make the finding required by CEQA that there are no feasible mitigation measures that would "substantially lessen" this impact.

Perhaps in recognition of this fact, the applicant changed the Project by lowering the tower to 480/510 feet. But this does not solve the problem, because there are still tower heights below 480/510 feet that are financially feasible that would lessen the shadow impact on Union Square. At a minimum, the EIR needs to be revised and recirculated to explain these matters in more detail, and in a manner that allows the public to meaningfully participate in the discussion. To date, the public has been systematically excluded from participating in the discussion of feasible mitigation measures that would substantially lessen this impact.

Finally, I retained CPA Eric Sussman, of the Anderson Graduate School of Management at UCLA (where he has taught Real Estate Investment and Finance, Finance, Financial Reporting, Financial Statement Analysis, and Managerial Accounting since 1995) in order to provide an independent critique of the applicant's (i.e., EPS') analysis of the financial feasibility of reducing the tower height to avoid casting shadow on Union Square. Mr. Sussman's report is attached hereto as Exhibit 1.

Mr. Sussman found that the EPS report is based on unjustified and unjustifiable assumptions that systematically biased its analysis of the feasibility of the Reduced Shadow Alternative. With respect to each of six key variables (i.e., construction cost per unit size,

size of floor plate, sale price per unit size, sale price per current market conditions, efficiency ratio, developer return ratio, and necessity for TDR purchases), the EPS reports assumes a value that artificially depresses the financial feasibility of the Reduced Shadow Alternative.

In contrast to the EPS Report's conclusion, after correcting the values of the six key variables listed above, Mr. Sussman found the Reduced Shadow Alternative to be financially feasible because it results in net profits to the developer of $156,622,642, which consists of a required Developer Return of $56,097,525 (equal to 15% of costs) plus a positive Project Residual of $100,525,117 over and above the required Developer Return. (Exhibit 1, Sussman Report, Exhibits 4 and 5.)

b. Just before the May 23, 2013, Planning Commission and Recreation and Park Commission hearing on this matter, the Planning Department recommended to these Commissions that the amount of sunlight "added back" to Union Square Park by the Macy's remodel be included in the increase in the Absolute Cumulative Shadow Limit being adopted for Union Square to accommodate this Project. So just like that, a very real environmental resource was erased, and without any discussion of doing so in the EIR or a revised and recirculated EIR. This last minute change altered the Project Description, the baseline for assessing the Project's shadow impacts on Union Square, and the severity of this impact. Therefore, CEQA requires that the City revise and recirculate the EIR before any agency of the City, including the HPC, makes the CEQA Findings required by Public Resources Code section 21081.

8. The EIR does not disclose that the Historic Preservation Commission has permitting jurisdiction over the Project, nor disclose that a Permit to Alter is a required Project approval. See section 2 of my April 25, 2013 letter to this Board and section II.A of my May 15, 2013 letter to the HPC.

9. The EIR has not properly analyzed how the project conflicts with the San Francisco Planning Code and will result in significant impacts to historical resources. See section 4 of my April 25, 2013 letter to this Board and section IV.B of my May 15, 2013 letter to the HPC.

10. The EIR's cumulative impact analysis impermissibly compares the Project impacts to the already degraded setting. See section V.A of my May 15, 2013 letter to the HPC.

11. The EIR employs an arbitrary standard of "views within the district" to determine that impacts to historical resources are not significant. See section V.B of my May 15, 2013 letter to the HPC.

As a result of the EIR deficiencies described above, recirculation of a revised draft EIR is required. See section VI of my May 15, 2013 letter to the HPC.

In addition, for the reasons stated above, the Major Permit to Alter should be denied.

Thank you for your attention to this matter.

Very Truly Yours,

Tom Lippe

Thomas N. Lippe

\\Lgw-server\tl\706 Mission\Administrative Proceedings\LGW Docs\BOS HPC Art 11 Appeal\LGW 025a 070113 Appeal of HPC to BOS.wpd

EXHIBIT 1

Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower Project and Alternatives

Expert Report of Eric Sussman

Anderson Graduate School of Management, UCLA

June 28, 2013

Expert Report of Eric Sussman

Contents

Expert Report of Eric Sussman

I. Executive Summary

1. The May 8, 2013 "Financial Feasibility of 706 Mission Street: The Museum and Residential Tower Project and Alternatives" report prepared by Economics and Planning Systems, Inc. (the "EPS Report"), which concludes that the Reduced Shadow Alternative, Residential Flex Option is not financially feasible, rests on a number of flawed and/or unsupported assumptions. These assumptions significantly and improperly decrease the computed "Project Residual," the measure the EPS Report uses to determine the economic feasibility of the project. However, when employing more appropriate assumptions, the conclusion changes, and the Reduced Shadow Alternative becomes financially viable.

II. Assignment

2. I have been retained by Lippe Gaffney Wagner LLP, counsel for 765 Market Street Residential Owner's Association, Friends of Yerba Buena, Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins, to evaluate a number of issues pertaining to the 706 Mission Street – Residential Tower and Mexican Museum Project (the "706 Mission Project"). Specifically, I have been asked to evaluate the economics and assumptions contained within the Reduced Shadow Alternative, Residential Flex Option of the EPS Report. I have also been asked to review the May 10, 2013 Keyser Marston Associates peer review of the EPS Report (the "Keyser Report"). In forming my opinion, I have reviewed the EPS Report, the May 14, 2013 addendum to the EPS Report, and the Keyser Report. I have also reviewed a variety of publically available materials relevant to understanding the 706 Mission Project and the current

state of the relevant real estate market. My compensation is not dependent on my opinions or the outcome in this matter.

III. Qualifications

3. I have an extensive background in all aspects of real estate investment, management, and finance, am a licensed CPA in the State of California, and am a full-time faculty member at the Anderson Graduate School of Management at UCLA, where I have instructed courses in Real Estate Investment and Finance, Finance, Financial Reporting, Financial Statement Analysis, and Managerial Accounting since 1995. I have instructed more UCLA MBAs in the past ten years than any other member of the faculty, and have received numerous teaching awards, and recognition by Business Week as one of the Anderson School's "Outstanding Faculty" since 1996.

4. Outside of my academic appointment, I am President of Amber Capital, Inc., and Manager of Fountain Management, LLC and Sequoia Real Estate Investment Partners, LLC, which collectively employ approximately 20 individuals, and which have acquired, rehabilitated, developed, and managed over 2.5 million square feet of residential (2,000 multi-family units) and commercial (industrial, retail, and office) real estate in the past fifteen years.

5. In addition, I serve as Chairman of Causeway Capital's group of mutual funds, which collectively has over $2.2 billion in assets, and am also on the boards of Pacific Charter School Development, Inc., a non-profit developer of charter schools, and Bentley-Forbes, LLC, a privately-held real estate investment firm. I received my MBA from Stanford with honors, in 1993, after graduating Summa cum Laude from UCLA in 1987, with a

Bachelor's Degree in Economics-Business. A copy of my curriculum vitae, which includes a list of my prior testimony, is attached hereto as Appendix A.

IV. The EPS Report's Reduced Shadow Alternative Conclusion Rests on a Number of Flawed and/or Unsupported Assumptions

6. The EPS Report concludes that the Reduced Shadow Alternative, Residential Flex Option has a project residual of -$139,541,222, thus rendering it financially infeasible.[1] However, like most financial analyses for proposed real estate projects, the EPS Report's conclusions rest on a number of key assumptions. As discussed above, I have been retained to identify and provide an opinion on those key assumptions. Upon identification and a closer inspection, I find that a number of these variables are flawed and/or unsupported. Correcting these errors has the effect of making the Reduced Shadow Alternative far more attractive financially, and in fact, economically viable.

A. The EPS Report Uses an Average Unit Size That Is Too Low

7. For no apparent reason, the EPS Report assumes the Reduced Shadow Alternative would produce much smaller residential units (average of 1,300 square feet) than the Project Alternative (average of 2,052 square feet) it ultimately recommends.[2] I see no reason that the Reduced Shadow and Project Alternatives should not have the same-sized average units.

8. Choosing to assume smaller units artificially decreases the value of the Reduced Shadow Alternative in a couple of different ways. First, and most importantly, building smaller units depresses the sales price per square foot a project can be expected to command. The EPS Report

[1] EPS Report, Appendix A, Table 5. Figure is for the option with the assumed purchase of Transferable Development Rights ("TDR"s).

[2] EPS Report, Table 6.

and I agree that, for luxury condominiums in San Francisco, larger units can be sold for substantially more per square foot, all else equal.[3] Because larger-sized condominium units in San Francisco experience far greater sales prices per square foot than smaller-sized units, this assumption significantly and improperly reduces the project residual of the Reduced Shadow Alternative.

9. Second, building a larger number of small units instead of a smaller number of larger units increases per square foot construction costs. The EPS Report's construction cost analysis says "[n]ote: [t]he higher the (number of/density of) interior residential units per sf the higher the GSF unit cost for this work and inversely the lower the (number of/density of) units per sf the lower the GSF unit cost for this work."[4] Thus, by arbitrarily allocating smaller units to the Reduced Shadow Alternative without any support whatsoever, the EPS Report artificially drives up construction costs.

10. Third, costs associated with the project include "Required and Additional Affordable Housing In-Lieu Fees."[5] These fees are calculated based on of the number of units in the project. With an average unit size that is comparatively too small, the Reduced Shadow Alternative has more units and thus would pay comparably higher affordable housing fees. These higher fees in turn deflate the Reduced Shadow Alternative's project residual.

B. The EPS Report Uses Prices per Square Foot That Are Too Low

11. 91% of the Reduced Shadow Alternative's projected revenue comes from expected residential sales revenue, the product of net saleable area and sales prices per square foot. Thus, the assumptions used for the sales price per square foot drive a large part of the financial

[3] EPS Report, Table 4.

[4] EPS Report, Appendix E, p. 7.

[5] EPS Report, Table 8.

conclusions contained in the EPS Report and require an independent review. However, the sales per square foot assumption – arguably the most important one in the entire EPS Report - was sourced from the "Project Sponsor", 706 Mission Co., LLC.[6] The EPS Report attempts to justify this assumption by looking at project specific, market specific, and new vs. re-sale factors.[7]

12. In rubber-stamping the Project Sponsor's assumption, the EPS Report makes a number of mistakes. For example, the EPS Report relies only on developer sales for each of the four comparable buildings.[8] For example, it uses Four Season's initial sales prices from 2000 – 2004 to make a comparison, rather than recent sales. It justifies this decision by comparing 14 Millennium Tower developer sales, made primarily in 2009 and 2010, a difficult market environment, with re-sales, made in 2012 and 2013, a much stronger real estate market.[9] It does this without even mentioning, much less accounting for, market-wide price increases, and instead attributes any resale gain to "value-adding renovation" rather than a healthier real estate market.[10]

13. To properly project the sales price per square foot, I have downloaded all recent sales (since January 2011) for the four most comparable projects: the Four Seasons Condominiums, the St. Regis, the Ritz-Carlton, and the Millennium Towers from Redfin.com. However, before choosing the most likely price per square foot for the 706 Mission Project, I adjust comparable sales for recent, significant increases in the local real estate market.

---

[6] EPS Report, p. 10.

[7] EPS Report, pp. 11-18.

[8] The EPS Report and I agree there are 4 recently developed projects which are most comparable to the 706 Mission Project: the Four Seasons Residences, the Ritz-Carlton Residences, the St. Regis Residences, and the Millennium Tower

[9] For example, the seasonally adjusted San Francisco Case-Shiller Condominium Index, described below, was up 20.1% between 3/31/2010 and 3/31/2013.

[10] EPS Report, p. 18.

14. These increases have been well documented, with the release of April 2013 Case-Shiller data on June 25, 2013.[11] For example, between April 2012 and April 2013 the San Francisco metro area saw a 28.0% jump in condominium prices year-over-year.[12] A broader history of the seasonally adjusted San Francisco Case-Shiller Condominium Index can be seen in Exhibit 1.

15. To account for the fact that a condominium sale today in the Four Seasons would be different than, for example, a January 2012 transaction, I have adjusted sales prices for comparable buildings by the relevant change in the San Francisco Metro Area Case-Shiller Condominium Index between the sales month and the end of April 2013.[13] This adjustment, if anything, understates the recent price increases, as the San Francisco Case-Shiller Condominium Index includes a far more diverse set of properties than just luxury condominiums in downtown San Francisco.[14] Exhibit 2 shows that, when this market adjustment is made, the median adjusted sales price per square foot for units 2,000 square feet or above is $1,814 (the average is $1,839).[15,16]

16. To correct for the EPS Report's flawed assumptions with actual comparable sales data, I update the expected sales price per square foot for the lowest floors of the Reduced Shadow

[11] The seasonally adjusted Case-Shiller data is widely used among academics and market practitioners – it is the "industry standard". Seasonally adjusted indices control for seasonal fluctuations in sales prices.

[12] http://www.socketsite.com/archives/2013/06/san_francisco_house_and_condo_values_continue_to_gain.html, accessed on 6/25/13.

[13] For each comparable transaction, I adjust the sale price by the increase in the San Francisco Case-Shiller Condominium Index between the month of sale and April 2013, the most recent available data. After the sale price is adjusted to reflect more recent market conditions, I calculate a market adjusted price per square foot. For example, suppose a 1,000 sq ft condominium sold for $1,500,000 in January 2012. Since January 2012, the Case-Shiller Condominium Index is up 35.19%, which makes the market adjusted price $2,027,779 ($1,500,000 * 1.3205). Thus, while the condominium sold for $1,500 per sq ft in January 2012, the increase in real estate prices since then suggest the same condominium would have sold for $2,028 per sq ft in April 2013.

[14] The San Francisco MSA includes Alameda, Contra Costa, Marin, San Francisco and San Mateo Counties.

[15] The EPS Report finds condominium sales of over 2,000 square feet in the project area have an average sale price of $1,397 per sq ft. The EPS Report's project area used to calculate this average includes 10 residential buildings, rather than the most relevant 4 used in my analysis. The EPS Report's comparable transactions go back to 2005 and do not include any market adjustments for real estate price changes. See EPS Report, Table 4.

[16] Removing the EPS Report Table 5's 14 Millennium re-sales from the analysis does not change the results in a meaningful way. The average market adjusted price per square foot is $1,820 for units greater than 2,000 square feet without these properties included. The median is $1,814.

Alternative to $1,650, up from $1,150.[17] I have no reason to alter the assumed price gradations between floors – I maintain the EPS Report's steady increases between floors (as seen in Table 3) as a percentage of the lowest floors. For example, the difference between Floors 11-25 and Floors 4-10 in the EPS Report's Table 3 is 4.35% ($1,200 vs. $1,150). I maintain that relationship in my analysis.

17. Exhibit 3 shows corrected price per square foot assumptions to be used in this analysis, based on actual recent market data. It shows that my corrected expected weighted average price square foot is $1,692, quite conservative considering the comparable median market adjusted price of recent condominium sales in comparable buildings greater than 2000 square feet is $1,814 per square foot.

18. This expectation for a $1,692 average sales price per square foot is conservative for other reasons as well. The Case-Shiller adjustment I have made is conservative in its own right because the index includes many slower growing Metropolitan Statistical Areas and is a lagging indicator, with the recently released data reflecting changes in housing prices only through April 2013. Condominium prices have continued to rise since then. For example, a recent Bloomberg News article says "San Francisco condo prices set a record in each of the last three months [March, April and May 2013], soaring 27 percent in May from a year earlier to a median $881,020, according to the state Realtors. The peak in the previous cycle was $811,170 in March 2008."[18] Once data comes in confirming rising prices in the area through the end of June 2013, market adjusted comparable condominium prices (and thus the expected sales price per square foot of the 706 Mission Project) are sure to keep rising as well.

---

[17] EPS Report, Table 3.

[18] http://www.bloomberg.com/news/2013-06-26/san-francisco-s-million-dollar-homes-spur-condo-surge.html, accessed 6/27/13.

C. The EPS Report Uses a Smaller Floorplate Without Justification

19. The EPS Report uses an assumed floorplate of 12,970 gross square feet for the Proposed Project, but a floorplate of only 10,650 gross square feet for the Reduced Shadow Alternative.[19] I see no reason that the Project and Reduced Shadow Alternatives should not have the same size floorplate.

20. Arbitrarily assuming a smaller floorplate artificially decreases the value of the Reduced Shadow Alternative in that there would be far fewer units and less net salable square feet to sell. This unjustified assumption makes a 2,320 gross square foot per floor difference, and even using the unsupported efficiency ratio (addressed below), that means an extra roughly 44,080 net salable square feet for the Reduced Shadow Alternative . This is a major difference between the two alternatives, and the EPS Report does not attempt to address it.

D. The EPS Report Uses an Unsupported Residential Efficiency Ratio

21. As introduced above, 91% of the Reduced Shadow Alternative's projected revenue is from sales of residential units, of which net saleable area is a vital driver. To determine the net salable area of the proposed tower, the EPS Report multiplies the gross square feet available for residential sales and multiplies it by an "efficiency ratio" to account for hallways, elevators, and similar common areas. The EPS Report chooses a 76% efficiency ratio for its residential calculations, with no support.[20] My own research suggests an appropriate range between 75% and 85%.[21] Discussions with local real estate professionals have supported this research and indicated that 80% is a standard efficiency ratio for modern urban infill residential projects,

[19] EPS Report, Appendix D, Tables 1 and 5.

[20] EPS Report, p. 11.

[21] For an example of an article suggesting 85% is reasonable, see http://www.highriseconcrete.com/multifamily_article.pdf, accessed on 5/31/2013.

which is in the middle of my range, and thus is the number I use to correct the EPS Report. The EPS Report arbitrarily used a ratio on the low end of a normal range, making all of the alternatives, including the Reduced Shadow Alternative, appear less profitable.

22. The unsupported efficiency ratio assumption is very important for the EPS Report's conclusions – each 1% allows for an (approximately) additional 3,768 square feet of net salable area, after correcting it floorplate assumption. Using my corrected expected weighted average price per square foot, an extra 1% of efficiency leads to an extra $6.0 million of expected project residual. Thus by using an 80% efficiency ratio, the Reduced Shadow project residual, using corrected assumptions, increases by $24.2 million.

E. The EPS Report Chooses an 18% Developer Return, Which is Arbitrarily High

23. Developer return, or the required profit the developer needs to accept the project, is significant for a proposed project of this nature. The EPS Report chooses an 18% (of total costs) required return for the developer, at the highest end of its acceptable range, to account for the "market risk of rolling out all of the units at the same time, high front-end costs, as well as construction and financing risks."[22] By choosing a developer return at the high end of its range, the EPS Report makes the Reduced Shadow Alternative appear less profitable.

24. I do not find the EPS Report's rationale for using an 18% rate of return to be compelling or justified. First, while the EPS Report cites "prior EPS experience" when selecting its range, it does not cite any previous reports or third-party data to make its case. Second, almost every large development project in San Francisco or elsewhere requires significant "high front-end costs" – the EPS Report provides no color as to why this market or this project requires more

[22] EPS Report, p. 28.

significant up-front costs than usual. Third, the developer will most certainly not roll out all the units at once – there will likely be a large number of pre-sales made well in advance of the project's completion. In a strong market like San Francisco, where all parties can see either model units or comparable projects built by the same developer, the sales risk will be significantly mitigated. Finally, the EPS Report's assertion of relatively high "construction and financing risks," are made without providing any specifics. To make an assessment of the financing risks, I would need to see financing terms or term sheets for the proposed project, and those were not included with the report. Also, the justification does not mention the experienced general contractor who would likely include completion guarantees in their contract, mitigating completion risk.

25. One way to properly evaluate the appropriate developer return is to start with the developer's cost of capital. Cost of capital is a widely used metric, used to determine the minimum return that an investor requires in order to move forward with an investment opportunity, in this case a real estate development. It is often referred to as a "hurdle rate".[23] While I do not know the hurdle rate for the Project Sponsor, the developer, a privately held entity, the average cost of capital for publically traded Real Estate Investment Trusts ("REITs"), was 10.04% as of January 2013.[24] Using this benchmark, one can assume that any return over 10.04% is economic profit over an equivalent investment alternative for the developer.

26. To estimate how much economic profit is appropriate for the developer, one must evaluate the specific circumstances surrounding the proposed 706 Mission Project. The relative risk associated with the project plays a large role in how much compensation above the cost of capital the developer should receive for assuming such risk. Given the strength of the San

[23] See, for example,"Principles of Corporate Finance", Franklin Allen, Stewart C. Myers, and Richard A. Brealy, 8th edition, p. 16.

[24] http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/wacc.html.htm, accessed on 6/21/2013.

Francisco housing market, characterized by excess demand and a lack of supply, and the particular exceptional infill location of the subject project, and the developer's association with Webcor, a very experienced general contractor, it is my opinion that this is a relatively low risk development project. Thus a roughly five percent (5%) spread over the cost of capital for publicly-traded REITs (e.g., a 15% developer return) for this relatively low risk project would be far more appropriate than a roughly 8% spread (e.g., an 18% developer return).

F. The EPS Report Includes the Purchase of TDRs

27. The EPS Report includes the purchase of TDRs as an option in its Reduced Shadow Alternative feasibility analysis, despite not including it for a number of other alternatives, including the Project Alternative.[25] While I do not know with certainty what the City of San Francisco will or will not do regarding TDRs, it seems unlikely that the Project Alternative and Reduced Shadow Alternative would have different outcomes with respect to TDR purchase requirement. To reflect this presumed consistency, I assume no TDR purchases will be required for the Reduced Shadow Alternative.

V. Correcting Flawed and/or Unsupported EPS Report Assumptions Makes the Reduced Shadow Alternative Financially Feasible

28. The impact these flawed and unsupported assumptions have on the Reduced Shadow Alternative project residual cannot be overstated. By employing more appropriate and accurate assumptions, I reach a very different conclusion regarding the viability of the Reduced Shadow Alternative.

[25] EPS Report, Table 8.

29. Exhibit 4 is a re-creation of the EPS Report's Appendix A, Table 5, with corrected assumptions. In this analysis, for the reasons discussed above, I have:

a. Increased the average condominium size from to 2,052 square feet, which reduces construction costs per square foot, reduces affordable housing in-lieu fees, and increases expected sales revenue per square foot.

b. Increased the proposed tower's floorplate to 12,970 gross square feet.

c. Increased expected sales revenue per square foot to $1,692.[26]

d. Increased the efficiency ratio to 80%.

e. Decreased the required developer return to 15%.

f. Removed the scenario where TDRs would need to be purchased.

Exhibit 5 shows the individual impact of each of these changes and that, after making these required corrections, the Reduced Shadow Alternative has an expected project residual of $100,525,117, making the Reduced Shadow Alternative financially feasible.

30. Note that this correction is conservative, as I describe above why I would expect sales revenue per square foot to be higher than $1,692 if the units were sold today. Furthermore, I have not researched and corrected every flawed and/or unsupported assumption made by the EPS Report.

VI. The Keyser Report Does Not Test the EPS Report's Assumptions

31. The Keyser Report is a very flawed peer review, as it accepted each and every key assumption in the EPS report, with seemingly no independent verification or research to test the

[26] This correction can be thought of as a combination of two separate factors: the increased price per square foot due to increased unit size and the market adjustment. For exhibit 5, I estimate the correction for unit size to increase the price per square foot from $1,150 to $1,450 for the lowest floors. Also for Exhibit 5, I estimate the market adjustment based on the Case-Shiller San Francisco Condominium Index corrects the price per square foot from $1,450 to $1,650 for the lowest floors.

veracity of the assumptions used. It simply restates the key assumptions from the EPS report and says they seem "reasonable."

32. In my experience, a proper peer review evaluates the subject's key assumptions by independently evaluating and corroborating them. The Keyser Report, commissioned to "undertake a peer review" of the EPS Report,[27] fails to rigorously review any of the key assumptions I have outlined above.

33. In evaluating the EPS Report's revenue estimate, the Keyser Report properly identifies residential sales revenue as the "dominant revenue source for the Project and Project Alternatives"[28] and briefly discusses the assumptions used for the prices per square foot (but not the size of the units or the efficiency ratios). However, it appears to simply bless what the EPS Report has done, without doing any independent research on its own. To better review such an important assumption, the Keyser Report could have at least done something similar to my analysis of recent sales in the 4 most relevant comparable buildings. Looking at that data with a critical eye would have highlighted a major flaw in the EPS Report's methodology.

34. The Keyser Report does not address the purchase of TDRs or the rate of required developer returns. In fact, the only cost-related finding it addresses in that the direct construction costs will increase, on a per square foot basis, as the size of the tower decreases. I find the Keyser Report's review of the cost assumptions to be completely lacking.

VII. Conclusion

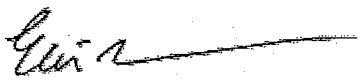
35. The EPS Report relies on a number of flawed and/or unsupported assumptions, as well as a flawed peer review, to conclude the Reduced Shadow Alternative is economically infeasible.

[27] Keyser Report, p. 2.

[28] Keyser Report, p. 8.

After correcting a few of these flawed and/or unsupported assumptions, the EPS Report's conclusion changes and the Reduced Shadow alternative becomes economically feasible.

Executed this 28th of June, 2013



Eric Sussman

Appendix A

ERIC H. SUSSMAN, CPA

ON-CAMPUS OFFICE
UCLA Anderson Graduate School of Management
110 Westwood Plaza, Suite D420
Los Angeles, CA 90095-1481
Tel: (310) 825-3564
Fax: (310) 825-3165
Email: esussman@anderson.ucla.edu

OFF-CAMPUS OFFICE
Amber Capital, Inc.
10990 Wilshire Blvd., Suite 420
Los Angeles, CA 90024
Tel: (310) 312-4804
Fax: (310) 312-1699
Email: erichsussman@gmail.com

PROFESSIONAL SUMMARY

Highly qualified and multi-faceted business professional and educator. Award-winning faculty member at UCLA's Anderson Graduate School of Management and successful executive of real estate investment firm. Extensive experience as consultant, public speaker, expert witness, and Board member.

CAREER EXPERIENCE

1995-Present **UNIVERSITY OF CALIFORNIA, LOS ANGELES ANDERSON GRADUATE SCHOOL OF MANAGEMENT, Los Angeles, California**
LECTURER

Since joining faculty in 1995, taught thousands of graduate, undergraduate, and executive MBA students in accounting, financial reporting, finance, and real estate investment and finance. Voted 'Outstanding Professor' thirteen times by MBA students, received Citibank Teaching Award (1997), Neidorf Decade Teaching Award (2008), and rated ninth most popular business school professor in the U.S. by Business Week (2010). Taught more MBA students in past 10 years than any other faculty member. Specialist in corporate accounting and reporting, real estate investment and finance, cost accounting, financial statement analysis, corporate fraud, and valuation. Frequent lecturer on such topics. Courses/classes taught include:

- Real Estate Investment and Finance
- Introductory, Intermediate, and Advanced Financial Accounting
- Cost/Managerial Accounting
- Corporate Financial Reporting
- Financial Statement Analysis and Equity Valuation
- Corporate Finance

Additional Results/Activities:

- Creator of Insight FSA©, an accounting risk assessment software program.
- Provide forensic accounting services to numerous institutional investment clients.

- Creator of MBA Special Topics in Advanced Accounting course and co- developer of Undergraduate Business Institute.
- Advised numerous MBA consulting projects (nationally and globally), assisting firms on strategic, marketing, and financial issues.
- Taught MBA Cost Accounting Course at Helsinki School of Economics, Helsinki, Finland (voted best core course professor of 2004).
- Lectured in and about economic issues in Brazil, China, Dubai, Saudi Arabia, and Italy.
- Acted as expert witness and consultant for commercial litigation, involving matters of corporate disclosure, audit effectiveness, valuation, real estate due diligence and practices, and economic damage analyses.

1993-Present AMBER CAPITAL, INC.; SEQUOIA REAL ESTATE PARTNERS; CLEAR CAPITAL, LLC; FOUNTAIN MANAGEMENT, LLC, Los Angeles, California
www.sequoiarealestatepartners.com
PRESIDENT; MANAGING MEMBER

Since founding in 1993, firms have acquired and syndicated over $220 million of multi-family, industrial, retail, and office properties throughout the U.S., focusing on Southern California. Currently own/operate approximately 2,000 apartment units and 500 thousand square feet of commercial (retail and industrial) property. Primary focus on rehabilitation and repositioning of multifamily assets. Employ approximately 15 people in project management, construction, and accounting.

Additional Results/Activities:

- Provided investors with over 15% compounded internal rate of return since inception (over all transactions).
- Developed class-A industrial warehouse in Commerce, California and multi-family project in Hollywood; converted 76 condominium units in Los Angeles, CA.
- Formed Pacific Value Opportunities Fund I and II, L.P. to acquire and reposition single- and multi-family properties in Western U.S.
- Provide tax, financial planning, portfolio management, and related consulting services to individual and corporate clients.

1988-1992 PRICE WATERHOUSE, Los Angeles, California
AUDIT MANAGER

Planned, coordinated, and supervised audit and due diligence services for varied domestic and multi-national clients. Representative clients included The Walt Disney Company, Bell Industries, Inc., Carter Hawley Hale, Inc., and Loyola Marymount University. Earned highest evaluative ratings and received earliest possible promotions.

Appendix A

EDUCATION

1991-1993 STANFORD GRADUATE SCHOOL OF BUSINESS, Palo Alto, California
M.B.A., 1993, Arjay Miller Scholar - top 10% of graduating class

1984-1987 UNIVERSITY OF CALIFORNIA, LOS ANGELES, Los Angeles, California
B.A. Economics-Business, 1987
Summa Cum Laude and Phi Beta Kappa, Economics Achievement Award (top 1%)
Completed degree in three years

BOARD OF DIRECTOR/PROFESSIONAL AFFILIATIONS

- Licensed CPA and real estate broker (inactive), State of California.
- Chairman, Board of Trustees, and Audit Committee member, Causeway Capital Group of Funds (approximately $2.2 billion in assets, collectively)
- Member, Board of Directors, Bentley-Forbes, LLC
- Member, Board of Directors, Pacific Charter School Development, Inc.
- Former Chairman, Presidio Fund (domestic value fund, closed May 2010)
- Former Member, Board of Directors, and Audit Committee Chair, Atlantic Inertial Systems, developer and producer of electromechanical sensors (sold, Dec. 2009)

REPRESENTATIVE EXPERT WORK IN LITIGATION CONTEXT

Holmes v. CenterTrust, Inc.
Retained by Plaintiff
Plaintiff's Counsel: Henry Finkelstein, Esq., Greenberg, Glusker, Fields, et al

Plaintiff claimed breach of contract and fraud involving his sale of a shopping center to Defendant, a publicly traded real estate investment trust. Provided numerous valuation analyses, including damage assessments; reviewed the Defendant's financial disclosures in filings with the Securities and Exchange Commission; wrote several memoranda and declarations as a part of case filings.

Sorisho v. Solectron, Inc.
Retained by Plaintiff
Plaintiff's Counsel: Charles Wisch, Law Offices of Charles Wisch

Plaintiff, a former CFO of one of Defendant's business units, filed suit against his former employer for wrongful termination, alleging that termination was retributive, in response to complaints to corporate executives about improper, inconsistent, and material accounting issues. Provided numerous analyses and written declarations as a part of court filings.

TSCO Glendale, LLC v. Alex Hakakian and related cross actions
Retained by Defendant
Defendant's Counsel: Michael Taitelman, Freedman & Taitelman, LLP

Plaintiff, who owned certain retail commercial space in Glendale, California, was Defendant's landlord and filed suit against Defendant for breach of contract. Dispute centered around certain provisions of the underlying lease agreement involving whether Defendant was obligated to operate retail operations on the premises, subleasing provisions, and payment of percentage rent. Provided quantitative analyses regarding market rental rates and testified on behalf of Defendant at deposition.

Valida Michelle Bouie v. International Medical Corps, et al.
Homayoun Bazarvan v. Hilton Universal City, and
Towers et al Keith Konheim v. Veeco Instruments Inc.
(All separate actions)
Retained by Plaintiff
Plaintiff's Counsel: Frank A. Magnanimo, Esq., Appleton, Blady & Magnanimo LLP

Plaintiffs filed suit for wrongful termination and related claims. Provided damage analyses for counsel and related work.

Bryan Miller et al v. 3944 Kentucky Homeowners Association, et al.
Retained by Plaintiff
Plaintiff's Counsel: Litt, Estuar, Harrison, Miller & Kitson

Plaintiff filed suit for breach of fiduciary duty, negligence, and fraud against HOA which manages his condominium complex. Reviewed numerous documents and provided various analyses of claims.

Thomas v. Slauson Transmission Parts
Retained by Plaintiff
Plaintiff's Counsel: Frank A. Magnanimo, Esq., Appleton, Blady & Magnanimo LLP

Plaintiff sued for wrongful termination and related claims. Testified at arbitration on economic damages and provided detailed report on same.

Peter Kraus & Valshop LLC v. Cinema Drive Partners
Retained by Plaintiffs
Plaintiff's Counsel: Christine Calareso, Selman & Breitman, LLP

Plaintiff sued for fraud, negligent misrepresentation and related claims in connection with the acquisition of a shopping center. Reviewed documents and consulted extensively with counsel on economic damages and standard due diligence practices.

Mary Baccash et al v. George Assali et al
Retained by Plaintiffs
Plaintiff's Counsel: Jennifer Clingo, Selman & Breitman, LLP

Plaintiff sued for fraud and related claims in connection with numerous (real estate) refinancing transactions. Performed forensic accounting review of underlying documents (title, escrow, checks, bank statements) and provided conclusions to counsel.

Firestone Financial Corporation et al v. Lorman et al
Retained by Plaintiffs
Plaintiff's Counsel: E. Lee Horton, Waller Lansden Dortch' & Davis; Charles Kreindler, Mayer Brown

Plaintiff sued for numerous claims including fraud, breach of trust, breach of fiduciary duty, and related claims. Engaged to review various lending transactions, assess related risks, and damages to plaintiffs.

John H. Tory, IRA v. EVP Fourth Corp., et al.
Retained by Plaintiffs
Plaintiff's Counsel: Rick Perez, Perez & Miller

Plaintiff sued for fraud, breach fiduciary duty, and related claims, related to the sale of a substantial multi-family asset in Los Angeles. Prepared declaration for court filing(s).

Caruso Affiliated Holdings v. General Growth Properties, Inc., et al
Retained by Plaintiffs
Plaintiff's Counsel: Henry Shields, Irell & Manella, LLP; John Gordon, Quinn Emanuel

Plaintiff sued for fraud, malice, and oppression related to the tortuous interference with a large-scale retail shopping center development. Engaged in punitive damages phase of the case to evaluate defendant's financial condition and related SEC filings and disclosures.

Deborah Freeman v. Federated Department Stores, Inc., et al
Retained by Defendants
Defendant's Counsel: Chrstine Calareso, Selman & Breitman, LLP

Plaintiff sought damages caused by injuries allegedly sustained in a mall parking lot. Provided economic damage analyses.

Pennebaker v. Jamboree Management, et al
Retained by Defendants
Defendant's Counsel: Richard Seely, Law Offices of David Brault

Plaintiff sought damages caused by alleged injuries sustained at apartment complex owned and managed by defendant. Consulted upon regarding standard property management practices and economic damage analyses.

Jason C. Beaver et al v. PN II Inc. d/b/a Pulte Homes o Nevada Inc. Del Webb Communities, Inc., et al
Retained by Defendants
Defendant's Counsel: Sean Thueson, Holland & Hart, LLP

Plaintiff filed suit in Clark County, Nevada, alleging numerous claims (breach of covenant of good faith, fraud, negligent misrepresentation) related to the sale(s) of new homes in the Las Vegas area. Prepared detailed report rebutting plaintiffs' and plaintiffs' experts' claims.

Julian 1. Aroesty, Trustee v. Rocky Mountain Pictures, Inc., et al
Retained by Defendants
Defendant's Counsel: Ashton Watkins, Law Offices of Ashton Watkins

Plaintiff filed unlawful detainer action against defendant for alleged violations of a Form AIR commercial lease. Testified at trial on relevant accounting issues (GAAP, tax, fair market value vs. cost) and standards under assignment and subletting clause(s).

Asphalt Professionals, Inc. v. T.O. IX, et al
Retained by Defendants
Defendant's Counsel: David Wilzig, Law Offices of David Wilzig

Plaintiff filed breach of contract action and related fraud action related to alleged outstanding bills on a residential construction project. Consulted upon regarding matters of standard accounting and formation practices of special purpose real estate entities.

Johann Wernhart v. National Hotrod Association et al
Retained by Plaintiffs
Plaintiff's Counsel: Thomas Hoegh, Law Offices of Thomas Hoegh

Plaintiff filed claims for damages for personal injuries sustained during a racing accident. Prepared economic damages and lost profits assessment arising from plaintiff's abandonment of a business venture.

Steven Hudson v. Sotheby's et al
Retained by Plaintiffs
Plaintiff's Counsel: Allen, Matkins, Leck, Gamble, & Mallory LLP

Plaintiff filed claims for breach of contract, negligent misrepresentation, fraud and related damages arising from the alleged failure to disclose material facts related to plaintiff's purchase of a single family residence. Provided assistance in compilation of discovery assessing and evaluating economic damages claims.

Gateway 4th, LLC v. Pacific CityHome, LLC, et al
Retained by Plaintiffs
Defendant's Counsel: Miller & Barondess LLP

Plaintiff sought an injunction against a lender, to prevent foreclosure of a residential development project. Provided an opinion as to the likelihood of Defendant's ability to sell condominium units at certain specified reserve prices, and submitted declaration regarding same.

Todd Kurtin v. Bruce Elieff, SunCal Management, et al
Retained by Defendants
Defendant's Counsel: Miller & Barondess LLP

Plaintiff filed claims for breach of contract, fraud and related damages arising from the alleged breach of a Settlement Agreement. Retained to provide accounting for disbursements made from certain real estate entities, and render an opinion as to certain accounting methods and practices employed by Defendants. Prepared two detailed reports, and testified at deposition (twice), bench trial (equitable phase), and jury trial (legal phase).

Abhyankar v. Countrywide et al
Retained by Plaintiff
Plaintiff's Counsel: Blady & Weinreb LLP

Plaintiff sued for wrongful termination and related claims. Testified at arbitration on economic damages and provided detailed report on same.

Fred Sands v. KPMG et al
Retained by Defendant
Defendant's Counsel: Gibson, Dunn, & Crutcher LLP

Plaintiff sued for breach of fiduciary duty, fraud, and related claims. Retained to evaluate claims and provide guidance on discovery matters.

The Eugene M. St. John Living Trust v. The Del Rey Development 1997 Trust
Retained by Defendant
Defendant's Counsel: Seed Mackall LLP

Plaintiff (Petitioner) sought reduction and/or removal of trustee and asset manager related to a trust with sizeable real estate and other assets. Retained to evaluate claims and provide guidance on discovery matters. Prepared report, and provided deposition testimony on same.

Michael Garcia v. Smart & Final, Inc. et al
Retained by Plaintiff
Plaintiff's Counsel: Blady & Weinreb LLP

Plaintiff sought damages for wrongful termination. Provided report and testified at deposition as to economic damages resulting from alleged wrongful conduct.

Nisson Motor Acceptance Corporation v. Superior Auto of Fremont et al
Retained by Defendants (and Cross-complainants)
Defendant's Counsel: Miller & Barondess LLP

Retained to evaluate and estimate damages sustained by Defendants, specific to certain real property owned by Defendant, as a result of alleged Plaintiff's actions. Testified at deposition and jury trial.

Marital Dissolution Proceeds: Marriage of Kruse
Retained by Counsel for Ms. Tammy Kruse
Client's Counsel: Law Offices of William R. Burkitt

Retained to opine on approaches and protocol when valuing certain business interests owned by client and her former spouse.

Laurel Canyon-Chelsea, Theodore Stein, Jr. v. Cathay Bank
Retained by Defendants (and Cross-complainants)
Defendant's Counsel: Miller & Barondess LLP

Retained to evaluate reasonableness of Defendant's actions with respect to certain borrowings by Plaintiff.

The Rusnak Group v. R&G Builders
Retained by Plaintiffs
Plaintiff's Counsel: Glaser, Weil, Fink, Jacobs et al

Retained to evaluate and estimate damages sustained by Plaintiffs, as a result of construction defects caused by Defendants.

Appendix A

Free Regional Water Authority v. M&H REalty Partners VI, L.P. et al
Retained by Defendants
Defendant's Counsel: Glaser, Weil, Fink, Jacobs et al

Retained to value certain property subject to an easement, and related economic damages. Prepared report, and testified (deposition and arbitration) regarding same.

Clarence F. Konkel and Barbara J. Konkel, Trustees v. Alan C. Fox et al
Retained by Plaintiffs
Plaintiff's Counsel: Clarkson/Riley LLP

Retained by Plaintiffs to opine on relative risks of various real estate investment opportunities and common practices of real estate sponsors and investment offerings, including tenant-in-common syndications.

Le Kun Wu et al v. Magnus Sunhill Group, LLC et al
Retained by Plaintiffs
Plaintiff's Counsel: Godwin Heath, LLP

Retained by Plaintiffs to opine on standard structures of real estate investments, documentation and disclosures typically provided to investors in real estate partnerships or similar entities, fees and costs paid by investors to sponsors of real estate investments, and nature of accounting records that should be prepared and maintained by privately-owned real estate investment firms. Prepared report, and testified at deposition and jury trial regarding same.

IMT Capital 11525 Blucher, LLC v. NMS Properties, Inc. et al
Retained by Plaintiffs (and Cross-Defendant)
Plaintiff's Counsel: Hughes Hubbard & Reed, LLP

Retained to opine on damages alleged from improvements made to an easement between parties. Testified at deposition.

EXPERT WORK IN ADMINISTRATIVE CONTEXT

Fortune Commercial, Inc., DBA Seafood City. Retained by Charles Miller, Esq., Law Offices of Charles Miller, to review documents surrounding "Application for Alien Employment Certification," which had been initially declined, and drafting of letter/declaration to Department of Labor (DOL) on behalf of applicant.

State Bar of California. Retained by Ms. Nancie Arbogast, an Investigator with the State Bar of California, to review certain financial documents and render a written analysis and opinion to support the Bar's actions against a certain *respondent*.

Appendix A

Lewis,D'Amato, Brisbois, & Bisgaard, LLP. Retained by a certain of-counsel member of the firm to assist him in his negotiations related to his continued employment and associated compensation associated therewith. Prepared detailed analyses of the firm operations (billable hours by staff, evaluation of client activity) in order to evaluate the profitability of this individual and his team to the firm.

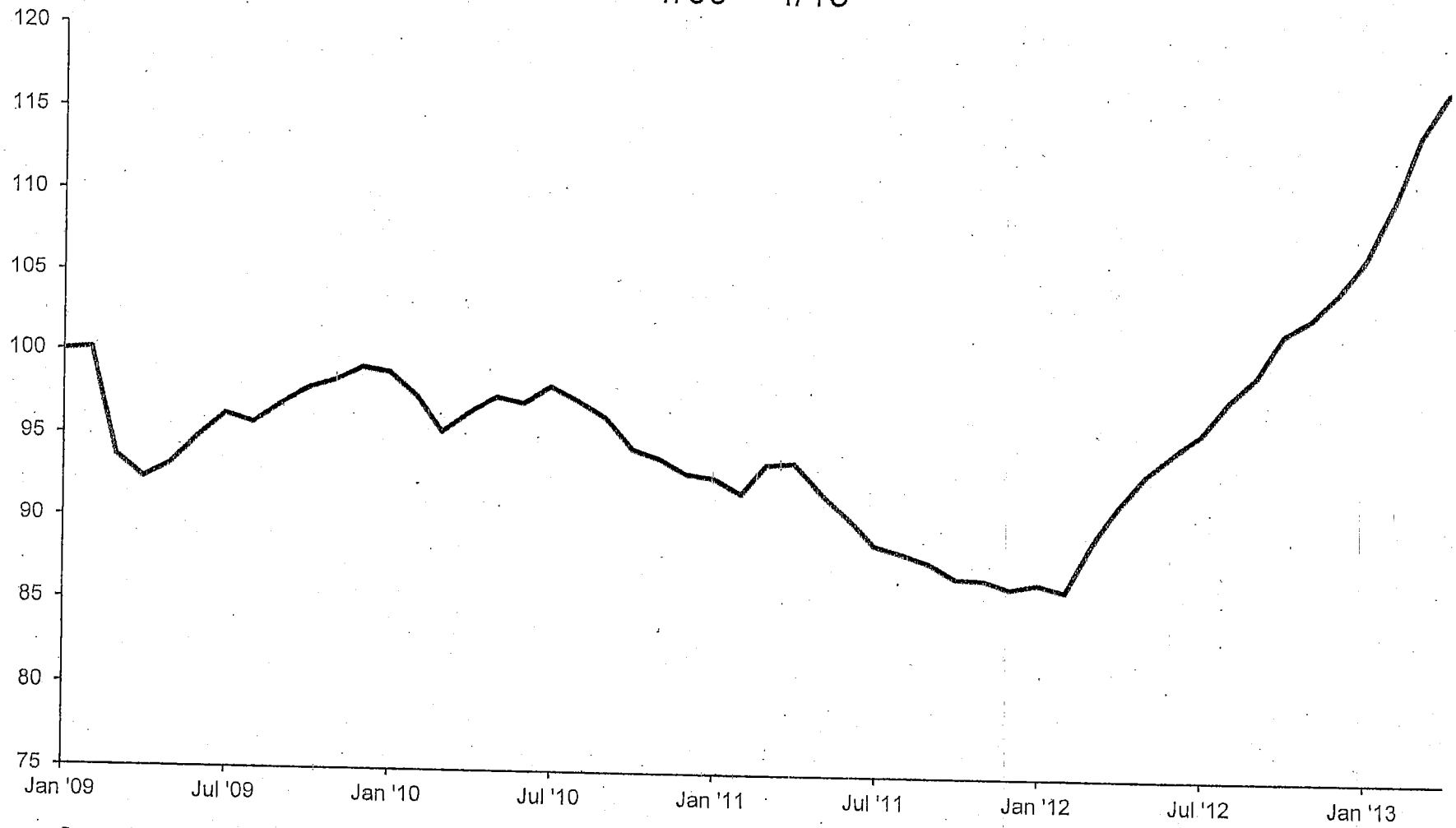
REPRESENTATIVE CLIENT LIST

Alden Vineyards
Allen, Matkins, Leck, Gamble, & Mallory LLP
Amdocs, Inc.
Appleton, Blady, & Magnanimo, LLP
Association of Scientific Advisors, Inc.
Blady & Weinreb LLP
Bruce Burkitt, Esq.
Catalina Marketing Corporation
Charles Miller, Esq., The Miller Law Offices
Clarkson Riley LLP
Community Partners
Cornerstone Research
Epoch Partners
Firestone Financial Corp.
Freedman & Taitelman, LLP
Gerson-Lehman Group
Gibson Dunn & Crutcher LLP
Glaser, Weil, Fink, Jacobs, et al
Godwin Heath LLP
Greenberg, Glusker, Fields, Claman, Machtinger, & Kinsella, LLP
HNC Corp. (Fair Isaac)
Holland & Hart, LLP
Huges Hubbard & Reed, LLP
Irell & Manella, LLP
James Hardie Corp
Johnson & Johnson
Kaiser Permanente
Kennedy Wilson
Law Offices of Ashton Watkins
Law Offices of David Brault
Law Offices of David Wilzig
Law Offices of Thomas Hoegh
Lewis, D'Amato, Brisbois, & Bisgaard, LLP
Los Angeles Kings
Mayer Brown
Merrill Lynch
Miller Barondess LLP
Montgomery & Co.
National Institute of Investor Relations (NIRI)
Perez & Miller
Public Relations Los Angeles

Appendix A

Quinn Emanuel et al, LLP
Ratkovich Company
The Riordan Program
Seed Mackall LLP
Selman & Breitman, LLP
State Bar of California
Stifel Nicolaus
TAP Pharmaceuticals, Inc.
TEKES, Finish Technology Agency
Thomas Weisel Partners
Trammel Crow
Waller Lansden Dorth & Davis, LLP
Watson Law Group
Wisch Law Group, Charles Wisch, Esq.

Exhibit 1
Case-Shiller San Francisco Condominium Index
1/09 – 4/13



Source: Standard and Poors

Note: The index is seasonally adjusted and pegged at 100 on 1/1/09.

5156

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet	$1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet	$1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 17E	1/7/2011	1,136	$1,050,000	$1,325,435	$1,167
Millennium Tower	301 Mission St Unit 22J	1/14/2011	1,207	$1,020,000	$1,287,565	$1,067
Millennium Tower	301 Mission St Unit 47C	1/24/2011	2,101	$2,716,000	$3,428,458	$1,632
Millennium Tower	301 Mission St Unit 904	1/28/2011	1,485	$1,525,000	$1,925,036	$1,296
The St. Regis San Francisco	188 Minna St Apt 32A	2/4/2011	2,027	$2,860,000	$3,644,878	$1,798
Millennium Tower	301 Mission St Unit 15G	2/15/2011	1,268	$1,324,000	$1,687,349	$1,331
Four Seasons	765 Market St Apt 32F	2/16/2011	2,576	$4,350,000	$5,543,782	$2,152
Millennium Tower	301 Mission St Unit 18B	2/18/2011	1,469	$1,300,000	$1,656,763	$1,128
Millennium Tower	301 Mission St	2/23/2011	1,485	$1,525,000	$1,943,510	$1,309
The Ritz-Carlton Residences	690 Market St Unit 2201	3/4/2011	1,515	$1,050,000	$1,313,068	$867
Millennium Tower	301 Mission St Unit 28E	3/9/2011	1,714	$1,800,000	$2,250,974	$1,313
Millennium Tower	301 Mission St Unit 47E	3/9/2011	1,671	$2,300,000	$2,876,244	$1,721
Millennium Tower	301 Mission St Unit 10C	3/10/2011	1,583	$1,250,000	$1,563,176	$987
Millennium Tower	301 Mission St Unit 23G	3/10/2011	1,268	$1,325,000	$1,656,967	$1,307
Millennium Tower	301 Mission St Unit 11C	3/14/2011	1,583	$1,255,000	$1,569,429	$991
Four Seasons	765 Market St Apt 29H	3/15/2011	1,427	$1,900,000	$2,376,028	$1,665
Four Seasons	765 Market St #344	3/15/2011	1,427	$1,075,000	$1,344,332	$942
Millennium Tower	301 Mission St #50	4/1/2011	1,526	$1,300,000	$1,623,372	$1,064
Millennium Tower	301 Mission St Unit 53D	4/1/2011	2,230	$2,850,000	$3,558,932	$1,596
Millennium Tower	301 Mission St Unit 3H	4/8/2011	773	$582,500	$727,396	$941
Millennium Tower	301 Mission St Unit 9C	4/8/2011	1,583	$1,210,000	$1,510,985	$955
Millennium Tower	301 Mission St Unit 23B	4/13/2011	668	$686,000	$856,641	$1,282
Millennium Tower	301 Mission St Unit 17H	4/14/2011	773	$640,000	$799,199	$1,034
Millennium Tower	301 Mission St Unit 12F	4/22/2011	1,845	$1,650,000	$2,060,434	$1,117
Millennium Tower	301 Mission St Unit 6J	4/26/2011	1,245	$1,000,000	$1,248,748	$1,003
The Ritz-Carlton Residences	690 Market St Unit 1505	4/26/2011	952	$665,000	$830,417	$872
Millennium Tower	301 Mission St Unit 5H	5/2/2011	773	$585,000	$743,944	$962
The St. Regis San Francisco	188 Minna St Apt 38D	5/3/2011	1,792	$3,680,000	$4,679,854	$2,612
Millennium Tower	301 Mission St Unit 12C	5/5/2011	833	$805,000	$1,023,718	$1,229
Millennium Tower	301 Mission St Unit 30E	5/10/2011	1,714	$1,775,000	$2,257,267	$1,317
Four Seasons	765 Market St Apt 27A	5/10/2011	3,318	$6,000,000	$7,630,197	$2,300
The St. Regis San Francisco	188 Minna St Apt 22F	5/16/2011	1,147	$1,050,000	$1,335,285	$1,164

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet $1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet $1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 21G	5/18/2011	1,246	$1,270,000	$1,615,058	$1,296
Millennium Tower	301 Mission St Unit 57C	5/20/2011	2,819	$4,600,000	$5,849,818	$2,075
Millennium Tower	301 Mission St Unit 603	5/26/2011	1,526	$1,320,000	$1,678,643	$1,100
Millennium Tower	301 Mission St Unit 51D	5/31/2011	2,203	$3,025,000	$3,846,891	$1,746
Millennium Tower	301 Mission St Unit 16G	6/1/2011	1,268	$1,270,000	$1,643,665	$1,296
Millennium Tower	301 Mission St Unit 15J	6/2/2011	1,245	$1,050,000	$1,358,935	$1,092
Millennium Tower	301 Mission St Unit 36D	6/14/2011	1,952	$2,725,000	$3,526,761	$1,807
Millennium Tower	301 Mission St Unit 17B	6/22/2011	668	$643,500	$832,833	$1,247
Millennium Tower	301 Mission St Unit 50C [2]	6/29/2011	678	$640,000	$828,303	$1,222
Millennium Tower	301 Mission St Unit 50C [2]	6/29/2011	2,819	$4,000,000	$5,176,897	$1,836
Millennium Tower	301 Mission St Unit 7G	6/30/2011	1,268	$950,000	$1,229,513	$970
The Ritz-Carlton Residences	690 Market St Unit 1604	6/30/2011	1,900	$1,500,000	$1,941,336	$1,022
Millennium Tower	301 Mission St Unit 29D	7/6/2011	1,952	$2,495,000	$3,289,026	$1,685
Millennium Tower	301 Mission St Unit 52D	7/14/2011	2,230	$3,075,000	$4,053,609	$1,818
Millennium Tower	301 Mission St Unit 28B	7/18/2011	1,652	$1,728,000	$2,277,930	$1,379
Millennium Tower	301 Mission St Unit 46D	7/18/2011	2,053	$2,750,000	$3,625,178	$1,766
Millennium Tower	301 Mission St Unit 20J	7/25/2011	1,127	$970,000	$1,278,699	$1,135
Millennium Tower	301 Mission St Unit 43E	7/25/2011	1,671	$2,075,000	$2,735,362	$1,637
Millennium Tower	301 Mission St Unit 26B	7/26/2011	1,652	$1,680,000	$2,214,654	$1,341
Millennium Tower	301 Mission St Unit 3A	7/29/2011	1,479	$1,060,000	$1,397,342	$945
Millennium Tower	301 Mission St Unit 905	7/29/2011	1,731	$1,710,000	$2,254,202	$1,302
Millennium Tower	301 Mission St Unit 21C	8/3/2011	1,583	$1,395,000	$1,848,821	$1,168
Millennium Tower	301 Mission St Unit 24F	8/3/2011	1,845	$1,650,100	$2,186,910	$1,185
Millennium Tower	301 Mission St Unit 5B	8/3/2011	668	$550,000	$728,926	$1,091
Millennium Tower	301 Mission St Unit 8J	8/5/2011	1,207	$930,000	$1,232,547	$1,021
Millennium Tower	301 Mission St Unit 7F	8/8/2011	1,845	$1,330,000	$1,762,675	$955
Millennium Tower	301 Mission St Unit 34F	8/11/2011	1,601	$1,650,000	$2,186,778	$1,366
The St. Regis San Francisco	188 Minna St Apt 30A	8/23/2011	2,027	$2,920,000	$3,869,934	$1,909
Millennium Tower	301 Mission St Unit 7B	8/26/2011	668	$600,000	$795,192	$1,190
Millennium Tower	301 Mission St Unit 24B	9/1/2011	668	$652,000	$869,690	$1,302
Millennium Tower	301 Mission St Unit 28F	9/8/2011	1,601	$1,575,000	$2,100,861	$1,312
Millennium Tower	301 Mission St Unit 24E	9/30/2011	1,136	$1,231,000	$1,642,006	$1,445

5158

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet $1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet $1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 39B	9/30/2011	1,652	$1,760,000	$2,347,628	$1,421
Millennium Tower	301 Mission St Unit 704	9/30/2011	1,485	$1,550,000	$2,067,514	$1,392
Millennium Tower	301 Mission St Unit 18E	10/4/2011	1,098	$1,080,000	$1,455,494	$1,326
Millennium Tower	301 Mission St Unit 28C	10/4/2011	2,170	$2,300,000	$3,099,663	$1,428
Millennium Tower	301 Mission St Unit 48A	10/6/2011	1,530	$1,705,500	$2,298,467	$1,502
Millennium Tower	301 Mission St Unit 25B	10/12/2011	674	$625,000	$842,300	$1,250
The St. Regis San Francisco	188 Minna St Apt 26F	10/13/2011	1,527	$1,500,000	$2,021,519	$1,324
Millennium Tower	301 Mission St Unit 15B	10/27/2011	668	$640,000	$862,515	$1,291
Millennium Tower	301 Mission St Unit 41B	10/28/2011	1,652	$1,810,000	$2,439,300	$1,477
The St. Regis San Francisco	188 Minna St Apt 36D	10/31/2011	1,792	$2,985,000	$4,022,823	$2,245
Millennium Tower	301 Mission St Unit 42B	11/4/2011	1,652	$1,800,000	$2,427,173	$1,469
Millennium Tower	301 Mission St Unit 902	11/4/2011	1,955	$1,900,000	$2,562,016	$1,310
Millennium Tower	301 Mission St Unit 703	11/7/2011	1,526	$1,330,000	$1,793,411	$1,175
Millennium Tower	301 Mission St Unit 14B	11/15/2011	668	$633,000	$853,556	$1,278
Millennium Tower	301 Mission St Unit 9D	11/15/2011	679	$630,000	$849,510	$1,251
Millennium Tower	301 Mission St Unit 55A	11/16/2011	2,706	$3,232,000	$4,358,124	$1,611
The St. Regis San Francisco	188 Minna St Apt 38E	11/18/2011	2,740	$4,999,000	$6,740,798	$2,460
Four Seasons	765 Market St Apt 25C	11/22/2011	947	$1,185,000	$1,597,889	$1,687
Millennium Tower	301 Mission St Unit 33C	11/30/2011	2,170	$2,500,000	$3,371,073	$1,553
Millennium Tower	301 Mission St Unit 4J	12/2/2011	1,245	$920,000	$1,248,119	$1,003
Millennium Tower	301 Mission St Unit 5C	12/8/2011	833	$730,000	$990,355	$1,189
Millennium Tower	301 Mission St Unit 21E	12/12/2011	1,027	$1,010,000	$1,370,218	$1,334
Millennium Tower	301 Mission St Unit 15E	12/15/2011	1,136	$1,005,000	$1,363,434	$1,200
Millennium Tower	301 Mission St Unit 17D	12/20/2011	789	$683,000	$926,593	$1,174
The St. Regis San Francisco	188 Minna St Apt 28D	12/22/2011	1,792	$2,700,000	$3,662,958	$2,044
Millennium Tower	301 Mission St Unit 27B	12/28/2011	1,652	$1,705,000	$2,313,090	$1,400
Millennium Tower	301 Mission St Unit 9E	12/29/2011	1,027	$845,000	$1,146,370	$1,116
Millennium Tower	301 Mission St Unit 22E	1/3/2012	1,098	$1,160,000	$1,568,149	$1,428
Millennium Tower	301 Mission St Unit 50B	1/4/2012	3,315	$4,850,000	$6,556,487	$1,978
Millennium Tower	301 Mission St Unit 16D	1/9/2012	789	$675,000	$912,501	$1,157
The St. Regis San Francisco	188 Minna St Apt 28F	1/13/2012	1,527	$1,140,000	$1,541,112	$1,009
Millennium Tower	301 Mission St Unit 4H	1/18/2012	773	$580,000	$784,075	$1,014

5159

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet $1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet $1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 8E	1/19/2012	1,098	$920,000	$1,243,705	$1,133
Millennium Tower	301 Mission St Unit 14G	1/20/2012	1,268	$1,130,000	$1,527,594	$1,205
Millennium Tower	301 Mission St Unit 39E	1/25/2012	1,714	$2,004,000	$2,709,113	$1,581
Millennium Tower	301 Mission St Unit 602	1/31/2012	1,779	$1,880,000	$2,541,484	$1,429
Millennium Tower	301 Mission St Unit 37D	2/9/2012	1,952	$2,750,000	$3,735,965	$1,914
Millennium Tower	301 Mission St Unit 7D	2/16/2012	789	$630,000	$855,876	$1,085
Millennium Tower	301 Mission St Unit 30B	2/23/2012	1,652	$1,770,000	$2,404,603	$1,456
Millennium Tower	301 Mission St Unit 16H	2/24/2012	773	$682,000	$926,519	$1,199
Millennium Tower	301 Mission St Unit 22B	2/24/2012	668	$685,000	$930,595	$1,393
Millennium Tower	301 Mission St Unit 19F	2/29/2012	1,887	$1,725,000	$2,343,469	$1,242
The St. Regis San Francisco	188 Minna St Apt 23E	3/2/2012	2,573	$3,800,000	$4,995,708	$1,942
Millennium Tower	301 Mission St Unit 15D	3/5/2012	789	$675,000	$887,395	$1,125
Millennium Tower	301 Mission St Unit 10J	3/6/2012	1,127	$939,000	$1,234,466	$1,095
Millennium Tower	301 Mission St Unit 6F	3/9/2012	1,845	$1,250,000	$1,643,325	$891
Millennium Tower	301 Mission St Unit 8B	3/9/2012	668	$605,000	$795,369	$1,191
Millennium Tower	301 Mission St Unit 16A	3/12/2012	1,479	$1,275,000	$1,676,191	$1,133
Millennium Tower	301 Mission St Unit 28A	3/13/2012	1,517	$1,500,000	$1,971,990	$1,300
Millennium Tower	301 Mission St Unit 34C	3/19/2012	2,170	$2,515,000	$3,306,370	$1,524
Millennium Tower	301 Mission St Unit 402	3/20/2012	1,779	$1,850,000	$2,432,121	$1,367
Millennium Tower	301 Mission St Unit 3D	3/23/2012	789	$720,000	$946,555	$1,200
Millennium Tower	301 Mission St Unit 45F	3/28/2012	1,509	$1,600,000	$2,103,456	$1,394
The St. Regis San Francisco	188 Minna St Apt 23F	4/3/2012	1,527	$1,588,000	$2,030,201	$1,330
Millennium Tower	301 Mission St Unit 34E	4/6/2012	1,714	$1,880,000	$2,403,513	$1,402
Millennium Tower	301 Mission St Unit 33D	4/11/2012	1,952	$2,312,000	$2,955,810	$1,514
Millennium Tower	301 Mission St Unit 31E	4/12/2012	1,714	$1,800,000	$2,301,236	$1,343
Millennium Tower	301 Mission St Unit 8G	4/12/2012	1,268	$1,010,000	$1,291,249	$1,018
Millennium Tower	301 Mission St Unit 27E	4/20/2012	1,714	$1,650,000	$2,109,466	$1,231
Millennium Tower	301 Mission St Unit 40B	4/20/2012	1,652	$1,840,000	$2,352,374	$1,424
Millennium Tower	301 Mission St 5A	4/25/2012	1,479	$1,339,000	$1,711,864	$1,157
Millennium Tower	301 Mission St Unit 11J	4/26/2012	1,127	$939,000	$1,200,478	$1,065
Millennium Tower	301 Mission St Unit 20H	4/26/2012	666	$668,000	$854,014	$1,282
Millennium Tower	301 Mission St Unit 47B	4/26/2012	1,652	$2,100,000	$2,684,775	$1,625

5160

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet $1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet $1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 20C	4/27/2012	1,583	$1,660,500	$2,122,890	$1,341
Millennium Tower	301 Mission St Unit 14J	4/30/2012	1,245	$1,025,000	$1,310,426	$1,053
Four Seasons	765 Market St Apt 28H	4/30/2012	1,406	$1,650,000	$2,109,466	$1,500
Millennium Tower	301 Mission St Unit 12E	5/1/2012	1,098	$950,000	$1,190,374	$1,084
Millennium Tower	301 Mission St Unit 25G	5/1/2012	1,268	$658,000	$824,491	$650
Millennium Tower	301 Mission St Unit 38C	5/1/2012	2,170	$2,700,000	$3,383,169	$1,559
Millennium Tower	301 Mission St Unit 42F	5/2/2012	1,601	$1,730,000	$2,167,734	$1,354
Millennium Tower	301 Mission St Unit 903	5/2/2012	1,526	$1,360,000	$1,704,115	$1,117
Millennium Tower	301 Mission St Unit 18F	5/3/2012	1,845	$1,800,000	$2,255,446	$1,222
Millennium Tower	301 Mission St Unit 43A	5/3/2012	1,517	$1,700,000	$2,130,144	$1,404
Millennium Tower	301 Mission St Unit 46C	5/4/2012	1,602	$1,925,000	$2,412,074	$1,506
Millennium Tower	301 Mission St Unit 15C	5/8/2012	833	$820,000	$1,027,481	$1,233
Millennium Tower	301 Mission St Unit 27D	5/10/2012	1,952	$2,450,000	$3,069,913	$1,573
Millennium Tower	301 Mission St Unit 49B	5/10/2012	3,315	$4,800,000	$6,014,523	$1,814
Millennium Tower	301 Mission St Unit 502	5/14/2012	1,779	$1,875,000	$2,349,423	$1,321
Millennium Tower	301 Mission St Unit 33E	5/15/2012	1,714	$1,850,000	$2,318,098	$1,352
Millennium Tower	301 Mission St Unit 54C	5/15/2012	2,819	$4,230,000	$5,300,299	$1,880
Four Seasons	765 Market St Apt 27F	5/15/2012	2,576	$4,750,000	$5,951,872	$2,311
Four Seasons	765 Market St Apt 27G	5/15/2012	1,767	$2,735,000	$3,427,025	$1,939
Millennium Tower	301 Mission St Unit 16E	5/16/2012	1,136	$1,028,000	$1,288,110	$1,134
Millennium Tower	301 Mission St Unit 3G	5/16/2012	1,268	$860,000	$1,077,602	$850
Millennium Tower	301 Mission St Unit 45E	5/16/2012	1,680	$2,050,000	$2,568,703	$1,529
Millennium Tower	301 Mission St Unit 4B	5/18/2012	668	$575,000	$720,490	$1,079
The St. Regis San Francisco	188 Minna St Apt 34F	5/18/2012	1,527	$1,750,000	$2,192,795	$1,436
Millennium Tower	301 Mission St Unit 5E	5/21/2012	1,136	$935,000	$1,171,579	$1,031
Millennium Tower	301 Mission St Unit 32C	5/24/2012	2,170	$2,600,000	$3,257,867	$1,501
Millennium Tower	301 Mission St Unit 304	5/30/2012	1,281	$1,235,000	$1,547,487	$1,208
Millennium Tower	301 Mission St Unit 12D	5/31/2012	751	$650,000	$814,467	$1,085
Millennium Tower	301 Mission St Unit 55D	5/31/2012	2,230	$3,350,000	$4,197,636	$1,882
Millennium Tower	301 Mission St Unit 5D	5/31/2012	789	$665,000	$833,262	$1,056
Millennium Tower	301 Mission St Unit 6D	6/1/2012	789	$727,000	$898,127	$1,138
Millennium Tower	301 Mission St Unit 8C	6/4/2012	833	$725,000	$895,656	$1,075

5161

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet $1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet $1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 35E	6/6/2012	1,714	$1,925,000	$2,378,122	$1,387
Millennium Tower	301 Mission St Unit 3E	6/6/2012	1,136	$970,000	$1,198,326	$1,055
Millennium Tower	301 Mission St Unit 12B	6/11/2012	668	$610,000	$753,587	$1,128
Millennium Tower	301 Mission St Ph 2B	6/13/2012	5,460	$9,840,000	$12,156,217	$2,226
Millennium Tower	301 Mission St Unit 1002	6/13/2012	1,675	$1,900,000	$2,347,237	$1,401
Millennium Tower	301 Mission St Unit 17C	6/14/2012	833	$825,000	$1,019,195	$1,224
Millennium Tower	301 Mission St Unit 604	6/15/2012	1,485	$1,500,000	$1,853,082	$1,248
Millennium Tower	301 Mission St Unit 40A	6/20/2012	1,517	$1,670,000	$2,063,098	$1,360
The St. Regis San Francisco	188 Minna St Apt 29E	6/20/2012	2,542	$4,350,000	$5,373,937	$2,114
The St. Regis San Francisco	188 Minna St Apt 31A	6/21/2012	2,027	$3,025,000	$3,737,048	$1,844
Millennium Tower	301 Mission St Unit 36A	6/22/2012	1,517	$1,620,000	$2,001,328	$1,319
Millennium Tower	301 Mission St Unit 31B	6/29/2012	1,652	$1,800,000	$2,223,698	$1,346
Millennium Tower	301 Mission St Unit 36B	6/29/2012	1,652	$1,835,000	$2,266,937	$1,372
Millennium Tower	301 Mission St Unit 805	7/3/2012	1,731	$1,700,000	$2,073,996	$1,198
Millennium Tower	301 Mission St Unit 15F	7/6/2012	1,845	$1,700,000	$2,073,996	$1,124
Millennium Tower	301 Mission St Unit 1006	7/10/2012	1,633	$1,450,000	$1,768,996	$1,083
Millennium Tower	301 Mission St Unit 37B	7/11/2012	1,652	$1,760,000	$2,147,196	$1,300
The Ritz-Carlton Residences	690 Market St Unit 1502	7/11/2012	1,900	$1,130,000	$1,378,597	$726
The Ritz-Carlton Residences	690 Market St Unit 1502	7/11/2012	1,900	$1,130,000	$1,378,597	$726
Millennium Tower	301 Mission St Unit 1001	7/20/2012	1,953	$1,905,000	$2,324,095	$1,190
Millennium Tower	301 Mission St Unit 56D	7/20/2012	2,230	$3,560,000	$4,343,191	$1,948
Millennium Tower	301 Mission St Unit 5J	7/20/2012	1,245	$1,067,000	$1,301,737	$1,046
Millennium Tower	301 Mission St Unit 37C	7/27/2012	2,170	$2,725,000	$3,324,493	$1,532
Millennium Tower	301 Mission St Unit 14C	7/31/2012	833	$790,000	$963,798	$1,157
Millennium Tower	301 Mission St Unit 6G	8/1/2012	1,268	$979,000	$1,169,036	$922
Millennium Tower	301 Mission St Unit 7E	8/1/2012	1,136	$1,044,000	$1,246,654	$1,097
Millennium Tower	301 Mission St Unit 38A	8/3/2012	1,517	$1,650,000	$1,970,286	$1,299
Millennium Tower	301 Mission St Unit 46B	8/6/2012	2,129	$2,750,000	$3,283,810	$1,542
Millennium Tower	301 Mission St Unit 10H	8/10/2012	666	$650,000	$776,173	$1,165
Millennium Tower	301 Mission St Unit 25F	8/14/2012	1,845	$1,975,000	$2,358,372	$1,278
Millennium Tower	301 Mission St Unit 50A	8/16/2012	2,706	$3,541,000	$4,228,353	$1,563
The St. Regis San Francisco	188 Minna St Apt 31D	8/21/2012	1,792	$3,100,000	$3,701,749	$2,066

5162

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet	$1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet	$1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 18C	8/22/2012	833	$890,000	$1,062,760	$1,276
Millennium Tower	301 Mission St Unit 26F	8/23/2012	1,601	$1,500,000	$1,791,169	$1,119
Millennium Tower	301 Mission St Unit 31F	8/27/2012	1,601	$1,630,000	$1,946,404	$1,216
Millennium Tower	301 Mission St Unit 53A	8/31/2012	2,706	$3,600,000	$4,298,805	$1,589
Millennium Tower	301 Mission St Unit 8F	8/31/2012	1,845	$1,450,000	$1,731,463	$938
Millennium Tower	301 Mission St Unit 1004	9/5/2012	1,400	$1,595,000	$1,875,824	$1,340
Four Seasons	765 Market St Apt 36F	9/5/2012	2,572	$5,100,000	$5,997,934	$2,332
The St. Regis San Francisco	188 Minna St Apt 33C	9/5/2012	1,670	$1,750,000	$2,058,115	$1,232
Millennium Tower	301 Mission St Unit 9J	9/10/2012	1,127	$910,000	$1,070,220	$950
Millennium Tower	301 Mission St Unit 25H	9/11/2012	773	$849,000	$998,480	$1,292
Millennium Tower	301 Mission St Unit 51A	9/14/2012	2,706	$3,585,000	$4,216,195	$1,558
The St. Regis San Francisco	188 Minna St Apt 37B	9/14/2012	1,639	$2,300,000	$2,704,951	$1,650
Millennium Tower	301 Mission St Unit 35F	9/18/2012	1,601	$1,749,000	$2,056,939	$1,285
Millennium Tower	301 Mission St Unit 5F	9/18/2012	1,845	$1,435,000	$1,687,654	$915
Millennium Tower	301 Mission St Unit 8D	9/18/2012	751	$700,000	$823,246	$1,096
Four Seasons	765 Market St Apt 36E	9/18/2012	1,453	$1,950,000	$2,293,328	$1,578
Millennium Tower	301 Mission St Unit 404	9/26/2012	1,485	$1,500,000	$1,764,098	$1,188
Millennium Tower	301 Mission St Ph 6	9/28/2012	1,633	$1,400,000	$1,646,492	$1,008
Millennium Tower	301 Mission St Unit 14F	9/28/2012	1,845	$1,700,000	$1,999,311	$1,084
Millennium Tower	301 Mission St Unit 38E	10/3/2012	1,714	$2,288,000	$2,623,198	$1,530
Millennium Tower	301 Mission St Unit 5G	10/3/2012	1,268	$1,010,000	$1,157,968	$913
Millennium Tower	301 Mission St Unit 40D	10/4/2012	1,952	$2,800,000	$3,210,207	$1,645
Millennium Tower	301 Mission St Unit 54D	10/9/2012	2,230	$3,450,000	$3,955,434	$1,774
Millennium Tower	301 Mission St Unit 49A	10/15/2012	2,706	$3,500,000	$4,012,759	$1,483
Millennium Tower	301 Mission St Unit 3J	10/16/2012	1,245	$995,000	$1,140,770	$916
Millennium Tower	301 Mission St Unit 48F	11/2/2012	1,605	$2,200,000	$2,498,904	$1,557
Millennium Tower	301 Mission St Unit 606	11/9/2012	1,633	$1,325,000	$1,505,022	$922
Millennium Tower	301 Mission St Unit 15H	11/15/2012	773	$820,000	$931,410	$1,205
Millennium Tower	301 Mission St Unit 40F	11/20/2012	1,601	$1,888,000	$2,144,514	$1,339
Millennium Tower	301 Mission St Unit 54A	11/20/2012	2,706	$4,300,000	$4,884,222	$1,805
The St. Regis San Francisco	188 Minna St Apt 25D	11/21/2012	1,792	$3,300,000	$3,748,357	$2,092
The St. Regis San Francisco	188 Minna St Apt 27A	11/28/2012	2,027	$2,810,000	$3,191,782	$1,575

5163

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet $1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet $1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 17F	11/30/2012	1,845	$1,810,000	$2,055,917	$1,114
Millennium Tower	301 Mission St Unit 20F	11/30/2012	1,887	$1,850,000	$2,101,351	$1,114
Millennium Tower	301 Mission St Unit 701	12/5/2012	1,955	$1,817,000	$2,031,034	$1,039
Millennium Tower	301 Mission St Unit 4G	12/12/2012	1,268	$1,020,000	$1,140,151	$899
Millennium Tower	301 Mission St Unit 806	12/17/2012	1,633	$1,410,000	$1,576,092	$965
Millennium Tower	301 Mission St Unit 803	12/18/2012	1,526	$1,450,000	$1,620,803	$1,062
Four Seasons	765 Market St Apt 33E	12/18/2012	1,453	$1,925,000	$2,151,756	$1,481
Millennium Tower	301 Mission St Unit 506	12/21/2012	1,633	$1,215,000	$1,358,121	$832
Millennium Tower	301 Mission St Unit 26D	12/24/2012	1,952	$2,500,000	$2,794,489	$1,432
Millennium Tower	301 Mission St Unit 46F	12/24/2012	1,509	$1,750,000	$1,956,142	$1,296
Millennium Tower	301 Mission St Unit 501	12/24/2012	1,955	$1,875,000	$2,095,866	$1,072
Millennium Tower	301 Mission St Unit 504	12/27/2012	1,485	$1,475,000	$1,648,748	$1,110
The Ritz-Carlton Residences	690 Market St Unit 1404	12/27/2012	1,900	$3,845,500	$4,298,482	$2,262
The Ritz-Carlton Residences	690 Market St Unit 1503	12/27/2012	1,431	$2,483,000	$2,775,486	$1,940
The Ritz-Carlton Residences	690 Market St Unit 1504	12/27/2012	1,900	$3,739,500	$4,179,996	$2,200
The Ritz-Carlton Residences	690 Market St Unit 1804	12/27/2012	1,900	$3,948,500	$4,413,615	$2,323
The Ritz-Carlton Residences	690 Market St Unit 2001	12/27/2012	1,515	$3,803,500	$4,251,535	$2,806
The Ritz-Carlton Residences	690 Market St Unit 2104	12/27/2012	1,900	$4,277,500	$4,781,370	$2,517
The Ritz-Carlton Residences	690 Market St Unit 2103	12/27/2012	1,431	$2,936,500	$3,282,406	$2,294
The Ritz-Carlton Residences	690 Market St Unit 2102	12/27/2012	1,192	$2,194,500	$2,453,002	$2,058
The Ritz-Carlton Residences	690 Market St Unit 2204	12/27/2012	1,257	$2,398,500	$2,681,032	$2,133
The Ritz-Carlton Residences	690 Market St Unit 2304	12/27/2012	1,414	$2,902,000	$3,243,842	$2,294
Millennium Tower	301 Mission St Unit 36E	12/28/2012	1,714	$2,380,000	$2,660,353	$1,552
Millennium Tower	301 Mission St Unit 51B	12/28/2012	3,315	$7,800,000	$8,718,805	$2,630
Millennium Tower	301 Mission St Unit 601	12/28/2012	1,955	$1,845,000	$2,062,333	$1,055
Millennium Tower	301 Mission St Unit 27F	12/31/2012	1,601	$1,517,000	$1,695,696	$1,059
Millennium Tower	301 Mission St Unit 33A	12/31/2012	1,517	$1,680,000	$1,877,896	$1,238
Millennium Tower	301 Mission St Unit 39A	12/31/2012	1,517	$1,700,000	$1,900,252	$1,253
Millennium Tower	301 Mission St Unit 45C	12/31/2012	1,602	$2,250,000	$2,515,040	$1,570
Millennium Tower	301 Mission St Unit 47A	12/31/2012	1,517	$1,750,000	$1,956,142	$1,289
Millennium Tower	301 Mission St Unit 47F	12/31/2012	1,564	$1,740,000	$1,944,964	$1,244
The St. Regis San Francisco	188 Minna St Apt 29C	12/31/2012	1,670	$2,150,000	$2,403,260	$1,439

5164

Exhibit 2
Comparable Condominium Sale Prices, San Francisco
January 2011 – March 2013

Case-Shiller Adjusted Average $/Sq.Ft. for Units > 2,000 Square Feet	$1,839
Case-Shiller Adjusted Median $/Sq.Ft. for Units > 2,000 Square Feet	$1,814

Complex	Unit	Date of Sale	Square Footage	Sale Price	Case-Shiller Adjusted Price [1]	Case-Shiller Adjusted $/Sq.Ft.
Millennium Tower	301 Mission St Unit 21H	1/2/2013	666	$735,000	$803,993	$1,207
The St. Regis San Francisco	188 Minna St Apt 33A	1/10/2013	2,027	$3,500,000	$3,828,538	$1,889
The St. Regis San Francisco	188 Minna St Apt 25F	1/11/2013	1,527	$1,930,000	$2,111,165	$1,383
Millennium Tower	301 Mission St Unit 42A	1/14/2013	1,517	$1,732,000	$1,894,579	$1,249
The Ritz-Carlton Residences	690 MARKET St #2005	1/15/2013	950	$760,000	$831,340	$875
Millennium Tower	301 Mission St Unit 36F	1/16/2013	1,601	$1,800,000	$1,968,962	$1,230
Millennium Tower	301 Mission St Unit 21J	1/23/2013	1,127	$970,000	$1,061,052	$941
Four Seasons	765 Market St Apt 32H	1/23/2013	1,427	$2,025,000	$2,215,083	$1,552
Millennium Tower	301 Mission St Unit 801	1/24/2013	1,955	$1,880,000	$2,056,472	$1,052
Millennium Tower	301 Mission St Unit 26A	1/28/2013	1,517	$1,500,000	$1,640,802	$1,082
Millennium Tower	301 Mission St Unit 48C	1/29/2013	2,180	$3,850,000	$4,211,392	$1,932
Millennium Tower	301 Mission St Unit 34B	1/31/2013	1,652	$1,850,000	$2,023,656	$1,225
Millennium Tower	301 Mission St Unit 43F	1/31/2013	1,564	$1,640,000	$1,793,944	$1,147
Millennium Tower	301 Mission St Unit 1005	2/7/2013	1,728	$2,130,000	$2,257,956	$1,307
Millennium Tower	301 Mission St Unit 302	2/14/2013	1,766	$2,300,000	$2,438,169	$1,381
Millennium Tower	301 Mission St Unit 41A	2/14/2013	1,517	$1,700,000	$1,802,125	$1,188
The St. Regis San Francisco	188 Minna St Apt 26B	2/21/2013	1,772	$710,000	$752,652	$425
Millennium Tower	301 Mission St Unit 605	2/27/2013	1,731	$1,750,000	$1,855,129	$1,072
The Ritz-Carlton Residences	690 Market St Unit 1401	2/28/2013	1,382	$1,300,000	$1,378,095	$997
Millennium Tower	301 Mission St Unit 12J	3/26/2013	1,207	$1,195,000	$1,222,521	$1,013
Millennium Tower	301 Mission St Unit 25C	3/29/2013	838	$1,160,000	$1,186,715	$1,416

Source: Redfin, Standard and Poors

Note:
[1] The Case-Shiller Condominium Index is seasonally adjusted.
[2] This unit appears twice in the Redfin data, but is likely two separate units based on differences in square footage and sale price. Both entries are included in this analysis.

5165

Exhibit 3
Corrected Price per Square Foot

Category	EPS Report, Table 3 Average $/Sq.Ft.	Corrected Average $/Sq.Ft.
Tower		
Floors 3 - 10	$1,150	$1,650
Floors 11 - 25 [1]	$1,200	$1,722
Floor 26 [2]	$1,275	$1,829
Floor 27 [3]	$1,400	$2,009
Aronson Building [4]	$1,100	$1,578
Weighted Average $/Sq.Ft.	**$1,179**	**$1,692**

Sources: EPS Report Table 3; Exhibit 1

5166

Exhibit 4
EPS Report's Appendix A, Table 5
With Corrected Assumptions

Item	Assumption	Residential Flex Option
DEVELOPMENT PROGRAM		
Gross Building Square Feet		477,060
Residential		
Gross Square Feet		376,810
Net Saleable Area	80% Efficiency Ratio	301,448 [1]
Units		147 [2]
Parking Spaces		470
DEVELOPMENT REVENUE		
Residential Sales Revenue		$511,120,930 [3]
(less) Commission Expenses	3% of purchase price	($15,333,628)
Residential Parking Sales Revenue	$100,000 per space	$14,700,000
Lease Revenue		
Parking	$322 / space / mo.	$1,244,208
Subtotal, Lease Revenue		$1,244,208
(less) Capital Reserve	1.0% of Lease Revenue	($12,442)
Annual Net Operating Income		$1,231,766
Capitalized Value	6.0% cap rate	$20,118,843
Total Revenues		**$530,606,146**
DEVELOPMENT COSTS		
2006 Acquisition of Aronson Building		$23,500,000
Agency Site Purchase/Conveyance		$39,393,904
Aronson Building Property Costs		–
Direct Construction Costs		
Predevelopment Entitlement Costs		$9,388,235
Direct Construction	$517 / gross sq.ft.	$227,437,625 [4]
Exterior/ Curtain Wall	$100 / sq.ft of façade	$1,328,000
Tenant Improvements (Office)	$100 / sq. ft.	$0
Subtotal, Direct Construction Costs		$238,153,860
Indirect Costs		
Architecture and Engineering	3.9% of Direct Costs	$9,288,001
Fees and Permits	2.9% of Direct Costs	$6,906,462
Legal	0.6% of Direct Costs	$1,428,923
Sales and Marketing	1.4% of Direct Costs	$3,334,154
Other Indirect Costs	9.8% of Direct Costs	$23,339,078
Subtotal, Indirect Costs	18.5% to 18.6% of Direct Costs	$44,296,618

Exhibit 4
EPS Report's Appendix A, Table 5
With Corrected Assumptions

Item	Assumption	Residential Flex Option
Other Project Costs		
Museum Operating Endowment		$5,000,000
Aronson Building Rehab/Renovation		–
Required Affordable Housing In-Lieu Fees		$10,275,917 [5]
Additional Affordable Housing In-Lieu Fees		$4,110,367 [5]
Purchase of TDRs (if applicable)	$24 / gross sq.ft.	$0 [6]
Absorption Period HOA Dues		$241,825
Open Space Maintenance (GMOS)		$471,013
EIR-Related Measures		$975,000
Other Project Costs		$7,565,000
Subtotal, Other Project Costs		$28,639,122
Total Costs		**$373,983,503**
Developer Return	15% of Total Costs	**$56,097,525** [7]
Project Residual		**$100,525,117**

Note:
[1] The 80% efficiency ratio is updated based my own research and conversations with other real estate experts.
[2] The updated number of units is based on the corrected unit size of 2,052 sq.ft and the Net Saleable Area of 376,810 sq.ft.
[3] The updated Residential Sales Revenue is calculated by multiplying Net Saleable Area by the expected sales price per sq.ft.
[4] Direct construction costs are calculated based on a corrected gross square foot cost of $477/sq.ft, which has been corrected based on the larger average units.
[5] Affordable Housing In-Lieu Fees are calculated based on the updated number of units .
[6] No TDR purchases are included.
[7] Corrected from 18% in the EPS Report.

Exhibit 5

Impact of Corrections to the EPS Report's Reduced Shadow Alternative

Adjustment	EPS Value	Adjustment	Impact of Adjustment	Cumulative Resulting Project Residual [1]
EPS Results [2]	–	–	–	**($139,541,222)**
Reduced costs due to increased unit size	1,300 sq.ft.	2,052 sq.ft.	$25,077,331	($114,463,891)
Increased revenue due to increased floor plate	10,650 sq.ft.	12,970 sq.ft.	$34,536,007	($79,927,884)
Increased sale prices due to increased unit size [3]	$1,150/sq.ft.	$1,450/sq.ft.	$85,635,989	$5,708,105
Increased sale prices due to market adjustment [4]	$1,450/sq.ft.	$1,650/sq.ft.	$57,090,659	$62,798,764
Increased revenue due to increased efficiency ratio	76%	80%	$24,243,627	$87,042,390
Increased residual due to reduced developer return	18%	15%	$11,277,045	$98,319,435
Reduced costs due to elimination of TDR purchases	79,916	0	$2,205,682	$100,525,117
Final Adjusted Residual	–	–	–	**$100,525,117**

5169

Note:
[1] Resulting project residuals are calculated by making adjustments in the order they are shown in the table.
[2] EPS Report Appendix A, Table 5.
[3] This adjustment refers to the $/sq.ft. for the bottom residential floors (3–10).
[4] This adjustment is based on the seasonally-adjusted Case-Shiller Condominium Index for San Francisco and refers to the $/sq. ft for the bottom residential floors (3–10).

EXHIBIT 2

Report

Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower Project and Alternatives

The Economics of Land Use

Prepared for:

706 Mission Street Co., LLC

Prepared by:

Economic & Planning Systems, Inc.

Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200
Berkeley, CA 94710-2257
510 841 9190 tel
510 841 9208 fax

Berkeley
Denver
Los Angeles
Sacramento

May 8, 2013

EPS #121084

Table of Contents

Appendices:

List of Tables

List of Figures

1. INTRODUCTION

In order to assist the City of San Francisco in making environmental findings pursuant to the California Environmental Quality Act (CEQA), Economic & Planning Systems, Inc. (EPS) has evaluated the financial feasibility of the 706 Mission Street: The Mexican Museum and Residential Tower Project (the "Project") and the project alternatives (the "Project Alternatives") identified in the Environmental Impact Report ("EIR") prepared for the Project. The Project analyzed in the EIR includes construction of a new residential tower at 706 Mission Street connected to a restored and rehabilitated Aronson Building, with a mix of residential, Mexican Museum, restaurant/retail, and possibly office uses.

For this analysis, EPS prepared financial pro formas for the Project and the Project Alternatives that indicate whether or not each is financially feasible. The Project and the Project Alternatives are described in **Chapter 2**. The pro formas evaluate whether or not the Project and the Project Alternatives will generate sufficient revenues to pay for all development costs and developer return.

In this analysis, the net revenues above the minimum returns required for project feasibility are referred to as the "Project Residual." If the Project Residual is positive, then the project is financially feasible. If the Project Residual is negative, then the developer is not able to earn a sufficient return on the project and it is considered financially infeasible. In these cases, the project is not likely to be developed. As summarized in **Table 1** and further detailed in **Chapter 3** and **Appendix A**, EPS has determined that the Project is financially feasible. The Separate Buildings Alternative is also financially feasible, while the other Project Alternatives are not financially feasible because in those cases, project costs plus developer targeted return exceed project revenues.

Table 1
Summary of Project Residual by Alternative
706 Mission Street; EPS #121084

Project Residual	Project		Alternative							
			B: Existing Zoning		C: Separate Buildings	D: Increased Res. Density		E: Reduced Shadow	
Flex Option	*Residential*	*Office*	*Residential*	*Office*	*n/a*	*Residential*	*Office*	*Residential*	*Office*
Project Residual									
Project Residual (w/out TDR Purchase)	$40,300,000	$30,600,000	($142,600,000)	($133,400,000)	$5,300,000	($25,600,000)	($29,300,000)	($137,600,000)	($134,500,000)
Project Residual (w/ TDR Purchase)	n/a	n/a	($143,400,000)	($134,200,000)	n/a	n/a	n/a	($139,500,000)	($136,400,000)

Source: Economic & Planning Systems, Inc.

2. DESCRIPTION OF PROJECT AND PROJECT ALTERNATIVES

EPS evaluated the Project as well as four of the five Project Alternatives analyzed in the EIR. Alternative A, the No Project Alternative, is not evaluated in this analysis. The components of the Project and the Project Alternatives that affect the financial feasibility analyses are described below and displayed on **Table 2**. More detailed descriptions of the Project and the Project Alternatives can be found in the EIR.

Project

The Project Site (the "Site") is on the northwest corner of Third and Mission Streets, near the southern edge of San Francisco's Financial District neighborhood. As shown on **Figures 1 and 2**, the Site consists of three lots: the entirety of Assessor's Block 3706, Lots 093 and 275, and portions of Assessor's Block 3706, Lot 277. Together, these lots cover an area of approximately 63,468 square feet or approximately 1.45 acres.

The eastern portion of the Site is occupied by the historically important, 10-story Aronson Building. The Aronson Building has a retail use on the ground floor and office uses on the floors above. The western portion of the Site is vacant at the surface. This vacant surface lot is the location that was chosen in 1993 by the San Francisco Redevelopment Agency and The Mexican Museum as the future permanent home of The Mexican Museum. The Site also includes the four-level Jessie Square Garage, which is underneath Jessie Square. The garage has 442 parking spaces and is open to the public. Jessie Square is adjacent to and west of the Site, and the Site also includes an airspace parcel for the portion of the tower that cantilevers over Jessie Square.

The Successor Agency to the San Francisco Redevelopment Agency (the "Successor Agency") is the owner of Assessor's Block 3706, Lots 275 and 277.[1] The Project Sponsor, 706 Mission Street Co., LLC (the "Project Sponsor" or the "Developer"), is the owner of Assessor's Block 3706, Lot 093. The purchase/conveyance of what is referred to as the "Agency Site" in the pro formas in **Appendix A** refers only to the portion of the Project Site that is currently owned by the Successor Agency.

The Project consists of the construction of a new 47-story, 520-foot-tall tower with two floors below grade (basement floors of the tower) on The Mexican Museum portion of the Agency Site. The new tower would be adjacent to and physically connected to the Aronson Building, which would be restored and rehabilitated as part of the Project. Overall, the Project would contain up

[1] The San Francisco Redevelopment Agency was dissolved by State legislation effective February 1, 2012. The Successor Agency to the former Redevelopment Agency has assumed responsibility for working with 706 Mission Street Co., LLC, the Project Sponsor, fulfilling the obligations of the Redevelopment Agency. Though the Yerba Buena Center Redevelopment Project Area has expired, the Project site is the final vacant site that had been identified for infill redevelopment in the former Redevelopment Area.

DRAFT - For Discussion Purposes Only

Table 2
Development Program by Alternative
706 Mission Street; EPS #121084

Item	Project		Alternative B: Existing Zoning		C: Separate Buildings	D: Increased Residential Density		E: Reduced Shadow	
Total Gross Sq.Ft.	**710,525**		**275,590**		**704,280**	**710,525**		**418,441**	
Flex Option	*Residential*	*Office*	*Residential*	*Office*	*n/a*	*Residential*	*Office*	*Residential*	*Office*
Residential									
Units	215	191	74	50	187	325	283	186	162
Gross Sq.Ft.	580,630	519,310	175,340	122,780	487,630	580,630	519,310	318,191	265,631
Amenity (Gross Sq.Ft.)	22,199	22,199	2,000	2,000	19,215	22,199	22,199	2,000	2,000
Office (Gross Sq.Ft.)	0	61,320	0	52,560	78,840	0	61,320	0	52,560
Museum - Cultural (Gross Sq.Ft.) [1]	52,285	52,285	45,000	45,000	46,655	52,285	52,285	45,000	45,000
Retail (Potential Museum) (Sq.Ft.) [1]	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Other (Gross Sq.Ft.) [2]	50,611	50,611	48,450	48,450	67,140	50,611	50,611	48,450	48,450
Parking (Spaces)									
Public [3]	210	210	442	442	210	210	210	210	210
Residential [4]	215	191	0	0	187	228	198	186	162
Carshare (Private)	2	1	0	0	1	2	2	1	1
Leased	43	68	0	0	72	30	60	73	97
Subtotal (Spaces)	470	470	442	442	470	470	470	470	470
Open Space (Sq.Ft.)	12,131	12,131	14,484	14,484	3,506	12,131	12,131	14,484	14,484

[1] Museum square footage includes up to approximately 52,285 gross square feet of interior space (varies by alternative), and approximately 4,800 gross square feet of potential ground-floor retail space. The Museum will also include approximately 2,830 gross square feet of exterior terrace space on the 4th floor, though that space is not accounted for here.
[2] Other includes storage space, building core, mechanical and service space and Jessie Square Garage ramp to Mission Street.
[3] The public parking spaces include 4 car share spaces.
[4] The Existing Zoning Alternative does not include conveyance of the Jessie Square Garage to the Project Sponsor, so there would not be parking available for private use.

Sources: 706 Mission Street Co., LLC; Economic & Planning Systems, Inc.

5177

Figure 1. Project Site Parcel Map

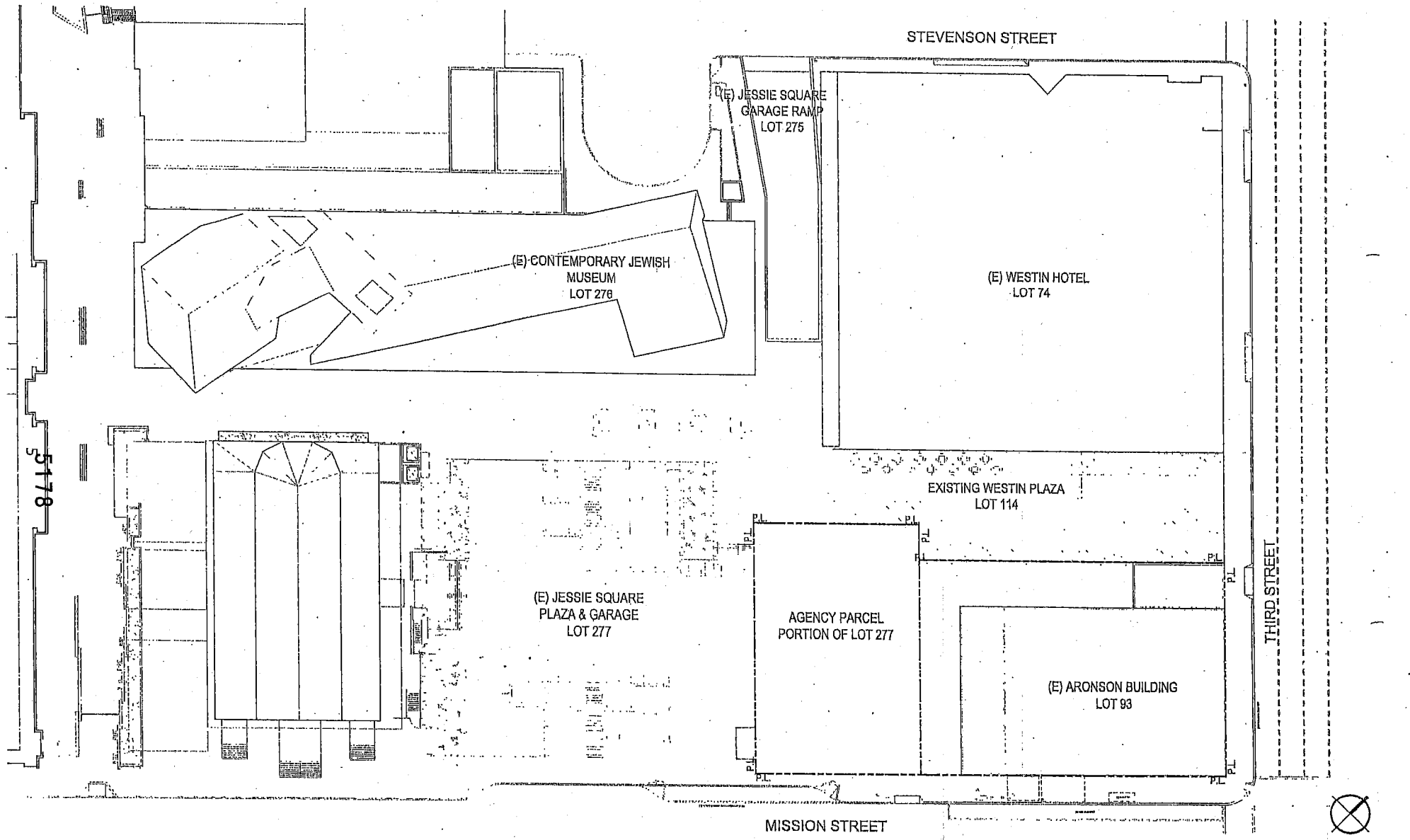
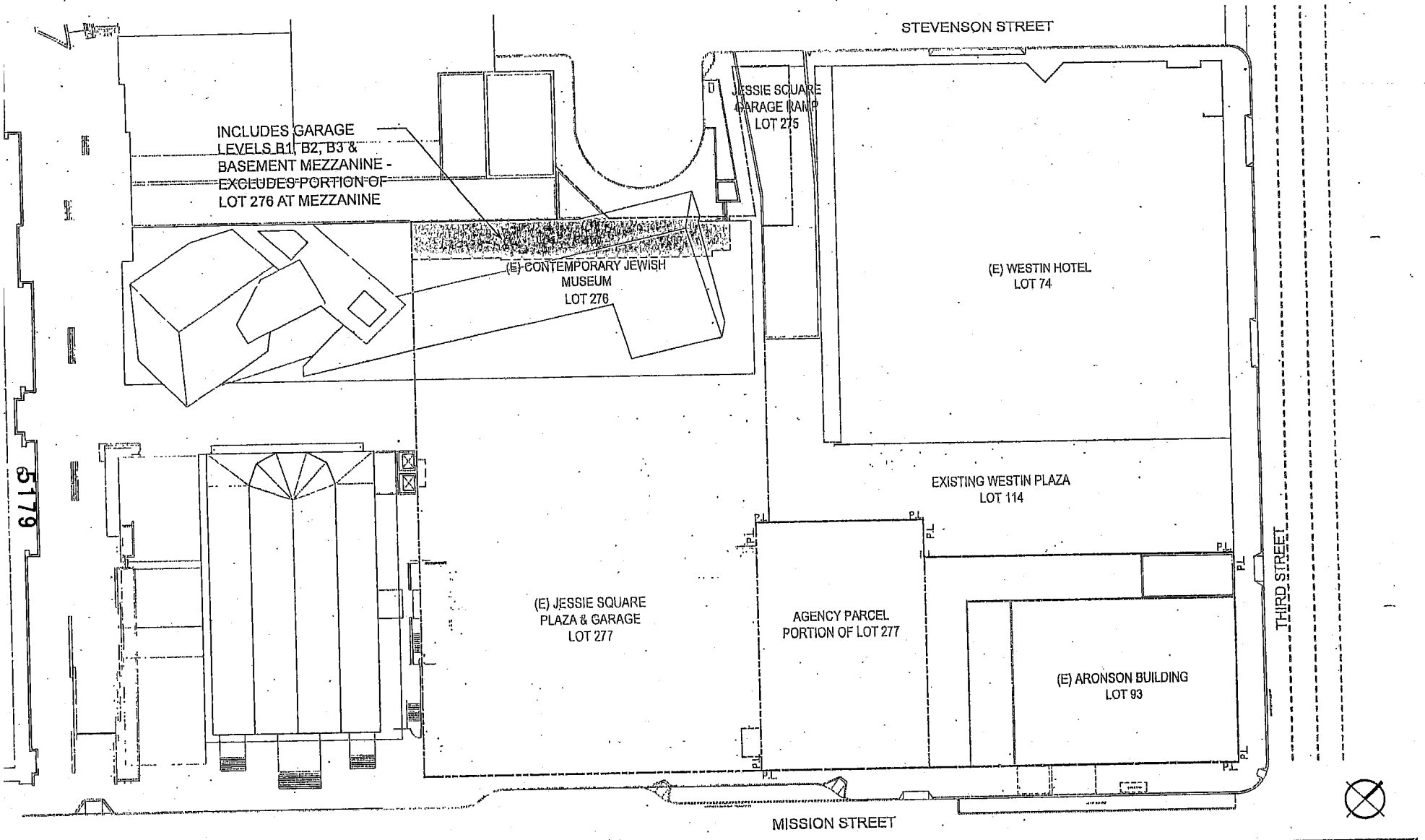


Figure 2. Project Site Below-Grade Parcel Map



to 215 premium condominium units with an average size of 2,000 square feet, seven floors of flex space (residential or office use) in the Aronson Building, approximately 52,285 gross square feet of space for The Mexican Museum (in both the Aronson Building and the tower), 4,800 gross square feet of ground-floor retail/restaurant space for potential use by The Mexican Museum, and associated building services. The new tower would contain up to 43 floors of residential space and four floors of museum space. The Aronson Building would contain retail/restaurant space on the ground floor and museum space on the second and third floors. In addition, two flex space options are proposed for the fourth through tenth floors of the Aronson Building. The residential flex option (the "Residential Flex Option") would convert these seven floors from office use to up to 28 residential units, and the office flex option (the "Office Flex Option") would continue their use as office space. The tenth floor of the Aronson Building could be dedicated to residential amenity space if the residential amenity space is not provided on the fifth floor of the new tower.

As part of the Project, the Successor Agency would convey the Jessie Square Garage and its entrance ramp to the Project Sponsor. The garage would be converted from a publicly-owned garage to a privately-owned garage. The total number of parking spaces in the Jessie Square Garage would increase from 442 to 470 with the Project. The utilization of the existing mezzanine area below the Contemporary Jewish Museum will accommodate approximately 38 new parking spaces. Approximately 10 spaces will be removed for vehicular access and circulation, resulting in a net increase of 28 spaces. Of the 470 parking spaces, 210 spaces on the upper two levels would remain available to the general public. These 210 spaces would include parking for St. Patrick's Church, the Contemporary Jewish Museum, and The Mexican Museum. The remaining 260 spaces would include one parking space available for each residential unit, leased spaces and one to two car share spaces.

The Project and related real estate transaction(s) are the subject of a May 4, 2010, Exclusive Negotiation Agreement ("ENA") between the Successor Agency and the Project Sponsor. In addition to the Project components described above, the ENA also requires the Project to: construct the core and shell of the museum space; contribute $5.0 million to an operating endowment for The Mexican Museum to help support its ongoing operations; defease the outstanding Jessie Square Garage bonds and repay the Successor Agency's debt to the City; pay the equivalent of a 28 percent affordable housing in-lieu fee; and make annual contributions to the Yerba Buena Gardens common area maintenance account.

Alternative A: No Project Alternative

Alternative A, the No Project Alternative, is not evaluated in this analysis.

Alternative B: Existing Zoning Alternative

The purpose of the Existing Zoning Alternative is to provide an alternative that complies with the existing zoning for the Site, which includes a maximum floor area ratio of 9.0 to 1 with the purchase of transferable development rights ("TDRs"). With the purchase of TDRs, the Existing Zoning Alternative would result in a new 196-foot tall (13-story) residential building, which is 354 feet (34 stories) shorter than the Project. As with the Project, the new building would also be physically connected to the adjacent Aronson Building. If the Office Flex Option were

pursued, the Existing Zoning Alternative would include approximately 52,560 gross square feet of Class A office space in the Aronson Building and up to 50 condominium units in the new building. If the Residential Flex Option were pursued, the Existing Zoning Alternative would include up to 74 condominium units and no office space.

The amount of space set aside for The Mexican Museum would be reduced to approximately 45,000 gross square feet in this Alternative. Consistent with the Project, approximately 4,800 gross square feet of ground floor retail/restaurant space could potentially be part of The Mexican Museum.

Under the Existing Zoning Alternative, the Jessie Square Garage would not be conveyed to the Project Sponsor as the scale of the development under this Alternative is insufficient to justify the expense of purchasing the garage.[2] The garage would remain public, and there would not be any private parking spaces available for purchase by prospective residents.

Alternative C: Separate Buildings Alternative

The purpose of the Separate Buildings Alternative is to minimize changes to the Aronson Building.[3] Accordingly, this alternative does not call for a physical connection between the new tower and the Aronson Building and assumes a reduced scope of restoration for the Aronson Building. However, the parameters of the new tower otherwise remain consistent with the tower proposed as part of the Project (520 feet tall and 47 stories). The Separate Buildings Alternative would include up to 187 condominium units in the tower and approximately 78,840 gross square feet of office space in the Aronson Building (there would be no flex options). The amount of space set aside for The Mexican Museum would be reduced from 52,285 gross square feet to approximately 46,655 gross square feet (the lower five floors) in the tower. The amount of ground floor retail/restaurant space potentially available to The Mexican Museum would remain unchanged at approximately 4,800 gross square feet.

Alternative D: Increased Residential Density Alternative

The Increased Residential Density Alternative would be similar to the Project except the size of the residential units would decrease, for an overall increase in the number of units. If the Office Flex Option were pursued, the Alternative would include approximately 61,320 gross square feet of Class A office space in the Aronson Building and up to 283 condominium units. If the

---

[2] Including conveyance of the Jessie Square Garage would add additional costs to the Existing Zoning Alternative, as the amount of the Jessie Square Garage bond defeasance and the outstanding loan to the City are greater than the parking revenues that could be realized. Including conveyance of the Jessie Square Garage would further erode the financial feasibility of this Alternative.

[3] Under the Separate Buildings Alternative, both of the non-historic additions would be demolished. The west non-historic addition currently serves as the core of the building (elevator, stairs, etc.), so a new internal core for the Aronson Building would need to be constructed under this Alternative.

Residential Flex Option were pursued, the Alternative would include up to 325 condominium units and no office space.

Like the Project, the Increased Residential Density Alternative would allocate approximately 52,285 gross square feet, spread between the tower and the Aronson Building, for The Mexican Museum, and approximately 4,800 gross square feet of ground floor retail/restaurant space could potentially be part of the Museum.

Alternative E: Reduced Shadow Alternative

The Reduced Shadow Alternative would reduce the height of the tower from 520 feet to 351 feet (27 stories) to reduce the shadow impacts of the Project. Like the Project, the new tower would be connected to the Aronson Building and the full scope of restoration of the Aronson Building would be completed. If the Office Flex Option were pursued, the Alternative would include approximately 52,560 gross square feet of Class A office space in the Aronson Building and up to 162 condominium units. If the Residential Flex Option were pursued, the Alternative would include up to 186 condominium units and no office space.

The amount of space set aside for The Mexican Museum would be reduced from 52,285 gross square feet to approximately 45,000 gross square feet in this alternative. The amount of ground floor retail/restaurant space potentially available to The Mexican Museum would remain unchanged at approximately 4,800 gross square feet.

3. FINANCIAL FEASIBILITY

EPS developed financial models to simulate the development economics of the Project and four of the Project Alternatives under consideration in the EIR. The financial model consists of a static pro forma based on development costs and revenue estimates specific to each of the alternatives, resulting in a "Project Residual" that can be compared across the alternatives. If the Project Residual is negative, a property owner or developer will not have economic incentive to develop the property, and the project is therefore deemed to be infeasible. Those alternatives resulting in positive Project Residuals after accounting for developer return are considered to be feasible. It should be noted that even if this analysis determines that the Project or an alternative is feasible from the perspective of development economics, a financial lender will need to separately evaluate feasibility based on lending criteria.

Methodology and Assumptions

EPS developed financial pro formas for the Project and each Project Alternative, differentiating between the Office Flex options and the Residential Flex options where relevant. The financial pro formas are used to simulate the costs of developing the Project and the Project Alternatives compared with the potential revenues that may be generated. The resulting Project Residuals provide an indication of financial feasibility.

The pro forma models developed for these analyses are "static" and do not account for the timing of construction costs relative to the revenues from residential sales. The Project Sponsor provided all the project description information for the Project and the alternatives, consistent with the EIR, and much of the development revenue and cost information. Webcor Builders provided all direct construction cost information. Where specific development revenue or cost information was not provided or is unknown, EPS applied generalized development and operating cost figures based on our previous experience in San Francisco and vetted these assumptions with the Project Sponsor.

The pro forma analyses (included in **Appendix A**) provide an estimate of potential Project Residuals associated with the Project and each alternative under near-term market conditions (i.e., the next five years). Actual feasibility will depend on the price points and absorption schedule that the Project is able to realize. Specific revenue and cost assumptions are described in detail below.

Development Revenue

Residential Revenue Assumptions

To estimate potential per square foot prices for the Project and the Project Alternatives, EPS reviewed publicly available condominium sales data in San Francisco, including project-specific sales data at other luxury condominium developments in the project vicinity, taking as many project similarities and dissimilarities into account as possible. This research was used to confirm the price per square foot estimates provided by the Project Sponsor. In the pro formas, residential revenue calculations are based on a weighted-average price per square foot that varies by flex option and by alternative to reflect variations in height and unit configuration,

which affect views. The analysis assumes a 76 percent efficiency ratio across the alternatives for the sake of consistency, which is applied to the gross residential square footage to calculate the net saleable square feet.

Project Pricing Factors

The Project will add up to 215 luxury condominium units to the Yerba Buena neighborhood. Unlike the nearby Four Seasons, Ritz Carlton and St. Regis, however, the Project would not offer affiliation with a branded hotel and the services they provide. There are several critical factors to consider in establishing the projected prices that are used in this analysis, which are described below.

Project Location

The Site is located on Mission Street at Third Street in San Francisco, overlooking the Yerba Buena Center and Gardens to the southwest, in the South of Market neighborhood. This area is considered a premiere residential location in the City due to its proximity to downtown, cultural offerings, numerous amenities and transit.

Size and Quality of Units

The Project in total would include up to 215 premium condominium units featuring high quality design and finishes and averaging approximately 2,000 square feet in size. Like the Project, the Existing Zoning Alternative and the Separate Buildings Alternative also propose large residential units, with average unit sizes between 1,800 and 2,000 square feet. The Increased Residential Density Alternative and Reduced Shadow Alternative propose smaller residential units averaging between 1,250 and 1,400 square feet.

The residential units will vary (size, orientation, views and price) depending on whether they are in the tower or the Aronson Building (residential flex options only) and by alternative. For the Project, the tower would contain up to 43 floors of residential space over four floors reserved for The Mexican Museum, with up to 191 units. The Aronson Building would contain up to seven floors of residential space over three floors of museum and retail space and would include up to 24 units.

Parking

Parking for all units would be available for purchase in the Project and all Project Alternatives except for the Existing Zoning Alternative. However, as parking would be sold separately (un-bundled) from the units, as required in San Francisco, projected unit prices exclude the cost of parking. In contrast, sales prices for comparable projects such as the Four Seasons, Ritz-Carlton, St. Regis, and Millennium Tower reflect unit prices that include parking. It is important to note this difference when projecting unit prices for the Project and Project Alternatives, as parking revenues are shown as a separate line item. Because the Existing Zoning Alternative does not include conveyance of the Jessie Square Garage, there will not be private parking available for purchase.

View and Building Location Premiums

Many of the residential units, depending on the floor and orientation of the unit, would offer premium views. Due to existing development surrounding the project site and the geographic location within the city, views (and therefore view premiums) would likely vary significantly by

floor level and unit orientation. Below is a breakdown of segmentation by floor and unit orientation and estimates of correlated view premiums:

- **Floors 4 through 10:** On these lower floors, Yerba Buena Center and Gardens would be visible for south and southwest facing units in both the tower and Aronson Building[4]. As northern facing units in this segment of floors would not have comparable views, the southern facing units would likely command higher prices per square foot.

- **Floors 11 through 25:** In addition to the views for south and southwest facing units as discussed above, on floors 11 through 25, views of the water to the east and southeast would begin to be available. South and southeast facing units are therefore anticipated to command higher prices per square foot than both lower floors as well as north facing units of equal floor level.

- **Floors 26 through 33:** Site lines in units above the 25th floor would begin to clear the Westin Hotel to the northwest, opening partial site lines to the Bay towards Marin. In this floor segment, southern and northern facing units are expected to command comparable prices per square foot.

- **Floors 34 through 44:** Above the 33rd floor, premium views to the north become available, with clear site lines to the Golden Gate Bridge. In this floor segment, premiums for northern facing units begin to exceed southern facing units.

- **Floors 45 through 47 (Penthouse Units):** The top three floors of the tower, in addition to possessing premium views to the north similar to floors 34 through 44, would offer penthouse layouts, which include larger floor plans and private terraces. The uniqueness of these units, both with regard to their size and design, is anticipated to command an additional price premium per square foot. It should be noted that the penthouse units will be unfinished, as it is expected that buyers will finish units to their personal taste.

- **Aronson Building Units:** Due to restrictions imposed by historic preservation regulations, units in the Aronson Building will vary from units in the tower. For example, the Aronson Building units will be smaller, with smaller window openings and area, and may be finished and configured differently from the units in the proposed tower although with higher ceiling heights. Due to these characteristics (and in conjunction with the limited view premiums described above), the Aronson Building units are expected, on average, to sell for a lower price per square foot than units in the proposed tower. The "City Residences" in Millennium Tower are comparable to the units that would be available in the Aronson Building, both in regards to size and finish. However, as noted above, parking would be sold separately from the unit in the Aronson Building, whereas sales prices for the "City Residences" included parking.

Table 3 outlines projected sales prices per square foot for each of the floor segments described above as well as the Aronson Building units. The estimates below reflect both the view

---

[4] Note that in the Project, residential units in the tower would begin on the 5th floor, whereas the Aronson Building would have residential units starting on the 4th floor.

premiums by floor as well as the building specifications of the Project and may not be the same across all Project Alternatives as certain unit product types vary by design.[5] The detailed analysis of these prices by floor and alternative are provided in **Appendix D.**

Table 3 Analysis of Revenue by Floor Segmentation

Category	Average Price per SqFt
Tower	
Floors 4 -10	$1,150
Floors 11 - 25	$1,200
Floors 26 - 33	$1,275
Floors 34 - 44	$1,400
Floors 45 - 47	$1,800
Aronson Building	$1,100

Sources: Millennium Partners; Economic & Planning Systems, Inc.

Hotel Condominium Premium

Unlike the nearby Four Seasons, St. Regis and Ritz-Carlton residences, the Project will not be built in conjunction with a branded luxury hotel. Condominium developments that include a hotel component with associated branding and service levels often command substantial price premiums over traditional condominiums on a dollar per square foot basis. Condo units in condo/hotel projects can sell for a premium over traditional condos due primarily to the services provided to the condo hotel owner that are inherent in being part of a hotel operation such as housekeeping, maintenance, room service, and concierge service as well as the uniqueness in design, sophistication, and overall product offering that comes along with being a managed hotel. As the Project includes neither a hotel component nor associated amenities, the affiliated price premiums would therefore not apply.

Market Context

Sales Prices

Over the past 15 years, the San Francisco condominium market has incurred numerous peaks and valleys. As the market is cyclical by nature, and there is substantial risk involved in bringing new condo units to the market, the success of a condo project often stems from market positioning and timing as much as any other element. Although the current market continues to improve, it is imperative to understand market fluctuations of varying severity, their implications on pricing and the length of the sale period, and associated development risks.

[5] For instance, in B: Existing Zoning Alternative and E: Reduced Shadow Alternative, penthouse unit layouts would be located on lower floors than in the Project and would therefore command a higher sales price per square foot than a unit in the Project at the same floor level.

Figure 3 illustrates the San Francisco condominium market since 1998 in aggregate as well as within one half mile of the Project site. As shown, the volatility in the market is quite apparent. Currently, the condominium market has reached, or is approaching, a new high. Whether such favorable market conditions will dissolve, be maintained or improve over the coming years remains to be seen and is subject to a myriad of factors such as competitive supply, job growth, and the health of the overall economy.

As shown in **Table 4**, a search of condominium sales in buildings constructed since 2005 within roughly one-half mile of the Project site yields a square foot price of approximately $1,057 regardless of unit size, and a square foot price of approximately $1,397 for units more than 2,000 square feet in size.

Figure 4 shows the average developer sales prices and developer sale periods for the Four Seasons, Ritz-Carlton, St. Regis, and Millennium Tower, the four most applicable product comparisons built within the last ten years. Average sales prices per square foot are also shown for all sales within one half mile of the project site for units over 2,000 square feet and for units that sold for $1.5 million or more. It should be noted that the area-wide averages include all re-sales in addition to developer sales and therefore show sales prices per square foot that exceed developer sales for luxury units in some instances.

For context, the Four Seasons' sales period lasted from 2000 to 2004 and sales averaged $1,100 per square foot, with a high of $1,800 per square foot in the premium units. The St. Regis began sales in 2004, selling out by 2006, and sales averaged roughly $1,200 per square foot. The Ritz-Carlton sold finished units at the height of the market between 2005 and 2007, and achieved sale prices per square foot of just over $1,200.[6] Millennium Tower began selling units in 2007 and sold its last unit in March of 2013, averaging roughly $1,125 per square foot.[7] These prices include parking in the sales costs for the units. Sale prices per square foot for the individual projects noted above are shown to be flat throughout the sale period as individual unit data are not available at this time.

Market Supply

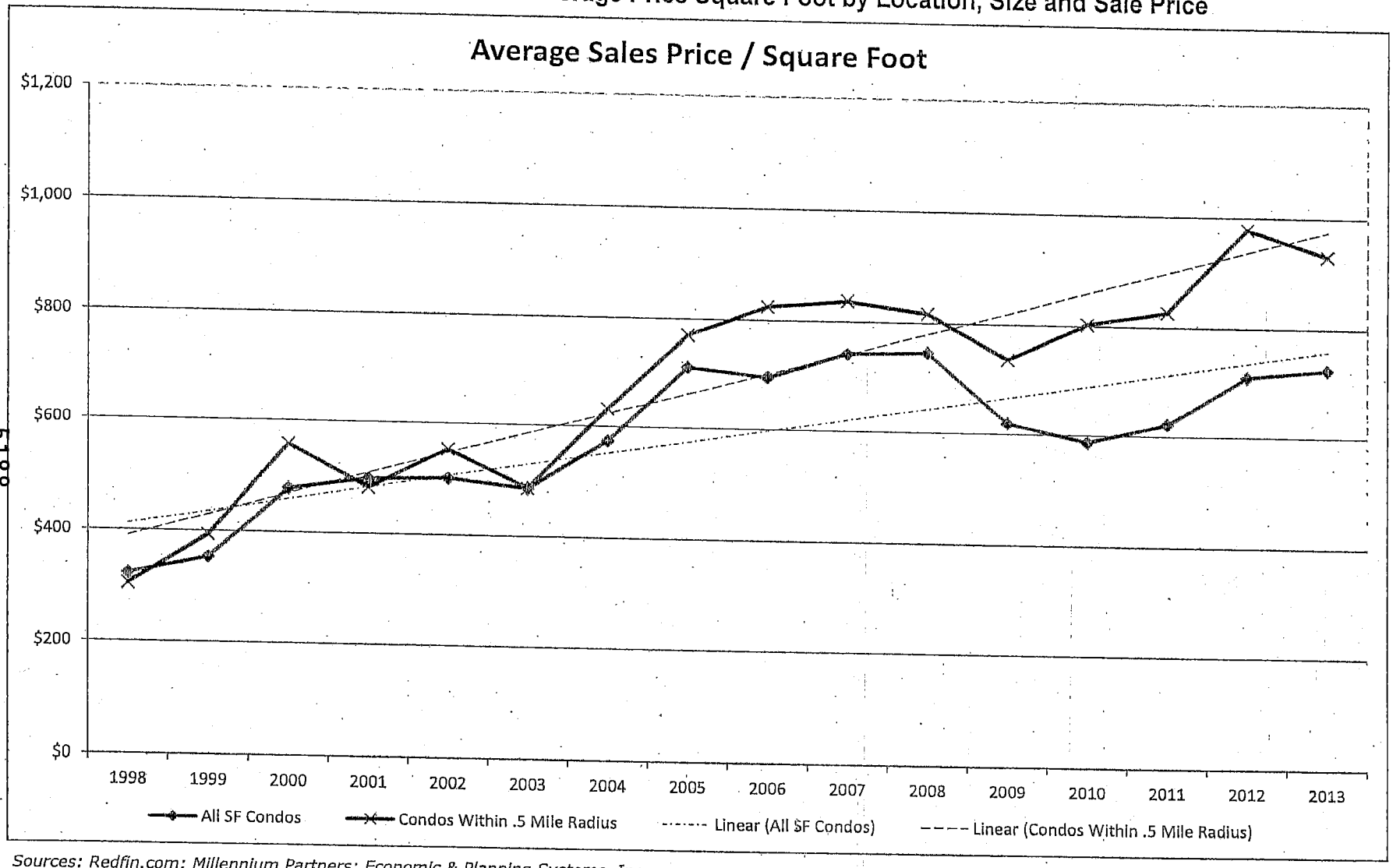
As the supply of available condos at any given time can have dramatic implications on prices, it is important to note that upon completion of construction of the Project, up to 215 high-end residential units (under the Project scenario) would become available for purchase, significantly increasing the supply of available luxury units in the market. Due to the limited number of luxury condominium units currently available, a large influx of supply into this niche, relatively thin segment of the market may keep prices down. Furthermore, if units in other developments of similar quality become available during the same sale period, prices could be further suppressed.

---

[6] Unlike the Four Seasons, St. Regis, Millennium Tower or the Proposed Project, the Ritz-Carlton units were completely built out, including finishes, at the time of sale, though several of the project amenities were not built. Average prices would have been lower if units were unfinished.

[7] Sales prices do not reflect developer concessions agreed upon during transaction negotiations. Such concessions could include alternative finishes, interior wall layouts, financial credits, etc.

Figure 3
San Francisco Condominium Average Price Square Foot by Location, Size and Sale Price



Sources: Redfin.com; Millennium Partners; Economic & Planning Systems, Inc.

DRAFT - For Discussion Purposes Only

Table 4
Residential Market Research (2005 - 2013)
706 Mission Street; EPS #121084

Item	Avg. Sales Price	Avg. Sq.Ft.	Avg. $/Sq.Ft.
San Francisco Condominium Sales [1]	$835,399	1,091	$765
San Francisco Condominium Sales (over 2,000 Sq.Ft.)	$2,562,112	2,480	$1,033
Project Area Condominium Sales [2]	$1,491,876	1,411	$1,057
Project Area Condominium Sales (over 2,000 Sq.Ft.)	$3,815,000	2,732	$1,397

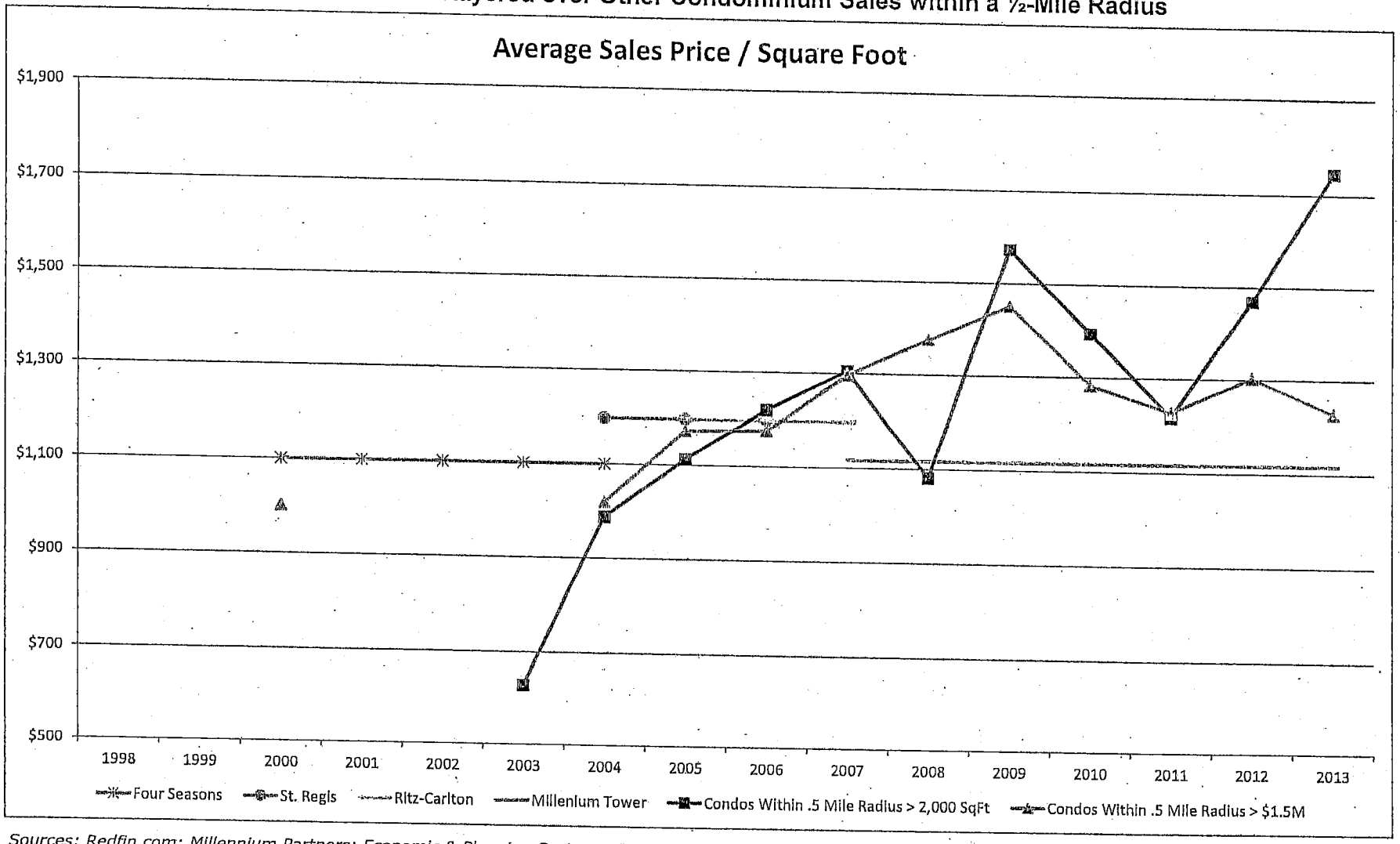
Other Market Notes
- Four Seasons averaged approx. $1,100 per square foot, range from $750 to $1,700/$1,800. Developer sales occurred between 2000 and 2004. Reflects a premium for branded hotel association.
- St. Regis averaged approx. $1,200 per square foot with developer sales occuring between 2004 and 2006.
- Millennium Tower commenced sales in late 2007 and has averaged approximately $1,140 for MT and approximately $975 for City Residences. Prices include parking.

[1] Taken from all sales identified on Redfin.com for San Francisco condominiums built since 2005. Sample size includes over 2,600 individual sales. Comps are resales, which reflect value added through resident improvements.
[2] Includes sales data from ten residential buildings within roughly one-half mile of the proposed project site built since 2005. Sample size includes over 700 individual sales. Comps include developer sales and resales. Resales reflect value added through resident improvements.

Sources: Redfin.com; 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

Figure 4

Average Developer Sales and Resales Prices per Square Foot for the Four Seasons, Ritz-Carlton, St. Regis, and Millennium Tower Layered over Other Condominium Sales within a ½-Mile Radius



Sources: Redfin.com; Millennium Partners; Economic & Planning Systems, Inc.

15190

Developer Sales versus Resident Re-sales

The Project's residential units would be built out with the understanding that potential owners intend to customize the interior of their respective units to fit their taste. Customization often includes complete kitchen and bathroom remodels, installation of all new lighting, ceiling treatments, finishes, and the physical alteration of unit layout (demolition and/or new construction of non-load bearing walls and door openings). In some cases, interior renovations of this magnitude can cost as much, if not more, than the price of the unit itself. At Millennium Tower, residential improvements ranged from $100 to $300 per square foot and have been completed on approximately 30 percent of the units. This percentage is higher for projects like the Four Seasons and the St. Regis that are older and have experienced more turnover. Given that Millennium Tower began selling units in 2007, it is anticipated that this percentage will increase as resales continue to occur.

For example, **Table 5** illustrates the price differential between developer sale prices (units with warm-shell build out shown on the right as "MP Original Sales") and resale prices, which include significant value-adding renovation. This trend can be observed in other comparable, high-end residential projects such as the Four Seasons, Ritz-Carlton, St. Regis, and Millennium Tower (as illustrated above) and should be accounted for when assessing projected sale prices for new units of this type. Consequently, EPS has relied more significantly upon original sale prices in order to best predict revenues for the Project. Taking into account this trend is especially pertinent when predicting sale prices for penthouse units, as the developer build out for new penthouse units would be particularly limited.

Residential Revenue Conclusions

Based on all of this data and contextual information, the Project pro forma assumes a weighted-average sales per square foot of $1,283 for the Project (residential flex option) with per square foot pricing by floor ranging from $1,100 for the units in the Aronson Building to $1,800 for the unfinished penthouse units that command premium views to the north in the tower. Pricing assumptions by Alternative and flex option are shown in **Appendix D**. These prices are higher than what the San Francisco condominium market has previously experienced for developer-sold, luxury condominium units even in hotel-branded buildings that have included parking in the project area and thus represent a conservative approach to the analyses.

As shown in **Table 6,** the applied sales per square foot assumptions result in average sales prices per unit of $2.6 million for the Project, $2.1 million for Alternative B, $2.6 million for Alternative C, $1.8 million for Alternative D, and $1.5 for Alternative E since the units will be smaller. EPS expects prices for the Increased Residential Density Alternative would be discounted because they would be smaller and there would be a greater number of units, which would make them less unique. However, for the sake of consistency across the Project Alternatives, the same pricing structure is applied. Prices vary depending on the flex option and ultimately will be determined by market demand at the time of sale.

Residential Commissions

Residential sales commissions are typically 6 percent. The split between the buyer's and the seller's agents are negotiated at the time of sale, with the full commission amount coming out of the proceeds of the sale. Because this figure can vary, this analysis conservatively assumes average outside commissions of 3 percent of residential transactions.

Table 5
Millennium Tower Developer Sales and Resales
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Address	Year Built	Square Footage	MP Original Sales: Closed/ Deed Recorded	MP Original Sales: Final Purchase Price	MP Original Sales: Price/ SqFt	Resales: Last Sale Date	Resales: Last Sale Price	Resales: Price/ SqFt	Price Increase: Price/SqFt Increase	Price Increase: % Price/SqFt Increase
301 Mission St Unit 51B	2009	3,315	10/14/2011	$4,800,000	$1,448	12/28/2012	$7,800,000	$2,353	$905	63%
301 Mission St Unit 54A	2009	2,706	11/1/2011	$3,150,000	$1,164	11/20/2012	$4,300,000	$1,589	$425	37%
301 Mission St Unit 302	2009	1,766	5/1/2009	$1,844,500	$1,044	2/14/2013	$2,300,000	$1,302	$258	25%
301 Mission St Unit 1005	2009	1,728	1/29/2010	$1,720,000	$995	2/7/2013	$2,130,000	$1,233	$237	24%
301 Mission St Unit 36E	2009	1,714	4/3/2012	$1,950,000	$1,138	12/28/2012	$2,380,000	$1,389	$251	22%
301 Mission St Unit 15H	2009	773	8/2/2011	$675,000	$873	11/15/2012	$820,000	$1,061	$188	21%
301 Mission St Unit 21H	2009	666	9/15/2009	$612,500	$920	1/2/2013	$735,000	$1,104	$184	20%
301 Mission St Unit 10H	2009	666	2/24/2011	$560,000	$841	8/10/2012	$650,000	$976	$135	16%
301 Mission St Unit 8D	2009	751	10/15/2009	$620,000	$826	9/18/2012	$700,000	$932	$107	13%
301 Mission St Unit 48F	2009	1,605	5/14/2010	$1,968,000	$1,226	11/2/2012	$2,200,000	$1,371	$145	12%
301 Mission St Unit 5A	2009	1,479	8/12/2010	$1,200,000	$811	4/25/2012	$1,339,000	$905	$94	12%
301 Mission St Unit 40D	2009	1,952	5/12/2009	$2,531,000	$1,297	10/4/2012	$2,800,000	$1,434	$138	11%
301 Mission St Unit 25H	2009	773	9/30/2009	$788,375	$1,020	9/11/2012	$849,000	$1,098	$78	8%
301 Mission St Unit 18C	2009	833	10/29/2009	$835,125	$1,003	8/22/2012	$890,000	$1,068	$66	7%

Sources: Redfin.com; Millennium Partners; Economic & Planning Systems, Inc.

19 5192

Table 6
Residential Sales Revenue Assumptions
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Item	Assumption	Project	Alternative B: Existing Zoning	Alternative C: Separate Buildings	Alternative D: Increased Res. Density	Alternative E: Reduced Shadow
Residential Flex Option						
Residential						
For Sale (Units)		215	74		325	186
For Sale (Gross Sq.Ft.)		580,630	175,340		580,630	318,191
For Sale (Net Sq.Ft.)	76% Efficiency Ratio	441,279	133,258		441,279	241,825
				not applicable		
Avg. Net Sq.Ft. per Unit		2,052	1,801		1,358	1,300
Avg. Price Per Sq.Ft. [1]		$1,283	$1,152		$1,278	$1,179
Total Residential Revenue		$566,149,429	$153,483,313		$563,764,266	$285,193,602
Avg. Price Per Unit		$2,633,253	$2,074,099		$1,734,659	$1,533,299
Office Flex Option						
Residential						
For Sale (Units)		191	50	187	283	162
For Sale (Gross Sq.Ft.)		519,310	122,780	487,630	519,310	265,631
For Sale (Net Sq.Ft.)	76% Efficiency Ratio	394,676	93,313	370,599	394,676	201,880
Avg. Net Sq.Ft. per Unit		2,066	1,866	1,982	1,395	1,246
Avg. Price Per Sq.Ft. [1]		$1,304	$1,175	$1,304	$1,297	$1,195
Total Residential Revenue		$514,487,836	$109,642,540	$483,102,007	$511,930,967	$241,246,074
Avg. Price Per Unit		$2,693,654	$2,192,851	$2,583,433	$1,808,943	$1,489,173

[1] Price per square foot is a weighted average based on average prices per square foot by floor. See Appendix D for detailed calculations.

Sources: 706 Mission Street Co., LLC; Economic & Planning Systems, Inc.

25193

Operating Revenues

Office Revenue

Class A office rents in the Yerba Buena submarket are approximately $52.67 per square foot per year as of the fourth quarter of 2012 as shown on **Table 7**. In the pro formas, rents are rounded up to $55 per square foot per year to reflect a premium for newly-remodeled interior space and to account for further market recovery between now and project completion. Lease rates reflect full service leases, with operating expenses assumed to be 20 percent of gross revenue.

Class A office vacancy rates in the Yerba Buena submarket are approximately 21.2 percent, also as of the fourth quarter of 2012. Vacancy rates are rounded down to 10 percent in the pro formas to reflect the desirability of leasing space in a newly renovated, historically-important building. Actual lease and vacancy rates will vary depending on market conditions at the time of leasing.

Parking Revenue

The Jessie Square Garage consists of the existing 442-space garage as well as the area below the existing Contemporary Jewish Museum and adjacent to the mezzanine level of the existing garage. The Jessie Square Garage is presently owned by the Successor Agency. After conveyance and reconfiguration, the Jessie Square Garage will contain 470 parking spaces (the existing garage contains 442).[8] There will be 210 spaces preserved for public use, and 260 for private use, including one parking space available for each residential unit (for sale as an "unbundled" transaction at a cost of approximately $100,000 per space), leased spaces and one to two car share spaces. The public parking spaces likely will be operated by a parking operator entity, which would pay a fee to the Project Sponsor for the privilege of operating the Jessie Square Garage. The structure of the terms has not yet been determined. To account for revenue from the leased spaces and the public spaces, this analysis assumes a monthly net revenue of $322 per space. This value is based on the current operator's (CityPark) annual net revenues generated by the 350 spaces available to the public (see **Appendix F**). It should be noted that CityPark is not required to pay property taxes, though the Project Sponsor would pay property taxes, which would affect net revenue.

Conveyance of the Jessie Square Garage would not occur under the Existing Zoning Alternative and the existing spaces would remain available for public parking. No parking-related revenue is generated under this Alternative.

Capital Reserves

A capital reserve line item, estimated at 1 percent of net lease revenue, is included to account for any unforeseen capital requirements related to the office space (under the office flex options) and public parking.

---

[8] The utilization of the existing mezzanine area below the Contemporary Jewish Museum will accommodate approximately 38 new parking spaces. Approximately 10 spaces will be removed for vehicular access and circulation, resulting in a net increase of 28 spaces.

Table 7 DRAFT - For Discussion Purposes Only
Class A San Francisco Office Market Research
706 Mission Street; EPS #121084

Submarket	Vacancy Rate	Annual Class A Asking Rent [1]
Financial District	7.8%	$51.89
South Financial District	7.7%	$52.27
N. Waterfront & Jackson Sq.	8.0%	$43.46
South of Market	3.5%	$57.29
Yerba Buena	***21.2%***	***$52.67***
South of Market West	7.8%	$45.13
Mission Bay/ China Basin	18.0%	$59.88
Potrero Hill	22.0%	$45.92
Civic Center & Van Ness	44.4%	$38.50
Union Square	2.3%	$47.50
San Francisco Office Market	**9.1%**	**$51.96**

[1] Rent is shown as an annual cost per square foot. All rents reflect full service leases.

Source: CBRE (Q4 2012).

225195

Capitalization of Operating Revenues

The net operating income from the office uses and leased and public parking revenue is capitalized at a rate of 6.0 percent, in addition to a one-time 2 percent cost of sale that would be incurred at the time of sale. The capitalization rate of 6.0 percent is based on a San Francisco-specific, CBD office reversion cap rate of 5.75 percent as presented by IRR Viewpoint, 2013 and increased to account for inclusion of the Project's parking component. A cap rate of 6.0 percent is used even in the Existing Zoning Alternative for the sake of consistency across the Project and the Project Alternatives. The capitalized value of the lease revenue and the revenue from the residential (and parking) sales comprise the Project's total revenues.

Development Costs

Aronson Building Acquisition Costs

The Project Sponsor purchased 706 Mission Street, the Aronson Building, in 2006 for $23.5 million, which is included as a development cost. Upon purchasing the building, the Project Sponsor immediately commenced discussions with the former Redevelopment Agency regarding the incorporation of the Aronson Building in a redevelopment project. These discussions culminated in the 2008 ENA.

Agency Site Purchase and Conveyance

Under the terms of the existing Exclusive Negotiation Agreement, the Successor Agency will convey the Agency Site to the Developer for $1 in exchange for agreed upon contributions from the Project Sponsor. Among these contributions is the defeasance of the full outstanding amount of the Jessie Square Garage bond debt, currently estimated to be approximately $21.1 million. In addition, the Developer will pay amounts required to be paid under a Cooperation and Tax Increment Reimbursement Agreement between the City and the Successor Agency as necessary to defease the Jessie Square Garage bond debt, which is estimated to be approximately $18.3 million. These two amounts will result in payments of approximately $39.4 million.

The Developer will also be responsible for any other costs associated with payoff or defeasance of the existing bonds as well as all transaction costs related to conveyance of the Agency Site. Transaction costs include transfer taxes, title insurance premiums, escrow fees and recording fees. Transfer taxes and title insurance will be estimated based on the assessed value of the Agency Site once it is determined. Because the Agency site is owned by the Successor Agency, it is government owned, and therefore, not assessed. Until the value is determined, these costs have been excluded, which is conservative for purposes of this analysis.

Agency Site Property Costs

Once the Project Site is conveyed to the Project Sponsor, the Project Sponsor will be responsible for paying the property taxes associated with the Site. Because the value of the site is unknown at this time, property taxes are not included. Exclusion of Agency Site property costs is conservative in that it underestimates costs.

Predevelopment Entitlement Costs and Fees

Predevelopment entitlement costs include those costs that were incurred by the Project Sponsor as part of the predevelopment process through the end of 2012 (when the data was assembled),

before design, permitting, and construction costs. Costs include architecture and engineering (for renderings to support the EIR alternatives), land use and other consultants, permits and other fees, legal fees, advertising and promotion, and other costs. Predevelopment costs are indicated to be approximately $10.2 million for the Project, including approximately $407,000 that is directly attributable to the Mexican Museum. Detail is provided in **Appendix G.**

Direct Construction Costs

Direct construction costs vary by alternative and range between $403 per gross square foot and $580 per gross square foot, depending primarily on the height of the tower. The taller the tower, the lower the cost per square foot due to cost-spreading efficiencies. Estimates were prepared by Webcor Builders and provided to EPS (see **Appendix E**). Total direct construction costs for the Project are approximately $296 million for the residential flex option and $287 million for the office flex option. For all Project Alternatives, the estimates reflect LEED Silver compliance for the Residential space and LEED Gold compliance for the office and The Mexican Museum space. The estimate includes construction of the core and shell for the Museum and office spaces with mechanical, electrical and plumbing stubs provided. Costs include demolition of the Aronson Building annexes and site improvement costs such as hardscape and landscape improvements. The tenants will be responsible for interior buildout of the office and cultural space. Tenant improvement allowances of approximately $100 per square foot of office space are expected to be provided by the Developer and are included. In addition, the exterior of The Museum's curtain wall is assumed to be treated with a unique finish that sets the design of The Museum apart. The estimated cost of the curtain wall is approximately $1.3 million. Other Direct Costs such as a Contractor Controlled Insurance Program, adjacent property improvements, utility set-up charges, pre-construction charges, some initial on-site environmental work and contingency are also included.

Indirect Costs

Indirect construction costs include architecture and engineering costs (schematics through construction documents) (3.9 percent of direct costs), fees and permits (2.9 to 3.1 percent of direct costs depending on the alternative), legal costs (0.6 percent of direct costs), sales and marketing costs (1.4 percent of direct costs), and other indirect costs (9.8 percent of direct costs). Fees and Permits include Building Department and other Agency fees and are calculated for the Project the Project Alternatives (see **Appendix B**).

Other Indirect Costs include developer fees; local real estate taxes; owner's liability, and miscellaneous insurance coverage premiums; bank and financing fees for loans, closing costs, appraisals, title insurance, interest; start-up expenses; sales office; local office operations and administrative; general contributions; other miscellaneous costs; and contingency.

Other Project Costs

<u>The Mexican Museum</u>

The Project and each Project Alternative are proposed to include space for the permanent home of The Mexican Museum. The ENA stipulates that between 35,000 and 45,000 net square feet will be set aside for the "Cultural Component" which is to front and relate to Jessie Square.

Construction of The Mexican Museum Core and Shell

The Developer will allocate space in the Project ranging from approximately 45,000 gross square feet to 52,285 gross square feet, depending on the alternative, plus 4,800 square feet for potential retail space for The Mexican Museum. The Developer will pay for the construction of the base, core and shell of the Museum. Once the space is constructed, the Project Sponsor will convey the space to the Successor Agency or its designee at no cost. The Successor Agency or its designee is expected then to sign an operating agreement or lease with The Mexican Museum for use of the space. Buildout costs will be the responsibility of The Mexican Museum with some grant assistance from the Successor Agency pursuant to the existing Grant Agreement. The costs of constructing The Mexican Museum's core and shell are included in the direct and indirect costs described above for simplicity of presentation.

The Mexican Museum Endowment

The Project Sponsor will contribute a $5 million operating endowment to The Mexican Museum. The contribution is expected to occur in two payments with the first payment occurring within six months of the issuance of the first certificate of occupancy for a residential unit(s) in the Project, and the second payment occurring within 24 months of the first payment. The value of the endowment does not vary across the Project and the Project Alternatives.

Aronson Building Rehabilitation

The historically important Aronson Building is located on the corner of Mission and Third Streets and is proposed to be an integral part of the Project. As part of the Project, the Project Sponsor will rehabilitate the building and incorporate it into the Project. The scope of the rehabilitation will include extensive seismic upgrading, as well as renovation of the façade surfaces with historical accuracy. In addition, two non-historic annexes along the northern and western walls will be removed. The estimated cost of these improvements is approximately $11.3 million, based on information prepared by Webcor Builders.

This scope is the same across the Project and all of the alternatives except the Separate Buildings Alternative. Under the Separate Buildings Alternative, the scope of rehabilitation is reduced. Only the minimum amount of work required to prevent further deterioration and to permit continued occupancy will be undertaken at a reduced cost of approximately $10.5 million. This restoration cost information was prepared by Webcor Builders and is summarized on **Table 8**.

Affordable Housing In-Lieu Fees

The ENA requires the Project Sponsor to comply with the City's Inclusionary Affordable Housing Program through payment of the Affordable Housing Fee. Planning Code Section 415 et seq. requires residential developments of 10 or more units to pay an Affordable Housing Fee of 20 percent (i.e., a fee equivalent to providing 20 percent of total units as affordable units). Furthermore, the ENA provides that if the Affordable Housing Fee is based on an affordable housing requirement of less than 28 percent of the total units in the project, then the Project

Table 8
Other Project Development Costs
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Item	Assumption	Project		B: Existing Zoning Alternative		C: Separate Buildings Alternative [1]	D: Increased Residential Density		E: Reduced Shadow	
		Residential	Office	Residential	Office		Residential	Office	Residential	Office
Aronson Building										
Estimated Restoration Cost [2]		$11,301,728		$11,301,728		$10,451,728	$11,301,728		$11,301,728	
Transferable Development Rights (TDRs)										
Number of TDRs Required [3]		0	0	30,703	30,703	0	0	0	79,916	79,916
TDR Cost [4]	$24	$0	$0	$736,872	$736,872	$0	$0	$0	$1,917,984	$1,917,984
Affordable Housing										
20% In-Lieu Req (City of SF)		$15,034,090	$13,356,389	$5,172,911	$3,495,210	$13,076,722	$19,458,495	$16,934,271	$13,002,181	$11,324,480
8% In-Lieu Req (Agency)		$6,013,636	$5,342,556	$2,069,164	$1,398,084	$5,230,709	$7,783,398	$6,773,708	$5,200,872	$4,529,792
Total Affordable Housing In-Lieu		$21,047,726	$18,698,945	$7,242,075	$4,893,294	$18,307,431	$27,241,893	$23,707,979	$18,203,053	$15,854,272
Open Space Maintenance (GMOS) [5]										
Commercial	$1.50	$0	$91,980	$0	$78,840	$118,260	$0	$91,980	$0	$78,840
Residential	$1.25	$725,788	$649,138	$219,175	$153,475	$609,538	$725,788	$649,138	$397,739	$332,039
Total GMOS per Year		$725,788	$741,118	$219,175	$232,315	$727,798	$725,788	$741,118	$397,739	$410,879
Year 1 of sales	67%	$483,858	$494,078	$146,117	$154,877	$485,198	$483,858	$494,078	$265,159	$273,919.17
Year 2 of sales	33%	$241,929	$247,039	$73,058	$77,438	$242,599	$241,929	$247,039	$132,580	$136,960
Total		$725,788	$741,118	$219,175	$232,315	$727,798	$725,788	$741,118	$397,739	$410,879
HOA Dues [6]										
Residential	$1	$441,279	$394,676	$133,258	$93,313	$370,599	$441,279	$394,676	$241,825	$201,880
Year 1 of sales	67%	$294,186	$263,117	$88,839	$62,209	$247,066	$294,186	$263,117	$161,217	$134,586
Year 2 of sales	33%	$147,093	$131,559	$44,419	$31,104	$123,533	$147,093	$131,559	$80,608	$67,293
Total		$441,279	$394,676	$133,258	$93,313	$370,599	$441,279	$394,676	$241,825	$201,880

[1] There is no flex option for the Separate Buildings Alternative.
[2] Detailed estimate prepared by Webcor Builders. Separate Building Alternative does not undertake full scope of rehabilitation and restoration for Aronson Building. Partial rehabilitation estimate also provided by Webcor Builders.
[3] The Project Residuals are calculated without the purchase of TDRs for the Project and all alternatives and with the purchase of TDRs for the Existing Zoning Alternative and the Reduced Shadow Alternative. The Existing Zoning Alternative, by definition, would require the purchase of TDRs. The purchase of TDRs is also assumed for the Reduced Shadow Alternative for consistency with the description in the EIR, which states that the Reduced Shadow Alternative would require the purchase of TDRs.
[4] Market rate cost of a TDR is approximately $24 to $25 per gross square foot as of April 2013 based on information provided by TDR brokers and would be determined at the time of sale, if appropriate.
[5] In accordance with the Term Sheet (Exhibit D) of the ENA, the developer shall contribute $1.50/Sq.Ft. per year for all leasable commercial and $1.25/Sq.Ft. per year for all saleable residential. Estimate assumes Project sponsor pays 2/3 of costs in the first year of sales and 1/3 of costs in the second year of sales.
[6] As the residential units are being absorbed, the Project Sponsor will be responsible for paying the Homeowners' Association Dues of unsold units. Estimate assumes Project sponsor pays 2/3 of dues in the first year of sales and 1/3 of dues in the second year of sales.

Sources: City of San Francisco Mayor's Office of Housing; 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

Sponsor must pay a separate fee to the Successor Agency equal to the difference between the City's Affordable Housing Fee and an affordable housing requirement of 28 percent. Pursuant to this provision, in addition to paying to the City the Affordable Housing Fee of 20 percent, the Project Sponsor will pay to the Successor Agency a separate affordable housing fee of 8 percent.

Based on the City's 2013 Affordable Housing Fee schedule, the Project would be required to pay Affordable Housing Fees as follows, assuming the maximum number of units:

- Residential Flex Option (215 units, including 107 two-bedroom and 108 three-bedroom units): City fee of $15,034,090 plus Successor Agency fee of $6,013,636, for a total of $21,047,726.
- Office Flex Option (191 units, including 95 two-bedroom and 96 three-bedroom units): City fee of $13,356,389 plus Successor Agency fee of $5,342,556, for a total of $18,698,945.

Across the alternatives, the fees would range from $4.9 million (Existing Zoning Alternative) to $27.2 million (Increased Residential Density, Residential Flex Option). The fees are shown on **Table 8.**

Purchase of TDRs

The City's Planning Department tracks TDRs belonging to private owners, which may be purchased in some instances to increase allowable densities for specific projects. The Site is located in the Downtown Retail (C-3-R) District, which permits a base floor area ratio (FAR) of 6.0 to 1 and an FAR of up to 9.0 to 1 with the purchase of TDRs. The proposed Special Use District would allow development of the Project without the purchase of TDRs. The Existing Zoning Alternative, by definition, would require the purchase of TDRs. The purchase of TDRs is also included for the Reduced Shadow Alternative for consistency with the EIR.

In order to permit an equivalent comparison of the alternatives, this analysis includes calculations of financial feasibility without the purchase of TDRs for the Project and all alternatives and *with* the purchase of TDRs for the Existing Zoning Alternative and the Reduced Shadow Alternative to be consistent with the EIR. For the Existing Zoning Alternative and the Reduced Shadow Alternative, TDR calculations are shown on **Table 8.** The Developer provided estimates of the number of TDRs that would be required. The market rate for TDRs is approximately $24 to $25 per gross square foot, based on average market rates provided by TDR brokers as of April 2013.

Homeowners' Association Dues

As the residential units are being absorbed, the Project Sponsor will be responsible for paying the Homeowners' Association (HOA) Dues of unsold units. The HOA dues are estimated to be $1 per square foot per month. The cost estimate assumes the Project Sponsor pays 2/3 of dues in the first year of sales and 1/3 of dues in the second year of sales and is shown on **Table 8.**

Gardens Management, Operations and Security

The Project Sponsor will contribute to the Gardens Management, Operations and Security (GMOS) account, which provides funding toward the operations, management and security of Yerba Buena Gardens and which has already been established for other projects in the area. The annual payments are calculated at the rate of $1.50 per square foot of the Project's above-grade

net leasable commercial building area and $1.25 per square foot of the Project's above-grade net saleable residential area. Though the fees are subject to annual CPI increases, these static pro formas do not take this into account. Calculations are shown on **Table 8.** Ultimately the GMOS payment obligations will be the responsibility of the residents who purchase the Project's residential units. To estimate the payments that will be the responsibility of the Developer during the absorption period for purposes of this evaluation, it is assumed that the Project Sponsor pays 2/3 of costs in the first year of sales and 1/3 of costs in the second year of sales.

EIR Mitigation and Improvement Measures

Various one-time mitigation measures are required by the EIR, amounting to approximately $190,000 of one-time costs beyond those mitigation expenditures already included in the direct construction cost estimate. EIR improvement measures such as traffic and pedestrian safety improvement items, are also proposed, amounting to approximately $625,000. EIR greenhouse gas compliance measures are estimated to cost approximately $160,000 beyond those costs already reflected in the construction costs. These measures are detailed in **Appendix C.**

Other Project Costs

Other Project Costs include Developer-proposed improvements such as loading dock and capacity improvements at the Jessie Square Garage, repair of the Jessie Square Garage turntable, pedestrian crosswalk and signage improvements, and the relocation of existing tenants in the Aronson Building. Other Project Costs amount to approximately $7.56 million. These items and costs are detailed in **Appendix C.**

Developer Return

Developer return, or profit, is calculated as a percentage of Project costs, yielding an unleveraged cash-on-cash return. Acceptable rates of return can vary across projects, geographies and developers, are affected by market conditions and must reflect the level of risk associated with the project. Prior EPS experience in San Francisco suggests a reasonable rate of return could range from 15 percent to 18 percent in today's market. Residential towers often require rates of return that are on the high-end of the range, accounting for market risk of rolling out all of the units at the same time, high front-end costs, as well as construction and financing risks. Additionally because the financial pro formas are static models that do not account for the time/value of future revenues relative to current and near-term costs, the rate of return is set higher to correct for this. The financial pro formas apply a rate of return of 18 percent.

Project Residual

The Project Residual represents the difference between the gross revenues generated and the cost of developing the Project or the Project Alternatives, including a cash-on-cash return on investment to the Project Sponsor. The Project Residual is calculated both with and without the purchase of TDRs for the Existing Zoning Alternative and the Reduced Shadow Alternative. A positive Project Residual represents a financially feasible development whereas a negative Project Residual means the development is not financially feasible.

Financial Results

The results of the pro forma analyses are shown for each alternative in **Appendix A** and summarized on **Table 1**.

- **Project.** Both the residential and office flex options of the Project are financially feasible. The Project, as outlined in the preceding section is projected to generate approximately $568 million in gross project revenues under the Office Flex Option and approximately $586 million under the Residential Flex Option. Projected development costs, including developer return, are approximately $537 million under the Office Flex Option and approximately $546 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately $30.6 million under the Office Flex Option and approximately $40.3 million under the Residential Flex Option.

- **Alternative A: No Project.** The No Project Alternative is not evaluated.

- **Alternative B: Existing Zoning.** The Existing Zoning Alternative is not financially feasible with or without the purchase of TDRs because under this Alternative, the height of the tower is reduced, which reduces the number of revenue generating units, and per square foot construction costs are highest under this alternative due to a decrease in construction cost efficiency. Additionally, the Jessie Square Garage would not be conveyed to the Project Sponsor under this alternative, which means the Alternative does not include defeasance of the outstanding Jessie Square Garage bonds or repayment of the Agency's debt to the City. It also does not generate parking-related revenue.

  The Existing Zoning Alternative is projected to generate approximately $134 million in gross project revenues under the Office Flex Option and approximately $149 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $268 million under the Office Flex Option and approximately $292 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately *negative* $133.4 million under the Office Flex Option and approximately *negative* $142.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately *negative* $134.2 million under the Office Flex Option and approximately *negative* $143.4 million under the Residential Flex Option.

- **Alternative C: Separate Buildings.** The Separate Buildings Alternative is financially feasible. In many ways, this Alternative performs similarly to the Project office flex option, however, there are four fewer residential units in the tower. The direct construction costs are slightly higher under the Separate Buildings Alternative than under the office flex option of the Project due to reduced construction efficiencies.

  The Separate Buildings Alternative is projected to generate approximately $547 million in gross project revenues. Projected development costs, including developer return, are approximately $541 million. The Project Residual, above the minimum return on investment needed for project feasibility, is estimated at approximately $5.3 million.

- **Alternative D: Increased Residential Density.** The Increased Residential Density Alternative is not financially feasible because the direct per square foot construction costs are higher under the Increased Residential Density Alternative than under the Proposed Project. Though there are more units in the Increased Residential Density Alternative than there are in the Proposed Project, the overall square footage is the same. Because residential revenue is based on a per square foot price (rather than a per unit price), the residential revenue is similar to the Proposed Project.

  The Increased Residential Density Alternative is projected to generate approximately $566 million in gross project revenues under the Office Flex Option and approximately $585 million under the Residential Flex Option. Projected development costs, including developer return, are approximately $595 million under the Office Flex Option and approximately $610 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately *negative* $29.3 million under the Office Flex Option and approximately *negative* $25.6 million under the Residential Flex Option.

- **Alternative E: Reduced Shadow.** The Reduced Shadow Alternative is not financially feasible with or without the purchase of TDRs. In this Alternative, the height of the tower is reduced from 520 feet in the Proposed Project to 351 feet, which reduces the number of residential units to 162 under the office flex option and 186 under the residential flex option and reduces potential revenue from residential sales. There are fewer units to generate revenue, and the number of upper floors of the Project, which command substantial price premiums due to views, are not available under the Reduced Shadow Alternative. At the same time, per square foot development costs are higher under the Reduced Shadow Alternative relative to the Proposed Project due to a decrease in construction cost efficiency. Within certain construction type thresholds, the taller the structure, the lower the cost per square foot due to cost-spreading efficiencies. The combination of these factors results in an alternative that is not financially feasible.

  The Reduced Shadow Alternative is projected to generate approximately $297 million in gross project revenues under the Office Flex Option and approximately $313 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $434 million under the Office Flex Option and approximately $452 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately *negative* $134.5 million under the Office Flex Option and approximately *negative* $137.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately *negative* $136.4 million under the Office Flex Option and approximately *negative* $139.5 million under the Residential Flex Option.

APPENDIX A:

Pro Forma Analyses

Appendix A, Table 1
Project Pro Forma
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Item	Assumption	Flex Option Residential	Flex Option Office
DEVELOPMENT PROGRAM			
Gross Building Square Feet		710,525	710,525
Residential			
Gross Square Feet		580,630	519,310
Net Saleable Area	76% Efficiency Ratio	441,279	394,676
Units		215	191
Office			
Gross Leasable Area (sq.ft.)		0	61,320
Net Leasable Area (sq.ft.)	85% Efficiency Ratio	0	52,122
Parking Spaces		470	470
DEVELOPMENT REVENUE			
Residential Sales Revenue [1]		$566,149,429	$514,487,836
(less) Commission Expenses	3.0% of purchase price	($16,984,483)	($15,434,635)
Residential Parking Sales Revenue [2]	$100,000 per space	$21,500,000	$19,100,000
Lease Revenue			
Office			
Gross Revenue (Full Service Gross) [3]	$55.00 /sq. ft./yr.	$0	$2,866,710
(less) Vacancy [4]	10.0% of Gross Revenue	$0	($286,671)
(less) Operating Expenses [5]	20.0% of Gross Revenue	$0	($573,342)
Subtotal, Office		$0	$2,006,697
Parking [6]	$322.00 /space / mo.	$977,592	$1,074,192
Subtotal, Lease Revenue		$977,592	$3,080,889
(less) Capital Reserve [7]	1.0% of Lease Revenue	($9,776)	($30,809)
Annual Net Operating Income		$967,816	$3,050,080
Capitalized Value [8]	6.0% cap rate	$15,807,663	$49,817,975
Total Revenues		$586,472,609	$567,971,176
DEVELOPMENT COSTS			
2006 Acquisition of Aronson Building		$23,500,000	$23,500,000
Agency Site Purchase/Conveyance [9]		$39,393,904	$39,393,904
Aronson Building Property Costs [10]		–	–
Direct Construction Costs			
Predevelopment Entitlement Costs [11]		$9,388,235	$9,388,235
Direct Construction [12]	$403 to $416	$295,880,173	$286,538,188
Exterior/ Curtain Wall [13]	$100 /sq.ft. of façade	$1,328,000	$1,328,000
Tenant Improvements (Office) [14]	$100 /sq. ft.	$0	$5,212,200
Subtotal, Direct Construction Costs		$306,596,824	$302,467,026
Indirect Costs			
Architecture and Engineering	3.9% of Direct Costs	$11,803,978	$11,644,981
Fees and Permits [15]	3.1% of Direct Costs	$9,637,050	$9,340,890
Legal	0.6% of Direct Costs	$1,839,581	$1,814,802
Sales and Marketing	1.4% of Direct Costs	$4,292,356	$4,234,538
Other Indirect Costs [16]	9.8% of Direct Costs	$30,046,489	$29,641,769
Subtotal, Indirect Costs	18.7% to 18.8% of Direct Costs	$57,619,453	$56,676,980
Other Project Costs			
Museum Operating Endowment		$5,000,000	$5,000,000
Aronson Building Rehab/Renovation [17]		–	–
Required Affordable Housing In-Lieu Fees [18]		$15,034,090	$13,356,389
Additional Affordable Housing In-Lieu Fees [19]		$6,013,636	$5,342,556
Purchase of TDRs (if applicable) [20]		–	–
Absorption Period HOA Dues [21]		$441,279	$394,676
Open Space Maintenance (GMOS) [22]		$725,788	$741,118
EIR-Related Measures		$975,000	$975,000
Other Project Costs		$7,565,000	$7,565,000
Subtotal, Other Project Costs		$35,754,792	$33,374,738
Total Costs		$452,864,973	$455,412,648
Developer Return [23]	18.0% of Total Costs	$83,315,695	$81,974,277
Project Residual		$40,291,941	$30,584,251

[1] See Tables 3 through 6 and Appendix D for residential revenue estimate assumptions and calculations.
[2] Residential parking spaces will be available at a 1:1 ratio at a cost of $100,000 per space. Purchase will be unbundled from residential sales.
[3] Office rents based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded up from $52.67 p.s.f. to $55 p.s.f. to account for a premium for newly remodeled space. Actual rents will vary depending on market conditions at the time of leasing.
[4] Office vacancy rates based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded down from 21.2% to 10.0% to account for improving office market conditions and the desirability of newly remodeled space. Actual vacancy rates will vary depending on market conditions at the time of leasing.
[5] Operating expenses include cleaning, utilities, general building management, management fee, insurance and property tax, and commissions.
[6] Revenue per month is applied to the public and leased spaces (see Table 2) based on City Park's average monthly net revenue of approximately $113,000 for 350 spaces (for FY12/13 through February), see Appendix F. It should be noted that City Park does not pay property taxes, whereas the Project Sponsor will. As such, this cost estimate potentially overstates per month net revenues, which is conservative for purposes of this analysis. This revenue is applied to the public spaces and the leased spaces.
[7] Capital reserves to cover any unforeseen capital requirements.
[8] Capitalization rate of 6.0% is based on a San Francisco-specific, CBD office reversion cap rate of 5.75% as presented by IRR Viewpoint, 2013 and increased to account for inclusion of the Project's parking component. Includes a 2% cost of sale.
[9] Estimate provided by the Successor Agency, includes $21.1 million to defease outstanding Jessie Square Garage bonds, $18.3 million for payment required under the Cooperation and Tax Increment Reimbursement Agreement, and $1 for site conveyance. Because the assessed value of the Agency Site is unknown at this time, associated transaction costs are not included. The Project Sponsor will be responsible for property taxes on the entire Project Site post-conveyance, and the property taxes will be based on the value of the site. Again, because the assessed value of the Agency Site is unknown at this time, associated property taxes also are not included. Exclusion of these costs is conservative in that it underestimates actual costs.
[10] Aronson Building net property costs of approximately $4.5 million are not included in this analysis.
[11] Predevelopment entitlement costs include those costs that were incurred by the Project Sponsor as part of the predevelopment costs through the end of 2012, prior to design/permitting/construction costs. Estimate includes pre-development costs for The Mexican Museum. See Appendix G.
[12] Construction cost estimate reflects LEED Silver standards for the residential components and LEED Gold standards for the commercial components. Estimate includes construction of the core and shell for Museum and Office, with MEP services stubbed out into space. Commercial and cultural tenants will be responsible for interior build-out, which is not included in estimate. Cost includes demolition of the Aronson Building annexes, restoration of the Aronson Building, and site improvement (hardscape and landscape) costs. Estimate includes other direct costs such as Contractor Controlled Insurance Program (CCIP), adjacent property improvements, utility set-up charges, preconstruction charges, some initial on-site environmental work and contingency.
[13] The exterior/ curtain wall refers to the unique façade treatment of The Mexican Museum. The surface square footage is estimated to be 13,280 square feet.
[14] Tenant improvement allowance is applied to net leasable office space.
[15] Estimate is calculated and provided by the Project Sponsor. See Appendix Table B-1.
[16] Other Indirect Costs include development fee (includes General and Administrative), taxes, insurance, finance fees and contingency.
[17] Aronson Building restoration costs are included in the overall project development costs. See Table 8 for estimate of Aronson Building breakout provided by Webcor Builders.
[18] Reflects City requirement of 20%. Excludes additional Successor Agency requirement of 8%.
[19] Reflects additional Successor Agency requirement of 8%.
[20] The purchase of TDRs may be required under the Existing Zoning Alternative and the Reduced Shadow Alternative. For these alternatives, TDR purchase costs are assumed to be $24 per gross square foot, based on information provided by TDR brokers as of April 2013.
[21] See Table 8 for annual Homeowners' Association Dues calculations. As the residential units are being absorbed, the Project Sponsor will be responsible for paying the Homeowners' Association Dues of unsold units. Estimate assumes Project sponsor pays 2/3 of dues in the first year of sales and 1/3 of dues in the second year of sales.
[22] See Table 8 for annual Open Space Maintenance cost calculations. Homeowners will assume these costs as units are purchased. Estimate assumes Project sponsor pays 2/3 of costs in the first year of sales and 1/3 of costs in the second year of sales.
[23] Reflects an unleveraged, cash-on-cash rate of return.

Sources: 706 Mission Street Co., LLC; Webcor Builders; CBRE; IRR Viewpoint 2013; City of San Francisco; Economic & Planning Systems, Inc.

Appendix A, Table 2
Pro Forma: Existing Zoning Alternative
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Item	Assumption	Flex Option Residential	Flex Option Office
DEVELOPMENT PROGRAM			
Gross Building Square Feet		275,590	275,590
Residential			
Gross Square Feet		175,340	122,780
Net Saleable Area	76% Efficiency Ratio	133,258	93,313
Units		74	50
Office			
Gross Leasable Area (sq.ft.)		0	52,560
Net Leasable Area (sq.ft.)	85% Efficiency Ratio	0	44,676
Parking Spaces		442	442
DEVELOPMENT REVENUE			
Residential Sales Revenue [1]		$153,483,313	$109,642,540
(less) Commission Expenses	3.0% of purchase price	($4,604,499)	($3,289,276)
Residential Parking Sales Revenue [2]	$100,000 per space	$0	$0
Lease Revenue			
Office			
Gross Revenue (Full Service Gross) [3]	$55.00 /sq. ft./yr.	$0	$2,457,180
(less) Vacancy [4]	10.0% of Gross Revenue	$0	($245,718)
(less) Operating Expenses [5]	20.0% of Gross Revenue	$0	($491,436)
Subtotal, Office		$0	$1,720,026
Parking [6]	$0 /space / mo.	$0	$0
Subtotal, Lease Revenue		$0	$1,720,026
(less) Capital Reserve [7]	1.0% of Lease Revenue	$0	($17,200)
Annual Net Operating Income		$0	$1,702,826
Capitalized Value [8]	6.0% cap rate	$0	$27,812,820
Total Revenues		**$148,878,813**	**$134,166,084**
DEVELOPMENT COSTS			
2006 Acquisition of Aronson Building		$23,500,000	$23,500,000
Agency Site Purchase/Conveyance [9]		$1	$1
Aronson Building Property Costs [10]		–	–
Direct Construction Costs			
Predevelopment Entitlement Costs [11]		$9,388,235	$9,388,235
Direct Construction [12]	$509 to $580 /gross sq. ft.	$159,793,100	$140,305,998
Exterior/ Curtain Wall [13]	$100 per sq.ft. of façade	$1,328,000	$1,328,000
Tenant Improvements (Office) [14]	$100 /sq. ft.	$0	$4,467,600
Subtotal, Direct Construction Costs		$170,509,915	$155,490,342
Indirect Costs			
Architecture and Engineering	3.9% of Direct Costs	$6,564,632	$5,986,378
Fees and Permits [15]	2.9% to 3.0% of Direct Costs	$5,115,573	$4,570,139
Legal	0.6% of Direct Costs	$1,023,059	$932,942
Sales and Marketing	1.4% of Direct Costs	$2,387,139	$2,176,865
Other Indirect Costs [16]	9.8% of Direct Costs	$16,709,972	$15,238,054
Subtotal, Indirect Costs	18.6% of Direct Costs	$31,801,374	$28,904,377
Other Project Costs			
Museum Operating Endowment		$5,000,000	$5,000,000
Aronson Building Rehab/Renovation [17]		–	–
Required Affordable Housing In-Lieu Fees [18]		$5,172,911	$3,495,210
Additional Affordable Housing In-Lieu Fees [19]		$2,059,164	$1,398,084
Purchase of TDRs (if applicable) [20]		$736,872	$736,872
Absorption Period HOA Dues [21]		$133,258	$93,313
Open Space Maintenance (GMOS) [22]		$219,175	$232,315
EIR-Related Measures		$975,000	$975,000
Other Project Costs		$7,565,000	$7,565,000
Subtotal, Other Project Costs		$21,671,380	$19,495,794
Total Costs		**$247,682,670**	**$227,390,514**
Developer Return [23]	18.0% of Total Costs	**$44,582,881**	**$40,930,293**
Project Residual (w/ purchase of TDRs)		**($143,386,738)**	**($134,154,722)**
Project Residual (w/out purchase of TDRs)		**($142,649,866)**	**($133,417,850)**

[1] See Tables 3 through 6 and Appendix D for residential revenue estimate assumptions and calculations.
[2] This Alternative does not include the conveyance of the Jessie Square Garage, which means that there are no private parking spaces available for purchase by prospective residents.
[3] Office rents based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded up from $52.67 p.s.f. to $55 p.s.f. to account for a premium for newly remodeled space. Actual rents will vary depending on market conditions at the time of leasing.
[4] Office vacancy rates based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded down from 21.2% to 10.0% to account for improving office market conditions and the desirability of newly remodeled space. Actual vacancy rates will vary depending on market conditions at the time of leasing.
[5] Operating expenses include cleaning, utilities, general building management, management fee, insurance and property tax, and commissions.
[6] This Alternative does not include the conveyance of the Jessie Square Garage, which means that the Project Sponsor would not operate the public or leased parking spaces.
[7] Capital reserves to cover any unforeseen capital requirements.
[8] Capitalization rate of 6.0% is based on a San Francisco-specific, CBD office reversion cap rate of 5.75% as presented by IRR Viewpoint, 2013 and increased to account for inclusion of the Project's parking component. Though this Alternative does not include a parking component, the cap rate of 6.0% is used for the sake of consisency across the Project and Project Alternatives. Includes a 2% cost of sale.
[9] Estimate includes $1 for The Mexican Museum Agency Parcel Site conveyance. The Jessie Square Garage is not conveyed under this Alternative. Because the assessed value of The Mexican Museum Agency Parcel Site is unknown at this time, associated transaction costs and property taxes are not included. Exclusion of these costs is conservative in that it underestimates actual costs.
[10] Aronson Building net property costs of approximately $4.5 million are not included in this analysis.
[11] Predevelopment entitlement costs include those costs that were incurred by the Project Sponsor as part of the predevelopment costs through the end of 2012, prior to design/permitting/construction costs. Estimate includes pre-development costs for The Mexican Museum. See Appendix G.
[12] Construction cost estimate reflects LEED Silver standards for the residential components and LEED Gold standards for the commercial components. Estimate includes construction of the core and shell for Museum and Office, with MEP services stubbed out into space. Commercial and cultural tenants will be responsible for interior build-out, which is not included in estimate. Cost includes demolition of the Aronson Building annexes, restoration of the Aronson Building, and site improvement (hardscape and landscape) costs. Estimate includes other direct costs such as Contractor Controlled Insurance Program (CCIP), adjacent property improvements, utility set-up charges, preconstruction charges, some initial on-site environmental work and contingency.
[13] The exterior curtain wall refers to the unique façade treatment of The Mexican Museum. The surface square footage is estimated to be 13,280 square feet.
[14] Tenant improvement allowance is applied to net leasable office space.
[15] Estimate is calculated and provided by the Project Sponsor. See Appendix Table B-1.
[16] Other Indirect Costs include development fee (includes General and Administrative), taxes, insurance, finance fees and contingency.
[17] Aronson Building restoration costs are included in the overall project development costs. See Table 8 for estimate of Aronson Building breakout provided by Webcor Builders.
[18] Reflects City requirement of 20%. Excludes additional Successor Agency requirement of 8%.
[19] Reflects additional Successor Agency requirement of 8%.
[20] The purchase of TDRs may be required under the Existing Zoning Alternative and the Reduced Shadow Alternative. For these alternatives, TDR purchase costs are assumed to be $24 per gross square foot, based on information provided by TDR brokers as of April 2013.
[21] See Table 8 for annual Homeowners' Association Dues calculations. As the residential units are being absorbed, the Project Sponsor will be responsible for paying the Homeowners' Association Dues of unsold units. Estimate assumes Project sponsor pays 2/3 of dues in the first year of sales and 1/3 of dues in the second year of sales.
[22] See Table 8 for annual Open Space Maintenance cost calculations. Homeowners will assume these costs as units are purchased. Estimate assumes Project sponsor pays 2/3 of costs in the first year of sales and 1/3 of costs in the second year of sales.
[23] Reflects an unleveraged, cash-on-cash rate of return.

Sources: 706 Mission Street Co., LLC; Webcor Builders; CBRE; IRR Viewpoint 2013; City of San Francisco; Economic & Planning Systems, Inc.

Appendix A, Table 3
Pro Forma: Separate Buildings Alternative
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Item	Assumption	Amount
DEVELOPMENT PROGRAM		
Gross Building Square Feet		704,280
Residential		
Gross Square Feet		487,630
Net Saleable Area	76% Efficiency Ratio	370,599
Units		187
Office		
Gross Leasable Area (sq.ft.)		78,840
Net Leasable Area (sq.ft.)	85% Efficiency Ratio	67,014
Parking Spaces		470
DEVELOPMENT REVENUE		
Residential Sales Revenue [1]		$483,102,007
(less) Commission Expenses	3.0% of purchase price	($14,493,060)
Residential Parking Sales Revenue [2]	$100,000 per space	$18,700,000
Lease Revenue		
Office		
Gross Revenue (Full Service Gross) [3]	$55.00 /sq. ft./yr.	$3,685,770
(less) Vacancy [4]	10.0% of Gross Revenue	($368,577)
(less) Operating Expenses [5]	20.0% of Gross Revenue	($737,154)
Subtotal, Office		$2,580,039
Parking [6]	$322 /space / mo.	$1,089,648
Subtotal, Lease Revenue		$3,669,687
(less) Capital Reserve [7]	1.0% of Lease Revenue	($36,697)
Annual Net Operating Income		$3,632,990
Capitalized Value [8]	6.0% cap rate	$59,338,839
Total Revenues		$546,647,786
DEVELOPMENT COSTS		
2006 Acquisition of Aronson Building		$23,500,000
Agency Site Purchase/Conveyance [9]		$39,393,904
Aronson Building Property Costs [10]		—
Direct Construction Costs		
Predevelopment Entitlement Costs [11]		$9,388,235
Direct Construction [12]	$409 /gross sq. ft.	$288,238,119
Exterior/ Curtain Wall [13]	$100 per sq.ft. of façade	$1,328,000
Tenant Improvements (Office) [14]	$100 /sq. ft.	$6,701,400
Subtotal, Direct Construction Costs		$305,656,163
Indirect Costs		
Architecture and Engineering	3.9% of Direct Costs	$11,767,762
Fees and Permits [15]	3.1% of Direct Costs	$9,453,424
Legal	0.6% of Direct Costs	$1,833,937
Sales and Marketing	1.4% of Direct Costs	$4,279,186
Other Indirect Costs [16]	9.8% of Direct Costs	$29,954,304
Subtotal, Indirect Costs	18.7% of Direct Costs	$57,288,613
Other Project Costs		
Museum Operating Endowment		$5,000,000
Aronson Building Rehab/Renovation [17]		—
Required Affordable Housing In-Lieu Fees [18]		$13,076,722
Additional Affordable Housing In-Lieu Fees [19]		$5,230,709
Purchase of TDRs (if applicable) [20]		—
Absorption Period HOA Dues [21]		$370,599
Open Space Maintenance (GMOS) [22]		$727,798
EIR-Related Measures		$975,000
Other Project Costs		$7,565,000
Subtotal, Other Project Costs		$32,945,827
Total Costs		$458,784,508
Developer Return [23]	18.0% of Total Costs	$82,581,211
Project Residual		$5,282,067

[1] See Tables 3 through 6 and Appendix D for residential revenue estimate assumptions and calculations.
[2] Residential parking spaces will be available at a 1:1 ratio at a cost of $100,000 per space. Purchase will be unbundled from residential sales.
[3] Office rents based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded up from $52.67 p.s.f. to $55 p.s.f. to account for a premium for newly remodeled space. Actual rents will vary depending on market conditions at the time of leasing.
[4] Office vacancy rates based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded down from 21.2% to 10.0% to account for improving office market conditions and the desirability of newly remodeled space. Actual vacancy rates will vary depending on market conditions at the time of leasing.
[5] Operating expenses include cleaning, utilities, general building management, management fee, insurance and property tax, and commissions.
[6] Revenue per month is applied to the public and leased spaces (see Table 2) based on City Park's average monthly net revenue of approximately $113,000 for 350 spaces (for FY12/13 through February), see Appendix F. It should be noted that City Park does not pay property taxes, whereas the Project Sponsor will. As such, this cost estimate potentially overstates per month net revenues, which is conservative for purposes of this analysis. This revenue is applied to the public spaces and the leased spaces.
[7] Capital reserves to cover any unforeseen capital requirements.
[8] Capitalization rate of 6.0% is based on a San Francisco-specific, CBD office reversion cap rate of 5.75% as presented by IRR Viewpoint, 2013 and increased to account for inclusion of the Project's parking component. Includes a 2% cost of sale.
[9] Estimate provided by the Successor Agency, includes $21.1 million to defease outstanding Jessie Square Garage bonds, $18.3 million for payment required under the Cooperation and Tax Increment Reimbursement Agreement, and $1 for site conveyance. Because the assessed value of the Agency Site is unknown at this time, associated transaction costs are not included. The Project Sponsor will be responsible for property taxes on the entire Project Site post-conveyance, and the property taxes will be based on the value of the site. Again, because the assessed value of the Agency Site is unknown at this time, associated property taxes also are not included. Exclusion of these costs is conservative in that it underestimates
[10] Aronson Building net property costs of approximately $4.5 million are not included in this analysis.
[11] Predevelopment entitlement costs include those costs that were incurred by the Project Sponsor as part of the predevelopment costs through the end of 2012, prior to design/permitting/construction costs. Estimate includes pre-development costs for The Mexican Museum. See Appendix G.
[12] Construction cost estimate reflects LEED Silver standards for the residential components and LEED Gold standards for the commercial components. Estimate includes construction of the core and shell for Museum and Office, with MEP services stubbed out into space. Commercial and cultural tenants will be responsible for interior build-out, which is not included in estimate. Cost includes demolition of the Aronson Building annexes, restoration of the Aronson Building, and site improvement (hardscape and landscape) costs. Estimate includes other direct costs such as Contractor Controlled Insurance Program (CCIP), adjacent property improvements, utility set-up charges, preconstruction charges, some initial on-
[13] The exterior curtain wall refers to the unique façade treatment of The Mexican Museum. The surface square footage is estimated to be 13,280 square feet.
[14] Tenant improvement allowance is applied to net leasable office space.
[15] Estimate is calculated and provided by the Project Sponsor. See Appendix Table B-1.
[16] Other Indirect Costs include development fee (includes General and Administrative), taxes, insurance, finance fees and contingency.
[17] Aronson Building restoration costs are included in the overall project development costs. See Table 6 for estimate of Aronson Building breakout provided by Webcor Builders.
[18] Reflects City requirement of 20%. Excludes additional Successor Agency requirement of 8%.
[19] Reflects additional Successor Agency requirement of 8%.
[20] The purchase of TDRs may be required under the Existing Zoning Alternative and the Reduced Shadow Alternative. For these alternatives, TDR purchase costs are assumed to be $24 per gross square foot, based on information provided by
[21] See Table 8 for annual Homeowners' Association Dues calculations. As the residential units are being absorbed, the Project Sponsor will be responsible for paying the Homeowners' Association Dues of unsold units. Estimate assumes Project sponsor pays 2/3 of dues in the first year of sales and 1/3 of dues in the second year of sales.
[22] See Table 8 for annual Open Space Maintenance cost calculations. Homeowners will assume these costs as units are purchased. Estimate assumes Project sponsor pays 2/3 of costs in the first year of sales and 1/3 of costs in the second year of sales.
[23] Reflects an unleveraged, cash-on-cash rate of return.

Sources: 706 Mission Street Co., LLC; Webcor Builders; CBRE; IRR Viewpoint 2013; City of San Francisco; Economic & Planning Systems, Inc.

Appendix A, Table 4
Pro Forma: Increased Residential Density Alternative
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Item	Assumption	Flex Option Residential	Flex Option Office
DEVELOPMENT PROGRAM			
Gross Building Square Feet		710,525	710,525
Residential			
Gross Square Feet		580,630	519,310
Net Saleable Area	76% Efficiency Ratio	441,279	394,676
Units		325	283
Office			
Gross Leasable Area (sq.ft.)		0	61,320
Net Leasable Area (sq.ft.)	85% Efficiency Ratio	0	52,122
Parking Spaces		470	470
DEVELOPMENT REVENUE			
Residential Sales Revenue [1]		$563,764,266	$511,930,967
(less) Commission Expenses	3.0% of purchase price	($16,912,928)	($15,357,929)
Residential Parking Sales Revenue [2]	$100,000 per space	$22,800,000	$19,800,000
Lease Revenue			
Office			
Gross Revenue (Full Service Gross) [3]	$55.00 /sq. ft/yr.	$0	$2,866,710
(less) Vacancy [4]	10.0% of Gross Revenue	$0	($286,671)
(less) Operating Expenses [5]	20.0% of Gross Revenue	$0	($573,342)
Subtotal, Office		$0	$2,006,697
Parking [6]	$322 /space / mo.	$927,360	$1,043,280
Subtotal, Lease Revenue		$927,360	$3,049,977
(less) Capital Reserve [7]	1.0% of Lease Revenue	($9,274)	($30,500)
Annual Net Operating Income		$918,086	$3,019,477
Capitalized Value [8]	6.0% cap rate	$14,995,411	$49,318,128
Total Revenues		$584,646,750	$565,691,166
DEVELOPMENT COSTS			
2006 Acquisition of Aronson Building		$23,500,000	$23,500,000
Agency Site Purchase/Conveyance [9]		$39,393,904	$39,393,904
Aronson Building Property Costs [10]		–	–
Direct Construction Costs			
Predevelopment Entitlement Costs [11]		$9,388,235	$9,388,235
Direct Construction [12]	$456 to $474 /gross sq. ft.	$336,814,452	$323,898,314
Exterior/ Curtain Wall [13]	$100 per sq.ft. of façade	$1,328,000	$1,328,000
Tenant Improvements (Office) [14]	$100 /sq. ft.	$0	$5,212,200
Subtotal, Direct Construction Costs		$347,531,161	$339,827,205
Indirect Costs			
Architecture and Engineering	3.9% of Direct Costs	$13,379,950	$13,083,347
Fees and Permits [15]	2.9% to 3.0% of Direct Costs	$10,365,655	$9,956,023
Legal	0.6% of Direct Costs	$2,085,187	$2,038,963
Sales and Marketing	1.4% of Direct Costs	$4,865,436	$4,757,581
Other Indirect Costs [16]	9.8% of Direct Costs	$34,058,054	$33,303,066
Subtotal, Indirect Costs	18.6% of Direct Costs	$64,754,281	$63,138,981
Other Project Costs			
Museum Operating Endowment		$5,000,000	$5,000,000
Aronson Building Rehab/Renovation [17]		–	–
Required Affordable Housing In-Lieu Fees [18]		$19,458,495	$16,934,271
Additional Affordable Housing In-Lieu Fees [19]		$7,783,398	$6,773,708
Purchase of TDRs (if applicable) [20]		–	–
Absorption Period HOA Dues [21]		$441,279	$394,676
Open Space Maintenance (GMOS) [22]		$725,788	$741,118
EIR-Related Measures		$975,000	$975,000
Other Project Costs		$7,565,000	$7,565,000
Subtotal, Other Project Costs		$41,948,959	$38,383,772
Total Costs		$517,128,306	$504,243,862
Developer Return [23]	18.0% of Total Costs	$93,083,095	$90,763,895
Project Residual		($25,564,651)	($29,316,591)

[1] See Tables 3 through 6 and Appendix D for residential revenue estimate assumptions and calculations.
[2] Residential parking spaces will be available at a 1:1 ratio at a cost of $100,000 per space. Purchase will be unbundled from residential sales.
[3] Office rents based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded up from $52.67 p.s.f. to $55 p.s.f. to account for a premium for newly remodeled space. Actual rents will vary depending on market conditions at the time of leasing.
[4] Office vacancy rates based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded down from 21.2% to 10.0% to account for improving office market conditions and the desirability of newly remodeled space. Actual vacancy rates will vary depending on market conditions at the time of leasing.
[5] Operating expenses include cleaning, utilities, general building management, management fee, insurance and property tax, and commissions.
[6] Revenue per month is applied to the public and leased spaces (see Table 2) based on City Park's average monthly net revenue of approximately $113,000 for 350 spaces (for FY12/13 through February), see Appendix F. It should be noted that City Park does not pay property taxes, whereas the Project Sponsor will. As such, this cost estimate potentially overstates per month net revenues, which is conservative for purposes of this analysis. This revenue is applied to the public spaces and the leased spaces.
[7] Capital reserves to cover any unforeseen capital requirements.
[8] Capitalization rate of 6.0% is based on a San Francisco-specific, CBD office reversion cap rate of 5.75% as presented by IRR Viewpoint, 2013 and increased to account for inclusion of the Project's parking component. Includes a 2% cost of sale.
[9] Estimate provided by the Successor Agency, includes $21.1 million to defease outstanding Jessie Square Garage bonds, $18.3 million for payment required under the Cooperation and Tax Increment Reimbursement Agreement, and $1 for site conveyance. Because the assessed value of the Agency Site is unknown at this time, associated transaction costs are not included. The Project Sponsor will be responsible for property taxes on the entire Project Site post-conveyance, and the property taxes will be based on the value of the site. Again, because the assessed value of the Agency Site is unknown at this time, associated property taxes also are not included. Exclusion of these costs is conservative in that it underestimates actual costs.
[10] Aronson Building net property costs of approximately $4.5 million are not included in this analysis.
[11] Predevelopment entitlement costs include those costs that were incurred by the Project Sponsor as part of the predevelopment costs through the end of 2012, prior to design/permitting/construction costs. Estimate includes pre-development costs for The Mexican Museum. See Appendix G.
[12] Construction cost estimate reflects LEED Silver standards for the residential components and LEED Gold standards for the commercial components. Estimate includes construction of the core and shell for Museum and Office, with MEP services stubbed out into space. Commercial and cultural tenants will be responsible for interior build-out, which is not included in estimate. Cost includes demolition of the Aronson Building annexes, restoration of the Aronson Building, and site improvement (hardscape and landscape) costs. Estimate includes other direct costs such as Contractor Controlled Insurance Program (CCIP), adjacent property improvements, utility set-up charges, preconstruction charges, some initial on-site environmental work and contingency.
[13] The exterior/ curtain wall refers to the unique façade treatment of The Mexican Museum. The surface square footage is estimated to be 13,280 square feet.
[14] Tenant improvement allowance is applied to net leasable office space.
[15] Estimate is calculated and provided by the Project Sponsor. See Appendix Table B-1.
[16] Other Indirect Costs include development fee (includes General and Administrative), taxes, insurance, finance fees and contingency.
[17] Aronson Building restoration costs are included in the overall project development costs. See Table 8 for estimate of Aronson Building breakout provided by Webcor Builders.
[18] Reflects City requirement of 20%. Excludes additional Successor Agency requirement of 8%.
[19] Reflects additional Successor Agency requirement of 8%.
[20] The purchase of TDRs may be required under the Existing Zoning Alternative and the Reduced Shadow Alternative. For these alternatives, TDR purchase costs are assumed to be $24 per gross square foot, based on information provided by TDR brokers as of April 2013.
[21] See Table 8 for annual Homeowners' Association Dues calculations. As the residential units are being absorbed, the Project Sponsor will be responsible for paying the Homeowners' Association Dues of unsold units. Estimate assumes Project sponsor pays 2/3 of dues in the first year of sales and 1/3 of dues in the second year of sales.
[22] See Table 8 for annual Open Space Maintenance cost calculations. Homeowners will assume these costs as units are purchased. Estimate assumes Project sponsor pays 2/3 of costs in the first year of sales and 1/3 of costs in the second year of sales.
[23] Reflects an unleveraged, cash-on-cash rate of return.

Sources: 706 Mission Street Co., LLC; Webcor Builders; CBRE; IRR Viewpoint 2013; City of San Francisco; Economic & Planning Systems, Inc.

DRAFT - For Discussion Purposes Only

Appendix A, Table 5
Pro Forma: Reduced Shadow Alternative
706 Mission Street; EPS #121084

Item	Assumption	Flex Option Residential	Flex Option Office
DEVELOPMENT PROGRAM			
Gross Building Square Feet		418,441	418,441
Residential			
Gross Square Feet	76% Efficiency Ratio	318,191	265,631
Net Saleable Area		241,825	201,880
Units		186	162
Office			
Gross Leasable Area (sq.ft.)	85% Efficiency Ratio	0	52,560
Net Leasable Area (sq.ft.)		0	44,676
Parking Spaces		470	470
DEVELOPMENT REVENUE			
Residential Sales Revenue [1]		$285,193,602	$241,246,074
(less) Commission Expenses	3.0% of purchase price	($8,555,808)	($7,237,382)
Residential Parking Sales Revenue [2]	$100,000 per space	$18,600,000	$16,200,000
Lease Revenue			
Office	$55.00 /sq. ft./yr.	$0	$2,457,180
Gross Revenue (Full Service Gross) [3]	10.0% of Gross Revenue	$0	($245,718)
(less) Vacancy [4]	20.0% of Gross Revenue	$0	($491,436)
(less) Operating Expenses [5]		$0	$1,720,026
Subtotal, Office			
Parking [6]	$322 /space / mo.	$1,093,512	$1,186,248
Subtotal, Lease Revenue		$1,093,512	$2,906,274
(less) Capital Reserve [7]	1.0% of Lease Revenue	($10,935)	($29,063)
Annual Net Operating Income		$1,082,577	$2,877,211
Capitalized Value [8]	6.0% cap rate	$17,682,089	$46,994,451
Total Revenues		**$312,919,883**	**$297,203,143**
DEVELOPMENT COSTS			
2006 Acquisition of Aronson Building		$23,500,000	$23,500,000
Agency Site Purchase/Conveyance [9]		$39,393,904	$39,393,904
Aronson Building Property Costs [10]		–	–
Direct Construction Costs			
Predevelopment Entitlement Costs [11]		$9,388,235	$9,388,235
Direct Construction [12]	$513 to $551 /gross sq. ft.	$230,634,523	$214,797,615
Exterior/ Curtain Wall [13]	$100 per sq.ft. of façade	$1,328,000	$1,328,000
Tenant Improvements (Office) [14]	$100 /sq. ft.	$0	$4,467,600
Subtotal, Direct Construction Costs		$241,351,309	$229,981,953
Indirect Costs			
Architecture and Engineering	3.9% of Direct Costs	$9,292,025	$8,854,305
Fees and Permits [15]	2.9% of Direct Costs	$7,124,321	$6,651,572
Legal	0.6% of Direct Costs	$1,448,198	$1,379,892
Sales and Marketing	1.4% of Direct Costs	$3,378,918	$3,219,747
Other Indirect Costs [16]	9.8% of Direct Costs	$23,652,428	$22,538,232
Subtotal, Indirect Costs	18.5% to 18.6% of Direct Costs	$44,895,800	$42,643,849
Other Project Costs			
Museum Operating Endowment		$5,000,000	$5,000,000
Aronson Building Rehab/Renovation [17]		–	–
Required Affordable Housing In-Lieu Fees [18]		$13,002,181	$11,324,480
Additional Affordable Housing In-Lieu Fees [19]		$5,200,872	$4,529,792
Purchase of TDRs (if applicable) [20]		$1,917,984	$1,917,984
Absorption Period HOA Dues [21]		$241,825	$201,880
Open Space Maintenance (GMOS) [22]		$397,739	$410,879
EIR-Related Measures		$975,000	$975,000
Other Project Costs		$7,565,000	$7,565,000
Subtotal, Other Project Costs		$34,300,601	$31,925,014
Total Costs		**$383,441,614**	**$367,444,730**
Developer Return [23]	18.0% of Total Costs	**$69,019,491**	**$66,140,051**
Project Residual (w/ purchase of TDRs)		**($139,541,222)**	**($136,381,639)**
Project Residual (w/out purchase of TDRs)		**($137,623,238)**	**($134,463,655)**

[1] See Tables 3 through 6 and Appendix D for residential revenue estimate assumptions and calculations.
[2] Residential parking spaces will be available at a 1:1 ratio at a cost of $100,000 per space. Purchase will be unbundled from residential sales.
[3] Office rents based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded up from $52.67 p.s.f. to $55 p.s.f. to account for a premium for newly remodeled space. Actual rents will vary depending on market conditions at the time of leasing.
[4] Office vacancy rates based on 4Q, 2012 CBRE report for Class A office space in Yerba Buena submarket; rounded down from 21.2% to 10.0% to account for improving office market conditions and the desirability of newly remodeled space. Actual vacancy rates will vary depending on market conditions at the time of leasing.
[5] Operating expenses include cleaning, utilities, general building management, management fee, insurance and property tax, and commissions.
[6] Revenue per month is applied to the public and leased spaces (see Table 2) based on City Park's average monthly net revenue of approximately $113,000 for 350 spaces (for FY12/13 through February), see Appendix F. It should be noted that City Park does not pay property taxes, whereas the Project Sponsor will. As such, this cost estimate potentially overstates per month net revenues, which is conservative for purposes of this analysis. This revenue is applied to the public spaces and the leased spaces.
[7] Capital reserves to cover any unforeseen capital requirements.
[8] Capitalization rate of 6.0% is based on a San Francisco-specific, CBD office reversion cap rate of 5.75% as presented by IRR Viewpoint, 2013 and increased to account for inclusion of the Project's parking component. Includes a 2% cost of sale.
[9] Estimate provided by the Successor Agency, includes $21.1 million to defease outstanding Jessie Square Garage bonds, $18.3 million for payment required under the Cooperation and Tax Increment Reimbursement Agreement, and $1 for site conveyance. Because the assessed value of the Agency Site is unknown at this time, associated transaction costs are not included. The Project Sponsor will be responsible for property taxes on the entire Project Site post-conveyance, and the property taxes will be based on the value of the site. Again, because the assessed value of the Agency Site is unknown at this time, associated property taxes also are not included. Exclusion of these costs is conservative in that it underestimates actual costs.
[10] Aronson Building net property costs of approximately $4.5 million are not included in this analysis.
[11] Predevelopment entitlement costs include those costs that were incurred by the Project Sponsor as part of the predevelopment costs through the end of 2012, prior to design/permitting/construction costs. Estimate includes pre-development costs for The Mexican Museum. See Appendix G.
[12] Construction cost estimate reflects LEED Silver standards for the residential components and LEED Gold standards for the commercial components. Estimate includes construction of the core and shell for Museum and Office, with MEP services stubbed out into space. Commercial and cultural tenants will be responsible for interior build-out, which is not included in estimate. Cost includes demolition of the Aronson Building annexes, restoration of the Aronson Building, and site improvement (hardscape and landscape) costs. Estimate includes other direct costs such as Contractor Controlled Insurance Program (CCIP), adjacent property improvements, utility set-up charges, preconstruction charges, some initial on-site environmental work and contingency.
[13] The exterior/ curtain wall refers to the unique façade treatment of The Mexican Museum. The surface square footage is estimated to be 13,280 square feet.
[14] Tenant improvement allowance is applied to net leasable office space.
[15] Estimate is calculated and provided by the Project Sponsor. See Appendix Table B-1.
[16] Other Indirect Costs include development fee (includes General and Administrative), taxes, insurance, finance fees and contingency.
[17] Aronson Building restoration costs are included in the overall project development costs. See Table 8 for estimate of Aronson Building breakout provided by Webcor Builders.
[18] Reflects City requirement of 20%. Excludes additional Successor Agency requirement of 8%.
[19] Reflects additional Successor Agency requirement of 8%.
[20] The purchase of TDRs may be required under the Existing Zoning Alternative and the Reduced Shadow Alternative. For these alternatives, TDR purchase costs are assumed to be $24 per gross square foot, based on information provided by TDR brokers as of April 2013.
[21] See Table 8 for annual Homeowners' Association Dues calculations. As the residential units are being absorbed, the Project Sponsor will be responsible for paying the Homeowners' Association Dues of unsold units. Estimate assumes Project sponsor pays 2/3 of dues in the first year of sales and 1/3 of dues in the second year of sales.
[22] See Table 8 for annual Open Space Maintenance cost calculations. Homeowners will assume these costs as units are purchased. Estimate assumes Project sponsor pays 2/3 of costs in the first year of sales and 1/3 of costs in the second year of sales.
[23] Reflects an unleveraged, cash-on-cash rate of return.

Sources: 706 Mission Street Co., LLC; Webcor Builders; CBRE; IRR Viewpoint 2013; City of San Francisco; Economic & Planning Systems, Inc.

APPENDIX B:

Entitlement Fees

Appendix B, Table 1
Estimated Entitlement and Development Fees
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Entitlement/Review/Approval	Project		B: Existing Zoning Alternative		C: Separate Buildings Alternative	D: Increased Residential Density Alternative		E: Reduced Shadow Alternative	
	Residential	Office	Residential	Office		Residential	Office	Residential	Office
Entitlement Fees									
Initial Study/Environmental Evaluation	$267,704	$267,704	$267,704	$267,704	$267,704	$267,704	$267,704	$267,704	$267,704
Environmental Impact Report	$135,982	$135,982	$135,982	$135,982	$135,982	$135,982	$135,982	$135,982	$135,982
Air Quality Assessment	$1,560	$1,560	$1,560	$1,560	$1,560	$1,560	$1,560	$1,560	$1,560
DPH Review of Hazards Issues & Phase I Report, & Air Quality Assessment	$2,643	$2,643	$2,643	$2,643	$2,643	$2,643	$2,643	$2,643	$2,643
Transportation Review of Study	$20,370	$20,370	$20,370	$20,370	$20,370	$20,370	$20,370	$20,370	$20,370
MTA Review of Transportation Impact Study	$4,100	$4,100	$4,100	$4,100	$4,100	$4,100	$4,100	$4,100	$4,100
Interdepartmental Review Fee	$1,627	$1,627	$1,627	$1,627	$1,627	$1,627	$1,627	$1,627	$1,627
Shadow Impact Fee	$513	$513	$513	$513	$513	$513	$513	$513	$513
Subdivision Application for New Condominiums (Planning Dep't Fee)	$2,200	$2,200	$2,200	$2,200	$2,200	$2,200	$2,200	$2,200	$2,200
Subdivision for Condominium Final Map (New Construction) (Public Works Dep't Fee)	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914
Building Permit Application for a Change in Use or Alteration of an Existing Building (Planning Dep't Fee)	$31,987	$31,987	$31,987	$31,987	$31,987	$31,987	$31,987	$31,987	$31,987
Building Permit for New Construction (Planning Dep't Fee)	$34,945	$34,945	$34,945	$34,945	$34,945	$34,945	$34,945	$34,945	$34,945
Demolition Application (Planning Dep't Fee)	$1,529	$1,529	$1,529	$1,529	$1,529	$1,529	$1,529	$1,529	$1,529
New Construction Building Permit – Plan Review and Permit Issuance Fee (DBI Fee)	$3,017,978	$2,922,890	$1,629,890	$1,431,121	$2,940,029	$3,435,507	$3,303,763	$2,352,472	$2,190,936
General Plan Referral	$3,454	$3,454	$3,454	$3,454	$3,454	$3,454	$3,454	$3,454	$3,454
Planning Code Text Amendment	$14,703	$14,703	$14,703	$14,703	$14,703	$14,703	$14,703	$14,703	$14,703
Zoning Map Change	$7,359	$7,359	$7,359	$7,359	$7,359	$7,359	$7,359	$7,359	$7,359
Downtown (C-3) District Review	$20,131	$20,131	$20,131	$20,131	$20,131	$20,131	$20,131	$20,131	$20,131
Application for one or more exceptions under Section 309	$1,919	$1,919	$1,919	$1,919	$1,919	$1,919	$1,919	$1,919	$1,919
Alteration of a Significant or Contributory Building in Designated Conservation District per Article 11	$4,349	$4,349	$4,349	$4,349	$4,349	$4,349	$4,349	$4,349	$4,349
Redevelopment Agency ENA Fees	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
Total Estimated Entitlement Fees	**$3,865,987**	**$3,790,679**	**$2,497,879**	**$2,299,110**	**$3,868,018**	**$4,363,496**	**$4,171,752**	**$3,220,461**	**$3,058,925**
Development Fees									
Downtown C-3 Artwork	$2,956,802	$2,865,382	$1,597,931	$1,403,060	$2,882,361	$3,368,145	$3,238,983	$2,306,345	$2,147,976
Transit Impact Development Fee (TIDF)	$0	$61,709	$0	$0	$220,950	$0	$61,709	$0	$0
School District Fees	$1,350,337	$1,212,908	$397,242	$279,507	$1,135,333	$1,350,337	$1,212,908	$717,228	$599,493
SFPUC Wastewater Capacity Charge	$1,096,293	$1,063,562	$278,870	$241,811	$1,060,091	$997,026	$924,021	$533,636	$498,627
SFPUC Water Capacity Charge	$29,014	$29,014	$29,014	$29,014	$29,014	$29,014	$29,014	$29,014	$29,014
SFPUC Water Connection Fees	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
SFDPW Street Tree In-Lieu Fees	$8,575	$8,575	$8,575	$8,575	$8,575	$8,575	$8,575	$8,575	$8,575
SFDPW Streets & Mapping Fees	$19,500	$19,500	$19,500	$19,500	$19,500	$19,500	$19,500	$19,500	$19,500
Performance Based Design Review Fee	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000
Shoring & Excavation Permit	$32,000	$32,000	$32,000	$32,000	$32,000	$32,000	$32,000	$32,000	$32,000
SFDPH Environmental Fees	$2,562	$2,562	$2,562	$2,562	$2,562	$2,562	$2,562	$2,562	$2,562
BAAQMD Fees Emergency Generator	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
CABOE Hazardous Waste Fee	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Total Development Fees	**$5,751,083**	**$5,660,212**	**$2,618,694**	**$2,271,029**	**$5,645,406**	**$6,082,159**	**$5,784,272**	**$3,903,860**	**$3,692,747**
Total Fees	**$9,637,050**	**$9,340,890**	**$5,116,573**	**$4,570,139**	**$9,453,424**	**$10,365,655**	**$9,956,023**	**$7,124,321**	**$6,651,672**

Source: 706 Mission Street Co, LLC.

APPENDIX C:

Cost Estimates for EIR Mitigation and Improvement Measures

Appendix C, Table 1
EIR Mitigation Measures and Cost Estimates
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Mitigation Measure Reference Number	EIR Mitigation Measure	Approximate Cost
M-CP-1a	Archeological Testing, Monitoring, Data Recovery and Reporting	$60,000
M-CP-1b	Interpretation	TBD, if required
M-CP-3	Paleontological Resources Monitoring and Mitigation Program	n/a
M-CP-4	Accidental Discovery	incl in construction hard cost, and M-CP-1a
M-NO-1a	Reduce Noise Levels During Construction	incl in construction hard cost
M-NO-1b	Noise-Reducing Techniques and Muffling Devices for Pile Installation	incl in construction hard cost
M-NO-2a	Minimize Vibration Levels During Construction	incl in construction hard cost
M-NO-2b	Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation	$20,000
M-NO-2c	Vibration Monitoring and Management Plan	$40,000
M-NO-3	Stationary Operational Noise Sources	$10,000
M-AQ-3	Construction Emissions Minimization	incl in construction hard cost
M-HZ-2	Hazardous Materials -Testing for and Handling of Contaminated Soils	$60,000
TOTAL		$190,000

Source: 706 Mission Street Co, LLC, as of February 6, 2013.

Appendix C, Table 2
EIR Improvement Measures and Cost Estimates
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Improvement Measure Reference Number	EIR Improvement Measure	Approximate Cost
I-TR-A	Traffic Signal Timing Modifications	$5,000
I-TR-B	"Garage Full" Sign on Third Street	$60,000
I-TR-C	Monitoring and Abatement of Queues	TBD, if required
I-TR-D	Installation of Eyebolts	$20,000
I-TR-E	Consolidation of Traffic Signal and Overhead Wire Poles	$30,000
I-TR-F	Pedestrian Measures on Third Street (Valet Service)	Incl in building operations costs
I-TR-F	Pedestrian Measures on Third Street (Alternate Pavement)	$30,000
I-TR-F	Pedestrian Measures on Third Street (Audio/Visual Treatments)	$20,000
I-TR-G	Reduce Pedestrian-Vehicle Conflict Areas	TBD
I-TR-H	Coordination of Moving Activities	Incl in building operations costs
I-TR-I	Construction - Traffic Control Plan	Incl in construction hard cost
I-TR-J	Construction - Carpools	Incl in construction hard cost
I-TR-K	Construction - Truck Traffic Management	$250,000
I-TR-L	Construction - Update Adjacent Businesses and Residents	Incl in construction hard cost
I-TR-M	Transportation Demand Management	Incl in building operations costs
I-TR-N	Monitoring and Abatement of Queues on Mission Street	TBD, if required
I-TR-O	Pedestrian Measures on Mission Street	Incl in building operations costs
I-TR-P	Truck Access Restrictions on Third Street	Incl in building operations costs
I-TR-Q	"Garage Full" Sign on Mission Street	$50,000
I-TR-R	Truck Access Restrictions on Mission Street under Variant 7	Incl in building operations costs
I-NO-A	Residential Use/Cultural Component Plan Review by Qualified Acoustical Consultant	$60,000
I-WS-A	Ground Level Wind Reduction	$100,000
I-WS-B	Wind Reduction	Incl in construction hard cost
Total		**$625,000**

Source: 706 Mission Street Co, LLC, as of February 6, 2013.

Appendix C, Table 3
Other Sponsor Proposed Potential Improvement Measures
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Improvement Measure Reference Number	Other Sponsor Proposed Potential Improvement Measures	Approximate Cost
1	Dock Master for Jessie Square Garage Loading	$75,000
2	Increased Loading Capacity Within Jessie Square Garage	$1,300,000
3	Stevenson Street Shared Loading Zone - Turnaround Area	$250,000
4	Dedicated Sidewalk Loading Zones Along North Side of Stevenson Street	$525,000
5	Enlarge Turning Radius at Curb From Jessie Square Garage Exit onto Stevenson	$30,000
6	Stevenson Street Shared Loading Zone - Existing Westin Dock	$1,500,000
7	Use of Existing Jessie Square Garage Turntable	$90,000
8	New Stevenson Street Striping	$25,000
9	*NOT USED*	
10	Enhanced Raised Crosswalk at Stevenson Street	$45,000
11	New Crosswalk at Third Street South of Existing "KEEP CLEAR" Zone	$25,000
12	Pedestrian Signage Improvements at Third and Stevenson Streets Intersection	$25,000
13	Third and Stevenson Street Intersection Signal Timing Improvements	
14	Relocate and/or Reconfigure Existing Bollards and Planters Along Stevenson Street	$75,000
15	Temporary Closure of Jessie Square Garage.Parking Areas	$1,000,000
16	Temporary Replacement Parking Due to Jessie Square Garage Closure	$100,000
17	Relocation of Existing Aronson Tenants	$2,500,000
Total		**$7,565,000**

Source: 706 Mission Street Co, LLC, as of February 6, 2013.

Appendix C, Table 4
EIR Greenhouse Gas Compliance Measures
706 Mission Street; EPS #121084

Regulation Reference Number	EIR Greenhouse Gas Compliance Measures	Approximate Cost
1	Commuter Benefits Ordinance (San Francisco Environment Code, Section 421)	Incl in operations; payroll program exists
2	Emergency Ride Home Program	no charge business enrollment; minimal mgmt time Incl in operations costs; employees responsible for submitting reimbursement request
3	Transit Impact Development Fee (Administrative Code, Chapter 38)	Incl under project fees category
4	San Francisco Green Building Requirements (San Francisco Building Code, Chapter 13C.106.5 and 13C.5.106.5.2)	Incl in construction hard cost
5	Bicycle parking in parking garages (San Francisco Planning Code, Section 155.2)	$5,000
6	Bicycle parking in Residential Buildings (San Francisco Planning Code, Section 155.5)	$15,000
7	Car Sharing Requirements (San Francisco Planning Code, Section 166)	no charge business enrollment; incl in project cost; $200,000 value of 2 spaces
8	Parking requirements for San Francisco's Mixed-Use zoning districts (San Francisco Planning Code Section 151.1)	Incl in project cost
9	San Francisco Green Building Requirements for Energy Efficiency (San Francisco Building Code, Chapter 13C)	Incl in design and construction hard costs; for enhanced commissioning see item 10 below; for premium cost see item 12 below; build-out costs by tenant(s)
10	San Francisco Green Building Requirements for Energy Efficiency (LEED EA3, San Francisco Building Code, Chapter 13C.5.410.2)	for historic commercial office and ground floor retail, enhanced commissioning consultant fee $70,000; or by tenant(s) for other commercial spaces under their buildout
11	Commissioning of Building Energy Systems (LEED prerequisite, EAp1)	Incl in construction hard cost; consultant fee $70,000
12	San Francisco Green Building Requirements for Energy Efficiency (San Francisco Building Code, Chapter 13C)	Incl in construction hard cost; approx. $1,500,000 premium cost
13	San Francisco Green Building Requirements for Stormwater Management (San Francisco Building Code, Chapter 13C) or San Francisco Stormwater Management Ordinance (Public Works Code Article 4.2)	Incl in construction hard cost - premium cost of on-site storage approx. $150,000
14	San Francisco Green Building Requirements for water efficient landscaping (San Francisco Building Code, Chapter 13C)	incl in construction hard cost; see Item 13 above for costs associated with reuse of storm water
15	Indoor Water Efficiency (San Francisco Building Code; Chapter 13C sections 13C.5.103.1.2, 13C.4.103.2.2,13C.5.303.2.)	Incl in construction hard cost; approx. $825,000 premium cost
16	San Francisco Green Building Requirements for water use reduction (San Francisco Building Code, Chapter 13C)	Incl in construction hard cost; see Item 15 above for costs associated with water use reduction
17	Commercial Water Conservation Ordinance (San Francisco Building Code, Chapter 13A)	Incl in construction hard cost
18	San Francisco Water Efficient Irrigation Ordinance	Incl in design and construction hard cost

Regulation Reference Number	EIR Greenhouse Gas Compliance Measures	Approximate Cost
19	Residential Water Conservation Ordinance (San Francisco Building Code, Housing Code, Chapter 12A)	incl in construction hard cost
20	San Francisco Green Building Requirements for renewable energy (San Francisco Building Code, Chapter 13C)	incl in design and construction hard cost; project will already achieve additional 15% beyond Title 24 per above items 9 and 12
21	San Francisco Green Building Requirements for solid waste (San Francisco Building Code, Chapter 13C)	incl in design and construction hard cost
22	Mandatory Recycling and Composting Ordinance (San Francsico Environment Code, Chapter 19)	incl in design, construction and operations cost
23	San Francisco Green Building Requirements for construction and demolition debris recycling (San Francisco Building Code, Chapter 13C)	incl in construction hard cost
24	Street Tree Planting Requirements for New Construction (San Francisco Planning Code Section 138.1)	incl in construction hard cost, and fee schedule for anticipated in-lieu street tree fees
25	San Francisco Green Building Requirements for Light Pollution Reduction (San Francisco Building Code, Chapter 13C5.106.8)	incl in construction hard cost
26	San Francisco Green Building Requirements for Construction Site Runoff Pollution Prevention for New Construction (San Francisco Building Code, Chapter 13C)	incl in construction hard cost
27	Regulation of Diesel Backup Generators (San Francisco Health Code, Article 30)	incl in construction hard cost
28	San Francisco Green Building Requirements for Enhanced Refrigerant Management (San Francisco Building Code, Chapter 13C.5.508.1.2)	incl in construction hard cost
29	San Francisco Green Building Requirements for Low-emitting materials (San Francisco Building Code, Chapter 13C.4. 103.2.2 and 13C4.504.2.1, 13C4.504.2.2)	incl in construction hard cost
30	San Francisco Green Building Requirements for Low-emitting Adhesives, Sealants, and Caulks (San Francisco Building Code, Chapters 13C.5.103.1.9, 13C.5.103.4.2, 13C.5.103.3.2, 13C.5.103.2.2,13C.504.2.1)	incl in construction hard cost
31	San Francisco Green Building Requirements for Low-emitting Flooring, including carpet (San Francisco Building Code, Chapters 13C.5.103.1.9, 13C.5.103.4.2, 13C.5.103.3.2, 13C.5.103.2.2,13C.4.504.3 and 13C.4.504.4)	incl in construction hard cost
32	San Francisco Green Building Requirements for Low-emitting Paints and Coatings (San Francisco Building Code, Chapters 13C.5.103.1.9, 13C.5.103.4.2, 13C.5.103.3.2, 13C.5.103.2.2, 13C.504.2.2 through 2.4)	incl in construction hard cost
33	San Francisco Green Building Requirements for Low-emitting Composite Wood (San Francisco Building Code, Chapters 13C.5.103.1.9, 13C.5.103.4.2, 13C.5.103.3.2, 13C.5.103.2.2 and 13C.4.504.5)	incl in construction hard cost
Total		**$160,000**

Source: 706 Mission Street Co, LLC, as of February 6, 2013.

APPENDIX D:

Pricing by Floor Segment Calculations

Appendix D, Table 1
Analysis of Revenue by Floor Segmentation: Project
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Category	Residential Flex			Office Flex		
	Number of Residential Floors [1]	Gross Square Feet	Average Price per SqFt	Number of Residential Floors [1]	Gross Square Feet	Average Price per SqFt
Tower						
Floors 5 - 10	5	64,850	$1,150	5	64,850	$1,150
Floors 11 - 25 [2]	15	194,550	$1,200	15	194,550	$1,200
Floors 26 - 33 [3]	8	103,760	$1,275	8	103,760	$1,275
Floors 34 - 44 [4]	11	142,670	$1,400	11	142,670	$1,400
Floors 45 - 47 [5]	3	38,910	$1,800	3	38,910	$1,800
	42			42		
Aronson Building [6]	7	61,320	$1,100	0	0	$0
Weighted Average Price per SqFt			**$1,283**			**$1,304**

Assumptions

Floor Plate of Proposed Tower	12,970 gross sqft
Floor Plate of Aronson Building	8,760 gross sqft

[1] The number of residential floors within a segment does not include floors dedicated to residential amenity space. For example, if residential amenity space is proposed to be located on the fifth floor of the tower, then there are only 5 floors of residential space within the "Floors 5 - 10" segment.
[2] Above the 10th floor, water views begin to be visible, adding a premium to floors 11 through 25 over the lower floors. In this grouping of floors, the south facing units are expected to sell for more than the north facing units.
[3] Above the 25th floor, views begin to clear the Westin Hotel to the north.
[4] Above the 33rd floor, it is assumed the premium view lines begin especially for units on the north side of the building.
[5] In addition to possessing premium views, the top floors will offer penthouse layouts, which include larger floor plans and private terraces. The price points for these units reflect unfinished units.
[6] Aronson Building residential units will be subject to historical preservation requirements. For pricing purposes, units are being compared to City Residences, which are part of Millennium Tower.

Sources: 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

Appendix D, Table 2
Analysis of Revenue by Floor Segmentation: Existing Zoning Alternative
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Category	Residential Flex: Number of Residential Floors	Residential Flex: Gross Square Feet	Residential Flex: Average Price per SqFt	Office Flex: Number of Residential Floors	Office Flex: Gross Square Feet	Office Flex: Average Price per SqFt
Tower						
Floors 3 - 10	8	85,200	$1,150	8	85,200	$1,150
Floors 11 - 12 [1]	2	21,300	$1,200	2	21,300	$1,200
Floor 13 [2]	1	10,650	$1,325	1	10,650	$1,325
	11			11		
Aronson Building [3]	6	52,560	$1,100	0	0	
Weighted Average Price per SqFt			**$1,152**			**$1,175**

Assumptions

Floor Plate of Proposed Tower	10,650 gross sqft
Floor Plate of Aronson Building	8,760 gross sqft

[1] Above the 10th floor, water views begin to be visible, adding a premium to floors 11 and 12 over the lower floors. In this grouping of floors, the south facing units are expected to sell for more than the north facing units.
[2] Floor 13 is proposed to have two penthouse units and would therefore command a price premium over other units with similar views, which EPS has estimated to be $125 per sq.ft.
[3] Aronson Building residential units will be subject to historical preservation requirements. For pricing purposes, units are being compared to City Residences, which are part of Millennium Tower.

Sources: 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

Appendix D, Table 3
DRAFT - For Discussion Purposes Only
Analysis of Revenue by Floor Segmentation: Separate Buildings Alternative
706 Mission Street; EPS #121084

Category	Number of Residential Floors [1]	Gross Square Feet	Average Price per SqFt
Tower			
Floors 5 - 10	5	64,850	$1,150
Floors 11 - 25 [2]	15	194,550	$1,200
Floors 26 - 33 [3]	8	103,760	$1,275
Floors 34 - 44 [4]	11	142,670	$1,400
Floors 45 - 47 [5]	3	38,910	$1,800
	42		
Aronson Building	0	0	$1,100
Weighted Average Price per SqFt			**$1,304**

Assumptions	
Floor Plate of Proposed Tower	12,970 gross sqft
Floor Plate of Aronson Building	8,760 gross sqft

[1] The number of residential floors within a segment does not include floors dedicated to residential amenity space. For example, if residential amenity space is proposed to be located on the fifth floor of the tower, then there are only 5 floors of residential space within the "Floors 5 - 10" segment.
[2] Above the 10th floor, water views begin to be visible, adding a premium to floors 11 through 25 over the lower floors. In this grouping of floors, the south facing units are expected to sell for more than the north facing units.
[3] Above the 25th floor, views begin to clear the Westin Hotel to the north.
[4] Above the 33rd floor, it is assumed the premium view lines begin especially for units on the north side of the building.
[5] In addition to possessing premium views, the top floors will offer penthouse layouts, which include larger floor plans and private terraces. The price points for these units reflect unfinished units.

Sources: 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

Appendix D, Table 4
Analysis of Revenue by Floor Segmentation: Increased Residential Density Alternative
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Category	Residential Flex			Office Flex		
	Number of Residential Floors	Gross Square Feet	Average Price per SqFt	Number of Residential Floors	Gross Square Feet	Average Price per SqFt
Tower						
Floors 5 - 10	6	77,820	$1,150	6	77,820	$1,150
Floors 11 - 25 [1]	15	194,550	$1,200	15	194,550	$1,200
Floors 26 - 33 [2]	8	103,760	$1,275	8	103,760	$1,275
Floors 34 - 44 [3]	11	142,670	$1,400	11	142,670	$1,400
Floor 45 [4]	1	12,970	$1,675	1	12,970	$1,675
Floors 46 - 47 [5]	2	25,940	$1,800	2	25,940	$1,800
	43			43		
Aronson Building [6]	7	61,320	$1,100	0	0	$0
Weighted Average Price per SqFt			**$1,278**			**$1,297**

Assumptions

Floor Plate of Proposed Tower	12,970 gross sqft
Floor Plate of Aronson Building	8,760 gross sqft

[1] Above the 10th floor, water views begin to be visible, adding a premium to floors 11 through 25 over the lower floors. In this grouping of floors, the south facing units are expected to sell for more than the north facing units.
[2] Above the 25th floor, views begin to clear the Westin Hotel to the north.
[3] Above the 33rd floor, it is assumed the premium view lines begin especially for units on the north side of the building.
[4] The 45th floor will offer premium views but not the penthouse layout of Floors 46 and 47.
[5] In addition to possessing premium views, the top floors will offer penthouse layouts, which include larger floor plans and private terraces. The price points for these units reflect unfinished units.
[6] Aronson Building residential units will be subject to historical preservation requirements. For pricing purposes, units are being compared to City Residences, which are part of Millennium Tower.

Sources: 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

Appendix D, Table 5
Analysis of Revenue by Floor Segmentation: Reduced Shadow Alternative
706 Mission Street; EPS #121084

DRAFT - For Discussion Purposes Only

Category	Residential Flex			Office Flex		
	Number of Residential Floors	Gross Square Feet	Average Price per SqFt	Number of Residential Floors	Gross Square Feet	Average Price per SqFt
Tower						
Floors 3 - 10	8	85,200	$1,150	6	85,200	$1,150
Floors 11 - 25 [1]	15	159,750	$1,200	15	159,750	$1,200
Floor 26 [2]	1	10,650	$1,275	1	10,650	$1,275
Floor 27 [3]	1	10,650	$1,400	1	10,650	$1,400
	25			23		
Aronson Building [4]	6	52,560	$1,100	0	0	$0
Weighted Average Price per SqFt			$1,179			$1,195
Assumptions						
Floor Plate of Proposed Tower	10,650 gross sqft					
Floor Plate of Aronson Building	8,760 gross sqft					

[1] Above the 10th floor, water views begin to be visible, adding a premium to floors 11 through 25 over the lower floors. In this grouping of floors, the south facing units are expected to sell for more than the north facing units.
[2] Above the 25th floor, views begin to clear the Westin Hotel to the north.
[3] In addition to having a view that clears the Westin Hotel to the north, the 27th Floor is proposed to offer the penthouse layout.
[4] Aronson Building residential units will be subject to historical preservation requirements. For pricing purposes, units are being compared to City Residences, which are part of Millennium Tower.

Sources: 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

APPENDIX E:

Construction Cost Estimates and Detailed Comparison between Project and Reduced Shadow Alternative

ALTERNATIVE OPTIONS A, B, C, D & E
CONCEPTUAL ESTIMATE
ASSUMPTIONS AND QUALIFICATIONS

A. PROJECT:

Name: 706 Mission – The Mexican Museum
San Francisco, CA

Developer: Millennium Partners

Architect: Handel Architects

Engineer: Magnusson Klemencic

B. PROJECT INFORMATION:

1. **Option A – Proposed Project** - Total Building 710,525 GSF
   a. Project Schedule: Schedule duration is 36 months
   b. Schedule used for Estimate is based on commencing construction 1/2/14.

2. **Option B – Existing Zoning** - Total Building 275,590 GSF
   c. Project Schedule: Schedule duration is 21 months
   d. Schedule used for Estimate is based on commencing construction 1/2/14.

3. **Option C – Separate Buildings** - Total Building 704,280 GSF
   e. Project Schedule: Schedule duration is 36 months
   f. Schedule used for Estimate is based on commencing construction 1/2/14.

4. **Option D – Increased Residential Density** - Total Building 710,525 GSF
   g. Project Schedule: Schedule duration is 36 months
   h. Schedule used for Estimate is based on commencing construction 1/2/14.

5. **Option E – Reduced Shadow** - Total Building 418,441 GSF
   i. Project Schedule: Schedule duration is 33 months
   j. Schedule used for Estimate is based on commencing construction 1/2/14.

C. SUMMARY OF COSTS

Costs for the Proposed Project and each Alternative Option vary according to the height, number of residential units, and program areas.

Generally, for all Options the costs for Divisions 2 (Earthwork & Sitework), 4 (Foundations), 7 (Roofing & Waterproofing), and 10 (Equipment) remain the same or

very similar, since these floors, areas of the building, and associated systems will be required in all cases, regardless of height or number of residential units. However, depending on the overall size in floor area of the Alternative Option the unit cost/GSF will differ as these costs are divided against the overall GSF of that Option; the larger the GSF of the Alternative Option, the lower the GSF unit cost for this work, and inversely the smaller the GSF of the Alternative Option the higher the GSF unit cost for this work. Across the Proposed Project and Alternative Options the costs for Divisions 5 (Structure), 6 (Exterior Skin), 8 (Interior Construction), 9 (Specialties), 12 (Conveying Systems), 14 (Fire Protection), 15 (Plumbing), 16 (HVAC), and 17 (Electrical) vary, since they are directly related to the number of floors in the tower, residential units, and associated duration of construction schedule. The higher the number of residential units and interior floor area, the higher the GSF unit cost for this work; the lower the number of residential units and interior floor area, the lower the GSF unit cost for this work. Division 3 (Landscape) costs will vary slightly for Option C, since the roof of the Aronson building would not be used as a common residential open space terrace.

When compared to the Proposed Project, Options C & D costs/GSF are similar, although slightly higher in Option D due to the increased number of residential units and associated systems and finishes. For Alternative Options B & E, costs/GSF are higher than the Proposed Project due to significantly reduced height and floor area and the associated reduction in efficiency for spreading costs across the overall project GSF; although there is less cost associated with fewer residential units and floor area in these Options, that reduction in costs does not offset the remaining costs associated with the lower floor levels and below grade costs that do not vary by Option. Unit costs/GSF for the office flex component and museum core and shell remain generally the same across the Proposed Project and all Alternative Options.

D. GENERAL INFORMATION:

Conceptual estimates for Alternative Options A, B, C, D, and E were developed as follows. A base estimate was developed using market pricing, subcontractor and vendor pricing, use of Webcor's extensive data base, along with construction professional's input in December 2012 and January 3012. To develop the series of Alternative Options on a GSF basis the base estimate was modified by adding to or deleting from the base estimate along with the input of construction professionals.

E. BUILDING QUALIFICATIONS:

Division 2: Building Pad, Earthwork & Sitework

a. **Pedestrian Protection:** includes chain link fencing and covered pedestrian walkways as required.
b. **Traffic control:** Includes costs for flagmen and barricades for Webcor related deliveries. Subcontractors will be required to include traffic control for their own deliveries. SF Police traffic control, if required, is an Owner provided item.

c. **Hazardous Material Abatement:** Hazardous material abatement is excluded, and is assumed to be covered by the Owner. Unforeseen underground conditions are excluded.
d. **Dewatering:** Based on previous experience in the "Jessie Square Parking Garage" a Budget has been provided for 9 temporary dewatering wells, rental of nine pumps, rental of a sand tank and rental of a flowmeter. Dewatering discharge fees are not included and are assumed to be by Owner.
e. **Shoring & Underpinning:** A secant pile wall and tiebacks to shore and underpin the existing Aronson Building will be installed. Tiebacks and a Whaler system to support the existing wall along Mission Street will be installed. Overlapping soil mixed columns for cut off wall along the Westin Hotel Property will be installed
f. **Earthwork:** Includes the costs to excavate, backfill, off-haul and dispose of all soil as determined from the best information available. Assumes that all soil is "clean" and can be disposed of at local landfills. No cost has been included in the budget to handle or dispose of any contaminated soil. Assumes soil is rippable, and can be excavated without the use of hoe-rams if rock is encountered. Materials excavated on site are assumed to be adequate to backfill as required. Import of soils is not included.
g. **Grading & Paving, Site Concrete:** The cost to install new public sidewalks and curb & gutter has been included. An allowance of $45/sf. for concrete paving has been included to match "Jessie Square."
h. **Underground Utilities:** An allowance has been included to tie into existing, sewer, storm drain, and water services. No utility company connection fees or joint trench costs have been included (Owner cost). This budget excludes the reclaimed gray water system beyond the curb line that may be installed by the City in the future.
i. **Bicycle Racks and Lockers:** A budget for bicycle lockers has been included.
j. **Traffic signals and other offsite utility work:** excluded unless qualified as being included elsewhere.
k. **Note:** For all Alternative Options for Division 2: Building Pad, Earthwork and Sitework costs remained the same. However, depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work.

Division 3: Landscape

a. The landscape and irrigation budget is included in the Budget. An allowance of $45/sf. for landscaping and hardscape on grade.
b. **Note:** For all Alternative Options for Division 3: Landscape costs remained the same with the exception of Alternative Option C. Separate Building which is lower as the Aronson building roof does not include Division 3 Landscape work. However, depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work.

Division 4: Foundations

a. Mat Foundation – 280#/cy Rebar Density.
b. Form, supply, place, and finish mat slab, walls, columns, and suspended slabs.
c. Furnish and install Cast in Place perimeter walls and pilasters. Provide up to 2" average over break on walls installed against shoring.
d. **Note:** For all Alternative Options Division 4: Foundations costs remained the same. However, depending on the GSF of the Alternative Option the GSF price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work. The foundation for Option C. Separate Buildings is slightly different and these differences were offset with the structural considerations.

Division 5: Structure

a. Approval for form re-use shall not be subject to approval by Owner's inspector or the Architect. Formwork may be patched and repaired, providing concrete complies with Class B Concrete and as stated above.
b. Post tensioning system shall be stressed once suspended deck concrete reaches the compressive strength of 3,000 psi. No minimum time limit is observed.
c. For Post-Tensioned Slabs, two Cylinder Breaks for PT stressing (approx. 3 day), 7, and 28 day breaks shall be provided by Owner's testing agency. Early morning breaks for PT stressing (data available at 7AM) shall be provided for PT Slabs at no cost to Webcor.
d. MEPS Pads: Included 2,500 sf for an allowance.
e. Curbs: For Alternative Options A, C, & D included 2,000 lf has been included as an allowance, for Alternative Option B 800 lf has been included as an allowance, and for Alternative Option E 1,200 lf has been included as and allowance.
f. MEPS deck Penetrations: Included is 160 lf or 16 ea 2'x3' blockouts per typical floor.
g. Intentional roughening of Construction Joints is excluded.
h. Bentonite waterstop at all Wall & Slab joints below grade.
i. We have assumed 20,800ea drill and epoxy dowels for the Aronson building and 2,000ea drill and epoxy dowels for the Tower.
j. Protection and Rat Slab are included in estimate.
k. Below grade perimeter shoring shall be designed to accept concrete truck, pump and cranes staged at the building perimeter.
l. Vertical formwork not supporting the weight of concrete may be removed 12 hours after concrete placement, provided the concrete is hard enough to not be damaged. Forms below suspended decks may be removed once the slabs reach 3,000 psi. Requirements to keep formwork in place longer are excluded.
m. We have included installation of structural steel link beams at the core-wall opening in the base bid. The FOB purchase of the link beams itself is not included separately. The core-wall rebar density is currently at 625 lbs. /cy and the link beam rebar is 850#/cy and in our experience the savings in rebar if the link beams were converted to structural steel should offset the cost of purchase of these link beams.
n. Concrete Institute (ACI). All concrete shall be formed as Class B concrete as defined by ACI 117, which limits offsets to no more than 1/4 inch. Fins shall be removed and tie-holes and structural voids patched. Corners not exposed in the finish work may

be square or chamfered at Webcor's option. Finish tolerances of floors shall achieve average values of FF 20 and FL15 as defined by ACI 117. Please note that concrete tolerances for floors in particular cannot be guaranteed to be ¼" in 10ft, or any other such standard that is not feasible for post-tensioned high-rise construction. Any trades requiring stricter tolerances must include any costs to shim, float, grind, etc... any structural elements that fall within the ranges of ACI tolerances for this type of construction. Particular attention must be taken with any surfacing's (hardwood, laminate or carpet), furring, and attachments of exterior skin systems to accommodate the anticipated tolerances.

o. Basement perimeter walls are assumed to be cast in place.

p. Rebar Densities assumed (per MKA's 1/9/13 pricing package)
   1. Mat Foundation – 280#/cy
   2. Core & Shear Walls – 625#/cy
   3. Coupling Beams/Link beams – 850#/cy
   4. Columns – 550#/cy
   5. Basement Walls – 180#/cy
   6. Below Grade Slabs – 6#/sf
   7. Diaphragm Slab 16" – 8#/sf
   8. Museum Slabs 12" – 6.5#/sf
   9. PT slabs – 1#/sf for PT and 2.5#/sf for rebar
   10. Core Slabs – 180#/sf for beams and 5#/sf for the slab
   11. Tower Roof 12" – 6.5#/sf
   12. Tower Roof 10" – 5.5#/sf
   13. Aronson Perimeter Shotcrete – 200#/cy
   14. Aronson Shear Wall – 500#/cy – Note: does not apply to Alternative Option C. Separate Buildings
   15. Assumed 160LF lf of blockouts per typical floor for MEPS.

q. **Note:** For Alternative Option C. Separate Building and structurally speaking independent Seismic Design on Aronson and Tower: When considering the structure costs for this option, we looked at what the base design and costs were for the two structures to work together. The base design Level 11 of the tower was the diaphragm floor with a 16" deck that tied the two buildings. Also the core wall did significant work to accommodate the shear from the Aronson building. For Option C the two structures work independently and Level 11 and core in the main tower would be less expensive as the structure will be efficient. The savings realized from the Tower are offset by the costs of adding additional shear walls in the Aronson Building.

r. **Note:** For Alternative Option B. Existing Zoning: The structure is 13 levels tall. The cost per GSF for this option is higher because the costs of the mild steel floors on the Mexican Museum floors do not get amortized over a higher GSF.

s. **Note:** For Alternative Option E. Reduced Shadow: Similar to Option B, the 27 level building does not amortize the Mexican museum floors over a higher GSF compared to the 47 level building. Although this option is better than Option B it is not as efficient in terms of $/GSF as the 47 level towers.

Division 6: Exterior Skin

The exterior skin of the project has been priced according to the mockup created on site, the façade types described in the Handel Architects exterior elevations, 706 Mission Preliminary Visual mockup exterior cladding 2012-12-07, and details with clarifications made in the renderings which include.

a. (Type #1) Tower Unitized Curtainwall with Spandrel Glass.
b. (Type #2) Tower Unitized Curtainwall with IGU and Stone (Cherokee White Marble).
c. Curtainwall and Channel Glass @ Mexican Museum.
d. Operable Fins at the Mexican Museum.
e. Replacement Storefront and windows at the Aronson Building.
f. New Windows @ the North Elevation of the Aronson Building.
g. Solarium Window Wall, Solarium Skylight, Solarium Canopy, and Solarium Glass Rails/Screens at the roof/terrace of the Aronson Building.
a. **Note:** The most expensive skin systems (especially at the Mexican Museum) occur at the lower floors of all the Alternative Options. Therefore the taller the building the lower the GSF unit cost for this work and inversely the shorter the project the higher the GSF unit cost for this work.

Division 7: Roofing & Waterproofing

a. Waterproofing systems for the project have been budgeted using previous experience in the area of "Jessie Square." The garage level is assumed to have a 15 mil. Vapor barrier below the slab on grade and Cetco Coreflex has been budgeted at the tower mat foundation and the new separation wall between the Tower and the Aronson building.
b. Hot-fluid waterproofing membrane is included at the podium and tower terrace levels, along with pedestal pavers.
c. Insulation: Spray-on insulation is included between heated and unheated spaces as required. Hard coat for the spray on insulation is excluded. Slab edge fire-stopping is included at the perimeter of all floors.
d. An allowance has been included for all general sheet metal items such as reglets, flashing, counter-flashing, coping, and louvers. The allowance is based on galvanized sheet metal.
e. Sarnafil G410 has been budgeted for Roofing on the Solarium and Tower.
f. **Note:** For all Alternative Options for Division 7: Roofing & Waterproofing costs remain the same. However, depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work.

Division 8: Interior Construction

Residential units are assumed to be finished with the following using the typical two bedroom three and one half bath plan as a base for the Appliances, fixtures, and finishes:

a. MDF base and casing throughout units, no crown molding.
b. Junckers Hardwood (Pearl Collection) floors for the kitchen, dining, and living room areas have been budgeted. Stone Marble flooring ($15/sf Allowance) is included in the foyer and bathrooms. Carpet has been included for the Bedrooms ($50/sy Allowance).

c. Calcutta Marble counter tops are included at kitchen counters, Islands, and bath vanities.
d. Euro-style (Studio Becker) kitchen and bath cabinets. Cabinet finishes assumed to be a wood veneer for typical units with upgrades for Penthouse units. This quote is based on an exchange rate of $1.35 Dollars per Euro.
e. We have included an allowance for Wolf & Subzero appliances. Kitchen includes Islands with vegetable sinks.
f. Euro-style (Studio Becker) Wardrobes with sliding Doors in the Master Closets. These units include U–shaped shelves above hanging rods, aluminum framed sliding doors. This quote is based on an exchange rate of 1.35 Dollar per Euro.
g. Entry Doors FSC certified hardwood veneers. The door lock covered would be a Grade 1 mortise lockset. Unit entry doors on hollow metal frames with molded hardboard hollow.
h. Core unit interior doors. Unit interior doors shall be pre-hung on wood frames.
i. Units will have tub, shower, and tub/shower units. Glass shower surrounds are included with Low-Iron Starfire Glass.
j. All drywall partitions are assumed to be level 4 finishes. A suspended drywall ceiling has been budgeted in the units per specification at unit entry, bath, and kitchen cabinet locations.
k. Units will be painted with a single color, flat latex paint.
l. Doors and millwork item will be painted with semi-gloss latex paint.
m. Corridor areas will be finished with paint grade MDF Base, paint, and carpet.
n. The Master bathtub is priced as a drop in without a skirt.
o. The Guest bathtub is priced with a skirt.
p. Garage area – exposed concrete/CMU walls and ceilings will be left unpainted. Drywall partitions, doors, and frames will be painted.
b. **Note:** The higher the (number of/density of) interior residential units per sf the higher the GSF unit cost for this work and inversely the lower the (number of/density of) units per sf the lower the GSF unit cost for this work. Non-built-out core & shell space will have the lowest GSF unit cost for this project.

Division 9: Specialties

a. Code required signage, is included as an allowance. Fire Extinguishers are included.
b. A budget has been included for Kohler-Purist Series-Polished Chrome toilet accessories.
c. Bathroom mirrors are included.
d. Closet shelf & rod is included for the second bedroom and has shingle shelf and rod running length of closet.
e. **Note:** The higher the number of interior residential units the higher the GSF unit cost for this work and inversely the lower the number of residential units the lower the GSF unit cost for this work. Non-built-out core & shell space will have the lowest GSF unit cost for this project.

Division 10: Equipment

a. An allowance for exterior skin maintenance system has been included.
b. Design Build Custom Fixed in Place, Parallel Luffing, Telescoping Boom Arm Type window washing unit a reach of at least 80'-0".

c. Sockets, Davit and Self-Powered Platform at level 13.
d. Parking control equipment is not required. There are two Hydraulic Auto Lifts. Two roll-up doors with automatic opener and access controls are included to control access to the garage.
e. Trash compactor is assumed to be an Owner provided item.
f. Trash chutes have been included, per drawings.
f. Household appliances: Allowances have been provided for Wolf and Sub Zero appliances.
g. **Note:** For Household appliances the higher the number of interior residential units the higher the GSF unit cost for this work and inversely the lower the number of residential units the lower the GSF unit cost for this work. Non-built-out core & shell space will have the lowest GSF unit cost for this project.

Division 11: Furnishings

Window coverings are not included in the budget.

Division 12: Conveying Systems

a. Includes (3) 3000 lb., 1200 fpm gearless traction passenger elevators and (1) 4500 lb., 1200 fpm Passenger/service "Fireman's" elevator, at the tower.
b. Includes (2) 8000# 200 fpm Auto lifts. Auto Lift estimate assumes minimum 9'-0" floor-to-floor height at all serviced floors in order to comply with manufacturers recommended minimum for a 7'-0" hoistway entrance.
c. Includes (2) 3500#, 200 fpm, (1) 4500# 150 fpm elevators at the Museum.
d. Elevator cab finish allowance is included in budget is $40,000/passenger car.
e. For Alternative Option C. Separate Buildings only (2) 3500#, 200 fpm, (1) 4500# 150 fpm elevators at the Aronson building. Note this increases the GSF unit price for this option.
f. **Note:** Economy of scale applies to Division 12 Conveying Systems. The more stops per elevator equates to a lower GSF unit cost of the Alternative Options and inversely the fewer stops per elevator in the shorter building options the higher the GSF unit cost.

Division 13: Special Construction

Swimming Pool, Fire Pits and Site Furnishings: No allowance has been included for site furnishings, pool, and spa construction.

Division 14: Fire Protection

a. SFWD connection fees are excluded. Two electric vertical fire pumps rated at 1000 GPM and 350 HP are provided, both with transfer switches (ATS) connected to emergency power.
b. Work will start with underground connections at the curb of Mission and Third Streets, including trenching and backfill. CFC 914.3.1.2, states fire pumps shall be connected to a minimum of two water mains located in different Streets.
c. Standpipes will be located and exposed in stairways.
d. One of the permanent standpipes will be used for temporary Fire Protection.
e. Two (2) FDC's will be provided as required by code on each street.
f. Garage will be fully sprinklered.
g. Residential Units will be fully sprinklered with pendant sprinklers at furred ceilings and sidewall sprinklers at non-furred areas.

h. Public areas will be fully sprinklers will be fully sprinklered with concealed type sprinklers.
i. Head locations will be coordinated with architectural drawings, but sprinkler design will take priority.
j. **Note:** There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost.

Division 15: Plumbing

Plumbing Clarifications:

a. Plumbing is to be pre-fabricated.
b. Recycled water "purple piping" has been included to the curb for connection to a future City Installed recycled water system.
c. An independent grey water system with on site treatment is included.
d. Reclaimed water from grey water system to lavatories including booster pumps is included.
e. Two (2) Emergency drains will be provided at each parking level. Sump pit and pump will be at lowest level. Pit and cover shall be provided by others.
f. One (1) trench drain will be provided at garage entry.
g. Fire sprinkler express drain shall discharge into a gravity drain on the ground floor. A drain for residual water and fire pump cooling line will be provided at the lower parking level.
h. Euro-style Kohler Sterling Sinks and Grohe Concerto New fixtures in the Kitchens, Toto Lavatories and water closets with the Grohe Concerto New fixtures in restrooms.
i. **Note:** There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost.

Plumbing Scope of work:

a. Soil, waste and vent systems.
b. Complete gravity system of drainage and vent piping shall be provided for all floors, including gravity drainage for fire sprinkler systems.
c. Underground connections to 5'-0" outside the building.
d. Provide acoustical pipe isolation for water, waste and storm.
e. Hot water system: gas-fired hot water boilers with recirculation pumps and piping.
f. Cold water systems, including backflow preventers, shutoff valves and pressure booster pumping system.
g. Reclaimed water from grey water filtration system to water closets, including booster pumps.

h. Natural Gas shall be from the meter location to all gas fired Mechanical equipment and gas ranges.
i. Roof and overflow drainage system. Drainage shall discharge to street main by gravity.
j. Provide floor drains in mechanical rooms, trash rooms, and other locations as required by code.
k. Provide shut-off valves to isolate each piece of equipment.
l. Provide drainage connection for fire protection system. Gravity Drainage only.
m. Provide pipe insulation on hot water piping per Title 24. Cold Water and storm piping Insulation are not included.

Division 16: HVAC

The HVAC scope is included as follows:

a. A vertical heat pump system is included as instructed in the bid documents. A cooling tower will be located on the roof. Two standard boilers will be located in a mechanical room on the roof to provide supplemental heating to the heat pumps. For Alternative Option A. Proposed Project, Alternative Option C. Separate Buildings, and Alterative Option D. Increased Residential Density a heat exchanger will be located on the 20th floor to reduce the pressure rating of the upper floor devices.
b. Scavenger fans will be located on the roof for the toilet exhaust, dryer exhaust, and kitchen exhaust. The building is considered life-safety and will comply with code requirements.
c. The garage will be exhausted which will require shafts and fan rooms to be constructed similar to what is shown on the architectural drawing.
d. The ground floor lobby and retail spaces will be conditioned to meet code requirements which will require store-front louvers .
e. The amenity spaces will be conditioned to meet code requirements which will require store-front louvers. All public terraces are assumed to have no heating or ventilation requirement.
f. The lower level trash collection room and loading dock will be exhausted. The loads for the typical floor electrical rooms are assumed to be negligible.
g. The mechanical plant will be controlled by a DDC system. All other equipment will be controlled locally.
h. Energy modeling will be required by others. 3D modeling is included (assistant role during design, lead role during pre-construction) should the owner, architect and structural engineer agree to provide accurate and complete models
i. Energy modeling is not included.
j. A life-safety smoke control report has not been issued and possible additional provisions are not included.
k. **Note:** There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost.

Division 17: Electrical

a. Normal and emergency power distribution with separate metering for the "house" and individual residence units are included. Feeders from the meter stacks to individual unit load centers are budgeted as aluminum metal clad cable embedded in the concrete slab.
b. Budget is based on the generator being located on the roof. We include an integral base tank only per current code requirements.
c. Convenience power receptacles as required by code and power feeders with typical single point connection to mechanical, vertical transportation, etc. as required.
d. An allowance has been included for the building core lighting scheme fixtures. An allowance has been included for the Residential unit lighting scheme fixtures. Telecommunications/cable TV service entrance conduits extended from Fremont Street property line to MPOE room located on Level B1. Includes Telecom and Security systems.
e. Code compliant high rise fire life safety system.
f. Building security, ground floor access control system allowance is included per the bid documents.
g. Power and data service requirements for health club equipment to be determined.
h. Entry door chime system for the residential units is included.
i. Low voltage wiring system interlocking typical floor trash chute doors are included.
j. **Note:** There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost.

General Qualifications:

a. This Conceptual Estimate does not include any costs from Potential Market Force Impacts at this time.
b. San Francisco Sales Taxes in included at 8.75%. San Francisco Labor Tax is included at 1.75%.
c. It is presumed there will be a minimum of three acceptable manufacturers listed in the specifications for any products to be used to ensure competition in the marketplace.
d. Escalations, the numbers within this estimate are based on a January 2014 construction start. We have not included any costs at this time for significant material increases.

Standard Exclusions:

a. Preconstruction Services
b. OCIP
c. Building Permit
d. Cost of Webcor's Performance and Payment Bond

e. City of San Francisco, California and/or San Francisco County, assessments, impact, easement, and encroachment fees, meters, school taxes or any other governmental fees not normally the General Contractor's responsibility
f. Builders' Risk Insurance, including earthquake/flood deductibles
g. Governmental agency special inspections
h. Testing and Inspections (i.e.: soils, concrete, structural steel, roofing, shoring and lagging, contaminated soil monitoring, glass mock-ups testing, asbestos survey or removal, etc.)
i. Provisions for latent soil conditions
j. Removal and/or relocation of any unforeseen underground obstructions and utilities
k. Handling and/or removal of any hazardous waste materials
l. Architect, Engineer, and Consultant fees
m. Owners' design and construction contingency
n. Financing costs
o. Land costs
p. Cost of site survey, soil report, or subsurface investigation
q. Blasting or drilling for bedrock excavation
r. Utility Company Impact Fees and Sewer/Storm Water/Fire Service Plant Investment Fees, or Hookup Fees of any sort
s. Artwork
t. Window treatments
u. Water Features
v. Furniture/Furnishings and Equipment
w. Acoustical Consultant or Wind Consultant Impacts
x. This estimate does not include any designated funds for LEED consideration other than San Francisco Code Requirements

706 Mission Street Project

4/17/2013

		A. Proposed Project		B. Existing Zoning		C. Code-Compliant		D. Increased Residential Density		E. Reduced Shadow	
Cross-Section Location in EIR				(page 17 of 119)		(page 42 of 119)		(page 68 of 119)		(page 94 of 119)	
Gross Square Footage			710,525		275,590		704,280		710,525		418,441
		Residential	Office	Residential	Office	Residential	Office	Residential	Office	Residential	Office
Residential		580,630	519,310	175,340	122,780	487,630		580,630	519,310	318,191	265,631
Amenity		22,199	22,199	2,000	2,000	19,215		22,199	22,199	2,000	2,000
Museum C&S		52,285	52,285	45,000	45,000	46,655		52,285	52,285	45,000	45,000
Office		-	61,320	-	52,560	78,840		-	61,320	-	52,560
Retail		4,800	4,800	4,800	4,800	4,800	-	4,800	4,800	4,800	4,800
Other		50,611	50,611	48,450	48,450	67,140		50,611	50,611	48,450	48,450
Total Residential sqft For Comparison		636,041		228,590		559,570		636,041		371,441	318,881
Residential - Finished Units	Total Cost	$276,185,779	$249,428,914	$146,984,945	$113,187,290	$247,372,251		$317,116,797	$286,785,779	$217,861,045	$187,097,097
	$/sf	$434	$434	$643	$643	$442		$499	$499	$587	$587
Museum - Core & Shell	Total Cost	$13,669,578	$13,669,578	$11,760,473	$11,760,473	$12,176,955		$13,672,856	$13,672,856	$11,725,796	$11,725,796
	$/sf	$261	$261	$261	$261	$261		$261	$261	$261	$261
Office - No TI Finishes	Total Cost	$0	$17,414,880	$0	$14,310,553	$22,890,560		$0	$17,414,880		$14,927,040
	$/sf		$284		$284	$284			$284		$284
Amenity - Residential	Total Cost	$6,024,816	$6,024,816	$1,047,682	$1,047,682	$6,298,353		$6,024,799	$6,024,799	$1,047,682	$1,047,682
	$/sf	$271	$271	$524	$524	$328		$271	$271	$524	$524
Total Cost		$295,880,173	$286,538,188	$159,793,100	$140,305,998	$288,238,119		$336,814,452	$323,898,314	$230,634,523	$214,797,615
Total GSF Cost		$416	$403	$580	$509	$409		$474	$456	$551	$513
Notes		47 Story Tower		13 Story Tower		47 Story Tower		47 Story Tower		27 Story Tower	

706 Mission Street Project

5/3/2013

Systems	Description	Option A. Proposed Project				Option E. Reduced Shadow				Notes
		Residential Division Cost	Residential GSF Cost	Division Cost Amenity	Amenity GSF Cost	Residential Division Cost	Residential GSF Cost	Amenity Division Cost	Amenity GSF Cost	
	Gross Square Foot		636,041		22,199		371,441		2,000	
1	General Conditions	$15,807,400	$24.85	$344,486	$15.52	$13,035,365	$35.09	$62,609	$31.30	These costs are in part a function of time, where a shorter construction schedule duration will result in lower costs. However, depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work.
2	Building Pad, Earthwork, Sitework	$9,807,752	$15.42	$342,309	$15.42	$8,012,726	$21.57	$43,140	$21.57	Alternative Options A – Proposed Project and Alternative Option E – Reduced Shadow for Division 2: Building Pad, Earthwork and Sitework costs remain the same. However, depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work.
3	Landscape & Irrigation	$313,441	$0.49	$10,878	$0.49	$258,475	$0.70	$1,400	$0.70	Alternative Options A – Proposed Project and Alternative Option E – Reduced Shadow for Division 3: Landscape costs remained the same. However, depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work.
5	Building Structure	$45,737,708	$71.91	$827,936	$37.30	$36,503,722	$98.28	$173,258	$86.63	Alternative Options A – Proposed Project and Alternative Option E – Reduced Shadow for Division 4 & 5: Foundations costs remained the same. However, depending on the GSF of the Alternative Option the GSF price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work. For Alternative Option E the structure is 27 levels tall. The cost per GSF for this Option E is higher because the costs of the mild steel floors on the Mexican Museum floors do not get amortized over a higher GSF of a 47 Level structure. Alternative Option E Reduced Shadow is not as efficient in terms of $/GSF.
6	Exterior Envelope	$44,987,180	$70.73	$988,100	$44.51	$36,608,370	$98.56	$173,118	$86.56	The most expensive skin systems (especially at the Mexican Museum) occur at the lower floors of all the Alternative Options. Therefore the taller the building the lower the GSF unit cost for this work and inversely the shorter the project the higher the GSF unit cost for this work.
7	Waterproofing, Insulation, Roofing	$2,635,754	$4.14	$91,904	$4.14	$2,173,540	$5.85	$11,700	$5.85	Alternative Options A – Proposed Project and Alternative Option E – Reduced Shadow for Division 7: Roofing & Waterproofing costs remain the same. However, depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work
8	Interior Construction	$45,260,678	$71.16	$986,353	$44.43	$35,193,724	$94.75	$169,036	$84.52	The higher the (number of/density of) interior residential units per sf the higher the GSF unit cost for this work and inversely the lower the (number of/density of) units per sf the lower the GSF unit cost for this work. Non-built-out core & shell space will have the lowest GSF unit cost for this project.
9	Specialties	$2,108,603	$3.32	$45,952	$2.07	$1,738,832	$4.68	$8,352	$4.18	The higher the (number of/density of) interior residential units per sf the higher the GSF unit cost for this work and inversely the lower the (number of/density of) units per sf the lower the GSF unit cost for this work. Non-built-out core & shell space will have the lowest GSF unit cost for this project.
10	Building Equipment	$5,654,404	$8.89	$123,225	$5.55	$3,465,915	$9.33	$16,647	$8.32	The higher the (number of/density of) interior residential units per sf the higher the GSF unit cost for this work and inversely the lower the (number of/density of) units per sf the lower the GSF unit cost for this work. Non-built-out core & shell space will have the lowest GSF unit cost for this project.

5243

706 Mission Street Project

5/3/2013

Systems	Description	Option A. Proposed Project				Option E. Reduced Shadow				Notes
		Residential Division Cost	Residential GSF Cost	Division Cost Amenity	Amenity GSF Cost	Residential Division Cost	Residential GSF Cost	Amenity Division Cost	Amenity GSF Cost	
11	Furnishings	$0	$0.00	$0	$0.00	$0	$0.00	$0	$0.00	
12	Special Construction	$0	$0.00	$0	$0.00	$0	$0.00	$0	$0.00	
13	Conveying Systems	$6,874,331	$10.81	$149,810	$6.75	$5,668,827	$15.26	$27,227	$13.61	Economy of scale applies to Division 13 Conveying Systems. The more stops per elevator equates to a lower GSF unit cost of the Alternative Options and inversely the fewer stops per elevator in the shorter building options the higher the GSF unit cost.
14	Fire Protection	$3,533,335	$5.56	$77,001	$3.47	$2,913,718	$7.84	$13,995	$7.00	There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost.
15	Plumbing	$18,828,830	$29.60	$410,331	$18.48	$13,417,203	$36.12	$64,443	$32.22	There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost
16	HVAC	$11,874,885	$18.67	$258,786	$11.66	$9,269,854	$24.96	$44,523	$22.26	There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost.
17	Electrical	$23,527,157	$36.99	$512,720	$23.10	$17,247,333	$46.43	$82,839	$41.42	There are two main factors affecting the GSF unit cost of the different options building size and density of the residential units. The large the building option equates to a lower GSF unit price and inversely the smaller the building option equates to a higher GSF unit cost. Second, the denser the residential units are the higher the GSF unit cost and inversely the lower the density of the residential units the lower the GSF unit cost.
18	Miscellaneous Expenses	$698,119	$1.10	$15,214	$0.69	$575,694	$1.55	$2,765	$1.38	Depending on the GSF of the Alternative Option the GSF unit price will differ as these costs are amortized against the GSF of the Alternative Option. The larger the GSF of the project the lower the GSF unit cost for this work and inversely the smaller the GSF of the project the higher the GSF unit cost for this work.
20	Job Equipment	$8,199,332	$12.89	$178,686	$8.05	$6,761,472	$18.20	$32,475	$16.24	To an extent economy of scale applies and items such as vertical transportation, similar to the conveying systems Division 13, the more stops per vertical transportation system the lower the GSF unit cost and inversely the fewer the stops in the shorter building the higher the GSF unit cost.
22	Distributed Subcontractor Costs	$5,514,475	$8.67	$120,175	$5.41	$4,546,811	$12.24	$21,838	$10.92	
	Sub Guard on Subs & Materials	$2,513,939	$3.95	$54,786	$2.47	$2,073,087	$5.58	$9,957	$4.98	
	SF Labor Tax	$42,030	$0.07	$916	$0.04	$34,659	$0.09	$166	$0.08	
	General Liability Insurance	$2,328,012	$3.66	$50,734	$2.29	$1,919,764	$5.17	$9,221	$4.61	
	Fee	$7,339,510	$11.54	$159,951	$7.21	$6,052,432	$16.29	$29,070	$14.53	
	Construction Contingency	$12,598,904	$19.81	$274,564	$12.37	$10,389,521	$27.97	$49,901	$24.95	
	Total Gross Square Foot Cost	**$276,185,779**	**$434.23**	**$6,024,816**	**$271.40**	**$217,861,045**	**$586.53**	**$1,047,682**	**$523.84**	

APPENDIX F:

Jessie Square Garage Net Operating Income

DRAFT - For Discussion Purposes Only

Jessie Square
Actual Performance FY 2012-13

CityPark
Unit No. 77

GROSS REVENUE:	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
Revenues:								
Taxable								
Transient	$ 121,385	$ 128,713	$ 116,235	$ 122,610	$ 125,974	$ 125,244	$ 132,247	$ 122,647
Monthly	43,020	49,364	29,503	43,052	32,702	44,584	27,928	32,111
Validations								
Other								
Total Taxable Revenue	164,405	178,077	145,738	165,662	158,676	169,828	160,175	154,758
Less 25% Parking Tax	(32,881)	(35,615)	(29,148)	(33,132)	(31,735)	(33,966)	(32,035)	(30,952)
Net Taxable Revenue	131,524	142,462	116,590	132,529	126,941	135,862	128,140	123,806
Non-taxable								
NT Monthly				75	50		25	
NT Hotel/Restaurant/Short	14,112	24,858	23,760	25,830	19,764	16,110	14,346	20,520
Other		162		96			123	
Total Non-taxable Revenue	14,112	25,020	23,760	26,001	19,814	16,110	14,494	20,520
Net Total Revenue	145,636	167,482	140,350	158,530	146,755	151,972	142,634	144,326
Operating Expenses								
Payroll billed							182	
PTO billed								
Payroll Taxes billed							29	1
Workers Comp billed							18	
Benefits billed							22	
Management fee	5,002	5,002	5,002	5,002	5,002	5,002	5,002	5,002
Accounting	800	800	800	800	800	800	800	800
Insurance	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Supervisory	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Other services	11,849	11,755	11,778	11,755	11,747	12,477	21,262	11,767
License							9,420	
Supplies	224	892		103	231	241	289	247
Bottled water	28	25	15		30	7	42	26
Uniforms					148			
Signs			345					
Ticket printing			1,292			899		
Utilities	8,744	6,827	6,774	8,245	7,046	4,128	4,763	4,939
Telephone	313	307	315	310	887	610	613	615
Garbage/cleanup	2,712	762	2,712	262	262	3,462	1,557	3,012
Maintenance/Rep	5,868	110	7,056	2,086	503	5,994	2,620	5,629
Total Operating Expenses	39,340	30,279	39,888	32,363	30,455	37,419	50,418	35,837
Net Operating Income	$ 106,296	$ 137,202	$ 100,462	$ 126,167	$ 116,299	$ 114,553	$ 92,216	$ 108,490

Average Monthly NOI (through February)	$	112,711
Revenue Generating Spaces		350
Average Monthly Revenue per Space	$	322.03
Rounded	$	322.00

APPENDIX G:

Predevelopment EIR and Entitlement Costs

Appendix G, Table 1
Predevelopment EIR and Entitlement Costs as of 12/31/12
706 Mission Street; EPS #121084

Cost Items	706 Mission Street	The Mexican Museum [1]	Total Project
Architecture & Engineering	$2,095,190	$173,073	$2,268,263
Architects - Conceptual Design, EIR & Entitlement Support	$2,086,953	$173,073	$2,260,026
Structural Engineer - Conceptual Design, EIR & Entitlement Support	$8,237	-	$8,237
Architecture & Engineering (Reimbursables)	$47,431	$9,250	$56,681
Printing, Renderings, Travel Expenses - Conceptual Design, EIR & Entitlement Support	$47,431	$9,250	$56,681
Land Use Consultants	$2,566,983	-	$2,566,983
EIR Consultant and Technical Sub-Consultants - Environmental Impact Report	$2,438,070	-	$2,438,070
Environmental Consultants - Soil & Site Precharacterization Reports, Air Quality, & EIR Support	$11,119	-	$11,119
Traffic Consultant - Conceptual Design, EIR & Entitlement Support	$76,571	-	$76,571
Economic Impact Consultant - EIR & Entitlement Support	$41,223	-	$41,223
Design Consultants	$196,188	-	$196,188
Programming and Interiors - Conceptual Design	$110,000	-	$110,000
Acoustical Consultant - EIR & Entitlement Support	$3,053	-	$3,053
Exterior Curtain Wall - Conceptual Design & Mock-Up for Entitlement Support	$15,000	-	$15,000
Geotechnical Consultant - Preliminary Geotechnical Report, EIR Support, Conceptual Design	$8,156	-	$8,156
Preservation Consultant - Conceptual Design, Historic Report, EIR & Entitlement Support	$59,979	-	$59,979
Other Consultants - Gov't Relations	$1,160,000	$20,000	$1,180,000
Public Relations and Political Consultant - EIR & Entitlement Support	$1,160,000	$20,000	$1,180,000
Other Consultants - Miscellaneous	$72,302	-	$72,302
Pre-Construction, Cost Consultants - EIR & Entitlement Support	$30,105	-	$30,105
Code Consultant and Permit Expediter - EIR & Entitlement Support	$4,675	-	$4,675
Surveyor - Site and As-Built Surveys	$37,522	-	$37,522
Permits & Other Fees	$77,887	-	$77,887
Permitting, Environmental, & Entitlement Fees [shown and included in Appendix B, Table 1]	-	-	-
Legal Entity Fees	$4,075	-	$4,075
San Francisco Redevelopment Agency Consultant Fees	$73,812	-	$73,812
Advertising & Promotion	$160,000	-	$160,000
Public Relations-- Entitlements Support	$20,000	-	$20,000
Residential Marketing Consultant - Conceptual Design	$140,000	-	$140,000
Legal Fees - Site Purchase	$16,517	-	$16,517
Transactional Legal Fees	$16,517	-	$16,517
Legal Fees - Other Legal	$2,464,164	-	$2,464,164
Bank Transaction Legal Fees	$104,317	-	$104,317
Land Use & Contracting Legal Fees - EIR & Entitlement Support	$2,359,847	-	$2,359,847
Other Costs - Contributions	$124,250	$205,000	$329,250
Local Event and Organization Contributions	$124,250	-	$124,250
The Mexican Museum Fundraising Event & Contributions		$205,000	$205,000
Total, as of 12/31/12	$8,980,912	$407,323	$9,388,235

[1] The Mexican Museum costs through 12/31/12 reflect invoiced amounts specifically denoting work done for The Mexican Museum, such as work done by Handel Architects, TEN Arquitectos and HMS Associates, as well as contributions and sponsorships toward The Mexican Museum events.

Sources: 706 Mission Street Co, LLC; Economic & Planning Systems, Inc.

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO • 329 Bryant St., Ste. 3D, San Francisco, CA 94107 • T 415.777.5600 • F 415.777.9809
SACRAMENTO • 9333 Sparks Way, Sacramento, CA 95827 • T 916.361.3887 • F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

May 15, 2013

Via Hand Delivery and Email (without attachments)

Historic Preservation Commission
Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: 706 Mission Street - Residential Tower and Mexican Museum Project (Case No. 2008.1084H; SCH # 2011042035)

Dear President Hasz and Commissioners:

This office represents the 765 Market Street Residential Owner's Association, Friends of Yerba Buena, Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Objectors") regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project"). I am writing to summarize our arguments regarding Project impacts on historic resources and, in an excess of caution, to resubmit comments previously submitted to the City of San Francisco by Lippe Gaffney Wagner and by Architectural Historian Katherine Petrin.

As an initial matter, "Objectors" do not oppose the Mexican Museum nor its placement at 706 Mission Street.

However, "Objectors" are gravely concerned about the Project's violations of law, including the impacts of the proposed 47-story tower on recognized historic resources. Therefore, Objectors object to the approval of any permit for this Project as currently proposed. In addition, because of the serious flaws in the Environmental Impact Report ("EIR") Objectors urge this Commission to request the EIR be revised and recirculated to the public.

The Project, as currently proposed, should not be granted a Permit to Alter by the Historic Preservation Commission ("Commission" or "HPC") for the following reasons:

(1) The Project violates Planning Code 1111.6(c)(6) because it will increase the height of the Aronson building by more than one story;

(2) The tower is not compatible in scale with the Aronson Building;

(3) The tower is not compatible in scale with the New Montgomery-Mission-Second ("NMMS") Conservation District;

(4) The tower will substantially degrade the historic character and architectural integrity of the Aronson Building and the NMMS Conservation District, and will result in significant adverse historic impacts;

(5) The Project does not comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties;

(6) The EIR does not disclose that the Historic Preservation Commission has permitting jurisdiction over the Project, nor disclose that a Permit to Alter is a required Project approval;

(7) The EIR has not properly analyzed how the project conflicts with the San Francisco Planning Code and will result in significant impacts to historical resources;

(8) The EIR's cumulative impact analysis impermissibly compares the Project impacts to the already degraded setting;

(9) The EIR imposes employs an arbitrary standard of "views within the district" to determine impacts to historical resources are not significant.

I. Historic Resource Comments Submitted Herewith

Submitted herewith are the following comments previously submitted to the City of San Francisco by Lippe Gaffney Wagner and by Architectural Historian Katherine Petrin:

- LGW April 2, 2013 letter re Notice of Appeal of Planning Commission Certification of Final EIR
- LGW April 10, 2013 letter re Supplement to April 2, 2013 Notice of Appeal of Planning Commission Certification of Final EIR
- LGW April 25, 2013 letter re Argument in Support of Appeal of Planning Commission Certification
- of Final EIR
- Katherine T. Petrin April 25, 2013 letter re Proposed Alterations to the Aronson Building, 706 Mission Street
- LGW May 7, 2013 letter re Reply to Planning Department's April 29, 2013 and May 6, 2013 Responses
- Katherine T. Petrin May 7, 2013 letter re Proposed Alterations to the Aronson Building, 706 Mission Street

The above comments are incorporated herein in full.

II. The Planning Department Only Recently Conceded the Historic Preservation Commission's Jurisdiction.

The Planning Department only recently conceded that the Historic Preservation Commission has jurisdiction over the tower portion of the project. The Planning Department's April 29, 2013 Response indicates, for the first time, that the proposed tower is within the Historic Preservation Commission's permitting jurisdiction under Article 11. (Pages 7-8.) In contrast, the HPC's April 3, 2013 Case Report stated that the proposed tower was not part of the Major Permit to Alter nor the jurisdiction of this Commission.

A. The EIR Failed to Adequately Describe the Project.

Likewise, the EIR does not disclose that the Historic Preservation Commission has permitting jurisdiction over the Project, nor disclose that a Permit to Alter is a required approval.

(DEIR p. II-72 to-73.) This omission violates CEQA.

A statement describing the intended uses of the EIR and listing the agencies involved with and the approvals required for project implementation is a "mandatory" part of an EIR's project description. (*California Oak Found. v. Regents of Univ. of California* (2010) 188 Cal. App. 4th 227, 270.) If an agency must make more than one decision on a project, all of its decisions subject to CEQA should be listed. (CEQA Guideline 15124, subd. (d) (2).)

Further, this omission is prejudicial because by failing to inform the public of this permit tp alter and HPC's review authority, the EIR foreclosed the public's complete understanding of the proposed project.

III. The Project Violates Planning Code Article 11:

The tower is required, but fails, to meet the requirements of Article 11 in several respects, including: (1) the Project will increase the height of the Aronson Building by 39 stories, (2) the tower is not compatible in scale with the Aronson Building, (3) the tower is not compatible in scale with the New Montgomery-Mission-Second ("NMMS") Conservation District, and (4) the tower will substantially degrade the historic character and architectural integrity of the Aronson Building and the NMMS Conservation District.[1]

A. The Project Violates Article 11 Height Limitations.

Planning Code section 1111.6(c)(6) provides that any additions to height of a Category I Significant Building, such as the Aronson Building, "shall be limited to one story above the height of the existing roof." The Project violates this rule because the proposed tower will increase the height of the Aronson Building by 39 stories. As a notice to the public which was mounted on the Aronson Building makes clear (Exhibit 1 attached hereto), the Project Description is "As part of the project the existing non-historic 1978 additions...removed to integrate the Aronson building as part of new 47-story, 550-foot-tall tower with up .. residential units." The proposed tower will intrude into the airspace above the Aronson Building. The tower's attachment to the Aronson Building results in increasing the height of the Aronson Building by 39 stories.

B. The Project Is Not Compatible with the Scale and Character of the Historic Aronson Building.

Section 1111.6(c)(6) also provides that any additions to height of a Category I Significant Building, such as the Aronson Building, "shall be compatible with the scale and character of the building." The Project violates this rule because the tower is not compatible with the scale or

[1] The EIR concedes that the Aronson Building is also a contributor to the Aronson Historic District. As such, the Aronson Building is automatically listed in the California Register and is an historical resource under CEQA.

character of the Aronson Building. (See April 25, 2013 and May 7, 2013 Katherine T. Petrin comments, submitted herewith.)

Further, the Planning Department fails to address the scale or proportion of the Project addition in its analysis for compliance with Standard 9 of the Secretary of the Interior's Standards for the Treatment of Historic Properties for Rehabilitation. Standard 9 states:

> New additions, exterior alterations, or related new construction *will not* destroy *...spatial relationships that characterize the property*. The new work will be differentiated from the old and *will be compatible with* the historic materials, features, size, *scale and proportion, and massing* to protect the integrity of the property *and its environment*.

The incompatibility of the proposed tower portion of the Project is also demonstrated by reference to the National Park Service's *Preservation Brief 14: New Exterior Additions to Historic Buildings: Preservation Concerns* which states that:

> A new addition should *always be subordinate* to the historic building; it should *not compete in size, scale or design with the historic building*. An addition that bears no relationship to the proportions and massing of the historic building—in other words, *one that overpowers the historic form and changes the scale— will usually compromise the historic character as well*. The appropriate size for a new addition varies from building to building; it could never be stated in a square or cubic footage ratio, but the historic building's existing proportions, site and setting can help set some general parameters for enlargement.

C. <u>The Project Is Not Compatible with the Scale and Design of the New Montgomery-Mission-Second Street District</u>.

Under Planning Code § 1113(a), "any new or replacement structure or for an addition to any existing structure in a Conservation District" must be "compatible in scale and design with the District as set forth in Sections 6 and 7 of the Appendix that describes the District." The Project violates Planning Code § 1113(a) because the tower is not compatible with the scale, particularly the predominant height of the district and the predominant height of the buildings that define the conservation characteristics of the district, as described in sections 6 and 7 of Appendix F.[2] (See April 25, 2013 and May 7, 2013 Katherine T. Petrin comments, submitted herewith.)

Article 11, Appendix F, Section 6, provides:

---

[2] The EIR's only reference to the tower's out-of-scale height is the statement that the tower "would join other existing comparably scaled modern high-rise towers *outside this district edge* that now rise in the background when viewing the districts from within." (DEIR p. IV.D.56 (emphasis added).) This supports Objector's position: the Project tower does not belong in the District because, due to its outsized scale, it only connects with other high-rise buildings outside the district.

> The exterior architectural features of the New Montgomery-Mission-Second Street District are as follows: * * *
>
> (b) Scale. *More than two-thirds of the contributing buildings are three-to-eight story* brick or concrete commercial loft buildings constructed during the five years after the 1906 Earthquake and Fire. The scale of the District varies from the small buildings on Howard, Mission, Natoma, and Second Streets, such as the Phoenix Desk Company Building at 666 Mission Street, the Burdette Building at 90 Second Street, and the Emerison Flag Company Building at 161 Natoma Street; to medium-scaled structures on Mission and New Montgomery Streets, such as the Veronica Building at 647 Mission Street, and the Standard Building at 111 New Montgomery Street; to large-scale buildings on New Montgomery Street, such as the Pacific Telephone and Telegraph Building at 140 New Montgomery. On New Montgomery Street, the large facades are not commonly divided into smaller bays, *establishing a medium scale when combined with the five- to eight-story height of the buildings*. Similarly, the use of elaborate ornament on many of the buildings breaks their large facades into smaller sections and accordingly reduces their scale. *Second Street is characterized by much smaller buildings* with more frequent use of vertical piers whose scale is very intimate for the South of Market area.

(Emphasis added.) Appendix F, Section 7, provides:

> (a) Standards. All construction of new buildings and all major alterations, which are subject to the provisions of Sections 1110, 1111 through 1111.6 and 1113, shall be compatible with the District in general with respect to the building's composition and massing, *scale*, materials and colors, and detailing and ornamentation, including *those features described in Section 6* of this Appendix. Emphasis shall be placed on compatibility with those buildings in the area in which the new or altered building is located. In the case of major alterations, only those building characteristics that are affected by the proposed alteration shall be considered in assessing compatibility. (Emphasis added.)

Further, the proposed Project violates the *Secretary of the Interior's Standards for Rehabilitation and Illustrated Guidelines for Rehabilitating Historic Buildings, New Additions* as well as Preservation Brief 14 as the 47 story building is not readily "removable." Preservation Brief 14 discusses "removability" as it is used in the Secretary's Standards, Standard 10, as follows

> "New additions and adjacent or related new construction shall be undertaken in such a manner that *if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.*"

As discussed by Ms. Petrin, the tower is not "removable" as that term is used in the Secretary's standards.

IV. The City Has Not Properly Analyzed How the Project Conflicts With the San Francisco Planning Code and Will Result in Significant Impacts to Historical Resources.

A. The Project, as Proposed, Will Result in Significant Impacts.

The above described code violations demonstrate significant adverse environmental effects that the EIR fails to disclose. A substantial adverse change in the significance of an historical resource is treated as a significant effect on the environment. (CEQA Guidelines, § 15064.5, subd. (b).) A "substantial adverse change" includes destruction or alteration of the resource or its immediate surroundings resulting in the significance of the historical resource being materially impaired. (CEQA Guideline 15064.5, subd. (b)(1).) The proposed tower will cause these significant adverse effects.

Clearly the tower will alter the parcel, and therefore the NMMS District and the Aronson District, by adding a 47 story building to the districts. The tower will also alter the Aronson Building by attaching a 47 story building to it. Any other conclusions require an unduly narrow construction of the term "alter." The CEQA Guidelines should not, and cannot, be interpreted in a manner that would categorically prevent the identification of significant impacts by quasi-legislative fiat. (*Communities for a Better Environment v. California Resources Agency* (2002) 103 Cal.App.4th 98.)

These Planning Code violations are inconsistent with the City's General Plan (San Francisco Master Plan) because the Planning Code implements the General Plan. (Planning Code § 101.) Also, these inconsistencies, especially the incompatible scale of the tower, represent significant adverse impacts of the Project on the conservation values that Article 11 and the NMMS Conservation District were enacted to protect.

B. The EIR Fails to Analyze How the Project Conflicts With the San Francisco Planning Code..

The EIR must discuss the Project's inconsistencies with the General Plan. CEQA Guideline § 15125(d).

Further, the Planning Commission's April 29, 2013 report erroneously states that the "issue [whether the project complies with the requirements of Article 11] is not properly before the Board [of Supervisors] on appeal [of the EIR certification]. The same staff report also erroneously asserts that the "EIR's analysis of impacts on historic architectural resources will inform the HPC in its deliberations on the Permit to Alter required under Article 11."

However, the Historic Preservation Commission and the public are hampered in their review of the proposed Project as the EIR never analyzes conflicts with San Francisco Planning Code Article 11. (DEIR pp. IV.A.11 - 12.) This despite the EIR adopting a Land Use "threshold of significance" A-2 (whether the project will "conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project") (DEIR p. IV.A.9) and purporting to

analyze such impacts under Impact LU-2.

The EIR is further flawed because it improperly defers such analysis and relies on reports other than the EIR to comply with CEQA. (See DEIR p. IV.A.12 ["the staff report for the Planning Commission will contain the Planning Department's full analysis of the project's consistency with General Plan policies and zoning."]

The EIR's premise that "decision-makers will consider potential conflicts between the proposed project and applicable plans, policies, and regulations as part of their deliberations" (ibid.) in the absence of an EIR that analyzes such conflicts, including Article 11, is a fundamental CEQA flaw that prejudices the decision makers in their deliberations.

As an example of the omission of analysis in the EIR, the Permit to Alter Case Report for the HRC's 5/15/13 hearing (at p. 14) for the first time discloses that the Planning Department believes that the Project's proposed installation of aluminum windows may be in conflict with #2 of Section 1111.6 of the Planning Code which stipulates, "The integrity of distinctive stylistic features or examples of skilled craftsmanship that characterize a building shall be preserved." This is a minor issue, but is a pertinent example of the type of analysis that was excluded from the EIR.

V. The EIR's Analysis of Significant Historic Resource Impacts is Flawed.

A. The Analysis of Cumulative Impacts is Deeply Flawed.

The EIR's analysis of cumulative historic impacts is deeply flawed and must be revised and recirculated by the City. In effect, both the EIR and the Project proponents represented by Page & Turnbull argue that because other buildings are tall, one more tall building categorically can not have a significant adverse impact. This approach ignores the cumulative adverse effect of adding more tall buildings to the District.[3]

By definition, cumulative impacts can result from individually minor but collectively significant projects taking place over a period of time. The relevant question is not how the effect of the Project compares to the pre-existing cumulative effect, but whether any additional amount of effect should be considered significant in the context of the existing cumulative effect. The greater the existing environmental problems are, the lower the threshold should be for treating the Project's contribution to cumulative impacts as significant.

The EIR's analysis of Impact CP-7 (significance of nearby historical resources) concludes that "The construction of the new tower next to the Aronson Building would *not further harm this altered context* in a manner that would be significant." (EIR p. IV.D.57.)

---

[3] The EIR also violates CEQA by failing to define the geographic scope of its cumulative historic resource impact analysis and to provide a reasonable explanation for geographic limitations. (CEQA Guideline 15130, subd. (b)(3).)

To reach this conclusion, the EIR posits that:

> While the visual setting of the Aronson Building *would be altered*, the juxtaposition of low-scale historic buildings viewed against a backdrop of contemporary high-rise towers *is already a characteristic of this district*. (EIR p. IV.D.56.)
>
> The proposed project would not damage the historic visual setting of St. Patrick's Church and the Jessie Street Substation *because the historic visual setting of these resources no longer exists*. Today, these buildings are surrounded by contemporary high-rises and plazas. What survive now are the buildings devoid of their original historic context. (EIR p. IV.D.57.)

Likewise, Page & Turnbull argue that the proposed tower is "compatible with the scale of the Conservation District" because of the heights of buildings within the Conservation District. Their rationale is that:

> *the proposed tower could be said to be placed into a neighborhood of towers*. As shown on the map of the Conservation District attached as Exhibit A, the Conservation District includes 7 existing towers of heights up to 484 feet, two of which are located in the immediate vicinity of the proposed tower. Furthermore, the recently adopted Transit Center District Plan contemplates the development of 5 additional towers within the Conservation District of heights of up to 600 feet in height. (Exhibit A)

(Elissa Skaggs May, 2013 Letter.)

This rationale turns the purpose of Article 11 on its head. The presence of a number of tall buildings is not a reason to allow another tall building.[4] If anything, the presence of other tall buildings is a reason <u>not</u> to allow another tall building. This flawed approach also fails to provide a rational basis to approve a Permit to Alter under the San Francisco Planning and Zoning Code.

The approach also violates CEQA. In *Los Angeles Unified School Dist. v. City of Los Angeles* (1997) 58 Cal.App.4th 1019, the court found such a "ratio theory" trivialized the project's impacts by impermissibly focusing on individual impacts rather than their collective significance. (*Id.* at 1025.) It is impermissible for an EIR to focus on the existing level of development, rather than the combined effects of the proposed project with past, present and future development. (*Communities for a Better Environment v. California Resources Agency* ("*CBE*") (2002) 103 Cal.App.4th 98, 119.) This comparative or "de minimis" approach of comparing the incremental effect of the proposed project against the collective cumulative impact of all relevant projects is contrary to CEQA section 21083, contrary to the definition of cumulative impacts at CEQA

[4] The Page & Turnball reference to 7 towers within the Conservation District distorts the facts. No tall building within the District has been approved since Article 11 was adopted. Article 11 recognizes that the vast majority of the tall buildings are only three to eight stories in height.

Guideline 15355, and contravenes CEQA case law.

Again, the relevant CEQA issue is not whether the proposed Project is minor compared to the damage that has already been done, but whether *any* additional adverse impact attributable to the Project should be considered significant given the nature of the existing historic resources lost. (*Los Angeles Unified, supra*, 58 Cal.App.4th at1025; *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 718.) This EIR employed an impermissible cumulative impact approach and this error prevented informed decision making.

B. The EIR Employs an Arbitrary Standard of "Views Within the District" Which Does Not Correspond to its Stated Thresholds of Significance or to CEQA Guideline 15064.5.

To rationalize its conclusion that there would be significant impacts to historic resources the EIR states that the "proposed project would not block any views of the Aronson Building *as seen from within* these two [Aronson Historic District & NMMS] historic districts." (DEIR p. IV.D.56, emphasis added.)

The constrained "view from within" does not appear in CEQA Guideline 15064.5 nor in the EIR's thresholds for determining historical impact significance (DEIR p. IV.D.21), and thus is improperly used to assess and disregard the proposed Project's impacts.

In contrast, the Appendices to the EIR include a KnappVerplank report which reveals that that "The proposed tower will ...obstruct some views of the Jessie Street Substation from Mission Street," and "The proposed tower would partially obscure views of the Aronson Building from both the Jessie Street Substation and St. Patrick's Church and Rectory." The EIR itself does not disclose these impacts, nor consider these lost views in determining the significance of the Project's impacts.

Also, the EIR fails to disclose that the September 2012 amendments to Article 11 of the Planning Code expands the NMMS Conservation District by adding the Aronson Building parcel to the District and listing the Aronson Building as a Category I (Significant) Building.

VI. Recirculation of the EIR is Required Because of the EIR's Flaws in Analyzing Historic Resource Impacts.

An agency is "required" to recirculate an EIR when significant new information is added to the EIR after public notice is given of the availability of the draft EIR for public review.... New information added to an EIR is..."significant" [if]...the EIR is changed in a way that deprives the public of a meaningful opportunity to comment upon a substantial adverse environmental effect of the project or a feasible way to mitigate or avoid such an effect.... "Significant new information" requiring recirculation includes, for example, a disclosure showing that...the draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded.. (CEQA Guideline 15088.5(a)(4), emphasis added.)

A Final EIR, and certainly a commission case report, can not correct deficiencies in a Draft EIR because such analysis has never been subjected to public review and criticism. To allow deficient analysis in a Draft EIR to be bolstered by a document that was never circulated for public comment would subvert the important public purposes of CEQA. (See *Mountain Lion Coalition v. Fish & Game Commission* (1989) 214 Cal.App.3d 1043, 1052-53.)

Here, as demonstrated above, the Project Draft EIR was fundamentally flawed. The proper procedure is for a revised EIR to be circulated to the public for further comment and agency response, prior to EIR certification or this Commission's issuance of any permit.

VIII. The Findings Regarding Alternatives Rejected Are Flawed.

The HPC's Case Report only made the draft Motion with attached CEQA Findings and Mitigation Monitoring and Reporting Program available to the public last Friday, May 10, 2013. Because of this late disclosure, the public has been hampered in its review and response to the findings and statements therein. The Revised HPC Case Report reveals for the first time that:

> The Project Sponsor engaged Economic & Planning Systems, Inc. to prepare an economic analysis of the financial feasibility of the project alternatives described in the EIR. (Report on the Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower Project and Alternatives, dated May 2013 (the "EPS Report"). The Successor Agency retained an independent economic consultant Keyser Marston Associates, Inc., to peer review the EPS Report and Keyser Marston Associates prepared the "Peer Review of Financial Feasibility Report for 706 Mission Street" ("Peer Review"). The Peer Review, independently reviewed and evaluated by the Successor Agency, concurs with the results of the EPS Report. Planning Department staff and the Commission have independently reviewed and concur with the results of the EPS Report and the Peer Review

(Revised HPC Case Report, p. 61.) Neither the May 2013 EPS Report nor the peer review have been available to the public.

The City's Findings make a number of statements regarding the financial feasibility of alternatives. For example, the Findings state that

> In addition, according to the EPS Report, the Reduced Shadow Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Reduced Shadow Alternative is not financially feasible with or without the purchase of TDRs. In this Alternative, the height of the tower is reduced from 520 feet in the Proposed Project to 351 feet, which reduces the number of residential units to 162 under the Office Flex Option and 186 under the Residential Flex Option and reduces potential revenue from residential sales. There are fewer units to generate revenue, and the number of upper floors of the Project, which command substantial price premiums due to views, are not available under the Reduced Shadow Alternative. At the same time, per square foot development costs are higher under the Reduced Shadow Alternative relative to the

> Proposed Project due to a decrease in construction cost efficiency. Within certain construction type thresholds, the taller the structure, the lower the cost per square foot due to cost-spreading efficiencies. The combination of these factors results in an alternative that is not financially feasible.

(Revised 5/15 Case Report, p. 72)

However, the case law under CEQA is clear that the "fact that an alternative may be more expensive or less profitable is not sufficient to show that the alternative is financially infeasible. What is required is evidence that the *additional* costs or lost profitability are sufficiently severe as to render it impractical to proceed with the project." (*Uphold Our Heritage v. Town of Woodside* (2007) 147 Cal. App. 4th 587, 599 quoting *Citizens of Goleta Valley v. Board of Supervisors* (1988) 197 Cal.App.3d 1167, 1181 [emphasis in *Uphold.*] "Accordingly, the question is not whether [the Project sponsor] can afford the proposed alternative, but whether the marginal costs of the alternative as compared to the cost of the proposed project are so great that a reasonably prudent property owner would not proceed with the [proposed project]." *(Uphold Our Heritage, supra*, 147 Cal. App. 4th at 600 citing *San Franciscans Upholding the Downtown Plan v. City and County of San Francisco* (2002) 102 Cal.App.4th 656, 694 [applying prudent person standard to determine economic feasibility of proposed alternatives].)

The City has failed to meet these CEQA standards by proving evidence that the additional costs or lost profitability are sufficiently severe as to render it impractical to proceed. Instead, the Findings only assert that the Reduced Shadow Alternative "reduces potential revenue from residential sales." This is not enough. Nor do the Findings address whether the costs are so great that a reasonably prudent property owner would not proceed with the Reduced Shadow Alternative.

Thank you for your attention to this matter.

Sincerely,

Brian Gaffney

Brian Gaffney
Lippe Gaffney Wagner

C:\Users\Brian\Desktop\LGW\706 Mission\LGW 012e 051513 HPC SENT.wpd

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO • 329 Bryant St., Ste. 3D, San Francisco, CA 94107 • T 415.777.5600 • F 415.777.9809
SACRAMENTO • 9333 Sparks Way, Sacramento, CA 95827 • T 916.361.3887 • F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

April 25, 2013

Board President David Chiu and Members of the Board of Supervisors
c/o Ms. Angela Calvillo
Clerk of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: Argument in Support of Appeal of Planning Commission Certification of Final EIR for the 706 Mission Street - Residential Tower and Mexican Museum Project (Case No. 2008.1084E; SCH # 2011042035)
• **Impacts on Historic Resources**

Dear President Chiu and Supervisors:

This office represents appellants 765 Market Street Residential Owner's Association ("ROA"); Friends of Yerba Buena ("FYB"), Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Appellants") regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project"). I am writing to provide additional argument in support of appellants' grounds for appeal relating to impacts on Historic Resources.

1. Summary

The EIR ignores the fact that the entire Project, including the tower portion, is within the Historic Preservation Commission's ("HPC") permitting jurisdiction. The EIR also fails to (1) disclose the protected status of the Aronson Building and the Conservation District in which it is located, (2) discuss the inconsistencies with the General Plan and Planning Code that are discussed in this letter as required by CEQA; and (3) assess or identify the degradation of the historic character of the Aronson Building and the Conservation District as significant impacts of the Project.

The Aronson Building is a Category I Significant Building and the Aronson Building parcel is within the New Montgomery-Mission-Second Conservation ("NMMS") District. The Project will demolish part of the Aronson building and construct the tower where the part to be demolished is located. The tower will be physically attached to and programmatically integrated with the Aronson building.[1] Because the Project involves "construction, alteration, removal or demolition of a structure . . . or any new or replacement construction for which a permit is required pursuant to the Building Code, on any designated Significant or Contributory Building or any building in a

[1] Exhibit 2 [HPC Case Report], p. 1; Exhibit 3, [Article 11] § 3, Map; Exhibit 4 Ordinance 182-12], p. 196, Map.

Conservation District" (Planning Code § 1111(a)), the developer must obtain permits from the HPC for the entire Project.[2]

The tower is required, but fails, to meet the requirements of Planning Code Article 11 in several respects, including: the tower is not compatible in scale with the Aronson Building or the Conservation District in which it is located, and the tower will substantially degrade the historic character and architectural integrity of the Aronson Building and the Conservation District.[3]

2. The EIR and the HPC Case Report incorrectly assume that Planning Code Article 11 does not apply to the tower portion of the Project.

The EIR, without addressing the issue, and the HPC Case Report dated April 3, 2013 (attached hereto as Exhibit 2), without analyzing the issue, assume that the HPC does not have permitting jurisdiction over the tower. The HPC Case Report states:

> The proposed Major Permit to Alter will require Building Permit(s) for the proposed removal of the two non-historic 1978 additions as well as the fire escapes and landings, and the existing mechanical penthouse on the roof. In addition Building Permit(s) will be required for the proposed rehabilitation of the Aronson Building and the new addition features including new solarium on the roof, ground floor storefronts, and new window openings along the north façade. ¶ In addition to the above-mentioned building permits, other parts of the proposed project not within the jurisdiction of this Commission, including the new tower, will require discretionary approvals . . . .

This passage artificially separates the Project into several components in a way that ignores the obvious. As noted above, the Project involves demolition of part of a listed significant building

---

[2]Under Charter § 4.135, the HPC has "the authority to approve, disapprove, or modify applications for permits to alter or demolish designated Significant or Contributory buildings or buildings within Conservation Districts." Under Planning Code § 1111(a), "No person shall carry out . . . any construction, alteration, removal or demolition of a structure . . . or any new or replacement construction for which a permit is required pursuant to the Building Code, on any designated Significant or Contributory Building or any building in a Conservation District unless a permit for such work has been approved pursuant to the provisions of this Article 11." Under Planning Code § 1111(b), "The HPC shall approve, disapprove, or modify all applications for permits to alter or demolish any Significant or Contributory Buildings or buildings within Conservation Districts, and permits for any new and replacement construction within Conservation Districts."

[3] See Exhibit 1 [Letter dated April 25, 2013 from Katherine T. Petrin, Architectural Historian and Preservation Planner].

and alteration of the Aronson Building by attaching the tower to and programmatically integrating the tower with the Aronson Building.[4] In addition, the tower is new construction located on the Aronson parcel, in the Conservation District. These facts are clearly visible in the attachments to the HPC Case Report attached hereto as Exhibits 6 and 7. Therefore, under Planning Code § 1111 the developer must obtain the HPC's approval of the tower by way of a permit to alter the Aronson Building or a permit for new construction of the tower in the NMMS District. Further, the Project must comply with the substantive standards of Planning Code Article 11. Also, the Downtown Area Plan of the City's General Plan provides that "The addition [to a Significant Category I or II building] or new building [in a Conservation District] would be required to meet the guidelines for new construction in conservation districts."[5]

In addition to the fact that the western portion of the Aronson Building will be demolished and the tower will be built in its place, the tower and Aronson Building will have "New exterior and interior connections . . . for programmatic and structural requirements" such that they will be "laterally connected . . . at all floor and roof levels" and will "move together during a seismic event" and "will not be structurally isolated."[6]

Also, "The existing tower volume will cantilever approximately 7' over the existing Aronson Building starting at the 12th floor and be setback approximately 15' from the south facade of the Aronson Building."[7] Even if the tower did not intrude into the airspace above the Aronson Building, its attachment to the Aronson Building results in increasing the height of the Aronson Building by 39 stories. But the plan to cantilever part of the tower over the top of the Aronson Building shows that raising the height of the Aronson Building by 39 stories is not just the result of this design, it is the developer's specific intent.

In addition: "Museum interior space will span across both new and existing buildings at the 2nd and 3rd floors, with ground floor entry within the new tower base. Museum interior space may also include all or a portion of the 1st floor Aronson Building, and/or portion of 4th floor tower for exterior terrace access and mechanical spaces."[8]

---

[4] "As part of the project the two existing non-historic 1978 additions will be removed and the Aronson Building will be *integrated* as part of a new 47-story, 550'-tall tower with up to 215 residential units and *a portion of the Mexican Museum*. The new tower will be *adjacent to and physically connected* to the existing Aronson Building." (Exhibit 2, p. 2 (emphasis added).)

[5] Exhibit 5 [Downtown Area Plan], p. II.1-24.

[6] Exhibit 2, pp. 16-17.

[7] Exhibit 2, p. 16.

[8] Exhibit 6 (Major Permit to Alter, Appendix 1], p. 29.

The tower is new construction partially located on the Aronson Building parcel, and, therefore, within the Conservation District. The parcel on which the Aronson building is located within the NMMS District. At least part of the tower will be situated on that parcel.

The September 2012 amendments to Article 11 of the Planning Code expanding the NMMS Conservation District added the Aronson Building parcel to the District.[9] The Case Report indicates that the non-historic addition to the Aronson Building on its west facade will be removed. The Aerial Map shows the parcel boundaries surrounding the entire Aronson Building,[10] including the non-historic addition that will be demolished. This portion of the building is also clearly visible on the Bird's Eye View Photo,[11] and the Vicinity Photograph.[12]

Both the location of the tower on the parcel and the extent of the Project alterations to the Aronson Building can be seen in Exhibit 6. Thus, the tower will be located adjacent to the Aronson Building on its new west facade, occupying the same area on parcel 93 currently occupied by the non-historic addition that will be demolished. This fact also subjects the tower to the permitting requirements of Article 11.

3. The Project violates several requirements of Planning Code, Article 11

Planning Code § 1111.6(c)(6), provides that any additions to height of a Category I Significant Building such as the Aronson Building, "shall be limited to one story above the height of the existing roof." The Project violates this rule because the tower will increase the height of the Aronson Building by 39 stories.

Section 1111.6(c)(6) also provides that any additions to height of a Category I Significant Building such as the Aronson Building, "shall be compatible with the scale and character of the building." The Project violates this rule because the tower is not compatible with the scale or character of the Aronson Building.[13]

Under Planning Code § 1113(a), "any new or replacement structure or for an addition to any existing structure in a Conservation District" must be "compatible in scale and design with the District as set forth in Sections 6 and 7 of the Appendix that describes the District." The Project violates Planning Code § 1113(a) because the tower is not compatible with the scale, particularly

---

[9]Exhibit 3; Exhibit 4.

[10]Exhibit 7 [Excerpt from HPC Case Report], Aerial Map.

[11]Exhibit 7, Birds's Eye View Photo.

[12]Exhibit 6, Vicinity Photograph.

[13]See Exhibit 1.

the predominant height of the district and the predominant height of the buildings that define the conservation characteristics of the district, as described in sections 6 and 7 of Appendix F.[14]

Article 11, Appendix F, Section 6, provides:

> The exterior architectural features of the New Montgomery-Mission-Second Street District are as follows: * * *
> (b) Scale. *More than two-thirds of the contributing buildings are three-to-eight story* brick or concrete commercial loft buildings constructed during the five years after the 1906 Earthquake and Fire. The scale of the District varies from the small buildings on Howard, Mission, Natoma, and Second Streets, such as the Phoenix Desk Company Building at 666 Mission Street, the Burdette Building at 90 Second Street, and the Emerison Flag Company Building at 161 Natoma Street; to medium-scaled structures on Mission and New Montgomery Streets, such as the Veronica Building at 647 Mission Street, and the Standard Building at 111 New Montgomery Street; to large-scale buildings on New Montgomery Street, such as the Pacific Telephone and Telegraph Building at 140 New Montgomery. On New Montgomery Street, the large facades are not commonly divided into smaller bays, *establishing a medium scale when combined with the five- to eight-story height of the buildings*. Similarly, the use of elaborate ornament on many of the buildings breaks their large facades into smaller sections and accordingly reduces their scale. *Second Street is characterized by much smaller buildings* with more frequent use of vertical piers whose scale is very intimate for the South of Market area.

(Emphasis added.) Appendix F, Section 7, provides:

> (a) Standards. All construction of new buildings and all major alterations, which are subject to the provisions of Sections 1110, 1111 through 1111.6 and 1113, shall be compatible with the District in general with respect to the building's composition and massing, *scale*, materials and colors, and detailing and ornamentation, including *those features described in Section 6* of this Appendix. Emphasis shall be placed on compatibility with those buildings in the area in which the new or altered building is located. In the case of major alterations, only those building characteristics that are affected by the proposed alteration shall be considered in assessing compatibility. (Emphasis added.)

The permit application attached to the HPC Case Report states:

> Circulation within the new tower would be linked to the Aronson Building at floor levels of the Aronson Building where floor alignments with floors of the proposed

[14] Exhibit 1.

> tower permit. However, the tower would be structurally independent of the Aronson Building with respect to gravity loads and thereby *removable*, in accordance with the Secretary's Standards. In addition, the tower is designed to read as an entirely separate building, a key requirement for related new construction to historic resources in dense urban locations as discussed in Preservation Brief 14: "New Exterior Additions to Historic Buildings: Preservation Concerns." The new tower therefore is consistent with Rehabilitation Standard 10 and Preservation Brief 14 guidelines regarding urban infill, which suggest that "Treating the addition as a separate or infill building may be the best approach when designing an addition that will have the least impact on the historic building and the district." [15]

There are several striking feature of this passage. First, the casually expressed notion that a 47 story building is "removable" is absurd on its face. Preservation Brief 14 discusses "removability" as it is used in the Secretary's Standards, Standard 10, as follows

> Standards for Rehabilitation. Standards 9 and 10 apply specifically to new additions:
> (9) "New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment."
> (10) "New additions and adjacent or related new construction shall be undertaken in such a manner that *if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.*" [16]

As discussed by Ms. Petrin in Exhibit 1, the tower is not "removable" as that term is used in the Secretary's standards.

> The permit application also states:
>
> Preservation Brief 14 recommends that new infill construction should be compatible with the surrounding context in terms of scale, setback, and facade rhythm. Though the heights of the two buildings (Aronson Building and new tower) are significantly different, the proposed location and articulation of the tower as a related but visually separate building from the Aronson Building maintains a context that is similar to the varying heights of buildings in the surrounding area.[17]

Again, the casually expressed notion that a 47 story building is compatible in scale to the 8

---

[15] Exhibit 8 [Major Permit to Alter Application Attachment], pp. 10-11.

[16] Exhibit 9 [Preservation Brief 14], p.2 (emphasis added).

[17] Exhibit 9 [Major Permit to Alter Application Attachment] pp. 10-11.

story Aronson Building or to the general height scale (i.e., three to eight stories) of the Conservation District is also absurd on its face.

Stepping back, the fact that the Permit Application attempts to justify the scale and "removability" of the tower demonstrates that in order for these issues to be relevant to the permit application, they must be within the HPC's "jurisdiction." Indeed, the application goes to some length to argue that the tower complies with the Secretary's Rehabilitation Standards 9 and 10, as discussed in Preservation Brief 14. Again, this discussion is only relevant if the HPC is going to pass judgment on these issues in the context of issuing a permit.

4. The EIR Violates CEQA Regarding the Project's Impacts on the Conservation District and Aronson Building.

The above described code violations demonstrate the Project's significant adverse environmental effects that the EIR fails to disclose. A substantial adverse change in the significance of an historical resource is treated as a significant effect on the environment. (CEQA Guidelines, § 15064.5, subd. (b).) A "substantial adverse change" includes demolition, destruction, relocation, or alteration of the resource or its immediate surroundings resulting in the significance of the resource being materially impaired. (CEQA Guidelines, § 15064.5, subd. (b)(1) .) Here, the tower will cause these significant adverse effects.

The EIR should have discussed the above-described violations of the Planning Code in two contexts. First, these Planning Code violations are inconsistent with the City's General Plan (San Francisco Master Plan) because the Planning Code implements the General Plan. (Planning Code § 101.) The EIR should discuss the Project's inconsistencies with the General plan as required by CEQA Guideline § 15125(d).

Second, these inconsistencies, especially the incompatible scale of the tower, represent significant adverse impacts of the Project on the conservation values that Article 11 and the NMMS Conservation District were enacted to protect.

Also, the EIR fails to disclose that the September 2012 amendments to Article 11 of the Planning Code expands the NMMS Conservation District by adding the Aronson Building parcel to the District and listing the Aronson Building as a Category I (Significant) Building.

The Historic Resources Evaluation Report ("HRER"), on which the DEIR based its assessment of the Project's impacts on cultural and historic resources, is dated November 3, 2011. (DEIR, Appendix D.) The DEIR was issued on June 27, 2012. As the following excerpts from the EIR show, it asserts that the New Montgomery-Second Conservation District is bounded by 2nd and 3rd Streets, thus excluding the Aronson Building.

> The Aronson Building is assigned a National Register Status Code of 2S1, meaning that the building was determined eligible for individual listing in the National

> Register of Historic Places as well as being a contributor to the eligible Aronson Historic District by the Keeper of the National Register of Historic Places. As such, the Aronson Building is automatically listed in the California Register and is an historical resource under CEQA.

(DEIR p. IV.D-43.)

> Article 11 of the San Francisco Planning Code.
> The Downtown Area Plan is an element of the San Francisco General Plan. It contains a set of objectives and policies guiding decisions affecting the City's downtown, in particular providing for the identification and preservation of designated Significant and Contributory buildings and Conservation Districts in the City's C-3 districts. The Aronson Building is not designated under Article 11 of the Planning Code, but such a designation is currently under consideration, as discussed below.

(DEIR p. IV.D-44.)

> If adopted as an amendment to Article 11, the proposed Category I designation of the Aronson Building and the proposed New Montgomery-Mission-Second Street Conservation District would qualify the Aronson Building as an "historical resource" under CEQA. However, the building's existing inclusion in other local, State, and Federal historic resource surveys and registers is determinative of its status as an "historical resource" under CEQA.

(DEIR p. IV.D-45.)

> The proposed tower would be 47 stories and 550 feet tall (520 feet to the roof of the highest occupied floor plus a 30-foot-tall elevator/mechanical penthouse). The proposed tower design would be contemporary in visual character and would be clad in glass, masonry, and metal. The east facade of tower volume would cantilever approximately seven feet over the western end of the Aronson Building.

(DEIR p. IV.D-51.)

The EIR's Response to Comments issued on March 7, 2013 does not update or correct these outdated and false assertions, stating:

> On p. IV.D.51, the second paragraph under the heading "Proposed Tower" is revised as follows:
> The tower would be built adjacent to the Aronson Building's west party wall following demolition of the 1978 west annex. The Aronson Building would be either ~~and would be~~ connected to the tower ~~Aronson Building~~ with a structural seismic

> joint, or seismically tied into the tower at floor and roof levels without the use of a seismic joint. If a seismic joint is used, an air space would exist between the tower and the Aronson Building as required for structural movement, and the seismic joint would span the two structures. In either case, ~~t~~The tower and the Aronson Building would ~~be~~ have independent structural gravity systems. The tower may provide lateral support to the Aronson Building. ~~structurally separate, with an air space in between as required for structural movement.~~ New connections between the tower and the existing Aronson Building would be established for programmatic and structural requirements, while still maintaining a visual separation between the buildings.

(RTC IV -14,15.)

The HPC Case Report is dated April 3, 2013 - one month after the Response to Comments was issued. It states:

> "The project site is located at 706 Mission Street in Assessor's Block 3706, Lot 093 at the intersection of Market and Third Streets. Historically known as the Aronson Building, the subject property is a Category I (Significant) Building located within the New Montgomery-Mission-Second Conservation (NMMS) District and the C-3-R (Downtown Retail) Zoning District with a 400-I Height and Bulk limit."[18]

An amendment to Article 11, Appendix F, was adopted by Ordinance 182-12 on August 8, 2012, and became effective on September 7, 2012, to include in the District and list the Aronson bldg as Category 1.[19] This was only two months after the DEIR was issued.

The Response to Comments should have corrected and updated the DEIR, but did not.

Thank you for your attention to this matter.

Very Truly Yours,

Tom Lippe

Thomas N. Lippe

List of Exhibits

---

[18] Exhibit 2, p. 1.

[19] Exhibit 4.

1. Letter Report dated April 25, 2013 from Katherine T. Petrin, Architectural Historian and Preservation Planner.

2. HPC Case Report (pages 1- 21).

3. Article 11, Appendix F, § 3, Map.

4. Excerpt from Ordinance 182-12 (pages 1-4, 184-201, 208-209).

5. Downtown Area Plan.

6. Excerpts from Appendix 1 of Major Permit to Alter (pages 5, 29, 39-61), attached to HPC Case Report.

7. Excerpt from HPC Case Report, including Assessor's Parcel Map for Block 3706, Parcel 093; Sanborn Map; Aerial Map, Birds's Eye View Photo.

8. Major Permit to Alter Application Attachment.

9. Preservation Brief 14.

\\Lgw-server\tl\706 Mission\Administrative Proceedings\LGW Docs\LGW 008i 042913 BOS Appeal Brief re HP.wpd

EXHIBIT 1

25 April 2013

Thomas N. Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, California 94107

Re: Proposed Alterations to the Aronson Building, 706 Mission Street

Mr. Lippe:

I have been retained by the firm Lippe Gaffney Wagner LLP to provide professional consulting services as an Architectural Historian with regard to the proposed project at the Aronson Building, 706 Mission Street.

The Aronson Building (APN 3706-093) is located on a 147' x 105' rectangular lot at the northwest corner of Mission and Third Streets, in the South of Market neighborhood of San Francisco, California. Built in 1903, the 10-story Aronson Building, a Category I (Significant) Building, is a qualified historic resource and, in the past, has been determined individually eligible for listing in both the National Register of Historic Places and the California Register of Historic Resources. Architecturally significant, the Aronson Building has been recognized as San Francisco's finest example of the Chicago School style. It is a contributing resource to the Aronson Historic District, now part of the New Montgomery-Mission-Second Conservation District. As such, the provisions of Article 11 of the San Francisco Planning Code apply.

This opinion addresses three main points:

- the question of architectural compatibility between the Aronson Building and the proposed tower;
- the question of the architectural compatibility between the proposed tower and surrounding districts; and,
- the issue of future reversibility of the proposed alterations to the Aronson Building.

Project Description

The proposed rehabilitation of the historic 10-story Aronson Building, a Category I (Significant) Building, would be comprehensive, involving a range of alterations primarily, interior and exterior work, a seismic upgrade, and the demolition of incompatible 3- and 10-story additions on the secondary facades to accommodate construction of a 47-story tower addition to the historic building. The proposed tower would measure approximately 550 feet in height with an additional two floors below grade.

The new tower would abut and connect to the west façade of the Aronson Building with new openings proposed along the west façade for circulation between the two structures, as well as seismic, structural, mechanical, electrical and plumbing improvements. A portion of the footprint of the new tower would occupy the present site of the two existing non-historic 1978 additions; that portion falls within the New Montgomery-Mission-Second Conservation District.

Compatibility of the Proposed Tower with the Aronson Building

In this case, the matter of the compatibility of a 47-story tower alteration to a 10-story building revolves primarily around the question of scale. The *Major Permit to Alter Case Report* includes an analysis of the proposed project for consistency with *The Secretary of the Interior's Standards for the Treatment of Historic Properties for Rehabilitation.* Standard 9 involves the compatibility of new additions. Standard 9 states:

> New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.

The Planning Department analysis for Standard 9 with regard to the proposed project addresses the compatibility of the architectural expression, but not the scale or proportion of the addition. It reads:

> All new work will be clearly differentiated from the old yet be compatible with the historic materials, features, size, proportion, and massing. Specifically the proposed storefronts, new canopies, new windows on the north façade, solarium on the roof top will be clearly differentiated through the use of contemporary detailing and materials. In addition, the tower will be differentiated in its modern, contemporary design vocabulary.

Analysis in the *Major Permit to Alter Case Report* focuses on the differentiation of the proposed tower and the historic building. It states that the proposed design of the project tower will be contemporary in architectural vocabulary, will cantilever over the Aronson Building, and will not include overt historic references. This approach visually distinguishes the proposed tower from the existing Aronson Building, allowing the proposed tower to appear as a new building adjacent to the historic Aronson Building rather than as an addition.

The National Park Service publication *Preservation Brief 14: New Exterior Additions to Historic Buildings: Preservation Concerns* addresses the issue of compatibility and retaining historic character when designing compatible new additions. Particularly relevant to the proposed project at 706 Mission Street is this paragraph, which states:

> A new addition should always be subordinate to the historic building; it should not compete in size, scale or design with the historic building. An addition that bears no relationship to the proportions and massing of the historic building—in other words, one that overpowers the historic form and changes the scale— will usually compromise the historic character as well. The appropriate size for a new addition varies from building to building; it could never be stated in a square or cubic footage ratio, but the historic building's existing proportions, site and setting can help set some general parameters for enlargement.

The Secretary of the Interior's Standards for Rehabilitation and Illustrated Guidelines for Rehabilitating Historic Buildings, New Additions specifically recommends against, "Designing a new addition so that its size and scale in relation to the historic building are out of proportion, thus diminishing the historic character."

While the proposed alteration to the Aronson Building (the tower) has been designed to be completely different in architectural expression, character, and height, the transition in height between the 10-story Aronson Building and the 47-story proposed tower is stark and bears no relationship to the proportions and massing of the Aronson Building. With regard to the compatibility between the proposed tower and the historic building, the proposed project does not, in my opinion, meet Standard 9 of *The Secretary of the Interior's Standards for Rehabilitation* or the standards set forth in Planning Code Section 1111.6(c)(6).

Compatibility of the Proposed Tower with Surrounding Districts

Compatibility within the New Montgomery-Mission-Second Conservation District

The New Montgomery-Mission-Second Street area is a subarea within the C-3 District. It possesses concentrations of buildings that together create a subarea of architectural and environmental quality. As stated in Article 11, Appendix F, Section 5:

> The core of the New Montgomery-Mission-Second Street Conservation District is a product of the post-1906 reconstruction of downtown San Francisco. Rebuilt between 1906 and 1933 this district represents a collection of masonry commercial loft buildings that exhibit a high level of historic architectural integrity and create a cohesive district of two-to-eight story masonry buildings of similar scale, massing, setback, materials, fenestration pattern, style, and architectural detailing.... The intersection of 3rd and Mission evolved into the most important intersections in the survey area, bracketed on three corners by important early skyscrapers, including the rebuilt Aronson Building on the northwest corner, the Williams Buildings on the southeast corner, and the Gunst Building (demolished) on the southwest corner.

The Aronson Building is consistent with the architectural character of the New Montgomery-Mission-Second Street Conservation District in terms of style and materials. Like the Aronson Building, most of the contributing buildings are designed in the American Commercial Style and feature facades divided into a tripartite arrangement consisting of a base, shaft, and capital.

Katherine T. Petrin
Architectural Historian & Preservation Planner
1736 Stockton Street, Suite 4, 3rd Floor, San Francisco, California 94133

The Aronson Building's primary materials of brick, stone, terra cotta and ornamental details are consistent with District's established patterns.

Article 11 Appendix F Section 7 deals with guidelines for review of new construction and certain alterations. It states that such work, "shall be compatible with the District in general with respect to the building's composition and massing, scale, materials and colors, and detailing and ornamentation...". Section 7 further states that new construction should maintain the character of surrounding buildings by relating to their prevailing height, mass, proportions, rhythm and composition.

As stated above, the proposed alteration to the Aronson Building (the tower) has been designed to be completely different in architectural expression, character, and massing from the prevailing architectural character of the New Montgomery-Mission-Second Street Conservation District. The new construction bears no relationship to the architectural character of the New Montgomery-Mission-Second Street Conservation District, in terms of height and scale, and does not meet the standards set forth in Planning Code Section 1113.6(a).

Relationship with Jessie Square

The 1966 Yerba Buena Center Redevelopment Plan designated the block on the north side of Mission Street between Third and Fourth Streets as Central Block 1 and envisioned it as the northward extension of the open space at Yerba Buena Gardens, a 6-acre urban park within Central Block 2 on the south side of Mission street. Another objective of the Plan called for the visual enhancement of St. Patrick's Church through the creation of a public plaza (now Jessie Square) and pedestrian access to Market Street (now Yerba Buena Lane). In 2003, a surface parking lot was transformed to create Jessie Square, the one-acre plaza fronted by two designated local landmarks, St. Patrick's Church (on the west) and the Jessie Street Substation (now the Contemporary Jewish Museum on the north). The construction of Jessie Square marked the completion of the Plan.

Central Blocks 1 and 2 of the Yerba Buena Center Redevelopment Plan comprise the core of the Plan, introducing a mid-block, park-like setting and relief from the urban environment. Informed by the scale of the church and the Jessie Street Substation, the plaza was conceived as a space that would be defined by the architectural dialogue between low-scale buildings and open space. To introduce a new element on the east side of the plaza, a 550 foot tower would result in an abrupt transition that is not compatible with the surrounding scale, architectural massing and overall composition of Jessie Square.

Importance of the Role of the Aronson Building as a Transitional Height Element

Historically, the intersection of Third and Mission Streets has been one of the most important intersections, with three of its four corners occupied by important early skyscrapers, the Aronson Building on the northwest corner, the Williams Buildings on the southeast corner, and the Gunst Building (now demolished) on the southwest corner. Located at the northwest corner of Third and Mission Streets, the Aronson Building still plays an important role at this critical intersection and in terms of transition in scale between the east and west sides of Third Street.

West of Third Street, the scale is generally lower than on the east. The Aronson Building serves to demarcate the contrasting character between the east and west sides of Third Street.

At the far western edge of the New Montgomery-Mission-Second Street Conservation District, the Aronson Building functions as the western anchor of the conservation district, serves as a transitional element to the lower scale buildings around the open space of Jessie Square.

Reversibility of Proposed Alterations to the Aronson Building

The result of the overall project would be a rehabilitated historic building tied to a new tower structurally, programmatically and visually. The *Major Permit to Alter Case Report* includes an analysis of the proposed project for consistency with *The Secretary of the Interior's Standards for the Treatment of Historic Properties for Rehabilitation*. Standard 10 deals with the concept of reversibility of additions. It states:

> New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment will not be impaired.

The Planning Department analysis for Standard 10 with regard to the proposed project reads:

> The proposed additions and alternations will not remove significant historic fabric, and have been designed to be unobtrusive to the architectural character of the building and district in conformance with Secretary's Standards. While unlikely, if removed in the future, the proposed alterations at the roof, the primary and secondary facades, including the new adjacent tower, will not have an impact on the physical integrity or significance of the Aronson Building or the district in conformance with Standard 10 of the Secretary's Standards.

It is true that the likelihood of a 47-story, luxury high-rise tower addition to a 10-story being removed in the future is low. It is not true that such removal would not have an impact on the physical integrity of the Aronson Building. As previously described, the proposed tower would connect to all floors of the Aronson Building with new openings along the west façade for circulation between the two structures as well as seismic, structural, mechanical, electrical and plumbing improvements. The historic Aronson Building and the proposed tower will be integrated physically and tied together programmatically and structurally.

In light of the scale of the proposed alterations, interventions and connections, a removal scenario that does not impair the historic property would not be possible. With regard to the tower addition, the proposed project does not, in my opinion, meet Standard 10 of *The Secretary of the Interior's Standards for Rehabilitation*.

Katherine T. Petrin
Architectural Historian & Preservation Planner
1736 Stockton Street, Suite 4, 3rd Floor, San Francisco, California 94133

Methodology

Documents reviewed for the preparation of this memorandum include:

- *Executive Summary for Section 309 Determination of Compliance, Zoning Map Amendment, Planning Code Text Amendment, General Plan Referral, Section 295 Shadow Analysis* prepared by the San Francisco Planning Department dated 28 March 2013.
- *Major Permit to Alter Case Report* prepared by the San Francisco Planning Department dated 24 October 2012 and attachments including:
    - *The Aronson Building Historic Structure Report* by Page & Turnbull dated 2 December 2010.
    - *Memorandum Regarding Seismic Upgrade Approaches for the 706 Mission Street Project* by Page & Turnbull dated 22 February 2013.
- *Draft Environmental Impact Report (DEIR) for the proposed 706 Mission Street – The Mexican Museum and Residential Tower Project* (2008.1084E).
- *Report on the Redevelopment Plan for the Yerba Buena Center Approved Redevelopment Area D-1* by the San Francisco Redevelopment Agency approved 1 February 1966.
- *Yerba Buena Center Redevelopment Plan* prepared by the San Francisco Redevelopment Agency amended by Ordinance No. 256-09 dated 8 December 2009.
- Kay D. Weeks and Anne E. Grimmer, *The Secretary of the Interior's Standards for Rehabilitation and Illustrated Guidelines for Rehabilitating Historic Buildings, New Additions*. Department of the Interior, National Park Service, Technical Preservation Services, 1995.
- Kay D. Weeks and Anne E. Grimmer, *The Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings*. Department of the Interior, National Park Service, 1995.

Professional Qualifications

Since 2000 I have practiced in San Francisco as an Architectural Historian and Preservation Planner. As such, I regularly use the National Register criteria of evaluation for historic buildings. In the course of my work, I utilize local, state, and national preservation regulations and regularly prepare historic significance assessments for environmental review documents, including projects in the City of San Francisco. I meet the *Secretary of the Interior's Historic Preservation Professional Qualifications Standards* in History, Historic Preservation Planning, and Architectural History, and have a master's degree in Historic Preservation from the Graduate School of Architecture, Planning and Preservation at Columbia University. (See attached CV.)

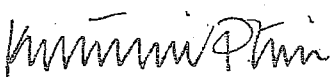
Conclusion

Because of a portion of the footprint of the new tower would occupy the present site of the two existing non-historic 1978 additions, it falls within the New Montgomery-Mission-Second Conservation District. The provisions of Article 11 are applicable to this project.

The proposed tower at 706 Mission Street, an alteration to the historic Aronson Building has been designed to be completely different in architectural expression, character, height, and massing from the historic building. With regard to the compatibility between the proposed tower and the historic building, and with regard to the hypothesis that the tower would be removable in the future, the proposed project does not, in my opinion, meet Standards 9 or 10 of *The Secretary of the Interior's Standards for Rehabilitation.*

Because of the significance of the two historical resources, the Aronson Building and the New Montgomery-Mission-Second Street Conservation District, and the material impairment caused by the proposed alterations, the proposed project would, in my opinion, result in a substantial adverse change.

Sincerely,



Katherine T. Petrin

Katherine T. Petrin
Architectural Historian & Preservation Planner
1736 Stockton Street, Suite 4, 3rd Floor, San Francisco, California 94133

KATHERINE T. PETRIN
Architectural Historian & Preservation Planner
1736 Stockton Street, Suite 4, 3rd Floor, San Francisco, California 94133
petrin.katherine@gmail.com 415.333.0342

EDUCATION

Master of Science, Historic Preservation of Architecture, Columbia University, New York
Bachelor of Arts, Humanities, University of California, Berkeley

PROFESSIONAL EXPERIENCE

Sole Practitioner, Architectural Historian and Preservation Planner, April 2013 - present

Architectural Resources Group, Inc., San Francisco, CA
Architectural Historian and Preservation Planner, May 2000 - March 2013

HOK International, London, UK
Architectural Historian and Conservation Research, 1997 - 1999

Fundacíon Casa Ducal de Medinaceli, Seville, Spain
Documentation of Conservation Projects, 1992-1994

PROFESSIONAL QUALIFICATIONS

Meets the *Secretary of the Interior's Professional Qualifications Standards* in History, Historic Preservation Planning and Architectural History

SELECTED PROJECT EXPERIENCE (completed at Architectural Resources Group)

- Santa Barbara County Courthouse, Historic Structure Report, Santa Barbara, CA
- Ansel Adams Gallery, Historic Structures Report, Yosemite National Park, CA
- Ansel Adams Gallery, Cultural Landscape Report, Yosemite National Park, CA
- The Ahwahnee, Historic Structures Report, Yosemite National Park, CA
- The Ahwahnee, Historic Furnishings Report, Yosemite National Park, CA
- Thurston Lava Tube, Cultural Landscape Report, Hawai'i Volcanoes National Park, Hawai'i, HI
- Bayview Opera House, National Register Nomination, San Francisco, CA
- Furnace Creek Visitor Center HABS Documentation, Death Valley National Park, CA
- Fort Mason Center, Cultural Landscape Report Part II, San Francisco, CA
- The Old Mint, Historic Structure Report, San Francisco, CA
- Angel Island Immigration Station, Historic Structures Reports, San Francisco, CA
- Rosie the Riveter World War II Home Front National Historical Park, National Register Nominations for Associated Buildings, Richmond, CA
- Headlands Center for the Arts, Historic Structure Report, Marin County, CA
- City of Palm Springs, Historic Resources Survey, Palm Springs, CA
- University of Arizona, Preservation Master Plan, Tucson, AZ
- Village of Tomales, Design Guidelines, Tomales, CA
- Locke Boarding House, Historic Structure Report, Locke, CA
- Hawai'i Volcanoes National Park, Crater Rim Drive Historic Road Inventory, Hawai'i, HI
- Sacramento Railyards Central Shops, Conceptual Rehabilitation Design, Sacramento, CA
- Evaluation of Adobes at La Quinta Resort, La Quinta, CA
- Santa Barbara Airport Terminal, Historic Structure Report, Santa Barbara, CA
- Neitzel Farm Historic Property Treatment Plan and Section 106 Review, Fairfield, CA
- Municipal Services Building, Historic Structure Report, City of Glendale, Glendale, CA
- Grand Canyon National Park, Historic Structures Reports for five buildings, Grand Canyon National Park, AZ

RELATED PROFESSIONAL ACTIVITIES

Board Memberships

San Francisco Neighborhood Theater Foundation, Vice President, Board Member, 2004-present
Save New Mission Theater, Founding Member, San Francisco, 2001-present
Northeast San Francisco Conservancy, Board of Directors, 2005-present
Preservation Action, Member Board of Directors, Washington, DC, 2000-2006

Active Affiliations and Memberships

California Preservation Foundation
Friends of Terra Cotta
International Council on Monuments and Sites, US National Committee (US / ICOMOS)
Los Angeles Conservancy
Mechanics' Institute
National Trust for Historic Preservation
Preservation Action
San Francisco Architectural Heritage
Society of Architectural Historians, Northern California Chapter
Telegraph Hill Dwellers
Vernacular Architecture Forum
Western Neighborhoods Project

Selected Lectures, Conferences and Publications

Speaker, "Addressing Threats at Historic Seaports" at the National Preservation Conference, Spokane, WA, November 2012.

Co-organizer, "The Architecture of Julia Morgan and Sacred Spaces" a panel discussion organized by San Francisco Zen Center for the statewide celebration, Julia Morgan 2012, October 2012.

Invited Participant, SPUR/SF Architectural Heritage Historic Preservation Task Force, 2011-present.

Contributing Author, "Palaces for the People: Architecture and the Cinematic Experience" in *Left in the Dark: Portraits of San Francisco Movie Theatres*. Charta, 2010.

Moderator, "Cinema Across Media: The 1920s," at the First International Berkeley Conference on Silent Cinema, UC Berkeley, February 2011.

Speaker and Co-Author. "Glitz and Glam: Theatrics in the Historical Finishes of Timothy L. Pflueger," Third International Architectural Paint Research in Building Conservation Conference, New York, NY, 2008.

Steering Committee, 10th Annual International Symposium, International Council on Monuments and Sites, US National Committee (US/ICOMOS), San Francisco, CA, April 2007.

Speaker, "Preserving Motion Picture Palaces," Program of the National Trust for Historic Preservation and Museum of Modern Art, San Francisco, CA, February 2006.

Speaker, National Trust Conference Session on Modern Historic Resources, Portland, OR, October 2005.

Speaker, Palm Springs Desert Museum, "Building a Desert Oasis: Palm Springs Historic Resources Survey, Palm Springs, CA, May 2004.

Author, Local Landmark Legislation for the New Mission Theater, 2003.

Participant, TERRA Conference on Conservation of Earthen Architecture, Yazd, Iran (2003), and Bamako, Mali (2008).

Awards

California Preservation Foundation, Preservation Design Award for *Fort Mason Center Cultural Landscape Report*, 2010.

EXHIBIT 4

FILE NO. 120665 Substituted 7/10/2012 ORDINANCE NO. 182-12

[Planning Code - Transit Center District Plan]

Ordinance: 1) amending the San Francisco Planning Code by amending and adding sections consistent with the Transit Center District Plan, including the establishment of the Transit Center District Plan open space and transportation fees and the expansion and renaming of the New Montgomery-Mission-Second Street Conservation District, and 2) making findings, including environmental findings and findings of consistency with the General Plan, as proposed for amendment, and Planning Code Section 101.1.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. Findings.

(a) California Environmental Quality Act Findings.

(1) The Planning Commission, in Motion No. 18628 certified the Final Environmental Impact Report for the Transit Center District Plan and related actions as in comply with the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.). A copy of said Motion is on file with the Clerk of the Board of Supervisors in File No. 120665 and is incorporated herein by reference.

(2) On May 24, 2012, the Planning Commission conducted a duly noticed public hearing and, by Motion No. 18629, adopted findings pursuant to the California Environmental Quality Act for the Transit Center District Plan and related actions. A copy of Planning Commission Resolution No. 18629, including its attachment and mitigation monitoring and reporting program, is on file with the Clerk of the Board of Supervisors in File No. 120665 and

is incorporated herein by reference. The Board of Supervisors hereby adopts the Planning Commission's environmental findings as its own.

(b) Historic Preservation Commission Findings, General Plan Consistency, and Other Findings.

(1) On May 24, 2012, the Planning Commission held a duly noticed public hearing on the attached Planning Code amendments. At said meeting, the Planning Commission, in Resolution No. 18631, recommended to this Board the adoption of the Planning Code amendments related to the Transit Center District Plan. A copy of said Planning Commission Resolution is on file with the Clerk of the Board of Supervisors in File No. 120665 and is incorporated herein by reference.

(2) At its May 24, 2012 meeting, the Planning Commission, in Resolution No. 18631, also recommended to the Historic Preservation Commission that it support the proposed amendments to Article 11 of the Planning Code, including the addition of certain properties to the amended New Montgomery-Mission-Second Street Conservation District that also will be listed in the City's Zoning Map.

(3) On June 6, 2012, the Historic Preservation Commission held a duly noticed public hearing on the amendments proposed herein to Article 11 of the Planning Code, including the addition of certain properties to the amended New Montgomery-Mission-Second Street Conservation District that also will be listed in the City's Zoning Map. At said meeting, the Historic Preservation Commission adopted Resolution Nos. 679, 680, and 681 that recommended to the Board of Supervisors that it adopt these amendments. Copies of said Historic Preservation Commission Resolutions are on file with the Clerk of the Board of Supervisors in File No. 120665 and are incorporated herein by reference.

(4) Pursuant to Planning Code Section 302, this Board of Supervisors finds that this Ordinance will serve the public necessity, convenience, and welfare for the reasons set forth

in Planning Commission Resolution No.18631, and incorporates those reasons herein by reference.

(5) The Board of Supervisors finds that this Ordinance is, on balance, consistent with the General Plan as proposed for amendment and the Priority Policies of Planning Code Section 101.1(b) for the reasons set forth in Planning Commission Resolution No. 18631, and incorporates those reasons herein by reference.

(6) Notwithstanding any contrary technical requirements that may exist in the Planning or Administrative Codes, the Board hereby finds that the Planning Department provided adequate notice for all documents and decisions, including environmental documents, related to the Transit Center District Plan. This finding is based on the extensive mailed, posted, electronic, and published notices that the Planning Department provided. In addition, all notification requirements for amendments to Article 11 were conducted in conformance with the version of Article 11 of the Planning Code in effect on May 2, 2012, the day the Historic Preservation Commission initiated the amendments proposed herein to Article 11. The Board hereby determines that said amendments are exempt from the current notification requirements of Article 11 of the Planning Code as amended by an Ordinance pending before the Board of Supervisors in Clerk of the Board of Supervisors File No. 123031. The draft recommendations and justification for the expansion of the Conservation District and the designation of architecturally significant buildings under Article 11 of the Planning Code was published and made available to the public in November of 2009. Beginning in 2007, community outreach and owner notification regarding the Transit Center District Plan has provided a number of opportunities for owner input through at least twelve (12) publicly-noticed workshops, hearings, and presentations. Copies of all notices and other public materials related to the Transit Center District Plan and the amendments to Article 11 set forth

herein are available for review through the Custodian of Records at the Planning Department, 1650 Mission Street, San Francisco.

Section 2. The San Francisco Planning Code is hereby amended by amending Sections 102.5, 102.9, 102.11, 123, 132.1, 136, 138, 151.1, 152.1, 155, 155.4, 156, 163, 201, 210.3, 215, 216, 217, 218, 218.1, 219, 220, 221, 222, 223, 224, 225, 226, 248, 260, 270, 272, 303, 309, 321, 412.1, 427, 1103.1, and Appendices A, C, D, and F to Article 11 and adding Sections 424.6, 424.7, 424.8, to read as follows:

SEC. 102.5. DISTRICT.

A portion of the territory of the City, as shown on the Zoning Map, within which certain regulations and requirements or various combinations thereof apply under the provisions of this Code. The term "district" shall include any use, special use, height and bulk, or special sign district. The term "R District" shall mean any RH-1(D), RH-1, RH-1(S), RH-2, RH-3, RM-1, RM-2, RM-3, RM-4, RTO, RTO-M, RC-1, RC-2, RC-3, RC-4 or RED District. The term "C District" shall mean any C-1, C-2, C-3, or C-M District. The term "RTO District" shall be that subset of R Districts which are the RTO and RTO-M District. The term "M District" shall mean any M-1 or M-2 District. The term "PDR District" shall mean any PDR-1-B, PDR-1-D, PDR-1-G, or PDR-2 District. The term "RH District" shall mean any RH-1(D), RH-1, RH-1(S), RH-2, or RH-3 District. The term "RM District" shall mean any RM-1, RM-2, RM-3, or RM-4 District. The term "RC District" shall mean any RC-1, RC-2, RC-3, or RC-4 District. The term "C-3 District" shall mean any C-3-O, *C-3-O(SD)*, C-3-R, C-3-G, or C-3-S District. For the purposes of Section 128 and Article 11 of this Code, the term "C-3 District" shall also include the Extended Preservation District designated on Section Map 3SU of the Zoning Map. The term "NC District" shall mean any NC-1, NC-2, NC-3, NC-T, NC-S, and any Neighborhood Commercial District and Neighborhood Commercial Transit District identified by street or area name in Section 702.1. The term "NCT" shall mean any district listed in Section 702.1(b),

accordance with Section 409. This fee shall be paid into the Transit Center District Open Space Fund, as described in Sections 424.6 et seq. of this Article. Said fee shall be used for the purpose of acquiring, designing, and improving public open space, recreational facilities, and other open space resources, which is expected to be used solely or in substantial part by persons who live, work, shop or otherwise do business in the Transit Center District.

SEC. 1103.1. CONSERVATION DISTRICT DESIGNATIONS.

The following Conservation Districts are hereby designated for the reasons indicated in the appropriate Appendix:

(a) The Kearny-Market-Mason-Sutter Conservation District is hereby designated as set forth in Appendix E.

(b) The New Montgomery-*Mission*-Second Street Conservation District is hereby designated as set forth in Appendix F.

(c) The Commercial-Leidesdorff Conservation District is hereby designated as set forth in Appendix G.

(d) The Front-California Conservation District is hereby designated as set forth in Appendix H.

(e) The Kearny-Belden Conservation District is hereby designated as set forth in Appendix I.

(f) The Pine-Sansome Conservation District is hereby designated as set forth in Appendix J.

APPENDIX F TO ARTICLE 11 - NEW MONTGOMERY-*MISSION*-SECOND STREET CONSERVATION DISTRICT.

SEC. 1. FINDINGS AND PURPOSES.

It is hereby found that the area known and described in this appendix as the New Montgomery-*Mission*-Second Street area is a subarea within the C-3 District, that possesses

concentrations of buildings that together create a subarea of architectural and environmental quality and importance which contributes to the beauty and attractiveness of the City. It is further found that the area meets the standards for designation of a Conservation District as set forth in Section 1103 of Article 11 and that the designation of said area as a Conservation District will be in furtherance of and in conformance with the purposes of Article 11 of the City Planning Code.

This designation is intended to promote the health, safety, prosperity and welfare of the people of the City through the effectuation of the purposes set forth in Section 1101 of Article 11 and the maintenance of the scale and character of the New Montgomery-Mission-Second Street area by:

(a) The protection and preservation of the basic characteristics and salient architectural details of structures insofar as these characteristics and details are compatible with the Conservation District;

(b) Providing scope for the continuing vitality of the District through private renewal and architectural creativity within appropriate controls and standards;

(c) Preservation of the scale and character of the District separate from the prevailing larger scale of the financial district and permitted scale in the new Special Development District.

SEC. 2. DESIGNATION.

Pursuant to Section 1103.1 of Article 11 of the City Planning Code (Part II, Chapter XI of the San Francisco Municipal Code), the New Montgomery-*Mission*-Second Street area is hereby designated as a Conservation District.

SEC. 3. LOCATION AND BOUNDARIES.

The location and boundaries of the New Montgomery-Mission-Second Street Conservation District shall be as designated on the New Montgomery-*Mission*-Second Street

Conservation District Map, the original of which is on file with the Clerk of the Board of Supervisors under File 223-84-4, which Map is hereby incorporated herein as though fully set forth, and a facsimile of which is reproduced herein below.

SEC. 4. RELATION TO CITY PLANNING CODE.

(a) Article 11 of the City Planning Code is the basic law governing preservation of buildings and districts of architectural importance in the C-3 District of the City and County of San Francisco. This Appendix is subject to and in addition to the provisions thereof.

(b) Except as may be specifically provided to the contrary, nothing in this Appendix shall supersede, impair or modify any City Planning Code provisions applicable to property in the New Montgomery-*Mission*-Second Street Conservation District including, but not limited to, regulations controlling uses, height, bulk, coverage, floor area ratio, required open space, off-street parking and signs.

SEC. 5. JUSTIFICATION.

The characteristics of the Conservation District justifying its designation are as follows:

(a) **History of the District.** *The core of the New Montgomery-Mission-Second Street Conservation District is a product of the post-1906 reconstruction of downtown San Francisco. Rebuilt between 1906 and 1933 this district represents a collection of masonry commercial loft buildings that exhibit a high level of historic architectural integrity and create a cohesive district of two-to-eight story masonry buildings of similar scale, massing, setback, materials, fenestration pattern, style, and architectural detailing.*

This area forms one of the earliest attempts to extend the uses of the financial and retail districts to the South of Market area. Since Montgomery Street was the most important commercial street in the 1870's, New Montgomery Street was planned as a southern extension from Market Street to the Bay. Opposition from landowners south of Howard Street,

however, prevented the street from reaching its original bayside destination. William Ralston, who was instrumental in the development of the new street, built the Grand Hotel and later the Palace Hotel at its Market Street intersection. A wall of large hotels on Market Street actually hindered the growth of New Montgomery Street and few retail stores and offices ventured south of Market Street. The unusually wide width of Market Street acted as a barrier between areas to the north and south for many years.

A small number of office buildings were built on New Montgomery Street as far south as Atom Alley (now Natoma Street) after the fire. Many buildings were completed in 1907, and most of the street assumed its present character by 1914. At 74 New Montgomery Street, the Call newspaper established its first headquarters. A noteworthy addition to the streetscape was the Pacific Telephone and Telegraph Building. At the time of its completion in 1925, it was the largest building on the West Coast devoted to the exclusive use of one firm. Until the 1960's, the office district on New Montgomery Street was the furthest extension of the financial district into the South of Market area. More characteristic were warehouses and businesses which supported the nearby office district. For example, the Furniture Exchange at the northwest corner of New Montgomery and Howard Streets, completed in 1920, was oriented to other wholesale and showroom uses along Howard Street.

One block to the east, Second Street had a different history from New Montgomery Street. The future of Second Street as an extension of the downtown depended upon the southward extension of the street through the hill south of Howard Street. At one time there was even a proposal to extend Second Street north in order to connect with Montgomery Street. The decision to extend Montgomery Street south rather than Second Street north due to the high cost of the Second Street Cut, however, discouraged retail and office growth on the street. As a result, by the 1880's Second Street was established as a wholesaling rather than retail or office area. In the 1920's, Second Street contained a wide

mixture of office support services. These included printers, binderies, a saddlery, a wholesale pharmaceutical outlet, and a variety of other retail stores and smaller offices. Industrial uses were commonly located on the alleyways such as Minna and Natoma and on Second Street, south of Howard Street.

Howard Street between 1st and 3rd Street became a popular and convenient extension for retail and wholesale dealers after 1906. As with Mission Street, the area still contains a number of smaller commercial loft structures that represent some of the best examples within the district, such as the Volker Building at 625 Howard Street, the Crellin Building at 583 Howard Street, and the Sharon Estate Building at 667 Howard Street.

The transformation of much of the area within the boundaries of the New Montgomery-Mission-Second Street Conservation District into a southerly extension of downtown was reflected in the large number of multi-story structures built along both Mission and Market streets. The intersection of 3rd and Mission evolved into the most important intersections in the survey area, bracketed on three corners by important early skyscrapers, including the rebuilt Aronson Building on the northwest corner, the Williams Buildings on the southeast corner, and the Gunst Building (demolished) on the southwest corner.

(b) **Basic Nature of the District.** New Montgomery Street is characterized by large buildings that often occupy an entire section of a block defined by streets and alleys or a major portion of these subblocks. The buildings are of a variety of heights, but the heights of most of the buildings range from five to eight stories. Second Street is characterized by smaller, less architecturally significant buildings, but, because of their continuous streetwall, they form a more coherent streetscape. Without some sort of protection for the less significant buildings, the quality of the district would be lost due to pressure from the expanding office core.

(c) **Architectural Character.** *Most of the contributing buildings are designed in the American Commercial Style and feature facades divided into a tripartite arrangement consisting of a base, shaft, and capital.* Although the scale and size of the structures on New Montgomery Street are somewhat monumental, the area remains attractive for pedestrians. The street has *There are* a number of outstanding buildings concentrated on New Montgomery, such as the Palace Hotel, the Pacific Telephone *and Telegraph Building* tower, and the Sharon Building. *Ornamentation of district contributors is most often Renaissance-Baroque with later examples of Spanish, Colonial, Gothic Revival Styles, and Art Deco. Examples of t*~~T~~he styles range from the Gothic skyscraper massing and Art Deco detailing of the Pacific Telephone and Telegraph Building to the Renaissance Palazzo style of the Palace Hotel. The primary building materials are earthtone bricks, stone or terra cotta, with ornamental details executed in a variety of materials including terra cotta, metal, stucco and stone.

With the exceptions of corner buildings, Second Street, *Mission and Howard Streets have* has a smaller, more intimate scale. While on New Montgomery Street, buildings typically occupy an entire subblock, on Second Street, three or four small buildings will occupy the same area. The buildings are generally mixed-use office and retail structures, *two-to-seven* ~~*three to five*~~ stories in height, with Renaissance-influenced ornament.

The two streets are unified by several elements, including an architectural vocabulary which draws from similar historical sources, similar materials, scale, fenestration, color, stylistic origins, texture, and ornament.

(d) **Uniqueness and Location.** The District is located close to the central core of the financial district and is adjacent to an area projected for the future expansion. It is one of the few architecturally significant areas remaining largely intact in the South of Market area.

(e) **Visual and Functional Unity.** The District has a varied character ranging from the small and intimate on the alley streets to a more monumental scale on New

Montgomery. In spite of this wide range, the district forms a coherent entity due to the buildings' common architectural vocabulary and the rhythm of building masses created by the District's intersecting alleys.

(f) **Dynamic Continuity.** The District is an active part of the downtown area, and after some years of neglect is undergoing reinvestment, which is visible in the rehabilitation of the Pacific Telephone and Telegraph Building, and the repair and rehabilitation of other buildings in the District.

(g) **Benefits to the City and Its Residents.** The District is a microcosm of twentieth century commercial architecture, ranging from low-level speculative office blocks to the City's premier hotels and executive offices of the time. The District now houses a variety of uses from inexpensive restaurants and support commercial uses, such as printers, to executive offices. The area retains a comfortable human scale, which will become increasingly important as neighboring areas of the South of Market become more densely developed.

SEC. 6. FEATURES.

The exterior architectural features of the New Montgomery-*Mission*-Second Street District are as follows:

(a) **Massing and Composition.** Almost without exception, the buildings in the New Montgomery-*Mission*-Second Conservation District are built to the front property line and occupy the entire site. *Most buildings are either square or rectangular in plan, some with interior light courts to allow sunlight and air into the interiors of buildings. Nearly all cover their entire parcels, and their primary facades face the street.* Building massings along New Montgomery and Second Streets have different directional orientations. For the most part, the large buildings on New Montgomery Street are horizontally oriented, since they are built on relatively large lots, often occupying an entire blockface. Their horizontal width often exceeds their height.

The buildings on Second Street are built on much smaller lots, and hence have a vertical orientation. An exception on New Montgomery is the tower of the Pacific Telephone *and Telegraph* Building, whose soaring verticality is unique for that street.

To express the mass and weight of the structure, masonry materials are used on multi-dimensional wall surfaces with texture and depth, which simulates the qualities necessary to support the weight of a load-bearing wall.

Despite their differing orientation, almost all buildings share a two or three-part compositional arrangement. In addition, buildings are often divided into bays which establish a steady rhythm along the streets of the District. The rhythm is the result of fenestration, structural articulation or other detailing which breaks the facade into discrete segments. A common compositional device in the District is the emphasis placed upon either the end bays or the central bay.

(b) **Scale.** ~~*The scale of the District varies from the small buildings on Second Street to medium scaled structures on New Montgomery Street. On the latter street,*~~ *More than two-thirds of the contributing buildings are three-to-eight story brick or concrete commercial loft buildings constructed during the five years after the 1906 Earthquake and Fire. The scale of the District varies from the small buildings on Howard, Mission, Natoma, and Second Streets, such as the Phoenix Desk Company Building at 666 Mission Street, the Burdette Building at 90 Second Street, and the Emerison Flag Company Building at 161 Natoma Street; to medium-scaled structures on Mission and New Montgomery Streets, such as the Veronica Building at 647 Mission Street, and the Standard Building at 111 New Montgomery Street; to large-scale buildings on New Montgomery Street, such as the Pacific Telephone and Telegraph Building at 140 New Montgomery. On New Montgomery Street*, the large facades are not commonly divided into smaller bays, establishing a medium scale when combined with the five- to eight-story height of the buildings. Similarly, the use of elaborate ornament on many of the buildings breaks their large facades into smaller sections and

accordingly reduces their scale. Second Street is characterized by much smaller buildings with more frequent use of vertical piers whose scale is very intimate for the South of Market area.

(c) **Materials and Color.** Various forms of masonry are the predominant building materials in the district. A number of buildings on the northern end of New Montgomery use brown or buff brick. Terra cotta is also used as a facing material, and is frequently glazed to resemble granite or other stones. On Second *and Mission* Street*s*, *several* many buildings are faced in stucco or painted masonry. To express the mass and weight of the structure, masonry materials are often rusticated at the ground and second story to increase the textural variation and sense of depth. *Several buildings along Howard Street are noteworthy because they are clad in brick in warm earth tones, exhibit fine masonry craftsmanship, and remain unpainted.*

The materials are generally colored light or medium earth tones, including white, cream, buff, yellow, and brown. Individual buildings generally use a few different tones of one color.

(d) **Detailing and Ornamentations.** Buildings range from industrial brick and stucco office/warehouses to ornately decorated office buildings. The details on the latter buildings are generally of Classical/Renaissance derivation and include projecting cornices and belt courses, rustication, columns and colonnades, and arches. Industrial commercial buildings are noted by their utilitarian nature, with limited areas or ornament applied at the cornice entablature and around windows.

SEC. 7. STANDARDS AND GUIDELINES FOR REVIEW OF NEW CONSTRUCTION AND CERTAIN ALTERATIONS.

(a) Standards. All construction of new buildings and all major alterations, which are subject to the provisions of Article 11 Sections 1110, 1111 through 1111.6 and 1113, shall be compatible with the District in general with respect to the building's composition and

massing, scale, materials and colors, and detailing and ornamentation, including those features described in Section 6 of this Appendix. Emphasis shall be placed on compatibility with those buildings in the area in which the new or altered building is located. In the case of major alterations, only those building characteristics that are affected by the proposed alteration shall be considered in assessing compatibility. Signs on buildings in conservation districts are subject to the provisions of Article 11 Section 1111.7.

The foregoing standards do not require, or even encourage, new buildings to imitate the styles of the past. Rather, they require the new to be compatible with the old. The determination of compatibility shall be made in accordance with the provisions of Section 309.

(b) **Guidelines.** The guidelines in this subsection shall be used in assessing compatibility.

(1) **Composition and Massing.** New construction should maintain the character of surrounding buildings by relating to their prevailing height, mass, proportions, rhythm and composition.

In addition to the consideration of sunlight access for the street, an appropriate streetwall height is established by reference to the prevailing height of the buildings on the block and especially that of adjacent buildings. The prevailing height of buildings on New Montgomery Street is between five and eight stories while buildings on Second Street commonly range from three to six stories. A setback at the streetwall height can permit additional height above the setback up to the height limit without breaking the continuity of the street wall.

Almost all existing buildings are built to the property or street line. This pattern, except in the case of carefully selected open spaces, should not be broken since it could damage the continuity of building rhythms and the definition of streets.

Proportions for new buildings should be established by the prevailing streetwall height and the width of existing buildings. On New Montgomery Street, the historic pattern of large lot development permits new buildings to have a horizontal orientation. In order to ensure that an established set of proportions is maintained on Second Street, new construction should break up facades into discrete elements that relate to prevailing building masses. The use of smaller bays and multiple building entrances are ways in which to relate the proportions of a new building with those of existing buildings.

The design of a new structure should repeat the prevailing pattern of two- and three-part vertical compositions. One-part buildings without bases do not adequately define the pedestrian streetscape and do not relate well to the prevailing two- and three-part structures.

(2) **Scale.** The existing scale can be accomplished in a variety of ways, including: a consistent use of size and complexity of detailing with regard to surrounding buildings, continuance of existing bay widths, maintenance of the existing streetwall height, and the use of a base element (of similar height) to maintain the pedestrian environment. Large wall surfaces, which increase a building's scale, should be broken up through the use of vertical piers, detailing and textural variation to reduce the scale of Second Street.

Existing fenestration (windows, entrances) and rhythms which have been established by lot width or bay width should be repeated in new structures. The spacing and size of window openings should follow the sequence set by historic structures. Large glass areas should be broken up by mullions so that the scale of glazed areas is compatible with that of neighboring buildings. Casement and double-hung windows should be used where possible since most existing buildings use these window types.

(3) **Materials and Colors.** The use of masonry and stone materials or materials that appear similar (such as substituting concrete for stone) can link two disparate

structures, or harmonize the appearance of a new structure with the architectural character of a Conservation District. The preferred surface materials for this District are brick, stone, terra cotta and concrete (simulated to look like terra cotta or stone).

The texture of surfaces can be treated in a manner so as to emphasize the bearing function of the material, as is done with rustication on the Rialto Building. Traditional light colors should be used in order to blend in with the character of the district. Dissimilar buildings may be made more compatible by using similar or harmonious colors, and to a lesser extent, by using similar textures.

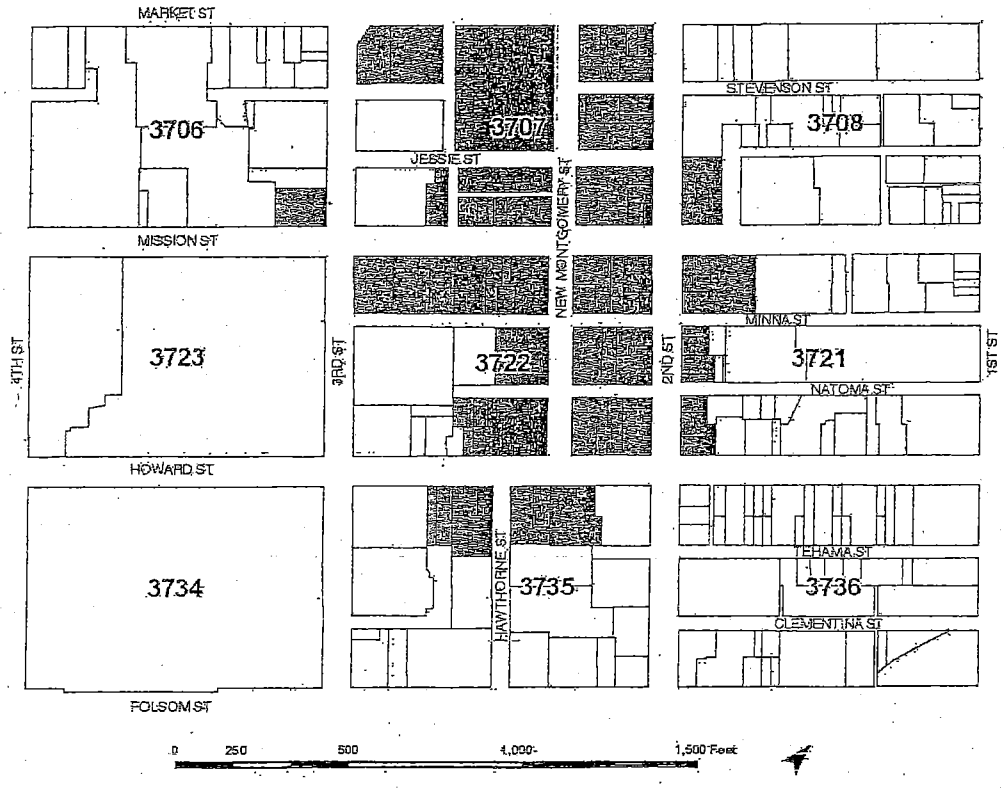
(4) **Detailing and Ornamentation.** A new building should relate to the surrounding area by picking up elements from surrounding buildings and repeating them or developing them for new purposes. The new structure should incorporate prevailing cornice lines or belt courses. A variety of Renaissance/Baroque, Gothic and Moderne ornament in the District provides sources for detailing in new buildings in order to strengthen their relationship. Similarly shaped forms can be used as detailing without directly copying historical ornament.

SEC. 8. TDR; ELIGIBILITY OF CATEGORY V BUILDINGS.

Category V Buildings in that portion of the New Montgomery-*Mission*-Second Street Conservation District which is in the 150-S Height District as shown on Sectional Map 1H of the Zoning Map are eligible for the transfer of TDR as provided in Section 1109(c).

NOTE TO EDITOR: Delete existing Map in Appendix F and replace with the following Map:

New Montgomery-Mission-Second Street Conservation District



Appendix A TO ARTICLE 11 - Category I Buildings

CATEGORY I BUILDINGS			
Address of Building	Block	Lot(s)	Name of Building
22 Battery	266	6	Postal Telegraph
98 Battery	266	8	Levi Strauss
99 Battery	267	1	Donahoe
100 Bush	267	4	Shell
130 Bush	267	9	Heineman
200 Bush	268	2	Standard Oil
225 Bush	289	1, 7	Standard Oil
381 Bush	288	17	Alto
445 Bush	287	25	Pacific States
460 Bush	270	33	Fire Station No. 2
564 Bush	271	12	Notre Dame des Victoires

158 California	236	5	Marine
240 California	237	9	Tadich's Grill (Buich)
260 California	237	11	Newhall
301 California	261	1	Robert Dollar Bldg.
341 California	261	10A	Harold Dollar Bldg.
400 California	239	3	Bank of California
433 California	260	16	Insurance Exchange
465 California	260	15	Merchants Exchange
554 Commercial	228	22	
564 Commercial	228	23	
569 Commercial	228	11	PG&E Station J
119 Ellis	330	23	Continental Hotel
42 - 50 Fell	814	10	
67 Fifth	3705	21, 23	Pickwick Hotel
231 First	3737	23	
234 First	3736	6	Phillips
54 Fourth	3705	4	Keystone Hotel
150 Franklin	834	12	Whiteside Apts.
251 Front	237	1	DeBernardi's
2 Geary	310	6	
10 Geary	310	5	Schaidt
28 Geary	310	8	Rosenstock
108 Geary	309	4	Marion
120 Geary	309	5	E. Simon
132 Geary	309	6	Sacs
166 Geary	309	10	Whittell
285 Geary	314	12	St. Paul
293 Geary	314	11	Lincoln
301 Geary	315	1	Elkan Gunst
415 Geary	316	1A	Geary Theater
445 Geary	316	18A	Curran Theater
491 Geary	316	13	Clift Hotel
501 Geary	317	1	Bellvue Apt.
42 Golden Gate	343	2	Golden Gate Theater
200 Golden Gate	345	4	YMCA
1 Grant	313	8	Security Pacific Bank
17 Grant	313	7	Zobel
50 Grant	312	8	Ransohoff-Liebes
201 Grant	294	6	Shreve
220 Grant	293	8	Phoenix
233 Grant	294	5	
301 Grant	286	5	Myers
311 Grant	286	4	Abramson
333 Grant	286	2	Home Telephone
334 Grant	287	17	Beverly Plaza Hotel
101 Howard	3740	1	Folger Coffee
1049 Howard	3731	74	
125 Hyde	346	3B	Rulf's File Exchange

16 Jessie	3708	22	One Ecker
1 Jones	349	3	Hibernia Bank
25 Kearny	310	4	O'Bear
49 Kearny	310	2	Rouillier
153 Kearny	293	2	Bartlett Doe
161 Kearny	293	1	Eyre
200 Kearny	288	11	
201 Kearny	287	8	
251 Kearny	287	1	Charleston
333 Kearny	270	2	Macdonough
344 Kearny	269	9	Harrigan Weidenmuller
346 Kearny	269	27p	
362 Kearny	269	27p	
222 Leidesdorff	228	6	PG&E Station J
1 Market	3713	6	Southern Pacific
215 Market	3711	18	Matson
245 Market	3711	14A	Pacific Gas & Electric
540 Market	291	1	Flatiron
562 Market	291	5	Chancery
576 Market	291	5B	Finance
582 Market	291	6	Hobart
641 Market	3722	69	
660 Market	311	5	
673 Market	3707	51	Monadnock
691 Market	3707	57	Hearst
704 Market	312	10	Citizen's Savings
722 Market	312	9	Bankers Investment
744 Market	312	6	Wells Fargo
760 Market	328	1	Phelan
783 Market	3706	48	Humboldt
801 Market	3705	1	Pacific
835 Market	3705	43	Emporium
870 Market	329	5	Flood
901 Market	3704	1	Hale Brothers
938 Market	341	5	
948 Market	341	6	Mechanics Savings
982 Market	342	17	Warfield Theater
1000 Market	350	1	San Christina
1072 Market	350	4	Crocker Bank
1095 Market	3703	59	Grant
1100 Market	351	1	Hotel Shaw
1182 Market	351	22	Orpheum Theater
1301 Market	3508	1	Merchandise Mart
34 Mason	341	7	Rubyhill Vineyard
101 Mason	331	6	Hotel Mason
120 Mason	330	13	Kowalsky Apts.
602 Mason	284	12	

83 McAllister	351	32	Methodist Book Concern
100 McAllister	348	6	Hastings Dormitory
132 McAllister	348	7	Argyle Hotel
447 Minna	3725	76	
54 Mint	3704	34	McElnoy
66 Mint	3704	12	Remedial Loan
1 Mission	3715	1	Audiffred
647 Mission	3722	69	
1018 Mission	3703	81	Kean Hotel
130 Montgomery	289	6	French Bank
149 Montgomery	288	1	Alexander
220 Montgomery	268	6 - 8	Mills
235 Montgomery	269	1	Russ
300 Montgomery	260	10	Bank of America
315 Montgomery	259	21	California Commercial Union
400 Montgomery	239	9	Kohl
405 Montgomery	240	3	Financial Center
500 Montgomery	228	13	American-Asian Bank
520 Montgomery	228	15	Paoli's
552 Montgomery	228	28, 29	Bank of America
116 Natoma	3722	6	N. Clark
147 Natoma	3722	13	Underwriter Fire
39 New Montgomery	3707	35	Sharon
74 New Montgomery	3707	33	Call
79 New Montgomery	3707	14	
116 New Montgomery	3722	71	Rialto
134 New Montgomery	3722	8	Pacific Telephone
201 Ninth	3729	82	
20 O'Farrell	313	10	Kohler-Chase
235 O'Farrell	3261	8	Hotel Barclay
301 Pine	268	1	Pacific Stock Exchange
333 Pine	268	16	Chamber of Commerce
348 Pine	260	8	Dividend
57 Post	311	13	Mechanic's Institute
117 Post	310	22	O'Connor Moffat
126 Post	293	5	Rochat Cordes
165 Post	310	20	Rothchild
175 Post	310	19	Liebes
180 Post	293	7	Hastings
201 Post	309	1	Head
225 Post	309	27	S. Christian
275 Post	309	22	Lathrop

278 Post	294	11	Joseph Fredericks
340 Post	295	5	Bullock & Jones
442 Post	296	8	Chamberlain
450 Post	296	9	Elk's Club
470 Post	296	10	Medico-Dental
491 Post	307	9	1st Congregational Church
524 Post	297	5	Olympic Club
600 Post	298	6	Alvarado Hotel
1 Powell	330	5	Bank of America
200 Powell	314	7	Omar Khayyam's
301 Powell	307	1	St. Francis Hotel
432 Powell	295	8	Sir Francis Drake
433 Powell	296	5	Chancellor Hotel
449 Powell	296	1	Foetz
540 Powell	285	9	Elk's Club Old
114 Sansome	267	10	Adam Grant
155 Sansome	268	1A	Stock Exchange Tower
200 Sansome	261	7	American International
201 Sansome	260	5	Royal Globe Insurance
221 Sansome	260	4	
231 Sansome	260	3	TC Kierloff
233 Sansome	260	2	Fireman's Fund
400 Sansome	229	3	Federal Reserve
401 Sansome	228	4	Sun
407 Sansome	228	3	
71 - 85 Second	3708	19	Pacific Bell Building
121 Second	3721	71	Rapp
132 Second	3722	3	
133 Second	*3721*	*51*	*Morton L. Cook*
141 Second	3721	50	
6 Seventh	3702	1	Odd Fellow's
106 Sixth	3726	2	
201 Sixth	3732	124	Hotel Argonne
111 Stevenson	3707	44	Palace Garage
46 Stockton	328	4	J. Magnin
101 Stockton	314	2	Macy's
234 Stockton	309	20	Schroth's
600 Stockton	257	12	Metropolitan Life Ins. Co.
108 Sutter	288	7	French Bank
111 Sutter	292	1	Hunter-Dulin
130 Sutter	288	27	Hallidie
216 Sutter	287	9	Rose

255 Sutter	293	9	White House
256 Sutter	287	11	Sather
266 Sutter	287	12	Bemiss
301 Sutter	294	1	Hammersmith
312 Sutter	286	7	Nutall
391 Sutter	294	15	Galen
445 Sutter	295	10p	Pacific Gas & Electric
447 Sutter	295	10p	Pacific Gas & Electric
450 Sutter	285	6	Medical-Dental
500 Sutter	284	4	Physician's
609 Sutter	297	1	Marines Memorial
620 Sutter	283	4A	
640 Sutter	283	22	Metropolitan
403 Taylor	317	3	Hotel California
624 Taylor	297	7	Bohemian Club
701 Taylor	282	4A	
2 Turk	340	4	Oxford Hotel
11 Van Ness	834	4	Masonic Temple
700-706 Mission (86 Third)	*3706*	*93*	*Mercantile or Aronson*
145 Natoma	*3722*	*14*	

Appendix C TO ARTICLE 11 - Category III Buildings

CATEGORY III BUILDINGS			
Address of Building	Block	Lot(s)	Name of Building
566 Bush	271	24	Notre Dame des Victoires Rectory
608 Commercial	277	48	Original U.S. Mint & Subtreasury
33 Drumm	235	5	
37 Drumm	235	19	
51 Grant	313	3	Eleanor Green
342 Howard	3719	8	
657 Howard	3735	41	San Francisco News
667 Howard	3735	39	
1097 Howard	3731	42	Blindcraft
1234 Howard	3728	14	Guilfoy Cornice
96 Jessie	3708	32	
703 Market	3706	1	Central Tower
1083 Market	3703	61	
1582 Market	836	10	Miramar Apts.
658 Mission	3707	20	
678 Mission	3703	21	Builders' Exchange Building
1087 Mission	3726	106	

615 Sacramento	240	14	Jack's Restaurant
343 Sansome	239	2	
32 Sixth	3703	4	Seneca Hotel
83 Stevenson	3708	34	Calif. Farmer
72 Tehama	3736	91	Brizard and Young
1 United Nations Plaza	351	37	J.S. Godau
41 Van Ness	834	22p	
240 Second	*3735*	*55*	*Marine Fireman's and Oilers and Watertenders Union Hall*
572 Folsom	*3736*	*25*	*J.E. Bier*
606 Folsom	*3735*	*8*	*Planters Hotel*
608 Folsom	*3735*	*9*	*Louis Lurie Co.*
527 Howard	*3736*	*83*	*Martin*
531 Howard	*3736*	*112*	*Mercedes*
577 Howard	*3736*	*100*	*Taylor*
589 Howard	*3736*	*98*	*Lent*
404 Mission	*3709*	*8*	*C.C. Moore; Terminal Plaza*
79 Stevenson	*3708*	*31*	*SF Municipal Railway Co. Substation*
74 Tehama	*3736*	*92*	
78 Tehama	*3736*	*93*	
90 Tehama	*3736*	*94*	

Appendix D TO ARTICLE 11 - Category IV Buildings

CATEGORY IV BUILDINGS			
Address of Building	Block	Lot(s)	Name of Building
28 Belden	269	14	
40 Belden	269	15	
52 Belden	269	18	
364 Bush	269	4	Sam's Grill
380 Bush	269	5	Shasta Hotel
415 Bush	287	23	
429 Bush	287	22	
447 Bush	287	20	Hansa Hotel
461 Bush	287	18	Mfg. Jeweler's
507 Bush	286	1	St. Charles Hotel
515 Bush	286	22	Terbush
553 Clay	228	32	
559 Clay	228	31	
61 Ellis	329	6	John's Grill

111 Ellis	330	1	Powell
120 Ellis	326	5	Misses Butler
222 Front	236	6	
235 Front	237	4	
236 Front	236	8	Shroeder
239 Front	237	2	
246 Front	236	9	
250 Front	236	10	
66 Geary	310	12	Hotel Graystone
88 Geary	310	13 - 15	Cailleau
100 Geary	309	3	Granat Brothers
101 Geary	313	1	Paragon
129 Geary	313	16	
146 Geary	309	7	
152 Geary	309	8	
156 Geary	309	9	
251 Geary	314	14	Werner
347 Geary	315	22	Hotel Stewart
366 Geary	307	6	Rosebud's English Pub
381 Geary	315	20A	
418 Geary	306	6	Paisley Hotel
436 Geary	306	7	Somerton Hotel
459 Geary	316	18	
468 Geary	306	8	
476 Geary	306	9	Hotel David
484 Geary	306	11	
490 Geary	306	12	Hotel Maryland
39 Grant	313	5	Fisher
59 Grant	313	2	
100 Grant	310	13	Livingston Brothers
166 Grant	310	17	
251 Grant	294	3	
255 Grant	294	2	
321 Grant	286	3	Hotel Baldwin
45 Kearny	310	3	Oscar Luning
209 Kearny	287	7	
215 Kearny	287	6	
219 Kearny	287	5	
227 Kearny	287	4	
240 Kearny	288	14	Marston
246 Kearny	288	25	Hotel Stanford
260 Kearny	288	16	
315 Kearny	270	5	
325 Kearny	270	3	
334 Kearny	269	7	
353 Kearny	270	1	Kearny-Pine Building
358 Kearny	269	11	

215 Leidesdorff	228	10	
118 Maiden Lane	309	16	Lloyd
177 Maiden Lane	309	12	
601 Market	3707	1	Santa Fe
609 Market	3707	2A	
623 Market	3707	59	Metropolis Trust
300 Mason	315	16	Hotel Virginia
334 Mason	315	17	King George Hotel
425 Mason	306	2	S. F. Water Dept.
542 Mason	296	12A	St. Francis Apts.
609 Mission	3722	1	Stevenson
617 Mission	3722	73	Koracorp
540 Montgomery	228	24	Bank of America
111 New Montgomery	3722	72	Standard
137 New Montgomery	3722	7	
170 New Montgomery	3722	22	Furniture Exchange
180 O'Farrell	314	6	St. Moritz Hotel
238 O'Farrell	315	10	Spaulding Hotel
272 O'Farrell	315	14	
280 O'Farrell	315	15	
340 Pine	260	7	Selsbach and Deans
358 Pine	260	9	Phoenix
369 Pine	268	12	Exchange Block
485 Pine	269	20	
216 Post	294	7	Guggenheim
228 Post	294	8	Gumps - E. Arden
233 Post	309	17	Graff
251 Post	309	24	Mercedes
272 Post	294	10	
438 Post	296	7	St. Andrew
545 Post	306	22	Hotel Cecil
620 Post	298	7	J. J. Moore Apts.
624 Post	298	8	
45 Powell	330	2	
100 Powell	327	12	Hotel Golden State
111 Powell	326	4	
120 Powell	327	13	
134 Powell	327	22	Elevated Shops
151 Powell	326	2	Hotel Herbert
201 Powell	315	3, 6 - 9	Manx Hotel
207 Powell	315	4	Howard
226 Powell	314	9	
235 Powell	315	2	
236 Powell	314	10	Hotel Stratford
421 Powell	296	6	United Airlines

435 Powell	296	14p	
439 Powell	296	14p	
445 Powell	296	2	
333 Sacramento	237	18	
558 Sacramento	228	9	
560 Sacramento	228	10	
568 Sacramento	228	11	PG&E Station J
576 Sacramento	228	12	Potter
415 Sansome	228	2	Fugazi Bank
20 Second	3707	2	Schwabacher
36 Second	3707	4	Morgan
42 Second	3707	5	
48 Second	3707	6	Kentfield & Esser
52 Second	3707	7	
60 Second	3707	8	
70 Second	3707	9	
76 Second	3707	10	
90 Second	3707	12	
120 Second	3722	2	
~~*133 Second*~~	~~*3721*~~	~~*51*~~	~~*Morton L. Cook*~~
144 Second	3722	4	
149 Second	3721	49	
156 Second	3722	5	Jackson
163 Second	3721	48	Marcus Modry
165 Second	3721	5	Electrical
168 Second	3722	16	
182 Second	3722	19	Barker, Knickerbocker & Bostwick
216 Stockton	309	13	
222 Stockton	309	14	A. M. Robertson
334 Stockton	294	13p	Drake-Wiltshire Hotel Annex
340 Stockton	294	13p	Drake-Wiltshire Hotel
417 Stockton	285	4	All Seasons Hotel
427 Stockton	285	3	
171 Sutter	292	9	
307 Sutter	294	23	Orpheus
310 Sutter	286	6	
315 Sutter	294	22	Newbegin
323 Sutter	294	21	Hotel Alamo
345 Sutter	294	19	
371 Sutter	294	16	Nathalie Nicoli
400 Sutter	285	5p	McCloud
524 Sutter	284	6	Cartwright
535 Sutter	296	13C	Westphal
540 Sutter	284	8	John Simmons
547 Sutter	296	13B	Lowell

559 Sutter	296	13A	
575 Sutter	296	13	
595 Sutter	296	12B	Francisca Club
635 Sutter	297	13	Hotel Beresford
655 Sutter	297	12	
679 Sutter	297	10	
680 Sutter	283	7	
690 Sutter	283	8	
693 Sutter	297	9	
701 Sutter	298	1	
717 Sutter	298	34	Hotel DeLuxe
420 Taylor	316	10	NBC/KBHK
615 Taylor	298	5	Taylor Hotel
621 Taylor	298	4	Winterburn Hotel
625 Taylor	298	3	Eisenberg Apts.
627 Taylor	298	2	Hawthorne Apts.
125 Third (693 Mission)	*3722*	*257*	*Williams*
606 Howard	*3722*	*20*	*Merritt*
651 Howard	*3735*	*42*	*Smith-Emery Co.*
667 Howard	*3735*	*39*	
163 Jessie	*3707*	*32*	*California Demokrat; Hess*
602 Mission	*3707*	*13*	*Atlas*
611 Mission	*3722*	*76*	*Koret*
641 Mission	*3722*	*70*	
657 Mission	*3722*	*68*	*McLaughlin*
663 Mission	*3722*	*67*	*Grant*
666 Mission	*3707*	*21*	*California Historical Society; Hundley Hardware*
161 Natoma	*3722*	*11*	*Emerson Flag Company*

Section 3. This Section is uncodified.

(a) **Transit Tower Site In-Kind Agreement and Fees.**

(1) The Board of Supervisors specifically recognizes that the Transbay Joint Powers Authority (the "TJPA") plans to sell property owned by the TJPA adjacent to the new Transbay Transit Center (Assessor's Block 3720, Lot 009) (the "Tower Property") to a developer (the "Tower Developer") for the construction of the Transit Tower (the "Tower Project"). The purchase price the Transit Tower Developer has agreed to pay for the Tower Property will

include amounts that will be applied by the TJPA to the construction of Phase I of the Transbay Transit Center Project, including the Transit Center and the below-ground train levels of the Transit Center to accommodate the Downtown Rail Extension, City Park on top of the Transit Center, and sidewalk and street improvements immediately adjacent to the Transit Center. In addition to paying the purchase price for the Tower Property to the TJPA, the discretionary approvals for the Transit Tower, as described below, will require the Transit Tower Developer to pay for and build public improvements including, but not limited to, (i) Mission Square, (ii) sidewalk and street improvements adjacent to the Tower Project, (iii) a mechanism for public access directly from Mission Square to City Park (such as a funicular or inclined elevator, and (iv) a graceful, wide pedestrian bridge connecting the Tower Project with City Park that provides public access to the Park through the Tower Project.

(2) Should the City, in its sole and absolute discretion, issue approvals for the Transit Tower, a condition of any such approvals shall be that the Planning Director enter into an In-Kind Agreement, as set forth in this Ordinance, with the Transit Tower Developer to provide that the Developer may satisfy the requirement for the payment of the Transit Center District Plan Open Space Fee and Transportation and Street improvement Fee set forth in this Ordinance (the "TCDP Impact Fees") by constructing or causing to be constructed identified public improvements in the TCDP Area. Except as provided below, the fee offset shall be the full amount of the TCDP Impact Fees. Public improvements that should be considered for this Agreement are contributions from the Tower Property purchase price that the TJPA applies toward: (i) Natoma Street pedestrian plaza, (ii) Mission Street streetscape and transit improvements across the full right-of-way between First and Fremont Streets, (iii) signalized midblock pedestrian crossings on Fremont and First Streets, (iv) the Downtown Rail Extension (including the build-out of the train box for the Downtown Rail Extension), and (v) City Park. Notwithstanding the fee offset described above, the portion of the Transit Center District Plan

Transportation and Street Improvement Fee dedicated to addressing Transit Delay Mitigation and $2 (two) million of the Transit Center District Plan Open Space Fee shall not be eligible for in-kind credit against TCDP Impact Fees payments. Further, the Board hereby requires, as a condition of the In-Kind Agreement, that the City Planning Director enter into an Agreement with the TJPA that stipulates that if the TJPA does not allocate and obligate the Tower Developer's TCDP Impact Fee revenues to the improvements as set forth above and identified in the Agreement, the City shall allocate the amount of Impact Fee revenue equivalent to the unallocated and unobligated amount so that such revenues are available for: (i) other improvements consistent with the purpose of the respective Impact Fees, or, (ii) as determined by the Planning Commission and based on recommendation by the Interagency Plan Implementation Committee, used by the TJPA to fund alternative improvements consistent with the purposes of the Impact Fees.

(b) **Previously Entitled Projects.** Notwithstanding Section 123 as proposed for amendment, any unbuilt project that obtained Planning Commission approval January 1, 2012 may apply Transferrable Development Rights (TDR) to exceed a floor area ratio of 9.0:1 and shall be eligible for partial waiver of certain impact fees as described in Section 424.7.2(c)(3) and 424.7.2(c)(5).

Section 4. Effective Date. This ordinance shall become effective 30 days from the date of passage.

Section 5. This section is uncodified. In enacting this Ordinance, the Board intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation, charts, diagrams, or any other constituent part of the Planning Code that are explicitly shown in this legislation as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the legislation.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
John D. Malamut
Deputy City Attorney

City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 120665 **Date Passed:** July 31, 2012

Ordinance: 1) amending the San Francisco Planning Code by amending and adding sections consistent with the Transit Center District Plan, including the establishment of the Transit Center District Plan open space and transportation fees and the expansion and renaming of the New Montgomery-Mission-Second Street Conservation District, and 2) making findings, including environmental findings and findings of consistency with the General Plan, as proposed for amendment, and Planning Code Section 101.1.

July 16, 2012 Land Use and Economic Development Committee - RECOMMENDED

July 24, 2012 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 10 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Kim, Mar, Olague and Wiener
Excused: 1 - Farrell

July 31, 2012 Board of Supervisors - FINALLY PASSED

Ayes: 10 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Mar, Olague and Wiener
Absent: 1 - Kim

File No. 120665

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 7/31/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

8/8/12
Date Approved

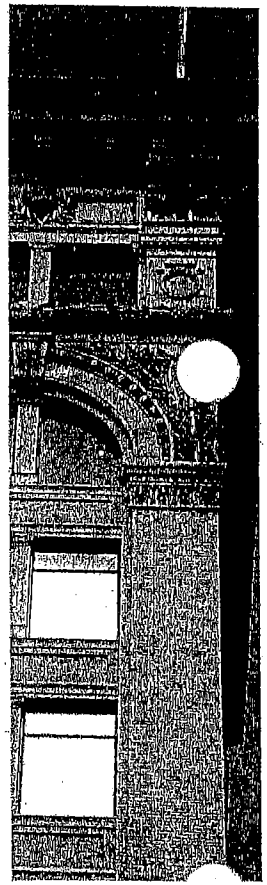
EXHIBIT 6

5314

706 MISSION STREET - THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT

San Francisco, CA

MAJOR PERMIT TO ALTER :: APPENDIX



Prepared for the
Historic Preservation Commission

EXISTING CONDITIONS IMAGES

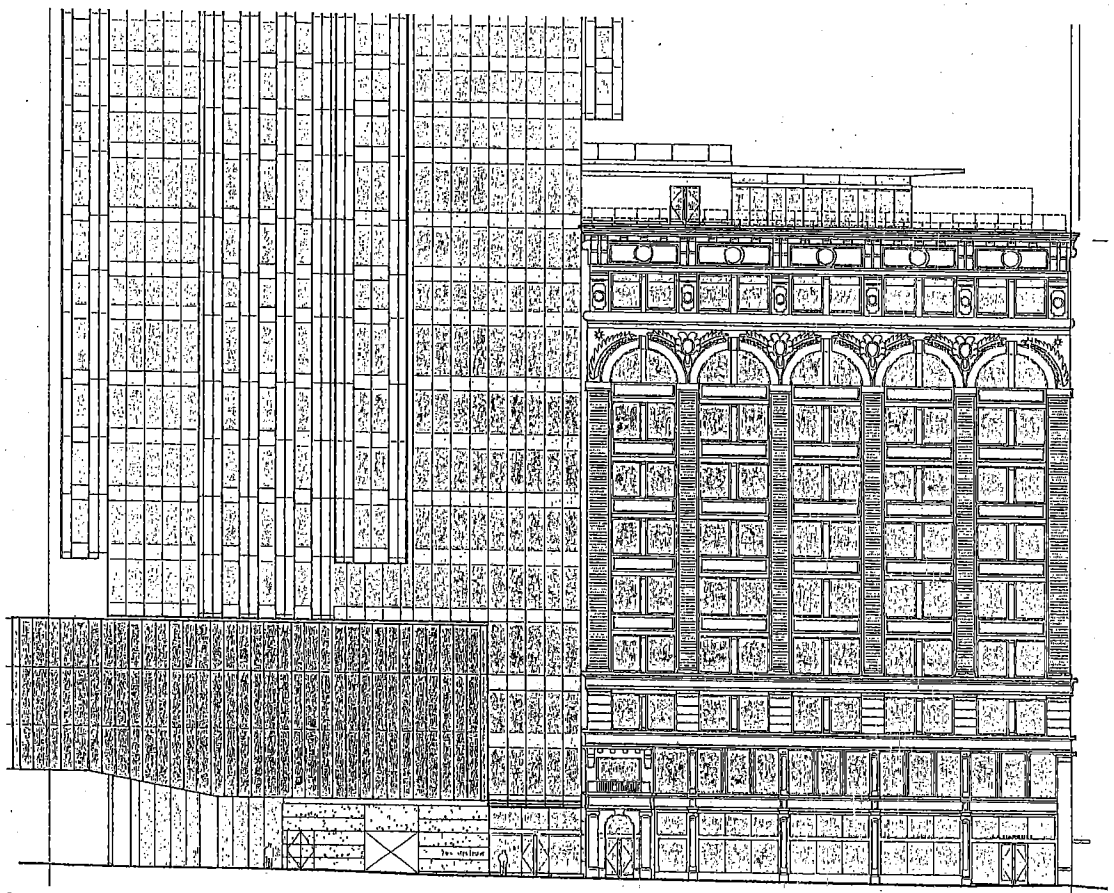
VICINITY

View, looking northwest, 2012. (Handel Architects)

north of the Aronson Building. Jessie Square, St. Patrick's Church, the Contemporary Jewish Museum are to the West. Yerba Buena Gardens is located across from Mission Street and the University of California Berkeley Extension Campus is across from Third Street. The Aronson Building fits within the historic context of the area's commercial development. The proposed project at 706 Mission Street which includes both the rehabilition of the Aronson Building and a new residential tower fits in the current context of the neighborhood. The proposed project will not create a negative impact on the building's relationship to the surrounding neighborhood, or the significance of the nearby historic districts.

5315

WEST FACADE



Proposed south elevation, enlarged view

- Placing The Mexican Museum at the base of the building is intended to integrate and complete the surrounding Yerba Buena arts district and gardens, with unique massing distinguished from the tower. The base of the building will cantilever slightly over Jessie Square at the 2nd and 3rd floors to visually draw pedestrians in as an extension of the plaza, and to complete the eastern edge of Jessie Square. Museum interior space will span across both new and existing buildings at the 2nd and 3rd floors, with ground floor entry within the new tower base. Museum interior space may also include all or a portion of the 1st floor Aronson Building, and/or portion of 4th floor tower for exterior terrace access and mechanical spaces.
- New exterior and interior connections between the tower and existing Aronson Building will be established for programmatic and structural requirements, while still maintaining a visual separation between the buildings.
- There are two proposed approaches to seismic work for the Aronson Building. With the first approach, the proposed tower and the Aronson building would be seismically independent and separated by a seismic joint with an air space in between the two buildings. Another approach to the seismic upgrade of the Aronson Building would be to laterally connect the Aronson Building into the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. Neither the seismic joint approach nor the seismically interconnected approach would result in any exterior visual impacts to the Aronson Building. No character-defining features of the Aronson Building would be removed with either seismic upgrade approach. Using either approach, the Project would retain and preserve character-defining features of the Aronson Building.

Note: For graphic purposes, the south elevation is shown since the west elevation will be obscured by the new construction.

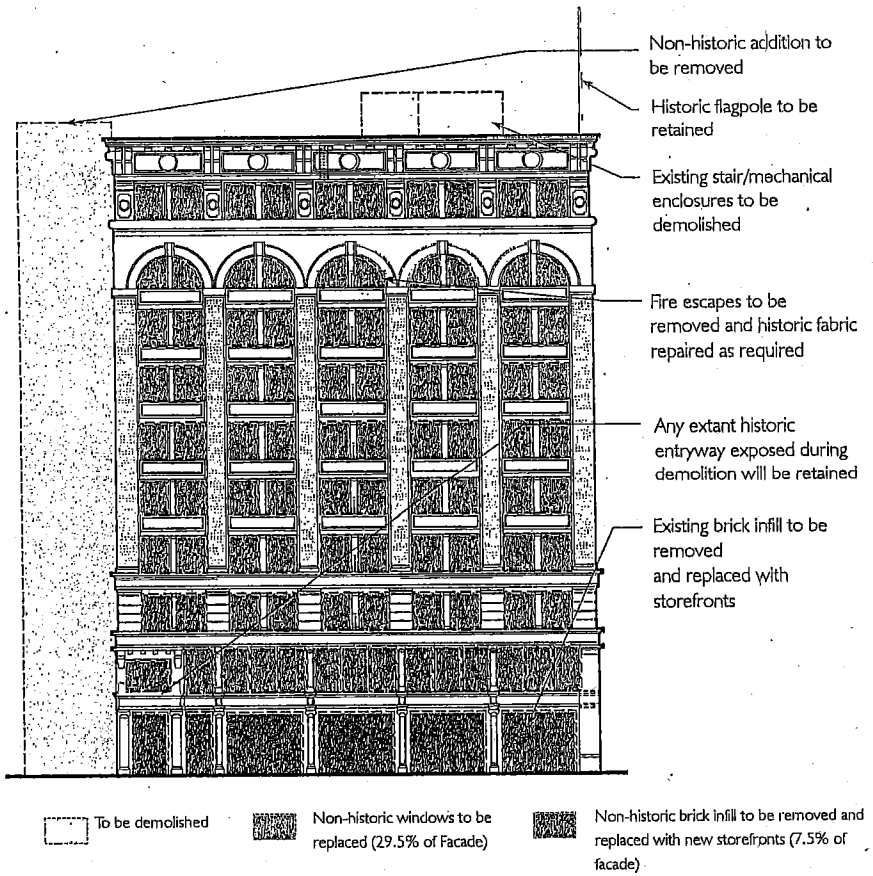
5316

WEST FACADE

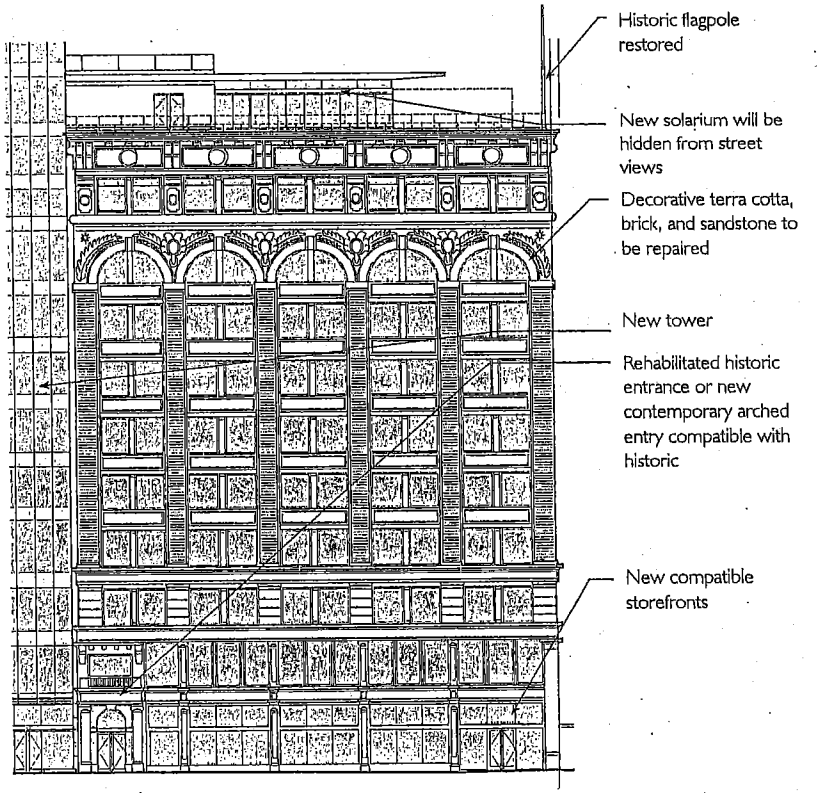
5317

ELEVATIONS

EXISTING MISSION STREET ELEVATION

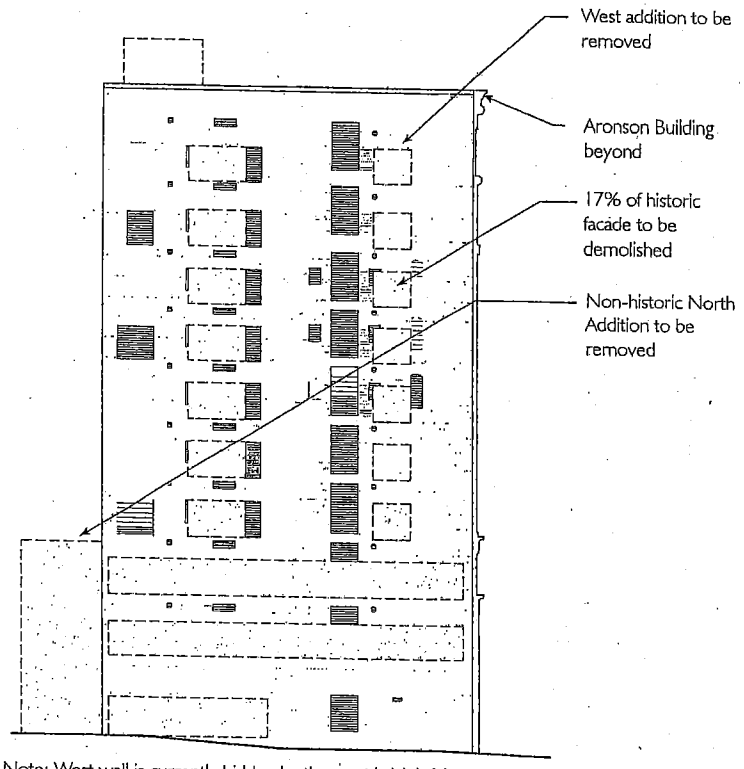


PROPOSED MISSION STREET ELEVATION



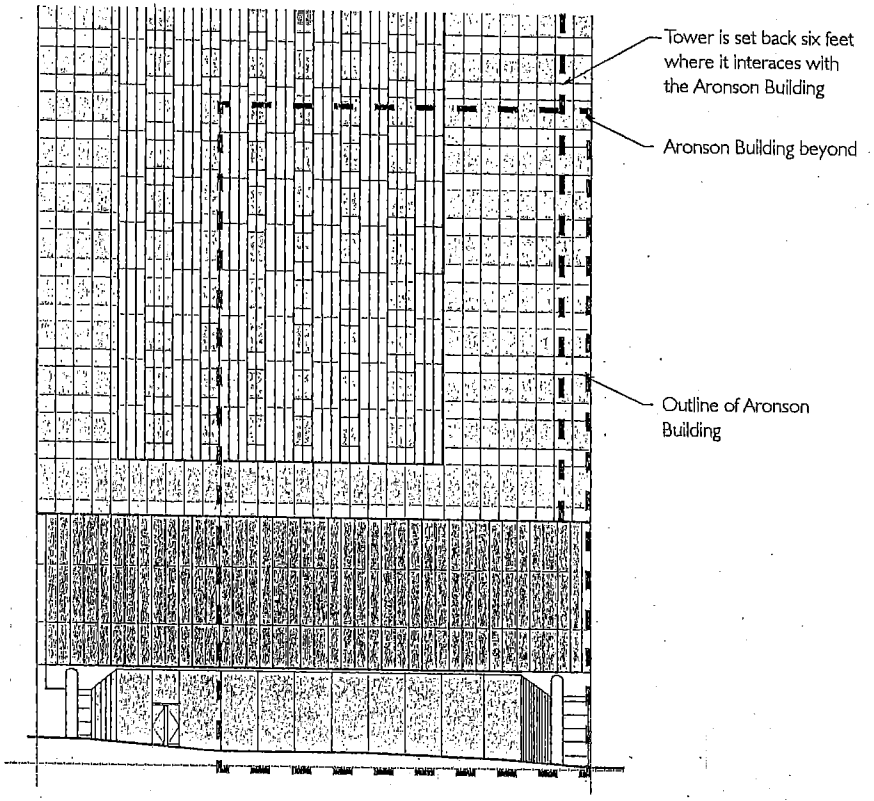
ELEVATIONS

EXISTING WEST WALL OF ARONSON BUILDING



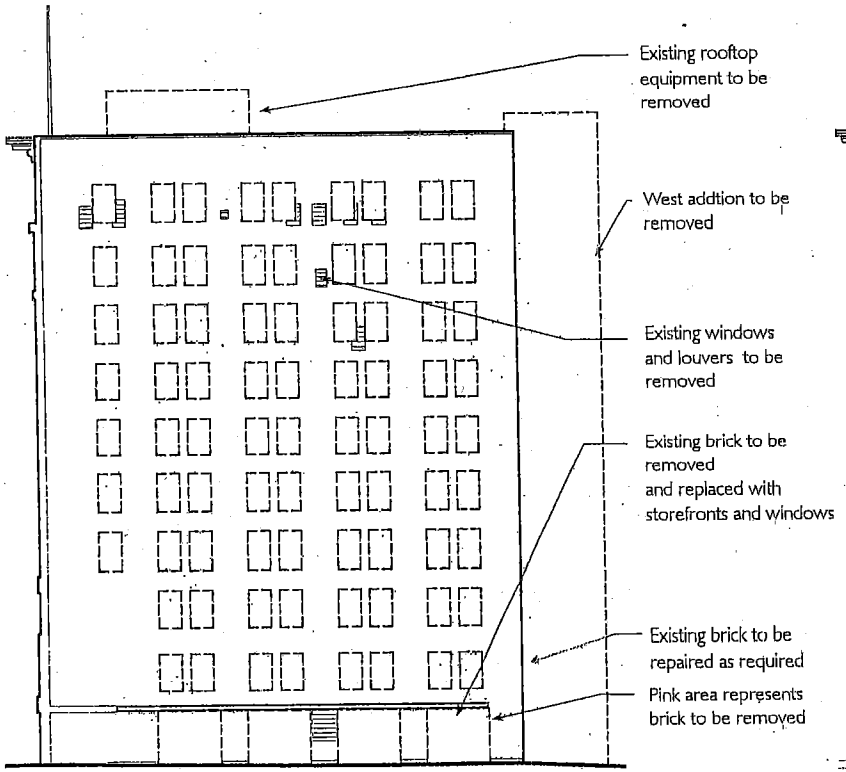
Note: West wall is currently hidden by the west brick brick addition.

PROPOSED WEST ELEVATION

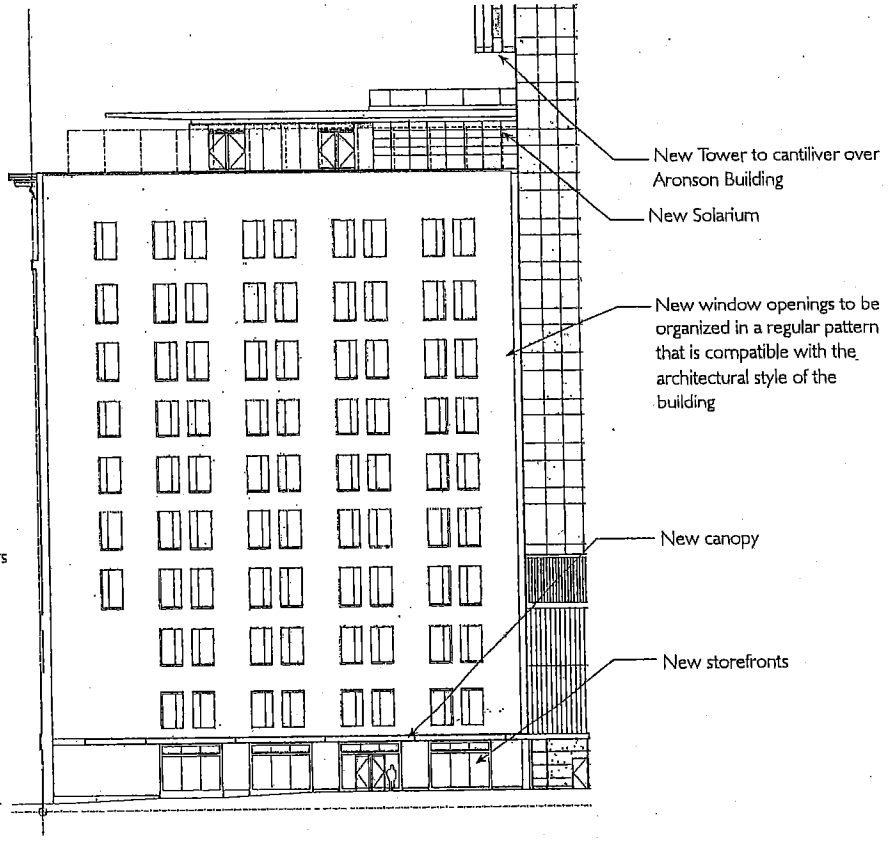


5318

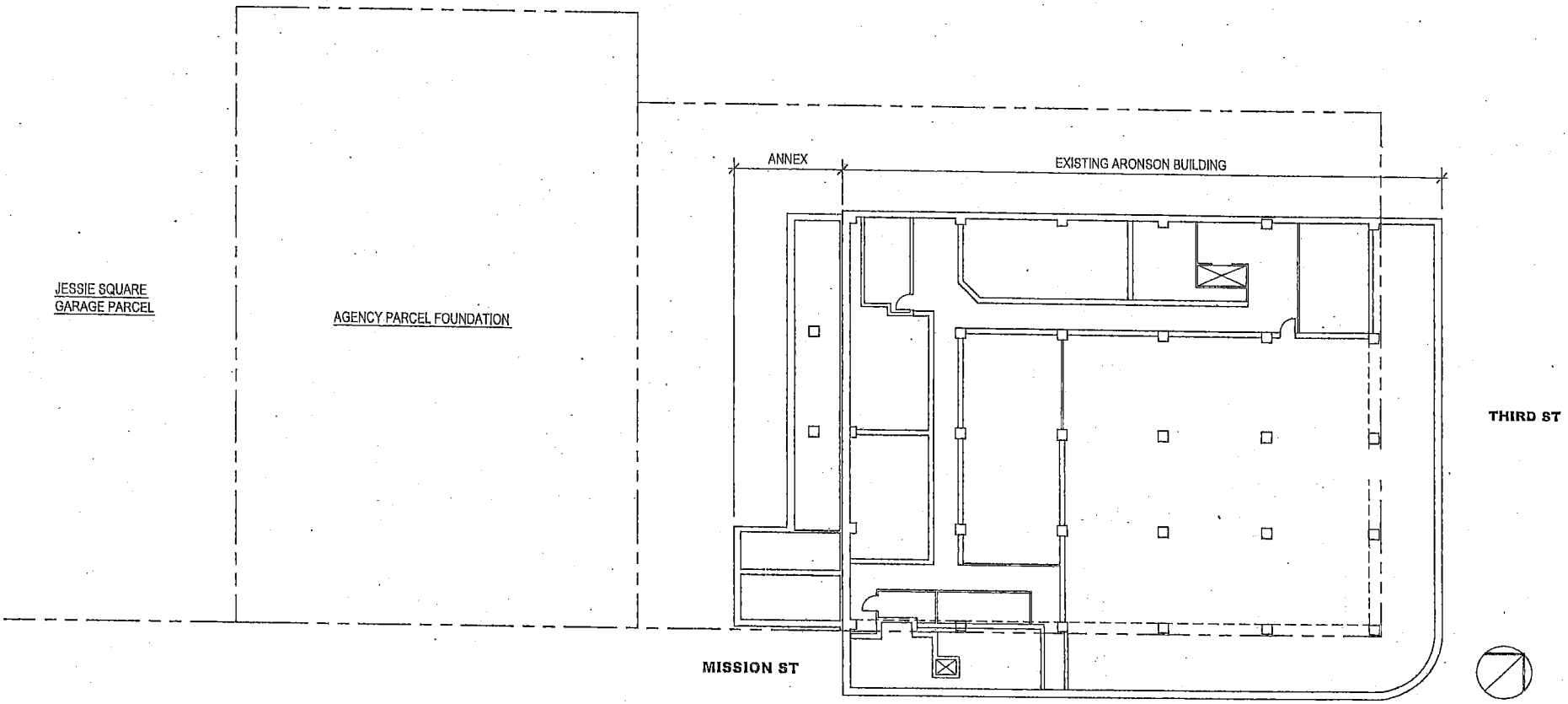
EXISTING NORTH STREET ELEVATION



PROPOSED NORTH ELEVATION



5319



5320

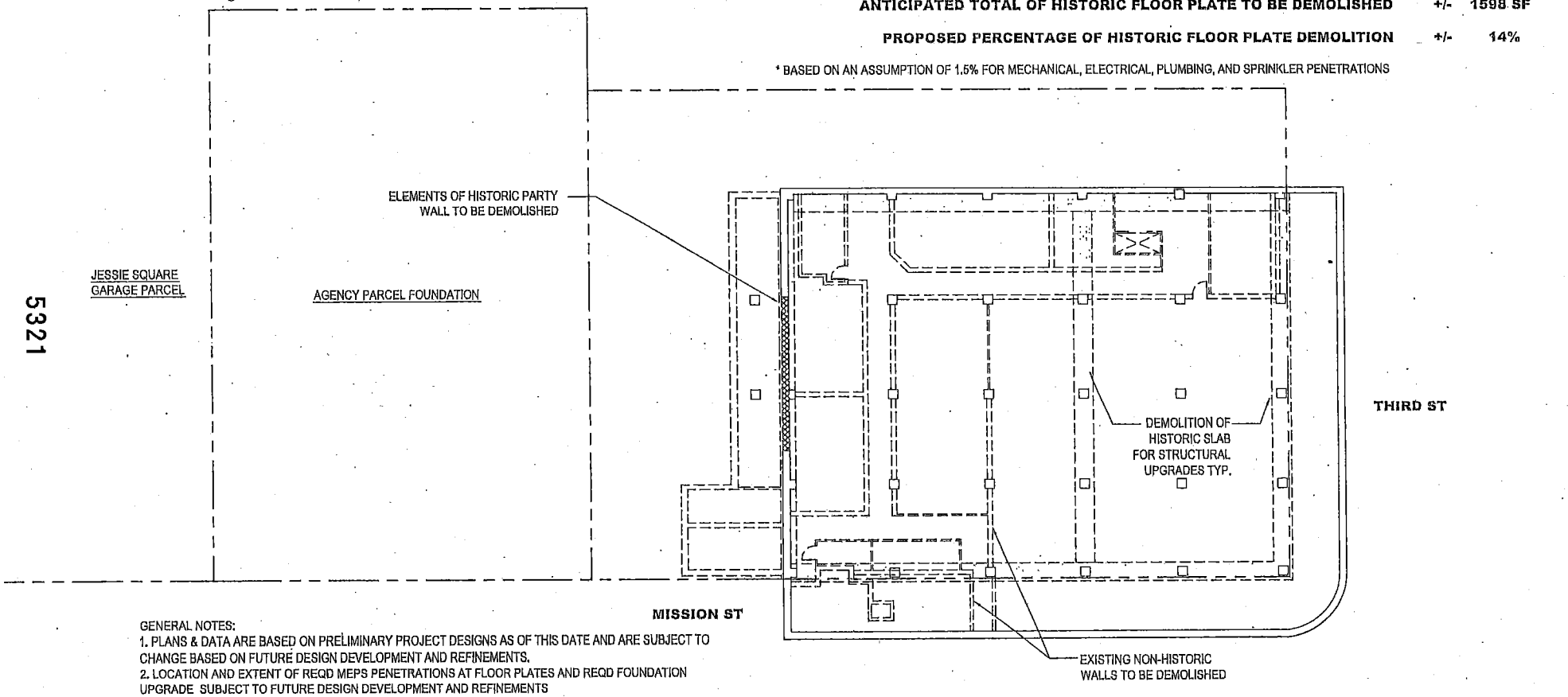
706 MISSION STREET - EXISTING BASEMENT PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 11,368 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 1435 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 163 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1598 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 14%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM

CONCEPTUAL BASEMENT DEMOLITION PLAN

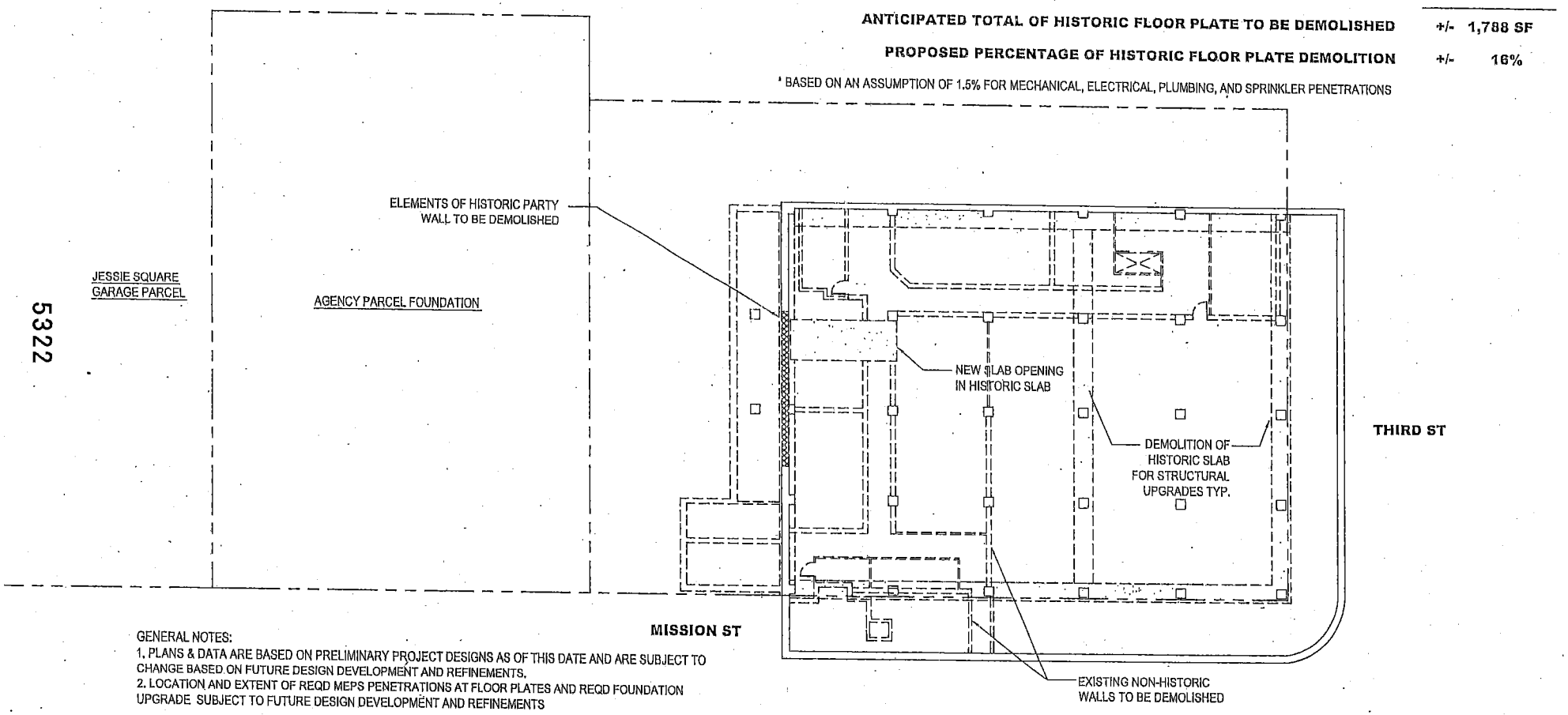
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 11,368 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 1,625 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 163 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1,788 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 16%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5322

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

706 MISSION STREET - THE MEXICAN MUSEUM

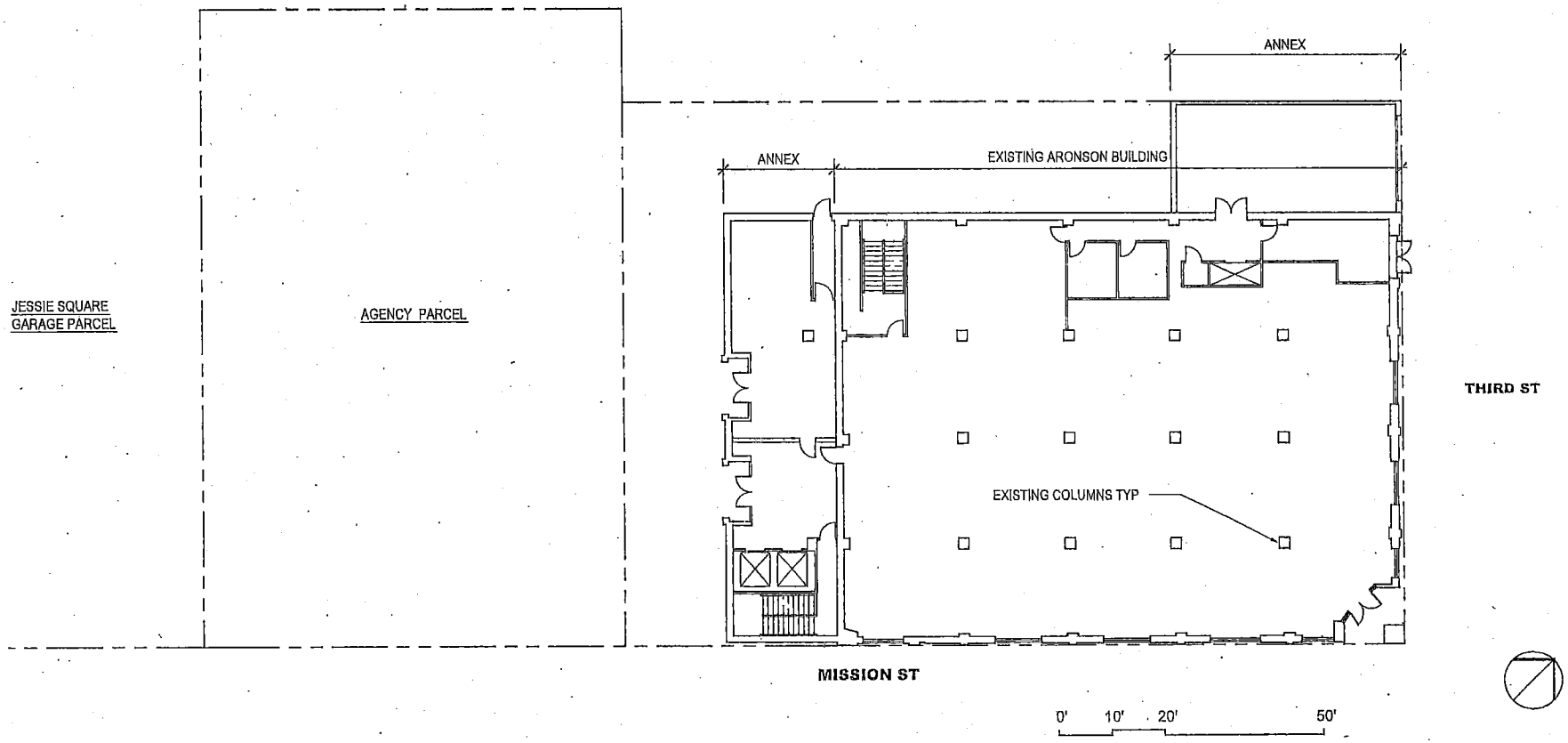
SEISMIC JOINT APPROACH
CONCEPTUAL BASEMENT DEMOLITION PLAN

0 10' 20' 40'

MARCH 2013

MILLENNIUM PARTNERS HANDEL ARCHITECTS llp PAGE & TURNBULL

PLANS



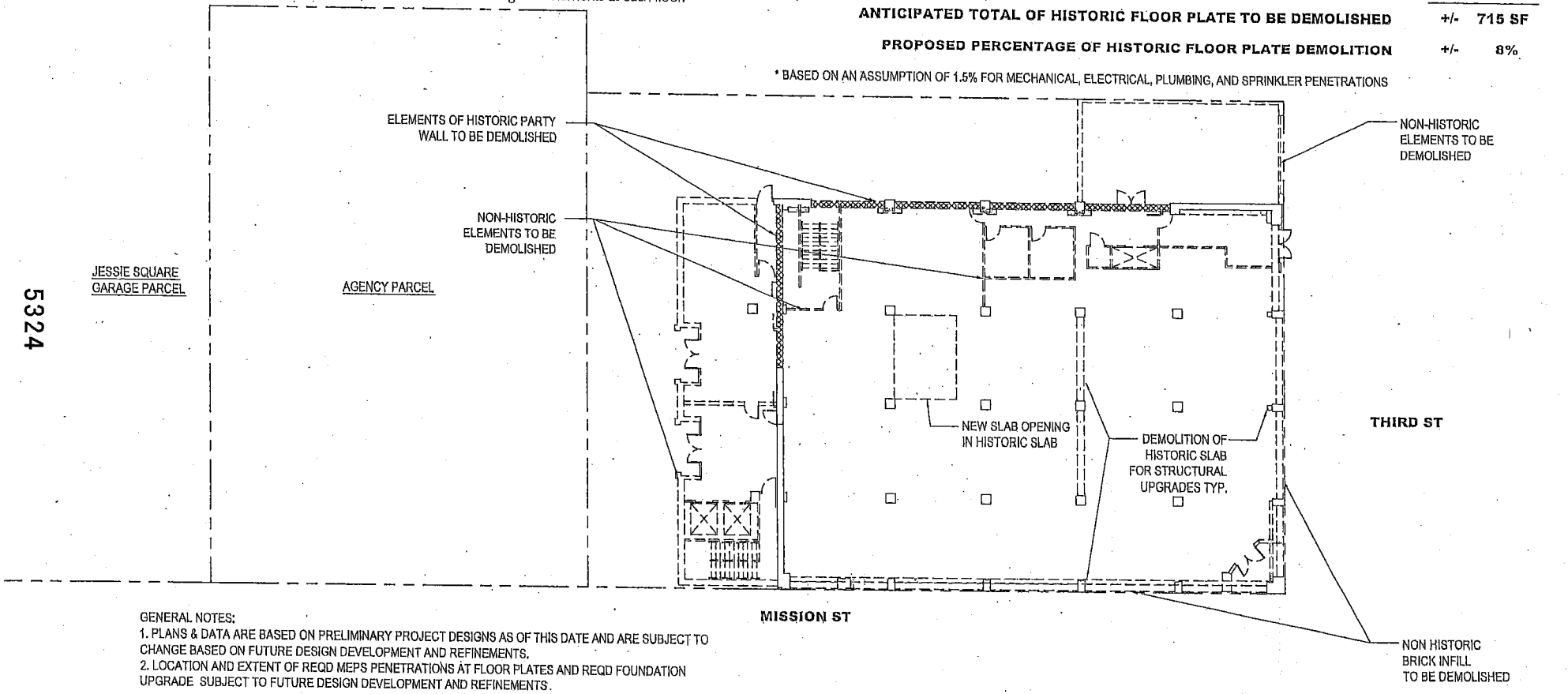
706 MISSION STREET - EXISTING GROUND FLOOR PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 591 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 124 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 715 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 8%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.

5324

PLANS

706 MISSION STREET - THE MEXICAN MUSEUM

SEISMIC TIE APPROACH
CONCEPTUAL GROUND FLOOR DEMOLITION PLAN

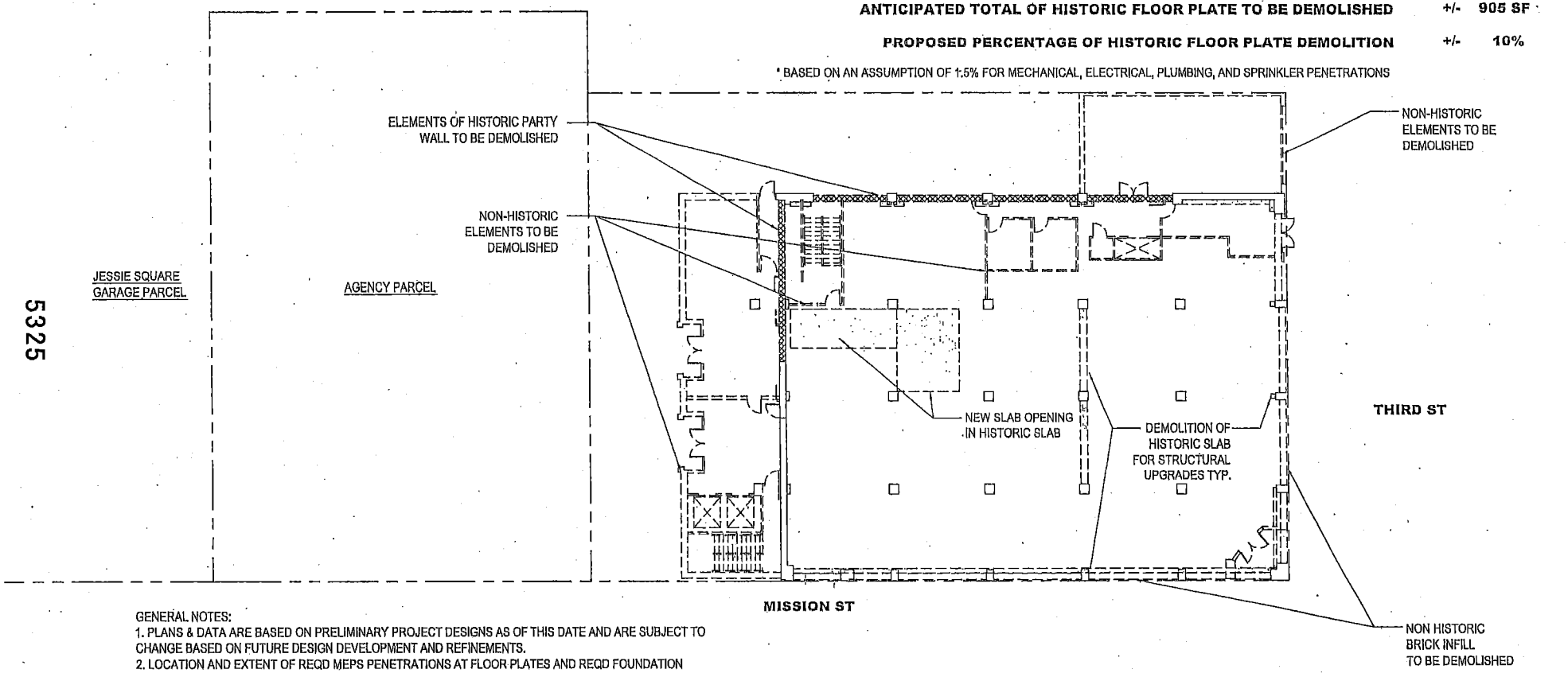
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 781 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 124 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 905 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5325

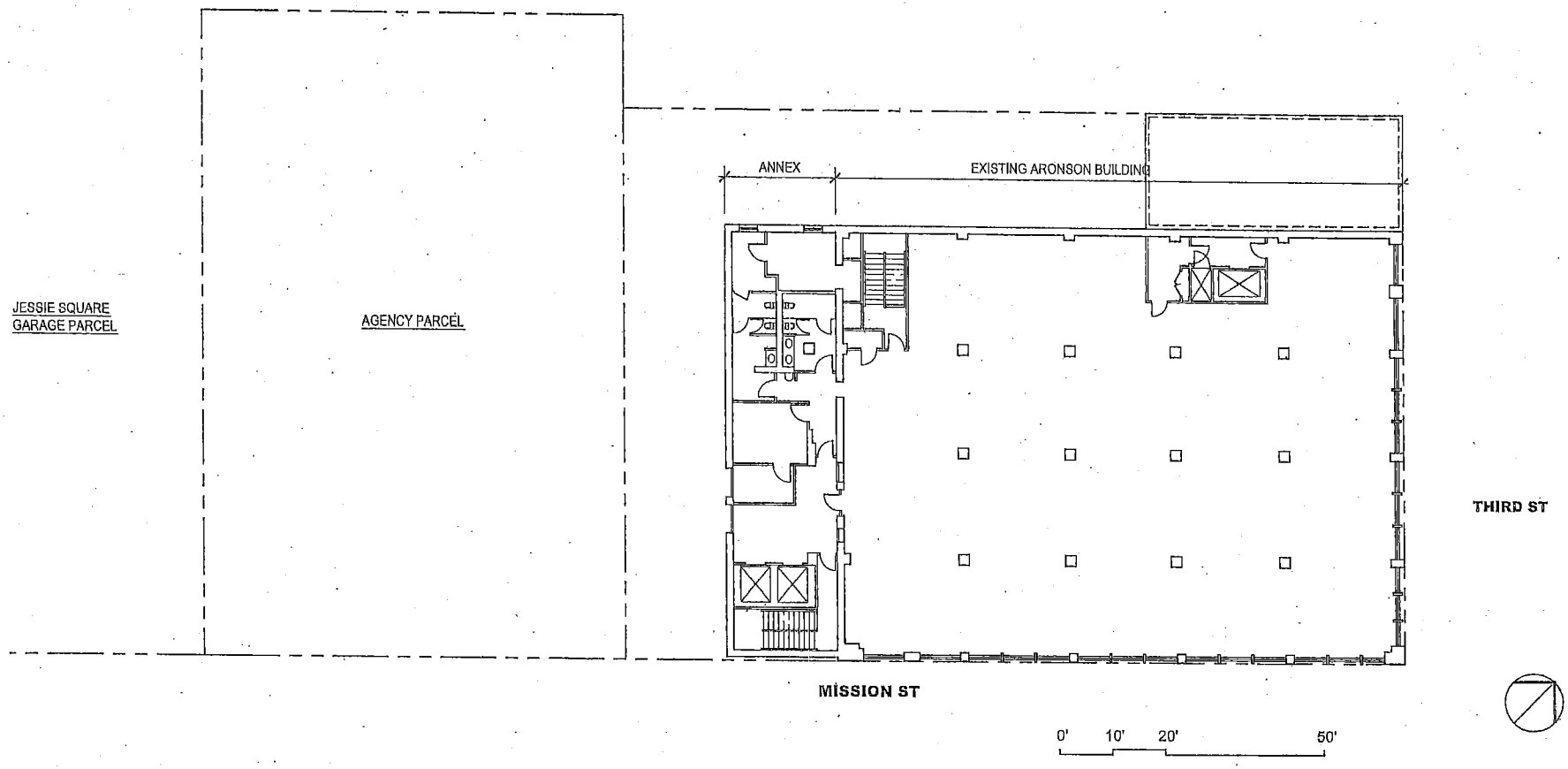
GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

PLANS

706 MISSION STREET - THE MEXICAN MUSEUM SEISMIC JOINT APPROACH CONCEPTUAL GROUND FLOOR DEMOLITION PLAN

0 10' 20' 40'

PLANS



5326

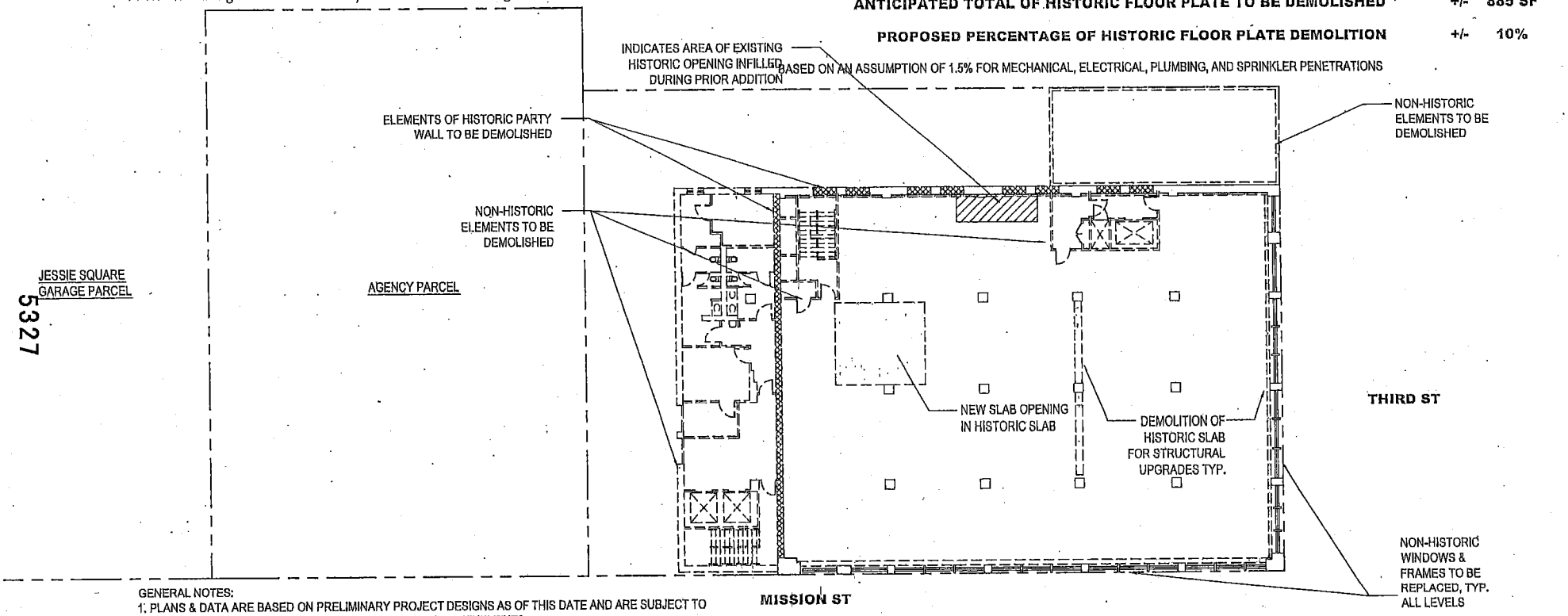
706 MISSION STREET - EXISTING SECOND FLOOR PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,223 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 125 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 885 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM

CONCEPTUAL SECOND FLOOR DEMOLITION PLAN

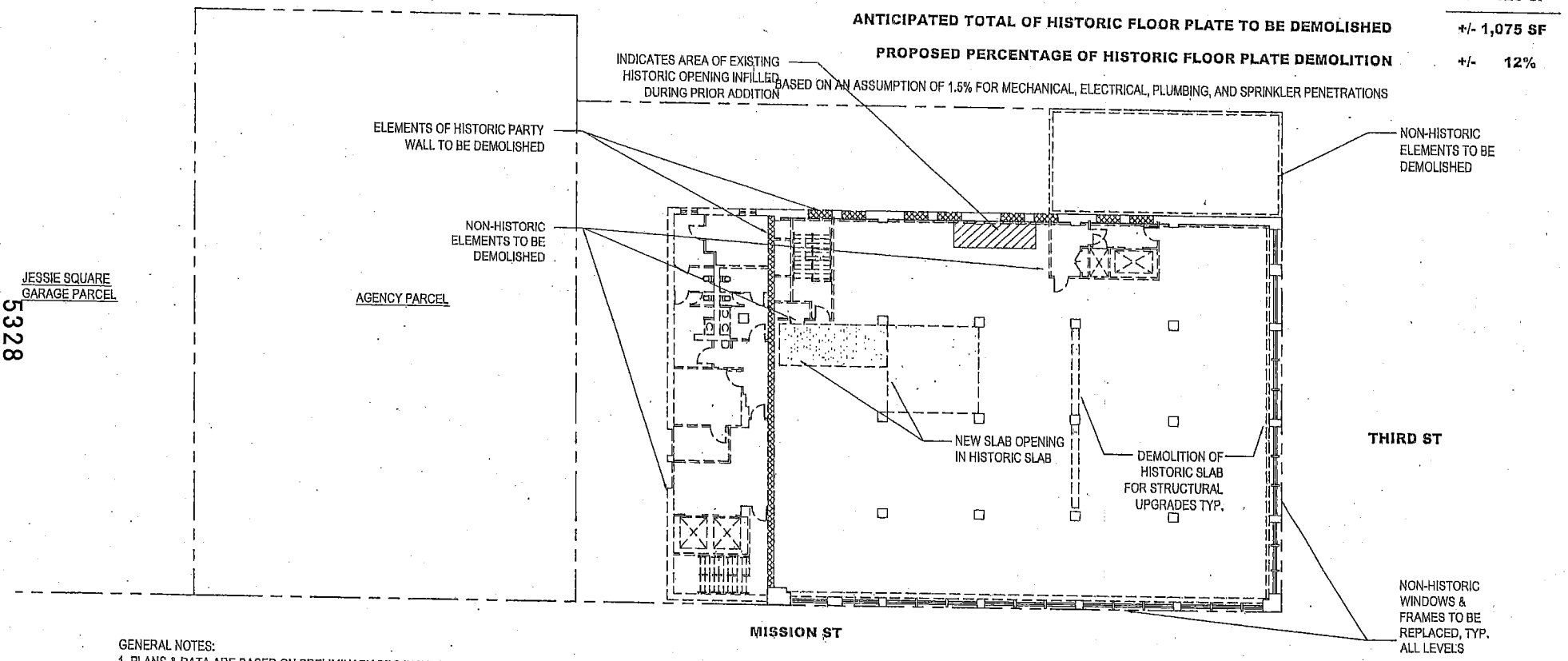
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 950 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 125 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1,075 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 12%**

*BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

706 MISSION STREET - THE MEXICAN MUSEUM

SEISMIC JOINTAPPROACH

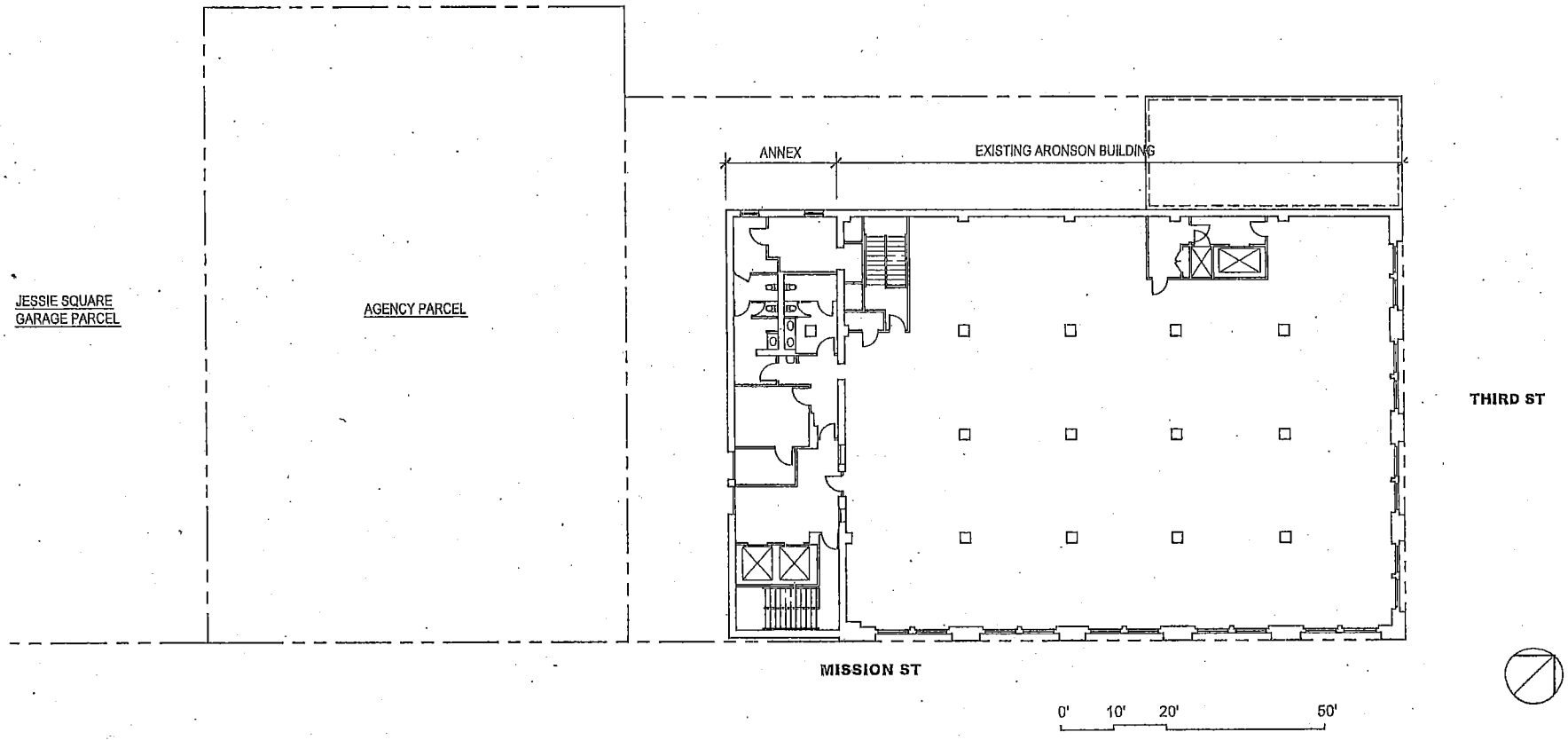
CONCEPTUAL SECOND FLOOR DEMOLITION PLAN

0 10' 20' 40'

MARCH 2013

MILLENNIUM PARTNERS HANDEL ARCHITECTS up PAGE & TURNBULL

PLANS



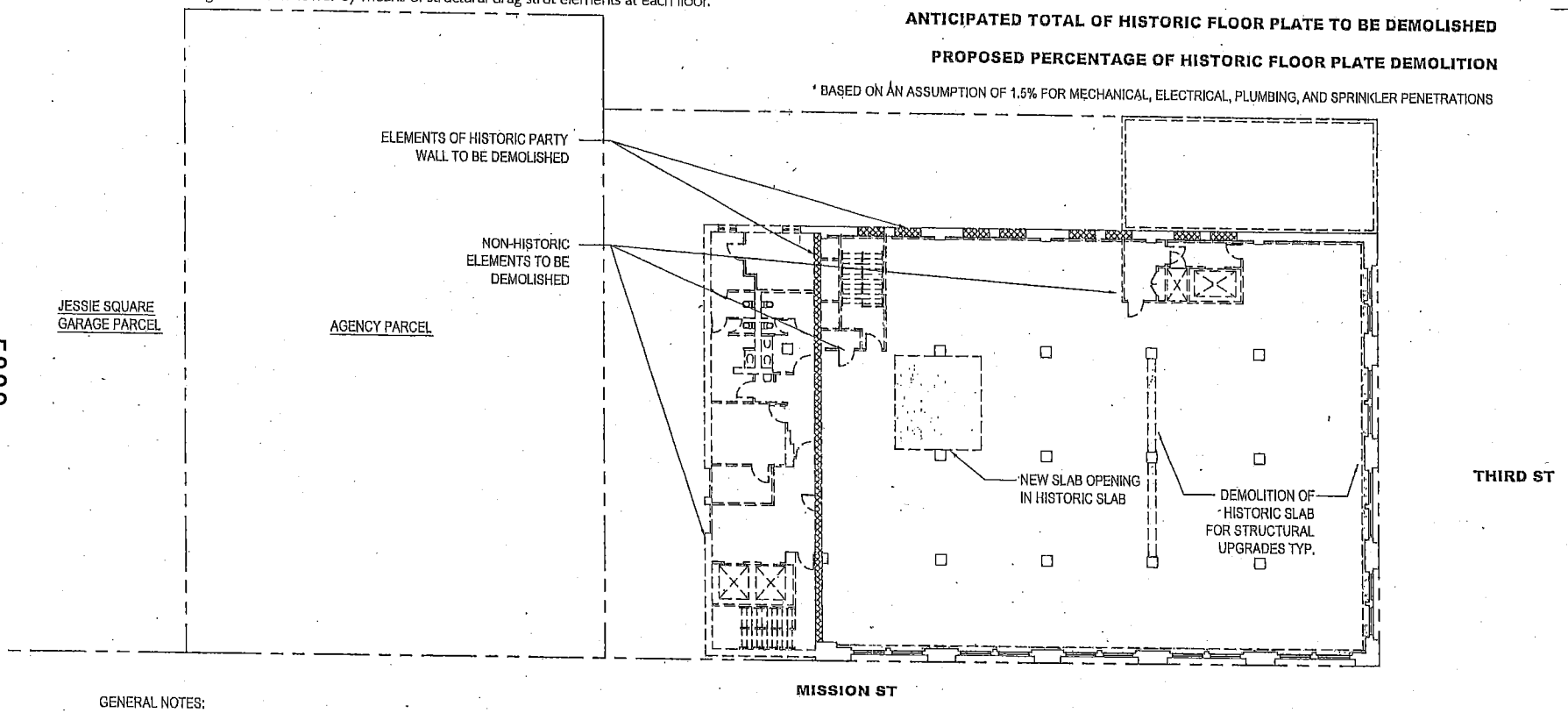
706 MISSION STREET - EXISTING THIRD FLOOR PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 726 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 849 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5330

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

PLANS

706 MISSION STREET - THE MEXICAN MUSEUM

SEISMIC TIE APPROACH
CONCEPTUAL THIRD FLOOR DEMOLITION PLAN

0 10' 20' 40'

MARCH 2013

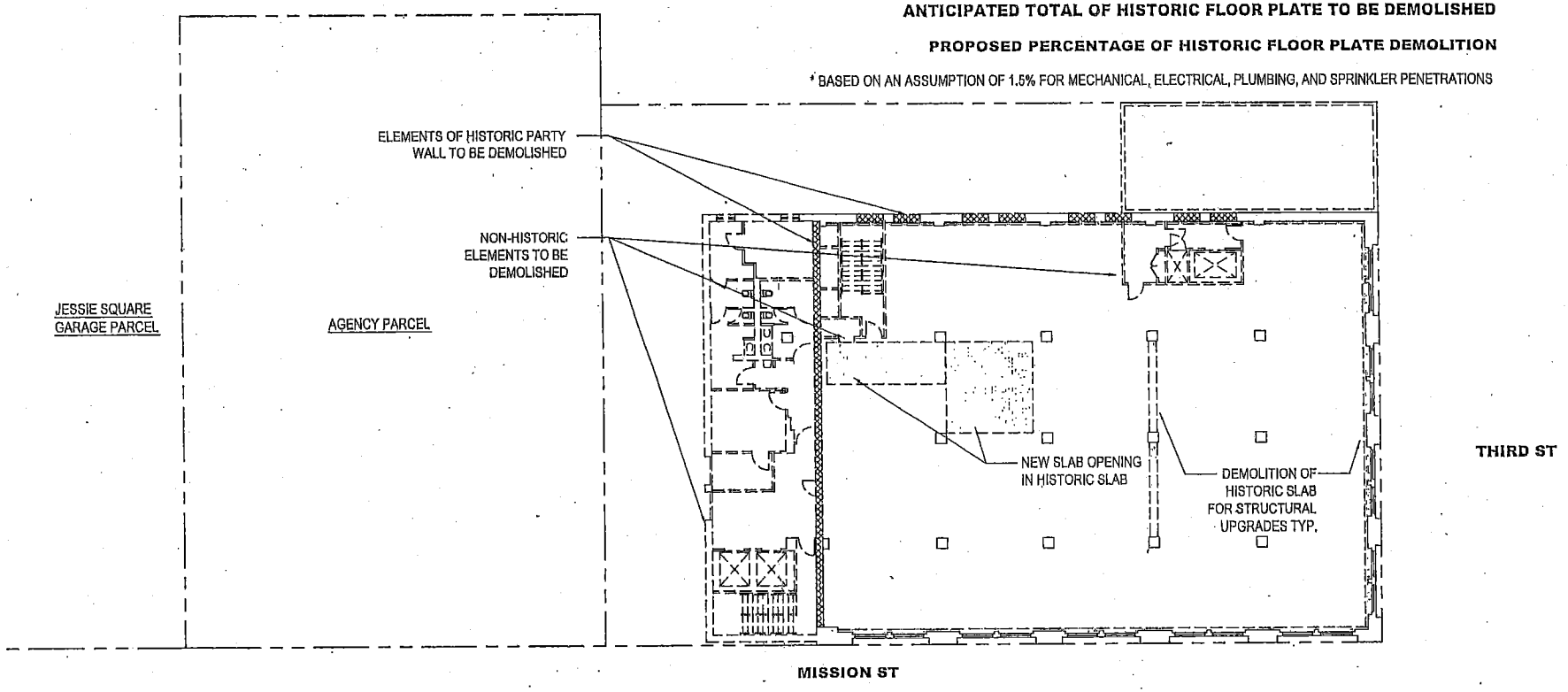
MILLENNIUM PARTNERS HANDEL ARCHITECTS LLP PAGE & TURNBULL

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 916 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1,039 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 12%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

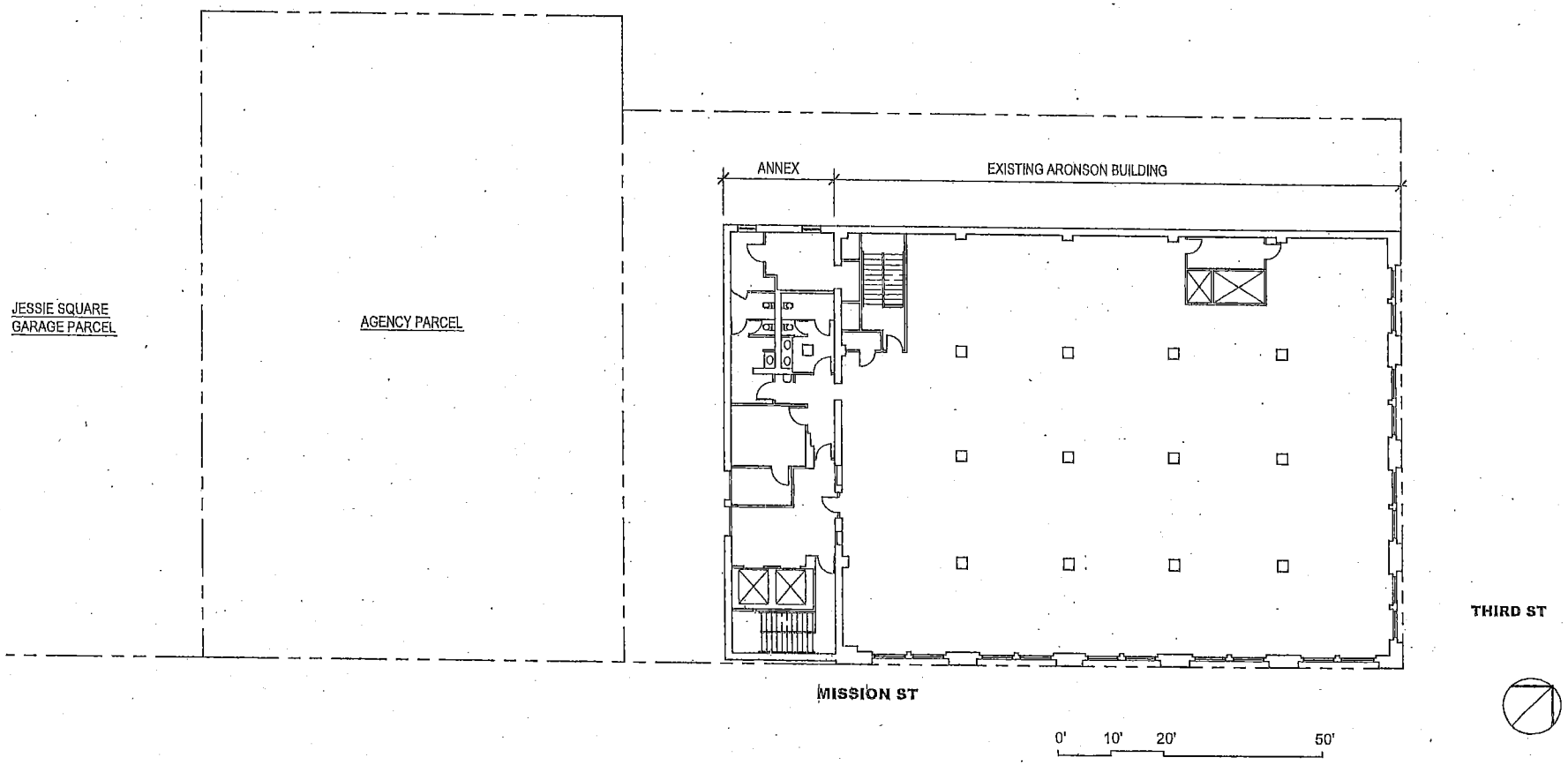
706 MISSION STREET - THE MEXICAN MUSEUM SEISMIC JOINT APPROACH CONCEPTUAL THIRD FLOOR DEMOLITION PLAN

0 10' 20' 40'

5331

PLANS

PLANS



5332

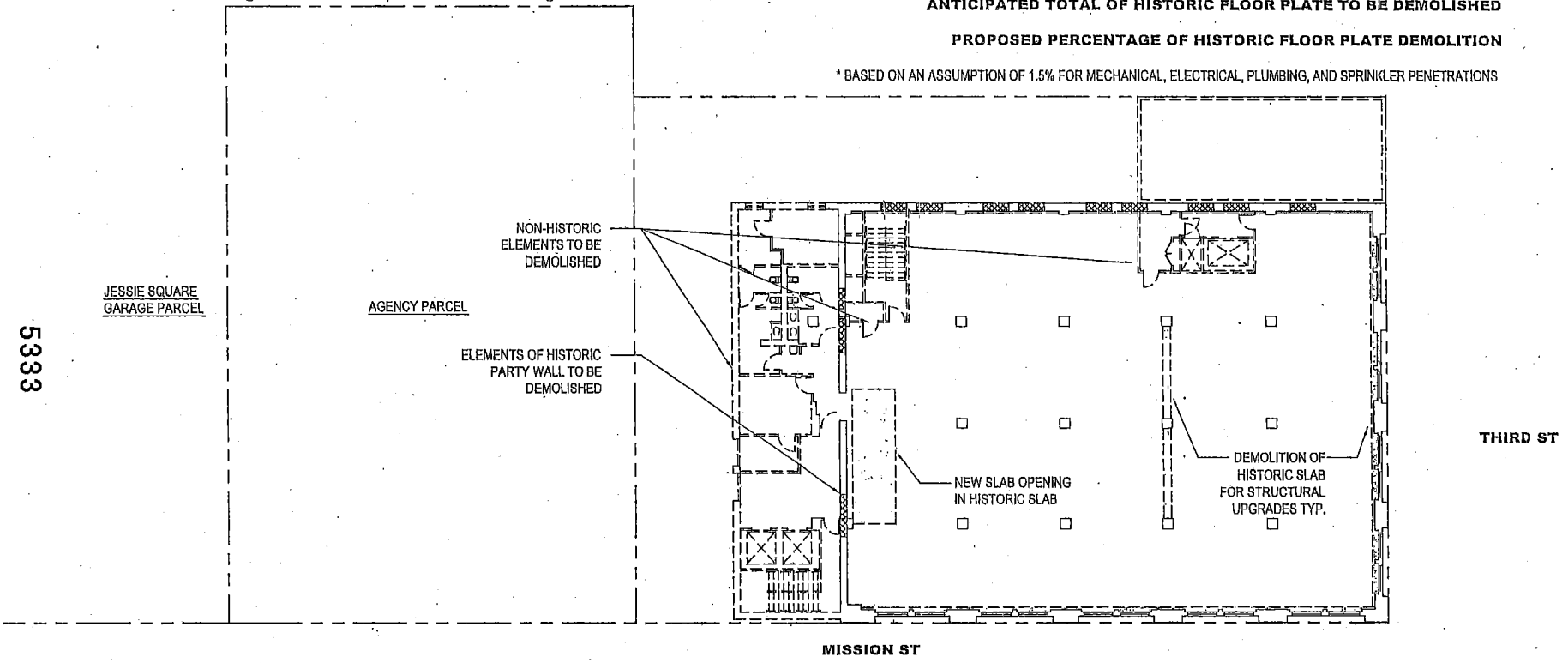
706 MISSION STREET - EXISTING 4TH TO 10TH PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 583 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 706 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 8%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5333

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

PLANS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL FOURTH FLOOR DEMOLITION PLAN

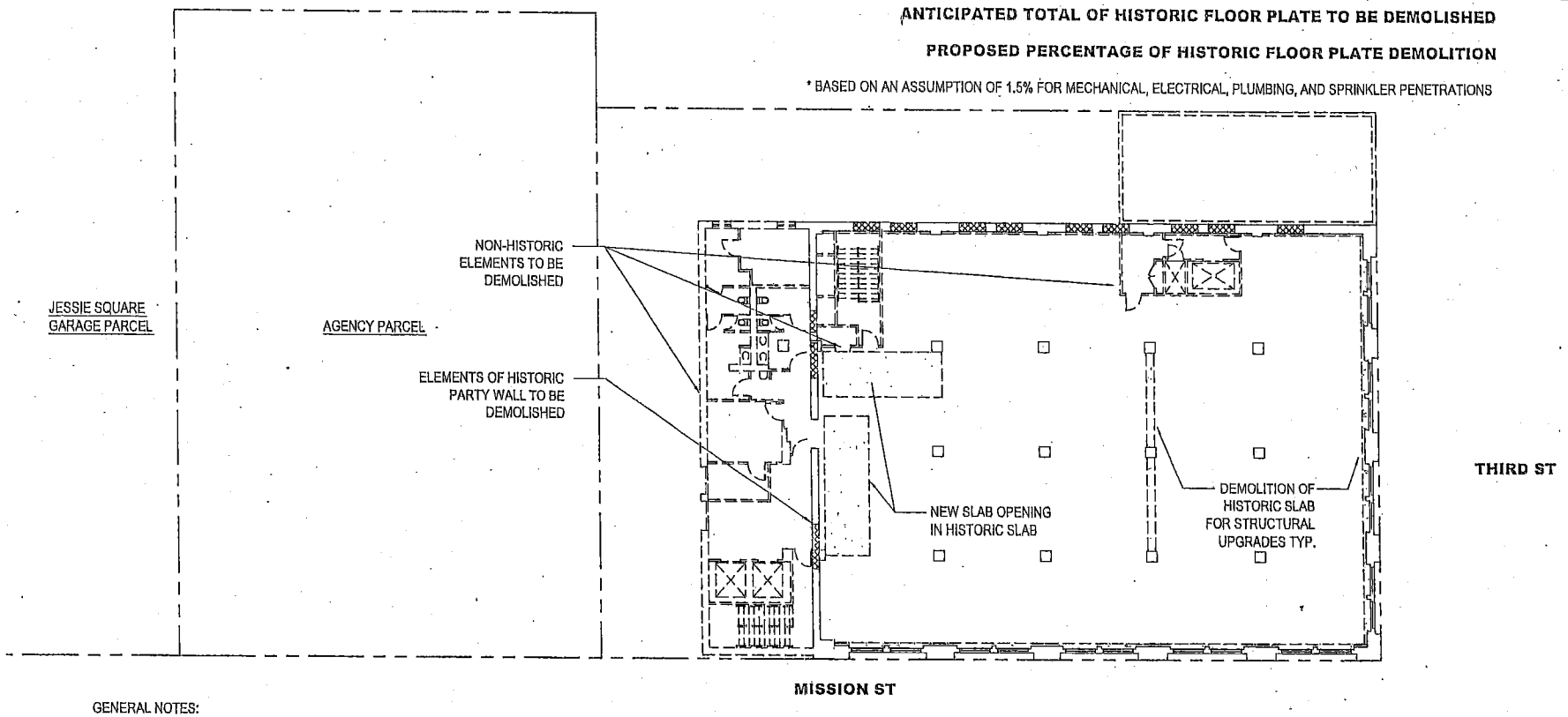
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 773 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 896 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC JOINT APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL FOURTH FLOOR DEMOLITION PLAN

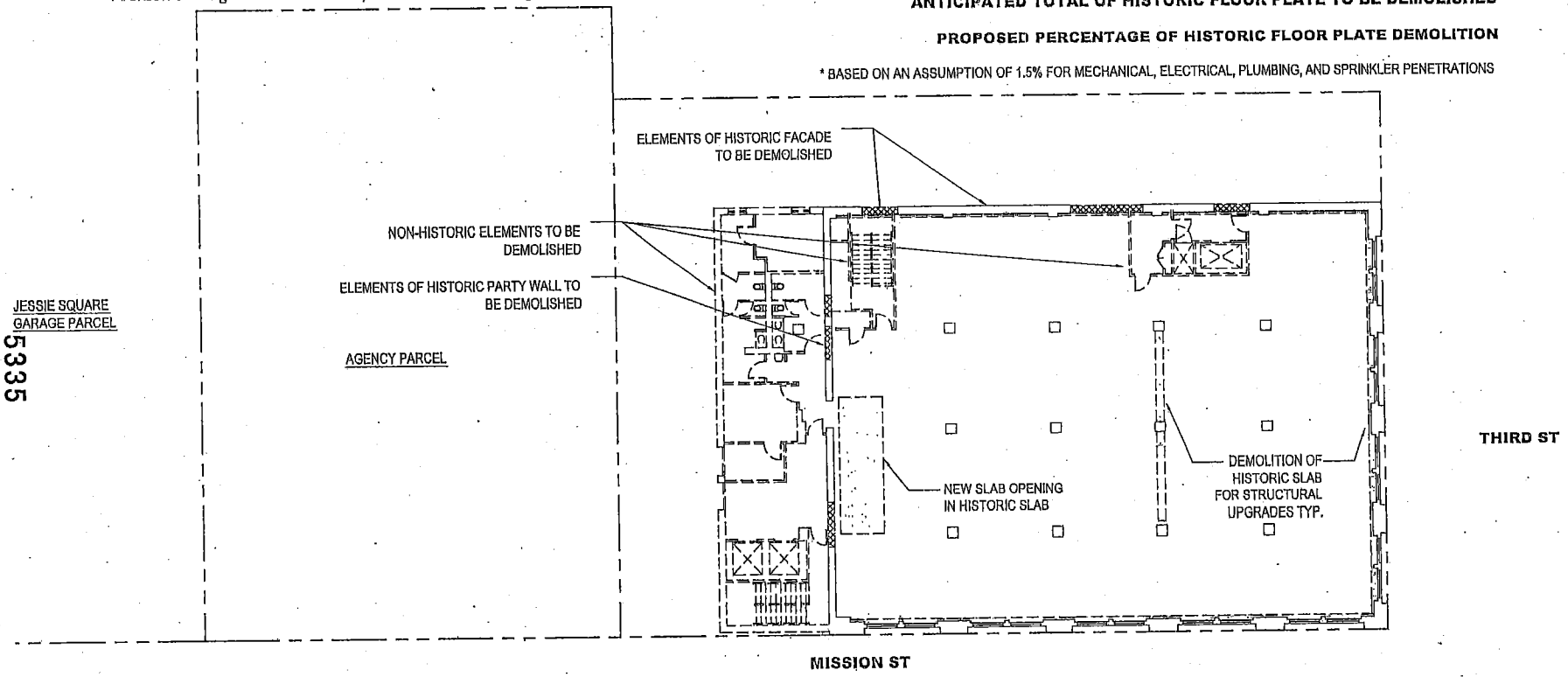
0 10' 20' 40'

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 549 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 672 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 8%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM

CONCEPTUAL 5TH - 10TH FLOOR DEMOLITION PLAN

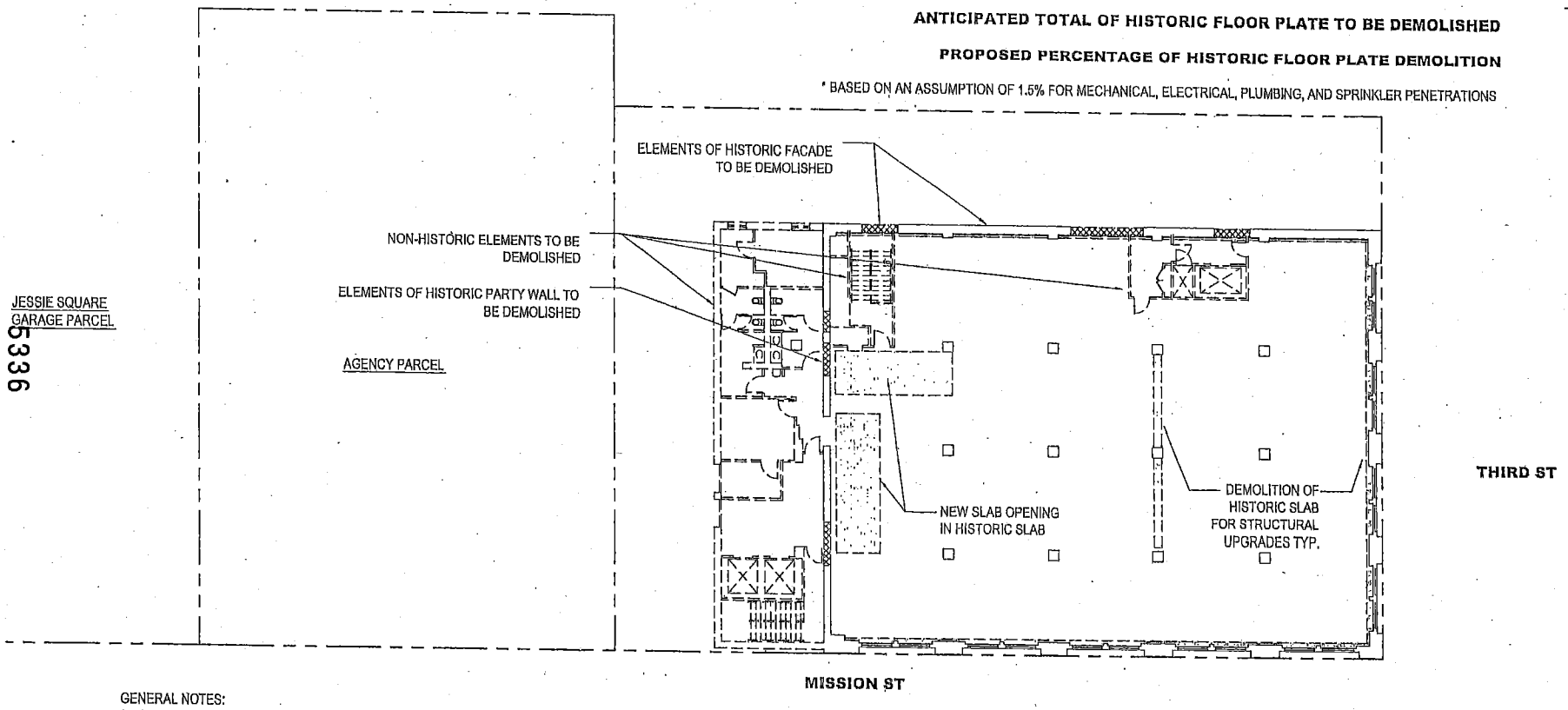
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 739 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 862 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



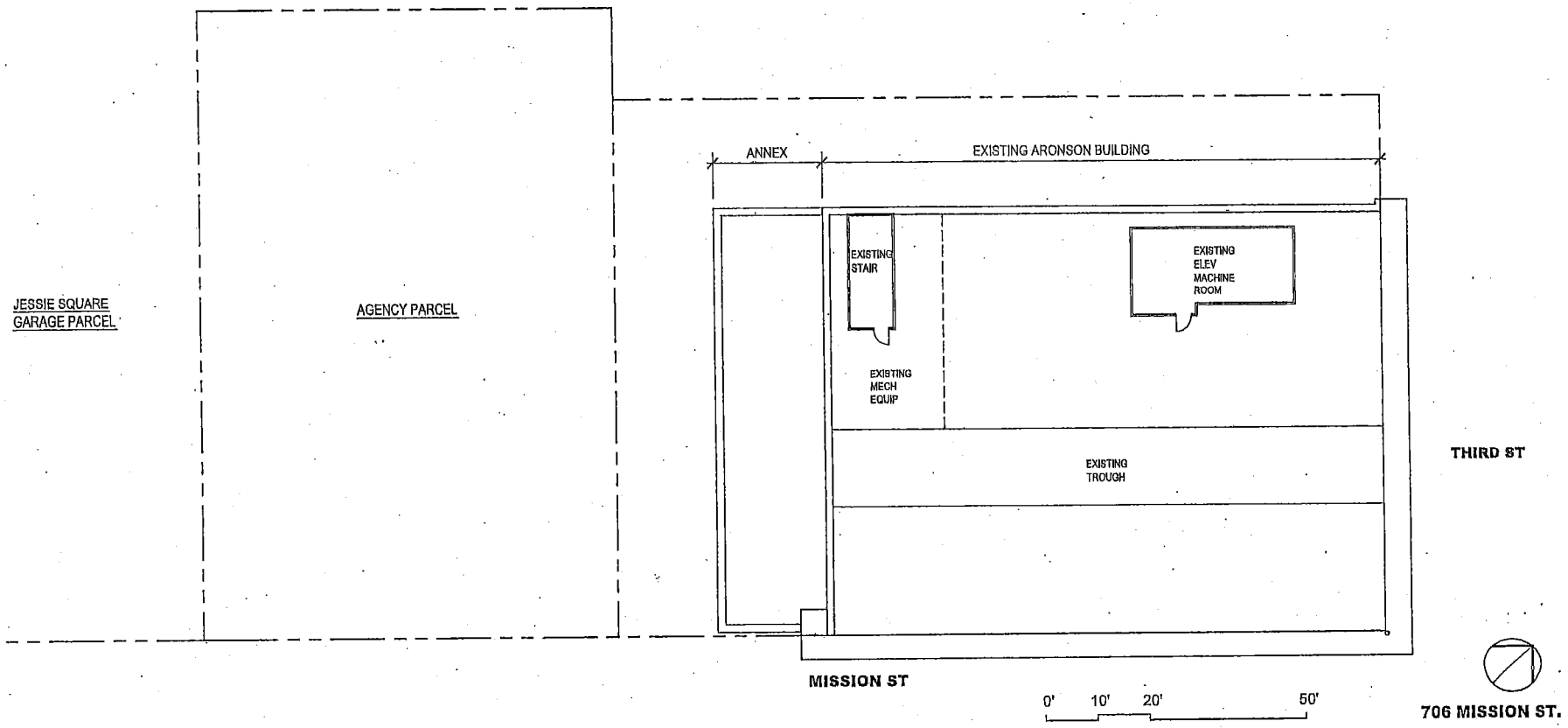
GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

PLANS

706 MISSION STREET - THE MEXICAN MUSEUM

SEISMIC JOINT APPROACH
CONCEPTUAL 5TH - 10TH FLOOR DEMOLITION PLAN

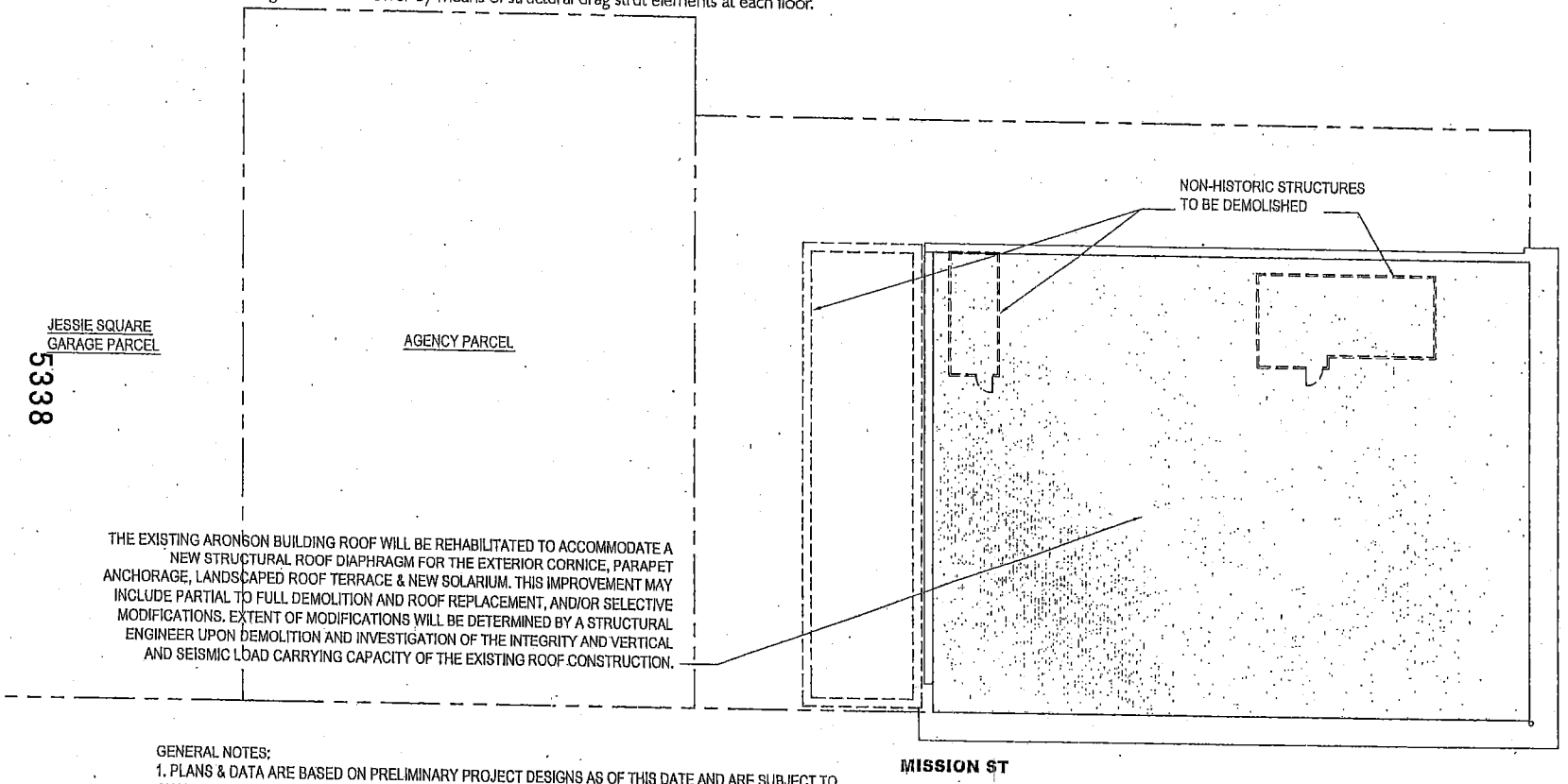
PLANS



706 MISSION STREET - EXISTING ROOF PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

706 MISSION STREET - THE MEXICAN MUSEUM

SEISMIC TIE APPROACH
CONCEPTUAL ROOF DEMOLITION PLAN

0 10' 20' 40'

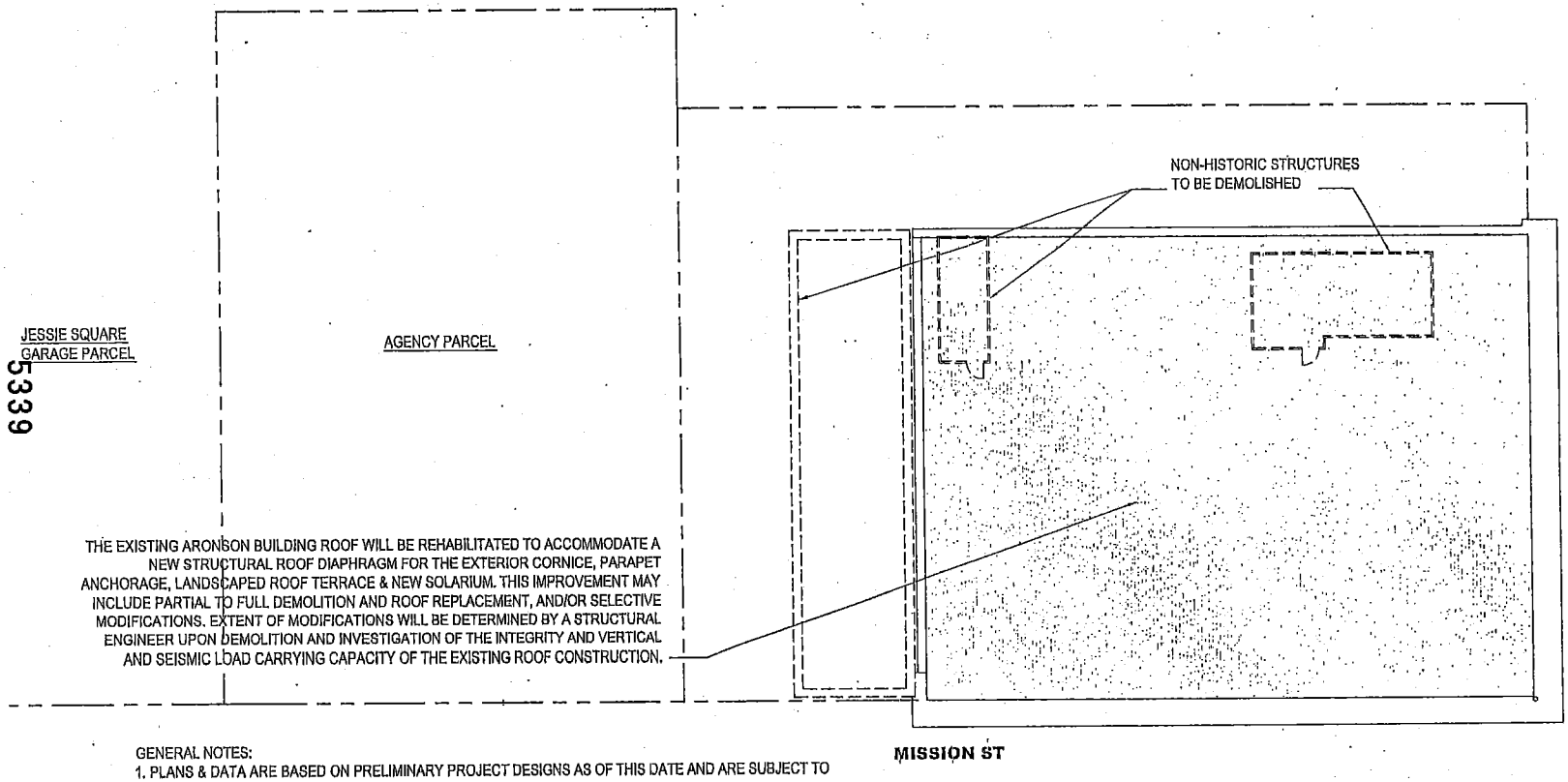
MARCH 2013

MILLENNIUM PARTNERS HANDEL ARCHITECTS PAGE & TURNBULL

PLANS

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

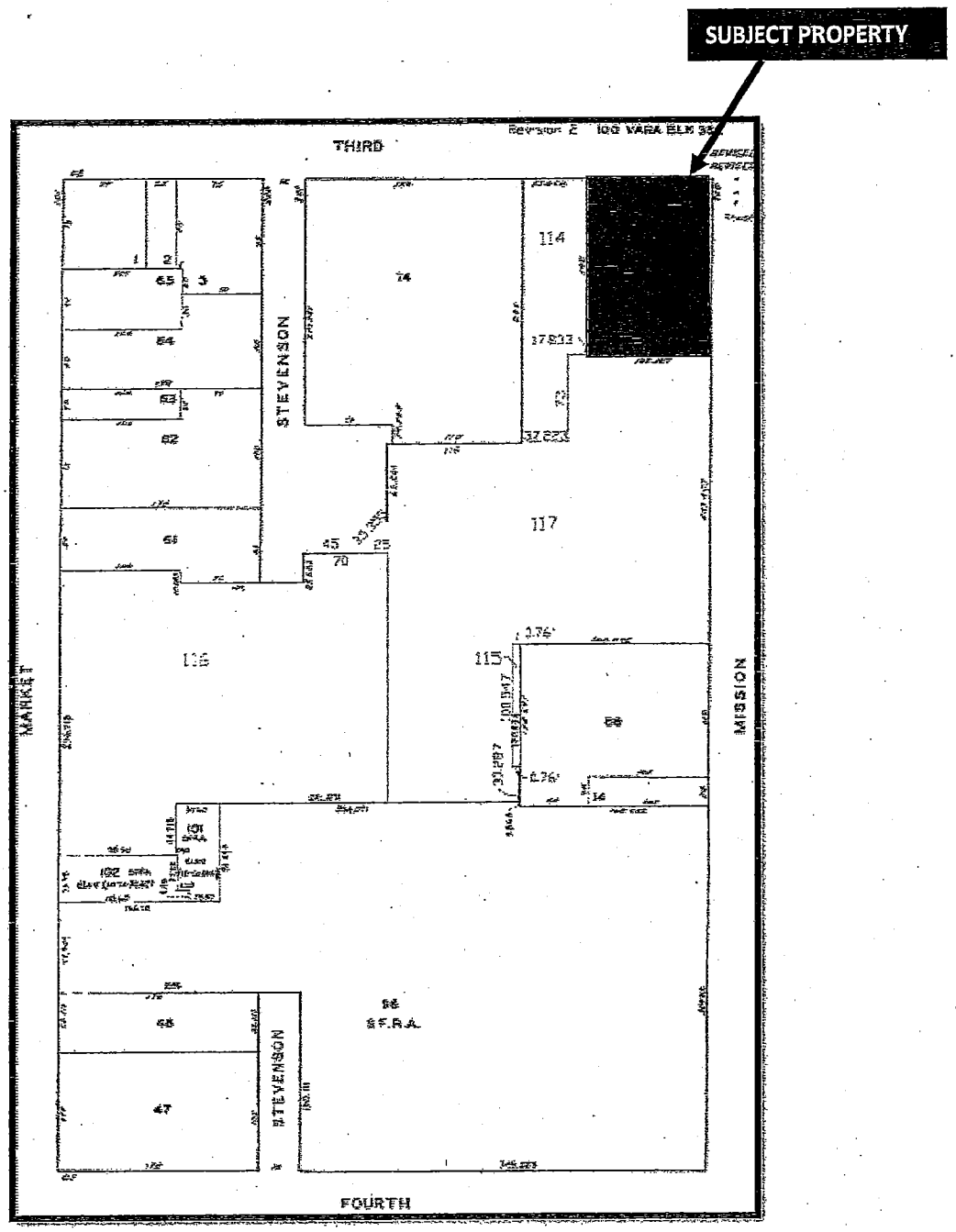
706 MISSION STREET - THE MEXICAN MUSEUM

SEISMIC JOINT APPROACH
CONCEPTUAL ROOF DEMOLITION PLAN

0 10' 20' 40'

EXHIBIT 7

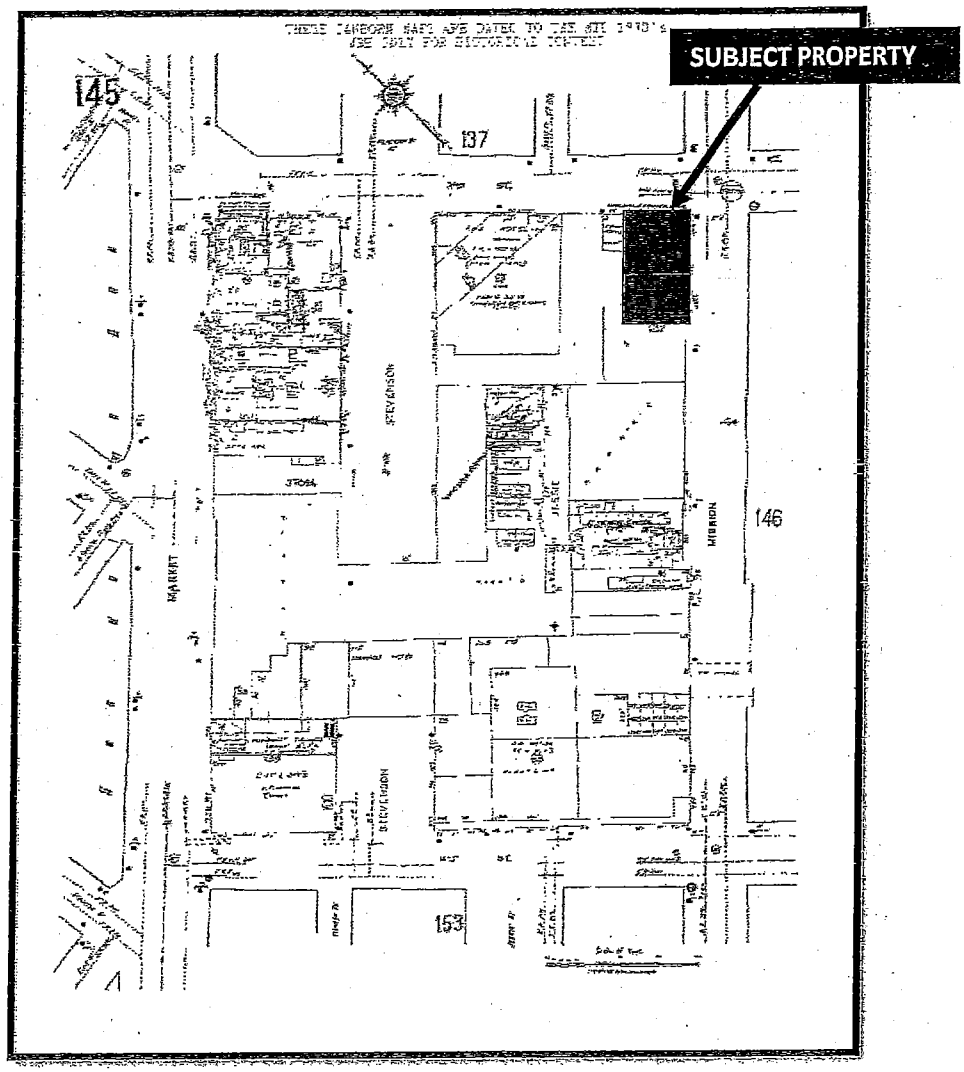
Parcel Map



SAN FRANCISCO
PLANNING DEPARTMENT

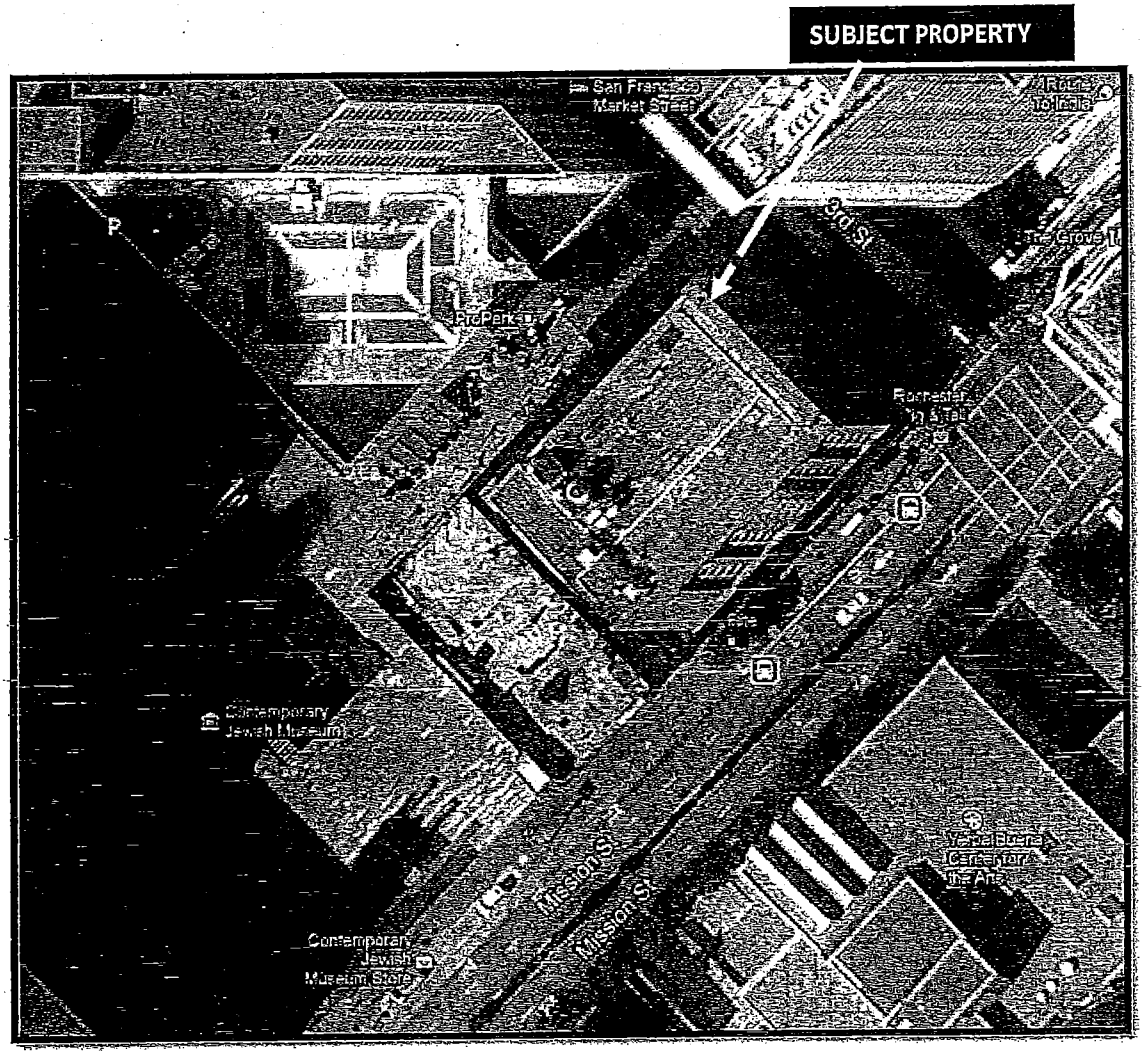
Major Permit to Alter
Case No. 2008.1084H
706 Mission Street

Sanborn Map*



*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.

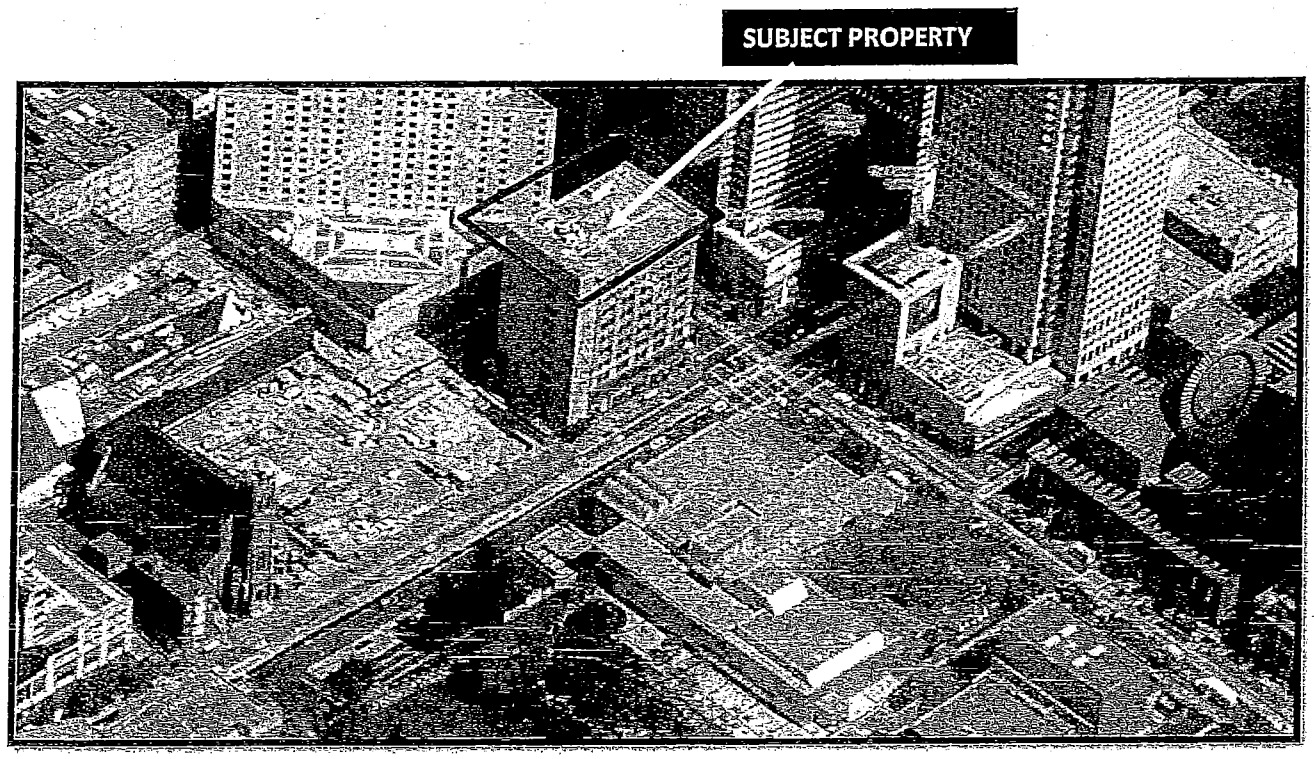
Aerial Map



SAN FRANCISCO
PLANNING DEPARTMENT

Major Permit to Alter
Case No. 2008.1084H
706 Mission Street

Bird's Eye View



SAN FRANCISCO
PLANNING DEPARTMENT

Major Permit to Alter
Case No. 2008.1084H
706 Mission Street

SAN FRANCISCO
PLANNING DEPARTMENT

Major Permit to Alter Appeal

706 Mission Street

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

DATE:	July 1, 2013
TO:	Angela Calvillo, Clerk of the Board of Supervisors
FROM:	Tim Frye, Preservation Coordinator - Planning Department (415) 575-6822 Lily Yegazu, Case Planner - Planning Department (415) 575-9076
RE:	File No. 130664, Planning Case No. 2008.1084H Appeal of the Historic Preservation Commission approval of a Major Permit to Alter for 706 Mission Street.
HEARING DATE:	July 9, 2013
ATTACHMENTS:	
	A. Historic Preservation Commission Motion No. 0197
	B. Appeal Letter (June 13, 2013)

APPLICANT:	Margo Bradish, Cox, Castle & Nicholson LLP, California Street, 10th Floor, San Francisco, CA 94104-1513
APPELLANT:	Thomas N. Lippe, Lippe Gaffney Wagner LLP, 329 Bryant St. Ste 30, San Francisco, CA 94107, on behalf of 765 Market Street Residential Owner's Association, Friends of Yerba Buena, Paul Sedway, Ron Worrick, Mathew Schoenberg, Joe Fang and Margaret Collins.

INTRODUCTION

This memorandum and the attached documents are a response to the letter of appeal to the Board of Supervisors (the "Board") regarding the Historic Preservation Commission's ("HPC") approval of a Major Permit to Alter under Article 11 of the Planning Code (Applications for Permits to Alter, Permits to Demolish, and Permits for New Construction in Conservation Districts).

This response addresses the appeal ("Appeal Letter") to the Board filed on June 13, 2013 by Thomas N. Lippe of Lippe Gafney Wagner LLP on behalf of 765 Market Street Residential Owner's Association, Friends of Yerba Buena, Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang and Margaret Collins. The Appeal Letter referenced the proposed project in Case No. 2008.1084H.

The decision before the Board is whether to uphold or overturn the HPC's approval of a Major Permit to Alter to allow the interior and exterior rehabilitation of the Aronson Building, designated as Category I (Significant) under Article 11 of the Planning Code, and related new construction partially located within the New Montgomery-Mission-Second Street (NMMS) Conservation District, also designated under Article 11.

SITE DESCRIPTION & PRESENT USE

706 MISSION STREET, historically known as the Aronson Building, is located on Assessor's Block 3706, Lot 093 at the intersection of Mission and Third Streets. The subject property is a Category I (Significant)

Building located within the NMMS Conservation District and the C-3-R (Downtown Retail) Zoning District with a 400-I Height and Bulk limit.

Portions of the project would also be located on the adjacent parcels (Assessor's Block 3706, Lot 275 and a portion of Lot 277). Lot 275 is improved with an existing vehicular access ramp that leads from Stevenson Street into the subterranean Jessie Square Garage. The portion of Lot 277 that is part of the project is located between the Aronson Building parcel and Jessie Square, fronting along Mission Street and includes the subterranean Jessie Square Garage, which is improved with the Jessie Square public plaza on the surface. The Project would reconfigure and utilize a portion of the Jessie Square garage. The Jessie Square plaza located on the surface of a portion of Lot 277 would not be changed by this Project, and is not considered part of the Project Site.

SURROUNDING PROPERTIES AND NEIGHBORHOOD

The Project Site is situated within the C-3-R Downtown Retail zoning district, and is within the former Yerba Buena Center Redevelopment Area, a context characterized by intense urban development and a diverse mix of uses. Numerous cultural institutions are clustered in the immediate vicinity, including SFMOMA, the Yerba Buena Center for the Arts, the Museum of the African Diaspora, the Contemporary Jewish Museum, the Cartoon Art Museum, the Children's Creativity Museum, and the California Historical Museum. Multiple hotels and high-rise residential and office buildings are also located in the vicinity, including the W Hotel, the St. Regis Hotel and Residences, the Four Seasons, the Palace Hotel, the Paramount Apartments, One Hawthorne Street, the Westin, the Marriott Marquis, and the Pacific Telephone building. Significant open spaces in the vicinity include Yerba Buena Gardens to the south and Jessie Square immediately to the west of the project site. The Moscone Convention Center facilities are located one block to the southwest, and the edge of the Union Square shopping district is situated two blocks northwest of the site. The Financial District is located in the blocks to the northeast and to the north. The western edge of the recently-adopted Transit Center District Plan area is located one-half block to the east at Annie Street.

PROJECT DESCRIPTION

The HPC approved a Major Permit to Alter under Article 11 of the Planning Code for the interior and exterior rehabilitation, as well as seismic upgrade of the Aronson Building and a related new construction of a 47-story, 550'-tall tower with up to 215 residential units and a museum (the future home of the Mexican Museum) adjacent to the Aronson Building and located partially within the NMMS Conservation District. The project would also reconfigure portions of the existing Jessie Square Garage to increase the number of parking spaces from 442 spaces to 470 spaces, add loading and service vehicle spaces, and would allocate up to 215 parking spaces within the garage to serve the proposed residential uses.

On May 20, 2013, after the HPC's approval of the Major Permit to Alter, and before the project was approved under Section 309 of the Planning Code by the Planning Commission, the Project Sponsor reduced the height of the proposed Project from 520 feet (with a 30-foot-tall elevator/mechanical penthouse) to 480 feet (with a 30-foot-tall elevator/mechanical penthouse), In association with the reduced height of the Project, the Project Sponsor revised the request for a Height Reclassification to

reclassify the Project site from the 400-I Height and Bulk District to the 480-I Height and Bulk District. On May 23, 2013, the Planning Commission approved this reduced size tower as part of its project approval actions. This reduced tower size is consistent with and does not alter the HPC's approval of the Major Permit to Alter.

As part of the project, the two existing non-historic 1978 additions will be removed and the Aronson Building will be integrated as part of the overall project. The new tower portion of the project will be adjacent to and physically connected to the existing Aronson Building with portions of the tower extending on to the Aronson Building parcel (Assessor's Block 3706, Lot 093). The Aronson Building will be restored and rehabilitated for possible residential or commercial, as well as retail and cultural use with a one-story rooftop solarium addition and roof garden/outdoor terrace.

BACKGROUND

On February 2, 2011, an earlier version of the project was reviewed by the Architectural Review Committee of the HPC.

On June 27, 2012, the Department published a Draft Environmental Impact Report (DEIR) for public review (Case No. 2008.1084E).

On July 18, 2012, the HPC held a public hearing and provided comments on the DEIR prepared for the Project.

On August 2, 2012, the Planning Commission held a public hearing and took public comments on the DEIR prepared for the Project.

On March 7, 2013, the Department published a Responses to Comments document, responding to comments made by the HPC, the Planning Commission, and members of the public, both in writing and before the Planning Commission, regarding the draft EIR prepared for the Project.

On March 21, 2013, the Planning Commission held a duly noticed public hearing and certified the Final EIR for the Project. The certification of the Environmental Impact Report (EIR) prepared for the Project was appealed and on May 7, 2013, the Board of Supervisors unanimously rejected the appeal and upheld the certification of the EIR.

On May 15, 2013, the HPC approved a Major Permit to Alter for the rehabilitation of the Aronson Building and new related construction, including adopting the CEQA findings and adoption of the Mitigation Monitoring and Reporting Program as condition of approval. The decision of the HPC was appealed on June 13, 2013.

On May 20, 2013, after the HPC's approval of the Major Permit to Alter, and before the project was approved under Section 309 of the Planning Code by the Planning Commission, the Project Sponsor reduced the height of the proposed Project from 520 feet (with a 30-foot-tall elevator/mechanical penthouse) to 480 feet (with a 30-foot-tall elevator/mechanical penthouse), In association with the

reduced height of the Project, the Project Sponsor revised the request for a Height Reclassification to reclassify the Project site from the 400-I Height and Bulk District to the 480-I Height and Bulk District.

On May 23, 2013, the Planning Commission and Recreation and Park Commission approve the proposed project, with the reduced size tower, as part of their project approval actions, which included approval under Planning Code sections 295 (shadow allocation) and 309 (permit approvals within the C-3 districts), as well as Planning Code text change (special use district) and Zoning Map amendments, among other approvals.

MAJOR PERMIT TO ALTER REQUIREMENTS

A Major Permit to Alter is required for any construction, alteration, removal, or demolition of a Significant or Contributory Building or a building within a Conservation District, for which a City permit is required. In appraising a proposal for a Major Permit to Alter, the HPC considers the factors of architectural style, design, arrangement, texture, materials, color, and other pertinent factors. Section 1111.6 of the Planning Code provide in relevant part as follows:

a. The proposed alteration shall be consistent with and appropriate for the effectuation of the purposes of this Article 11.

b. The proposed work shall be compatible with the historic structure in terms of design, materials, form, scale, and location. The proposed project will not detract from the site's architectural character. For all of the exterior and interior work proposed, reasonable efforts have been made to preserve, enhance or restore, and not to damage or destroy, the exterior architectural features of the subject property which contribute to its significance.

c. For Significant Buildings - Categories I and II, and for Contributory Buildings - Categories III and IV, proposed alterations of structural elements and exterior features shall be consistent with the architectural character of the building, and shall comply with the following specific requirements:

   1. The distinguishing original qualities or character of the building may not be damaged or destroyed. Any distinctive architectural feature which affects the overall appearance of the building shall not be removed or altered unless it is the only feasible means to protect the public safety.

   2. The integrity of distinctive stylistic features or examples of skilled craftsmanship that characterize a building shall be preserved.

   3. Distinctive architectural features which are to be retained pursuant to Paragraph (1) but which are deteriorated shall be repaired rather than replaced, whenever possible. In the event replacement is necessary, the new material shall match the material being replaced in composition, design, color, texture and other visual qualities. Repair or replacement of missing architectural features shall be based on accurate duplication of features, substantiated by historic, physical or pictorial evidence, if available, rather than on conjectural designs or the availability of different architectural elements from other buildings

or structures. Replacement of nonvisible structural elements need not match or duplicate the material being replaced.

4. Contemporary design of alterations is permitted, provided that such alterations do not destroy significant exterior architectural material and that such design is compatible with the size, scale, color, material and character of the building and its surroundings.

5. The degree to which distinctive features need be retained may be less when the alteration is to exterior elements not constituting a part of a principal facade or when it is an alteration of the ground-floor frontage in order to adapt the space for ground-floor uses.

6. In the case of Significant Buildings - Category I, any additions to height of the building (including addition of mechanical equipment) shall be limited to one story above the height of the existing roof, shall be compatible with the scale and character of the building, and shall in no event cover more than 75 percent of the roof area.

In addition, Section 1113 of the Planning Code provides for any new or replacement structure or for an addition to any existing structure in a Conservation District that such construction is compatible in scale and design with the District as set forth in Sections 6 (Features) and 7 (Standards and Guidelines for Review of New Construction and Alterations) of the Appendix that describes the District.

CEQA GUIDELINES

An Environmental Impact Report (EIR) and Mitigation Monitoring and Reporting Program (MMRP) have been prepared for the 706 Mission Street Project. The Final EIR was certified by the Planning Commission on March 21, 2013. An appeal of the Planning Commission decision was denied by the Board of Supervisors and the Certification of the Final EIR was upheld on May 7, 2013. The HPC considered the Final EIR before acting on the proposed project and adopted findings under the California Environmental Quality Act, including adopting the MMRP as conditions of approval of the proposed Major Permit to Alter.

APPELLANT ISSUES AND PLANNING DEPARTMENT RESPONSES

The following is a summary of the appellant's statements; the full text of the APPEAL LETTER is presented as Attachment B. The concerns raised in the Appeal Letter relate specifically to the HPC's approval of the Major Permit to Alter for the project and the project's consistency with Article 11 and the Secretary's Standards, the HPC's adoption of the CEQA findings, and the HPC's adoption of a Mitigation Monitoring and Reporting Program (MMRP) as a condition of approval of the Major Permit to Alter.

Based on the full record to date, including testimony and documentary evidence presented at the HPC public hearing and review of the appeal statements, there is ample evidence to approve the Major Permit to Alter application. As detailed more fully below and in the May 15, 2013 HPC case report, the Department continues to recommend approval of the application. The following discussion describes the proposed project, addresses the appellant's key arguments, and also summarizes the basis for the Department's determination.

Issue 1: The Appellant contends that the tower portion of the project violates Planning Code Article 11, specifically Section 1111.6(a) because the alteration is not consistent with and appropriate for the effectuation of the purposes of Article 11; Section 1111.6(b) because the work does not comply with the Secretary of the Interior's Standards for the Treatment of Historic properties and Rehabilitation; Section 1111.6(c)(6) because the Project will increase the height of the Aronson Building by more than one story and is not compatible in scale with the Aronson Building; and Section 1113(a) because the tower is not compatible in scale and design with the New Montgomery-Mission–Second Street (NMMS) Conservation District as set forth in Sections 6 and 7 of Appendix F.

Response 1: As fully detailed in the EIR and the HPC's case report, in addition to the proposed interior and exterior rehabilitation and seismic upgrade of the Aronson Building, the project involves the demolition of the non-historic 1978 additions on the west and north facades of the Aronson Building to allow for the construction of a 43-story tower west of, adjacent to, and physically connected to the existing 10-story Aronson Building. A portion of the adjacent tower would be located on what is currently the Aronson Building lot, within the footprint of the existing non-historic addition along the west facade and on adjacent vacant site area. New outdoor amenity open space and a solarium for residential use will also be added on the roof of the existing Aronson Building.

The tower portion of the project is not considered an addition to the height of the Aronson Building; instead, it is considered adjacent new construction that is partially located within the New Montgomery-Mission-Second Street Conservation District, as approximately 27% of the tower footprint will be located within the Conservation District.

At its May 15, 2013 hearing, the HPC found the overall project to be consistent with the criteria outlined in Article 11 and with the Secretary of the Interior's Standards and granted (Motion No. 0197) the Major Permit to Alter with conditions. Specifically the proposed solarium addition on the roof of the Aronson Building was found to meet the requirements of Section 1111.6(c)(6) of Article 11 in that it is limited to one-story in height and will occupy less than 75% of the roof area. The solarium was also found to be consistent with Secretary's Standard 9 which recommends that new additions be differentiated and be compatible with the historic property and its environment. The solarium would be setback from the south, east, and north facades of the Aronson Building to minimize its visibility from nearby streets. If visible at all from public areas, its design and materials would appear as a low, simple, and transparent rooftop structure. The HPC determined that this design was differentiated from, yet compatible with, the scale and character of the Aronson Building.

The tower portion of the project, designed to be consistent with Preservation Brief 14: "New Exterior Additions to Historic Buildings: Preservation Concerns" which calls for the design of additions to historic resources in dense urban locations to read as an entirely separate building, will be built adjacent to the original walls of the Aronson Building. As such, the proposed related new construction (tower portion) was found to be consistent with Standard 9, which calls for new additions, exterior alterations, or related new construction to not destroy historic materials, features, and spatial relationships that characterize the property. The construction of the tower adjacent to the Aronson Building will not result in the loss of any character-defining features. It will not remove or destroy historic materials that characterize the Aronson

Building since the proposed tower construction will be located on the previously altered west elevation where the 1978 additions will be removed. Additionally, consistent with the recommendation of Standard 9 that new additions be differentiated yet be compatible with the historic property, the design of the proposed tower is contemporary so as to be clearly differentiated from the Aronson Building. At the same time, the design of the tower addresses compatibility with the adjacent Aronson Building in terms of composition and massing, scale, materials and colors, and detailing and ornamentation as discussed in more detail below.

The HPC also found the proposed project to be consistent with Standard 10, which calls for new additions and adjacent or related new construction to be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property would remain unimpaired. The 1978 non-historic additions along the west and north façades will be removed, leaving the original form and massing of the Aronson Building intact and the space previously occupied by the 1978 non-historic additions will accommodate the proposed new tower. Accordingly, if the tower were to be removed in the future, the form and integrity of the Aronson Building would still remain unimpaired, and its original form and massing would continue to remain intact. The construction of the proposed tower adjacent to the Aronson Building will also provide seismic strengthening to the historic Aronson Building, without utilizing a more invasive approach and would limit the removal of any substantial amount of historic fabric in order to accommodate an internal bracing system for the Aronson Building.

Consistency with Article 11:

Article 11, Section 1113(a) of the Planning Code states that construction of new buildings or replacement structure or an addition to any existing structure in the Conservation District shall be compatible with the given Conservation District in composition and massing, scale, materials and colors, and detailing and ornamentation and that emphasis should be placed on compatibility with those buildings in the District area where the new construction will be located.

Massing and Composition

Appendix F of Article 11 identifies buildings within the NMMS Conservation District as generally built to the property line and occupying the entire parcel, square or rectangular in plan with their primary facades facing the street. Both horizontal and vertical orientations are common in this Conservation District, with the Aronson Building as well as another contributing building (Williams Building) nearest to the proposed tower having a vertical orientation. Most contributors to this Conservation District have either a two-part or three-part vertical composition and are often divided into bays, which establish a steady rhythm that helps break the facades into discrete segments. The masonry materials common within this Conservation District help express mass and weight.

Consistent with the massing and composition of buildings in the conservation district, the proposed tower is designed to be generally rectangular in plan with its primary façades facing Mission Street and Jessie Square. It has a vertical orientation, similar to the Aronson Building and the Williams Building. The proposed tower would also have stone as one of its primary cladding materials to help express weight and mass, which is a common feature in this Conservation District. The proposed tower displays a two-part composition with a clear base and shaft, with the shaft consisting of alternating planes of glass and

stone to further break up and articulate the façade. As such, the tower shares several common composition and massing features with buildings located in this Conservation District, making it compatible with this District, with regard to composition and massing.

Scale

As proposed, the tower would be located in a setting of a number of existing towers, including existing towers within this Conservation District. The Conservation District includes seven existing towers of heights up to 484 feet, two of which are located in the immediate vicinity of the proposed tower. Heights of contributing buildings within this Conservation District vary and range from the two-story Burdette Building (90 Second Street) to the 26-story Telephone and Telegraph Tower (140 New Montgomery Street). The adjacent Aronson Building and the Williams Building, nearest to the proposed tower are 10 and 8 stories in height, respectively. Additionally, there are several non-contributing high-rise towers located within this Conservation District, including the St. Regis Hotel & Residences (42 stories, 484 feet), which is located less than half a block down Mission Street from the project site, and the UC Berkeley Extension SOMA Center/Paramount Residences (43 stories, 420 feet), which is located directly across Third Street from the project site.

Although the proposed height of the tower is much more than the Aronson Building, the proposed location and articulation of the tower as a related but visually separate building from the Aronson Building maintains a context that is similar to many buildings of varying heights within the district and the immediate vicinity, thereby retaining the spatial relationships that characterize the property within this District. The massing and articulation of the proposed tower further differentiate it from the Aronson Building, allowing each building to maintain a related, but distinct, character and physical presence. Furthermore, as conditioned by the HPC, the proposed tower will include materials that are compatible and consistent with the Aronson Building. As such, the proposed tower will be compatible with the scale of the Conservation District and the variety of heights of contributing and non-contributing buildings within the Conservation District.

Materials and Color

The predominant building material used in the Conservation District is masonry including brick, terra cotta and stone with light or medium earth tones. Consistent with the prevailing material and finish tones used for contributing buildings in this District, the proposed tower will be clad in glass and stone material. In addition, as conditioned by the HPC at its May 15, 2013 meeting, the Project Sponsor will continue to work with Department Preservation staff on the design of the tower base in order to ensure compatibility with the adjacent Aronson Building, the New Montgomery-Mission-Second Street Conservation District and surrounding context.

Detailing and Ornamentations

Detailing and ornamentation on buildings within the Conservation District range from classical ornamentation in the commercial office buildings to minimal ornamentation on the warehouse buildings. The two contributors to the Conservation District near the proposed tower, the adjacent Aronson Building and Williams Building, are classical in ornamentation. The proposed tower is contemporary in design, however it responds to the Aronson Building through its compositional organization and

detailing. The tower's Mission Street entry is scaled to be a similar height as the Aronson Building's original entry on Mission Street. The vertical planes of the proposed tower also respond to the vertical organization and rhythm of the Aronson Building. As conditioned by the HPC, the design of the base of the tower will be further refined to be compatible with the organization of the Aronson Building and surrounding buildings to demonstrate a well-articulated base that is of pedestrian scale. As such, the tower as conditioned will be compatible with the predominant design features of contributing buildings in terms of detailing and ornamentation as well as materials and colors in this Conservation District.

Issue 2: The Appellant contends that the HPC did not proceed in the manner required by law in making CEQA Findings regarding historic resources which are not supported by substantial evidence in the record. In addition, the Appellant contends that the HPC did not proceed in the manner required by law in making and adopting CEQA Findings that further mitigation of the project's significant cumulative shadow impact on Union Square by reducing the height of the tower is infeasible and that it is not supported by substantial evidence in the record. Finally, the Appellant appears to contend that the EIR was deficient in its alternatives analysis and therefore the Commission did not proceed in the manner required by law in finding that no alternatives that reduced the tower height were feasible.

Response 2: The HPC fully complied with the requirements of CEQA, the CEQA Guidelines, and Chapter 31 of the Administrative Code in rendering its decision on the Major Permit to Alter for the work proposed on the Aronson Building and the related new construction. As noted above, the 706 Mission Street – The Mexican Museum and Residential Tower Project Final Environment Impact Report (FEIR) was certified by the Planning Commission on March 21, 2013, and upheld on appeal by this Board on May 7, 2013. In reviewing the Application, the HPC had available for its review and consideration case reports, plans, and other materials pertaining to the Project contained in the Department's case files, including the FEIR, and had reviewed and heard testimony and received materials from interested parties during the HPC hearing on the Draft EIR and also the hearing on the Major Permit to Alter for the Project.

In challenging the HPC's CEQA approval findings, the Appellant first challenges, not the HPC's rejection of alternatives or statement of overriding considerations (in which the HPC set forth its reasons for approving the project despite its contribution to a significant and unavoidable cumulative impact to shadow on public open space), but rather the impact determinations made in the EIR. (See Appeal Letter, issues numbered 6a-d.) But these impact statements are determinations made by the EIR based on analysis in the EIR, which was certified by the Planning Commission and upheld on appeal by this Board. These are not independent findings of the HPC, but rather conclusions reached by the EIR, on which the HPC relied. In certifying the EIR and upholding it on appeal, both the Planning Commission and this Board have already determined that these impact statements are supported by substantial evidence in the record. Thus, they are not appropriately raised here in this appeal of the HPC's approval of a Major Permit to Alter.

The Appellant next alleges that the HPC found that it was not feasible to mitigate the proposed project's contribution to a significant and unavoidable impact to cumulative shadow impacts to *Union Square* and that this finding was not supported by substantial evidence in the record. However, the HPC made no

such finding. Rather, the EIR identified a significant and unavoidable impact to cumulative shadow on outdoor recreation facilities and other public areas *generally*, not just to Union Square. The HPC found that it was not feasible to mitigate the project's cumulative shadow contribution to public open space, which includes Union Square as well as Jessie Square and public sidewalks, without a significant reduction in the tower height far beyond what was later proposed by the project sponsor. This finding was supported by substantial evidence in the record, including the Economic & Planning Systems, Inc.'s May 2013 Report on the Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower Project and Alternatives (the "EPS Report"), which was peer reviewed by the Successor Agency to the former Redevelopment Agency, and which was part of the record before the HPC.

Third, the Appellant appears to contend that the EIR should have analyzed an alternative to the project with a tower less than 520 feet but more than 351 feet in height, and that because it did not, the HPC's finding that the alternatives identified in the EIR were infeasible is not supported by substantial evidence in the record. But, this argument is again an attack on the EIR itself, specifically its alternatives analysis. The EIR was not required to analyze every possible alternative, but rather a reasonable range of potentially feasible alternatives. In upholding the appeal of the EIR's certification, this Board has already determined that the EIR's alternatives analysis did this and was accurate, adequate, and objective.
In rejecting the alternatives analyzed in the EIR and approving the project as proposed, the HPC was not required to reject every possible alternative as infeasible, but rather only the alternatives analyzed in the EIR. The HPC's findings were supported by substantial evidence in the record, including the EPS Report. Finally, the fact that the Planning Commission later approved a reduced height tower of 480 feet, which it determined was covered by the EIR, further supports the fact that the alternatives analysis provided an appropriate range of alternatives to allow City decision makers to make such project modifications to address the project's identified environmental impacts.

Issue 3: The Appellant contends that the EIR should be revised and recirculated because of the Planning and Recreation and Park Commissions' decision to adjust the shadow limit on Union Square to account for the reduction of shadow that resulted from the Macy's department store's project but was never added back to the shadow budget.

Response 3: The Planning and Recreation and Park Commission's actions under Planning Code Section 295 to revise the cumulative shadow limit on Union Square are not germane to the Major Permit to Alter and are not before this Board on appeal. More importantly, the Commissions' decision to adjust the shadow limit on Union Square is not relevant to the EIR and does not affect its adequacy or the assumptions made within the EIR. The shadow limit set by the Commissions under Planning Code Section 295 reflect a policy determination made by City decision makers regarding what is an appropriate level of shadow on Recreation and Park Department open space. The EIR did not examine how much shadow the project would cast on public open space relative to how much would be allowed under Section 295. Rather, the EIR compared the project's shadow impacts (and cumulative shadow contribution) to the existing on-the-ground, physical shadow on public parks and open space, including Union Square (i.e. the "baseline" conditions). The baseline conditions (meaning the actual shadow currently on Union Square and other public open space) are not changed by whether the reduction in shadow by the Macy's project is added back to the shadow limit numbers under Section 295. Thus, the

Commissions' actions to adjust and raise the shadow limit on Union Square do not change the EIR's analysis of shadow impacts.

Issue 4: The Appellant contends that the EIR: does not disclose that the HPC has permitting jurisdiction over the Project or that a Permit to Alter is a required Project approval; has not properly analyzed how the project conflicts with the San Francisco Planning Code and will result in significant impacts to historical resources; cumulative impact analysis impermissibly compares the project impacts to the already degraded setting; and employs an arbitrary standard of "views within the district" to determine that impacts to historical resources are not significant.

Response 4: Each of the Appellant's contentions here is an attack on the adequacy and accuracy of the EIR. As noted above, in certifying the EIR and upholding it on appeal, both the Planning Commission and this Board have already determined that the EIR is adequate, accurate, and objective and is supported by substantial evidence in the record. This Board has already addressed these issues, and they are not appropriately raised here in this appeal of the HPC's approval of a Major Permit to Alter. The following response is provided, however, for the Board's information.

The Draft EIR for the Project was published for public review and comment on June 27, 2012, prior to this Board's final approval of the NMMS Conservation District boundary expansion, inclusion of the Aronson Building lot in the Conservation District, and designation of the Aronson Building as Significant. As such, the Draft EIR does not include the Historic Preservation Commission's review of a Major Permit to Alter in the list of required approval (DEIR page II.71). However, contrary to the Appellant's statement, the EIR identifies both the Aronson Building and the (at the time proposed) NMMS Conservation District as historic resources under CEQA. The EIR noted that both the Aronson building and the NMMS were proposed for local designation. The fact that the EIR did not identify that approval of a Permit to Alter would be required for the proposed project once local designation became final does not render the document inadequate, especially here, where the EIR treated both resources as historic resources under CEQA and analyzed impacts to them accordingly.

The Appellant contends that the EIR "has not properly analyzed how the project conflicts with the San Francisco Planning Code and will result in significant impacts to historical resources." It is not clear what the Appellant means by this statement and he provides no evidence in support of this contention. The HPC determined that the proposed project was consistent with the requirements of Article 11 and approved the Major Permit to Alter, finding that the proposed project was consistent with Article 11 and the Secretary of the Interior's Standards for the Treatment of Historic Properties. Please see Response 1, above, for more information regarding the HPC's determination.

Next, the Appellant contends that the EIR's cumulative impact analysis impermissibly compares the project impacts to the already degraded setting. Again, it is not clear what the Appellant means by this statement and he provides no evidence in its support. While the visual setting of the Aronson Building and the NMMS Conservation District would be altered with development of the proposed new tower, the juxtaposition of low-scale historic buildings viewed against a backdrop of contemporary high-rise towers is already an existing characteristic of this district. This existing characteristic may be the "degraded

setting" to which the Appellant refers. Regardless, the EIR properly compared the impacts of the project, including any impacts related to historic resources, to the existing baseline conditions. This Board agreed with the EIR's analysis and conclusions when it upheld the EIR on appeal.

Finally, the Appellant contends that the EIR employs an arbitrary standard of "views within the district" to determine that impacts to historical resources are not significant. Again, it is not clear what the Appellant means by this statement and he provides no evidence in its support. It is true that the proposed project would not block any views of the Aronson Building within the NMMS Conservation District and that the Aronson Building would continue to relate to the historic architectural character of the early 20th century commercial building diagonally across the intersection (the Williams Building) and those historic buildings along Mission Street within the NMMS Conservation District. This analysis supported both the EIR's conclusion that the proposed project would not have a significant adverse impact on historic resources and the HPC's approval of the Major Permit to Alter. Again, this Board agreed with the EIR's analysis and conclusions when it upheld the EIR on appeal, and these issues are not properly raised here in this appeal of the HPC's approval of a Major Permit to Alter.

Finally, as discussed above, the proposed project includes exterior rehabilitation and demolition of non-historic annexes that would enhance the Aronson Building's historic architectural character and thereby strengthen its significance and its contribution to the NMMS conservation district. For these reasons, the EIR properly concluded that the proposed project would have a less-than-significant effect to historic resources, and the HPC, in approving the Major Permit to Alter, concluded that the proposed project would not result in a substantial adverse change in the significance of either the Aronson Building or the NMMS Conservation District.

CONCLUSION

For the reasons stated above, the Planning Department recommends that the Board uphold the HPC's decision in approving the Major Permit to Alter for the interior and exterior rehabilitation of the Aronson Building and related new construction.

LY: G:\Documents\PTA\706 Mission St\Appeal\Offical Documents\706_Mission St_Appeal Case Report.docx

SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Historic Preservation Commission
Motion No. 0197
Permit to Alter
MAJOR ALTERATION
HEARING DATE: MAY 15, 2013

Filing Date:	October 24, 2012
Case No.:	2008.1084H
Project Address:	706 Mission Street
Conservation District:	New Montgomery-Mission-Second Conservation District
Category:	Category I (Significant) – Aronson Building
Zoning:	C-3-R (Downtown Retail) 400-I Height and Bulk District
Block/Lot:	3706/093
Applicant:	Margo Bradish Cox Castle & Nicholson LLP 555 California Street, 10th Floor San Francisco, CA 94104
Staff Contact	Lily Yegazu - (415) 575-9076 lily.yegazu@sfgov.org
Reviewed By	Tim Frye - (415) 557-6822 tim.frye@sfgov.org

ADOPTING FINDINGS, INCLUDING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, FOR A PERMIT TO ALTER FOR PROPOSED WORK DETERMINED TO BE APPROPRIATE FOR AND CONSISTENT WITH THE PURPOSES OF ARTICLE 11, TO MEET THE STANDARDS OF ARTICLE 11 AND TO MEET THE SECRETARY OF INTERIOR'S STANDARDS FOR REHABILITATION, FOR THE PROPERTY LOCATED AT 706 MISSION STREET (ASSESSOR'S BLOCK 3706, LOTS 093, 275, AND PORTIONS OF LOT 277), WITHIN THE C-3-R (DOWNTOWN OFFICE) DISTRICT AND THE 400-I HEIGHT AND BULK DISTRICT.

PREAMBLE

WHEREAS, on October 24, 2012, Margo Bradish, Cox Castle & Nicholson LLP on behalf of the property owner, 706 Mission Street Co LLC, a Delaware limited liability company ("Applicant") filed an application with the San Francisco Planning Department ("Department") for a Permit to Alter for an interior and exterior rehabilitation, as well as seismic upgrade of the Aronson Building and new related construction of a 47-story, 550'-tall tower with up to 215 residential units and a museum (the future home of The Mexican Museum) adjacent to the Aronson Building and located partially within the new

Montgomery-Mission-Second Street Conservation District. The project would also reconfigure portions of the existing Jessie Square Garage to increase the number of parking spaces from 442 spaces to 470 spaces, add loading and service vehicle spaces, and would allocate up to 215 parking spaces within the garage to serve the proposed residential uses.

On June 27, 2012, the Department published a draft Environmental Impact Report (EIR) for public review. The draft EIR was available for public comment until August 13, 2012. On August 2, 2012, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the draft EIR. On March 7, 2013, the Department published a Comments and Responses document, responding to comments made regarding the draft EIR prepared for the Project. The DEIR, together with the Responses to Comments constitute the Final EIR.

On March 21, 2013, the Planning Commission, by Motion No. 18829, certified the Final EIR, finding that the contents of said report and the procedures through which the Final EIR was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"), 14 California Code of Regulations Sections 15000 et seq. ("the CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code ("Chapter 31").

The certification of the FEIR was appealed to the Board of Supervisors. On May 7, 2013, the Board of Supervisors rejected the appeal and affirmed the certification of the FEIR.

The Planning Department is the custodian of records, located in the File for Case No. 2008.1084E, at 1650 Mission Street, Fourth Floor, San Francisco, California.

Department staff prepared a Mitigation Monitoring and Reporting Program ("MMRP"), which material was made available to the public and this Commission for this Commission's review, consideration and action. The mitigation measures described in the Final EIR are set forth in their entirety in the MMRP attached to this Motion as Exhibit 2.

WHEREAS, on May 15, 2013, the Historic Preservation Commission conducted a duly noticed public hearing on the Permit to Alter project, Case No. 2008.1084H ("Project") to consider its compliance with the Secretary of the Interior's Standards and Article 11 of the Planning Code.

WHEREAS, in reviewing the Application, the Historic Preservation Commission has had available for its review and consideration case reports, plans, and other materials pertaining to the Project contained in the Department's case files, including the FEIR, has reviewed and heard testimony and received materials from interested parties during the public hearing on the Project.

MOVED, that the Historic Preservation Commission hereby adopts findings under the California Environmental Quality Act, Public Resources Code §§21000 *et seq.* (CEQA), the CEQA Guidelines, 14 Cal. Code. Regs. §§15000 *et seq.*, and Chapter 31 of the San Francisco Administrative Code, including a statement of overriding considerations (attached hereto as Exhibit 1); adopts the MMRP for the proposed project (attached hereto as Exhibit 2); and grants the Permit to Alter, in conformance with the architectural plans labeled Exhibit H on file in the docket for Case No. 2008.1084H and the listed conditions based on the following findings:

CONDITIONS OF APPROVAL

Storefront

(1) Construction details of the proposed storefront and entrance doors that indicate all exterior profiles and dimensions shall be based on historic photograph documentation and shall be subject to review and approval by Department Preservation Staff prior to the approval of the architectural addendum.

(2) All storefront finishes shall have a non-metallic powder coated or painted finish. All color and finish samples for storefronts shall be submitted to Department Preservation Staff for review and approval as part of the architectural addendum.

Entryway

(3) The final design incorporating any historic fabric if discovered and, including shop drawings for the new contemporary arched opening proposed along the Mission Street façade shall be based on photographic or physical evidence and shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(4) All exterior materials and finish samples shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of site permit or architectural addendum.

Canopy

(5) Final design, including finish and materials to match proposed storefronts, and shop drawings for the attachment details of the canopies at the Third Street entry and north façade shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the architectural addendum.

(6) Attachment details of the proposed canopies indicating that the canopies will be attached in a manner that will avoid damage to the historic fabric shall be submitted for review and approval by Department Preservation Staff prior to approval of the architectural addendum.

Signage

(7) The sign program for the Aronson Building, including lighting proposed, shall be submitted for review and approval by staff under a new (Minor) Permit to Alter at a later date.

Existing Windows

(8) The replacement windows for the non-historic windows on the Third and Mission Street elevations shall be wood windows that closely match the configuration, material, and all exterior profiles and dimensions of the historic windows based on historic photographic evidence.

Exterior Repairs

(9) Documentation indicating the results of a thorough façade inspection shall be submitted for review and approval by Department Preservation Staff. The façade inspection document shall clearly identify the extent of damage and the parts that will be repaired, replaced in kind or those that are damaged beyond repair, requiring replacement with substitute materials.

Colusa Sandstone

(10) Cleaning of the Colusa sandstone shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings. The coating or paint type, color, and layering on the Colusa sandstone shall be researched before attempting its removal. Analysis of the nature of any unsound materials or paint to be removed from the sandstone shall be submitted to Department Preservation Staff for review and approval. In addition, initial testing shall be done on a small obscure location on the façade. All existing coatings shall be removed from the sandstone by gentlest means possible. A mock-up of proposed coating shall be conducted prior to selection of a product to ensure that coating shall not alter the natural finish, color or texture of the stone.

Terra Cotta

(11) Cleaning of the terra cotta shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning. In addition, cleaning of the terra cotta shall proceed with the gentlest means, which may require several mock-ups prior to selection of the proper techniques as determined by a qualified preservation architect.

Architectural Cast Iron

(12) All proposed replacement of missing elements within the architectural features shall be in kind. Only in instances where entire features are missing (e.g. scroll capitals along Third Street) shall be replaced with substitute material after review and approval by Department Preservation Staff.

Exterior Paint

(13) Prior to application of the exterior paint finish on the cast iron, a paint analysis shall be performed on representative samples after proper cleaning of the existing materials for review and approval by Department Preservation Staff.

Sheet Metal

(14) Substitute materials shall not be used to repair the existing cornice or replace missing cornice details and instead shall be replaced in-kind.

Substitute Materials

(15) A mock-up of any replacement material proposed shall be reviewed and approved by Department Preservation Staff prior to installation.

(16) Specifications and shop drawings for all replacement of the exterior materials on the Aronson Building shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(17) The replacement material shall closely match the characteristics of the historic material. The shop drawings for any replacement material proposed shall be included in the architectural addendum and are subject to review and approval by Department Preservation Staff to ensure that the replacement features, if applicable, closely match all exterior profiles, dimensions, and detailing

of the historic features as well as match the color, tone, and texture from a representative range of cleaned samples from the building

(18) Prior to the production of the building features proposed to be replaced with substitute materials and the approval of the architectural addendum, Department Preservation Staff shall review site mock-ups of the replacement materials, including a mock-up of all exterior finish.

New Window Openings

(19) The frames and finishes of the new windows proposed on the upper floors of the north façade shall match those proposed for the storefronts along the Third and Mission Street facades as well as the storefronts on the north façade.

Rooftop Addition

(20) Final design, including details and finish material samples of the proposed solarium and glass railing/windscreen on the roof shall be reviewed and approved by Department Preservation Staff.

Tower Height and Massing

(21) Any reduction of the overall height and massing of the proposed tower adjacent to the Aronson Building shall be reviewed and approved by Department Preservation staff provided that all other conditions of approval outlined in this motion are met.

(22) The Project Sponsor shall continue to work with Department Preservation staff on the design of the tower base in order to ensure compatibility with the adjacent Aronson Building, the New Montgomery-Mission-Second Street Conservation District and surrounding context. Specifically, the materials, finishes, character and massing of the base of the tower shall be further refined to be of pedestrian scale. This final design of the tower base shall return to the Architectural Review Committee of the Historic Preservation Commission for review and comment to confirm that these issues have been addressed prior to approval of the architectural addendum.

FINDINGS

Having reviewed all the materials identified in the recitals above and having heard oral testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and also constitute findings of the Commission.

2. Findings pursuant to Article 11:

The Historic Preservation Commission has determined that the proposed work is compatible with the exterior character-defining features of the subject building and meets the requirements of Article 11 of the Planning Code:

- That the proposed additions and alterations respect the character-defining features of the subject building;
- That the architectural character of the subject building will be maintained and those features that affect the building's overall appearance that are removed or repaired shall be done so in-kind;
- All architectural elements and cladding will repaired where possible in order to retain as much historic fabric

as possible;

- That the proposal calls for retaining sound historic materials and replacing in-kind or with salvaged materials when necessary;
- That the integrity of distinctive stylistic features and examples of skilled craftsmanship that characterize the Aronson Building will be preserved;
- That the new addition on the rooftop will have a contemporary design that is compatible with the size, scale, color, material, and character of the Aronson Building and surroundings, and will not destroy significant features of the building;
- That the new addition on the rooftop will be minimally visible from the public right-of-way as it will be one-story in height over the roof level, setback approximately 23' setback from the Third Street façade and 27' setback from the Mission Street façade, and cover less than 75% of the roof area;
- That the installation of the proposed new elements, such as the rooftop solarium, railings on the rooftop, windows on the north elevation, and storefronts on the two primary elevations, the north (secondary) elevation as well as the proposed adjacent tower, will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired;
- That the proposed work will not cause the removal, alteration, or obstruction of any character-defining features of the Aronson Building. The portions of the wall proposed to be removed for the creation of window openings on the north elevation will not remove more than 30% of the wall area, will not remove any distinctive materials or significantly alter the historic character of the Aronson Building. In addition, all structural, mechanical, electrical, plumbing installations will be designed in a manner which does not affect any character-defining features of the buildings and will occur in areas that are not visible from the street;
- That the proposed alterations and related adjacent construction will be carefully differentiated from the existing historic Aronson Building and will be compatible with the character of the property and district, including the proposed glass railings/windscreens, windows and doors, storefronts, rooftop addition and adjacent tower;
- That any chemical or physical treatments will be undertaken using the gentlest means possible and under the supervision of a historic architect or conservator;
- That Mitigation Measure M-NO-2c: Vibration Monitoring and Management Plan, of the *Mitigation Monitoring and Reporting Program for the 706 Mission Street – Mexican Museum Project Environmental Impact Report* pertaining to the potential for direct physical damage to the Aronson Building resulting from vibration during construction of the proposed project tower will ensure the protection of the Aronson Building.
- That the proposed project meets the following *Secretary of the Interior's Standards for Rehabilitation*:

  Standard 1:
  A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

  The *project will retain commercial uses, or introduce new uses that will be compatible with the Aronson Building. With the exception of the Aronson Building structural system and window frames at upper floors, there are no character-defining features on the interior. The window frames and the structural system will be retained and the new interior layout and features, including partition walls, stairs and other*

major building elements will be designed in a manner that will not obscure the fenestration of the rehabilitated Third and Mission Street facades. Therefore, the proposed alteration of the interior to accommodate the new use will not impact historic fabric or features that characterize the Aronson Building.

Standard 2:
The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.

The existing Aronson Building will be maintained and protected prior to and during construction to prevent deterioration and/or damage, and ensure preservation of historic fabric. In addition, the proposed exterior alterations to the Aronson Building such as the new windows, storefront systems, and canopy on the north elevation occur on secondary elevations. Furthermore, the proposed one-story solarium addition on the rooftop will be substantially setback from the edges of the Aronson Building (23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) and will be minimally visible from the street. The proposed glass rail/windscreen along the primary facades will not be visible from the streets given its 3' 6" height and 1' 6" setback from the parapet wall. As conditioned, the 10' high portion of the glass railing/windscreen along the north façade will be setback at least 5' from the parapet wall, ensuring minimal visibility from across Third Street. The proposed new tower construction will also be located on a tertiary, previously altered elevation and will not result in the loss of any historic materials or features.

Standard 3:
Each property will be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

The introduction of new storefronts and windows on the primary elevations are based on photographic documentation on the primary elevations is compatible with the adjoining historic fabric and are consistent with the original design of the Aronson Building in terms of proportions, profiles and configurations. The new punched windows on the north elevation will be clearly differentiated but compatible with the character of the Aronson Building. As conditioned, the replacement windows on the primary facades will be wood framed single light windows and as such will be compatible with the existing Aronson Building as they are based on physical and photographic documentation.

Standard 4:
Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

There are no identified changes to the Aronson Building that have acquired historic significance in their own right. Other existing incompatible and non-historic 1978 additions on the north and west elevations, and storefront infill will be removed as part of the proposed rehabilitation.

Standard 5:
Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.

The proposed project will retain and restore all distinctive materials, features, and finishes as well as construction techniques and examples of craftsmanship. Specifically the proposed project will rehabilitate all of the character-defining features of the Aronson Building, such as the exterior cladding in buff-colored glazed brick, the terra cotta and sandstone ornament, including sandstone entablatures and piers, brick pilasters, capitals, frieze, spandrel panels and window sills, cast iron pilasters between ground-floor storefronts, galvanized sheet metal cornice with paired scrolled brackets and block modillions historic entrance locations on Third and Mission Street facades, as well as the wood flagpole on the roof . The original Aronson Building entrance including the bronze door frame and arched transom frame at the Third Street entrance will be retained, cleaned and rehabilitated. As part of the proposed project, any extant material associated with the Mission Street historic entryway exposed during demolition will be retained, cleaned and rehabilitated. As conditioned, Department Preservation Staff will review and approve the final design, including materials and details for a new compatible contemporary arched opening that will be built at the original location with new metal portal surround, side lights and new glass entry double doors, matching those proposed for the Third Street façade, if no historic entryway is found after demolition.

Standard 6:
Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

The proposed project will retain and restore all distinctive materials, features, and finishes, as well as construction techniques and examples of craftsmanship that characterize the Aronson Building. The project also proposes to replace elements deteriorated beyond repair or missing elements in kind. If the material is no longer available, it will be replaced using a substitute material that matches the profile and configuration of the original based on physical or photographic documentation and following the practice outlined in Preservation Brief 16 - Use of Substitute Materials on Historic Building Exteriors. As conditioned, site mock-up of any substitute material used will be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of architectural addendum.

Standard 7:
Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

The project will comply with Rehabilitation Standard 7, in such that the project will adhere to the recommendations in the HSR and as conditioned, will following the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning; cleaning of terra cotta proceed with the gentlest means,

which may require several mock-ups prior to selection of the proper techniques and that the treatment approaches for the various historic materials be determined by a qualified preservation architect.

Standard 8:
Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

Mitigation measures are identified in the EIR and incorporated in the Mitigation Monitoring and Reporting Program, which require archaeological monitoring during construction of the adjacent tower to ensure that the project will not result in a significant impact to archaeological resources.

Standard 9:
New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.

The proposed additions, exterior alterations and related new construction will not destroy historic materials, features and spatial relationship that characterizes the Aronson Building in that most of the related new construction is proposed on secondary facades. The one-story solarium will be added on the rooftop and will be substantially setback form the primary facades of the Aronson Building (23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) minimizing the perceived mass and visibility of the addition from the public right-of-way. The canopy, new storefront system and new window openings along the north façade are also additions located on secondary elevations and are designed in a manner to be compatible with and not destroy historic materials, features, and spatial relationships that characterize the Aronson Building. In addition, the proposed tower construction will be located on the previously altered west elevation that has no ornamental detail or historic fenestration. The new storefronts on the primary facades will be designed to closely match the historic storefronts in proportion, profiles and configuration based on physical and photographic evidence. As conditioned, the replacement windows on upper floors of the primary facades will consist of wood window frames with profiles, configuration, color and operation that will closely match the historic windows based on physical and photographic evidence to ensure compatibility with the character of the Aronson Building.

All new work will be clearly differentiated from the old yet be compatible with the historic materials, features, size, proportion, and massing. Specifically the proposed storefronts, new canopies, new windows on the north façade, and solarium on the roof top will be clearly differentiated through the use of contemporary detailing and materials. In addition, the adjacent tower will be differentiated in its modern, contemporary design vocabulary, yet be compatible with the Aronson Building and the New Montgomery-Mission-Second Street Conservation District as fully described in the attached memorandum (Exhibit L) prepared by Page & Turnbull and dated May 3, 2013, the proposed tower is compatible with the Conservation District. Specifically, the lower levels of the tower would align with their counterparts in the Aronson Building, creating a relationship between the two structures that would be expressed on the exterior of the proposed tower. Furthermore, the tower is designed consistent with Preservation Brief 14:

"New Exterior Additions to Historic Buildings: Preservation Concerns" which calls for the design of additions to historic resources in dense urban locations to read as an entirely separate building.

Although the proposed height of the tower is much taller than the Aronson Building, the proposed location and articulation of the tower as a related but visually separate building from the Aronson Building maintains a context that is similar to many buildings of varying heights within the district and the immediate vicinity thereby retaining the spatial relationships that characterize the property within the District. The proposed massing and articulation of the tower further differentiate it from the Aronson Building, allowing each to maintain a related but distinct character and physical presence. Furthermore, as conditioned, the proposed tower design will be revised including finishes and materials that are compatible and consistent with the Aronson Building as well as the surrounding District.

Standard 10:
New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment will not be impaired.

The proposed new tower construction and alterations to the Aronson Building will not remove significant historic fabric, and have been designed to be unobtrusive to the architectural character of the Aronson Building and District in conformance with Secretary's Standards. While unlikely, if removed in the future, the proposed alterations at the roof, the primary and secondary facades, and the new adjacent tower, would not have an impact on the physical integrity or significance of the Aronson Building or the District in conformance with Standard 10 of the Secretary's Standards.

General Plan Compliance. The proposed Permit to Alter is, on balance, consistent with the following Objectives and Policies of the General Plan:

I. URBAN DESIGN ELEMENT
THE URBAN DESIGN ELEMENT CONCERNS THE PHYSICAL CHARACTER AND ORDER OF THE CITY, AND THE RELATIONSHIP BETWEEN PEOPLE AND THEIR ENVIRONMENT

GOALS
The Urban Design Element is concerned both with development and with preservation. It is a concerted effort to recognize the positive attributes of the city; to enhance and conserve those attributes, and to improve the living environment where it is less than satisfactory. The Plan is a definition of quality, a definition based upon human needs.

OBJECTIVE 1
EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

POLICY 1.3
Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

OBJECTIVE 2
CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST,

AND FREEDOM FROM OVERCROWDING.

POLICY 2.4
Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

POLICY 2.5
Use care in remodeling of older buildings, in order to enhance rather than weaken the original character of such buildings.

POLICY 2.7
Recognize and protect outstanding and unique areas that contribute in an extraordinary degree to San Francisco's visual form and character.

The goal of a Permit to Alter is to provide additional oversight for buildings and districts that are architecturally or culturally significant to the City in order to protect the qualities that are associated with that significance.

The proposed project qualifies for a Permit to Alter and therefore furthers these policies and objectives by maintaining and preserving the character-defining features of the subject building for the future enjoyment and education of San Francisco residents and visitors.

3. The proposed project is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed project will not have any impact on neighborhood serving retail uses.

B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed project will strengthen neighborhood character by respecting the character-defining features of the historic building in conformance with the Secretary of the Interior's Standards.

C) The City's supply of affordable housing will be preserved and enhanced:

The project will not reduce the affordable housing supply.

D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed project will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking. It will provide sufficient off-street parking for the proposed uses.

E) A diverse economic base will be maintained by protecting our industrial and service sectors from

displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposal will retain its existing commercial use to contribute to the diverse economic base of downtown.

F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

Preparedness against injury and loss of life in an earthquake is improved by the proposed work. The work will eliminate unsafe conditions at the site and all construction will be executed in compliance with all applicable construction and safety measures.

G) That landmark and historic buildings will be preserved:

The proposed project is in conformance with Article 11 of the Planning Code and the Secretary of the Interior's Standards.

H) Parks and open space and their access to sunlight and vistas will be protected from development:

The proposed project will not unduly impact the access to sunlight or vistas for the parks and open space.

4. For these reasons, the proposal overall, appears to meet the Secretary of the Interior's Standards for Rehabilitation and the provisions of Article 11 of the Planning Code regarding Major Alterations to Category I (Significant) buildings.

5. California Environmental Quality Act Findings. This Commission hereby incorporates by reference as though fully set forth and adopts the CEQA findings attached hereto as Exhibit 1.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **ADOPTS the MMRP (attached as Exhibit 2) and GRANTS a Permit to Alter** for the property located at Assessor's Block 3706, Lot 093 for proposed work in conformance with the renderings and architectural plans labeled Exhibit A on file in the docket for Case No. 2008.1084H.

APPEAL AND EFFECTIVE DATE OF MOTION: The Commission's decision on a Permit to Alter shall be final unless appealed within thirty (30) days. Any appeal shall be made to the Board of Appeals, unless the proposed project requires Board of Supervisors approval or is appealed to the Board of Supervisors as a conditional use, in which case any appeal shall be made to the Board of Supervisors (see Charter Section 4.135).

THIS IS NOT A PERMIT TO COMMENCE ANY WORK OR CHANGE OF OCCUPANCY UNLESS NO BUILDING PERMIT IS REQUIRED. PERMITS FROM THE DEPARTMENT OF BUILDING INSPECTION (and any other appropriate agencies) MUST BE SECURED BEFORE WORK IS STARTED OR OCCUPANCY IS CHANGED.

I hereby certify that the Historical Preservation Commission ADOPTED the foregoing Motion on

May 15, 2013.

Jonas P. Ionin

Acting Commission Secretary

AYES: Hyland, Johnck, Johns, Matsuda, Pearlman, Wolfram, Hasz

NAYS:

ABSENT:

ADOPTED: May 15, 2013

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO • 329 Bryant St., Ste. 3D, San Francisco, CA 94107 • T 415.777.5600 • F 415.777.9809
SACRAMENTO • 9333 Sparks Way, Sacramento, CA 95827 • T 916.361.3887 • F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

June 13, 2013

Board President David Chiu and Members of the Board of Supervisors
c/o Ms. Angela Calvillo
Clerk of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: **Notice of Appeal of May 15, 2013 Historic Preservation Commission Article 11 Determination; Motion No. 0197.**

Dear President Chiu and Supervisors:

This office represents the 765 Market Street Residential Owner's Association ("ROA"), Friends of Yerba Buena ("FYB"), Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Appellants"), regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project"). Appellants hereby give notice of their appeal of the Historic Preservation Commission's ("Commission") Motion No. 0197, approved on or about May 15, 2013. A copy of the said Motion is attached hereto as **Exhibit 1**. Further documentation in support of this appeal will follow prior to the Board hearing.

Under the terms of Motion No. 0197, Planning Code section 1115, and City Charter section 4.135, this appeal of the Commission's decision on the Permit to Alter shall be appealed to the Board of Supervisors ("Board") because the Permit requires Board approval (i.e., in the form of the proposed Special Use District and zoning map amendment to increase the maximum building height).

Appellants appeal: (1) the Commission's approval of a Major Permit to Alter for the Project; (2) the Commission's California Environmental Quality Act Findings, including its Statement of Overriding Considerations; (3) the Commission's adoption of a Mitigation Monitoring and Reporting Program ("MMRP").

The grounds for this appeal include:

1. The Project tower violates Planning Code Article 11, section 1111.6(c)(6) because the Project will increase the height of the Aronson Building by more than one story.

2. The Project tower violates Planning Code Article 11, section 1111.6(c)(6) because the Project tower is not compatible in scale with the Aronson Building.

3. The Project tower violates Planning Code Article 11, section 1113(a) because the tower is not compatible in scale and design with the New Montgomery-Mission-Second ("NMMS") Conservation District. as set forth in Sections 6 and 7 of Appendix F.

4. The Project tower violates Planning Code Article 11, section 1111.6(a) because the alteration is not consistent with and appropriate for the effectuation of the purposes of this Article 11.

5. The Project tower violates Planning Code Article 11, section 1111.6(b) because the work does not comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties and Rehabilitation.

6. The Commission adopted the following CEQA Findings regarding historic resources:

a. The proposed rehabilitation, repair, and reuse of the Aronson Building under the proposed project would not cause a substantial adverse change in the significance of the Aronson Building as a historical resource under CEQA. (Impact CP-5).

b. The proposed project tower would not cause a substantial adverse change in the significance of the Aronson Building historical resource. (Impact CP-6).

c. The proposed project tower would not cause a substantial adverse change in the significance of nearby historical resources (Impact CP-7).

d. The proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant impact on historic architectural resources (Impact CP-2).

The Commission did not proceed in the manner required by law in making these findings and they are not supported by substantial evidence in the record.

7. The Commission also adopted a CEQA Findings, in Section IV of Exhibit 1, that further mitigation of the Project's significant cumulative shadow impact on Union Square by reducing the height of the tower, is infeasible, The Commission did not proceed in the manner required by law in making this findings and it is are not supported by substantial evidence in the record.

The Project EIR does not analyze any mitigation measure or alternative that calls for a tower lower than 520 feet but higher than 351 feet that would "substantially lessen" the impact, even if it would not entirely avoid the impact. Further, the applicant's analysis of the financial feasibility of Project alternatives (i.e., the May 8, 2013 report by Economic and Planning Systems) does not

examine the financial feasibility of any such mitigation measure. The EPS report does show, however, that there are feasible alternative tower heights lower than 520 feet. Therefore, the Commission cannot make the finding required by CEQA that there are no feasible mitigation measures that would "substantially lessen" this impact.

Perhaps in recognition of this fact, the applicant changed the Project by lowering the tower to 480/510 feet. But this does not solve the legal problem, because there are still tower heights below 480/510 feet that are financially feasible that would lessen the shadow impact on Union Square.

At a minimum, the EIR needs to be revised and recirculated to explain these matters in more detail, and in a manner that allows the public to meaningfully participate in the discussion. To date, the public has been systematically excluded from participating in the discussion of feasible mitigation measures that would substantially lessen this impact.

Also, just before the May 23, 2013, Planning Commission and Recreation and Park Commission hearing on this matter, the Planning Department recommended to these Commissions that the amount of sunlight "added back" to Union Square Park by the Macy's remodel be included in the increase in the Absolute Cumulative Shadow Limit being adopted for Union Square to accommodate this Project. So just like that, a very real environmental resource was erased, and without any discussion of doing so in the EIR or a revised and recirculated EIR. This last minute change altered the Project Description, the baseline for assessing the Project's shadow impacts on Union Square, and the severity of this impact. Therefore, CEQA requires that the City revise and recirculate the EIR before any agency of the City, including the HPC, makes the CEQA Findings required by Public Resources Code section 21081.

8. The EIR does not disclose that the Historic Preservation Commission has permitting jurisdiction over the Project, nor disclose that a Permit to Alter is a required Project approval.

9. The EIR has not properly analyzed how the project conflicts with the San Francisco Planning Code and will result in significant impacts to historical resources.

10. The EIR's cumulative impact analysis impermissibly compares the Project impacts to the already degraded setting.

11. The EIR employs an arbitrary standard of "views within the district" to determine that impacts to historical resources are not significant.

Thank you for your attention to this matter.

Very Truly Yours,

Tom Lippe

Thomas N. Lippe

L:\706 Mission\Administrative Proceedings\LGW Docs\BOS HPC Art 11 Appeal\LGW 021d 061413 Notice of HPC Appeal to BOS.wpd

SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Historic Preservation Commission
Motion No. 0197
Permit to Alter
MAJOR ALTERATION

HEARING DATE: MAY 15, 2013

Filing Date:	October 24, 2012
Case No.:	2008.1084H
Project Address:	706 Mission Street
Conservation District:	New Montgomery-Mission-Second Conservation District
Category:	Category I (Significant) – Aronson Building
Zoning:	C-3-R (Downtown Retail) 400-I Height and Bulk District
Block/Lot:	*3706/093*
Applicant:	Margo Bradish Cox Castle & Nicholson LLP 555 California Street, 10th Floor San Francisco, CA 94104
Staff Contact	Lily Yegazu - (415) 575-9076 lily.yegazu@sfgov.org
Reviewed By	Tim Frye - (415) 557-6822 tim.frye@sfgov.org

ADOPTING FINDINGS, INCLUDING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, FOR A PERMIT TO ALTER FOR PROPOSED WORK DETERMINED TO BE APPROPRIATE FOR AND CONSISTENT WITH THE PURPOSES OF ARTICLE 11, TO MEET THE STANDARDS OF ARTICLE 11 AND TO MEET THE SECRETARY OF INTERIOR'S STANDARDS FOR REHABILITATION, FOR THE PROPERTY LOCATED AT 706 MISSION STREET (ASSESSOR'S BLOCK 3706, LOTS 093, 275, AND PORTIONS OF LOT 277), WITHIN THE C-3-R (DOWNTOWN OFFICE) DISTRICT AND THE 400-I HEIGHT AND BULK DISTRICT.

PREAMBLE

WHEREAS, on October 24, 2012, Margo Bradish, Cox Castle & Nicholson LLP on behalf of the property owner, 706 Mission Street Co LLC, a Delaware limited liability company ("Applicant") filed an application with the San Francisco Planning Department ("Department") for a Permit to Alter for an interior and exterior rehabilitation, as well as seismic upgrade of the Aronson Building and new related construction of a 47-story, 550'-tall tower with up to 215 residential units and a museum (the future home of The Mexican Museum) adjacent to the Aronson Building and located partially within the new

Montgomery-Mission-Second Street Conservation District. The project would also reconfigure portions of the existing Jessie Square Garage to increase the number of parking spaces from 442 spaces to 470 spaces, add loading and service vehicle spaces, and would allocate up to 215 parking spaces within the garage to serve the proposed residential uses.

On June 27, 2012, the Department published a draft Environmental Impact Report (EIR) for public review. The draft EIR was available for public comment until August 13, 2012. On August 2, 2012, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the draft EIR. On March 7, 2013, the Department published a Comments and Responses document, responding to comments made regarding the draft EIR prepared for the Project. The DEIR, together with the Responses to Comments constitute the Final EIR.

On March 21, 2013, the Planning Commission, by Motion No. 18829, certified the Final EIR, finding that the contents of said report and the procedures through which the Final EIR was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"), 14 California Code of Regulations Sections 15000 et seq. ("the CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code ("Chapter 31").

The certification of the FEIR was appealed to the Board of Supervisors. On May 7, 2013, the Board of Supervisors rejected the appeal and affirmed the certification of the FEIR.

The Planning Department is the custodian of records, located in the File for Case No. 2008.1084E, at 1650 Mission Street, Fourth Floor, San Francisco, California.

Department staff prepared a Mitigation Monitoring and Reporting Program ("MMRP"), which material was made available to the public and this Commission for this Commission's review, consideration and action. The mitigation measures described in the Final EIR are set forth in their entirety in the MMRP attached to this Motion as Exhibit 2.

WHEREAS, on May 15, 2013, the Historic Preservation Commission conducted a duly noticed public hearing on the Permit to Alter project, Case No. 2008.1084H ("Project") to consider its compliance with the Secretary of the Interior's Standards and Article 11 of the Planning Code.

WHEREAS, in reviewing the Application, the Historic Preservation Commission has had available for its review and consideration case reports, plans, and other materials pertaining to the Project contained in the Department's case files, including the FEIR, has reviewed and heard testimony and received materials from interested parties during the public hearing on the Project.

MOVED, that the Historic Preservation Commission hereby adopts findings under the California Environmental Quality Act, Public Resources Code §§21000 *et seq.* (CEQA), the CEQA Guidelines, 14 Cal. Code. Regs. §§15000 *et seq.*, and Chapter 31 of the San Francisco Administrative Code, including a statement of overriding considerations (attached hereto as Exhibit 1); adopts the MMRP for the proposed project (attached hereto as Exhibit 2); and grants the Permit to Alter, in conformance with the architectural plans labeled Exhibit H on file in the docket for Case No. 2008.1084H and the listed conditions based on the following findings:

CONDITIONS OF APPROVAL

Storefront

(1) Construction details of the proposed storefront and entrance doors that indicate all exterior profiles and dimensions shall be based on historic photograph documentation and shall be subject to review and approval by Department Preservation Staff prior to the approval of the architectural addendum.

(2) All storefront finishes shall have a non-metallic powder coated or painted finish. All color and finish samples for storefronts shall be submitted to Department Preservation Staff for review and approval as part of the architectural addendum.

Entryway

(3) The final design incorporating any historic fabric if discovered and, including shop drawings for the new contemporary arched opening proposed along the Mission Street façade shall be based on photographic or physical evidence and shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(4) All exterior materials and finish samples shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of site permit or architectural addendum.

Canopy

(5) Final design, including finish and materials to match proposed storefronts, and shop drawings for the attachment details of the canopies at the Third Street entry and north façade shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the architectural addendum.

(6) Attachment details of the proposed canopies indicating that the canopies will be attached in a manner that will avoid damage to the historic fabric shall be submitted for review and approval by Department Preservation Staff prior to approval of the architectural addendum.

Signage

(7) The sign program for the Aronson Building, including lighting proposed, shall be submitted for review and approval by staff under a new (Minor) Permit to Alter at a later date.

Existing Windows

(8) The replacement windows for the non-historic windows on the Third and Mission Street elevations shall be wood windows that closely match the configuration, material, and all exterior profiles and dimensions of the historic windows based on historic photographic evidence.

Exterior Repairs

(9) Documentation indicating the results of a thorough façade inspection shall be submitted for review and approval by Department Preservation Staff. The façade inspection document shall clearly identify the extent of damage and the parts that will be repaired, replaced in kind or those that are damaged beyond repair, requiring replacement with substitute materials.

Colusa Sandstone

(10) Cleaning of the Colusa sandstone shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings. The coating or paint type, color, and layering on the Colusa sandstone shall be researched before attempting its removal. Analysis of the nature of any unsound materials or paint to be removed from the sandstone shall be submitted to Department Preservation Staff for review and approval. In addition, initial testing shall be done on a small obscure location on the façade. All existing coatings shall be removed from the sandstone by gentlest means possible. A mock-up of proposed coating shall be conducted prior to selection of a product to ensure that coating shall not alter the natural finish, color or texture of the stone.

Terra Cotta

(11) Cleaning of the terra cotta shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning. In addition, cleaning of the terra cotta shall proceed with the gentlest means, which may require several mock-ups prior to selection of the proper techniques as determined by a qualified preservation architect.

Architectural Cast Iron

(12) All proposed replacement of missing elements within the architectural features shall be in kind. Only in instances where entire features are missing (e.g. scroll capitals along Third Street) shall be replaced with substitute material after review and approval by Department Preservation Staff.

Exterior Paint

(13) Prior to application of the exterior paint finish on the cast iron, a paint analysis shall be performed on representative samples after proper cleaning of the existing materials for review and approval by Department Preservation Staff.

Sheet Metal

(14) Substitute materials shall not be used to repair the existing cornice or replace missing cornice details and instead shall be replaced in-kind.

Substitute Materials

(15) A mock-up of any replacement material proposed shall be reviewed and approved by Department Preservation Staff prior to installation.

(16) Specifications and shop drawings for all replacement of the exterior materials on the Aronson Building shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(17) The replacement material shall closely match the characteristics of the historic material. The shop drawings for any replacement material proposed shall be included in the architectural addendum and are subject to review and approval by Department Preservation Staff to ensure that the replacement features, if applicable, closely match all exterior profiles, dimensions, and detailing

of the historic features as well as match the color, tone, and texture from a representative range of cleaned samples from the building

(18) Prior to the production of the building features proposed to be replaced with substitute materials and the approval of the architectural addendum, Department Preservation Staff shall review site mock-ups of the replacement materials, including a mock-up of all exterior finish.

New Window Openings

(19) The frames and finishes of the new windows proposed on the upper floors of the north façade shall match those proposed for the storefronts along the Third and Mission Street facades as well as the storefronts on the north façade.

Rooftop Addition

(20) Final design, including details and finish material samples of the proposed solarium and glass railing/windscreen on the roof shall be reviewed and approved by Department Preservation Staff.

Tower Height and Massing

(21) Any reduction of the overall height and massing of the proposed tower adjacent to the Aronson Building shall be reviewed and approved by Department Preservation staff provided that all other conditions of approval outlined in this motion are met.

(22) The Project Sponsor shall continue to work with Department Preservation staff on the design of the tower base in order to ensure compatibility with the adjacent Aronson Building, the New Montgomery-Mission-Second Street Conservation District and surrounding context. Specifically, the materials, finishes, character and massing of the base of the tower shall be further refined to be of pedestrian scale. This final design of the tower base shall return to the Architectural Review Committee of the Historic Preservation Commission for review and comment to confirm that these issues have been addressed prior to approval of the architectural addendum.

FINDINGS

Having reviewed all the materials identified in the recitals above and having heard oral testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and also constitute findings of the Commission.

2. Findings pursuant to Article 11:

The Historic Preservation Commission has determined that the proposed work is compatible with the exterior character-defining features of the subject building and meets the requirements of Article 11 of the Planning Code:

- That the proposed additions and alterations respect the character-defining features of the subject building;
- That the architectural character of the subject building will be maintained and those features that affect the building's overall appearance that are removed or repaired shall be done so in-kind;
- All architectural elements and cladding will repaired where possible in order to retain as much historic fabric

as possible;

- That the proposal calls for retaining sound historic materials and replacing in-kind or with salvaged materials when necessary;
- That the integrity of distinctive stylistic features and examples of skilled craftsmanship that characterize the Aronson Building will be preserved;
- That the new addition on the rooftop will have a contemporary design that is compatible with the size, scale, color, material, and character of the Aronson Building and surroundings, and will not destroy significant features of the building;
- That the new addition on the rooftop will be minimally visible from the public right-of-way as it will be one-story in height over the roof level, setback approximately 23' setback from the Third Street façade and 27' setback from the Mission Street façade, and cover less than 75% of the roof area;
- That the installation of the proposed new elements, such as the rooftop solarium, railings on the rooftop, windows on the north elevation, and storefronts on the two primary elevations, the north (secondary) elevation as well as the proposed adjacent tower, will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired;
- That the proposed work will not cause the removal, alteration, or obstruction of any character-defining features of the Aronson Building. The portions of the wall proposed to be removed for the creation of window openings on the north elevation will not remove more than 30% of the wall area, will not remove any distinctive materials or significantly alter the historic character of the Aronson Building. In addition, all structural, mechanical, electrical, plumbing installations will be designed in a manner which does not affect any character-defining features of the buildings and will occur in areas that are not visible from the street;
- That the proposed alterations and related adjacent construction will be carefully differentiated from the existing historic Aronson Building and will be compatible with the character of the property and district, including the proposed glass railings/windscreens, windows and doors, storefronts, rooftop addition and adjacent tower;
- That any chemical or physical treatments will be undertaken using the gentlest means possible and under the supervision of a historic architect or conservator;
- That Mitigation Measure M-NO-2c: Vibration Monitoring and Management Plan, of the *Mitigation Monitoring and Reporting Program for the 706 Mission Street – Mexican Museum Project Environmental Impact Report* pertaining to the potential for direct physical damage to the Aronson Building resulting from vibration during construction of the proposed project tower will ensure the protection of the Aronson Building.
- That the proposed project meets the following *Secretary of the Interior's Standards for Rehabilitation*:

  Standard 1:
  A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

  The *project will retain commercial uses, or introduce new uses that will be compatible with the Aronson Building. With the exception of the Aronson Building structural system and window frames at upper floors, there are no character-defining features on the interior. The window frames and the structural system will be retained and the new interior layout and features, including partition walls, stairs and other*

major building elements will be designed in a manner that will not obscure the fenestration of the rehabilitated Third and Mission Street facades. Therefore, the proposed alteration of the interior to accommodate the new use will not impact historic fabric or features that characterize the Aronson Building.

Standard 2:
The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.

The existing Aronson Building will be maintained and protected prior to and during construction to prevent deterioration and/or damage, and ensure preservation of historic fabric. In addition, the proposed exterior alterations to the Aronson Building such as the new windows, storefront systems, and canopy on the north elevation occur on secondary elevations. Furthermore, the proposed one-story solarium addition on the rooftop will be substantially setback from the edges of the Aronson Building (23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) and will be minimally visible from the street. The proposed glass rail/windscreen along the primary facades will not be visible from the streets given its 3' 6" height and 1' 6" setback from the parapet wall. As conditioned, the 10' high portion of the glass railing/windscreen along the north façade will be setback at least 5' from the parapet wall, ensuring minimal visibility from across Third Street. The proposed new tower construction will also be located on a tertiary, previously altered elevation and will not result in the loss of any historic materials or features.

Standard 3:
Each property will be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

The introduction of new storefronts and windows on the primary elevations are based on photographic documentation on the primary elevations is compatible with the adjoining historic fabric and are consistent with the original design of the Aronson Building in terms of proportions, profiles and configurations. The new punched windows on the north elevation will be clearly differentiated but compatible with the character of the Aronson Building. As conditioned, the replacement windows on the primary facades will be wood framed single light windows and as such will be compatible with the existing Aronson Building as they are based on physical and photographic documentation.

Standard 4:
Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

There are no identified changes to the Aronson Building that have acquired historic significance in their own right. Other existing incompatible and non-historic 1978 additions on the north and west elevations, and storefront infill will be removed as part of the proposed rehabilitation.

Standard 5:
Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.

The proposed project will retain and restore all distinctive materials, features, and finishes as well as construction techniques and examples of craftsmanship. Specifically the proposed project will rehabilitate all of the character-defining features of the Aronson Building, such as the exterior cladding in buff-colored glazed brick, the terra cotta and sandstone ornament, including sandstone entablatures and piers, brick pilasters, capitals, frieze, spandrel panels and window sills, cast iron pilasters between ground-floor storefronts, galvanized sheet metal cornice with paired scrolled brackets and block modillions historic entrance locations on Third and Mission Street facades, as well as the wood flagpole on the roof . The original Aronson Building entrance including the bronze door frame and arched transom frame at the Third Street entrance will be retained, cleaned and rehabilitated. As part of the proposed project, any extant material associated with the Mission Street historic entryway exposed during demolition will be retained, cleaned and rehabilitated. As conditioned, Department Preservation Staff will review and approve the final design, including materials and details for a new compatible contemporary arched opening that will be built at the original location with new metal portal surround, side lights and new glass entry double doors, matching those proposed for the Third Street façade, if no historic entryway is found after demolition.

Standard 6:
Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

The proposed project will retain and restore all distinctive materials, features, and finishes, as well as construction techniques and examples of craftsmanship that characterize the Aronson Building. The project also proposes to replace elements deteriorated beyond repair or missing elements in kind. If the material is no longer available, it will be replaced using a substitute material that matches the profile and configuration of the original based on physical or photographic documentation and following the practice outlined in Preservation Brief 16 - Use of Substitute Materials on Historic Building Exteriors. As conditioned, site mock-up of any substitute material used will be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of architectural addendum.

Standard 7:
Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

The project will comply with Rehabilitation Standard 7, in such that the project will adhere to the recommendations in the HSR and as conditioned, will following the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning; cleaning of terra cotta proceed with the gentlest means,

which may require several mock-ups prior to selection of the proper techniques and that the treatment approaches for the various historic materials be determined by a qualified preservation architect.

Standard 8:
Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

Mitigation measures are identified in the EIR and incorporated in the Mitigation Monitoring and Reporting Program, which require archaeological monitoring during construction of the adjacent tower to ensure that the project will not result in a significant impact to archaeological resources.

Standard 9:
New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.

The proposed additions, exterior alterations and related new construction will not destroy historic materials, features and spatial relationship that characterizes the Aronson Building in that most of the related new construction is proposed on secondary facades. The one-story solarium will be added on the rooftop and will be substantially setback form the primary facades of the Aronson Building (23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) minimizing the perceived mass and visibility of the addition from the public right-of-way. The canopy, new storefront system and new window openings along the north façade are also additions located on secondary elevations and are designed in a manner to be compatible with and not destroy historic materials, features, and spatial relationships that characterize the Aronson Building. In addition, the proposed tower construction will be located on the previously altered west elevation that has no ornamental detail or historic fenestration. The new storefronts on the primary facades will be designed to closely match the historic storefronts in proportion, profiles and configuration based on physical and photographic evidence. As conditioned, the replacement windows on upper floors of the primary facades will consist of wood window frames with profiles, configuration, color and operation that will closely match the historic windows based on physical and photographic evidence to ensure compatibility with the character of the Aronson Building.

All new work will be clearly differentiated from the old yet be compatible with the historic materials, features, size, proportion, and massing. Specifically the proposed storefronts, new canopies, new windows on the north façade, and solarium on the roof top will be clearly differentiated through the use of contemporary detailing and materials. In addition, the adjacent tower will be differentiated in its modern, contemporary design vocabulary, yet be compatible with the Aronson Building and the New Montgomery-Mission-Second Street Conservation District as fully described in the attached memorandum (Exhibit L) prepared by Page & Turnbull and dated May 3, 2013, the proposed tower is compatible with the Conservation District. Specifically, the lower levels of the tower would align with their counterparts in the Aronson Building, creating a relationship between the two structures that would be expressed on the exterior of the proposed tower. Furthermore, the tower is designed consistent with Preservation Brief 14:

"New Exterior Additions to Historic Buildings: Preservation Concerns" which calls for the design of additions to historic resources in dense urban locations to read as an entirely separate building.

Although the proposed height of the tower is much taller than the Aronson Building, the proposed location and articulation of the tower as a related but visually separate building from the Aronson Building maintains a context that is similar to many buildings of varying heights within the district and the immediate vicinity thereby retaining the spatial relationships that characterize the property within the District. The proposed massing and articulation of the tower further differentiate it from the Aronson Building, allowing each to maintain a related but distinct character and physical presence. Furthermore, as conditioned, the proposed tower design will be revised including finishes and materials that are compatible and consistent with the Aronson Building as well as the surrounding District.

Standard 10:
New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment will not be impaired.

The proposed new tower construction and alterations to the Aronson Building will not remove significant historic fabric, and have been designed to be unobtrusive to the architectural character of the Aronson Building and District in conformance with Secretary's Standards. While unlikely, if removed in the future, the proposed alterations at the roof, the primary and secondary facades, and the new adjacent tower, would not have an impact on the physical integrity or significance of the Aronson Building or the District in conformance with Standard 10 of the Secretary's Standards.

General Plan Compliance. The proposed Permit to Alter is, on balance, consistent with the following Objectives and Policies of the General Plan:

I. URBAN DESIGN ELEMENT
THE URBAN DESIGN ELEMENT CONCERNS THE PHYSICAL CHARACTER AND ORDER OF THE CITY, AND THE RELATIONSHIP BETWEEN PEOPLE AND THEIR ENVIRONMENT

GOALS
The Urban Design Element is concerned both with development and with preservation. It is a concerted effort to recognize the positive attributes of the city, to enhance and conserve those attributes, and to improve the living environment where it is less than satisfactory. The Plan is a definition of quality, a definition based upon human needs.

OBJECTIVE 1
EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

POLICY 1.3
Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

OBJECTIVE 2
CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST,

AND FREEDOM FROM OVERCROWDING.

POLICY 2.4
Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

POLICY 2.5
Use care in remodeling of older buildings, in order to enhance rather than weaken the original character of such buildings.

POLICY 2.7
Recognize and protect outstanding and unique areas that contribute in an extraordinary degree to San Francisco's visual form and character.

The goal of a Permit to Alter is to provide additional oversight for buildings and districts that are architecturally or culturally significant to the City in order to protect the qualities that are associated with that significance.

The proposed project qualifies for a Permit to Alter and therefore furthers these policies and objectives by maintaining and preserving the character-defining features of the subject building for the future enjoyment and education of San Francisco residents and visitors.

3. The proposed project is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed project will not have any impact on neighborhood serving retail uses.

B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed project will strengthen neighborhood character by respecting the character-defining features of the historic building in conformance with the Secretary of the Interior's Standards.

C) The City's supply of affordable housing will be preserved and enhanced:

The project will not reduce the affordable housing supply.

D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed project will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking. It will provide sufficient off-street parking for the proposed uses.

E) A diverse economic base will be maintained by protecting our industrial and service sectors from

displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposal will retain its existing commercial use to contribute to the diverse economic base of downtown.

F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake:

Preparedness against injury and loss of life in an earthquake is improved by the proposed work. The work will eliminate unsafe conditions at the site and all construction will be executed in compliance with all applicable construction and safety measures.

G) That landmark and historic buildings will be preserved:

The proposed project is in conformance with Article 11 of the Planning Code and the Secretary of the Interior's Standards.

H) Parks and open space and their access to sunlight and vistas will be protected from development:

The proposed project will not unduly impact the access to sunlight or vistas for the parks and open space.

4. For these reasons, the proposal overall, appears to meet the Secretary of the Interior's Standards for Rehabilitation and the provisions of Article 11 of the Planning Code regarding Major Alterations to Category I (Significant) buildings.

5. California Environmental Quality Act Findings. This Commission hereby incorporates by reference as though fully set forth and adopts the CEQA findings attached hereto as Exhibit 1.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby ADOPTS the MMRP (attached as Exhibit 2) and GRANTS a Permit to Alter for the property located at Assessor's Block 3706, Lot 093 for proposed work in conformance with the renderings and architectural plans labeled Exhibit A on file in the docket for Case No. 2008.1084H.

APPEAL AND EFFECTIVE DATE OF MOTION: The Commission's decision on a Permit to Alter shall be final unless appealed within thirty (30) days. Any appeal shall be made to the Board of Appeals, unless the proposed project requires Board of Supervisors approval or is appealed to the Board of Supervisors as a conditional use, in which case any appeal shall be made to the Board of Supervisors (see Charter Section 4.135).

THIS IS NOT A PERMIT TO COMMENCE ANY WORK OR CHANGE OF OCCUPANCY UNLESS NO BUILDING PERMIT IS REQUIRED. PERMITS FROM THE DEPARTMENT OF BUILDING INSPECTION (and any other appropriate agencies) MUST BE SECURED BEFORE WORK IS STARTED OR OCCUPANCY IS CHANGED.

I hereby certify that the Historical Preservation Commission ADOPTED the foregoing Motion on May 15, 2013.

Jonas P. Ionin

Acting Commission Secretary

AYES: Hyland, Johnck, Johns, Matsuda, Pearlman, Wolfram, Hasz

NAYS:

ABSENT:

ADOPTED: May 15, 2013

Exhibit 1

706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS:
FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND STATEMENT OF OVERRIDING CONSIDERATIONS
SAN FRANCISCO HISTORIC PRESERVATION COMMISSION

In determining to approve a Major Permit to Alter for the 706 Mission Street – The Mexican Museum and Residential Tower Project located at 706 Mission Street (Assessor's Block 3706, Lots 093, 275, and 277 (portion)), described in Section I, Project Description below, ("Project"), the San Francisco Historic Preservation Commission ("Commission") makes and adopts the following findings of fact regarding the Project and mitigation measures and alternatives, and adopts the statement of overriding considerations and the Mitigation Monitoring and Reporting Program, based on substantial evidence in the whole record of this proceeding and pursuant to the California Environmental Quality Act, California Public Resources Code Section 21000 et seq. ("CEQA"), particularly Section 21081 and 21081.5, the Guidelines for Implementation of CEQA, 14 California Code of Regulations Section 15000 et seq. ("Guidelines"), particularly Section 15091 through 15093 and Chapter 31 of the San Francisco Administrative Code.

This document is organized as follows:

Section I provides a description of the Project, the Project Objectives, the environmental review process for the Project, the approval actions to be taken, and the location of records;

Section II identifies the impacts found not to be significant that do not require mitigation;

Section III identifies potentially significant impacts that are avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures;

Section IV identifies significant, unavoidable wind and shadow impacts (specifically cumulative shadow impacts), of the Project that cannot be avoided or reduced to less-than-significant levels through Mitigation Measures;

Section V evaluates the different project alternatives and the economic, legal, social, technological, and other considerations that support approval of the Project as proposed and the rejection of these alternatives; and

Section VI makes a Statement of Overriding Considerations setting forth the specific economic, legal, social, technological, or other benefits of the Project that outweigh the significant and unavoidable adverse environmental effects and support the rejection of the project alternatives.

The Mitigation Monitoring and Reporting Program ("MMRP") for the mitigation measures that have been proposed for adoption is attached with these findings as Exhibit 2. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. The MMRP provides a table setting forth each

mitigation measure listed in the Final Environmental Impact Report for the Project ("Final EIR") that is required to reduce or avoid a significant adverse impact. The MMRP also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in the MMRP.

These findings are based upon substantial evidence in the entire record before the Commission. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR") or the Responses to Comments ("RTC"), which together comprise the Final EIR, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

MOVED, that the Commission has reviewed and considered the Final EIR and the record associated therewith, including the comments and submissions made to this Commission, and based thereon hereby adopts these findings under the California Environmental Quality Act, including rejecting alternatives as infeasible and adopting a Statement of Overriding Considerations, and adopts the MMRP attached as Exhibit 2 to Motion No. 0197 based on the following findings:

I. Project Description

A. 706 Mission Street – The Mexican Museum and Residential Tower Project

The project site is on the northwest corner of Third and Mission Streets, at 706 Mission Street. It consists of three lots: the entirety of Assessor's Block 3706, Lots 093 and 275, and portions of Assessor's Block 3706, Lot 277. Together, these lots cover an area of approximately 63,468 square feet or approximately 1.45 acres. The area of the project site includes the below-grade publically-owned Jessie Square Garage, which would become private by conveyance to the project sponsor.

Lot 093, an approximately 15,460 square foot, rectangular parcel is currently developed with the 10-story, 154-foot-tall Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse). The building was originally constructed in 1903, and two annexes were added in 1978. The Aronson Building is rated "A" (highest importance) by the Foundation for San Francisco's Architectural Heritage, and it is eligible for listing on the National Register of Historic Places and the California Register of Historical Resources. The Aronson Building is also designated as a Category I Significant Building within the New Montgomery-Mission-Second Street Conservation District. Including the annexes, the Aronson Building contains a total of approximately 120,340 gross square feet (gsf), with approximately 13,700 gsf of storage and utility space in the basement, an approximately 10,660-gsf retail space on the ground floor, which is currently occupied by a Rochester Big & Tall retail clothing store, and approximately 95,980 gsf of office space on the second through tenth floors. Including the annexes, the Aronson Building covers approximately 74 percent of Lot 093.

Lot 275 is occupied by the existing ramp that provides vehicular access from Stevenson Street to the subsurface Jessie Square Garage. This lot has an area of approximately 1,635 square feet.

A currently vacant approximately 9,780 square foot portion of Lot 277 is the future permanent home of The Mexican Museum (Mexican Museum parcel). The subsurface Jessie Square Garage is the other

portion of Lot 277 that makes up the project site. The Jessie Square Garage contains 442 parking spaces within a footprint of approximately 45,310 square feet. Currently, vehicles enter the Jessie Square Garage from Stevenson Street and exit onto either Stevenson or Mission Streets.

The proposed project would include a 47-story, 520-foot-tall tower (with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade on The Mexican Museum parcel and the western portion of the Aronson Building parcel. The new tower would be west of, adjacent to, and physically connected to the existing Aronson Building. The overall project would contain space for The Mexican Museum, a ground-floor retail/restaurant use, up to 215 residential units, seven floors of flex space in the Aronson Building, which would remain as office use or be converted to residential use, and associated building services.

In the proposed tower, there would be up to 43 floors of residential space, including mechanical areas, and four floors of museum space. The Mexican Museum would occupy the ground through fourth floors, and residential uses would occupy the fifth through forty-seventh floors. The fifth floor of the tower would be occupied by residential or residential amenity space, unless the residential amenity space is on the tenth floor of the Aronson Building as discussed below. Approximately 2,100 gsf on Basement Level B2 would be allocated to The Mexican Museum for storage. About 15,900 gsf on Basement Levels B1 and B2 would be occupied by the elevator core and building services.

As part of the proposed project, the historically important Aronson Building would be restored and rehabilitated, and the existing mechanical penthouse on the roof of the Aronson Building would be removed. The Aronson Building currently contains approximately 10,660 gsf of retail space on the ground floor and approximately 95,980 gsf of office space on the second through tenth floors. With the proposed project, the Aronson Building would have lobby space and retail/restaurant space on the ground floor. The Mexican Museum would occupy the second and third floors and possibly some or all of the ground floor of the Aronson Building. The fourth through tenth floors of the Aronson Building have been designated as flex space for which two options are proposed. These are described in greater detail below. In addition to being designated as flex space, the tenth floor of the Aronson Building could be occupied by residential amenity space if the residential amenity is not provided on the fifth floor of the proposed tower. Building services would occupy a small portion of each floor.

The flex space options for the Aronson Building are referred to as the "residential flex option" and the "office flex option." The seven floors of flex space are currently occupied by approximately 61,320 gsf of office space, which could either be converted from office use to residential use or remain as office use with the proposed project. Under the residential flex option, the seven floors would be converted into up to 28 residential units. The proposed project would provide up to 215 residential units (including the residential units in the Aronson Building) and no office space under the residential flex option. As discussed above, the tenth floor of the Aronson Building could be used as residential amenity space. Under the office flex option, the seven floors of existing office space would continue to be used as offices, which would result in up to 191 residential units (no residential units in the Aronson Building) and approximately 61,320 gsf of office space in the proposed project. If the tenth floor of the Aronson Building were used as residential amenity space instead of office space under the office flex option, there would be approximately 52,560 gsf of office space in the proposed project.

Under the residential flex option for the Aronson Building, the proposed project would contain a total of approximately 710,525 gsf, with approximately 580,630 gsf of residential uses, approximately 22,200 gsf of residential amenity space, approximately 52,285 gsf of museum space, approximately 4,800 gsf of retail/restaurant space, approximately 8,505 gsf of storage space, approximately 41,720 gsf of building core, mechanical, and service space, and approximately 385 gsf of space for the ramp that leads out of the existing Jessie Square Garage to Mission Street.

Under the office flex option for the Aronson Building, the proposed project would contain a total of approximately 710,525 gsf, with approximately 519,310 gsf of residential uses and approximately 61,320 gsf of office space. The approximate square footages of residential amenity space, museum space, retail/restaurant space, storage space, building core, mechanical, and service space, and space for the existing ramp that leads out of the Jessie Square Garage to Mission Street would be the same as they are for the residential flex option described above.

The Jessie Square Garage would be reconfigured to include 470 spaces, 210 of which would be made available to the general public. Under the proposed project, all non-project vehicles would continue to enter the Jessie Square Garage from Stevenson Street. Project residents would have the option of parking their own vehicles or using a valet service. Project residents who choose to park their own vehicles would be required to enter the garage from Stevenson Street; they would not be allowed to access the project site from Third Street using the car elevators to enter the garage. Project residents who choose to use the valet service would drive onto the project site from Third Street using the existing curb cut and driveway. As under current conditions, all loading trucks would exit the Jessie Square Garage onto Stevenson Street only, but delivery vans, service vehicles, and all other vehicles would have the option of exiting the garage onto either Stevenson or Mission Streets.

While several vehicular access variants to the proposed project were analyzed in the EIR, none of them are being approved by this Commission or any other City decision maker. Because of this, these findings do not address the significant and unavoidable impacts that the Final EIR identified would result if the vehicular access variants were to be approved.

B. Successor Agency Project Objectives

The objectives of the Successor Agency are as follows:

- To complete the redevelopment of the Yerba Buena Center (YBC) Redevelopment Project Area envisioned under the *Yerba Buena Center Redevelopment Plan*.

- To stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, thereby improving the City's overall economic health, employment opportunities, tax base, and community economic development opportunities.

- To provide for the development of a museum facility and an endowment for The Mexican Museum on Successor Agency-owned property located adjacent to Jessie Square, at the heart of San Francisco's cultural district location, in a manner that is consistent with *General Plan* Policy

VI-1.9, to "create opportunities for private developers to include arts spaces in private developments city-wide."

- To ensure construction of a preeminent building with a superior level of design for this important site across from Yerba Buena Gardens and adjacent to Jessie Square in a manner that complements the landscaping and design of Jessie Square.

- To provide housing in an urban infill location to help alleviate the effects of suburban sprawl.

- To provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents both in the South of Market area and in the City generally, in a manner consistent with the City's current and future equal opportunity programs.

- To create a development that is financially feasible and that can fund the project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- To maximize the quality of the pedestrian experience along Mission Street and Third Street, while maintaining accessibility to the project site for automobiles and loading.

- To transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking in the Jessie Square Garage for the Contemporary Jewish Museum, St. Patrick's Church, The Mexican Museum, and the public.

- To provide for rehabilitation of the historically important Aronson Building.

- To secure funding for new and affordable below-market rate units beyond the amount currently required by City ordinances.

- To secure additional funding for operations, management, and security of Yerba Buena Gardens.

C. Project Sponsor Objectives

The objectives of the project sponsor, 706 Mission Street Co., LLC, are as follows:

- To construct a residential building of superior quality and design that complements and is generally consistent with the downtown area, furthering the objectives of the *General Plan*'s Urban Design Element and the *Yerba Buena Center Redevelopment Plan*.

- To redevelop the project site with a high-quality residential development that includes a ground-floor retail or restaurant use.

- To provide housing in downtown San Francisco that is accessible to local and regional transit, as well as cultural amenities and attractions, such as performing art centers, and art museums and exhibitions.

- To rehabilitate the historically important Aronson Building.

- To design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

- To develop a project that is financially feasible and financeable, and to create a level of development sufficient to support the costs of providing the public benefits delivered by the project, including space and funding for The Mexican Museum; rehabilitation of the historically important Aronson Building; funding of affordable, below-market-rate housing; and funding for the maintenance of Yerba Buena Gardens, and that can fund project costs.

- To provide adequate parking and vehicular access to serve the needs of project residents and their visitors.

D. Planning and Environmental Review Process

The Project Sponsor submitted an Environmental Evaluation application for the project on June 30, 2008. The Environmental Evaluation application was revised on December 7, 2009, and again on March 5, 2012, to reflect design changes to the proposed project. The San Francisco Planning Department (the "Department") determined that an Environmental Impact Report was required and published and distributed a Notice of Preparation of an EIR ("NOP ") on April 13, 2011. The NOP is Appendix A to the Draft EIR. The public review period on the NOP began on April 14, 2011, and ended on May 13, 2011.

The Department published a Draft Environmental Impact Report (DEIR) on June 27, 2012. The Commission held a public hearing to solicit testimony on the DEIR on July 27, 2013. The Department received written comments on the DEIR from June 28, 2012, to August 13, 2012. The Department published the Responses to Comments on March 7, 2013. The DEIR, together with the Responses to Comments constitute the Final EIR. The FEIR was certified by Planning Commission on March 21, 2013, by Motion No. 18829. Certification of the FEIR was appealed to the Board of Supervisors. On May 7, 2013, the Board of Supervisors rejected the appeal and affirmed the certification of the FEIR.

E. Approval Actions

1. Actions by the Planning Commission

- Certification of the Final EIR on March 21, 2013, by Planning Commission Motion No. 18829;

- General Plan referral to determine project consistency with the General Plan and the Priority Policies.

- Recommend approval to the Board of Supervisors of a Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01, and to amend Zoning Map Sheet SU01 to show the Special Use District.

- Recommend approval to the Board of Supervisors of a Special Use District to address Floor Area Ratio, height, and other land use controls for the project site, which may include additional provisions regarding permitted uses, the provision of cultural/museum use within the SUD, floor area ratio limitations, dwelling unit exposure, height of rooftop equipment, bulk limitations, and curb cut locations.

- Approval of a Section 309 Determination of Compliance and Request for Exceptions for the construction of a new building in a C-3 District.

- Approval of amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989, pursuant to Planning Commission Resolution No. 11595; and Section 295 shadow significance determination and allocation to project.

2. Action by this Historic Preservation Commission

- Approval of a Major Permit to Alter pursuant to Article 11 of the Planning Code.

3. Actions by the Board of Supervisors

- The Planning Commission's certification of the Final EIR was appealed to the Board of Supervisors, and on May 7, 2013, the Board of Supervisors upheld the certification of the Final EIR.

- Adoption of a Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01, and to amend Zoning Map Sheet SU01 to show the Special Use District.

- Adoption of a Special Use District to address Floor Area Ratio, height, and other land use controls for the project site, which may include additional provisions regarding permitted uses, the provision of cultural/museum use within the SUD, floor area ratio limitations, dwelling unit exposure, height of rooftop equipment, bulk limitations, and curb cut locations.

4. Actions by the Recreation and Park Commission

- Approval of amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989, pursuant to Planning Commission Resolution No. 11595;

- Recommendation to the Planning Commission regarding the Section 295 shadow significance determination and allocation to project.

5. Actions by the Successor Agency to the Redevelopment Agency, and the Oversight Board of the Successor Agency

- Approval of the Agreement of Purchase and Sale for the Mexican Museum parcel and the Jessie Square Garage.

- Approval of parking structure bond purchase/defeasance documents.

6. Actions by the Department of Public Works

- Approval of the tentative map

7. Actions by the Department of Public Works and the SFMTA Board of Directors

- Approval of a street improvement permit and/or encroachment permit to (1) extend the existing Jessie Square passenger loading/unloading zone on Mission Street by approximately 83 feet, 6 inches to the east, resulting in a 154-foot-long passenger loading/unloading zone; and (2) designate the curb along Third Street in front of the project site as a white zone for passenger loading/unloading.

8. Actions by the Department of Building Inspection

- Approval of the site permit

- Approval of demolition, grading, and building permits

9. Actions by the San Francisco Public Utilities Commission

- Approval of compliance with requirements of the Stormwater Management Ordinance for projects with over 5,000 square feet of disturbed ground area.

F. Location and Custodian of Records

The public hearing transcript, a copy of the letters regarding the Draft EIR received during the public review period, the administrative record, and background documentation for the FEIR are located at the Planning Department, 1650 Mission Street, San Francisco. The Commission Secretary is the custodian of records for the Planning Department and the Commission.

These findings are based upon substantial evidence in the entire record before the Commission.

II. Impacts Found Not to Be Significant And Thus Do Not Require Mitigation

Under CEQA, no mitigation measures are required for impacts that are less than significant (Pub. Res. Code, § 21002; CEQA Guidelines, § 15126.4, subd. (a)(3), 15091). As more fully described in the Final EIR and based on substantial evidence in the whole record of this proceeding, the Commission hereby finds

that implementation of the Project would not result in any significant impacts in the following areas and that these impact areas therefore do not require mitigation.

A. Land Use and Land Use Planning

- Impact LU-1: The proposed project would not physically divide an established community.
- Impact LU-2: The proposed project would not conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect.
- Impact LU-3: The proposed project would not have a substantial adverse impact on the character of the vicinity.
- Impact C-LU-1: The proposed project, in combination with past, present, or reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative land use impacts related to a physical division of an established community; to conflicts with applicable land use plans, policies, or regulations of an agency with jurisdiction over the project (including, but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect; and to the existing character of the vicinity.

B. Aesthetics

- Impact AE-1: The proposed project would not have a substantial adverse effect on a scenic vista.
- Impact AE-2: The proposed project tower would not have a substantial adverse effect on a scenic resource.
- Impact AE-3: The proposed project would not have a substantial adverse effect on the visual character or quality of the site and its surroundings.
- Impact AE-4: The proposed project would not create a new source of substantial light or glare which would adversely affect day or nighttime views in the area or which would substantially impact other people or properties.
- Impact C-AE-1: The proposed project, in combination with past, present and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant impact related to aesthetics.

C. Population and Housing

- Impact PH-1: The proposed project would not induce substantial population growth in an area, either directly or indirectly.
- Impact PH-2: The proposed project would not displace substantial numbers of existing housing units or create demand for additional housing, necessitating the construction of replacement housing elsewhere.
- Impact PH-3: The proposed project would not displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.
- Impact C-PH-1: The proposed project, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts related to population growth, housing, and employment, either directly or indirectly.

D. Cultural and Paleontological Resources

- Impact CP-5: The proposed rehabilitation, repair and reuse of the Aronson Building under the proposed project would not cause a substantial adverse change in the significance of the Aronson Building as a historical resource under CEQA.
- Impact CP-6: The proposed project tower would not cause a substantial adverse change in the significance of the Aronson Building historical resource.
- Impact CP-7: The proposed project tower would not cause a substantial adverse change in the significance of nearby historical resources.
- Impact C-CP-2: The proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant impact on historic architectural resources.

E. Transportation and Circulation

- Impact TR-1: The proposed project would not cause a substantial increase in traffic that would cause the level of service to decline from LOS D or better to LOS E or F, or from LOS E to F at seven intersections studied in the project vicinity.
- Impact TR-2: The proposed project would not cause a substantial increase in transit demand that could not be accommodated by adjacent transit capacity; nor would it cause a substantial increase in delays or costs such that significant adverse impacts in transit service levels could occur.
- Impact TR-3: The proposed project would not result in substantial overcrowding on public sidewalks, nor create potentially hazardous conditions for pedestrians, or otherwise interfere with pedestrian accessibility to the site and adjoining areas.
- Impact TR-4: The proposed project would not create potentially hazardous conditions for bicyclists, or otherwise substantially interfere with bicycle accessibility to the site and adjoining areas.
- Impact TR-5: The loading demand of the proposed project during the peak hour of loading activities would be accommodated within the proposed on-site loading facilities or within convenient on-street loading zones, and would not create potentially hazardous traffic conditions or significant delays involving traffic, transit, bicycles, or pedestrians.
- Impact TR-6: Construction and operation of the proposed project would not result in inadequate emergency access.
- Impact TR-7: Construction-related impacts of the proposed project would not be considered significant due to their temporary and limited duration.
- Impact C-TR-1: The proposed project would not contribute considerably to future cumulative traffic increases that would cause levels of service to deteriorate to unacceptable levels at seven intersections.
- Impact C-TR-2: The proposed project would not contribute considerably to cumulative increases in transit ridership that would cause the levels of service to deteriorate to unacceptable levels.
- Impact C-TR-3: The construction impacts of the proposed project would not result in a considerable contribution to a significant cumulative impact when combined with other nearby proposed projects due to the temporary and limited duration of the construction of the proposed project and nearby projects.

F. Noise

- **Impact NO-4:** The proposed project's new residences and cultural uses would not be substantially affected by existing noise levels.
- **Impact C-NO-1:** Construction of the proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not result in a cumulatively considerable contribution to significant temporary or periodic increases in ambient noise levels in the project vicinity above levels existing without the proposed project.
- **Impact C-NO-3:** Operation of the proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not result in a cumulatively considerable contribution to significant permanent increase in ambient noise levels in the project vicinity above levels existing without the project.
- **Impact C-NO-4:** Noise from traffic increases generated by the proposed project, when combined with noise from reasonably foreseeable traffic growth forecast to the year 2030, would not contribute considerably to significant cumulative traffic noise impacts.

G. Air Quality

- **Impact AQ-1:** Construction of the proposed project would not violate an air quality standard or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of criteria air pollutants, for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-2:** Construction of the proposed project would not expose sensitive receptors to substantial pollutant concentrations of fugitive dust.
- **Impact AQ-4:** Operation of the proposed project would not violate an air quality standard or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of any criteria air pollutant for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-5:** Operation of the proposed project would not generate emissions of PM2.5 and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-6:** Operation of the proposed project would not expose new on-site sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-7:** Construction and operation of the proposed project would not conflict with or obstruct implementation of the Bay Area 2010 Clean Air Plan (CAP), the applicable air quality plan.
- **Impact AQ-8:** Construction and operation of the proposed project would not expose a substantial number of people to objectionable odors.
- **Impact C-AQ-1:** Construction and operation of the proposed project, in combination with other past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to exposure of sensitive receptors to significant cumulative substantial pollutant concentrations.

H. Greenhouse Gas Emissions

- **Impact C-GG-1:** The proposed project would be consistent with the City's GHG Reduction Plan and the AB 32 Scoping Plan, and would, therefore, not result in a cumulatively considerable

contribution to significant cumulative GHG emissions or conflict with any policy, plan, or regulation adopted for the purpose of reducing GHG emissions.

I. Wind and Shadow

- Impact WS-1: The proposed project would not alter wind in a manner that substantially affects public areas.
- Impact C-WS-1: The proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant cumulative wind impact.
- Impact WS-2: The proposed project would not create new shadow in a manner that substantially affects outdoor recreation facilities and other public areas.

J. Recreation

- Impact RE-1: The proposed project would not increase the use of existing park and recreational facilities such that substantial physical deterioration of facilities would occur or be accelerated.
- Impact RE-2: The proposed project would not require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment.
- Impact RE-3: The proposed project would not physically degrade existing recreational resources.
- Impact C-RE-1: Construction of the proposed project, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts on recreational facilities.

K. Utilities and Service Systems

- Impact UT-1: The proposed project would not exceed the wastewater treatment requirements of the Regional Water Quality Control Board.
- Impact UT-2: The proposed project would not require or result in the construction of new or the expansion of existing water or wastewater treatment facilities, or stormwater drainage facilities, the construction of which could have significant environmental effects.
- Impact UT-3: The proposed project would not result in a determination that there is insufficient capacity in the wastewater treatment system to serve the proposed project's estimated demand in addition to its existing demand.
- Impact C-UT-1: Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact regarding the treatment of stormwater runoff or capacity of wastewater treatment facilities or stormwater drainage facilities.
- Impact UT-4: The proposed project would be adequately served by existing water entitlements and water supply resources, and would not require new or expanded water supply resources or entitlements.
- Impact C-UT-2: Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on water supply.
- Impact UT-5: The proposed project would increase the amount of solid waste generated on the project site, but would be adequately served by the City's landfill and would comply with Federal, State, and local statutes and regulations related to solid waste.

- Impact C-UT-3: Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on solid waste disposal facilities.

L. Public Services

- Impact PS-1: The proposed project would not increase demand for public services to the extent that new facilities would have to be constructed or existing facilities altered in order to maintain acceptable service ratios, response times, or other performance objectives for any public services such as police protection, fire protection and emergency services, schools, or libraries.
- Impact C-PS-1: The proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts that would result in a need for construction of new or physically altered facilities in order to maintain acceptable service ratios, response times, or other performance objectives for any public services, including police protection, fire protection and emergency services, schools, and libraries.

M. Biological Resources

- Impact BI-1: The proposed project would not have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the CDFG or USFWS.
- Impact BI-2: The proposed project would not have a substantial adverse effect on the movement of native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, nor would it impede the use of native wildlife nursery sites.
- Impact BI-3: The proposed project would not conflict with local policies or ordinances protecting biological resources.
- Impact C-BI-1: The proposed project, in combination with past, present and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant adverse cumulative impact on biological resources.

N. Geology and Soils

- Impact GE-1: The proposed project would not expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving rupture, ground-shaking, liquefaction, or landslides.
- Impact GE-2: The proposed project would not result in substantial soil erosion or loss of topsoil.
- Impact GE-3: The proposed project would not be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction or collapse.
- Impact GE-4: The proposed project would not be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property.
- Impact C-GE-1: The proposed project, in combination with other past, present and other reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts with respect to geology, soils, or seismicity.

O. Hydrology and Water Quality

- Impact HY-1: The proposed project would not violate any water quality standards or waste discharge requirements or otherwise substantially degrade water quality.
- Impact HY-2: The proposed project would not substantially deplete groundwater supplies or interfere with groundwater recharge.
- Impact HY-3: The proposed project would not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on or off site.
- Impact HY-4: Construction of the proposed project would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.
- Impact HY-5: Operation of the proposed project would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.
- Impact C-HY-1: The proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on hydrology and water quality.

P. Hazards and Hazardous Materials

- Impact HZ-1: The proposed project would not have a substantial adverse effect on the public or the environment through the routine transport, use, or disposal of hazardous materials.
- Impact HZ-3: The proposed project would not emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one quarter mile of an existing or proposed school.
- Impact HZ-4: The proposed project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.
- Impact HZ-5: The proposed project would not expose people or structures to a risk of loss, injury or death involving fires.
- Impact C-HZ-1: The proposed project, when combined with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on hazards and hazardous materials.

Q. Mineral and Energy Resources

- Impact ME-1: The proposed project would not have a significant adverse impact on the availability of a known mineral resource and/or a locally important mineral resource recovery site.
- Impact ME-2: The proposed project would not have a substantial adverse effect on the use of fuel, water, or energy consumption, and would not encourage activities that could result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner.
- Impact C-ME-1: The proposed project, in combination with other past, present and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on mineral and energy resources.

R. Agricultural and Forest Resources

- **Impact AG-1:** The proposed project would not have a substantial adverse effect on the conversion of farmland, would not conflict with existing zoning for agricultural use or with a Williamson Act contract, nor involve other changes that would result in conversion of farmland to non-agricultural use.
- **Impact AG-2:** The proposed project would not conflict with existing zoning for, or cause rezoning of, forest land or timberland, nor would it result in the loss of forest land or the conversion of forest land to non-forest use.
- **Impact C-AG-1:** The proposed project, in combination with other past, present and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on agricultural resources or forest land or timberland.

III. Potentially Significant Impacts That Are Avoided Or Reduced To A Less-Than-Significant Level And Findings Regarding Mitigation Measures

The following Sections III and IV set forth the Commission's findings about the Final EIR's determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the Commission regarding the environmental impacts of the Project and the mitigation measures included as part of the Final EIR and adopted by the Commission and other City decision makers as part of the Project. To avoid duplication and redundancy, and because the Commission agrees with, and hereby adopts, the conclusions in the Final EIR, these findings will not repeat the complete analysis and conclusions in the Final EIR, but instead summarizes and incorporates them by reference herein and relies rely upon them as substantial evidence supporting these findings.

In making these findings, the Commission has considered the opinions of City staff and experts, other agencies and members of the public. The Commission finds that the determination of significance thresholds is a judgment decision within the discretion of the City and County of San Francisco; the significance thresholds used in the EIR are supported by substantial evidence in the record, including the expert opinion of the EIR preparers and City staff; and the significance thresholds used in the EIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project.

As set forth below, the Commission adopts and incorporates all of the mitigation measures within its jurisdiction set forth in the Final EIR and the attached MMRP to substantially lessen or avoid the potentially significant and significant impacts of the Project. The Commission and other City decision makers intend to adopt each of the mitigation measures proposed in the Final EIR. Accordingly, in the event a mitigation measure recommended in the Final EIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the Final EIR due to a clerical error, the language of the policies and implementation measures as set forth in the Final EIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the information contained in the Final EIR.

The potentially significant impacts of the Project that will be mitigated through implementation of mitigation measures are identified and summarized below along with the corresponding mitigation measures.

A. Cultural and Paleontological Resources

- **Impact CP-1:** Construction activities for the proposed project would cause a substantial adverse change in the significance of archaeological resources, if such resources are present within the project site.
  - Ground-disturbing construction activity within the project site, particularly within previously undisturbed soils, could adversely affect the significance of archaeological resources by impairing the ability of such resources to convey important scientific and historical information. This effect would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA.
  - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-1.
    - **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting
    - **Mitigation Measure M-CP-1b:** Interpretation
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-CP-1a and M-CP-1b would reduce Impact CP-1 to a less-than significant level because Mitigation Measure M-CP-1a would ensure that any potentially affected archaeological deposits would be identified, evaluated, and, as appropriate, subject to data recovery and reporting by a qualified archaeologist under the oversight of the Environmental Review Officer, and Mitigation Measure M-CP-1b would ensure that a plan for the post-recovery interpretation of buried or submerged archaeological resources is developed and implemented with the assistance of qualified archaeologist and under the oversight of the Environmental Review Officer.

- **Impact CP-2:** Construction activities for the proposed project would cause a substantial adverse change in the significance of human remains, if such resources are present within the project site.
  - Ground-disturbing construction activity within the project site, particularly within previously undisturbed soils, could adversely affect the significance of human remains, which would be a potentially significant impact under CEQA.
  - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-2.

- **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting

  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-1a would reduce Impact CP-2 to a less-than significant level because the mitigation measure would ensure that the treatment of any human remains and associated or unassociated funerary objects discovered during soil disturbing activities complies with applicable state and federal laws, including immediate notification of the Coroner of the City and County of San Francisco and, in the event of the Coroner's determination that the human remains are Native American remains, notification of the NAHC, who would appoint an MLD.

- **Impact CP-3:** Construction activities for the proposed project would cause a substantial adverse change in the significance of paleontological resources, if such resources are present within the project site.
  - Paleontological resources could exist in the Franciscan, and possibly the Colma, Formations that underlie the project site. Project construction activities could disturb and impair the significance of such paleontological resources, which would be a potentially significant impact under CEQA.
  - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-3.
    - **Mitigation Measure M-CP-3:** Paleontological Resources Monitoring and Mitigation Program
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-3 would reduce Impact CP-3 to a less-than significant level because the mitigation measure would ensure that a plan for monitoring, recovery, identification, and curation of palenontologic resources would be developed and implemented by a qualified paleontologist under the oversight of the Environmental Review Officer in the event that paleontological resources are present within the project site.

- **Impact CP-4:** Construction activities for the proposed project would disturb unknown resources if any are present within the project site.
  - Construction activities could disturb or remove unknown human remains within the project site, which could materially impair the physical characteristics of the unknown resource, resulting in a potentially significant impact under CEQA.
  - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-4.
    - **Mitigation Measure M-CP-4:** Accidental Discovery
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-4 would reduce Impact CP-4 to

a less than significant level because the mitigation measure ensures that all field and construction personnel will be informed of the potential presence of archaeological resources within the project site and the procedures that are to be followed in the event such resources are encountered during construction activities.

- **Impact C-CP-1:** Disturbance of archaeological and paleontological resources, if encountered during construction of the proposed project, in combination with other past, present, and future reasonably foreseeable projects, would make a cumulatively considerable contribution to a significant cumulative impact on archaeological resources.
    - When considered with other past and proposed development projects within San Francisco and the Bay Area region, the potential disturbance of archaeological and paleontological resources within the project site could make a cumulatively considerable contribution to a loss of significant historic and scientific information about California, Bay Area, and San Francisco history and prehistory, which would be a potentially significant impact under CEQA.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact C-CP-1.
        - **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting
        - **Mitigation Measure M-CP-1b:** Interpretation
        - **Mitigation Measure M-CP-3:** Paleontological Resources Monitoring and Mitigation Program
        - **Mitigation Measure M-CP-4:** Accidental Discovery
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-CP-1a, M-CP-1b, M-CP-3, and M-CP-4 would reduce the project's contribution to Impact C-CP-1 to a less than cumulatively considerable level because these mitigation measures would ensure that plans for testing, monitoring, data recovery, documentation and interpretation are approved and implemented to preserve and realize the information potential of archaeological and paleontological resources that may be encountered on the project site.

B. <u>Noise</u>

- Impact NO-1: Construction of the proposed project would generate noise levels in excess of standards established in the San Francisco General Plan or noise ordinance and would result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project.
    - The project's demolition, excavation, and building construction activities would temporarily and intermittently increase noise in the project vicinity to levels that could be considered an annoyance by occupants of nearby properties, which would be a potentially significant impact under CEQA. The loudest construction activities, such as installing piles, grading, and excavation, would occur over the first two year of the

construction period, and once the activity is completed, the associated high noise levels would no longer be experienced by the affected sensitive receptors.

- The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-1.
  - **Mitigation Measure M-NO-1a:** Reduce Noise Levels During Construction
  - **Mitigation Measure M-NO-1b:** Noise-Reducing Techniques and Muffling Devices for Pile Installation
- Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-1a and M-NO-1b would reduce Impact NO-1 to a less than significant level because Mitigation Measure M-NO-1 would require the project contractor to use equipment with lower noise emissions and sound controls or barriers where feasible, locate stationary equipment as far as possible from sensitive receptors, and designate a noise coordinator, and Mitigation Measure M-NO-1b would require the use of feasible noise-reducing techniques for installing piles. The combination of these measures would decrease construction noise levels and minimize the significant effects.

- **Impact NO-2:** Construction of the proposed project would result in exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels.
  - Proposed project demolition, excavation, and building construction activities would temporarily generate groundborne vibration in the project vicinity that could be considered an annoyance by occupants of adjacent properties, especially residential and cultural uses adjacent to the site, and could also damage nearby structures, with the highest levels of groudbourne vibration expected during demolition and the installation of piles for structural support. This would be a potentially significant impact under CEQA.
  - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-2.
    - **Mitigation Measure M-NO-2a:** Minimize Vibration Levels During Construction
    - **Mitigation Measure M-NO-2b:** Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation
    - **Mitigation Measure M-NO-2c:** Vibration Monitoring and Management Plan
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-2a, M-NO-2b, and M-NO-2c would reduce Impact NO-2 to a less than significant level because Mitigation Measure M-NO-2a would provide for a community liaison to respond to and address complaints and require protective construction techniques, Mitigation Measure M-NO-2b would implement a pre-construction assessment and, if needed, monitoring during vibration causing activities to detect ground settlement or lateral movement of structures, and Mitigation Measure M-NO-2c would implement a vibration monitoring and management

plan to avoid any adverse vibration-related impact to historic structures. With implementation of Mitigation Measures M-NO-2a and M-NO-2b, potential vibration impacts in the project vicinity would be reduced to levels that would be less than significant. With implementation of Mitigation Measure M-NO-2c, there would be no significant vibration-related impacts to the Aronson Building.

- Impact NO-3: Operation of the proposed project would generate noise levels in excess of standards established in the San Francisco General Plan or noise ordinance and would result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project.
    - Operation of the proposed project would introduce additional noise sources to the area, including additional motor vehicle traffic and new mechanical systems, such as ventilation equipment. Although specific information regarding the proposed stationary noise sources is currently not available, building mechanical systems would be capable of generating noise levels in excess of applicable General Plan noise-land use compatibility thresholds on adjacent sensitive receptors, which could result in potentially significant impacts on both the on-site and adjacent noise-sensitive residential and cultural uses.
    - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-3.
        - **Mitigation Measure M-NO-3:** Stationary Operational Noise Sources
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-3 would reduce Impact NO-3 to a less than significant level because this mitigation measure would require the screening, shielding, or setting back of stationary noise sources from noise-sensitive receptors, and would require that a qualified acoustical consultant measure the noise levels of operating exterior equipment within three months after its installation.

- Impact C-NO-2: Construction of the proposed project, in combination with other past, resent, and reasonably foreseeable future projects in the project vicinity, would result in a cumulatively considerable contribution to significant exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels.
    - The project along with other nearby projects such as the SFMOMA Expansion (151 Third Street), the Palace Hotel (2 New Montgomery Street), and the Central Subway project have the potential for cumulatively significant groundborne vibration and noise level impacts, particularly during initial phases of proposed project construction. However, the periods when construction vibration impacts would overlap would be brief and limited, and the overall cumulative construction vibration impacts would not be cumulatively significant.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact C-NO-2.

- **Mitigation Measure M-NO-2a:** Minimize Vibration Levels During Construction
- **Mitigation Measure M-NO-2b:** Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation
- **Mitigation Measure M-NO-2c:** Vibration Monitoring and Management Plan

o Based on the final EIR and the entire administrative record, it is hereby found and determined that with implementation of Mitigation Measures M-NO-2a, M-NO-2b, and M-NO-2c, the proposed project would not result in a cumulatively considerable contribution to significant cumulative impacts associated with groundborne vibration for the reasons discussed under Impact NO-2 above and as more fully set forth in the final EIR.

C. Air Quality

- Impact AQ-3: Construction of the proposed project would generate emissions of PM2.5 and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
  - o The Air Quality Technical Report that was prepared for the project found that constructions emissions would exceed the threshold of significance for excess cancer risk at the project MEI if the emissions were not mitigated.
  - o The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact AQ-3.
    - **Mitigation Measure M-AQ-3:** Construction Emissions Mitigation
  - o Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-AQ-3 would reduce Impact AQ-3 to a less than significant level because this mitigation measure would require a Construction Emissions Mitigation Plan designed to reduce construction-related diesel particulate matter emissions from off-road construction equipment used at the site by at least 65 percent as compared to the construction equipment list, schedule, and inventory provided by the sponsor on May 27, 2011, which would bring emissions below the threshold of significance for excess cancer risk.

D. Hazards and Hazardous Materials

- Impact HZ-2: The proposed project would have a substantial adverse effect on the public or the environment through the accidental release of hazardous materials into the environment.
  - o In order to construct the proposed tower, excavation to a depth of approximately 41 feet below the surface on the west side of the Aronson Building would be required, which could have the potential to expose the public and environment to contaminants in the soil.
  - o The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact HZ-2.

- **Mitigation Measure M-HZ-2:** Hazardous Materials – Testing for and Handling of Contaminated Soil

  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-HZ-2 would reduce Impact HZ-2 to a less than significant level because this mitigation measure would require soil testing for contaminants of concern, preparation of a Soil Mitigation Plan for managing contaminated soils on the site, and protocols for the handling, hauling, and disposal of contaminated soils, which would reduce the potential for exposure of the public and the environment to a less than significant level.

The Project Sponsor has agreed to implement all mitigation measures identified in the Final EIR for the project. The required mitigation measures are fully enforceable and will be included as conditions of approval by and the Commission and other City decision makers. Pursuant to CEQA Section 21081.6, adopted mitigation measures will be implemented and monitored as described in the MMRP, which is incorporated herein by reference.

With the required mitigation measures, all potential project impacts, with the exception of impacts described in Section IV below, would be avoided or reduced to a less-than-significant level.

As authorized by CEQA Section 21081 and CEQA Guidelines Section 15091, 15092, and 15093, based on substantial evidence in the whole record of this proceeding, the City finds that, unless otherwise stated, all of the changes or alterations to the Project identified in the mitigation measures have been or will be required in, or incorporated into, the project to mitigate or avoid the significant or potentially significant environmental impacts listed herein, as identified in the Final EIR, that these mitigation measures will be effective to reduce or avoid the potentially significant impacts as described in the EIR, and these mitigation measures are feasible to implement and are within the responsibility and jurisdiction of the City and County of San Francisco to implement or enforce.

IV. Significant Impacts That Cannot Be Avoided Or Reduced To A Less-Than-Significant Level

Based on substantial evidence in the whole record of these proceedings, the Commission finds that, where feasible, changes or alterations have been required, or incorporated into, the Project to avoid or substantially lessen the significant environmental impacts. The Commission finds that changes have been required in, or incorporated into, the Project that, pursuant to Public Resources Code section 21002 and CEQA Guidelines section 15091, may substantially lessen, but do not avoid (i.e., reduce to less than significant levels), the potentially significant environmental effect associated with implementation of the Project. The Commission adopts all of the mitigation measures proposed in the Final EIR and set forth in the MMRP. The Commission further finds, however, for the impact listed below, despite the implementation of mitigation measures, the effects remain significant and unavoidable.

The Commission determines that the following significant impact on the environment, as reflected in the Final EIR, is unavoidable, but under Public Resources Code Section 21081(a)(3) and (b), and CEQA Guidelines 15091(a)(3), 15092(b)(2)(B), and 15093, the Commission determines that the impacts are acceptable due to the overriding considerations described in Section VI below. This finding is supported by substantial evidence in the record of this proceeding.

A. Significant and Unavoidable Impacts – Cumulative Shadow

- Impact C-WS-2: The proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity, would create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas, resulting in a significant cumulative shadow impact. The proposed project would make a cumulatively considerable contribution to this significant cumulative shadow impact.

    - There are several proposed projects in the project vicinity that have the potential to shadow outdoor recreation facilities or other public areas, including some of the same open spaces that the proposed project would shadow. Reasonably foreseeable future projects in the vicinity of the project site include 151 Third Street (the San Francisco Museum of Modern Art Expansion Project), 2 New Montgomery Street (the Palace Hotel Project), and the Transit Tower, and the other projects contemplated by the Transit Center District Plan. The proposed project in combination with other proposed projects in the vicinity would add new shadow on various open spaces and public areas. By contributing shadow to open spaces and public areas, the proposed project would make a cumulatively considerable contribution to the significant and unavoidable cumulative shadow impacts.

    - There is no feasible mitigation for the proposed project's contribution to cumulative shadow impacts, because any theoretical mitigation that would address the cumulatively considerable contribution to shadow impacts on outdoor recreation facilities or other public areas within the project vicinity would fundamentally alter the project's basic design and programming parameters. Thus, rather than treat a substantial reduction in height as a mitigation measure, the EIR analyzed a reduction in height in two separate alternatives.

    - With regard to the project's shadow impacts on Union Square, other than a reduction in the height of the tower to approximately 351 feet or less, no further modification of the tower could eliminate the tower's net new shadow on Union Square. The project has already undergone design revisions to sculpt the top of the tower in order to reduce shadow on Union Square. The original project proposed by the project sponsor included an elliptical tower design that was approximately 630 feet tall and 170 feet wide at the highest level. That proposal was modified to reflect a shorter and more slender rectangular tower design that was shifted to the west on the project site to reduce shadow impacts on Union Square. The rectangular design ultimately chosen for the project would break up the tower massing and top into smaller volumes at different or staggered heights, particularly along the eastern edge of the site and tower, to further reduce shadow. In addition, the tower massing and the tower core were moved 15 feet to the west on the project site, and the tower cantilever over the Aronson Building was reduced from 106 feet to 8 feet to further reduce shadow impacts on Union Square.

- Even if the project's shadow impacts to Union Square were eliminated, the project would still shadow other downtown open spaces and public areas such as sidewalks. A further reduction of the building height beyond that already included would substantially reduce the development program of the proposed project. Thus, the project's cumulatively considerable contribution to the significant and unavoidable impact would remain and there is no feasible mitigation to reduce the project's contribution to this significant cumulative impact to a less-than-cumulatively considerable level. Because a significant decrease in the tower height affects the Project significantly, these height reductions were discussed as alternatives. See also the discussion of the Existing Zoning Alternative and the Reduced Shadow Alternative, below.

- Therefore, the proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity would create new cumulative shadow in a manner that would substantially affect parks, outdoor recreation facilities, or other public areas. This cumulative shadow impact would be significant and unavoidable, and the proposed project would make a cumulatively considerable contribution to this significant cumulative shadow impact.

V. Alternatives Rejected and the Reasons for Rejecting Them as Infeasible

The Commission rejects the Alternatives set forth in the Final EIR and listed below because the Commission finds that there is substantial evidence, including evidence of economic, legal, social, technological, and other considerations described in this Section, in addition to those described in Section VI below, under CEQA Guidelines 15091(a)(3), that make infeasible such Alternatives. In making these determinations, the Commission is aware that CEQA defines "feasibility" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors." The Commission is also aware that under CEQA case law the concept of "feasibility" encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project. and (ii) the question of whether an alternative is "desirable" from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

The Commission adopts the EIR's analysis and conclusions regarding alternatives eliminated from further consideration, both during the scoping process and in response to comments. The Commission certifies that it has independently reviewed and considered the information on the alternatives provided in the Final EIR and in the record. The Project Sponsor engaged Economic & Planning Systems, Inc. to prepare an economic analysis of the financial feasibility of the project alternatives described in the EIR. (Report on the Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower Project and Alternatives, dated May 2013 (the "EPS Report"). The Successor Agency retained an independent economic consultant Keyser Marston Associates, Inc., to peer review the EPS Report and Keyser Marston Associates prepared the "Peer Review of Financial Feasibility Report for 706 Mission Street" ("Peer Review"). The Peer Review, independently reviewed and evaluated by the Successor Agency, concurs with the results of the EPS Report. Planning Department staff and the Commission have independently reviewed and concur with the results of the EPS Report and the Peer Review. The Final EIR reflects the Commission's and the City's independent judgment as to the alternatives.

The Commission finds that the Project provides the best balance between satisfaction of the project objectives and mitigation of environmental impacts to the extent feasible, as described and analyzed in the EIR, and adopts a statement of overriding considerations as set forth in Section VI below.

While the Commission makes these findings regarding the environmental impacts and feasibility of each of the alternatives analyzed in the final EIR, if feasible mitigation measures substantially lessen or avoid the significant adverse environmental effects of a project, the project may be approved without an evaluation of the feasibility of project alternatives. *Laurel Hills Homeowners Association v. City Council of Los Angeles*, 83 Cal.App.3d 515, 521 (1978). With respect to the project, all significant impacts can be reduced to a less than significant level with feasible mitigations measures, except for the project's cumulatively considerable contribution to significant cumulative shadow impacts. Thus, although the Commission makes these findings regarding the environmental impacts of each of the alternatives, CEQA only requires that the Commission make findings regarding the alternatives that would substantially lessen or avoid the project's cumulatively considerable contribution to significant cumulative shadow impacts. Findings for the Separate Buildings Alternative and Increased Residential Density Alternative

are therefore not required by CEQA, although the Commission nevertheless makes findings for those alternatives below.

The FEIR analyzed five alternatives to the Project: No Project Alternative, Existing Zoning Alternative, Separate Buildings Alternative, Increased Residential Density Alternative, and Reduced Shadow Alternative. These alternatives and the reasons for rejecting them are described below.

1. No Project Alternative

Under the No Project Alternative, the site would remain in its existing condition. Assuming that the existing physical conditions at the project site would remain into the foreseeable future, none of the impacts associated with the proposed project would occur.

The No Project Alternative would not create net new shadow on Union Square, or any other public open spaces, privately owned publicly accessible open spaces, or public sidewalks, and therefore would not result in a cumulatively considerable contribution to the significant unavoidable cumulative shadow impact. Because existing conditions on the project site would not change under this alternative, there would be no impacts related to land use and land use planning, aesthetics, population and housing, cultural and paleontological resources, transportation and circulation, noise, air quality, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, hazards and hazardous materials, mineral and energy resources or agricultural and forest resources. Under the proposed project, the impacts with respect to these environmental topics would be either less than significant or less than significant with mitigation, except for agricultural and forest resources. Both the No Project Alternative and the proposed project would have no impact on agricultural and forest resources.

The No Project Alternative would not be desirable or meet either the Successor Agency or the Project Sponsor's objectives, as more particularly described below. The No Project Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The No Project Alternative would not meet any of the Successor Agency or the Project Sponsor's objectives.
- The No Project Alternative would not complete the redevelopment of the YBC Redevelopment Project Area envisioned under the former *Yerba Buena Center Redevelopment Plan.*
- The No Project Alternative would not stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, thereby improving the City's overall economic health, employment opportunities, tax base, and community economic development opportunities.
- The No Project Alternative would not provide for the development of a museum facility and an endowment for The Mexican Museum on Successor Agency-owned property located

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.				
Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.	Project sponsor and project contractor's Head Foreman	During soil-disturbing activities	Upon potential resource discovery, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery.	Upon resource discovery, suspension of work and contact of ERO.
If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor. Measures might include: preservation in situ of the archeological resource; an archaeological monitoring program; or an archeological testing program. If an archeological monitoring program or archeological testing program is required, it shall be consistent with the Environmental Planning (EP) division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource is at risk from vandalism, looting, or other damaging actions.	Project sponsor and archaeological consultant	When determined necessary by the ERO	ERO to determine if additional measures are necessary to implement.	Considered complete upon retention by the project sponsor of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist.
The project archeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describing the archeological and historical research methods employed in the archeological monitoring/data recovery program(s)	Project sponsor and archaeological consultant	When determined necessary by the ERO	Archaeological consultant to prepare draft and final FARR, and to submit FARR to ERO for review	Considered complete upon ERO approval of FARR.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report. Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy and one unlocked, searchable PDF copy on CD three copies of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.	Project sponsor and archaeological consultant	When determined necessary by the ERO	final FARR. Once FARR approved by ERO, Project sponsor /archaeological consultant to ensure distribution of FARR as specified in M-CP-4.	Considered complete once distribution of FARR has been completed.
Noise Mitigation Measures				
Mitigation Measure M-NO-1a: Reduce Noise Levels During Construction The following practices shall be incorporated into the construction contract agreement documents to be implemented by the construction contractor: • Provide best available noise control techniques for equipment and trucks, such as providing acoustic enclosures and mufflers for stationary equipment, shroud or shield impact tools, and installing barriers around particularly noisy activities at the construction sites so that the line of sight between the construction activities and nearby sensitive receptor locations is blocked to the maximum feasible extent. The placement of barriers or acoustic blankets shall be reviewed and approved by the Director of Public Works prior to issuance of permits for construction activities. • Use construction equipment with lower noise emission ratings whenever possible, particularly for air compressors. • Provide sound-control devices on equipment no less effective than those provided by the manufacturer. • Locate stationary equipment, material stockpiles, and vehicle staging areas as far as practicable from sensitive receptor locations. • Prohibit unnecessary idling of internal combustion engines. • Require applicable construction-related vehicles and equipment to use	Project sponsor and project construction contractor(s)	Prior to receiving building permit, incorporate practices identified in M-NO-1a into the construction contract agreement documents. Throughout construction duration, at least 14 days prior to any extreme noise-generating activities, the project sponsor shall notify building owner and occupants within 300 feet of the project construction area of the expected dates, hours, and duration of such activities.	Project sponsor to submit to Planning Department and DBI documentation designating a Noise Disturbance Coordinator and protocol for complaints pertaining to noise. Project sponsor to provide copies of contract documents to Planning Department that show construction contractor agreement with specified practices.	Considered complete upon submittal of contract documents incorporating identified practices.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
designated truck routes to access the project sites. • Prior to the issuance of the building permit, along with the submission of construction documents, the project sponsor shall designate a Noise Disturbance Coordinator (on-site construction complaint and enforcement manager) and submit to the Planning Department and Department of Building Inspection (DBI) a protocol to respond to and track complaints pertaining to construction noise. This shall include (1) a procedure and phone numbers for notifying DBI, the Department of Public Health, and the Police Department (during regular construction hours and off-hours); (2) a sign conspicuously posted on-site describing noise complaint procedures and a complaint hotline number that shall be answered at all times during construction; (3) identification of the Noise Disturbance Coordinator for the project (name, phone number, email address); and (4) notification of property owners and occupants within 300 feet of the project construction area at least 14 days in advance of extreme noise generating activities (activities expected to generate levels of 90 dBA or greater) about the estimated duration of the activity. • Obtain a work permit from the Director of Public Works or the Director of Building Inspection for any nighttime work, pursuant to San Francisco Noise Ordinance Section 2908. • Obtain noise variances (as necessary) consistent with San Francisco Police Code Section 2910.				
Mitigation Measure M-NO-1b: Noise-Reducing Techniques and Muffling Devices for Pile Installation If piles are determined to be necessary, the project sponsor shall require its construction contractor to use noise-reducing pile installation techniques including: avoiding impact pile driving where possible, pre-drilling pile holes (if feasible, based on soils; see Mitigation Measure M-NO-2b, pp. IV.F.26-IV.F.27) to the maximum feasible depth, installing intake and exhaust mufflers on pile installation equipment, vibrating piles into place when feasible, and installing shrouds around the pile driving hammer where feasible. Should impact pile-driving be necessary for the proposed project, the project sponsor would require that the construction contractor limit pile driving activity to result in the least disturbance to neighboring uses, and establish pile-driving hours, in consultation with the Director of Public Works, to disturb the fewest people. At least 48 hours prior to pile driving activities, the project sponsor	Project sponsor and project construction contractor(s)	At least 48 hours prior to construction activities that require pile driving, the project sponsor shall notify building owners and occupants within 500 feet of the project site of the dates, hours, and expected duration of such activities.	Project sponsor to provide evidence of pile driving schedule established in consultation with DPW and copies of notices to building owners and occupants to Planning Department. If piles are necessary, the project sponsor shall require its construction contractor to use noise-reducing pile installation techniques including: avoiding impact	Considered complete upon submittal of schedule and copies of notices to the Planning Department and documentation of noise-reducing pile installation techniques utilized.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
shall notify building owners and occupants within 500 feet of the project site of the dates, hours, and expected duration of pile driving.			pile driving where possible, pre-drilling pile holes (if feasible, based on soils; see Mitigation Measure M-NO-2b.	
Mitigation Measure M-NO-2a: Minimize Vibration Levels During Construction The following practices shall be incorporated into the construction contract agreement documents to be implemented by the construction contractor: • Make the Noise Disturbance Coordinator (see Mitigation Measure M-NO-1a) available to respond to vibration complaints from nearby vibration-sensitive uses, and submit to the Planning Department and Department of Building Inspection (DBI) a protocol to respond to and track complaints pertaining to vibration. Recurring disturbances shall be evaluated by a qualified acoustical consultant to ensure compliance with applicable standards; • Avoid impact pile driving where possible. Utilize drilled piles or the use of a sonic pile driver where the geological conditions permit their use (see Mitigation Measure M-NO-2b); • Select demolition methods not involving impact tools, where possible; • Avoid vibratory rollers and packers, where possible; • Operate earth-moving equipment as far away from vibration-sensitive receptors as possible; and • Phase demolition and ground-impacting activity (excavation and shoring) to reduce occurrences in the same time period, when and where feasible.	Project sponsor and project construction contractor(s)	During project construction	Project sponsor to incorporate into the construction contract agreement documents to be implemented by the construction contractor the measures to minimize vibration levels specified in M-NO-2a, including designation of a Noise Disturbance Coordinator and protocol for complaints pertaining to vibration. Project sponsor to provide copies of contract documents and protocol for complaints to Planning Department that show construction contractor agreement with specified practices.	Considered complete upon submittal of contract documents to the Planning Department and submittal of documentation designating a Noise Disturbance Coordinator and protocol for complaints pertaining to vibration to DBI.
Mitigation Measure M-NO-2b: Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation If impact pile driving is necessary, the project sponsor shall retain a qualified geotechnical engineer to conduct a pre-construction assessment of existing subsurface conditions and the structural integrity of nearby buildings subject to ground vibration prior to receiving a building permit. If recommended by the geotechnical engineer, for structures or facilities within 80 feet of pile installation activities (Westin Hotel and Contemporary Jewish Museum [formerly known as the Jessie Street Substation]), the project sponsor shall require groundborne vibration monitoring of nearby	Project sponsor, project construction contractor(s), and qualified geotechnical engineers	Prior to building permit issuance	Project sponsor shall retain a qualified geotechnical engineer to conduct a pre-construction assessment of existing subsurface conditions and the structural integrity of nearby buildings subject to ground vibration prior to	Considered complete upon approval of pre-construction assessment, and if necessary, results of groundborne vibration monitoring shall

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
structures. The assessment shall be based on the specific conditions at the construction site such as, but not limited to, the following: ○ Pre-construction surveying of potentially affected structures; ○ Underpinning of foundations of potentially affected structures, as necessary; ○ The need for a monitoring program during vibration-causing construction activities to detect ground settlement or lateral movement of structures in the vicinity of excavation, shoring, or impact activities, should pile driving be required. If pile driving is found to be needed, results of ground vibration monitoring shall be submitted to the Department of Building Inspection (DBI). In the event of unacceptable ground movement, as determined by the DBI, pile installation shall cease and corrective measures, protective shoring, and alternative construction methods shall be implemented. Corrective measures to reduce ground movement from pile driving include: jetting or using a high-pressure stream of air and water to erode the soil adjacent to the pile; predrilling; using cast-in-place or auger cast piles; using pile cushioning; or using nonimpact drivers. The pile installation program and ground stabilization measures shall be reevaluated and approved by the Department of Building Inspection.		If a monitoring program is needed, project sponsor to provide results of monitoring to Department of Building Inspection weekly during construction.	receiving a building permit. Geotechnical engineer to provide reports to Department of Building Inspection for review and approval. If recommended by the geotechnical engineer, for structures or facilities within 80 feet of pile installation activities (Westin Hotel and Contemporary Jewish Museum [formerly known as the Jessie Street Substation]), the project sponsor shall require groundborne vibration monitoring of nearby structures. Results of ground vibration monitoring shall be submitted to the Department of Building Inspection (DBI).	be submitted to DBI during vibration-causing construction activities.
Mitigation Measure M-NO-2c: Vibration Monitoring and Management Plan A Pre-Construction Assessment of the Aronson Building shall be conducted by a qualified structural engineer and preservation architect who meet the Secretary of the Interior's Historic Preservation Professional Qualification Standards. The Pre-Construction Assessment prepared shall establish a baseline, and shall contain written descriptions of the existing condition, along with photographs, measured drawings, sketches, and/or CAD drawings of all cracks, spalling, or similar. Particular attention shall be paid to loose terra cotta, cracks, bulges and planes in and out of plumb, floors in and out of level, openings and roof planes, as needed. A vibration management and continuous monitoring plan shall be developed and adopted to protect the Aronson Building against damage caused by vibration or	Project sponsor to retain appropriately qualified structural engineer and preservation architect	Prior to building permit issuance Continuous vibration	Project sponsor to retain appropriately qualified structural engineer and preservation architect to prepare Pre-Construction Assessment of the Aronson Building. Planning Department to review and approve Pre-Construction Assessment of the Aronson Building. Project sponsor to retain	Considered complete upon approval of Pre-Construction Assessment of the Aronson Building. Considered

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
differential settlement caused by vibration during project construction. The vibration management and monitoring plan related to the Aronson Building shall be submitted to the Planning Department Preservation Staff prior to issuance of any building permits. The vibration management and monitoring plan shall include pre-construction surveys, continuous vibration monitoring throughout the duration of the major structural project activities, and for one year following project completion if determined necessary by the preservation architect. The vibration management and monitoring plan shall be at the direction of the qualified structural engineer and shall constitute a blended approach, using both optical survey targets and crack monitors. The use of optical survey targets and crack monitors during construction shall measure whether ground displacement during construction is approaching levels at which damage to the historic resource may be possible. Construction methods shall be reevaluated if measurements and levels of vibration are found to exceed the levels established in the vibration management and monitoring plan and/or if damage to the historical resource may be possible.		monitoring of the Aronson Building shall occur throughout the duration of major structural project construction activities and, if determined necessary by the preservation architect, for one year following project completion.	appropriately qualified structural engineer and preservation architect to prepare vibration management and continuous monitoring plan. Vibration management plan and monitoring plan shall be prepared prior to building permit issuance	complete upon development, submittal, and approval by DBI and the Planning Department of a vibration management and continuous monitoring plan for the Aronson Building. Monitoring reports to be submitted to DBI.
Mitigation Measure M–NO-3: Stationary Operational Noise Sources All fixed, stationary sources of noise (e.g., building mechanical systems (HVAC equipment), standby power generator, ventilation equipment, etc.) shall be located away from noise-sensitive receptors, be enclosed within structures with adequate setback and screening, be installed adjacent to noise reducing shields, or constructed with some other adequate noise attenuating features, to achieve compliance with the noise level limits of the San Francisco Noise Ordinance. Noise from fixed, stationary sources must not exceed the performance standard of Section 2909(d) of the San Francisco Police Code for any sleeping or living room in any dwelling unit located on residential property: an interior noise level of 45 dBA between the hours of 10:00 PM to 7:00 AM or 55 dBA between the hours of 7:00 AM to 10:00 PM. Once the stationary noise sources have been installed, the project sponsor shall retain a qualified acoustical consultant to measure the noise levels of operating exterior equipment within three months after the installation. If project stationary noise sources exceed the applicable noise standards, a qualified acoustical consultant shall be retained by the project sponsor to evaluate whether additional noise attenuation measures or acoustic insulation should be installed in order to meet the applicable noise standards. Examples of such measures include acoustical enclosures, replacement of equipment, or relocation of equipment. Results of the measurements	Project sponsor to retain qualified acoustical consultant	Within three months after installation of stationary noise sources, project sponsor to retain acoustical consultant to measure noise levels in dwelling unit most likely to be affected by operating exterior equipment.	Project sponsor to provide results of stationary noise measurements to DPH and the Planning Department.	Considered complete upon submittal of noise measurement results to DPH and the Planning Department, and documentation of noise attenuation measures or acoustic insulation installed, if required to meet the applicable noise standards.

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
shall be provided to the City to show compliance with the standards.				
Air Quality Mitigation Measures				
Mitigation Measure M-AQ-3: Construction Emissions Minimization To reduce the potential health risk resulting from project construction activities, the project sponsor shall prepare a Construction Emissions Minimization Plan (included as Appendix G) designed to reduce construction-related diesel particulate matter emissions from off-road construction equipment used at the site by at least 65 percent as compared to the construction equipment list, schedule, and inventory provided by the sponsor on May 27, 2011. The project sponsor shall include all requirements identified in the Construction Emissions Minimization Plan in contract specifications for the entire duration of construction activities. The Construction Emissions Minimization Plan shall include the following requirements, which would achieve the required 65 percent reduction in construction period diesel particulate matter emissions: • Limit idling times by either shutting equipment off when not in use or reducing the maximum idling time to two minutes. • Prohibit use of diesel generators for electric power because on-site distribution of electricity is available. • Require construction contractors to use electric or propane powered devices for the following types of equipment: – Tower Crane – Fork Lifts and Manlifts – Portable Welders – Concrete Placing Booms • Require construction contractors to use portable compressors that are either electric powered or powered by gasoline engines or engines compliant with Tier 4 standards. • Require use of Interim Tier 4 or Tier 4 equipment where such equipment is available and feasible for use. Use of Interim Tier 4 or Tier 4 equipment would be feasible for the following types of equipment:	Project sponsor and project construction contractor(s) shall prepare and implement Construction Emissions Minimization Plan.	At least 14 days prior to the commencement of construction activities	Project sponsor/contractor to submit a Construction Emissions Minimization Plan to the ERO demonstrating construction-related diesel particulate matter emissions from off-road construction equipment used at the site is reduced by at least 65 percent as compared to the construction equipment list, schedule, and inventory provided by the sponsor on May 27, 2011. Project sponsor may elect to submit to the ERO a demonstration that alternative measures achieve the specified emissions reduction.	Considered complete upon ERO/Planning Department review and approval of Construction Emissions Minimization Plan or alternative measures that achieve the same emissions reduction.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
– Backhoes – Rubber-Tired Dozers ▫ Require use of Tier 2/Tier 3 equipment retrofitted with ARB Level 3 Verified Diesel Emissions Control System (VDECS, which includes diesel particulate filters). The following types of equipment are identified as candidates for retrofitting with ARB-certified Level 3 VDECS (which are capable of reducing DPM emissions by 85 percent or more), due to their expected operating modes (i.e., fairly constant use at high revolutions per minute): – Excavators – Concrete Boom Pumps – Concrete Trailer Pumps ▫ Use of Tier 3 equipment for the following types of equipment: – Portable Cranes – Soil Mix Drill Rigs – Soldier Pile Drill Rigs – Shoring Drill Rigs If the foregoing requirements are implemented, no further quantification of emissions shall be required. Alternatively, the project sponsor may elect to substitute alternative measures in the Construction Emissions Minimization Plan for review and approval by the Environmental Review Officer (ERO). Such alternative measures would be subject to demonstrating that the alternative measures would achieve the required 65 percent reduction in construction period diesel particulate matter emissions, including without limitation the following: ▫ Use of other late-model engines, low-emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, and add-on devices such as particulate filters; and ▫ Other options as such become available. The project sponsor shall submit the Construction Emissions Minimization Plan to the ERO for review and approval by an Environmental Planning Air Quality Specialist prior to the commencement of construction activities.				
Hazards and Hazardous Materials Mitigation Measures				

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
Mitigation Measure M-HZ-2: Hazardous Materials - Testing for and Handling of Contaminated Soil During excavation, the project sponsor shall hire a consultant to collect soil samples (borings), including, but not limited to, the location of the underground storage tank on the north side of the Aronson Building. The soil samples shall be tested for petroleum hydrocarbons and lead. If petroleum hydrocarbons and/or lead are present in soil, the soil shall be removed under the supervision of the San Francisco Department of Public Health (DPH) and disposed of in a suitable landfill, or otherwise addressed consistent with applicable Federal, State, and local laws. In addition, the sponsor shall perform the following actions with respect to contaminated soil: Step 1: Soil Testing Prior to obtaining building permits, the project sponsor shall hire a consultant to collect soil samples (borings) from selected locations in the work area in which soil would be disturbed and/or excavated. (This initial soil sampling and reporting shall be done prior to excavation, but additional soil testing from on-site soil stockpiles may also be required, if there are indications [e.g., odors, visible staining] of contamination in the excavated soil.) The soil samples shall be tested for these Compounds of Concern: total lead, petroleum hydrocarbons, and volatile organic compounds (VOCs). The consultant shall analyze the soil borings as discrete, not composite samples. The consultant shall prepare a report on the soil testing for the Compounds of Concern that includes the laboratory results of the soil testing and a map that shows the locations from which the consultant collected the soil samples. (See Step 3, below). The project sponsor shall submit the report on the soil testing for the Compounds of Concern for the Sub-Phase and the current fee in the form of a check payable to the San Francisco Department of Public Health, to the Hazardous Waste Program, Department of Public Health, 1390 Market Street, Suite 210, San Francisco, California 94102. The current fee shall cover three hours of soil testing report review and administrative handling. If additional review is necessary, DPH shall bill the project sponsor for each additional hour of review over the first three hours. These fees shall be charged pursuant to Section 31.23(c) of the San Francisco Administrative Code. DHP shall review the soil testing program to determine whether soils on the project site are contaminated with any of the Compounds of Concern at or above potentially hazardous levels. Step 2: Preparation of Site Mitigation Plans The project sponsor shall prepare a Site Mitigation Plan (SMP). The SMP shall include a discussion of the level of contamination of soils by Compounds of Concern, if any, based on the soils testing in Step 1. The SMP shall set forth mitigation measures for managing	Project Sponsor to retain qualified professional consultant for Steps 1, 2 and 4. Project construction contractor to carry out and report on activities required in Step 3.	Soil report on the soil testing and Site Mitigation Plan (SMP) shall be approved by the Department of Public Health (DPH) prior to building permit issuance, with a copy to the Planning Department. Project construction contractor shall conduct handling, hauling and disposal of soils pursuant to measures specified in Step 3 for duration of construction activities. After excavation and foundation construction activities are completed, project sponsor to submit closure report to DPH for approval pursuant to Step 4.	Project sponsor and/or Project construction contractor to submit reports as specified in steps 1 to 4 to Department of Public Health (DPH) and/or the Planning Department.	Step 1 complete upon submittal of soils testing results to DPH for review. Step 2 complete with submittal and approval of the SMP by DPH. Steps 3 and 4 considered complete upon approval and implementation of closure / certification report by DPH. A copy of the closure report shall be provided to the Planning Department.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
contaminated soils on the site, if any, including but not limited to: 1) the alternatives for managing contaminated soils on the site (e.g., encapsulation, partial or complete removal, treatment, recycling for reuse, or a combination); 2) the preferred alternative for managing contaminated soils on the site and a brief justification; and 3) the specific practices to be used to handle, haul, and dispose of contaminated soils on the site. The SMP shall be submitted to the DPH for review and approval. A copy of the SMP shall be submitted to the Planning Department to become part of the case file. Additionally, the DPH may require confirmatory samples for the project site. Step 3: Handling, Hauling, and Disposal Contaminated Soils (a) Specific work practices: The construction contractor shall be alert for the presence of contaminated soils during excavation and other construction activities on the site (detected through soil odor, color, and texture and results of on-site soil testing), and shall be prepared to handle, profile (i.e., characterize), and dispose of such soils appropriately (i.e., as dictated by local, State, and Federal regulations, including OSHA work practices) when such soils are encountered on the site. (b) Dust suppression: Soils exposed during excavation for site preparation and project construction activities shall be kept moist throughout the time they are exposed, both during and after work hours. (c) Surface water runoff control: Where soils are stockpiled, visqueen shall be used to create an impermeable liner, both beneath and on top of the soils, with a berm to contain any potential surface water runoff from the soil stockpiles during inclement weather. (d) Soils replacement: If necessary, clean fill or other suitable material(s) shall be used to bring portions of the project site, where lead-contaminated soils have been excavated and removed, up to construction grade. (e) Hauling and disposal: If soils are contaminated such that they must be hauled off-site for treatment and/or disposal, contaminated soils shall be hauled off the project site by waste hauling trucks appropriately certified with the State of California and adequately covered to prevent dispersion of the soils during transit, and shall be disposed of at the permitted hazardous waste disposal facility registered with the State of California. Step 4: Preparation of Closure/Certification Report After excavation and foundation construction activities are completed, the project sponsor shall prepare and submit a closure/certification report to DPH for review and approval for that area. The closure/certification report shall include the mitigation measures (if any were necessary) in the SMP for handling and removing contaminated soils, if any, from the project site, and if applicable, whether the construction				

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
contractor modified any of these mitigation measures, and how and why the construction contractor modified those mitigation measures.				

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
IMPROVEMENT MEASURES FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT				
Improvement Measure I-TR-A: Traffic Signal Timing Modifications. As an improvement measure to enhance ability of drivers exiting Stevenson Street at Third Street to merge into and across Third Street traffic flow, the project sponsor shall request that the SFMTA consider revising the signal timing and off-sets to ensure that sufficient clearance time is provided so that vehicles do not spill back into the midblock intersection (the intersection is currently striped "KEEP CLEAR"). In addition, the project sponsor shall request that SFMTA consider relocating the pedestrian signal north of Stevenson Street closer to the intersection to reduce the propensity of pedestrians crossing Stevenson Street during a "don't walk" phase.	Project sponsor	Coordination to occur prior to building occupancy	Project sponsor to request the SFMTA consider revising the signal timing and off-sets to ensure that sufficient clearance time is provided so that vehicles do not spill back into the midblock intersection (the intersection is currently striped "KEEP CLEAR"). The project sponsor shall request that SFMTA consider relocating the pedestrian signal north of Stevenson Street closer to the intersection to reduce the propensity of pedestrians crossing Stevenson Street during a "don't walk" phase.	Considered complete after request and coordination with SFMTA for the two requests specified in I-TR-A.
Improvement Measure I-TR-B: "Garage Full" Sign on Third Street. As an improvement measure to minimize the number of vehicles accessing Stevenson Street when the Jessie Square Garage is full, the project sponsor shall strive to install, or cause to be installed, an LED (or similar) "Garage Full" sign at the intersection of Third Street at Stevenson Street.	Project sponsor and project construction contractor(s)	Prior to building occupancy prior to building occupancy.	Project sponsor to strive to install an LED (or similar) "Garage Full" sign at the intersection of Third Street at Stevenson Street.	Considered complete after installation of "Garage Full" sign and documentation of same provided to ERO.
Improvement Measure I-TR-C: Monitoring and Abatement of Queues. As an improvement measure to reduce the potential for queuing by vehicles accessing the project site, the owner/operator of the proposed project shall strive to ensure that recurring vehicle queues do not occur on Third Street or Mission Street adjacent to the proposed project site. A vehicle queue is defined as one or more vehicles (destined to	Project sponsor or building management representative	Ongoing during building occupancy	Project Sponsor to ensure that recurring vehicle queues do not occur on Mission Street adjacent to	This improvement measure is ongoing during the life of the project.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
the parking facility) blocking any portion of the Third Street or Mission Street sidewalk or roadway for a consecutive period of three minutes or longer on a daily or weekly basis. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. The consultant shall prepare a monitoring report to be submitted to the Department for review. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	and Planning Department/Project Sponsor	Ongoing during building occupancy	the proposed project site. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	Considered complete upon Planning Department determination that no queuing exists. Otherwise, if monitoring shows that a recurring queue exists, considered complete when queue is abated.
Improvement Measure I-TR-D: Installation of Eyebolts. As an improvement measure to reduce pole clutter on Third Street and on Mission Street, the project sponsor could review with Planning Department and SFMTA staff whether it would be appropriate to install eyebolts in the renovated building to support Muni's overhead wire system.	Project sponsor	Prior to building permit issuance	Project sponsor to consult with Planning Department and SFMTA. If necessary, Planning Department and SFMTA shall review eyebolt installation plan.	Considered complete upon consultation with Planning Department and SFMTA. If eyebolt installation is determined appropriate by City agencies, then considered complete with approval of eyebolt installation

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
				plan.
Improvement Measure I-TR-E: Consolidation of Traffic Signal and Overhead Wire Poles . To eliminate pole clutter and reduce pedestrian obstructions on the Third Street sidewalk adjacent to the project site, and to improve pedestrian flow, it may be possible to consolidate the three traffic signal and overhead wire poles, and relocate the existing mailbox which extends further from the curb than the adjacent newspaper rack. (The newspaper rack and mailbox are proposed to be removed from the sidewalk during project construction.) The project sponsor could make these requests to the San Francisco Department of Public Works (DPW) (newspaper rack), the U.S. Postal Service (mail box), and SFMTA (overhead wire poles and traffic signals).	Project sponsor	Requests made prior to building permit issuance	Project sponsor to consult with and request Planning Department, SFMTA, DPW, and the U.S. Postal Service consider measures to eliminate pole clutter and pedestrian obstructions on the Third Street sidewalk as described in I-TR-E.	Considered complete upon requests made by project sponsor for traffic signal and overhead wire pole consolidation and the relocation of the existing mailbox.
Improvement Measure I-TR-F: Pedestrian Measures on Third Street. This improvement measure includes the following measures to reduce conflicts between pedestrians and vehicles on Third Street adjacent to the project site: • During peak periods of pedestrian activity on Third Street (7 AM to 7 PM), the project sponsor shall staff the driveway entry on Third Street with a traffic control attendant to facilitate vehicular ingress into the project driveway from Third Street. • The project sponsor shall provide adequate valet service to ensure that queuing space for a minimum of two vehicles within the internal drop-off area is available at all times (the internal driveway can accommodate up to six vehicles). • The project sponsor shall use alternate pavement treatment for the sidewalk at the driveway on Third Street, as determined appropriate by DPW, SFMTA, and the Planning Department. • The project sponsor shall explore the potential for providing audio and/or visual treatments to alert pedestrians that a vehicle is about to cross the sidewalk from the adjacent travel lanes (typically such treatments are for vehicles exiting, not entering, a driveway).	Project sponsor or building management representative Project sponsor or building management representative Project sponsor and project contractor Project sponsor or building management representative	Ongoing, after building occupancy Ongoing, after building occupancy Prior to completion of construction Prior to building occupancy	Project sponsor or building management representative shall staff the driveway on Third Street with a traffic control attendant. Such attendant shall facilitate vehicular ingress during peak periods of pedestrian activity. Project sponsor and project contractor use alternate pavement treatment for the sidewalk at the driveway on Third Street, as determined appropriate by DPW, SFMTA, and the Planning Department.	This improvement measure is an ongoing activity. Provide documentation of compliance to the ERO. Considered complete upon application of pavement treatment. Considered complete with documentation to the ERO regarding potential audio and/or visual treatments.
Improvement Measure I-TR-G: Reduce Pedestrian-Vehicle Conflict Areas. Pedestrian conditions on Third Street between Mission and Market Streets include an	Project sponsor in consultation with DPW,	Prior to building occupancy, provided that	Project sponsor shall work with DPW, SFMTA, and	Considered complete

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
existing pedestrian-vehicle conflict zone associated with the Westin Hotel passenger loading operations located on the west side of Third Street. To improve the pedestrian experience on Third Street between Mission and Market Streets, the project sponsor shall work with DPW, SFMTA, and the Planning Department to assess the feasibility of other measures or treatments to reduce pedestrian-vehicle conflicts in this area. Measures to be assessed for feasibility could include the construction of bulb outs at the intersection of Third and Mission Streets, additional signage, alternate pavement treatment for sidewalks at driveways, automated warning devices, and/or the potential reconfiguration of parking and loading strategies in the area. The project sponsor shall cooperate with the City in seeking the consent to or participation in such measures by other property owners on Third Street between Mission and Market Streets, provided that such measures shall not be required for the project where such consent or participation cannot be secured in a reasonable, timely, and economic manner.	SFMTA, and the Planning Department.	such measures shall not be required for the project where such consent or participation cannot be secured in a reasonable, timely, and economic manner.	the Planning Department to assess the feasibility of other measures or treatments to reduce pedestrian-vehicle conflicts in this area. If required, the project sponsor shall cooperate with the City in seeking the consent to, or participation in, such measures by other property owners on Third Street between Mission and Market Streets.	following consultation with DPW, SFMTA, and the Planning Department and upon determination of feasibility of measures or treatment to reduce pedestrian-vehicle conflicts.
Improvement Measure I-TR-H: Coordination of Moving Activities. To ensure that residential move-in and move-out activities do not impede traffic flow on Mission Street or Third Street, the project sponsor shall encourage that move-in and move-out operations, as well as larger deliveries, should be scheduled and coordinated through building management.	Project sponsor or building management representative	Ongoing, after building occupancy	The project sponsor shall encourage that move-in and move-out operations, as well as larger deliveries, should be scheduled and coordinated through building management.	Provide documentation to the Planning Department regarding procedures to implement this improvement measure. Ongoing for the life of the project
Improvement Measure I-TR-I: Construction - Traffic Control Plan. As an improvement measure to reduce potential conflicts between construction activities and pedestrians, transit and autos, SFMTA could require that the contractor prepare a traffic control plan for project construction. The project sponsor and construction contractor(s) shall meet with DPW, SFMTA, the Fire Department, Muni, the Planning Department and other City agencies to coordinate feasible measures to reduce traffic congestion, including temporary transit stop relocations (if determined necessary) and other measures to reduce potential traffic and transit disruption and pedestrian circulation effects during construction of the proposed project. The contractor could be required to comply with the City of San Francisco's Regulations for Working in San Francisco Streets, which establish rules and permit	Project sponsor and project construction contractor(s)	Throughout the construction duration	Project sponsor and project construction contractor(s) to coordinate with DPW, SFMTA, the Fire Department, the Planning Department and other applicable City agencies. If required, contractor to prepare a Traffic Control Plan (TCP) for project construction activities.	Considered complete once project sponsor and construction contractor(s) meet with DPW, SFMTA, the Fire Department, Muni, the Planning Department and other City

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
requirements so that construction activities can be done safely and with the least possible interference with pedestrians, bicyclists, transit and vehicular traffic.				agencies to coordinate feasible measures for maintenance of traffic during project construction. If required the contractor will implement the TCP as agreed upon by DPW until completion of construction activities.
Improvement Measure I-TR-J: Construction – Carpools. As an improvement measure to minimize parking demand associated with construction workers, the project sponsor could request the construction contractor to encourage carpooling and transit access to the site by construction workers.	Project sponsor and project construction contractor(s)	During project construction	Project sponsor could request the construction contractor to encourage carpooling and transit access to the site by construction workers.	Considered complete upon providing documentation of such request to the Planning Department.
Improvement Measure I-TR-K: Construction - Truck Traffic Management. As an improvement measure to minimize construction traffic impacts on Third Street and Mission Street, and on pedestrian, transit and traffic operations, the construction contractor could be required to retain San Francisco Police Department traffic control officers during peak construction periods.	Project sponsor and project construction contractor(s)	During peak periods of project construction	Project Sponsor to retain SFPD traffic control officers to minimize construction traffic impacts on Third Street and Mission Street, and on pedestrian, transit and traffic operations. DPW to monitor implementation.	Project sponsor provides documentation of retention of San Francisco Police Department traffic control officers during peak construction periods..
Improvement Measure I-TR-L: Construction - Update Adjacent Businesses and Residents. As an improvement measure to minimize construction impacts on access for nearby institutions and businesses, DPW could require the project sponsor to provide nearby residences and adjacent businesses with regularly-updated information	Project sponsor and project construction contractor(s)	During project construction	Project sponsor to provide nearby residences and adjacent businesses with regularly-updated	Provide documentation regarding compliance with I-

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
regarding project construction, including construction activities, peak construction vehicle activities (e.g., concrete pours), travel lane closures, and lane closures. The information should include contact information, including that the public can contact the SFMTA General Enforcement Division for blocked driveways and access, DPW's Street Use and Mapping for complaints regarding construction activities interfering with travel lanes, or the San Francisco Police Department for violations related to construction street space permits issued by DPW or Special Traffic Permits issues by SFMTA. A web site could be created by project sponsor that would provide current construction information of interest to neighbors.			information regarding project construction and appropriate contact information as described in I-TR-L. A web site could be created by project sponsor that would provide current construction information of interest to neighbors.	TR-L to Planning Department. Considered complete with provision of documentation and completion of construction activities.
Improvement Measure I-TR-M: Transportation Demand Management. As an improvement measure to encourage use of alternative modes and reduce the proposed project's parking demand and parking shortfall, the project sponsor could implement the following Transportation Demand Management strategies: Provide a transportation insert for the move-in packet. This packet could provide information on transit service (Muni and BART lines, schedules and fares), information on where transit passes could be purchased, and information on the 511 Regional Rideshare Program. Information on transportation options, including updates, would be posted on the Homeowners Association (HOA) website and/or by other resident communications method. The project sponsor could consider including in the price of rental or HOA fee one monthly Clipper card with transit pass for each unit. Provide function of TDM program coordinator with training for this role. Offer employee incentives to increase use of alternative modes of travel. Consider providing and maintaining bicycles and facilities for use by tenants/employees. Provide information related to access to bicycle parking and facilities in the area to tenants and employees. Examine additional ways to improve bicycle and pedestrian safety at project vehicle and building access and entries, with the goal of reducing potential conflicts between private autos, transit vehicles, and commercial loading activities and alternative	Project sponsor or building management representative	Ongoing, after building occupancy	Project sponsor to implement TDM measures specified in I-TR-M and provide documentation to the Planning Department.	This improvement measure is ongoing during the life of the project. Project sponsor to provide documentation of implementation of TDM measures to the Planning Department.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
modes of travel.				
Improvement Measure I-TR-N: Monitoring and Abatement of Queues on Mission Street. To reduce the potential for queuing by vehicles accessing the project site, it shall be the responsibility of the owner/operator of the proposed project to ensure that recurring vehicle queues do not occur on Mission Street adjacent to the proposed project site. A vehicle queue is defined as one or more vehicles (destined to the parking facility) blocking any portion of the Mission Street sidewalk or roadway for a consecutive period of three minutes or longer on a daily or weekly basis. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. The consultant shall prepare a monitoring report to be submitted to the Department for review. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	Project sponsor and Planning Department/Project Sponsor	Ongoing during building occupancy Ongoing during building occupancy	Project Sponsor to ensure that recurring vehicle queues do not occur on Mission Street adjacent to the proposed project site. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	This improvement measure is ongoing during the life of the project. Considered complete upon Planning Department determination that no queuing exists. Otherwise, if monitoring shows that a recurring queue exists, considered complete when queue is abated. queue.
Improvement Measure I-NO-A: Residential Use/Cultural Component Plan Review by Qualified Acoustical Consultant. To ensure that interior noise levels at proposed noise-sensitive uses on the project site do not result in excessive awakenings or disturbances, or exceed an interior noise level standards of Title 24 of the California Code of Regulations and the San Francisco Noise Ordinance including Section 2909(d), a qualified acoustical consultant shall review plans for all new residential uses, cultural component areas (The Mexican Museum), and any other sensitive use area and provide recommendations to provide acoustical insulation or other equivalent measures to reduce interior noise levels. The project sponsor would	Project sponsor, qualified acoustical consultant, and project construction contractor(s).	Acoustical studies provided to DBI at the time the Architectural Addendum Permit is submitted for review.	Project sponsor to engage a qualified acoustical consultant to provide recommendations regarding acoustical insulation or other equivalent measures to reduce interior noise levels.	Considered complete upon submission of studies to DBI and implementation of any measures required to ensure that interior noise

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
include noise insulating features to ensure that interior noise would not exceed 45 dBA (Ldn) in any habitable room. These studies shall be presented to DBI at the time that the Architectural Addendum Permit is submitted for review. Noise-insulating features for the exterior façade and envelope of the 706 Mission Street tower and rehabilitated Aronson Building may include acoustically designed systems for appropriate Outside-Inside Transmission Class ratings for curtain-wall assemblies; acoustically designed systems for appropriate Outside-Inside Transmission Class ratings for exterior punched windows and window wall assemblies; acoustically-rated exterior wall construction and assemblies; and acoustically designed exterior wall openings, such as trickle vents or Z-ducts, as required.			The project sponsor would include noise insulating features into the project to ensure that interior noise would not exceed 45 dBA (Ldn) in any habitable room. These studies shall be presented to the Department of Building Inspection (DBI).	would not exceed 45 dBA (Ldn) in any habitable room.
Improvement Measure I-WS-A. As an improvement measure to reduce ground-level wind speeds in areas used for public seating, the project sponsor shall meet with Planning Department staff to determine which locations would benefit the most from wind reduction measures and what types of wind reduction measures could be implemented at those locations. The project sponsor shall strive to install, or cause to be installed, wind reduction measures that could include hedges, planter boxes, trees, and trellises. In the event that some locations are not on property owned or otherwise controlled by the project sponsor, the project sponsor shall discuss the implementation of these wind reduction measures with the appropriate parties, which could include the Successor Agency, other City departments, or other property owners.	Project sponsor in coordination with the Planning Department and adjacent property owners.	Project sponsor to meet with Planning Department staff prior to building occupancy. Project sponsor shall strive to install, or cause to be installed, wind reduction measures prior to building occupancy, provided that occupancy shall not be delayed in the event that measure has not been implemented.	Project sponsor to coordinate with the Planning Department staff to determine which locations would benefit the most from wind reduction measures and what types of wind reduction measures could be implemented at these locations. In the event that some locations are not on property owned, or otherwise controlled by the project sponsor, the project sponsor shall discuss the implementation of these wind reduction measures with the appropriate parties, which could include the Successor Agency, other City departments, or other property owners.	Considered complete upon meeting with Planning Department, and if determined appropriate, the implementation of wind reduction measures.
Improvement Measure I-WS-B As an improvement measure, the project sponsor would address the wind conditions and usability of the proposed private roof terraces	Project sponsor and project construction	Prior to building occupancy, provided that	Project sponsor to address the wind conditions and	Considered complete upon

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
on the west side of the tower and the common open space on the north side of the Aronson Building roof through the implementation of building design considerations as well as wind control measures in order to improve wind conditions in these locations. Wind control measures to be implemented may include trellises, landscaping, tall parapets and/or wind screens.	contractor(s)	occupancy shall not be delayed in the event that this measure has not been completed.	usability of the proposed private roof terraces on the west side of the tower and the common open space on the north side of the Aronson Building roof through implementation of building design considerations as well as wind control measures as described in I-WS-B. Project sponsor to provide documentation of compliance to Planning Department.	implementation and documentation to the Planning Department of wind control measures.

adjacent to Jessie Square, at the heart of San Francisco's cultural district location, in a manner that is consistent with General Plan Policy VI-1.9, to "create opportunities for private developers to include arts spaces in private developments city-wide."

- The No Project Alternative would not result in construction of a preeminent building with a superior level of design for this important site across from Yerba Buena Gardens and adjacent to Jessie Square in a manner that complements the landscaping and design of Jessie Square.

- The No Project Alternative would not provide housing in an urban infill location to help alleviate the effects of suburban sprawl.

- The No Project Alternative would not provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents both in the South of Market area and in the City generally, in a manner consistent with the City's current and future equal opportunity programs.

- The No Project Alternative would not maximize the quality of the pedestrian experience along Mission Street and Third Street, while maintaining accessibility to the project site for automobiles and loading.

- The No-Project Alternative would not provide for rehabilitation of the historically important Aronson Building.

- The No Project Alternative would not secure funding for new and affordable below-market-rate units.

- The No Project Alternative would not secure additional funding for operations, management, and security of Yerba Buena Gardens.

- The No Project Alternative would not result in the construction of a residential building of superior quality and design that complements and is generally consistent with the downtown area, furthering the objectives of the General Plan's *Urban Design Element* and the former *Yerba Buena Center Redevelopment Plan.*

- The No Project Alternative would not redevelop the project site with a high-quality residential development that includes a ground-floor retail or restaurant use.

- The No Project Alternative would not provide housing in downtown San Francisco that is accessible to local and regional transit, as well as cultural amenities and attractions, such as performing art centers, and art museums and exhibitions.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the No Project Alternative.

2. Existing Zoning Alternative

The intent of the Existing Zoning Alternative is to provide an alternative that meets all applicable provisions of the Planning Code and existing zoning for the project site. In addition, this alternative would reduce the significant and unavoidable cumulative shadow impacts compared to the proposed project, but not to a less than significant level. Under this alternative, a new 13-story, approximately 196-foot-tall building with a 9.0 to 1 FAR would be constructed adjacent to and west of the Aronson Building. As with the proposed project, the Aronson Building would be restored and rehabilitated, and the new building would be connected to it. This alternative would provide an approximately 45,000-gsf cultural space for The Mexican Museum, compared to the approximately 52,285-gsf of cultural space provided for the museum under the proposed project. Vehicular access into and out of the existing subsurface Jessie Square Garage would not change from existing conditions. Unlike the proposed project, under this alternative, there would not be a driveway on Third Street to serve the residential units. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Existing Zoning Alternative would reduce as compared to the proposed project the cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, but not to a less than cumulatively considerable level. While the reduced building height of the new tower under this alternative would not create net new shadow on Union Square, unlike the proposed project, shadow from the proposed tower could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project, and therefore may contribute to a cumulatively significant shadow impact. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Existing Zoning Alternative and the proposed project would have no impact on agricultural and forest resources.

The Existing Zoning Alternative would meet some, but not all, of the Successor Agency and Project Sponsor's objectives. For example, it would attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, and would provide housing in an urban infill location, near transit and cultural amenities to help alleviate the effects of suburban sprawl, although not as much housing as under the proposed project. The Existing Zoning Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents although the scope of these alternatives would be less than with the proposed project due to the reduced size of the Existing Zoning Alternative. The Existing Zoning Alternative would provide for rehabilitation of the historically important Aronson Building. The Existing Zoning Alternative would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

But, the Existing Zoning Alternative would reduce but not avoid the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, although the reduced height of the new tower under this alternative would not create net new shadow on Union Square. Furthermore, the Existing Zoning Alternative would not be desirable or meet many of the Successor Agency and Project Sponsor's objectives and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below.

The EPS Report indicates that the Existing Zoning Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Existing Zoning Alternative is not financially feasible with or without the purchase of TDRs because under this Alternative, the height of the tower is reduced, which reduces the number of revenue generating units, and per square foot construction costs are highest under this alternative due to a decrease in construction cost efficiency. Additionally, the Jessie Square Garage would not be conveyed to the Project Sponsor under this alternative, which means the Alternative does not include defeasance of the outstanding Jessie Square Garage bonds or repayment of the Successor Agency's debt to the City. It also does not generate parking-related revenue.

The Existing Zoning Alternative is projected to generate approximately $134 million in gross project revenues under the Office Flex Option and approximately $149 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $268 million under the Office Flex Option and approximately $292 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $133.4 million under the Office Flex Option and approximately negative $142.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately negative $134.2 million under the Office Flex Option and approximately negative $143.4 million under the Residential Flex Option. The Peer Review concurs with this opinion.

Therefore, the Existing Zoning Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Existing Zoning Alternative would not avoid the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact.
- The Existing Zoning Alternative would not transfer ownership of the Jessie Square Garage to a private entity and therefore does not include defeasance of the outstanding Jessie Square Garage bonds or repayment of the Successor Agency's debt to the City.
- The Existing Zoning Alternative would not create a development that meets the Successor Agency's and Project Sponsor's objective to be financially feasible with the ability to fund the Project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Existing Zoning Alternative would not create a development that is financially feasible, the Existing Zoning Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Existing Zoning Alternative is infeasible because it does not meet the Successor's Agency's objectives to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

- Because the Existing Zoning Alternative substantially reduces the residential density and the number of housing units produced at this site, this Alternative is infeasible because it does not fully satisfy General Plan policies such as Housing Element Policies 1.1 and 1.4, among others noted in the Department's staff report accompany the Project Approvals on the Determination of Compliance with Section 309, among other approvals. The Project site is well-served by transit, services and shopping and is suited for dense residential development, where residents can commute and satisfy convenience needs without frequent use of a private automobile. The Project Site is located immediately adjacent to employment opportunities within the Downtown Core, and is in an area with abundant local and region-serving transit options, including the future Transit Center. For these reasons, a project with fewer residential units at this site is not compatible with the General Plan and is infeasible.

- The Existing Zoning Alternative is infeasible because it substantially reduces the residential density and the number of housing units produced at this site, and thus does not meet the Successor Agency's objectives to the extent that the Project does. Among other objectives, the Existing Zoning Alternative would not stimulate and attractive private investment, sales tax and other General Fund revenues to the extent that the Project would; would not provide temporary and permanent jobs to the extent that the Project would; and due to its reduced height, it may not provide a preeminent building of the same stature as the Project.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Existing Zoning Alternative.

3. Separate Buildings Alternative

The purpose of the Separate Buildings Alternative is to minimize changes to the Aronson Building, while still meeting most of the Project Sponsor's objectives and the objectives of the Successor Agency. Under this alternative, a new 47-story, 520-foot-tall building (with 30 foot tall mechanical/elevator penthouse) would be constructed adjacent to and west of the Aronson Building. The Mexican Museum would occupy space on the first through fifth floors of the new building. Unlike the proposed project, the new building would not be connected to the Aronson Building. Unlike the proposed project, the Separate Buildings Alternative would not undertake the full scope of rehabilitation and restoration of the Aronson Building;

only repairs and improvements necessary to prevent further deterioration of the Aronson Building or to permit continued occupancy of the Aronson Building would be undertaken. However, the two non-historic annexes would still be demolished under this alternative. This alternative would include a down ramp along the north side of the Aronson Building from Third Street. The existing curb cut on Third Street would be used to provide vehicular ingress to the existing Jessie Square Garage by project residents for below-grade valet access and project-related delivery and service vehicles via a ramp. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Separate Buildings Alternative would result in similar project-level and cumulative impacts as identified under the proposed project. Since the building design and configuration of the proposed tower would be the same as under the proposed project, this alternative would result in significant unavoidable cumulative shadow impact due to the creation of net new shadow on public open spaces, privately owned publicly accessible open spaces, and public sidewalks. As with the proposed project, there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project, there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Separate Buildings Alternative and the proposed project would have no impact on agricultural and forest resources.

The Separate Building Alternative would meet some but not all of the Successor Agency and Project Sponsor's objectives. It would complete the redevelopment of the YBC Redevelopment Project Area envisioned under the former *Yerba Buena Center Redevelopment Plan* and stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site. The Separate Buildings Alternative would provide for the development of a museum facility for The Mexican Museum. It would provide housing, near transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl, although not as many housing units as under the proposed project. The Separate Buildings Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents, although not as many opportunities as with the proposed project. The Separate Buildings Alternative would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking for other cultural uses. The Separate Buildings Alternative would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint.

The Separate Buildings Alternative would result in similar project-level and cumulative impacts as the proposed project, and would not avoid or substantially lessen the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact. The Separate Buildings Alternative would not be desirable or meet some of the Successor Agency or the Project Sponsor's objectives, and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below. Therefore, the Separate Buildings Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Separate Buildings Alternative would result in similar project-level and cumulative impacts as the proposed project, and, most significantly, would not avoid or substantially lessen the project's cumulatively considerable contribution to a significant cumulative shadow impact.

- The Separate Buildings Alternative would not undertake the full scope of rehabilitation and restoration of the historically important Aronson Building as would be the case under the proposed project. Instead, only repairs and improvements necessary to prevent further deterioration and/or to permit continued occupancy would be undertaken meaning that the objective of rehabilitating the building would not be met.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Separate Buildings Alternative.

4. Increased Residential Density Alternative

The purpose of the Increased Residential Density Alternative is to consider a project that would provide more residential dwelling units within the same amount of floor area as would be provided by the proposed project. Under this alternative, a new 47-story, 520-foot-tall building (with 30 foot tall elevator/mechanical penthouse) would be constructed adjacent to and west of the Aronson Building. As with the proposed project, the Aronson Building would be restored and rehabilitated, and the new building would be connected to the Aronson Building. As with the proposed project, seven floors in the Aronson Building would be designated as flex space for the residential and office flex options. Under the residential flex option, the Aronson Building would include up to 325 residential units (110 more units than under the proposed project) and no office space. Under the office flex option, this building would include up to 283 residential units (92 more units than under the proposed project) and approximately 61,320 gsf of office space. As with the proposed project, the Increased Residential Density Alternative would use the existing curb cut on Third Street to provide vehicular ingress to the existing Jessie Square Garage. This access would be for use by project residents only. As with the proposed project, this alternative would include a residential drop-off area (vehicular access would be the same as under the proposed project). The vehicular access variants analyzed for the proposed project would also apply to this alternative.

The Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, although some of the alternative's impacts, such as traffic and circulation and air quality during project operations, would be slightly greater because of the increased density. The Increased Residential Density Alternative would not avoid or reduce any significant environmental effects of the proposed project. Because the building design and configuration of the proposed tower would be the same as under the proposed project, this alternative would result in significant unavoidable cumulative shadow impact due to the creation of net new shadow on Union Square and other public open spaces, privately owned publicly accessible open spaces, and public sidewalks. As with the proposed project, there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project, there would be less-than-significant impacts with mitigation related to cultural and

paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Increased Residential Density Alternative and the proposed project would have no impact on agricultural and forest resources.

The Increased Residential Density Alternative would meet some but not all of the Project Sponsor's objectives. For example, it would stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site. and result in the construction of a preeminent building at this important site across from Yerba Buena Gardens and adjacent to Jessie Square. The Increased Residential Density Alternative would provide housing, close to transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl. It would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents. and would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking for other existing nonprofit organizations and the public in the Jessie Square Garage. The Increased Residential Density Alternative would provide for rehabilitation of the historically important Aronson Building and would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

But, the Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, would slightly increase some impacts, and would not avoid or substantially lessen the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact.

The Increased Residential Density Alternative would meet most of the Successor Agency and Project Sponsor's objectives but not all of the Successor Agency or Project Sponsor's Objectives. In addition, according to the EPS Report, the Increased Residential Density Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Increased Residential Density Alternative is not financially feasible because the direct per square foot construction costs are higher under the Increased Residential Density Alternative than under the Proposed Project. Though there are more units in the Increased Residential Density Alternative than there are in the Proposed Project, the overall square footage is the same. Because residential revenue is based on a per square foot price (rather than a per unit price), the residential revenue is similar to the Proposed Project.

The Increased Residential Density Alternative is projected to generate approximately $566 million in gross project revenues under the Office Flex Option and approximately $585 million under the Residential Flex Option. Projected development costs, including developer return, are approximately $595 million under the Office Flex Option and approximately $610 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $29.3 million under the Office Flex Option and approximately negative $25.6 million under the Residential Flex Option. The Peer Review concurs with this opinion.

The Increased Residential Density Alternative is rejected in favor of the project and is found not to be feasible or desirable for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, would slightly increase some impacts, and would not avoid or reduce any significant environmental effects of the proposed project. Specifically, when compared to the proposed project, this alternative would result in incrementally increased impacts under Transportation and Circulation (additional trips on already impacted intersections; additional demand on transit service), Air Quality (additional project related operational emissions), Greenhouse Gas (additional project related emissions increasing the project's carbon footprint), Recreation (additional residents seeking recreation facilities), Public Services (additional residents seeking police or fire protection services), and Utilities and Service Systems (additional residents increasing water usage and generating additional wastewater).

- The Increased Residential Density Alternative would not meet the objective to create a development that is financially feasible and that can fund the Project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Increased Residential Density Alternative would not create a development that is financially feasible, the Increased Density Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Increased Residential Density Alternative is infeasible because it does not meet the Successor's Agency's objectives mentioned above including, but not limited to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Increased Residential Density Alternative.

5. Reduced Shadow Alternative

The purpose of the Reduced Shadow Alternative is to reduce the shadow impacts that would be caused by development under the proposed project. Under this alternative, a new 27-story, approximately 351-foot-tall tower, including a mechanical penthouse, would be constructed adjacent to, west of and connected to the Aronson Building, with approximately 45,000 gsf of cultural space for The Mexican Museum as compared to approximately 52,285 square feet under the proposed project. As with the

proposed project, the Aronson Building would be restored and rehabilitated. This alternative's residential flex option would include up to 186 residential units (29 fewer residential units than planned under the proposed project's residential flex option) and no office space on the project site. This alternative's office flex option would include up to 162 residential units (29 fewer residential units than under the proposed project's office flex option) and approximately 52,560 gsf of office space. This alternative would also include approximately 4,800 gsf of retail/restaurant space. As under the proposed project, the Jessie Square Garage would be converted from a public garage to a private garage. Unlike the proposed project, the Reduced Shadow Alternative would not include a driveway from Third Street to serve the residential units. Vehicular access into and out of the existing subsurface Jessie Square Garage would not change from under existing conditions. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Reduced Shadow Alternative, like the proposed project, would result in a cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact. Although the reduced building height of the new tower under this alternative would substantially reduce shadow impacts and would not create net new shadow on Union Square, unlike the proposed project, shadow from the proposed tower could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project. Therefore, this alternative may contribute to a cumulatively significant shadow impact. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Reduced Shadow Alternative and the proposed project would have no impact on agricultural and forest resources.

The Reduced Shadow Alternative would meet some, but not all of the Successor Agency and Project Sponsor's objectives. It would complete redevelopment of the YBC Redevelopment Project Area envisioned under the Yerba Buena Center Redevelopment Plan and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, although to a lesser extent than with the proposed project. The Reduced Shadow Alternative would provide housing, close to transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl, although fewer housing units than with the proposed project. The Reduced Shadow Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents, although to a lesser extent than with the proposed project. The Reduced Shadow Alternative would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking in the Jessie Square Garage for adjacent nonprofit organizations and the public. The Reduced Shadow Alternative would provide for rehabilitation of the historically important Aronson Building and would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

The Reduced Shadow Alternative, like the proposed project, would result in a cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, although the reduced building height of the new tower under this alternative would reduce shadow impacts and would not create net new shadow on Union Square. The Reduced Shadow Alternative would not be desirable or meet many of the Successor Agency or Project Sponsor's objectives, and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below.

In addition, according to the EPS Report, the Reduced Shadow Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Reduced Shadow Alternative is not financially feasible with or without the purchase of TDRs. In this Alternative, the height of the tower is reduced from 520 feet in the Proposed Project to 351 feet, which reduces the number of residential units to 162 under the Office Flex Option and 186 under the Residential Flex Option and reduces potential revenue from residential sales. There are fewer units to generate revenue, and the number of upper floors of the Project, which command substantial price premiums due to views, are not available under the Reduced Shadow Alternative. At the same time, per square foot development costs are higher under the Reduced Shadow Alternative relative to the Proposed Project due to a decrease in construction cost efficiency. Within certain construction type thresholds, the taller the structure, the lower the cost per square foot due to cost-spreading efficiencies. The combination of these factors results in an alternative that is not financially feasible.

The Reduced Shadow Alternative is projected to generate approximately $297 million in gross project revenues under the Office Flex Option and approximately $313 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $434 million under the Office Flex Option and approximately $452 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $134.5 million under the Office Flex Option and approximately $137.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately negative $136.4 million under the Office Flex Option and approximately $139.5 million under the Residential Flex Option. The Peer Review concurs with this opinion.

The Reduced Shadow Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- While the Reduced Shadow Alternative would include a reduced height tower of 27-stories as compared to the proposed project's 47-story tower and would create a no net new shadow on Union Square, its shadow could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project.

- The Reduced Shadow Alternative would not result in a development that is financially feasible and thus does not meet the Successor Agency's and Project Sponsor's objective to create a financially feasible project that can fund the project's capital costs and ongoing operation and

maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Reduced Shadow Alternative would not create a development that is financially feasible, the Reduced Shadow Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Reduced Shadow Alternative is infeasible because it does not meet the Successor's Agency's objectives to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

- Because the Reduced Shadow Alternative substantially reduces the residential density and the number of housing units produced at this site, this Alternative is infeasible because it does not fully satisfy General Plan policies such as Housing Element Policies 1.1 and 1.4, among others noted in the Department's staff report accompany the Project Approvals on the Determination of Compliance with Section 309, among other approvals. The Project site is well-served by transit, services and shopping and is suited for dense residential development, where residents can commute and satisfy convenience needs without frequent use of a private automobile. The Project Site is located immediately adjacent to employment opportunities within the Downtown Core, and is in an area with abundant local and region-serving transit options, including the future Transit Center. For these reasons, a project with fewer residential units at this site is not compatible with the General Plan and is infeasible.

- The Reduced Shadow Alternative is infeasible because it substantially reduces the residential density and the number of housing units produced at this site, and thus does not meet the Successor Agency's objectives to the extent that the Project does. Among other objectives, the Existing Zoning Alternative would not stimulate and attractive private investment, sales tax and other General Fund revenues to the extent that the Project would; would not provide temporary and permanent jobs to the extent that the Project would; and due to its reduced height, it may not provide a preeminent building of the same stature as the Project. t

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Reduced Shadow Alternative.

Alternatives Rejected and Reasons for Rejection

The EIR identifies alternatives that were considered by the Planning Department as lead agency, or the Successor Agency, but were rejected as infeasible during the design development and scoping process, and explains the reasons underlying this determination. Among the factors that were considered include the failure to meet most of the basic objectives of the proposed project and inability to avoid significant

environmental impacts. These considered and rejected alternatives are the Off-Site Alternative, a Freestanding Alternative, an Office Use Alternative, and Elliptical Tower Plan Alternative.

1. Off-Site Alternative. An Off-Site Alternative that would consist of a project design and programming similar to the proposed project, but in a different, though comparable in-fill location within the City and County of San Francisco was considered but rejected. An Off-Site Alternative would not meet many of the project objectives, particularly the objective of completing the redevelopment of the Yerba Buena Center Redevelopment Project Area and providing for the development of a museum facility and endowment for The Mexican Museum on the Successor Agency-owned property adjacent to Jessie Square. An Off-Site Alternative was also rejected since it would not include rehabilitation of the Aronson Building. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Off-Site Alternative.

2. Freestanding Alternative. A Freestanding Alternative that would result in a development on the Mexican Museum parcel of a freestanding museum with no development, including rehabilitation of the Aronson Building, on the 706 Mission Street parcel, was considered and rejected. Construction of a freestanding museum for The Mexican Museum by the prior San Francisco Redevelopment Agency ("SFRA") was considered not financeable because the SFRA did not, and the Successor Agency does not, have sufficient funds to cover the costs of constructing a freestanding museum on that parcel. Also, this alternative would not meet any of the project objectives. Lastly, a Freestanding Alternative was rejected because it would not result in any reduced impacts that are not already being evaluated in other alternatives, such as the Existing Zoning Alternative. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Freestanding Alternative.

3. Office Use Alternative. An Office Use Alternative that would include only office use in both the proposed tower and Aronson Building was considered and rejected. This alternative was rejected because the proposed project already has an office flex option that includes fewer proposed residential units and office-only use in the existing Aronson Building, and because an Office Use Alternative would generate more peak hour trips than would the proposed project. Further, an Office Use Alternative would not result in any reduced impacts, due to increased trip generation related to a project containing more office space. In addition, the Office Use Alternative was rejected because it would not meet the Successor Agency's project objective of providing housing in an urban infill location. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Office Use Alternative.

4. Elliptical Tower Plan. The Environmental Evaluation Application, as originally submitted to the Planning Department in 2008, called for partial demolition of the Aronson Building and construction of a 42-story, approximately 630-foot-tall tower to the west of, adjacent to, and partially within, the Aronson Building at its northwest corner. This scheme was disfavored by Planning Department staff both because of its impacts on the physical integrity of the historic Aronson Building, as well as due to staff concerns regarding aesthetics related to its elliptical tower plan design. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Elliptical Tower Plan.

Additional Alternatives Proposed by the Public

Various comments have proposed additional alternatives to the project. To the extent that these comments addressed the adequacy of the EIR analysis, they were described and analyzed in the RTC. As presented in the record, the Final EIR reviewed a reasonable range of alternatives, and CEQA does not require the City or the project sponsor to consider every proposed alternative so long as the CEQA requirements for alternatives analysis have been satisfied. For the foregoing reasons, as well as economic, legal, social, technological and/or other considerations set forth herein, and elsewhere in the record, these alternatives are rejected.

VI. Statement of Overriding Considerations

Pursuant to CEQA section 21081 and CEQA Guideline 15093, the Commission hereby finds, after consideration of the Final EIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs the significant and unavoidable impacts of the project and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the Commission will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the Final EIR and in the documents found in the administrative record.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the Commission specifically finds that there are significant benefits of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. The Commission further finds that, as part of the process of obtaining Project approval, all significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation measures proposed in the Final EIR for the proposed Project are adopted as part of this approval action. Furthermore, the Commission has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technological, legal, social and other considerations. In addition, the Commission finds that the rejected Project Alternatives are also rejected for the following specific economic, social, or other considerations, in addition to the specific reasons discussed in Section V, above.

- The Project will provide a new permanent home for The Mexican Museum, a longtime cultural attraction of the City. The permanent home of The Mexican Museum will contribute to the City's reputation as home to first class cultural amenities and attractions.

- The Project will provide a $5 million operating endowment for The Mexican Museum to support its ongoing operations.

- The Project will rehabilitate the historic Aronson Building, which is rated "A" (highest importance) by the Foundation for San Francisco's Architectural Heritage and is eligible for listing on the National Register of Historic Places and the California Register of Historical

Resources, and which was recently designated as a Category I Significant Building in the expanded New Montgomery-Mission-Second Street Conservation District, and which is in need of repair.

- The Project will create up to 215 new housing units, which will increase the City's and region's housing supply. These new housing units will be in close proximity to transit, employment opportunities, and neighborhood serving retail uses.

- The Project will pay an affordable housing in-lieu fee in an amount equivalent to a 28% housing production requirement, which is substantially in excess of the 20% requirement under the City's Planning Code. The Project's affordable housing in-lieu fee will be used to construct much needed affordable housing in the City.

- The Project will provide additional private funding for operations, management, and security of Yerba Buena Gardens; funding which would not be available without the project.

- The Project will construct a high quality, world-class, mixed-use development, designed by an internationally recognized architecture firm in accordance with sound urban design principles. The Project will create a new mixed-use residential development on an urban infill site in close proximity to transit, the Downtown and SOMA employment centers, the Yerba Buena cultural district, and retail uses.

- The Project's residential tower will be built to at least Leadership in Energy and Environmental Design (LEED) Silver construction standards consistent with the requirements of the Building Code for the City and County of San Francisco (or such higher and additional requirements as adopted by the City and County of San Francisco). The LEED Silver standard will help reduce the City's overall contribution to greenhouse gas emissions and global warming as well as reducing the project's carbon footprint by providing for a highly energy efficient building.

- In redeveloping the project site with a high quality residential development that includes a cultural component and a ground floor retail or restaurant use, the project will further the objectives of the General Plan's Urban Design Element and complete the development of the former Yerba Buena Center Redevelopment Plan.

Exhibit 2

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
MITIGATION MEASURES FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT				
Cultural Resources (Archeological Resources) Mitigation Measures				
Mitigation Measure M-CP-1a: Archaeological Testing, Monitoring, Data Recovery and Reporting Based on a reasonable presumption that archeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall undertake an archeological testing program as specified herein. In addition, the consultant shall be available to conduct an archeological monitoring and/or data recovery program if required pursuant to this measure. The archeological consultant's work shall be conducted in accordance with this measure at the direction of the Environmental Review Officer (ERO). All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archeological resource as defined in CEQA Guidelines Sect. 15064.5 (a) and (c).	Project sponsor to retain qualified professional archaeologist from the pool of archeological consultants maintained by the Planning Department.	Prior to commencement of soil-disturbing activities, submittal of all plans and reports for approval by the ERO.	The archeological consultant shall undertake an archeological testing program as specified herein. (See below regarding archaeological consultant's reports)	Considered complete when Project Sponsor retains a qualified professional archaeological consultant.
<u>Consultation with Descendant Communities</u> On discovery of an archeological site associated with descendant Native Americans or the Overseas Chinese an appropriate representative of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archeological field investigations of the site and to consult with ERO regarding appropriate archeological treatment of the site, of recovered data	Project sponsor/archeological consultant	For the duration of soil-disturbing activities	Project Sponsor/archeological consultant shall contact the ERO and descendant group representative upon discovery of an	Considered complete upon submittal of Final Archaeological Resources Report.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
from the site, and, if applicable, any interpretative treatment of the associated archeological site. A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group.			archaeological site associated with descendant Native Americans or the Overseas Chinese. The representative of the descendant group shall be given the opportunity to monitor archaeological field investigations on the site and consult with the ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site. Archaeological Consultant shall prepare a Final Archaeological Resources Report in consultation with the ERO. (per below). A copy of this report shall be provided to the ERO and the representative of the descendant group.	
<u>Archeological Testing Program</u> The archeological consultant shall prepare and submit to the ERO for review and approval an archeological testing plan (ATP). The archeological testing program shall be conducted in accordance with the approved ATP. The ATP shall identify the property types of the expected archeological resource(s) that potentially could be adversely affected by the proposed project, the testing method to be used, and the locations recommended for testing. The purpose of the archeological testing program will be to determine to the extent possible the presence or absence of archeological	Project sponsor/Archaeological consultant at the direction of the ERO.	Prior to any excavation, site preparation or construction and prior to testing, an Archaeological Testing Plan (ATP) is to be submitted to and	Archaeological consultant to undertake archaeological testing program (ATP) in consultation with ERO.	Considered complete with approval of ATP by ERO and on finding by ERO that ATP is implemented.

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT (Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
resources and to identify and to evaluate whether any archeological resource encountered on the site constitutes an historical resource under CEQA.		approved by the ERO.		
At the completion of the archeological testing program, the archeological consultant shall submit a written report of the findings to the ERO. If based on the archeological testing program the archeological consultant finds that significant archeological resources may be present, the ERO in consultation with the archeological consultant shall determine if additional measures are warranted. Additional measures that may be undertaken include additional archeological testing, archeological monitoring, and/or an archeological data recovery program. If the ERO determines that a significant archeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor either: A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archeological resource; or B) A data recovery program shall be implemented, unless the ERO determines that the archeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.	Project sponsor/Archaeological consultant in consultation with the ERO.	At the completion of the archaeological testing program	Archaeological consultant to submit results of testing, and if significant archaeological resources may be present, in consultation with ERO, determine whether additional measures are warranted. If significant archaeological resources are present and may be adversely affected, project sponsor, at its discretion, may elect to redesign the project, or implement data recovery program, unless ERO determines the archeological resource is of greater interpretive than research significance and that interpretive use is feasible.	Considered complete on submittal to ERO of report on ATP findings.
<u>Archeological Monitoring Program</u> If the ERO in consultation with the archeological consultant determines that an archeological monitoring program (AMP) shall be implemented the archeological monitoring program shall minimally include the following provisions: • The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO in consultation with the archeological consultant shall determine what project activities shall be archeologically	Project sponsor, and project archaeological consultant, in	The archaeological consultant, project sponsor, and ERO shall meet prior to commencement of soils-	If required, Archaeological Consultant to prepare	Considered complete on approval of AMP by ERO; submittal

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
monitored. In most cases, any soils- disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archeological monitoring because of the risk these activities pose to potential archaeological resources and to their depositional context; • The archeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archeological resource; • The archeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archeological consultant and the ERO until the ERO has, in consultation with project archeological consultant, determined that project construction activities could have no effects on significant archeological deposits; • The archeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis; • If an intact archeological deposit is encountered, all soils-disturbing activities in the vicinity of the deposit shall cease. The archeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction activities and equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archeological monitor has cause to believe that the pile driving activity may affect an archeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archeological consultant shall immediately notify the ERO of the encountered archeological deposit. The archeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archeological deposit, and present the findings of this assessment to the ERO. Whether or not significant archeological resources are encountered, the archeological consultant shall submit a written report of the findings of the monitoring program to the ERO.	consultation with the ERO.	disturbing activities. If ERO determines that archaeological monitoring is necessary, monitor throughout all soils-disturbing activities.	Archaeological Monitoring Program (AMP) in consultation with the ERO. Project sponsor, project archaeological consultant, archaeological monitor, and project sponsor's contractors shall implement the AMP, if required by the ERO.	of report regarding findings of AMP; and finding by ERO that AMP is implemented.
<u>Archeological Data Recovery Program</u>		If there is a		Considered

5450

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
If the ERO, in consultation with the archaeological consultant, determines that archaeological data recovery programs shall be implemented, the archeological data recovery program shall be conducted in accord with an archeological data recovery plan (ADRP). The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP prior to preparation of a draft ADRP. The archeological consultant shall submit a draft ADRP to the ERO. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archeological resources if nondestructive methods are practical. The scope of the ADRP shall include the following elements: • *Field Methods and Procedures.* Descriptions of proposed field strategies, procedures, and operations. • *Cataloguing and Laboratory Analysis.* Description of selected cataloguing system and artifact analysis procedures. • *Discard and Deaccession Policy.* Description of and rationale for field and post-field discard and deaccession policies. • *Interpretive Program.* Consideration of an on-site/off-site public interpretive program during the course of the archeological data recovery program. • *Security Measures.* Recommended security measures to protect the archeological resource from vandalism, looting, and non-intentionally damaging activities. • *Final Report.* Description of proposed report format and distribution of results. • *Curation.* Description of the procedures and recommendations for the	Project sponsor and project archaeological consultant, in consultation with ERO.	determination by the ERO that an Archeological Data Recovery Program (ADRP) is required.	If required, Archaeological consultant to prepare an Archeological Data Recovery Plan (ADRP) in consultation with the ERO.	complete on submittal of ADRP to ERO.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities. Human Remains and Associated or Unassociated Funerary Objects The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and Federal laws. This shall include immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archeological consultant, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (CEQA Guidelines. Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects.	Project sponsor and project archaeological consultant, in consultation with the San Francisco Coroner, NAHC and MLD.	In the event human remains and/or funerary objects are encountered.	Archaeological consultant/ Archaeological monitor/project sponsor or contractor to contact San Francisco County Coroner. Implement regulatory requirements, if applicable, regarding discovery of Native American human remains and associated/unassociated funerary objects. Contact Archaeological consultant and Environmental Review Officer (ERO).	Considered complete on notification of the San Francisco County Coroner and NAHC, if necessary.
Final Archeological Resources Report The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s)		If applicable, after completion of archeological data		Considered complete on

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest in or the high interpretive value of the resource, the ERO may require a different final report content, format, and distribution than that presented above.	Project sponsor and project archaeological consultant, in consultation with ERO Archeological Consultant at the direction of the ERO	recovery, inventorying, analysis and interpretation. If applicable, upon approval of Final Archaeological Resources Report by ERO.	If applicable, Archaeological consultant to submit a Draft Final Archeological Resources Report (FARR) to ERO. Archeological Consultant to distribute FARR.	submittal of FARR and approval by ERO. Considered complete when Archeological Consultant to provide written certification to ERO that required FARR distribution has been completed.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
Mitigation Measure M-CP-1b: Interpretation Based on a reasonable presumption that archaeological resources may be present within the project site, and to the extent that that the potential significance of some such resources is premised on CRHR Criteria 1 (Events), 2 (Persons), and/or 3 (Design/Construction), the following measure shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall implement an approved program for interpretation of resources. The project sponsor shall retain the services of a qualified archaeological consultant having expertise in California urban historical and marine archaeology. The archaeological consultant shall develop a feasible, resource-specific program for post-recovery interpretation of resources. The particular program for interpretation of artifacts that are encountered within the project site will depend upon the results of the data recovery program and will be the subject of continued discussion between the ERO, consulting archaeologist, and the project sponsor. Such a program may include, but is not limited to, any of the following (as outlined in the ARDTP): surface commemoration of the original location of resources; display of resources and associated artifacts (which may offer an underground view to the public); display of interpretive materials such as graphics, photographs, video, models, and public art; and academic and popular publication of the results of the data recovery. The archaeological consultant's work shall be conducted at the direction of the ERO, and in consultation with the project sponsor. All plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.	Project sponsor and archaeological consultant, in consultation with ERO.	Prior to issuance of final certificate of occupancy	Archaeological consultant shall develop a feasible, resource-specific program for post-recovery interpretation of resources. All plans and recommendations for interpretation by the Archaeological consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until deemed final by ERO. ERO to approve final interpretation program. Project sponsor to implement an approved for interpretation program.	Considered complete upon installation of approved interpretation program.
Mitigation Measure M-CP-3: Paleontological Resources Monitoring and Mitigation Program The project sponsor shall retain the services of a qualified paleontological consultant having expertise in California paleontology to design and implement a Paleontological Resources Monitoring and Mitigation Program. The PRMMP shall include a description of when and where construction monitoring would be required; emergency discovery procedures; sampling and data recovery procedures; procedure for the preparation, identification, analysis, and curation of fossil specimens and data recovered; preconstruction coordination procedures; and procedures for reporting the	Project sponsor to retain appropriately qualified consultant to prepare PRMMP, carry out monitoring, and reporting, if required.	Prior to and during construction	ERO to approve final PRMMP	Considered complete on approval of final PRMMP.

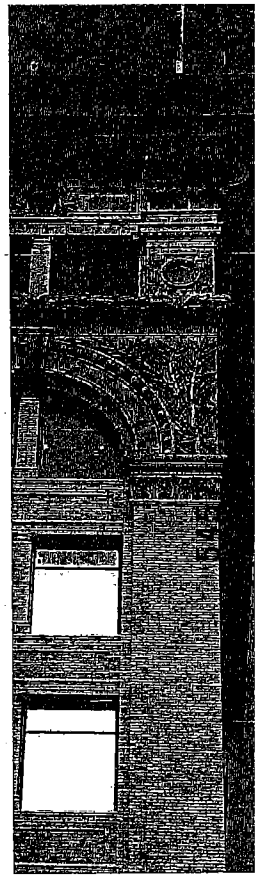
MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
results of the monitoring program. The PRMMP shall be consistent with the Society for Vertebrate Paleontology Standard Guidelines for the mitigation of construction-related adverse impacts to paleontological resources and the requirements of the designated repository for any fossils collected. During construction, earth-moving activities shall be monitored by a qualified paleontological consultant having expertise in California paleontology in the areas where these activities have the potential to disturb previously undisturbed native sediment or sedimentary rocks. Monitoring need not be conducted in areas where the ground has been previously disturbed, in areas of artificial fill, in areas underlain by nonsedimentary rocks, or in areas where exposed sediment would be buried, but otherwise undisturbed. The consultant's work shall be conducted in accordance with this measure and at the direction of the City's ERO. Plans and reports prepared by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Paleontological monitoring and/or data recovery programs required by this measure could suspend construction of the proposed project for as short a duration as reasonably possible and in no event for more than a maximum of four weeks. At the direction of the ERO, the suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce potential effects on a significant paleontological resource as previously defined to a less-than-significant level.	The project paleontological consultant to consult with the ERO as indicated.	Prior to and during construction, if required.	Consultant shall provide brief monthly reports to ERO during monitoring or as identified in the PRMMP, and notify the ERO immediately if work should stop for data recovery during monitoring The ERO to review and approve the final documentation as established in the PRMMP	Considered complete on approval of final documentation by ERO.
Mitigation Measure M-CP-4: Accidental Discovery The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in *CEQA Guidelines* Section 15064.5(a)(c). The project sponsor shall distribute the Planning Department archeological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken each contractor is responsible for ensuring that the "ALERT" sheet is circulated to all field personnel including, machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible	Project sponsor to prepare "ALERT" sheet and provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) stating that all field personnel have received copies of the "ALERT" sheet	Prior to any soil-disturbing activities	Project sponsor to provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) to the ERO stating that all field personnel have received copies of the "ALERT" sheet.	Considered complete upon submission of affidavit regarding distribution of Alert sheet

706 MISSION STREET - THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT

San Francisco, CA

MAJOR PERMIT TO ALTER :: APPENDIX



Prepared for the
Historic Preservation Commission

TABLE OF CONTENTS

BUILDING OVERVIEW AND PROJECT SUMMARY

BUILDING HISTORY

706 Mission Street was constructed in 1903 and is named after Abraham Aronson, the developer. The building has a steel and concrete structure and was designed in the "Chicago" style by San Francisco architects Hemenway & Miller. Located at the corner of Mission and Third streets, the building has 10 stories with primary facades featuring terra cotta detailing, cast iron storefronts and Colusa sandstone. Having survived both the 1906 Earthquake and Fire and the 1989 Loma Prieta earthquake, the building exists today with the exterior looking much as it did in 1906 with the exception of modern additions to the secondary facades on the north and west and an alteration consisting of brick infill of the storefronts at the ground level.

Exterior alterations have been mostly additive in nature and have not removed significant historic fabric. The building still conveys its historic significance as a Chicago School commercial building, as well as a survivor of the 1906 Earthquake and Fire.

Page & Turnbull has determined the period of significance for the Aronson Building to be 1903-1907. The period encompasses the building's original construction and its rehabilitation after the 1906 Earthquake and Fire.

HISTORIC STATUS

The Aronson Building is listed as a Category I building under Article 11 of the San Francisco Planning Code, and it has been determined through previous surveys that it "appears eligible for listing in the National Register as an individual property." The building is also a contributing resource to the New Montgomery-Mission-Second Street Conservation District and Aronson Historic District.

Exterior character-defining features of the building include:

- Historic building's form, shape, height, and massing
- Tripartite Chicago School building compostion of base, shaft, and capital
- Fenestration pattern
- Historic entrance openings and ornamentation on Mission and Third streets
- Wall cladding of buff colored glazed terra cotta brick
- Sandstone intermediate entablatures and rusticated sandstone piers at the third story
- Cast iron and sandstone pilasters at the first and second stories
- Terra cotta brick pilasters with terra cotta capitals at the fourth through eighth stories and terra cotta ornament at the ninth and tenth stories.
- Massive galvanized sheet steel entablature with paired scrolled brackets, block modillions, and cornice

PROJECT SUMMARY

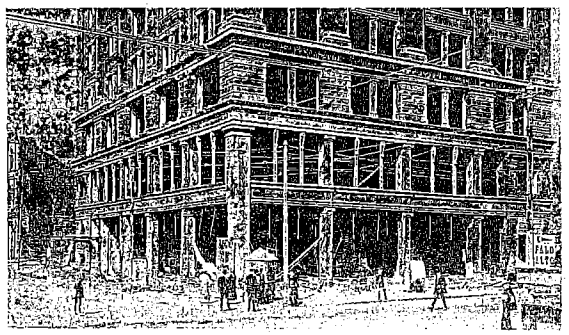
The proposed project includes the rehabilitation of the Aronson Building and the related construction of a 47 story tower adjacent to and on the west side of the Aronson Building. The Aronson Building will be rehabilitated to house The Mexican Museum at the lower levels and will have either residential or office use at the upper levels. The new tower will have a residential use at upper levels and will share the museum use at the first through fourth floors.

The rehabilitation of existing the building will include the replacement of the non-historic brick infill at the storefronts with new, compatible storefronts. Repairs will be made to the exterior character defining features of the the building.

The brick additions on the north and west facades will be removed. The north facade will include new storefronts, a metal canopy at the ground level, and new windows openings above the ground level to accommodate the new use. The new windows will be organized in a regular pattern compatible with the building.

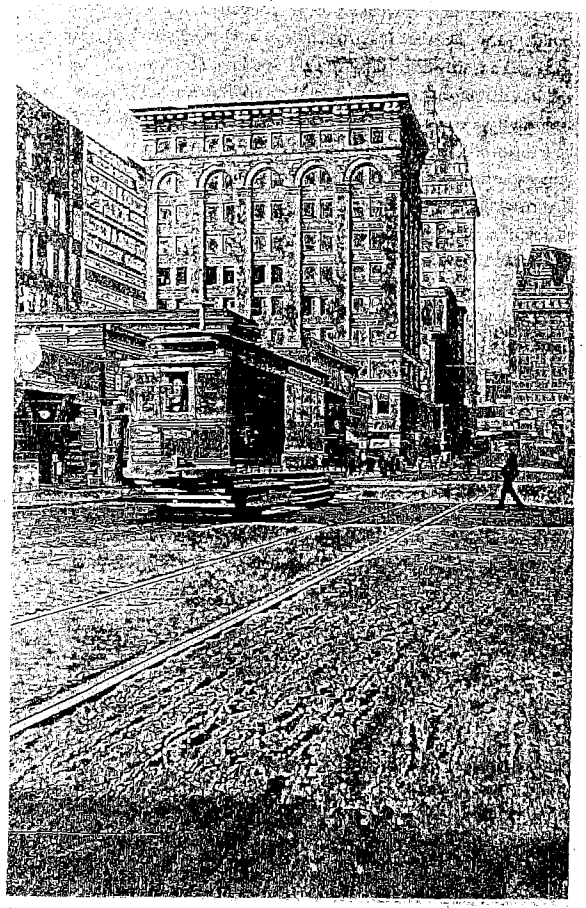
The non-historic brick addition on the west side of the building will also be removed. The proposed tower will connect to the Aronson Building at this facade and will be set back from Mission Street to allow the original massing of the building to be conveyed.

The proposed project also includes a new roof garden with a solarium on the Aronson Buildingwhich will be not be visually dominant.

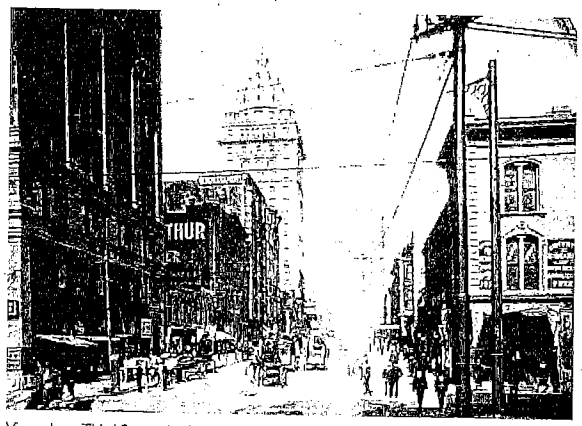


HISTORIC IMAGES

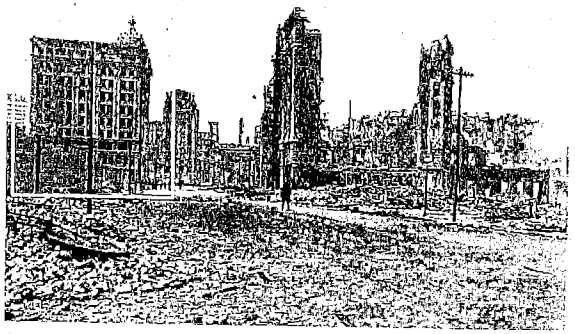
EXTERIOR



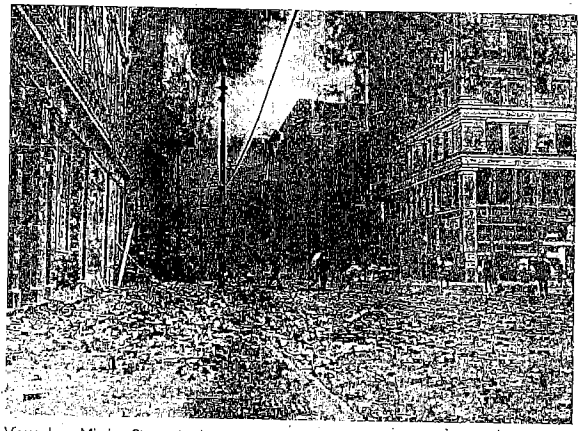
Aronson Building, ca. 1905. (The Bancroft Library)



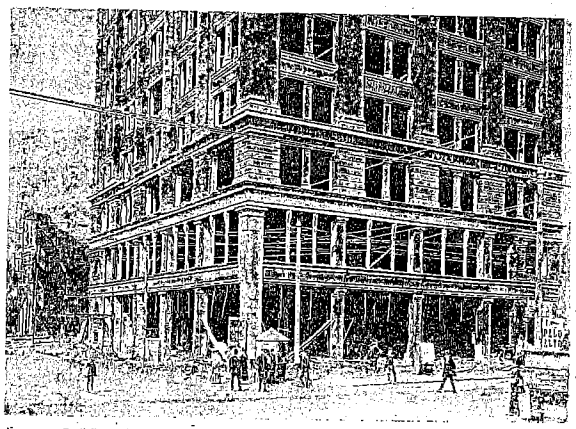
View along Third Street, looking north, ca. 1905. Aronson Building on left. (The Bancroft Library)



Aronson Building, shortly after the 1906 Earthquake and Fire. Aronson Building on the left. (San Francisco Public Library)



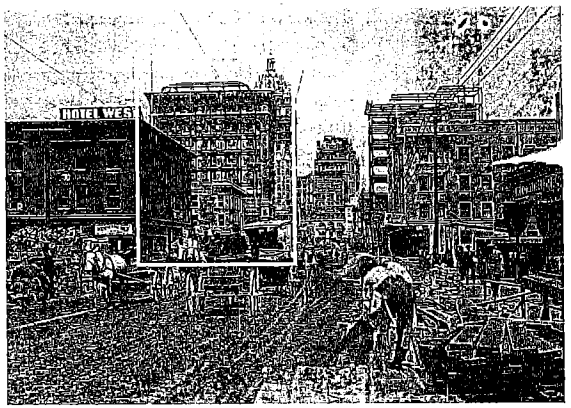
View along Mission Street, looking west, during the 1906 Earthquake and Fire. Aronson Building on right. (The Bancroft Library)



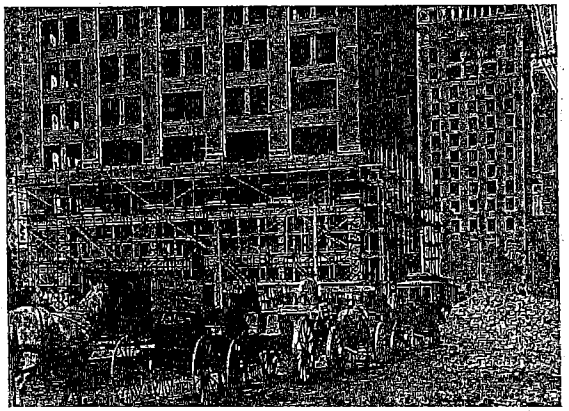
Aronson Building, shortly after the 1906 Earthquake and Fire. (The Bancroft Library)

HISTORIC IMAGES

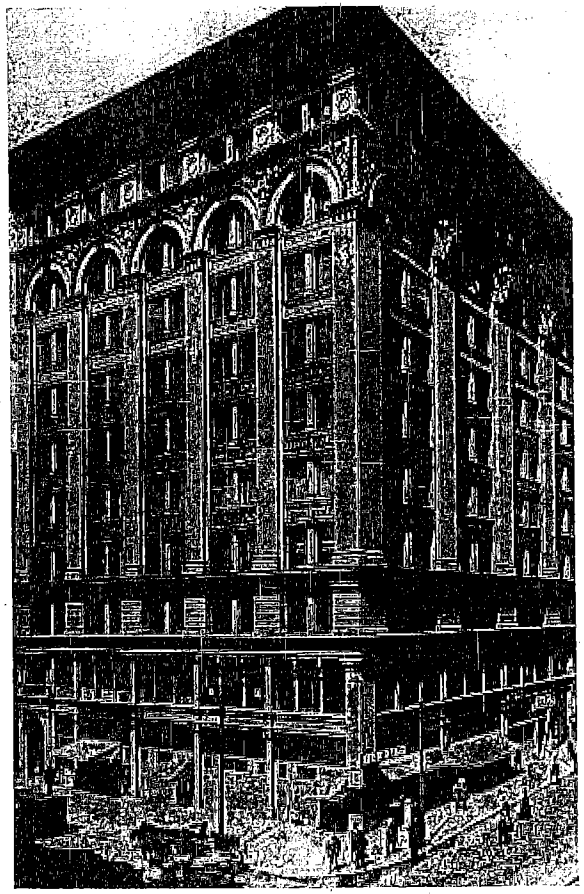
EXTERIOR



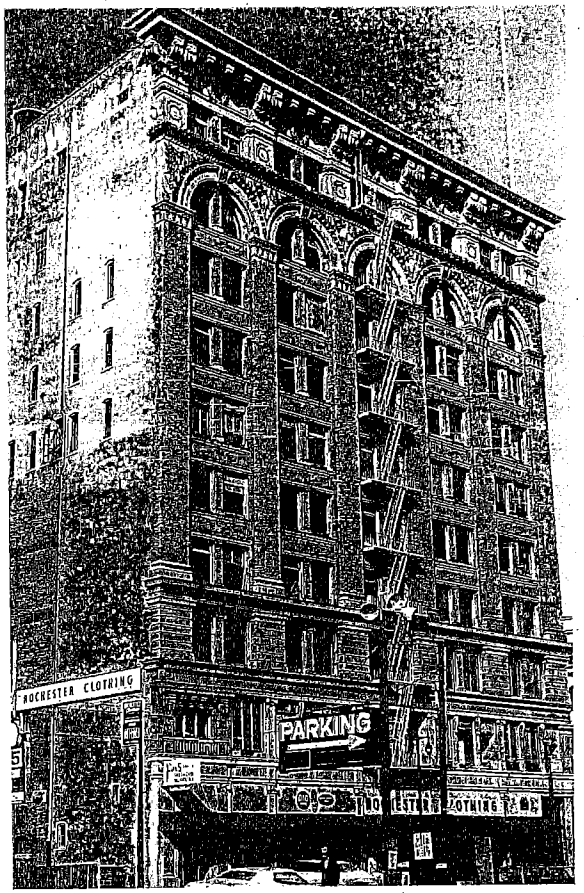
Aronson Building during the reconstruction after the 1906 Earthquake and Fire.
(The Bancroft Library)



Aronson Building during the reconstruction after the 1906 Earthquake and Fire.
(The Bancroft Library)



Aronson Building, ca 1910, (Rochester Big and Tall)

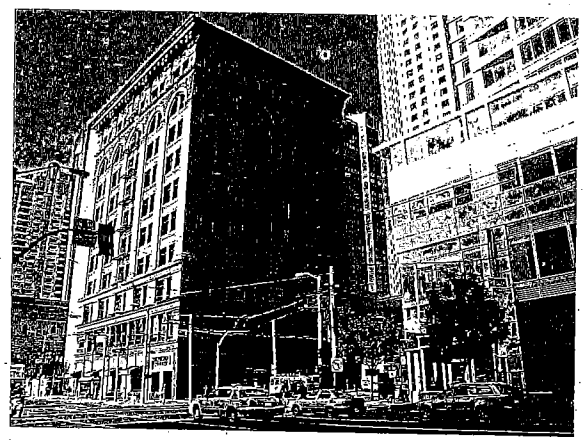


Aronson Building, ca. 1970. (Millennium Partners)

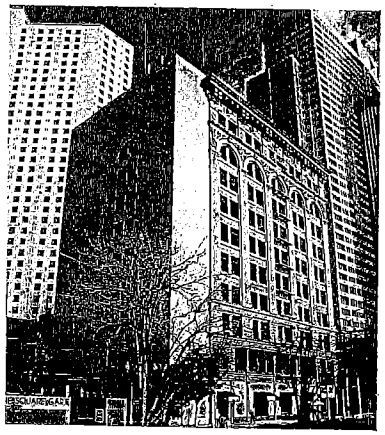
5464

EXISTING CONDITIONS IMAGES

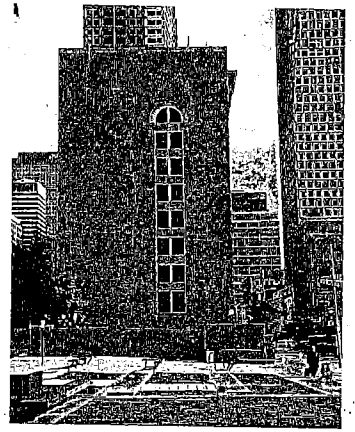
VICINITY



View of Aronson Building from southeast, UC Berkeley Extension in foreground. (Page & Turnbull)



View of Aronson Building from southwest, Westin Hotel and UC Berkeley Extension in background. (Page & Turnbull)



View of Aronson Building from west, Jessie Square in foreground. (Page & Turnbull)

View of Aronson Building from southeast, St. Patrick's Church and Marriott Hotel in background. (Page & Turnbull)

View of Aronson Building from south, Westin Hotel in background. (Page & Turnbull)

The Aronson Building is located in the South of Market neighborhood (also known as SoMa) in the northeastern part of San Francisco. As the name suggests, the northern border of the neighborhood is Market Street, and the area is roughly bounded by the San Francisco Bay and the Embarcadero to the east, Mission Creek and 13th Street to the south, and South Van Ness Avenue to the west. The northeastern part of the South of Market neighborhood is roughly bounded by Market Street to the north, Main Street to the east, Folsom Street to the south, and Third Street to the west.

The Aronson Building is a contributing resource to the New Montgomery, Mission, and Second Street Conservation District. The New Montgomery, Mission and Second Street Conservation District is significant for its association with the reconstruction of San Francisco's South of Market Area after the 1906 Earthquake and Fire.

Today, the neighborhood immediately surrounding the Aronson Building is characterized by a mixture of commercial, residential, institutional, office, religious, and museum uses. Buildings in the neighborhood date from a variety of eras, feature large footprints and massing, and range from two to over thirty stories in height. The Westin Hotel tower is immediately to the

EXISTING CONDITIONS IMAGES

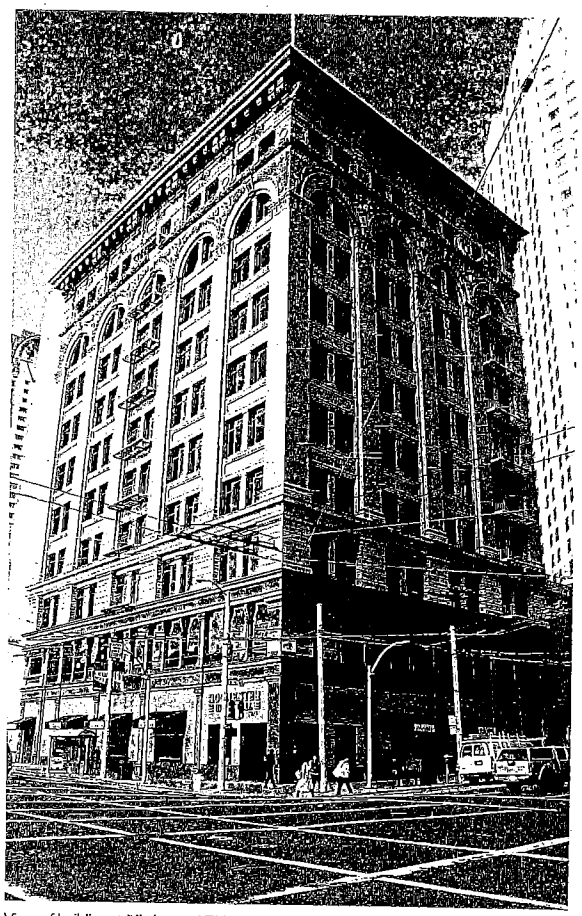
VICINITY

View, looking northwest, 2012. (Handel Architects)

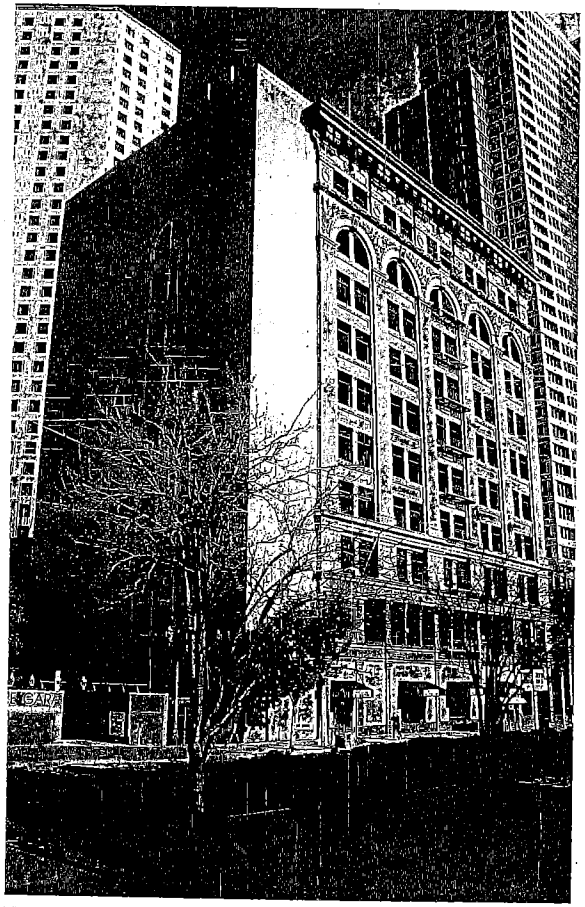
north of the Aronson Building. Jessie Square, St. Patrick's Church, the Contemporary Jewish Museum are to the West. Yerba Buena Gardens is located across from Mission Street and the University of California Berkeley Extension Campus is across from Third Street. The Aronson Building fits within the historic context of the area's commercial development. The proposed project at 706 Mission Street which includes both the rehabilition of the Aronson Building and a new residential tower fits in the current context of the neighborhood. The proposed project will not create a negative impact on the building's relationship to the surrounding neighborhood, or the significance of the nearby historic districts.

EXISTING CONDITIONS IMAGES

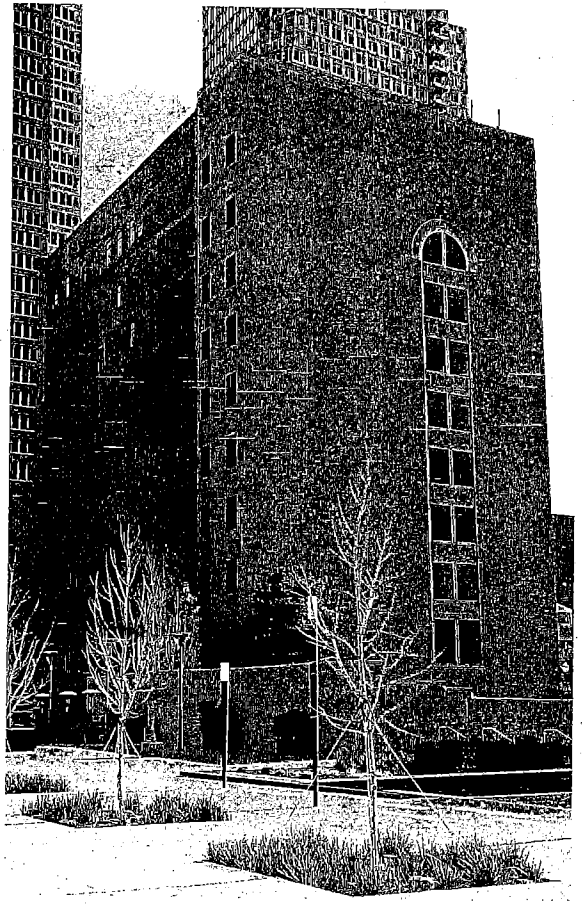
BUILDING EXTERIOR



View of building at Mission and Third Streets. (Page & Turnbull)



View of building along Mission Street. (Page & Turnbull)

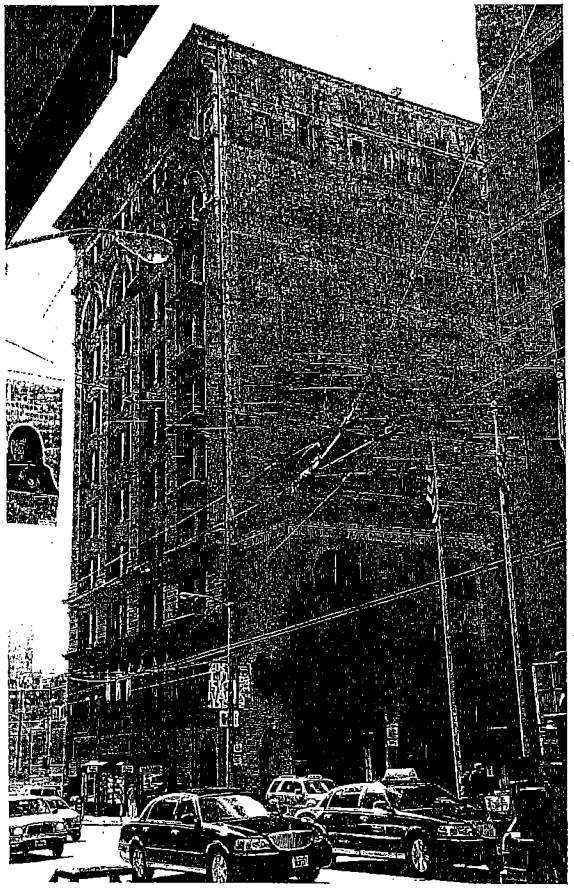


View of building from northwest. (Page & Turnbull)

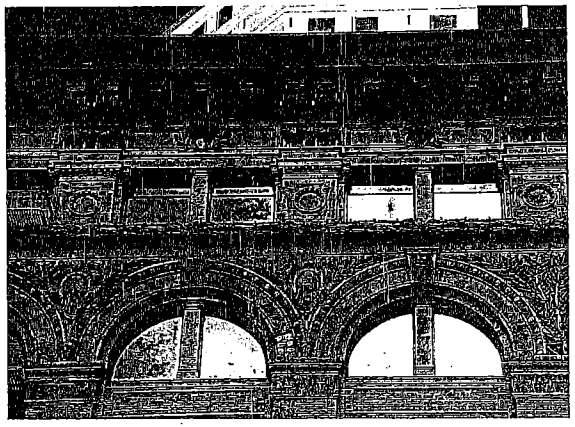
5466

EXISTING CONDITIONS IMAGES

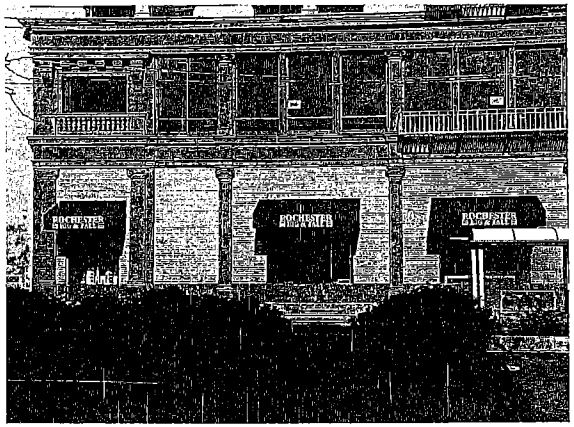
BUILDING EXERIOR



View looking southwest from Third Street



Terra cotta ornamentation at 9th and 10th floors



Brick infill at first floor

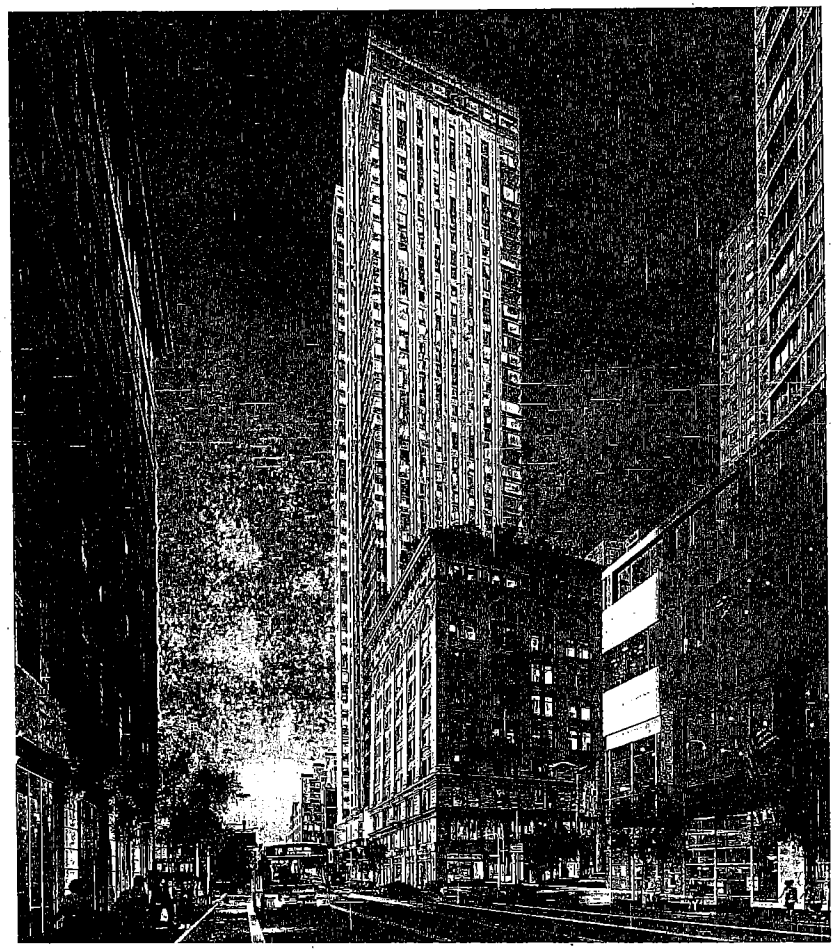
The exterior of the Aronson Building is generally in fair condition, but is in need of rehabilitation in order to address deferred maintenance issues, to attract new tenants and increase economic viability. Though the building largely retains significant architectural features such as the decorative terra cotta and sandstone ornamentation, these features are in need of repair.

The building has had three major alterations, though none resulted in the removal of significant historic fabric from the building. The alterations include the replacement of the ground floor storefronts with brick cladding, a full height (ten story) brick addtion on the west side of the building, and a three-story brick addition on the north side of the building. Despite these alterations, the Aronson Building still conveys its historic significance and integrity as a Chicago School commercial building, and a survivor of the 1906 Earthquake and Fire.

The rehabilitation of the Aronson building will include the removal of the additions and the repair of exterior facades of the building. The brick infill at the ground level will be replaced with new storefronts that are in keeping with the architectural character of the building. The west ten-story addition will be removed and replaced with a new tower building that will be set back from the the south facade of the Aronson Building, thus allowing the original massing of the building to be conveyed. The north three-story addition will also be removed and replaced with a storefront entry marked by a simple canopy.

Features such as the decorative terra cotta, the colusa sandstone, and terra cotta brick will be repaired. Historic features that are deteriorated beyond repair will be replaced in kind to the extent possible.

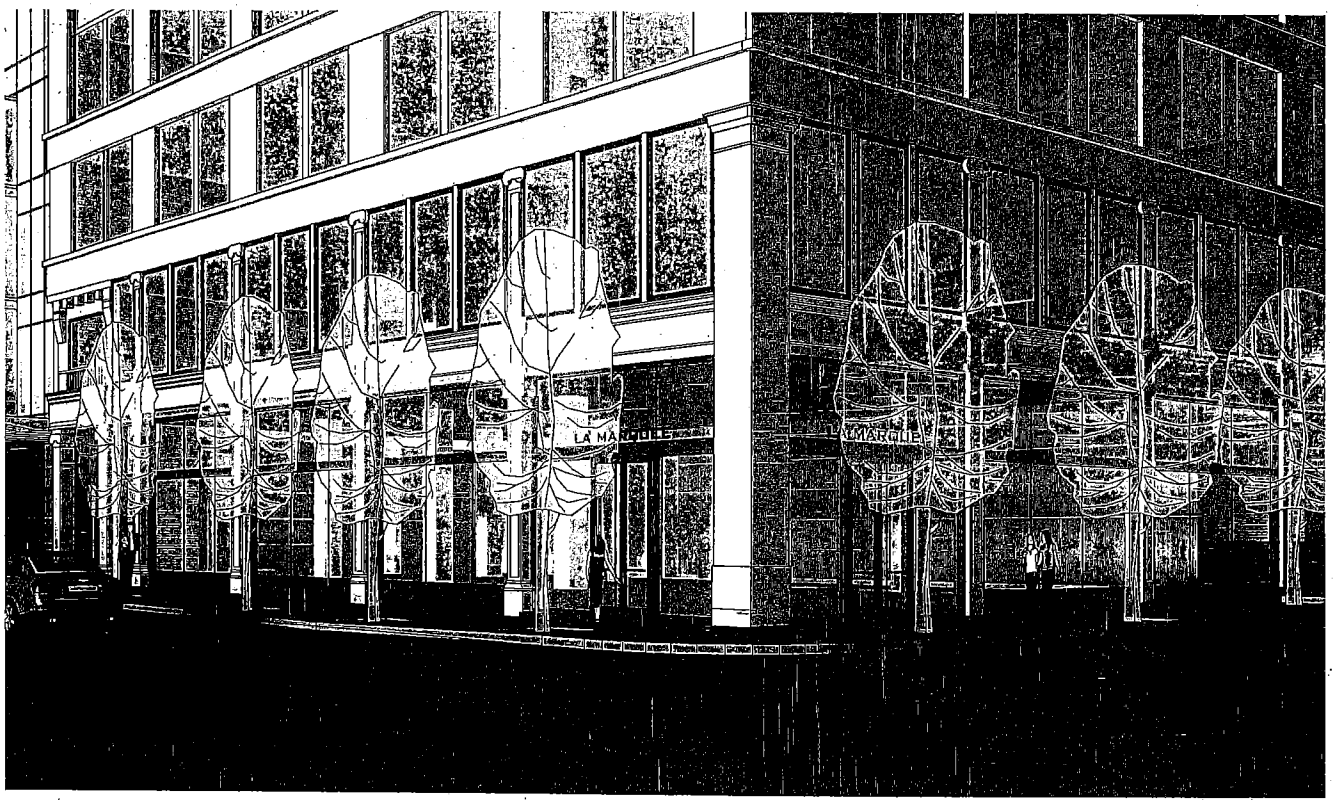
PROJECT DESCRIPTION



The proposed project will include:

- Removal of the non-historic brick infill between the historic pilasters. The brick infill will be replaced with new storefronts that are compatible in their proportions and materials with the architectural style and character of the building.
- The ground level exterior walls at the corner of Mission and Third streets were removed in order to create a recessed entry for the retail function of the building. As part of the project, storefronts will be reintroduced at this location.
- The terra cotta brick and ornamentation will be retained, cleaned, and repaired. Missing elements will be replaced in kind or with an acceptable substitute material.
- The Colusa sandstone entablatures and rusticated piers will be retained, cleaned, and repaired.
- Architectural cast iron elements will be retained. Missing cast iron elements, such as scroll capitals along Third Street, will be replaced with an acceptable substitute material.
- The original existing entrance opening and ornament, including the bronze door frame and arched transom frame at the Third Street entrance, will be retained, cleaned, and protected. A new bronze portal surround will be integrated with the historic bronze door frame. This entry will include a new canopy with integrated signage and lighting.
- An arched entrance was once located at the southwest corner of the building, along Mission Street. Any extant entryway exposed during demolition will be retained, cleaned and protected; if no historic entryway exists, a new compatible contemporary arched entry will be constructed in this location.
- The massive sheet metal entablature and cornice will be retained, repaired, and painted.
- The existing fire escapes will be removed. Cornice openings where fire escape is removed will be repaired and/or replaced as required.
- Removal of the north three-story addition. A new ground-level storefront will be located along this facade and a simple canopy will mark the new entrance.
- New window openings will be introduced at the north facade. The openings will be organized in a regular pattern similar to other openings in the building but will be distinguished from historic openings through contemporary detailing.
- The ten-story brick addition on the west facade of the building will be removed. The new residential tower will be constructed in this location. The tower will be set back to allow the original massing of the Aronson Building to be conveyed.
- A new garden and solarium will be constructed on the roof of the Aronson Building. The new solarium and associated guardrails will be set back from the parapet and hidden from views along Mission and Third streets.

EAST AND SOUTH FACADES



STOREFRONTS

When the Aronson Building was first built, storefronts lined the street edge of the building to accommodate retail at the ground level. The storefronts were later infilled with brick veneer to accommodate first floor tenants. The rehabilitation of the Aronson Building will include the removal of the brick infill to accommodate the new retail/restaurant use at the ground level. The new aluminum storefronts will have proportions similar to the original and will span the full width of each bay.

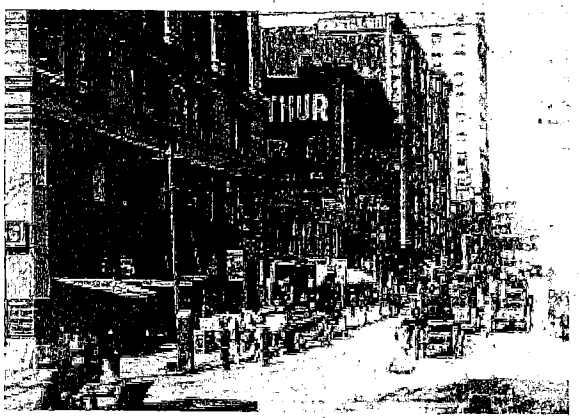
As originally constructed, the storefronts extended to the corner of Mission and Third streets. However, the ground level exterior walls at the corner of Mission and Third streets were removed in order to create a recessed entry for the retail at this location. As part of the project, storefronts will be reintroduced at this location.

The building orginally had two primary street entrances, one at Mission Street and the other at Third Street. The original entrance at Third Street still exists and will be rehabilitated. The entrance along Mission Street has since been removed. Any extant historic entryway exposed during demolition will be retained, cleaned and protected; if no historic entryway exists, a new compatible contemporary arched opening will be built in this location.

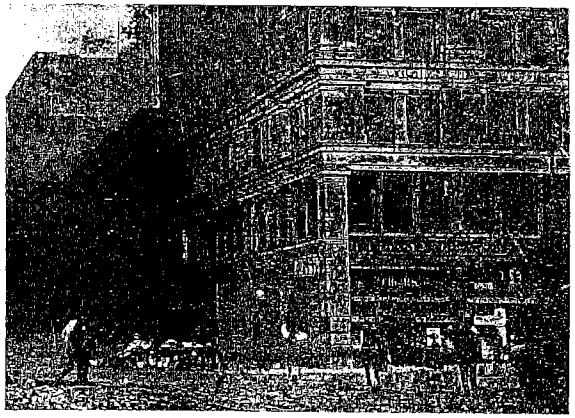
5471
EAST & SOUTH FACADES

EAST AND SOUTH FACADES

HISTORIC STOREFRONTS

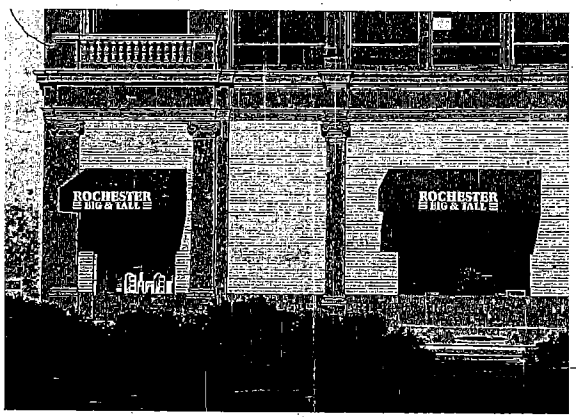


View along Third Street, looking north, ca. 1905. Aronson Building on left. (The Bancroft Library)



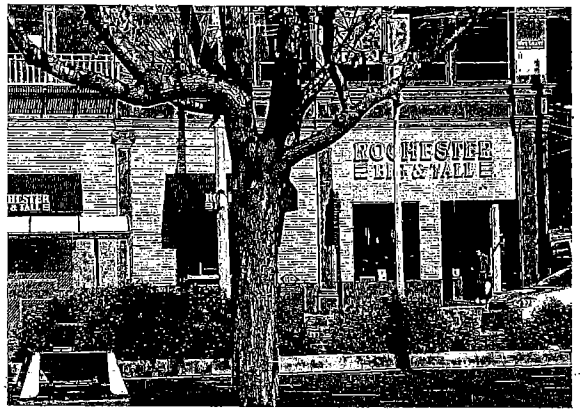
View along Mission Street, looking west, during the 1906 Earthquake and Fire. Aronson Building on right. (The Bancroft Library)

IMAGES OF EXISTING CONDITIONS

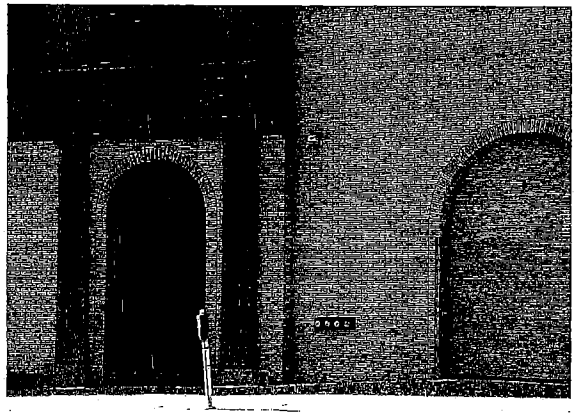


View along Mission Street (Page & Turnbull)

View along Third Street (Page & Turnbull)



View along Mission Street (Page & Turnbull)



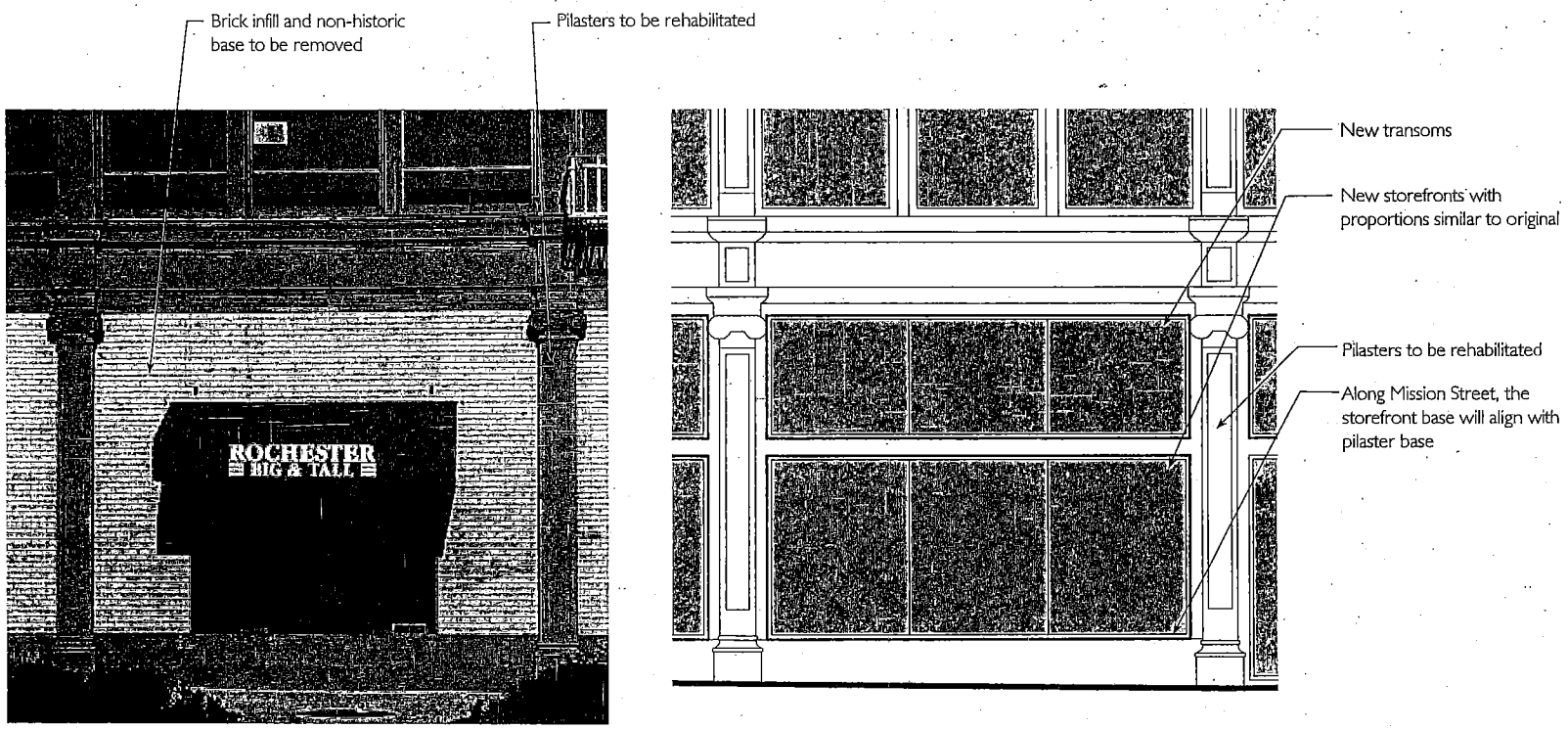
Historic entrance along Third Street (Page & Turnbull)

5472

EAST AND SOUTH FACADES

EXISTING STOREFRONTS

PROPOSED STOREFRONTS



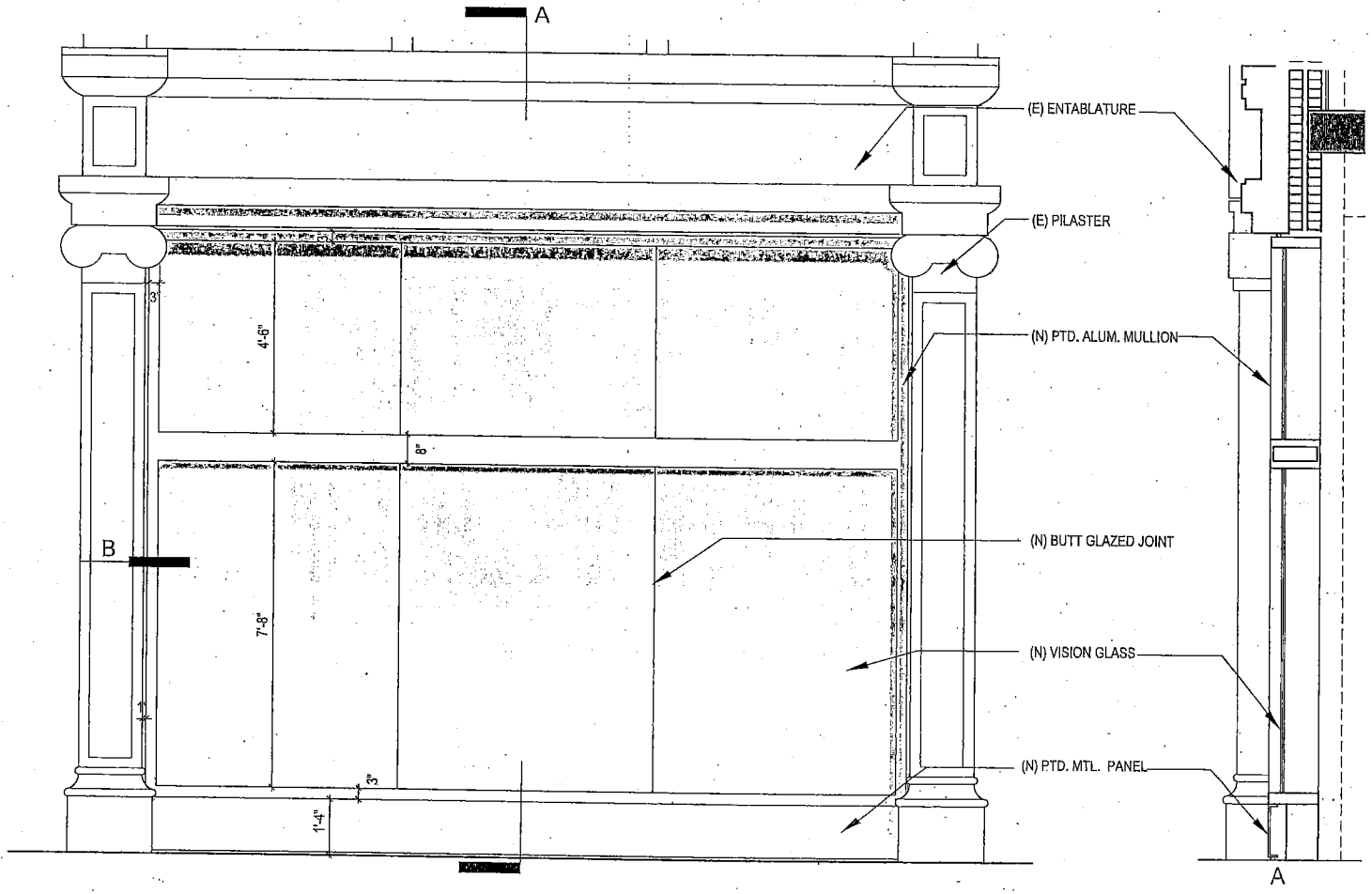
Storefronts

The exisitng, non-original brick infill and storefronts will be removed and replaced with storefronts that are compatible with the original storefronts. The new storefronts will extend the full width and height of the bay. No historic fabric will be removed as a result of this alteration.

5473
EAST & SOUTH FACADES

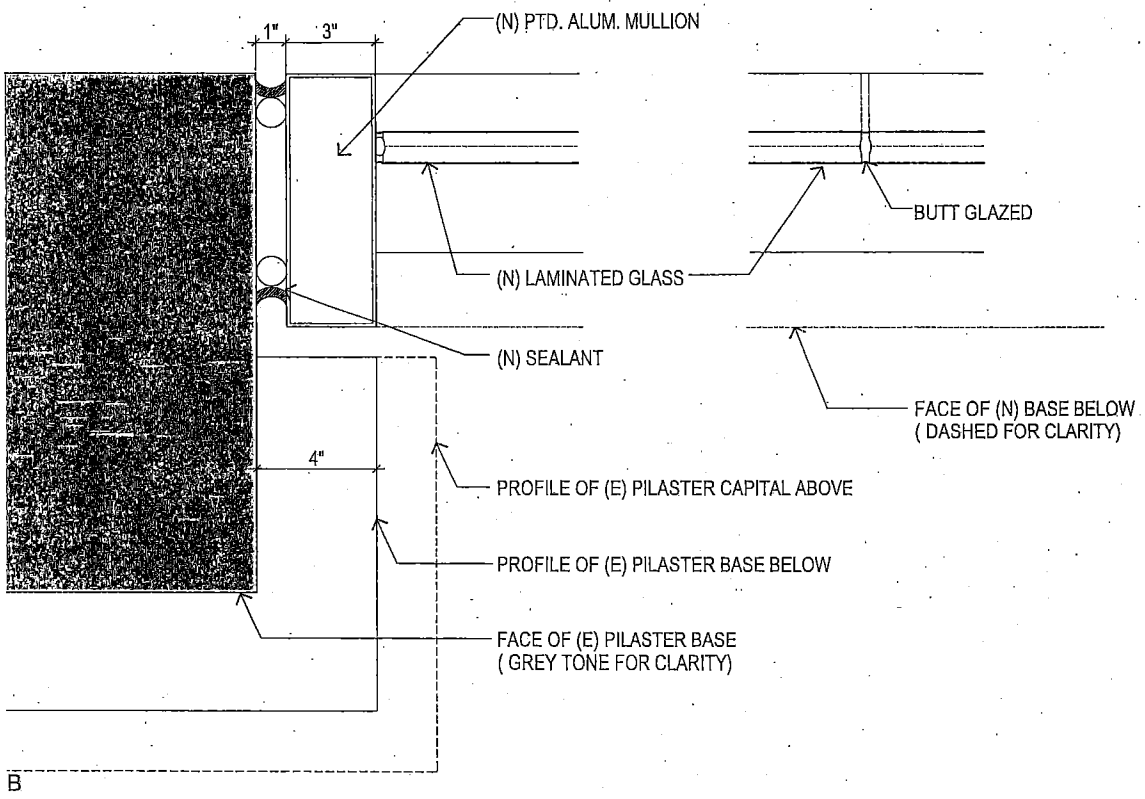
EAST AND SOUTH FACADES

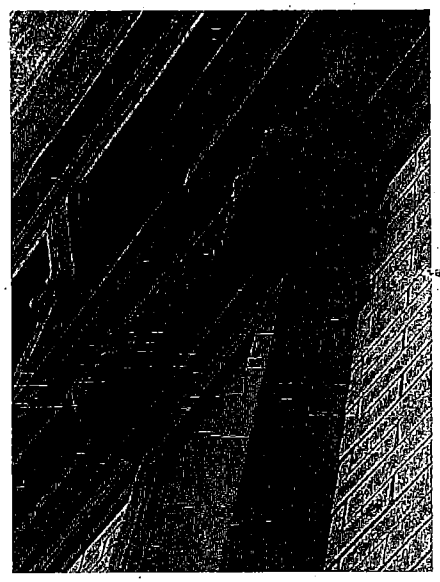
STOREFRONTS: ELEVATION AND SECTION



EAST AND SOUTH FACADES

STOREFRONTS: SECTION DETAIL





PHOTOGRAPH OF (E) PILASTER CAPITAL

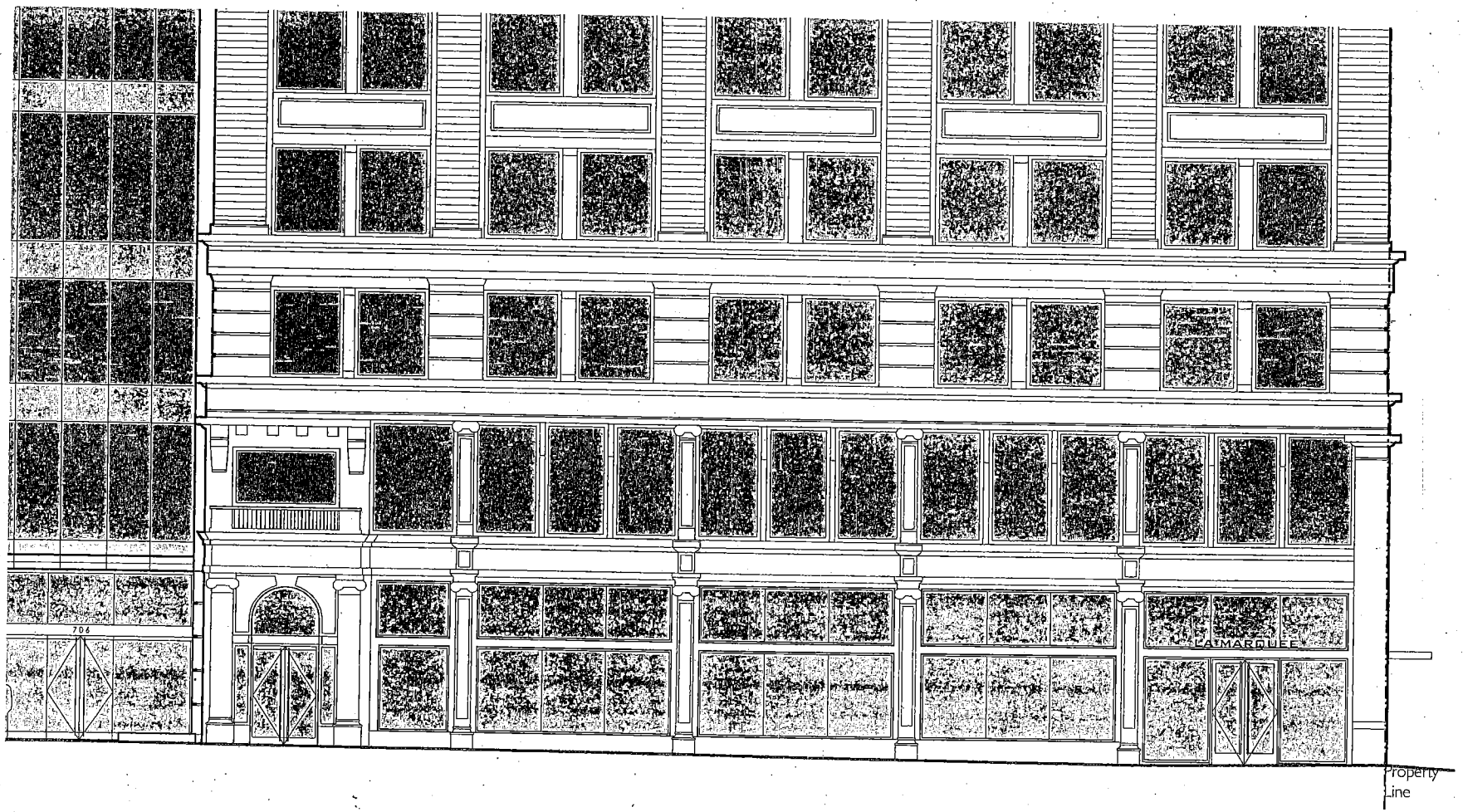
5475
EAST & SOUTH FACADES

Storefronts

The new storefront will be set back from the face of the existing pilasters and will extend the full height and width of the bay. The new storefronts will be contemporary in style and consist of painted aluminum with butt glazing. The joints of the butt glazing will align with the window mullions above.

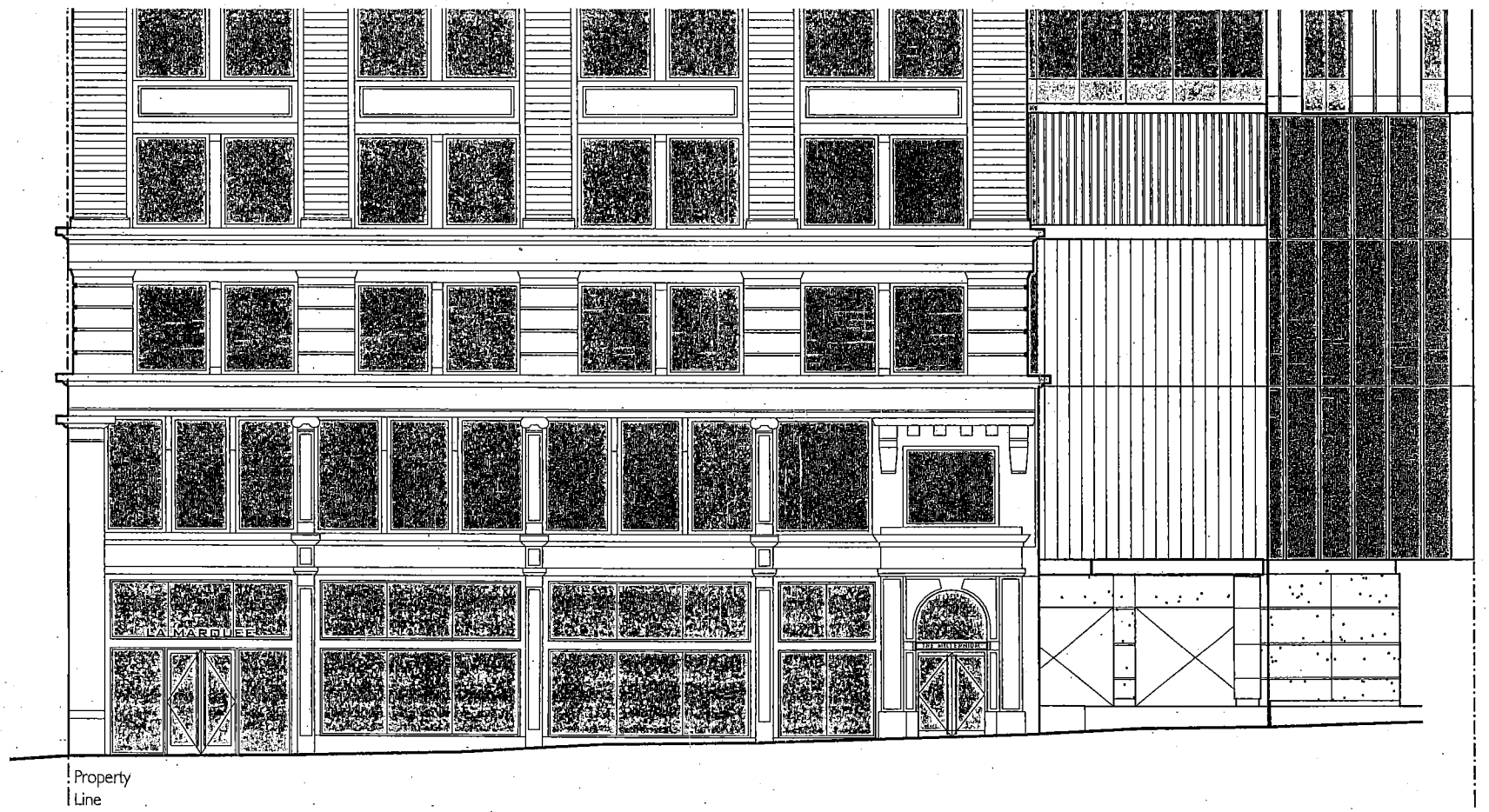
EAST AND SOUTH FACADES

PROPOSED STOREFRONTS AT MISSION STREET



EAST AND SOUTH FACADES

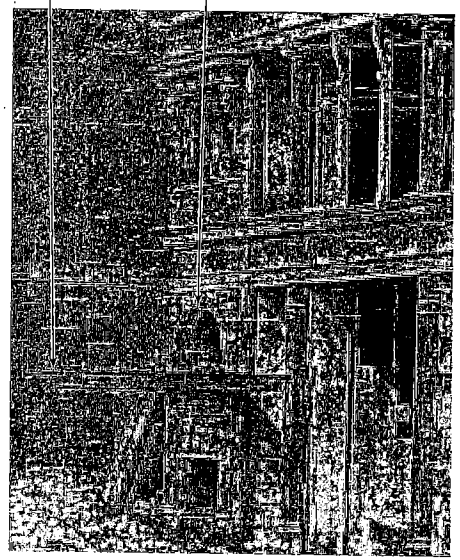
PROPOSED STOREFRONTS AT THIRD STREET



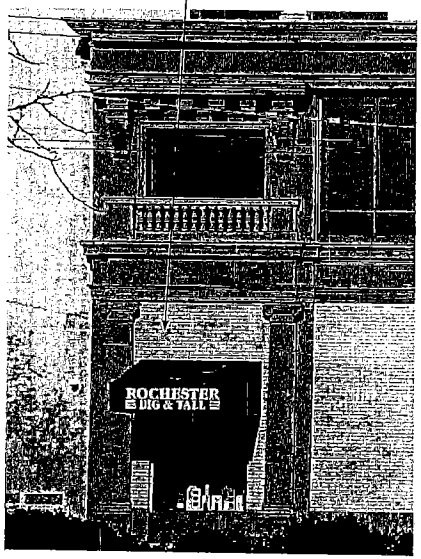
5477
EAST & SOUTH FACADES

EAST AND SOUTH FACADES

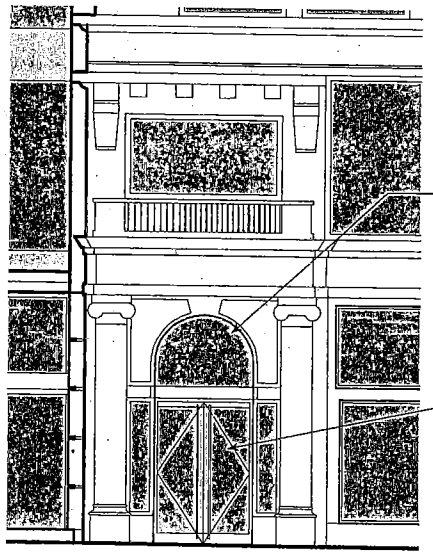
ENTRY AT MISSION STREET



Original entry along Mission Street. 1906



Exsting bay where arched entry was located



Proposed arched entry along Mission Street

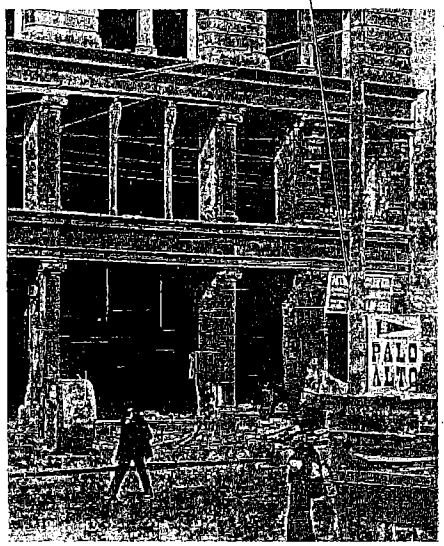
Mission Street Entry

Originally, the westernmost side of the facade along Mission Street had an arched entry, similar to the entry on Third Street. Any extant historic historic material, relating to this entry, will be salvaged and protected. If, from this material, a reconstruction of the original entry can be built, it will be. If no historic entryway exists, a new compatible contemporary arched opening will be constructed in this location, consisting of an aluminum portal. The portal will be a contemporary interpretation of the architectural style of the building and will match the storefronts in tone and will fill the existing opening. The portal will be set back from the historic pilasters and entablature and these historic features will remain.

EAST AND SOUTH FACADES

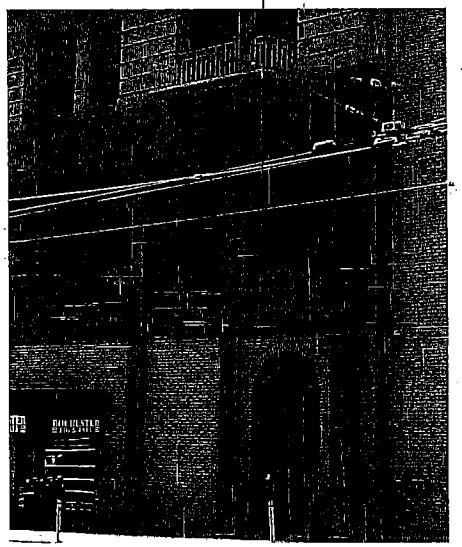
PROPOSED ENTRY AT THIRD STREET

Original entry at Third Street

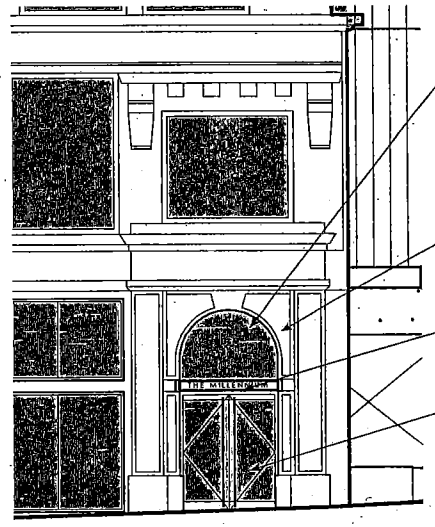


Third Street Facade, 1906

Existing Arched Entry



View of existing arched entry at Third Street



Proposed storefront with new doors

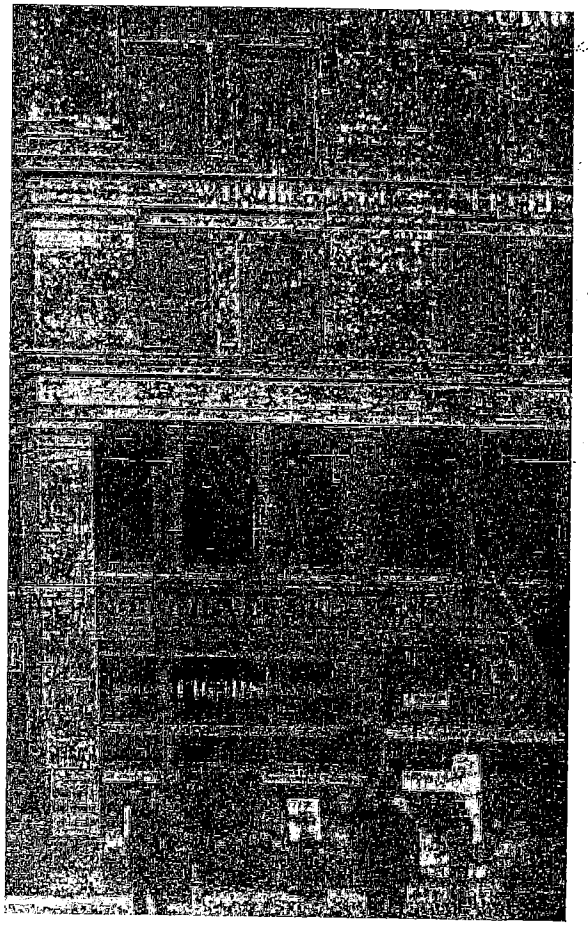
Third Street Entry: The existing entry along Third Street will be retained. The arched entrance opening and ornament, including bronze door frame and arched transom frame, will be retained, cleaned, and protected.

Portal: The aluminum portal will be a contemporary interpretation of the architectural style of the building. It will match the storefronts in tone and will fill the existing opening. The portal will be set back from the historic pilasters and entablature and these historic features will remain.

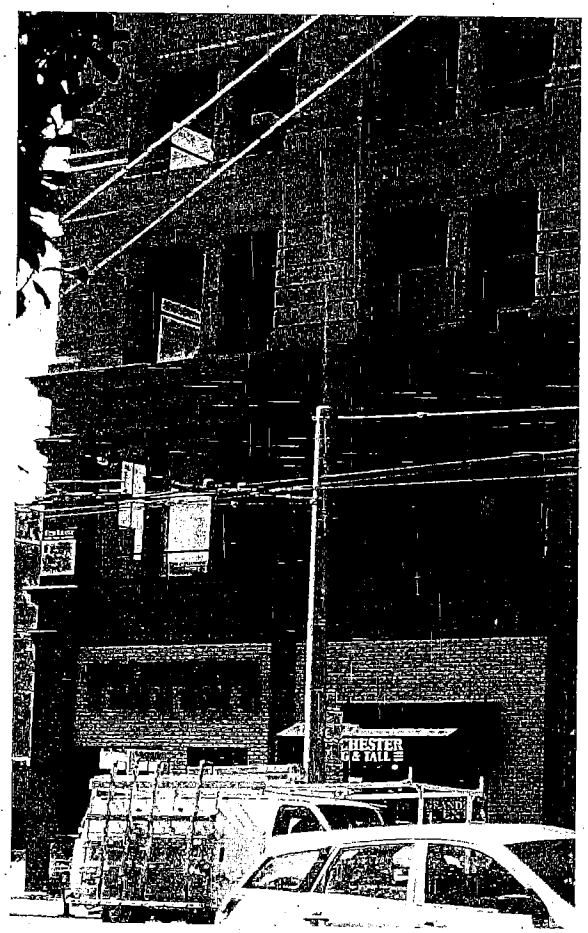
Canopy: A new canopy will be installed at the Third Street entry. The proposed canopy will be approximately 8'-6" in height and held away from the historic pilasters on either side. The canopy will be approximately 7'-6" wide and 12" to 18" in depth and will extend approximately 4' from the face of the building. The canopy will be contemporary in design and distinguished from the historic fabric of the building. It will be simple in detail so that it will not diminish the historic character of the building.

EAST AND SOUTH FACADES

NEW WINDOWS AT UPPER FLOORS



Original windows were simple single lite wood windows



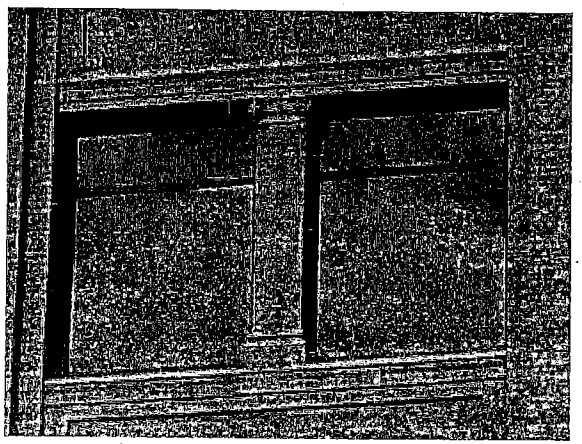
Typical Existing Windows

Originial and Existing Upper Floor Windows

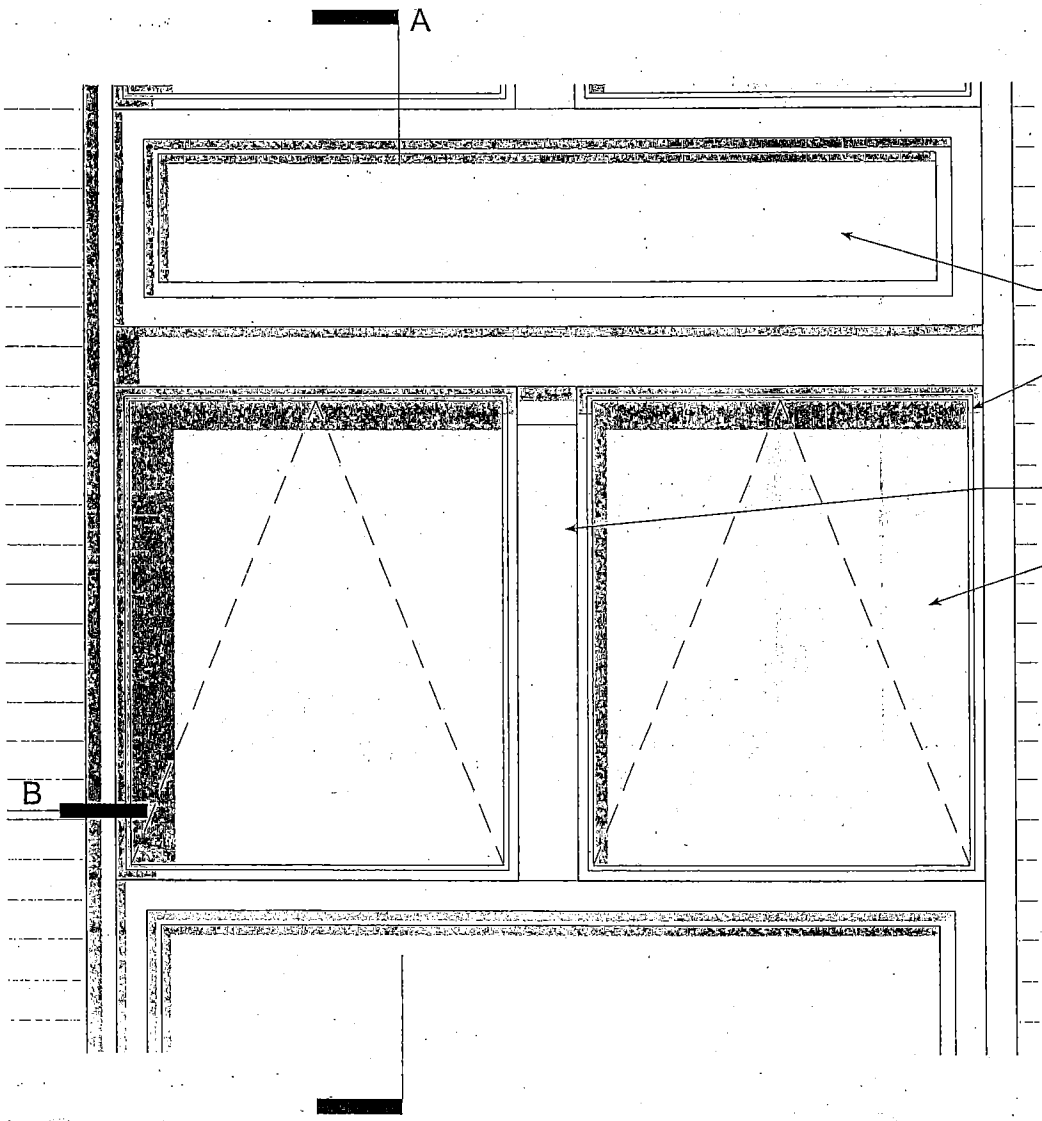
The original windows at the upper floors were simple, single lite wood windows, utilizing pivoted sash. The original windows were replaced with aluminum windows in 1979.

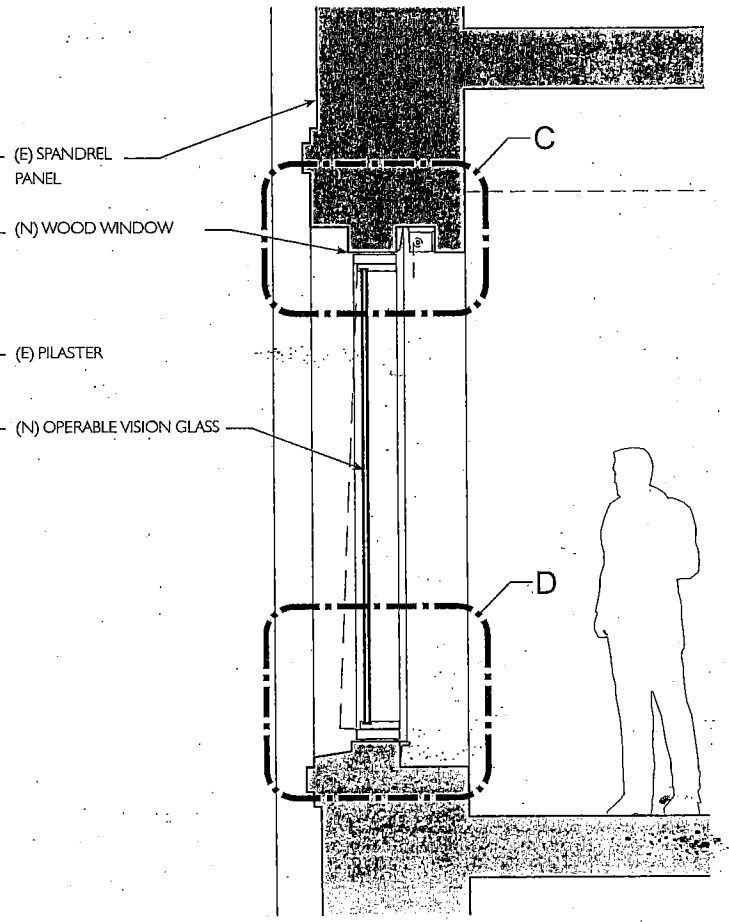
Proposed Upper Floor Windows

- Proposed windows will be wood and will reference historic photographs and will have similar proportions to the stiles and rails in the historic windows.
- Proposed windows will be sized to match existing openings.
- The setback of the windows will be based on historic photographs.
- The windows will be operable.
- Interior wood trim will be retained or replaced in kind where it is too deteriorated.



Enlarged View of Typical Existing Windows





SCALE: 1/2" = 1'-0"

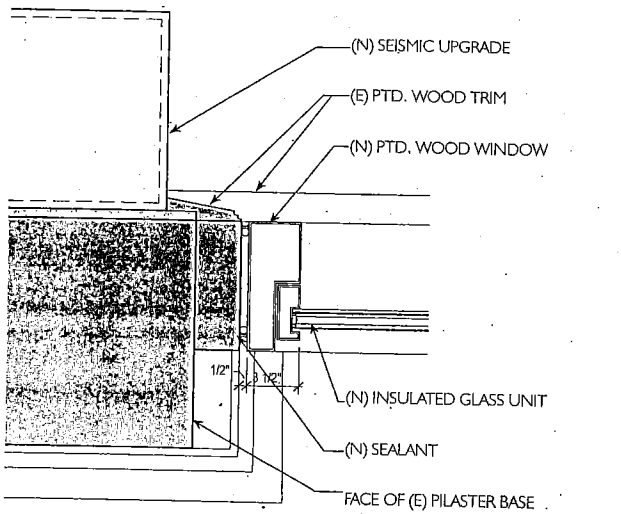
A

5481
EAST & SOUH FACADES

EAST AND SOUTH FACADES

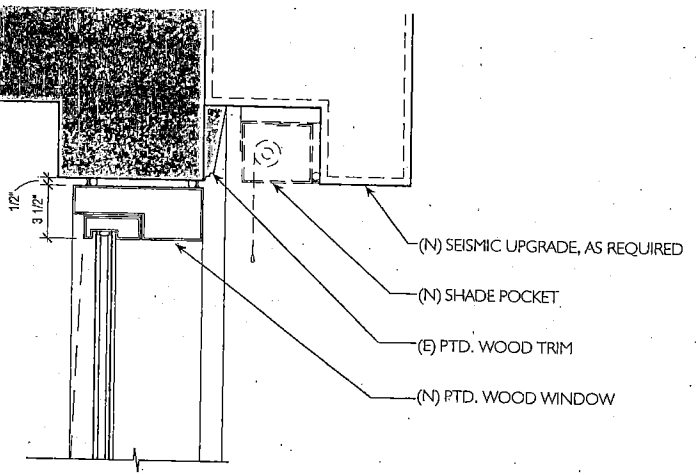
NEW WINDOWS AT UPPER FLOORS

5482

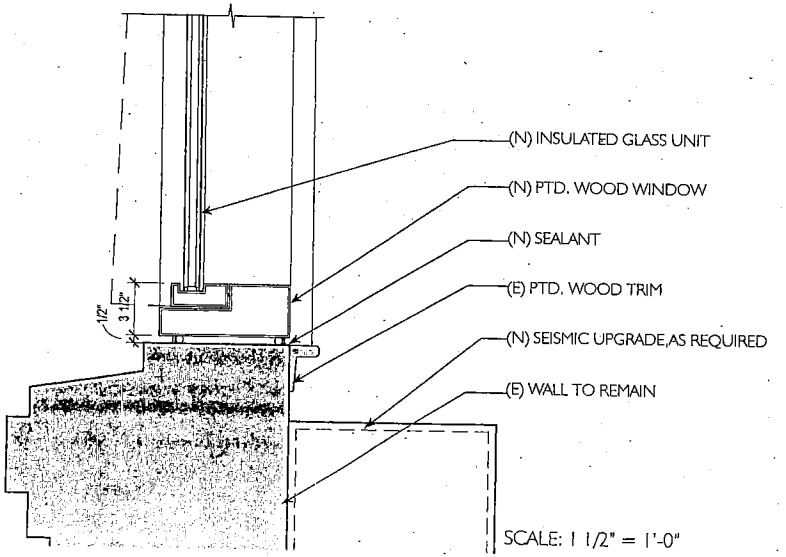


B
PLAN AT PILASTER

C
HEAD



D
SILL



SCALE: 1 1/2" = 1'-0"

NORTH FACADE

MODIFICATIONS AT NORTH FACADE

Rehabilitation of the north facade will include the removal of the non-historic addition, existing windows, doors and grilles. Openings within the party wall will be patched utilizing salvaged brick or replacement brick to match the existing. The common red brick at the north wall will be inspected, repaired, cleaned, and repointed.

New selective openings will be made within the existing wall for exterior windows to bring natural light and ventilation into new residential or office and museum spaces, for mechanical openings as may be required, and for ground floor entry and circulation functions. Approximately 70% of the existing wall area will be retained. New openings above the ground level will be organized in a regular pattern that is compatible with the building and will be set back approximately 14'-5" from the northeast corner at floors 4-10, and approximately 27' at floors 1-3. The new metal framed windows will be expressed as simple punched openings.

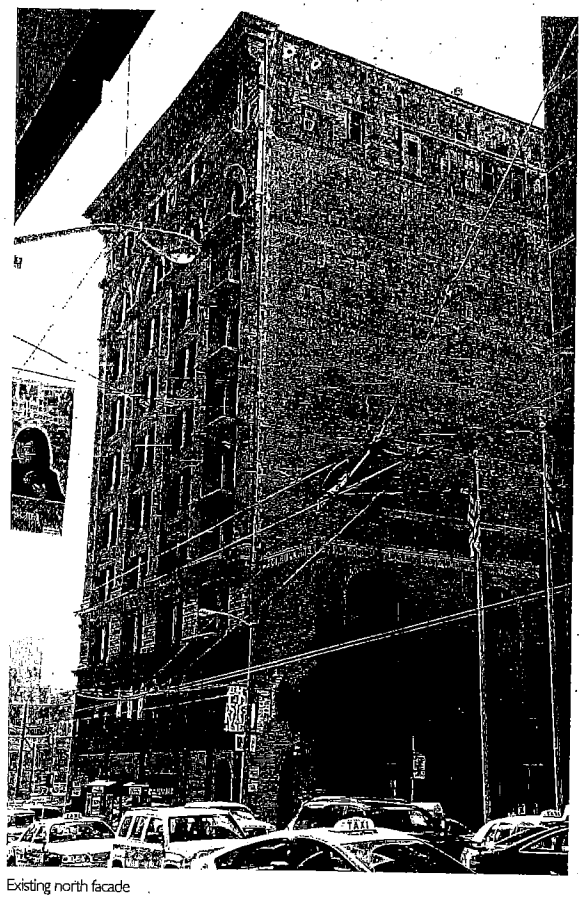
New metal framed transparent storefront openings and a metal canopy will be added at the ground level to encourage pedestrian activity and connections to the ground floor program. The new storefront framing will be similar to that on east and south facades in material, divisions, frame profile and depth. The new metal framed canopy above the new storefronts will provide a pedestrian scale. A recessed horizontal metal channel at the ground floor canopy level will be added and will extend to and align with the east façade cornice datum line and serve to integrate the new canopy.

5483

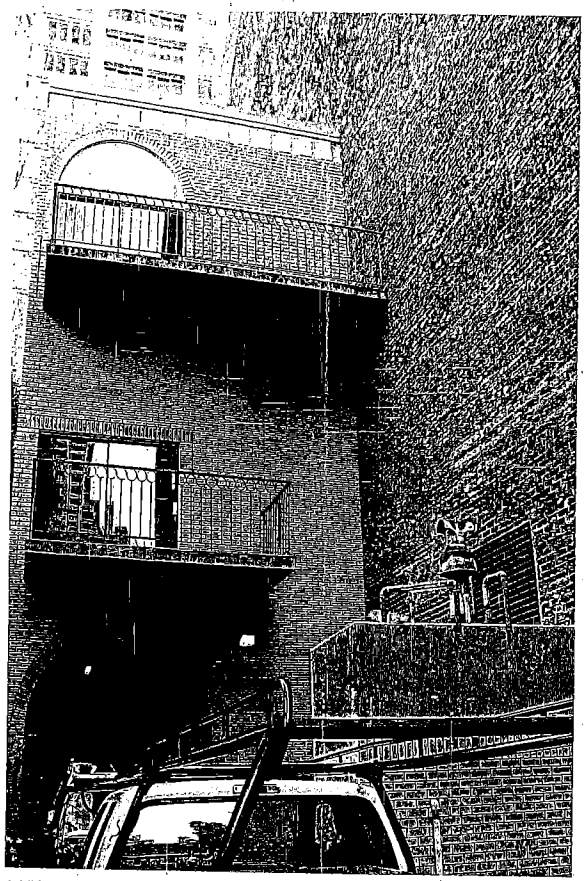
NORTH FACADE

NORTH FACADE

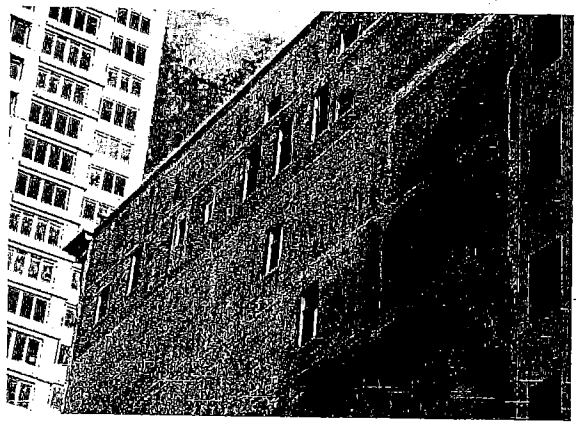
IMAGES OF EXISTING CONDITIONS



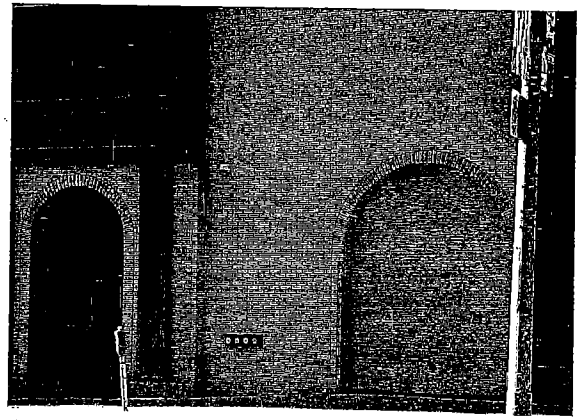
Existing north facade



Addition at north facade



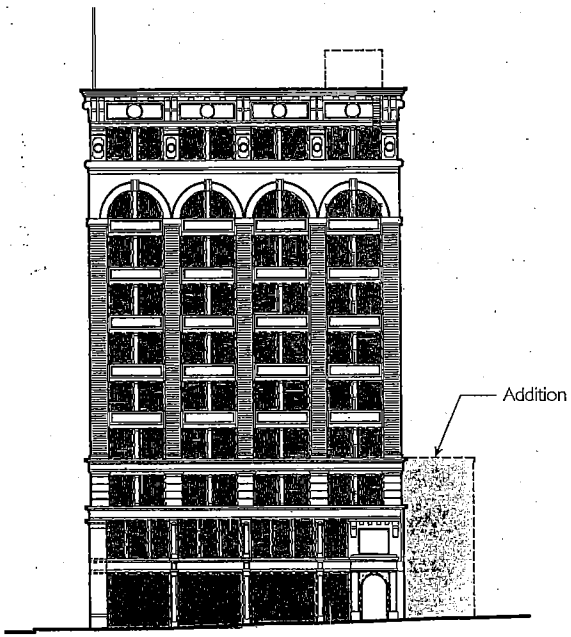
View of upper portion of north facade



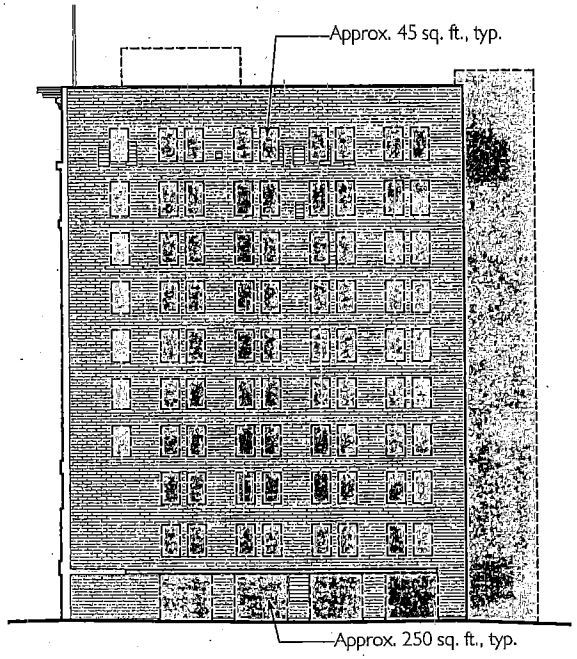
Ground level view of non-historic addition at north facade

5484

NORTH FACADE

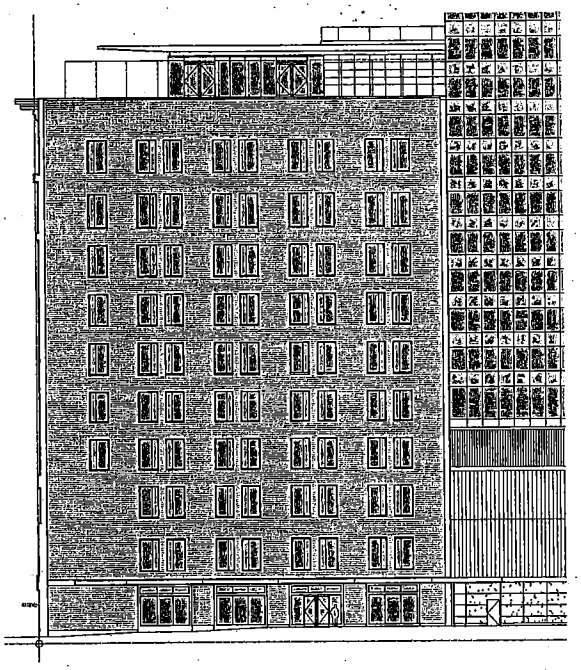


Third Street elevaton (east facade) showing addition at north facade to be removed



Proposed openings at north facade (areas in pink will be removed to make way for new openings). The windows will be aproximately 5'x9" (45 sq. ft.) and the storefront openings will be approximately 12'x16' (250 sq. ft.).

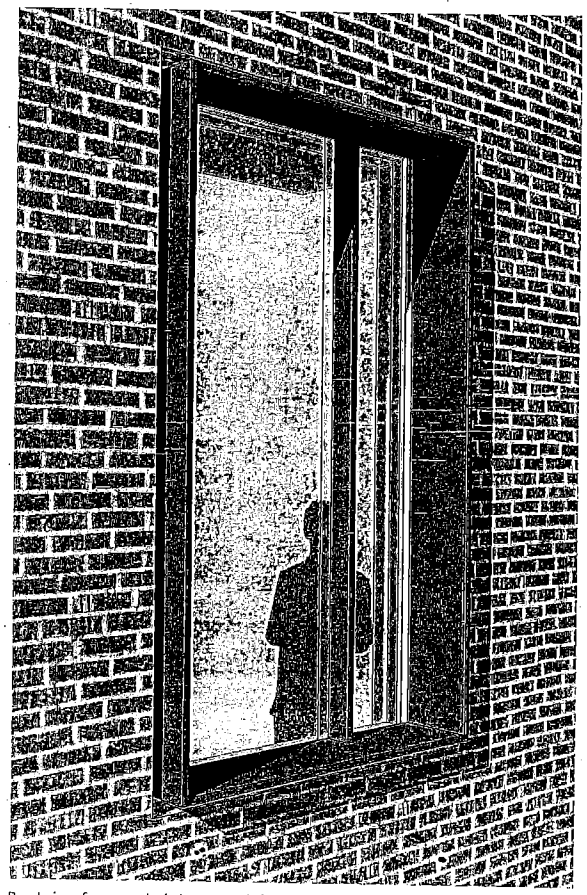
Proposed north openings will be approximately 30% of the north facade. Total north facade area is approximiately 15,420.



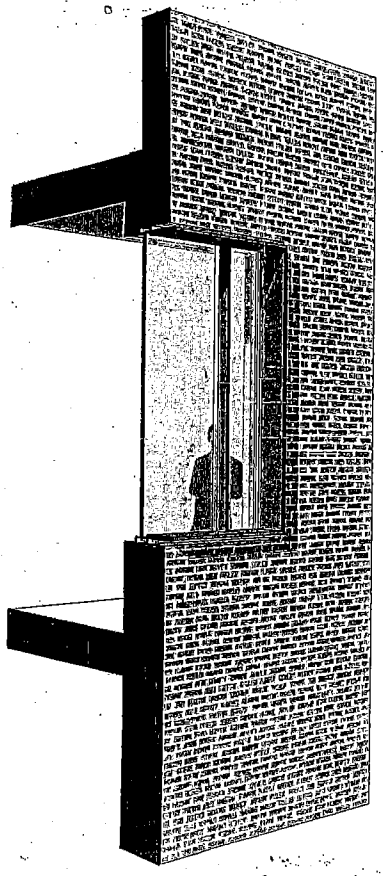
Proposed north facade

5485
NORTH FACADE

NORTH FACADE WINDOWS



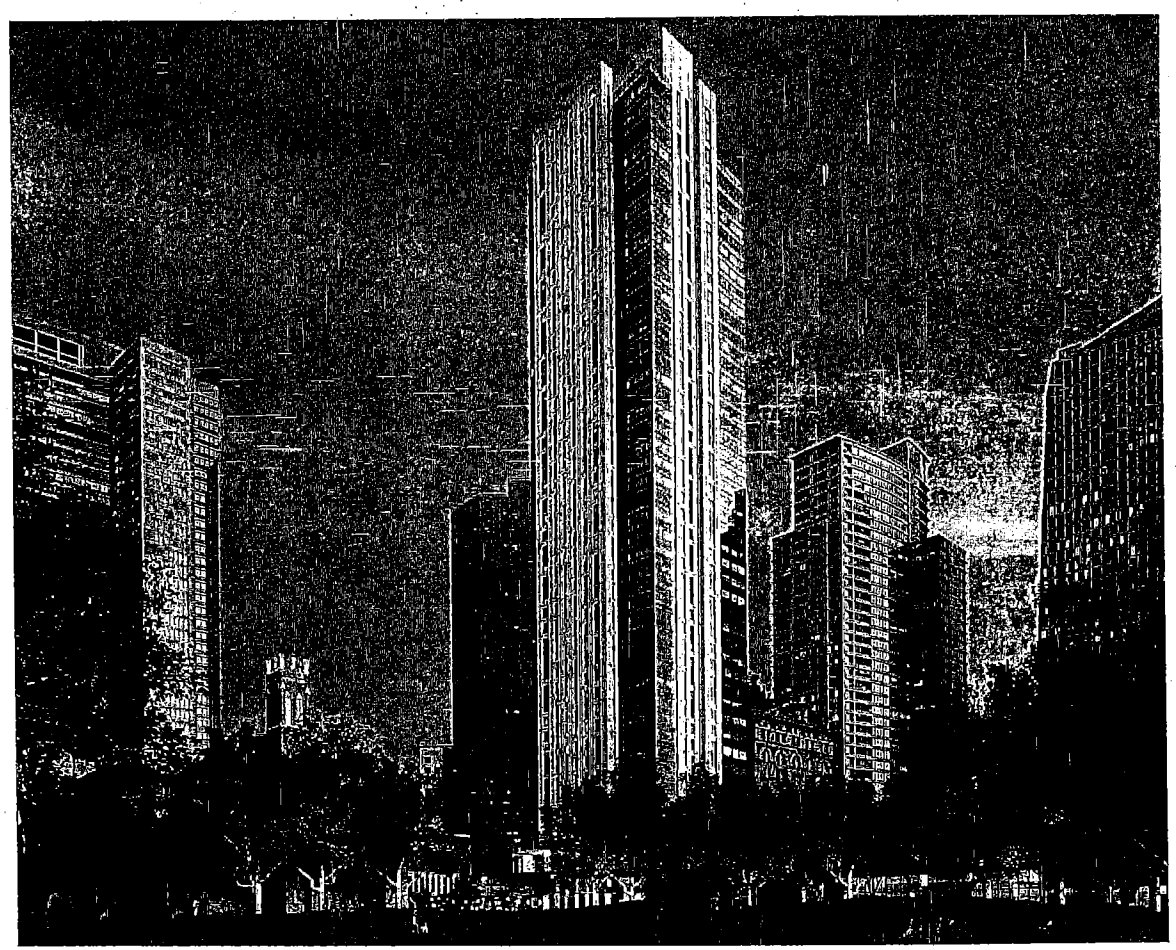
Rendering of proposed window at north facade



Detail section of proposed window at the north facade

Proposed windows at the north facade:

The new windows will be compatible in size, fenestration pattern, material, and organization. They will be distinguished from the original fabric of the building through the use of contemporary detailing.



Proposed Scope for the west facade includes:

- The demolition of the 10-story non-historic addition. After demolition of the addition, unused openings within the party wall will be patched, utilizing salvaged brick that is removed for new openings.
- Common red brick west wall will be inspected, repaired, cleaned, repointed, and seismically upgraded as required. Salvaged bricks will be used in areas where brick needs to be replaced.
- New selective openings for interior circulation will be made within the existing brick party wall for museum, residential or office, MEP and ground floor uses as required.
- A new tower will be built adjacent to the Aronson Building. The new tower volume will be set back from southern edge with a return of approximately 6' from southwest corner to expose the existing west brick wall and allow the two buildings to be expressed independently. This will also allow the existing cornice to complete itself at the southwest building corner.
- Tower massing will consist of a series of planes detailed with glass, masonry, and metal to integrate with and reflect the materials of the adjacent turn of the century architecture of the Aronson Building. The new tower design will use a modern, sculptural vocabulary of materials, detailing, and proportion to provide texture and surface variation that is distinct, yet compatible with the historic Aronson Building's façade bays and horizontal and vertical divisions. Colors and tones of new tower materials will be carefully selected to be distinct but complementary to the existing Aronson Building.
- The east facade of tower volume will cantilever approximately 7' over the existing Aronson Building and be set back approximately 15' from the south façade of Aronson Building.

5487

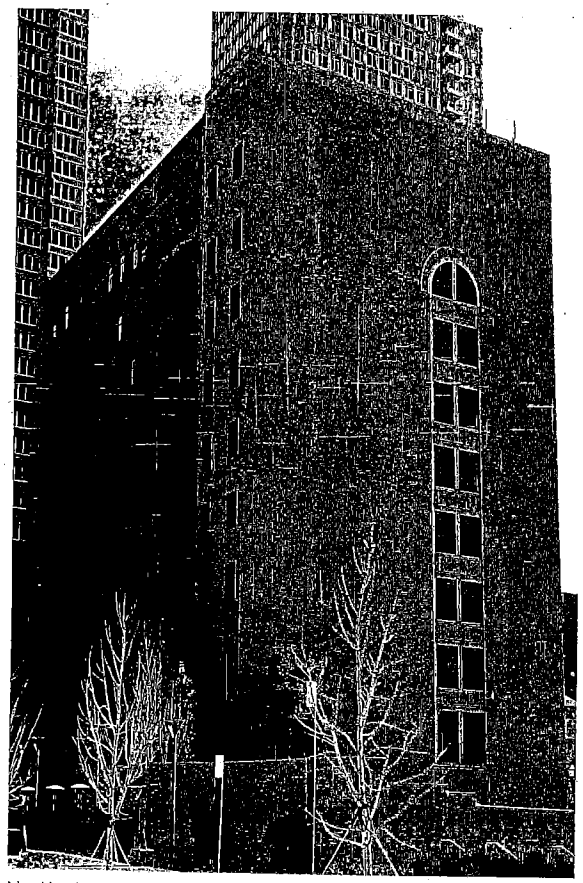
WEST FACADE

5488

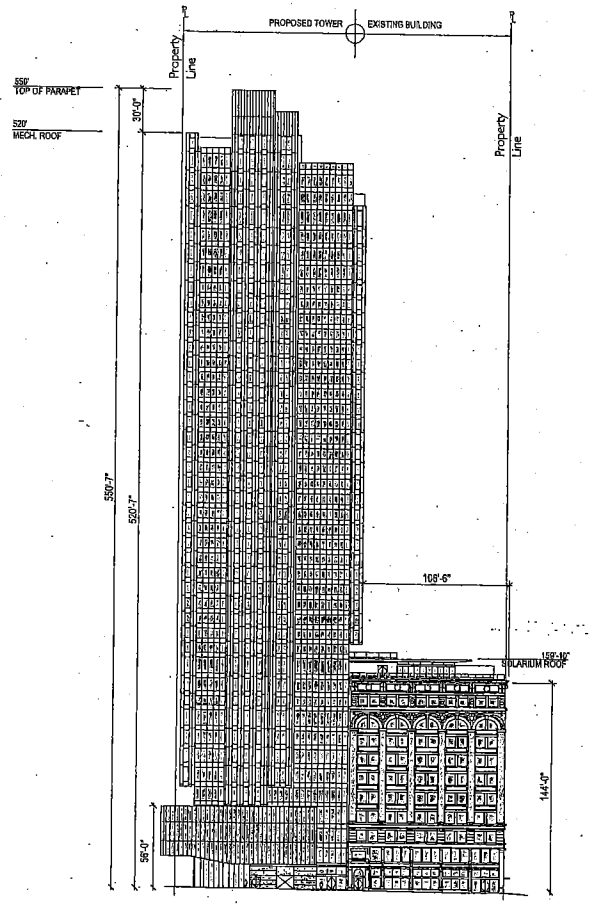
WEST FACADE

EXISTING CONDITIONS

Non-historic addition at west facade, view from southwest

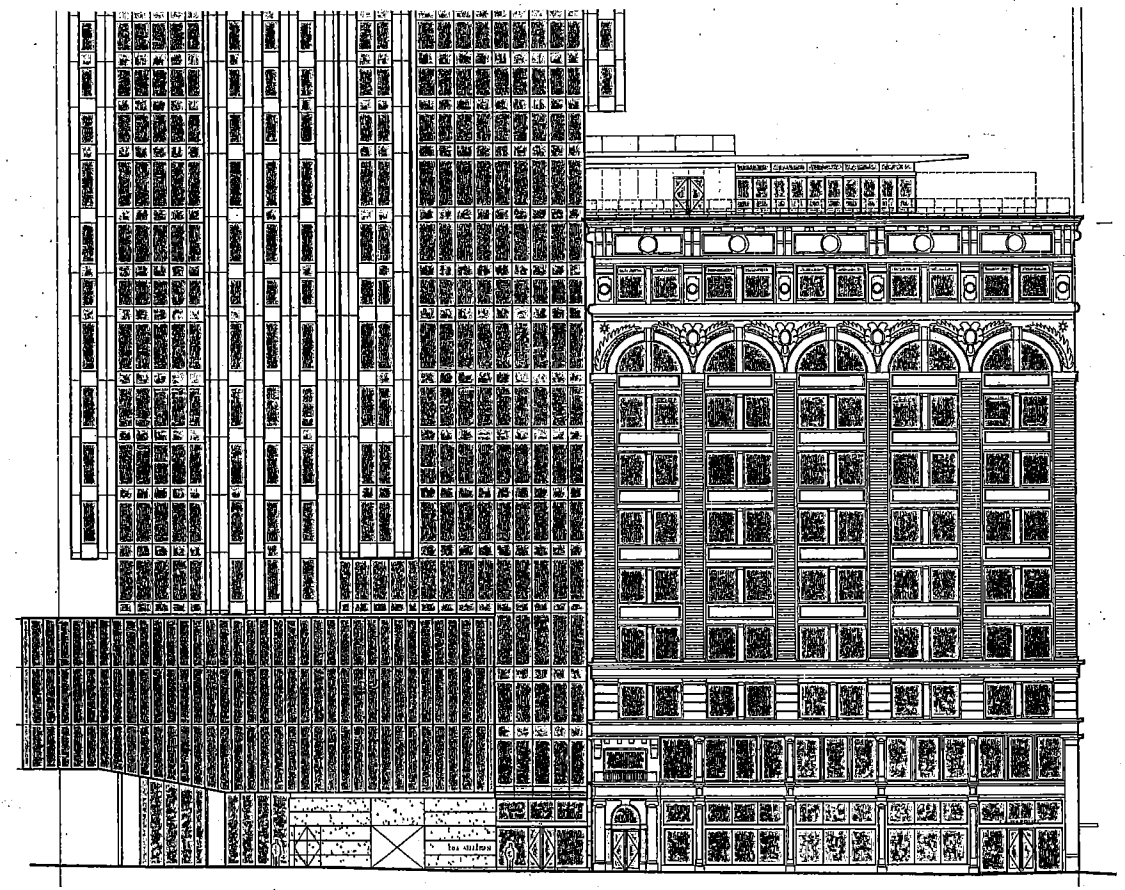


Non-historic addition at west facade, view from northwest



South Elevation with new tower (Note: For graphic purposes south elevation is shown since west elevation of Aronson Building will be obscured.)

WEST FACADE



Proposed south elevation, enlarged view

- Placing The Mexican Museum at the base of the building is intended to integrate and complete the surrounding Yerba Buena arts district and gardens, with unique massing distinguished from the tower. The base of the building will cantilever slightly over Jessie Square at the 2nd and 3rd floors to visually draw pedestrians in as an extension of the plaza, and to complete the eastern edge of Jessie Square. Museum interior space will span across both new and existing buildings at the 2nd and 3rd floors, with ground floor entry within the new tower base. Museum interior space may also include all or a portion of the 1st floor Aronson Building, and/or portion of 4th floor tower for exterior terrace access and mechanical spaces.
- New exterior and interior connections between the tower and existing Aronson Building will be established for programmatic and structural requirements, while still maintaining a visual separation between the buildings.
- There are two proposed approaches to seismic work for the Aronson Building. With the first approach, the proposed tower and the Aronson building would be seismically independent and separated by a seismic joint with an air space in between the two buildings. Another approach to the seismic upgrade of the Aronson Building would be to laterally connect the Aronson Building into the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. Neither the seismic joint approach nor the seismically interconnected approach would result in any exterior visual impacts to the Aronson Building. No character-defining features of the Aronson Building would be removed with either seismic upgrade approach. Using either approach, the Project would retain and preserve character-defining features of the Aronson Building.

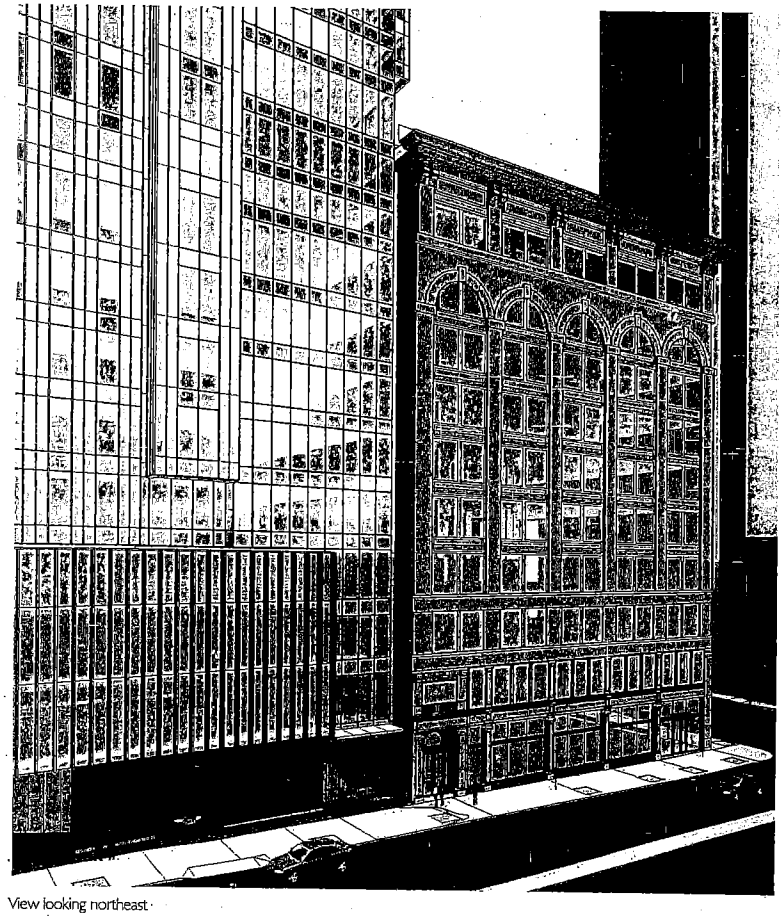
Note: For graphic purposes, the south elevation is shown since the west elevation will be obscured by the new construction.

5489

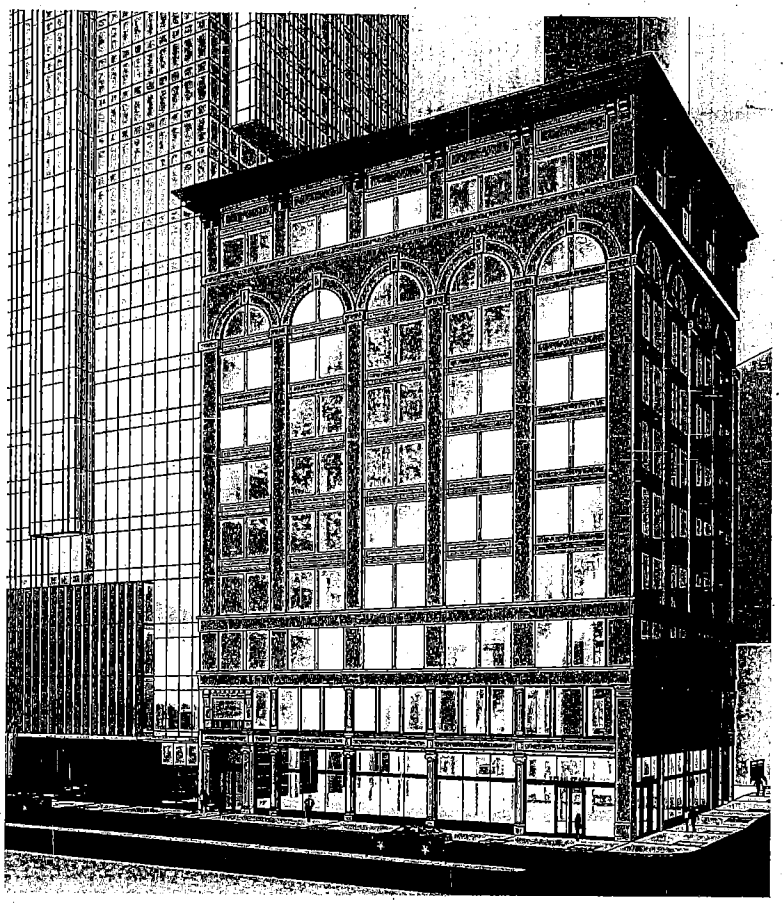
WEST FACADE

WEST FACADE

INTERFACE BETWEEN THE ARONSON BUILDING AND TOWER



View looking northeast



View looking northwest

The new tower will be set back six feet from the face of the Aronson Building, allowing the Aronson Building to be conveyed as a separate building.

5490

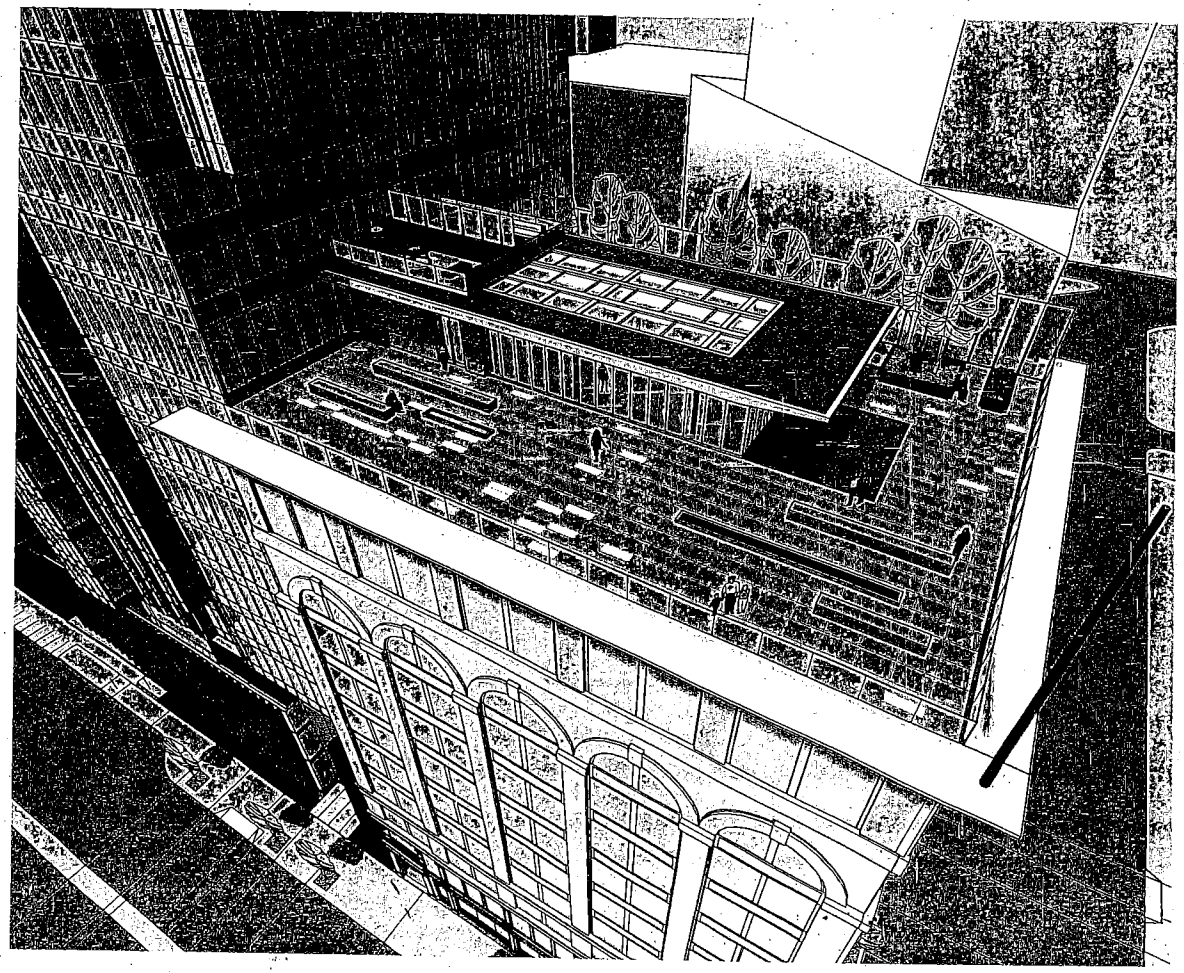
WEST FACADE

INTERFACE BETWEEN THE ARONSON BUILDING AND TOWER

Close up view looking northeast

5491
EAST & SOUTH FACADES

ROOF GARDEN AND SOLARIUM

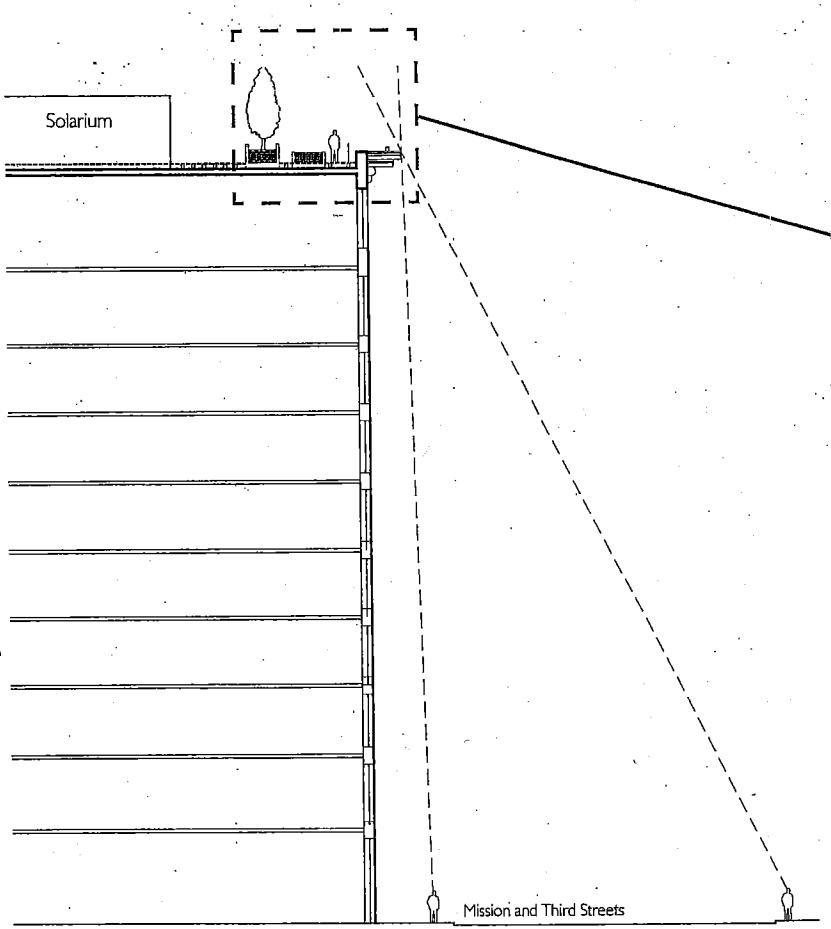


The Aronson Building roof will be rehabilitated to function as a residential amenity outdoor terrace/roof garden for the adjacent new tower. The existing roofing material will be removed and the roof structure will be selectively demolished. A new structural roof diaphragm will provide a seismic upgrade and support required for the exterior cornice, parapet anchorage, landscaped roof terrace, and new solarium will be installed.

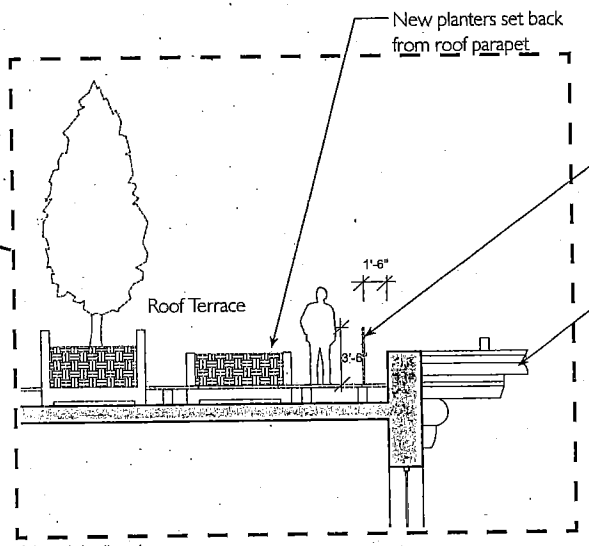
New transparent glass perimeter railings/windscreens will be set back from the existing parapet edge and cornice line. Roof elements, including architectural, landscape, and mechanical components, will be designed to ensure that they are not visually dominant from the sidewalk or street below.

A solarium structure will be substantially set back from existing cornice lines. The solarium will be comprised of glazing similar to that on the east and south storefronts in terms of material, divisions, frame profile and depth. The solarium will have exterior masonry and metal materials and colors complementary to the existing Aronson Building. The roof of the solarium will include both an area that is planted and a glass roof area. The roof will also include a small private outdoor terrace that will be used exclusively by the tower residents, not the commercial tenants. The existing wood flagpole will be retained and rehabilitated.

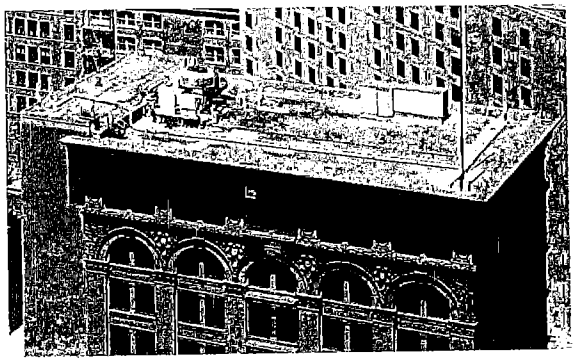
ROOFTOP GARDEN AND SOLARIUM



Site line study of elements on roof



Enlarged detail section



Existing roof

The solarium will be approximately 73' x 21' (1,533 sq. ft.), covering about 17.5% of the existing roof (8,760 sq. ft.). Solarium will be substantially set back from the street facades:

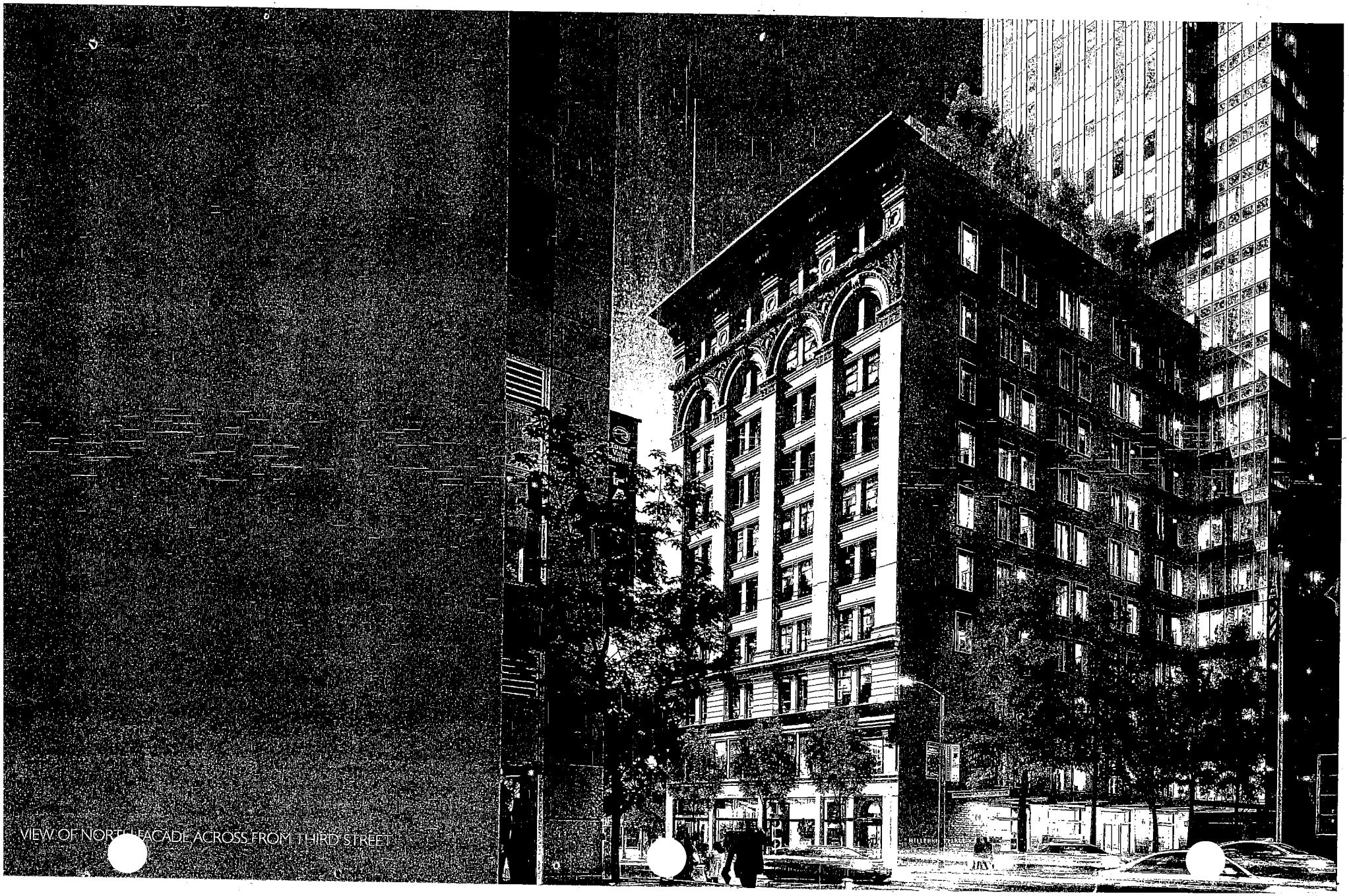
Third Street: Solarium will be set back approximately 23' from the face of the building.

Mission Street: Solarium will be set back approximately 27' from the face of the building.

North Facade: Solarium will be set back approximately 21' from the face of the building.

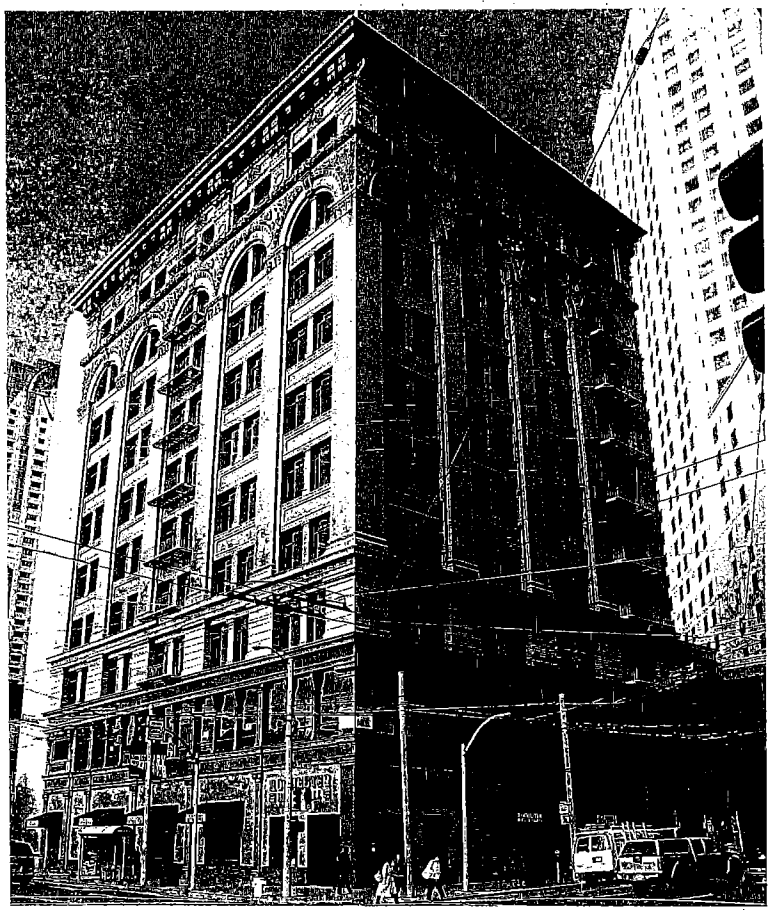
5493

ROOF GARDEN AND SOLARIUM



VIEW OF NORTH FACADE ACROSS FROM THIRD STREET

EXTERIOR REPAIRS

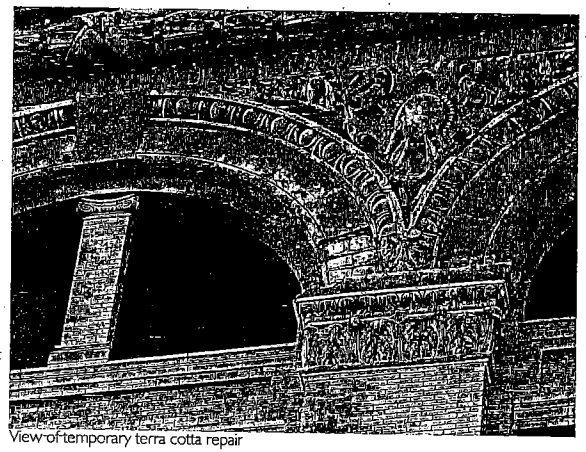


The exterior facades of the Aronson Building will be rehabilitated in a manner that is consistent with the December 2010 Historic Structures Report by Page & Turnbull. Historic features to be repaired and rehabilitated include:

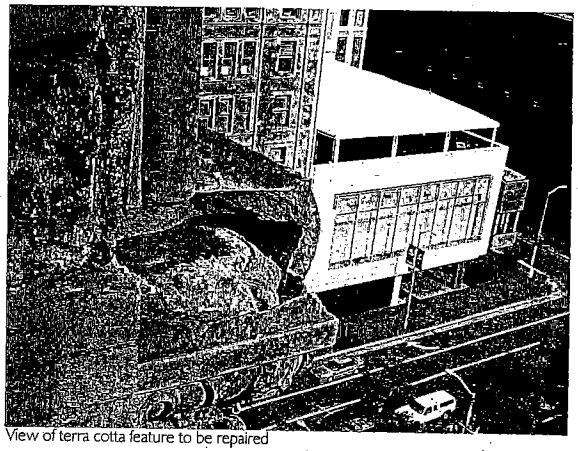
- The Colusa sandstone entablatures and piers will be retained. Existing paint and any unsound material will be removed. The existing substrate, anchorage, and reinforcing will be assessed and repaired as required. Units will be reinforced and patched. Material will be replaced in kind or with a compatible substitute material where damage is severe and beyond repair.
- Buff colored glazed terra cotta brick and giant order, buff-colored glazed terra cotta brick pilasters with terra cotta capitals at the 4th through 8th stories will be retained. The terra cotta will be cleaned and identified spalls will be reinforced and patched. Where damage is severe and beyond repair it will be replaced in kind or with a substitute material as appropriate. Cracked units and substrates will be stabilized and repointed as needed.
- Terra cotta brick spandrel panels, headers at the 4th through 8th stories, and terra cotta ornament at the 9th and 10th stories, including archivolt moldings, remaining keystones, egg-and-dart molding, spandrel bas relief ornament, banded bay leaf garland, pilasters, wall panels, and olive leaf swags will be retained and cleaned. Identified spalls will be reinforced and patched. Where damage is severe and beyond repair it will be replaced in kind or with a substitute material as appropriate. Cracked units and substrates will be stabilized and repointed as needed.
- Architectural cast iron elements will be retained. Failing and deteriorated paint will be removed and missing cast iron elements, such as scroll capitals along Third Street, will be replaced with an acceptable substitute material. Where damage is severe and beyond repair it will be replaced in kind or with a substitute material as appropriate. All elements will be repainted.
- Massive sheet metal entablature with paired scrolled brackets, block modillions and architectural sheet metal cornice will be retained. Failing paint, rust and corrosion will be removed, and all elements repainted. Cornice openings where fire escape is removed will be repaired; the cornice at southwest corner of building that was removed for the west annex addition will be repaired and/or replaced as required to complete the original return at the roofline.
- New exterior paint and coating colors will be carefully selected to either closely match the existing historic materials, e.g. south and east facades above the 2nd floor, or to be complementary to existing building facades. Elements that will be painted include the cast iron pilasters. Coatings applied to the Colusa sandstone will match original color. Where the terra cotta has spalled, it will be patched to match the original finish. The proposed storefront color will be a deep earthtone, with surrounding base elements slightly lighter to anchor the base of the building.

EXISTING REPAIRS

TERRA COTTA



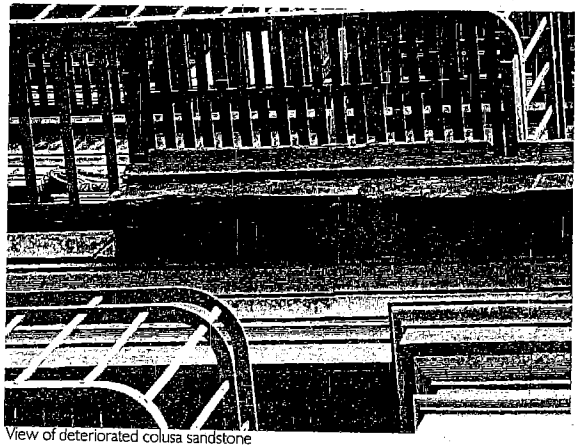
View of temporary terra cotta repair



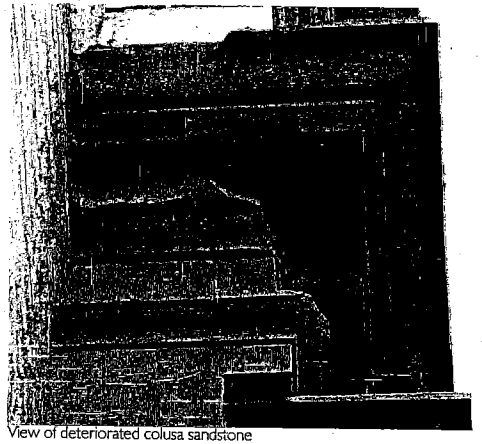
View of terra cotta feature to be repaired

COLUSA SANDSTONE

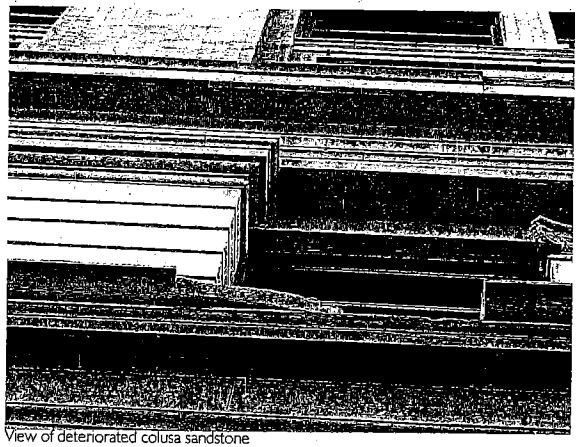
View of deteriorated colusa sandstone



View of deteriorated colusa sandstone



View of deteriorated colusa sandstone

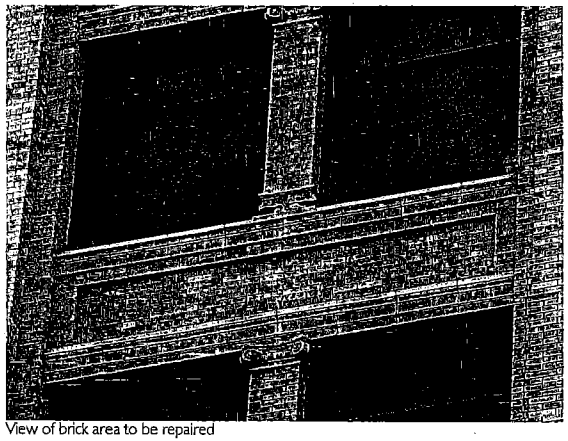


View of deteriorated colusa sandstone

5496

EXTERIOR REPAIRS

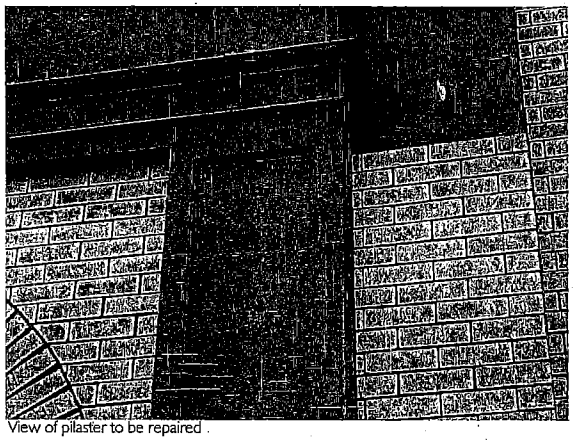
BRICK



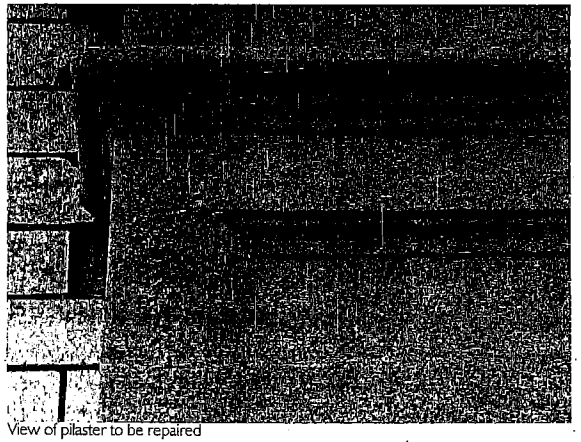
View of brick area to be repaired

View of brick with cracking

PILASTERS



View of pilaster to be repaired



View of pilaster to be repaired

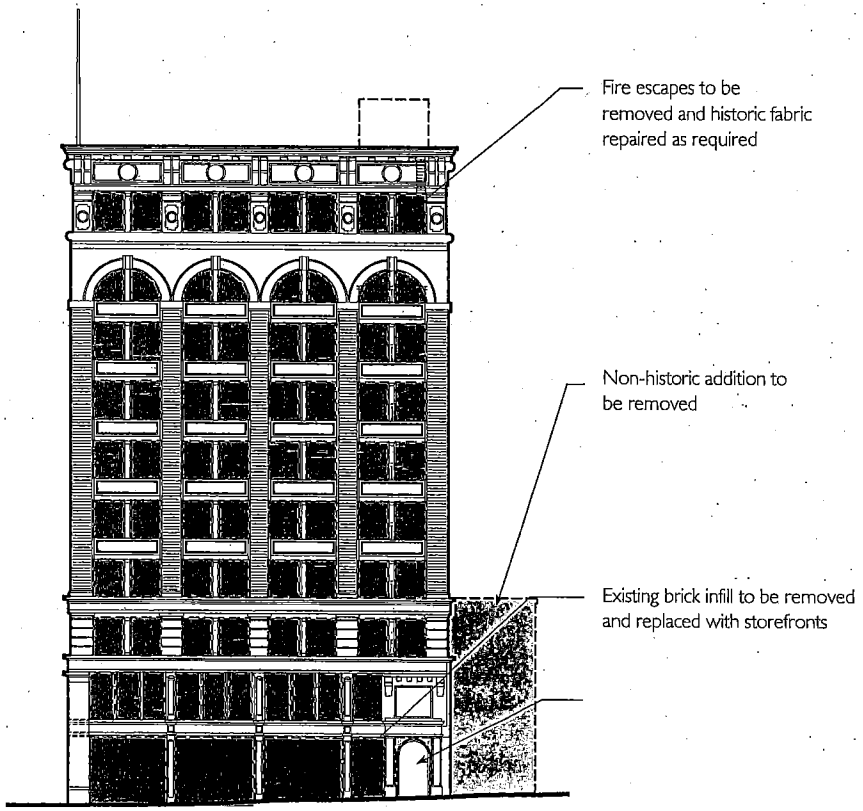
SHEET METAL CORNICE AND FIRE ESCAPES

View of sheet metal cornice to be repaired

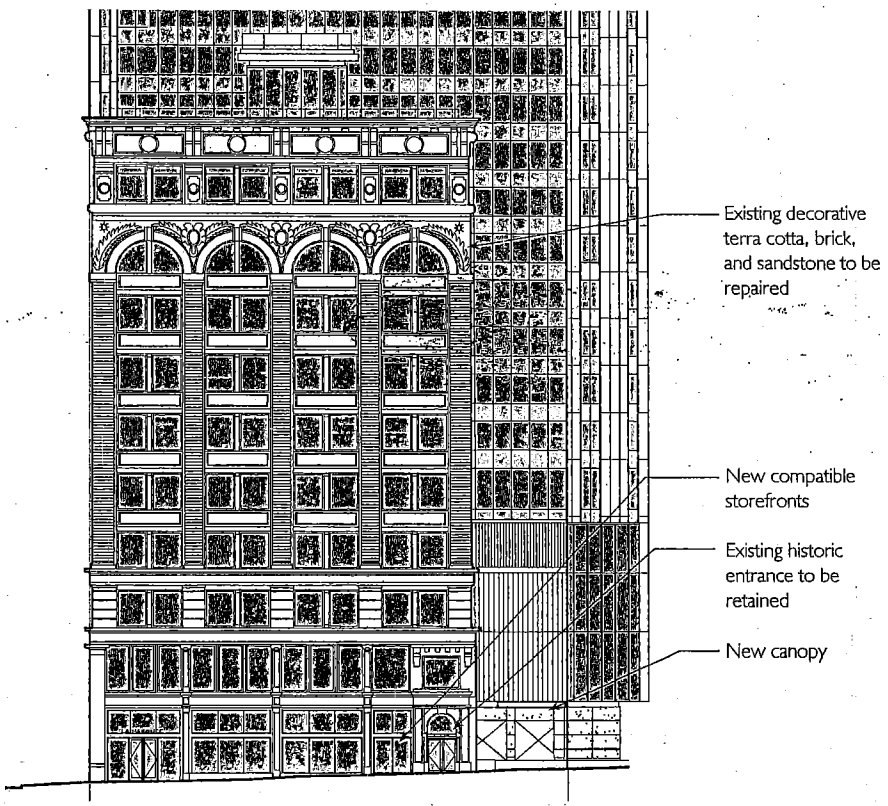
View of area where fire escapes will be removed, sheet metal cornice to be repaired

ELEVATIONS

EXISTING THIRD STREET ELEVATION



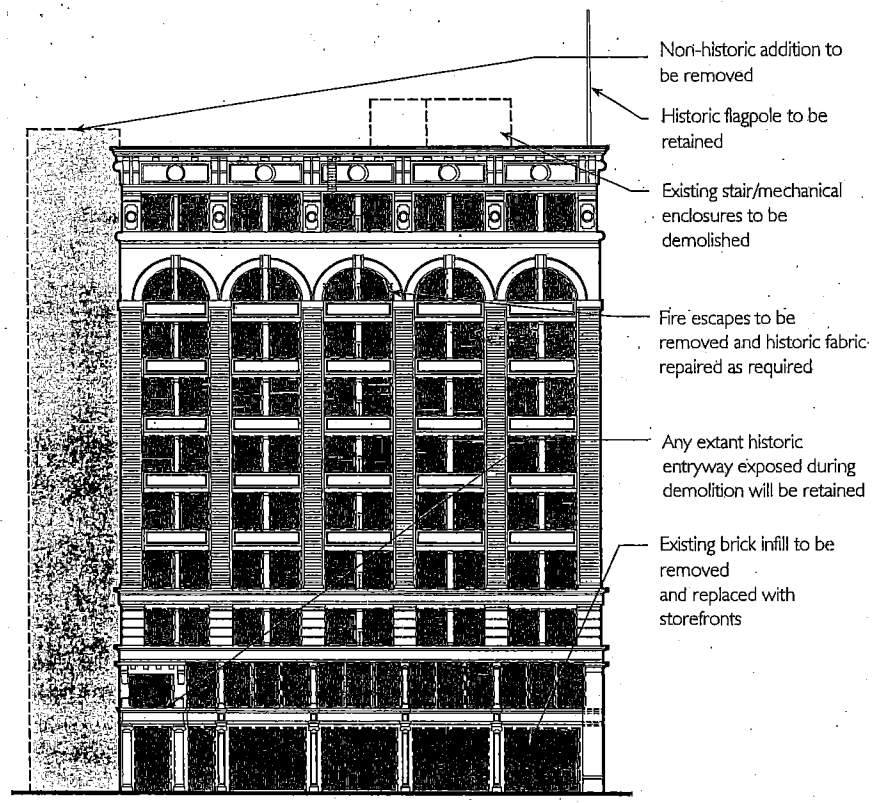
PROPOSEDTHIRD STREET ELEVATION



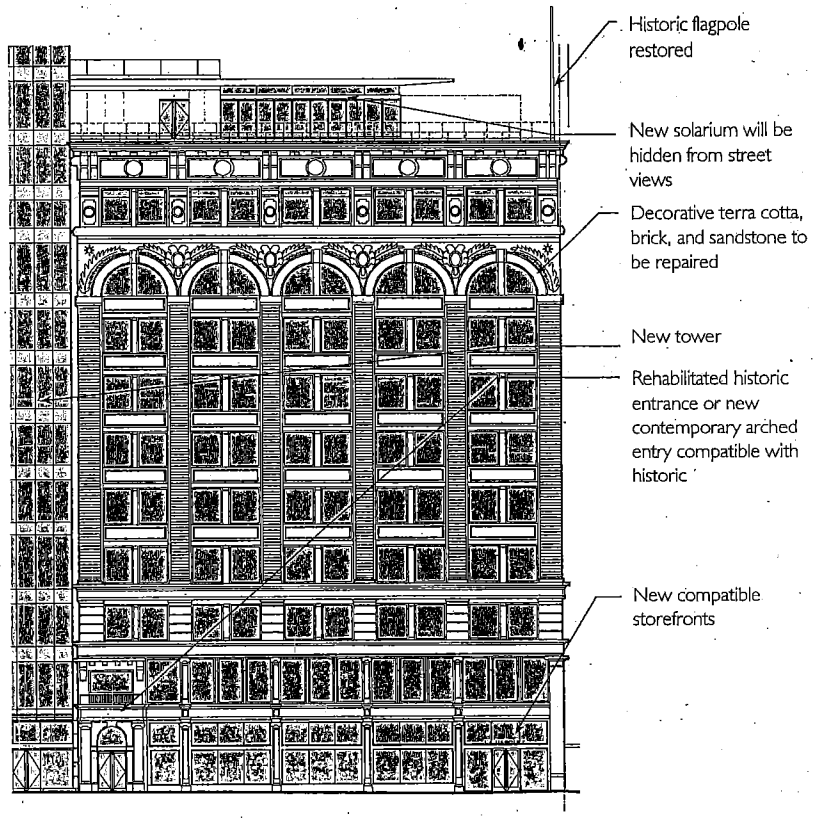
5498

ELEVATIONS

EXISTING MISSION STREET ELEVATION



PROPOSED MISSION STREET ELEVATION

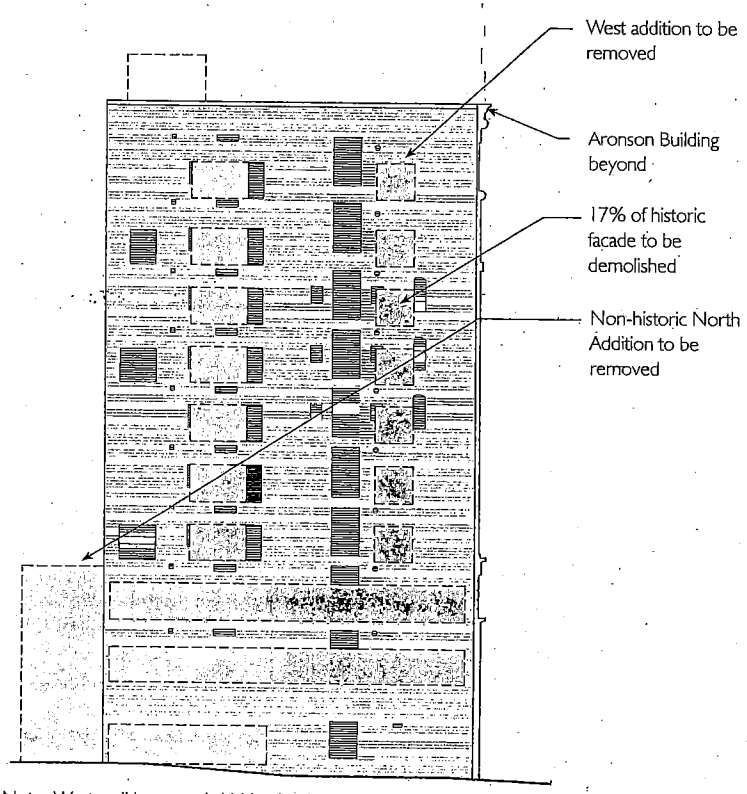


5499

ELEVATIONS

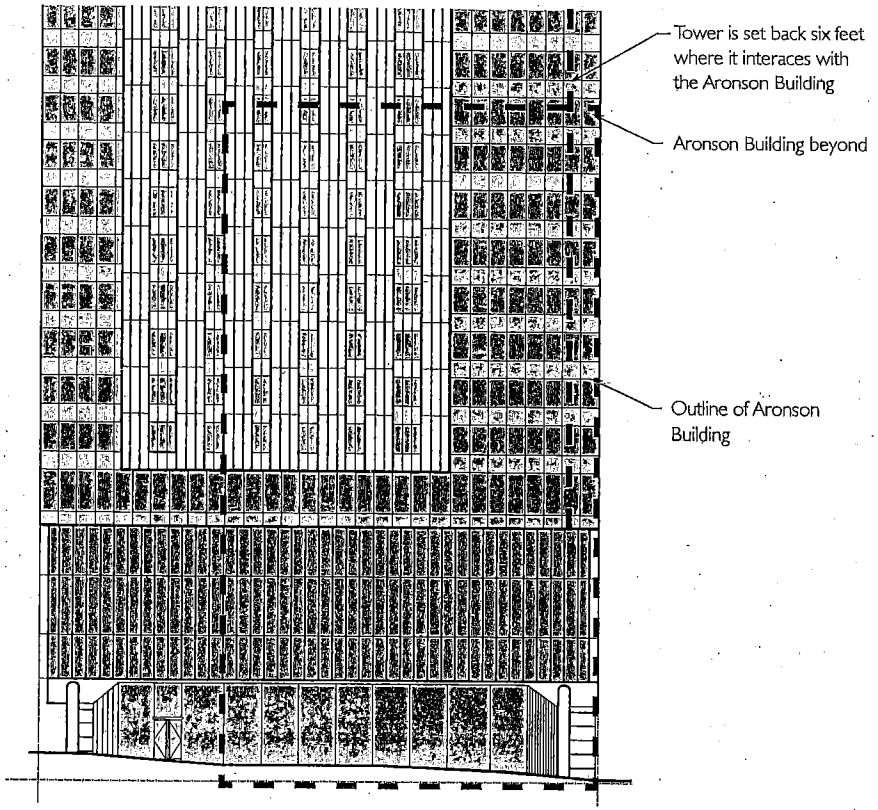
ELEVATIONS

EXISTING WEST WALL OF ARONSON BUILDING



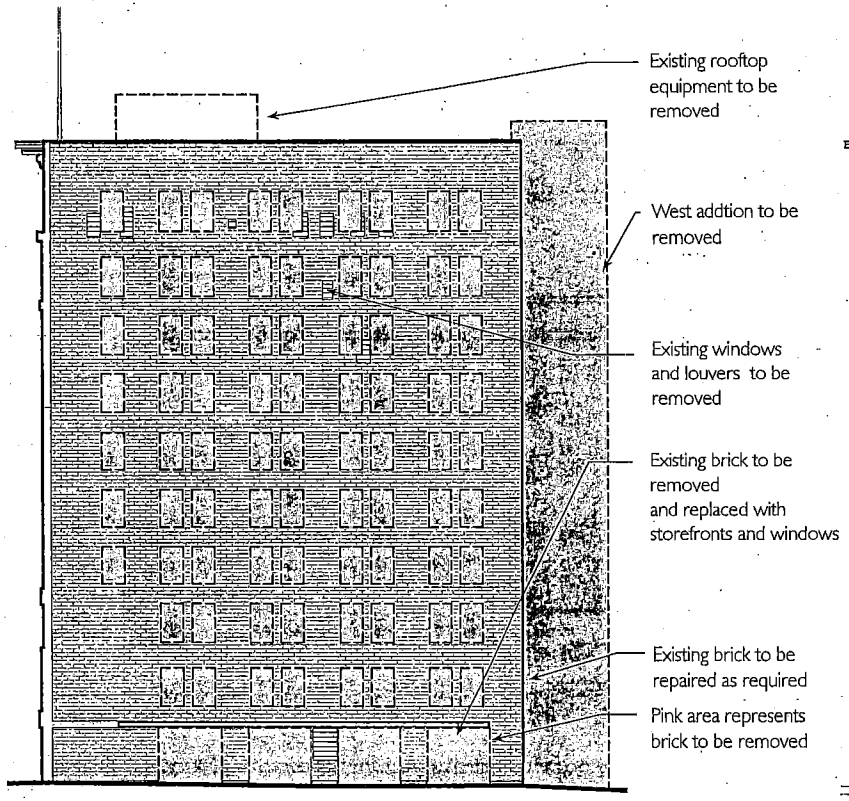
Note: West wall is currently hidden by the west brick brick addition.

PROPOSED WEST ELEVATION

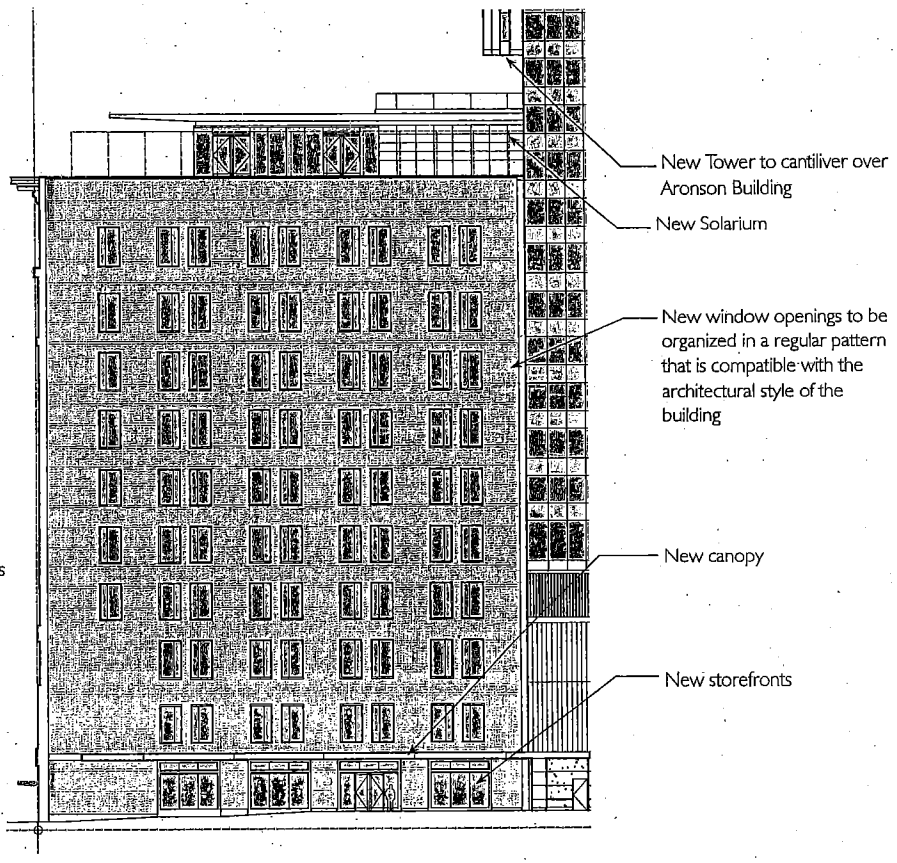


5500

EXISTING NORTH STREET ELEVATION



PROPOSED NORTH ELEVATION

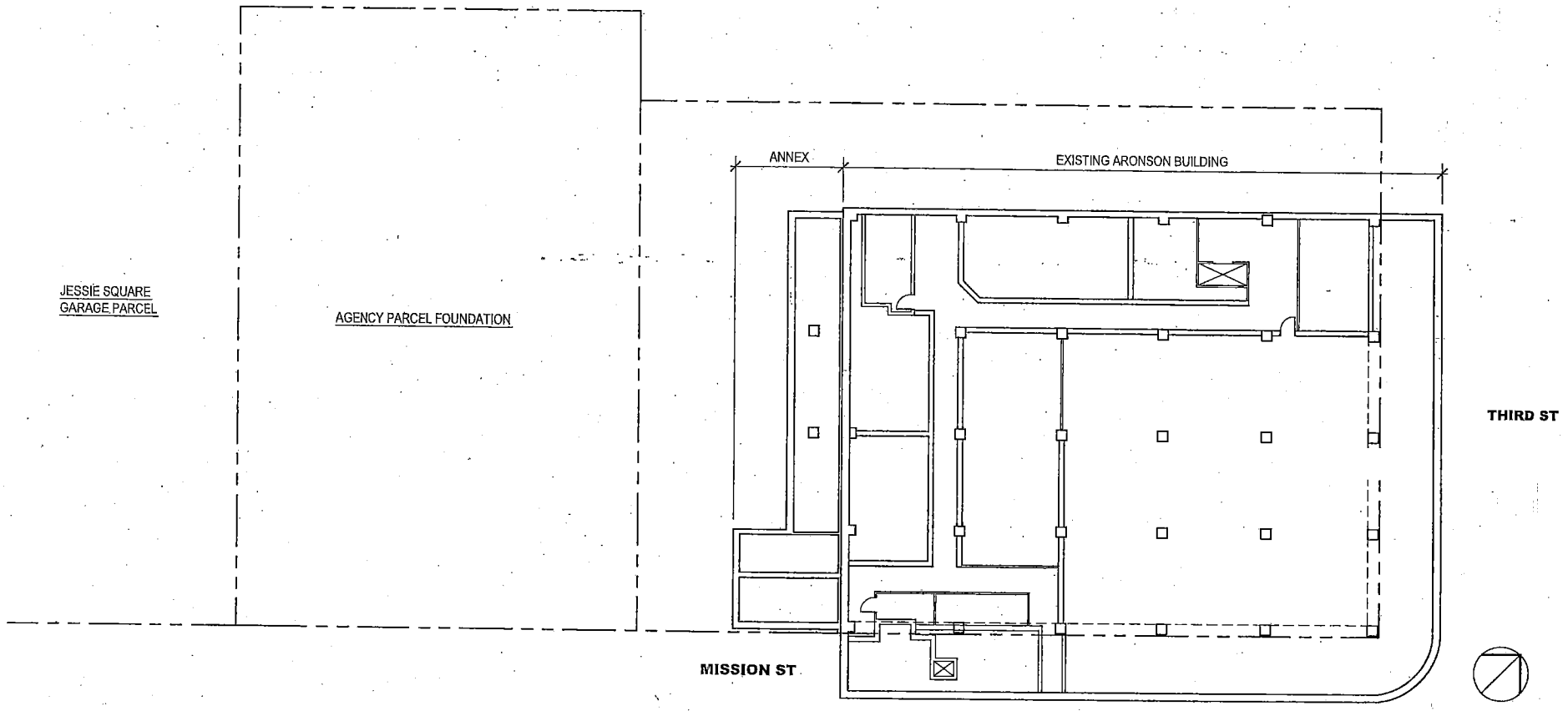


5501

ELEVATIONS

PLANS

5502



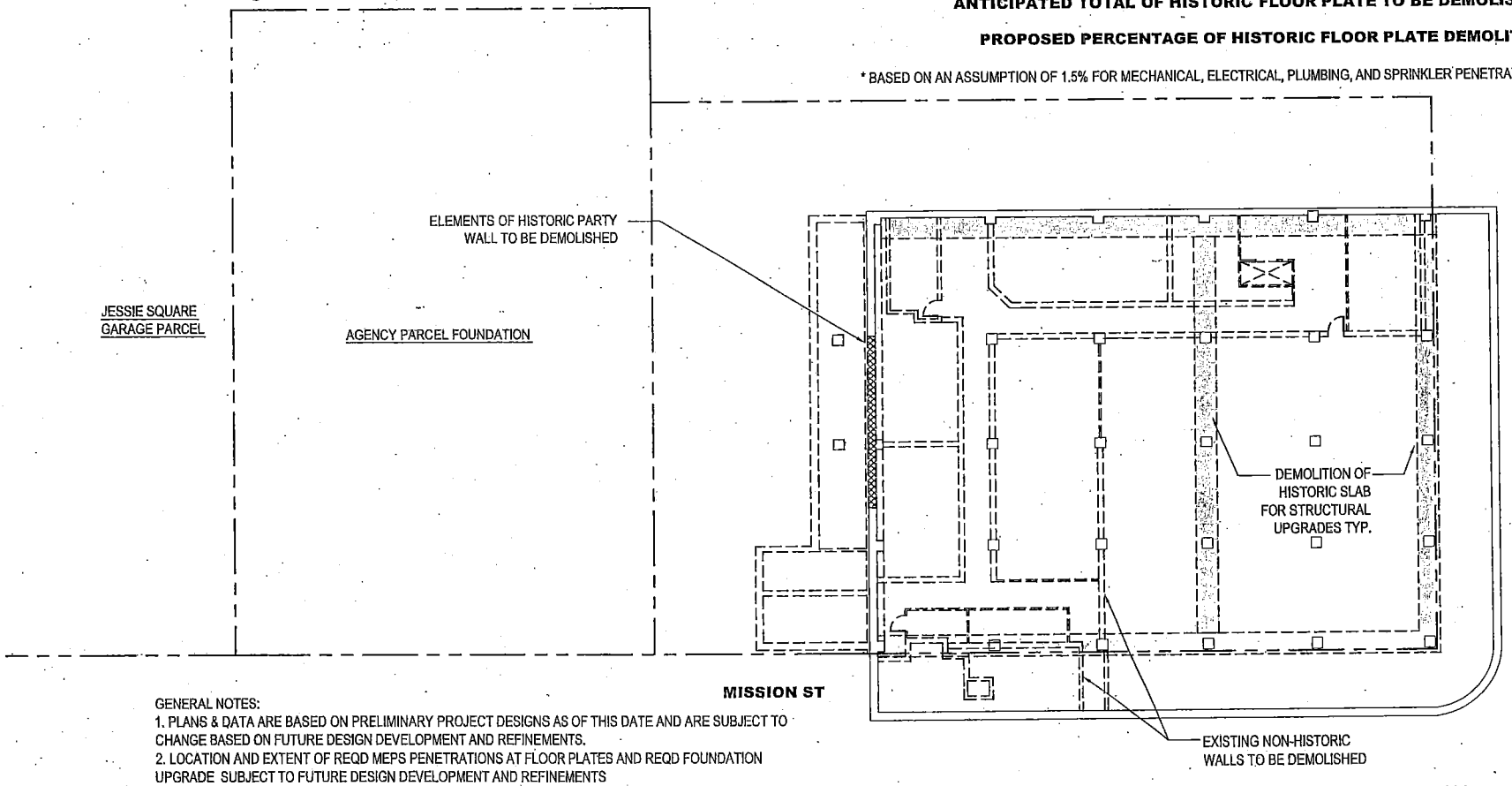
706 MISSION STREET - EXISTING BASEMENT PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 11,368 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 1435 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 163 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1598 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 14%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL BASEMENT DEMOLITION PLAN

0 10' 20' 40'

5503

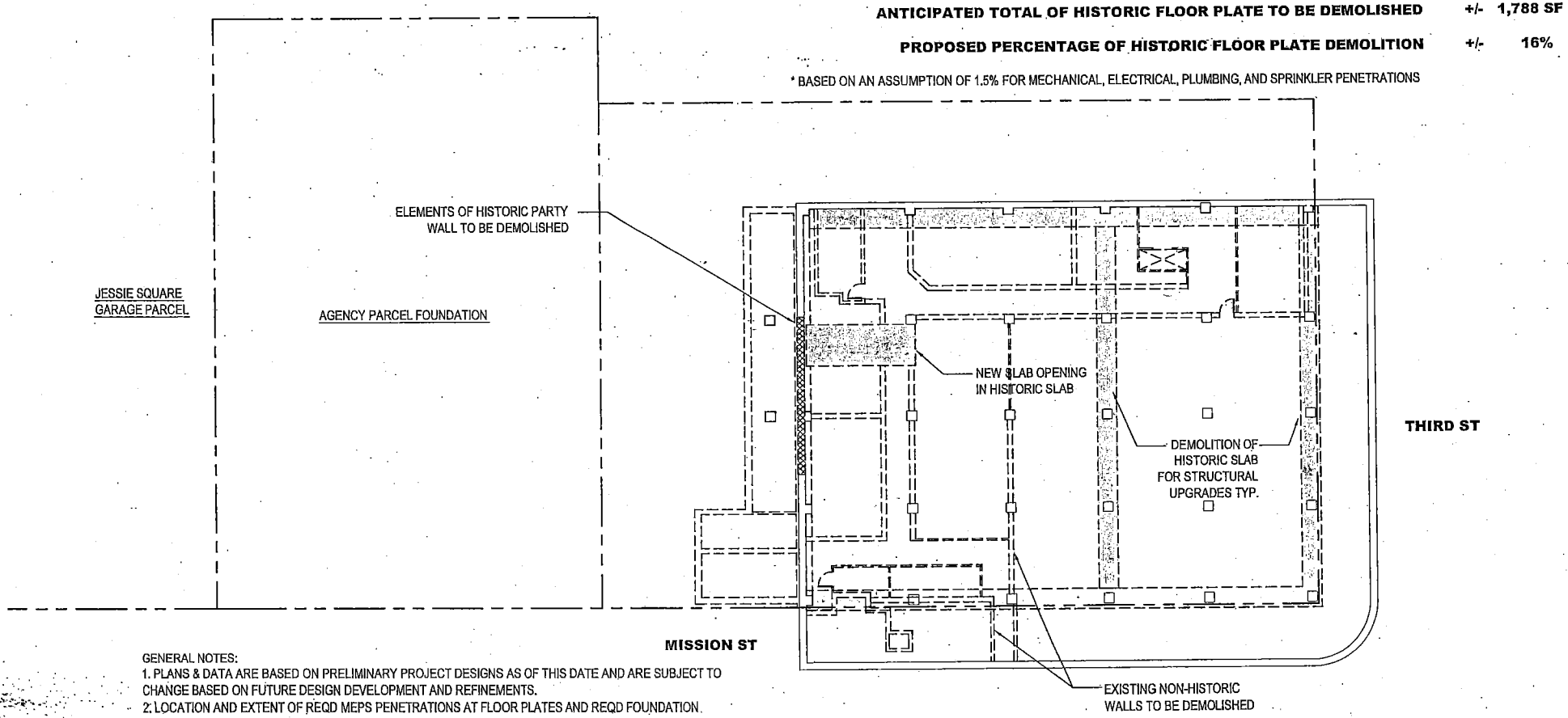
PLANS

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 11,368 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 1,625 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 163 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1,788 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 16%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC JOINT APPROACH

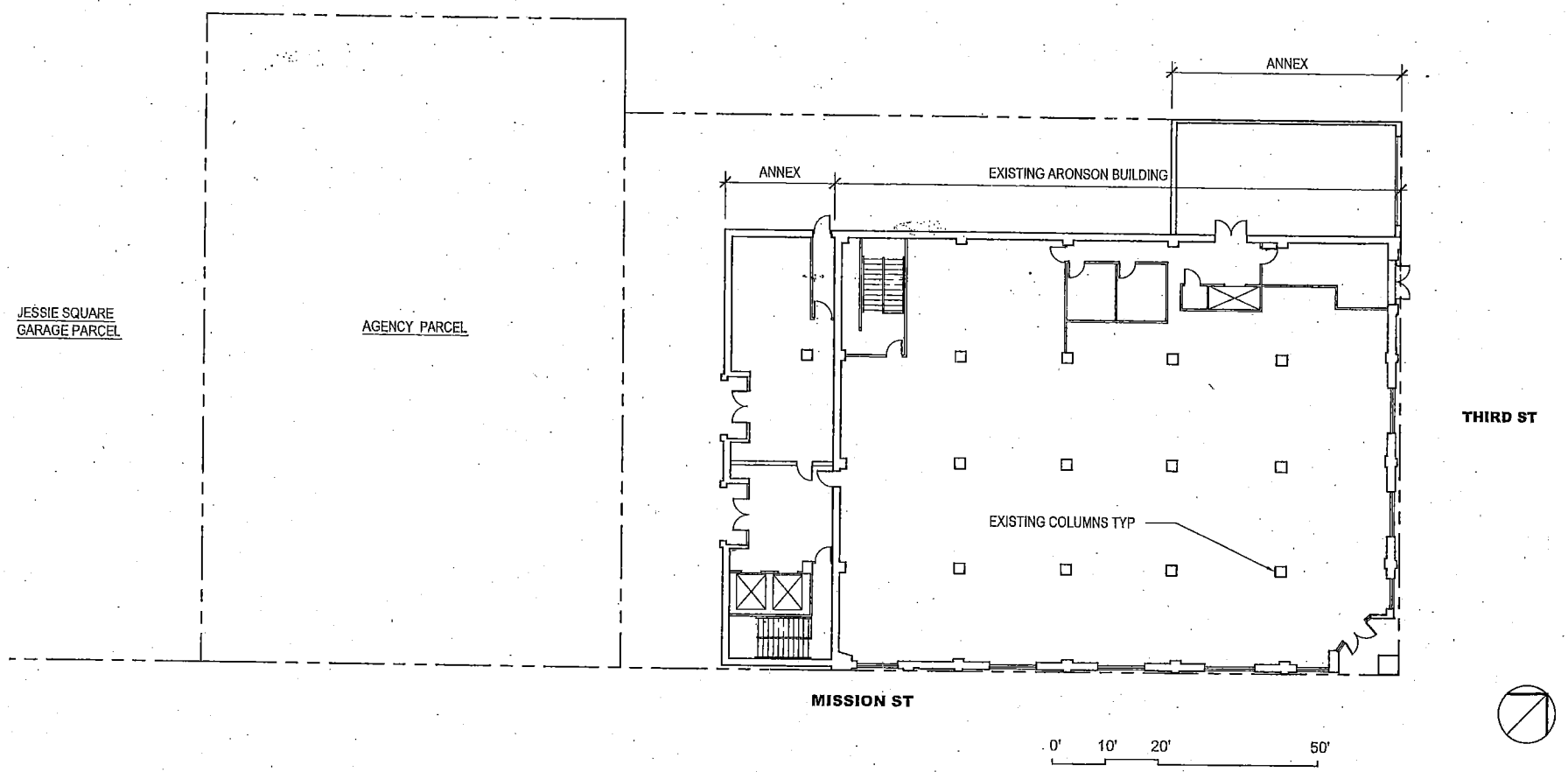
706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL BASEMENT DEMOLITION PLAN

0 10' 20' 40'

5505

PLANS

5506



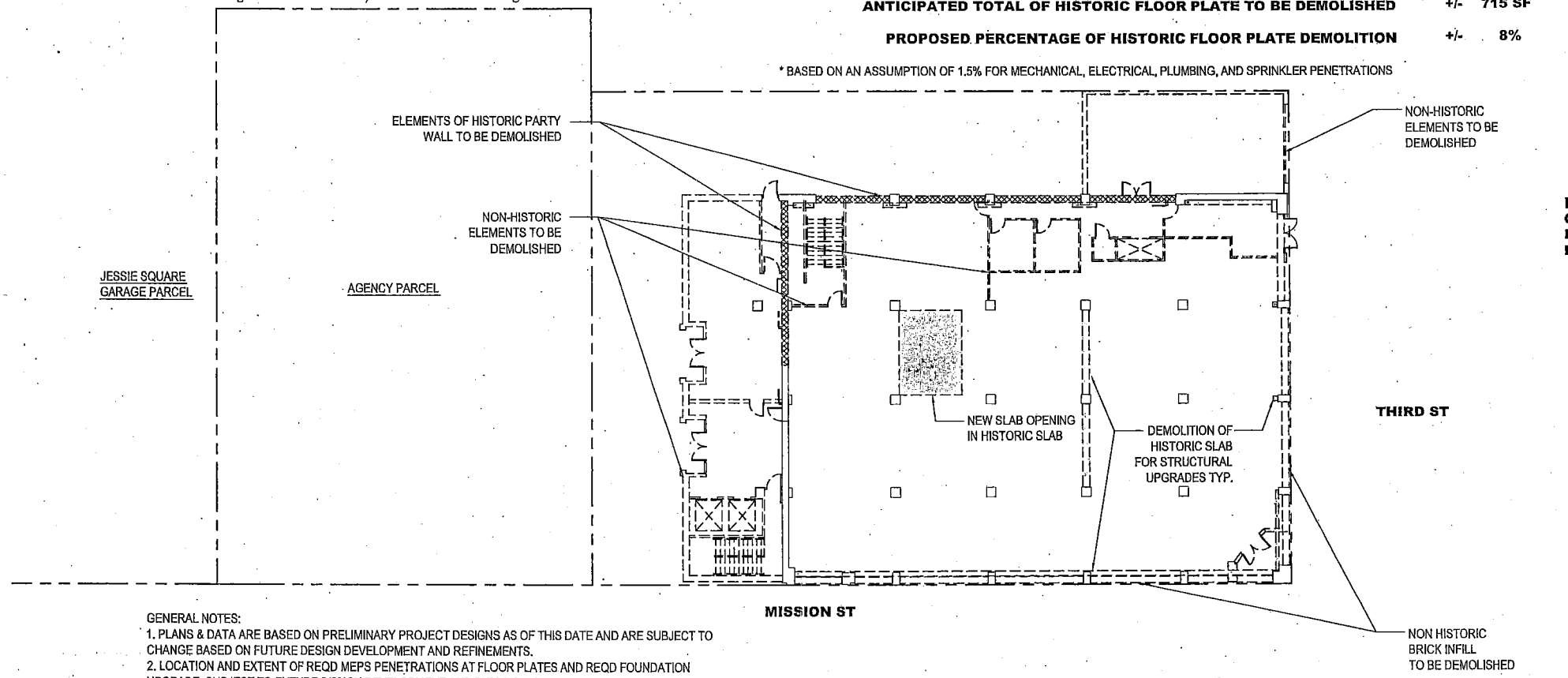
706 MISSION STREET - EXISTING GROUND FLOOR PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 591 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 124 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 715 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 8%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5507

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

PLANS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL GROUND FLOOR DEMOLITION PLAN

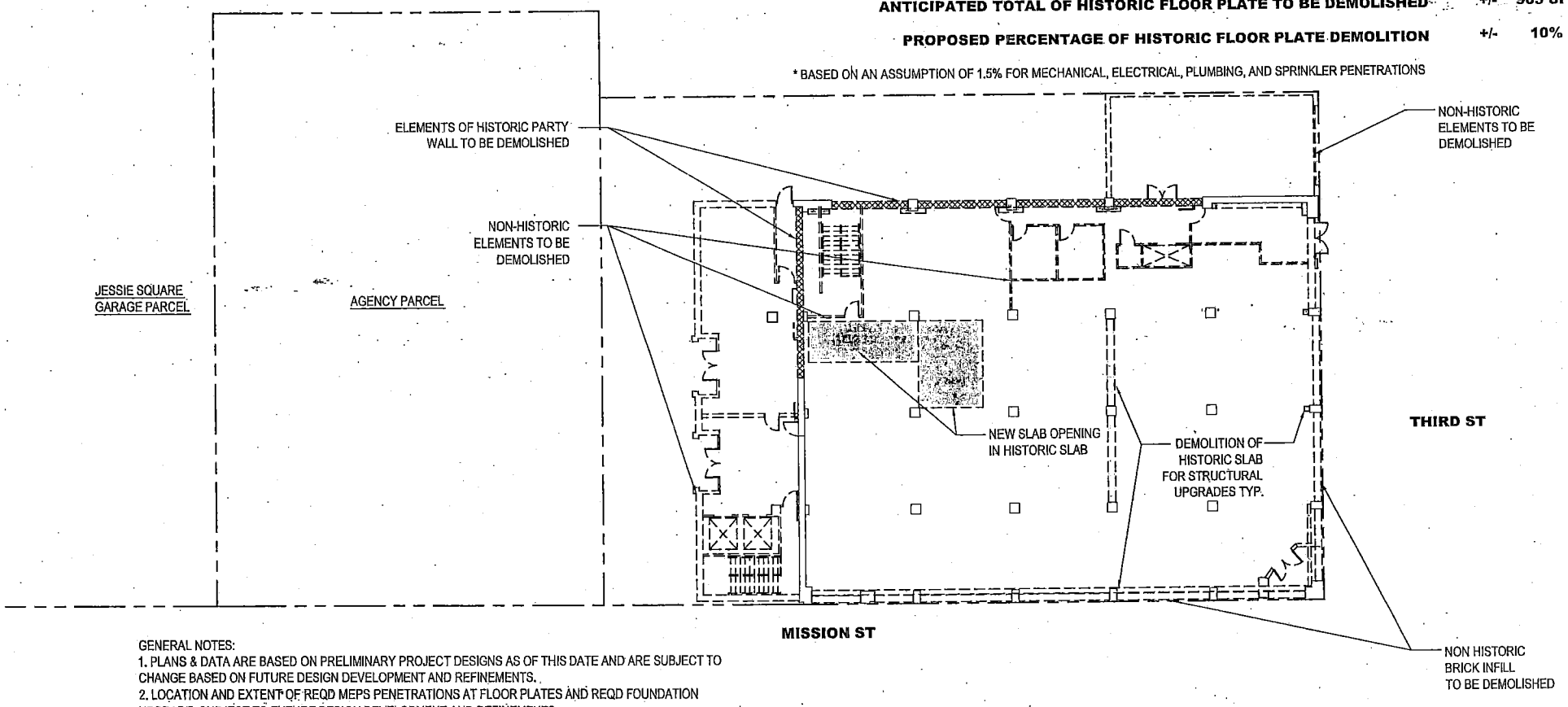
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 781 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 124 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 905 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5509

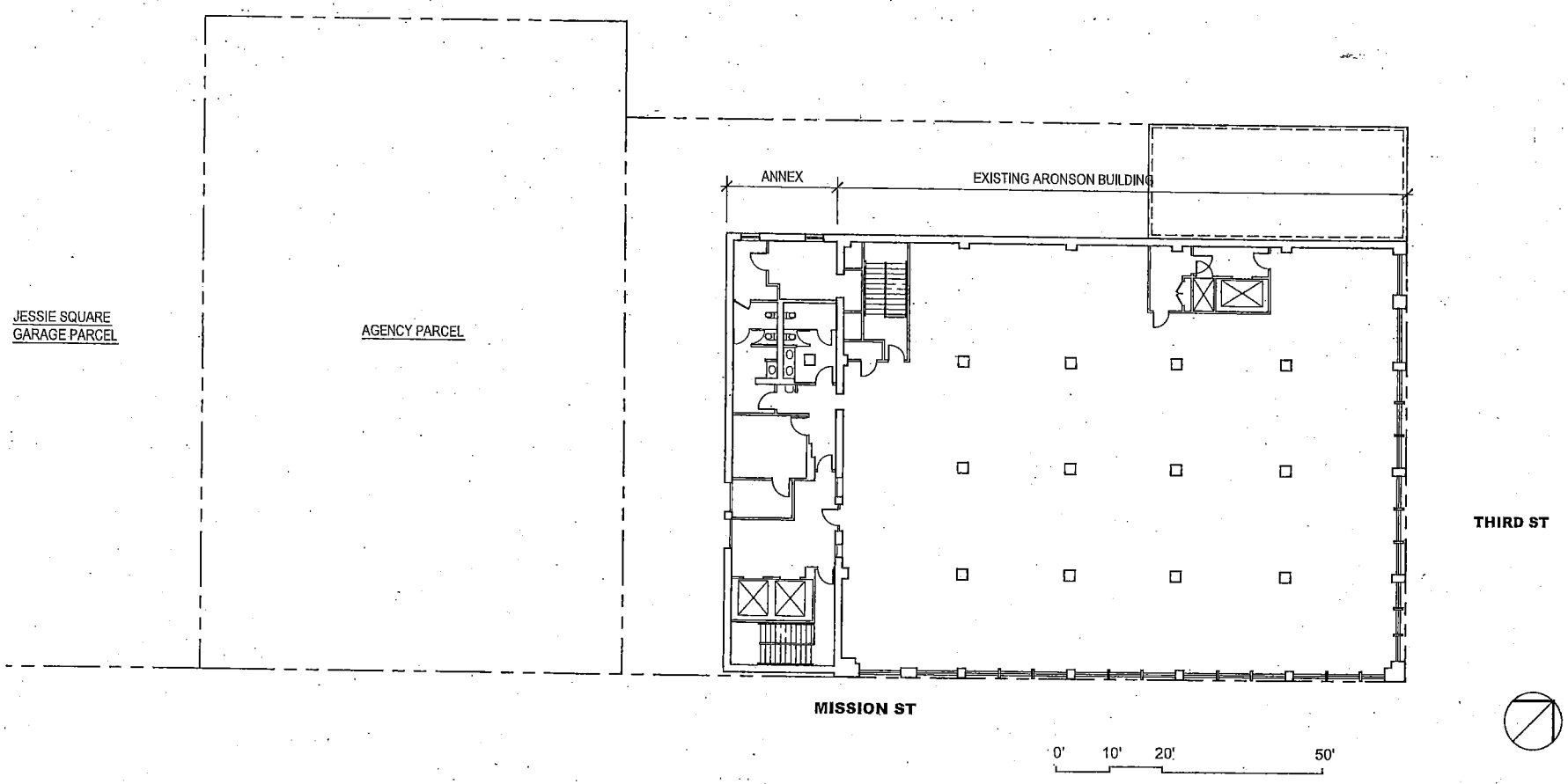
GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC JOINT APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL GROUND FLOOR DEMOLITION PLAN

0 10' 20' 40'

5510



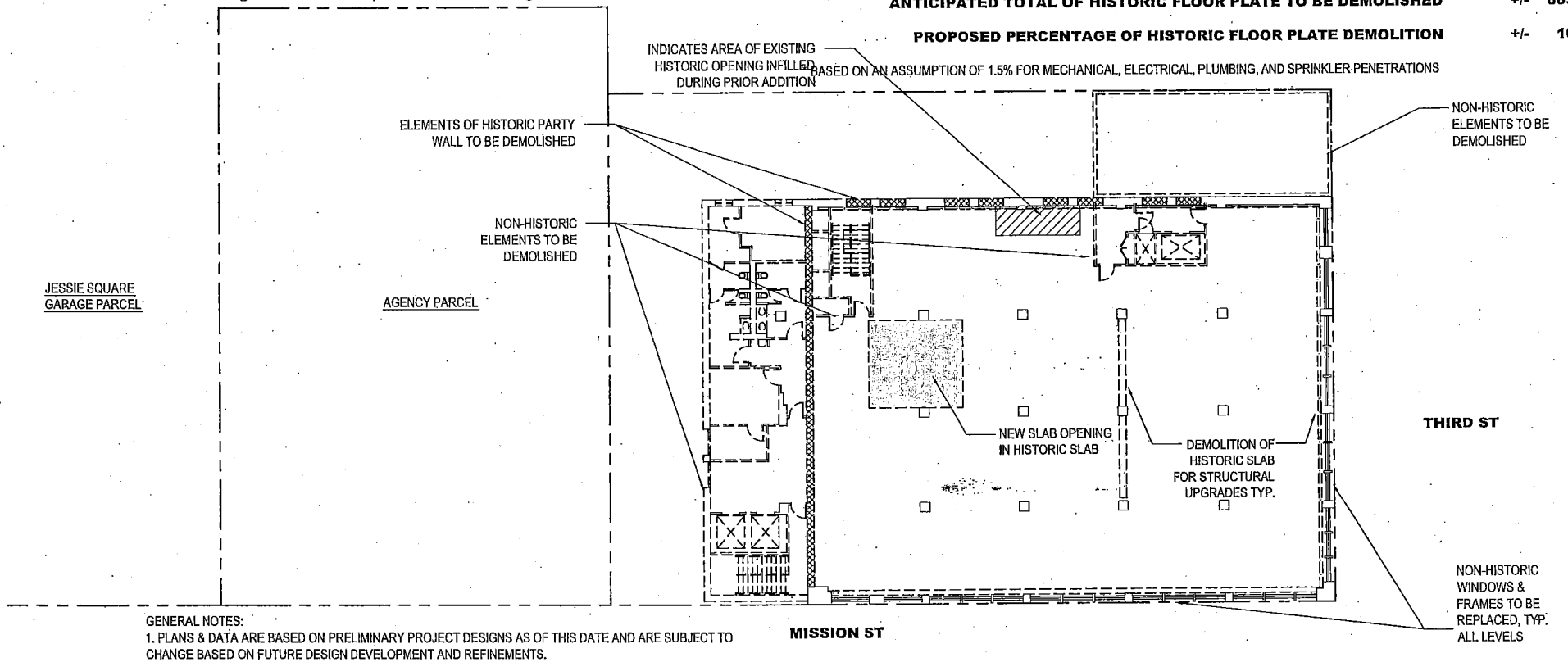
706 MISSION STREET - EXISTING SECOND FLOOR PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,223 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 125 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 885 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

*BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

5511

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM

CONCEPTUAL SECOND FLOOR DEMOLITION PLAN

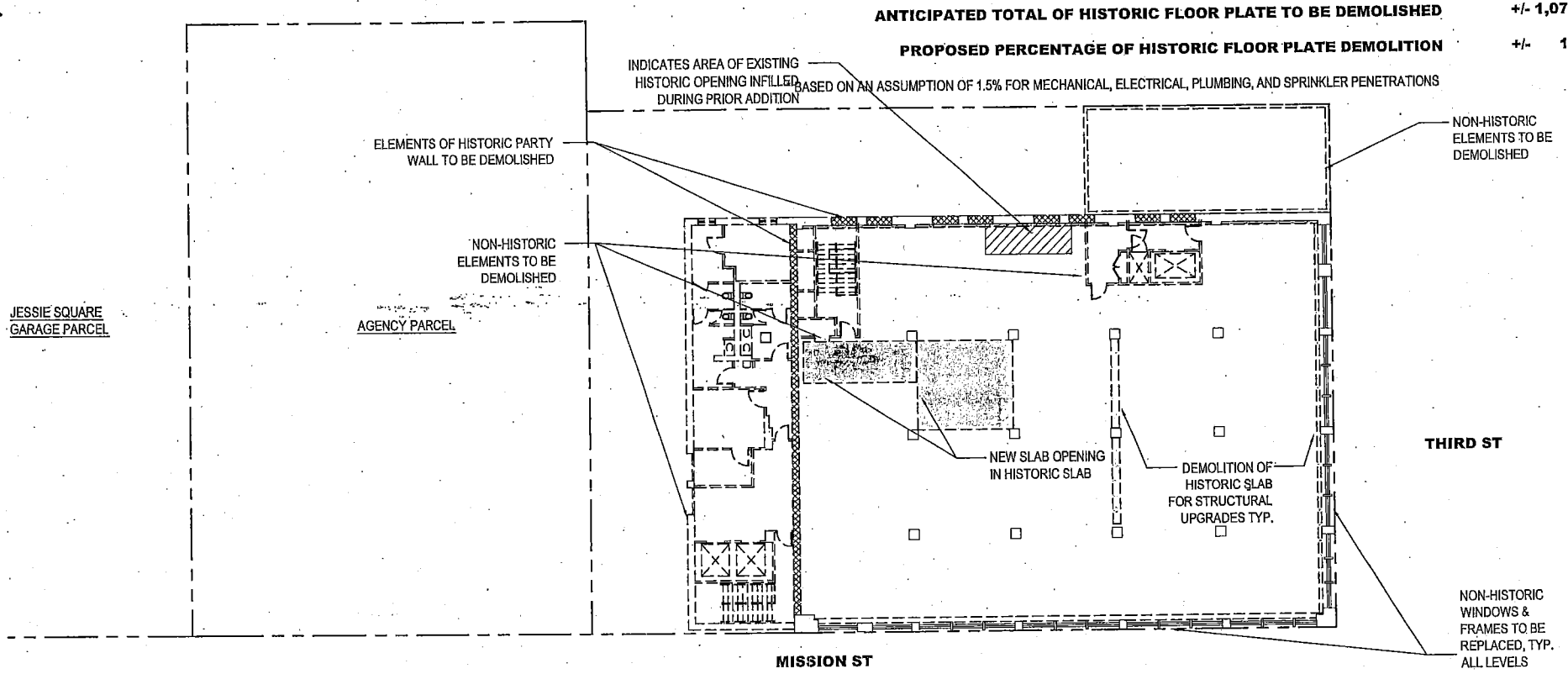
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 950 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 125 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1,075 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 12%**

*BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC JOINTAPPROACH

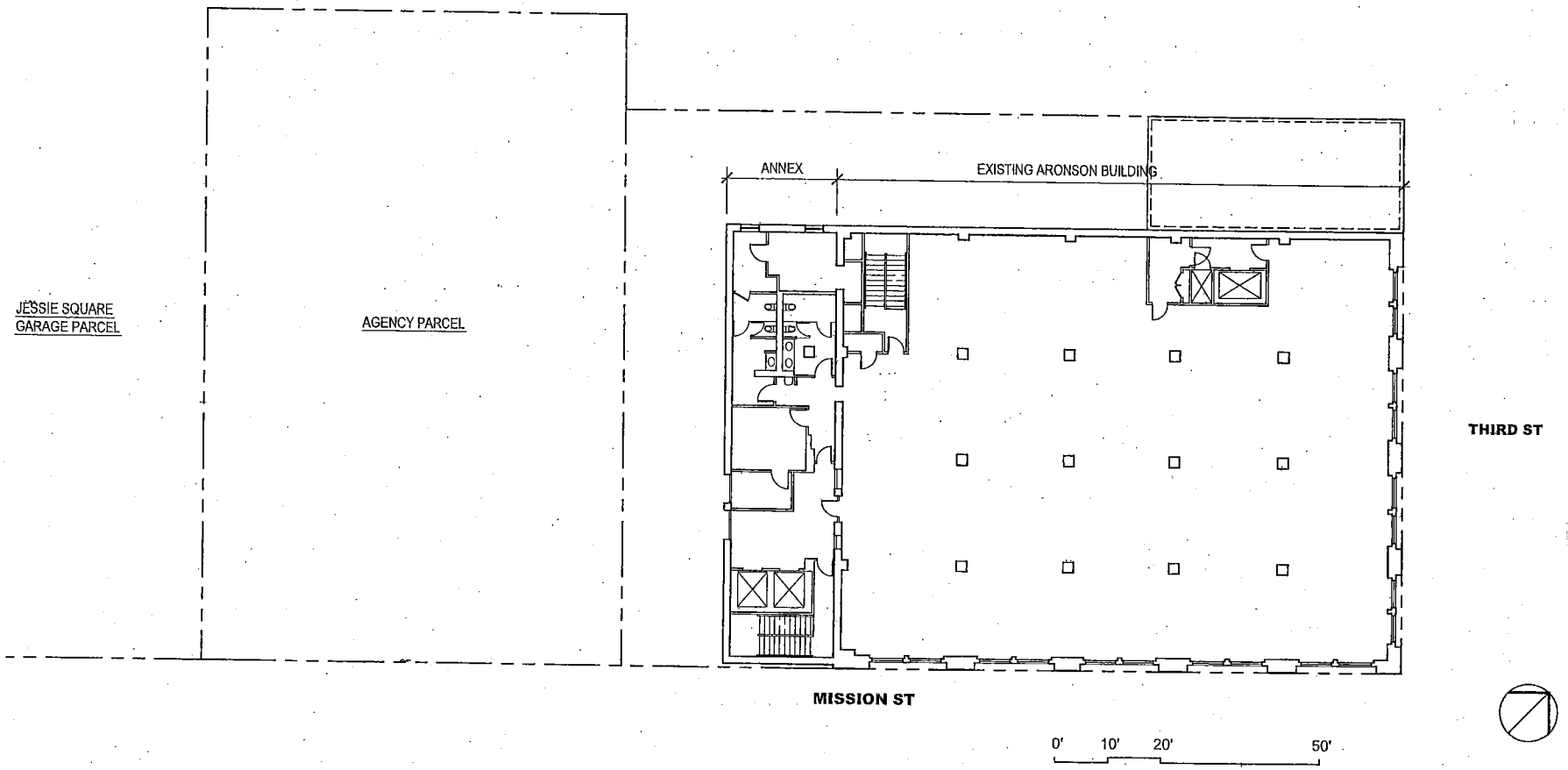
706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL SECOND FLOOR DEMOLITION PLAN

0 10' 20' 40'

5513

PLANS

5514



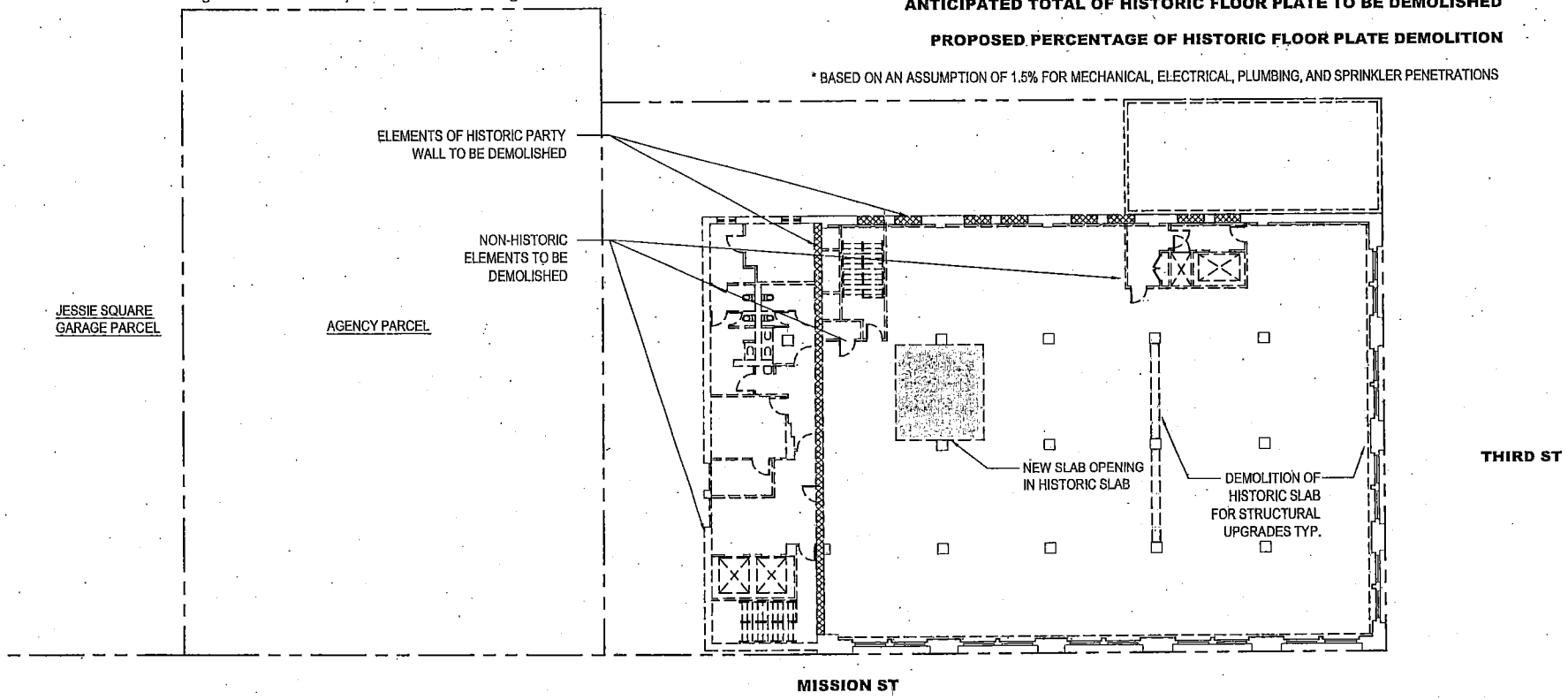
706 MISSION STREET - EXISTING THIRD FLOOR PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 726 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 849 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5515

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL THIRD FLOOR DEMOLITION PLAN

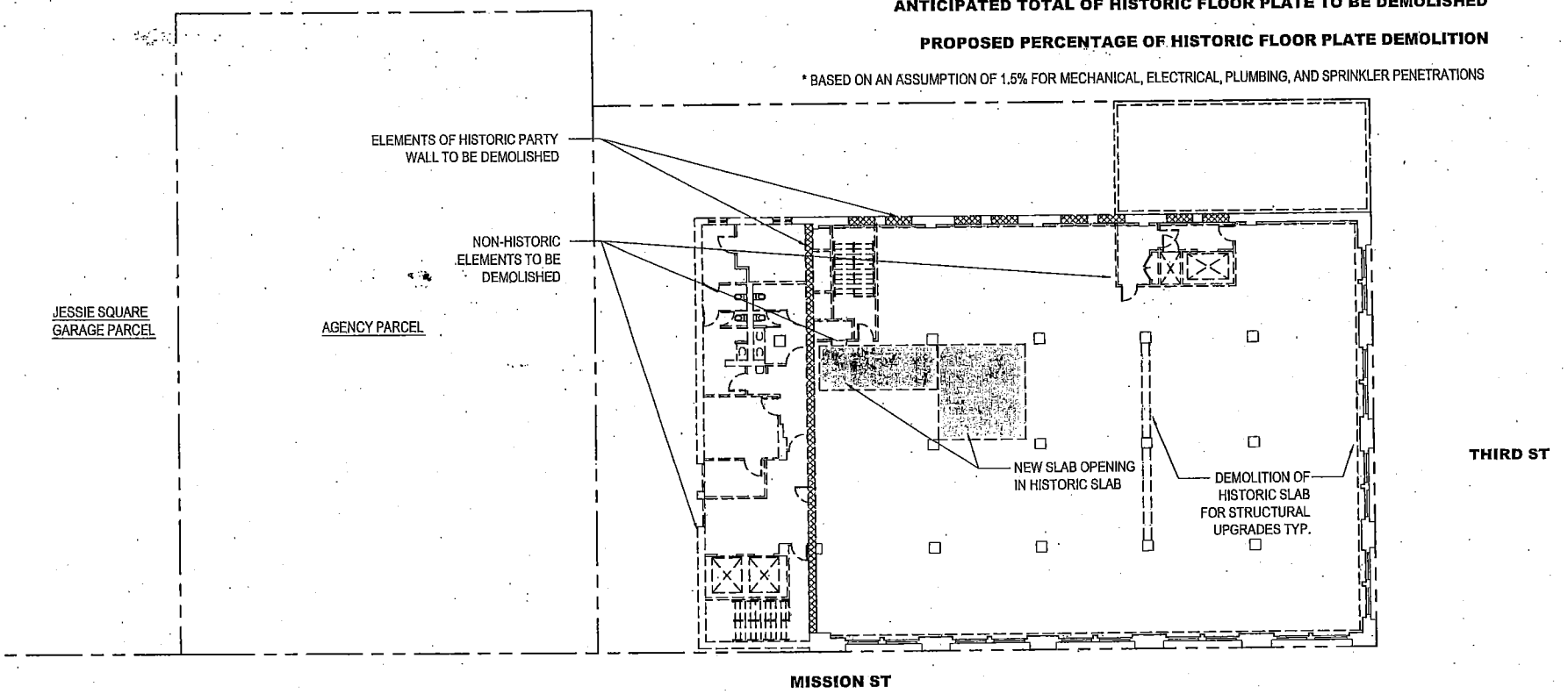
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 916 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 1,039 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 12%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC JOINT APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL THIRD FLOOR DEMOLITION PLAN

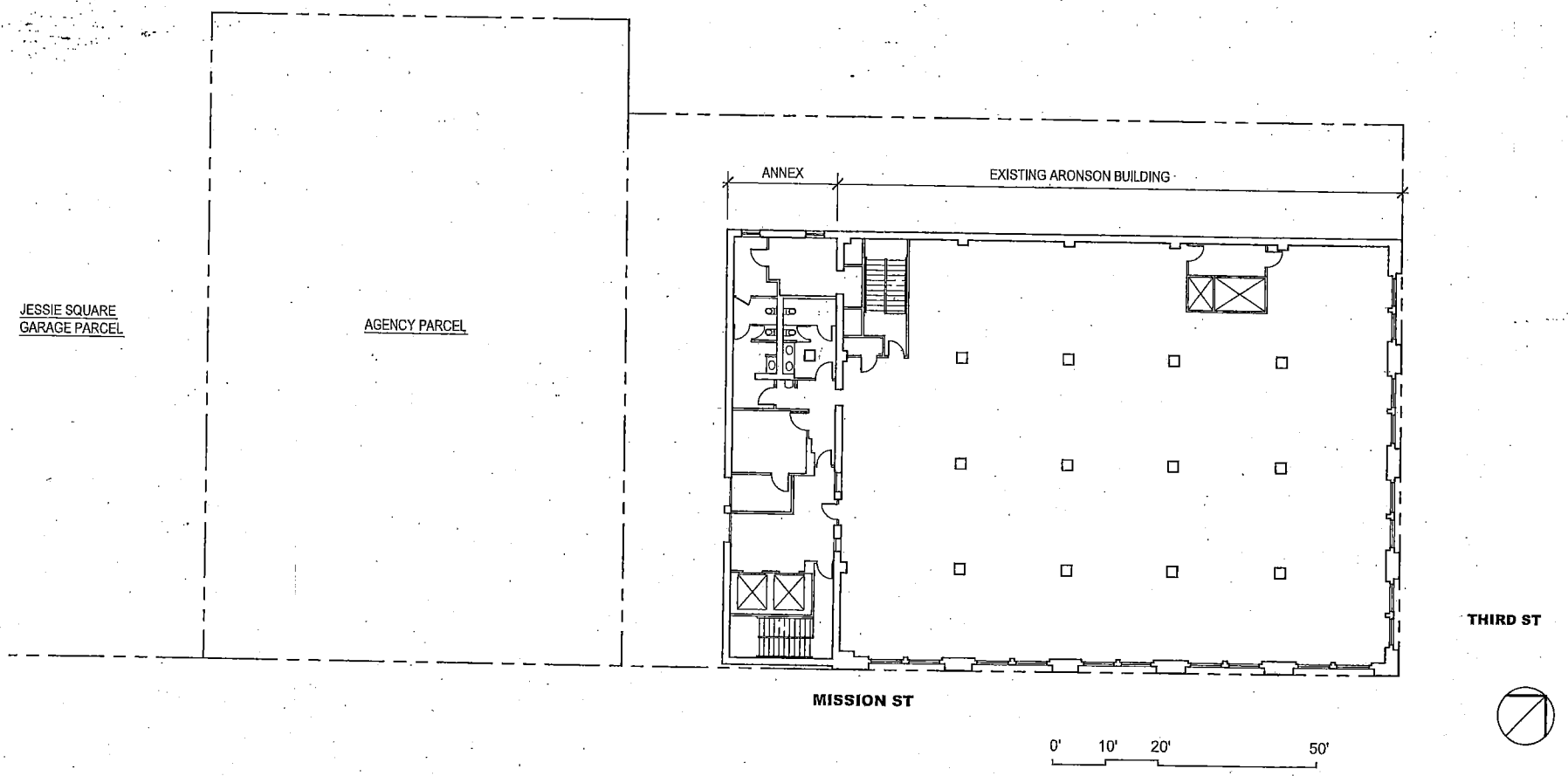
0 10' 20' 40'

5517

PLANS

PLANS

5518



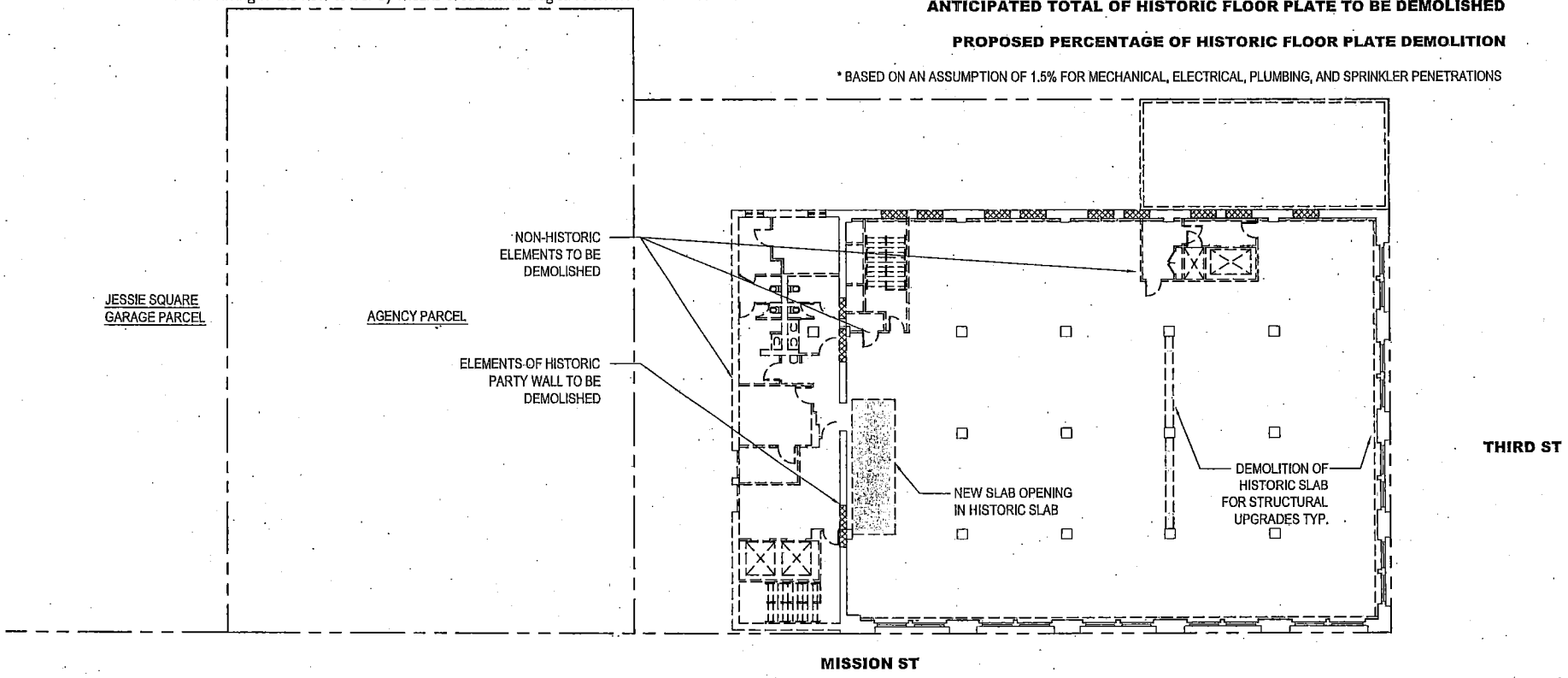
706 MISSION STREET - EXISTING 4TH TO 10TH PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 583 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 706 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 8%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5519

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL FOURTH FLOOR DEMOLITION PLAN

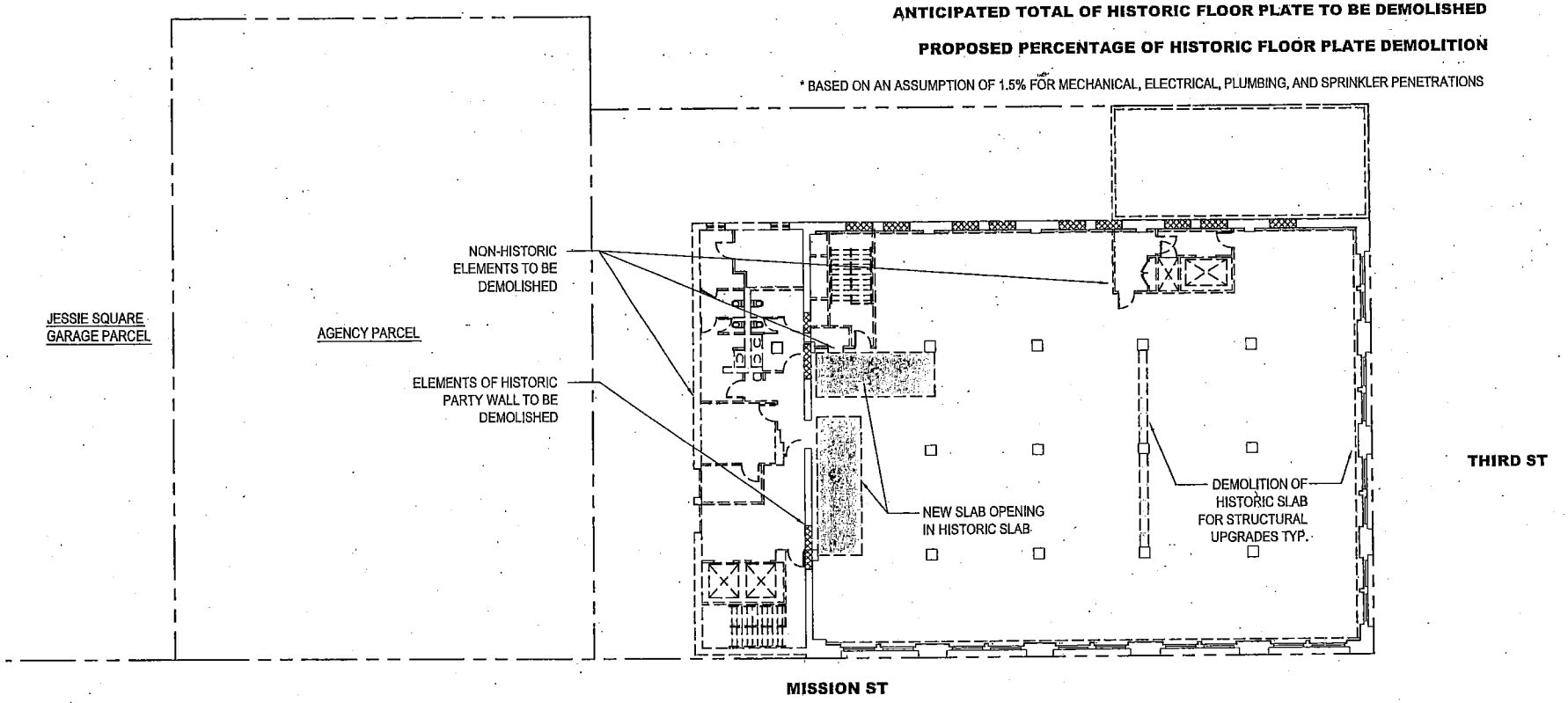
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 773 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 896 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5521

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC JOINT APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL FOURTH FLOOR DEMOLITION PLAN

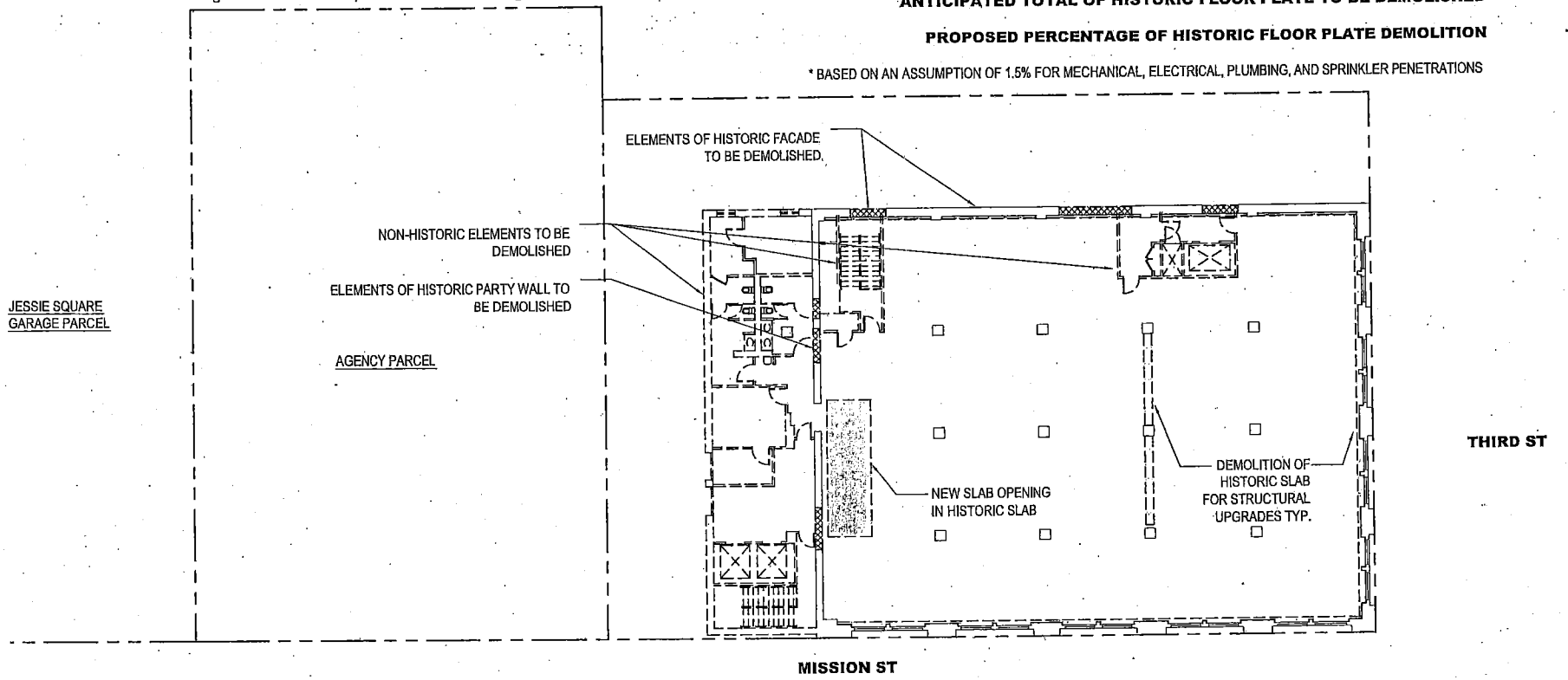
0 10' 20' 40'

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 549 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 672 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 8%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



5523

GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL 5TH - 10TH FLOOR DEMOLITION PLAN

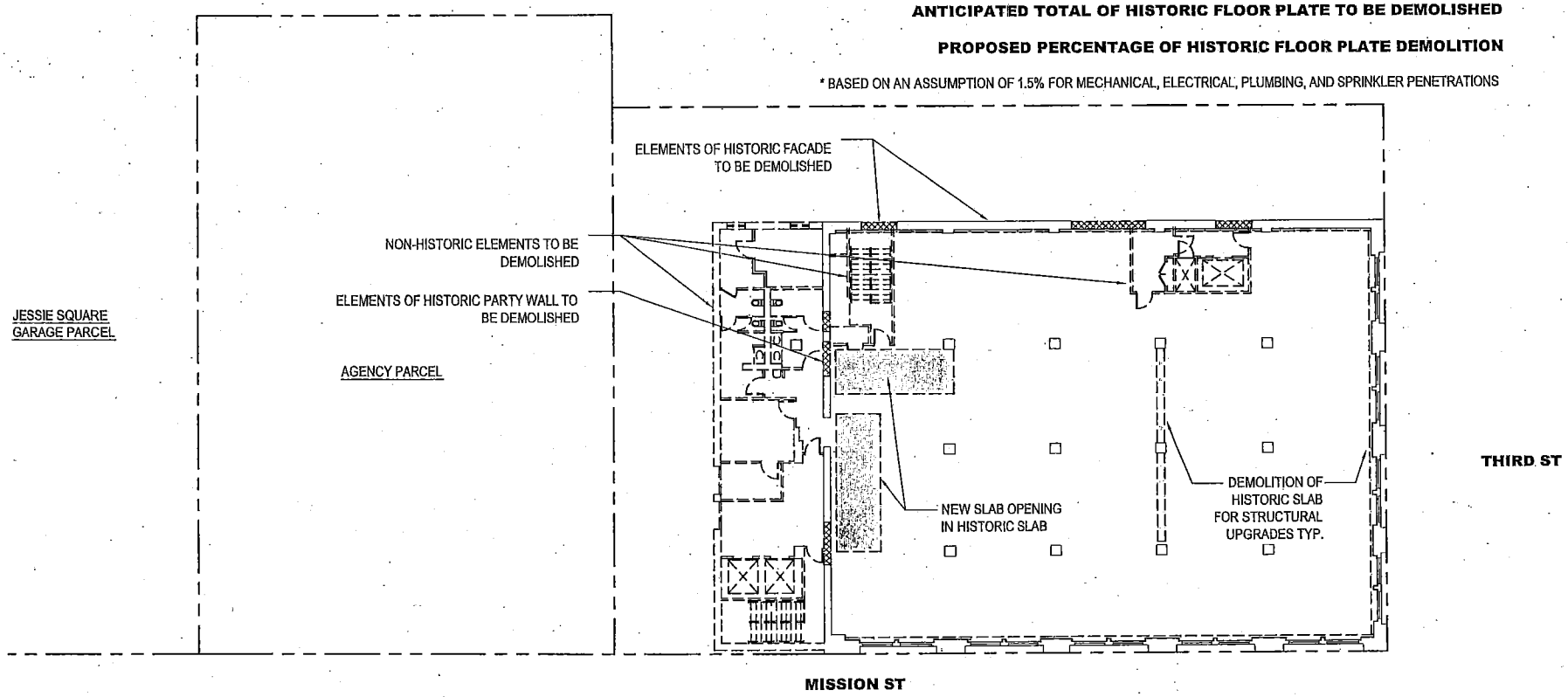
0 10' 20' 40'

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

TOTAL HISTORIC FLOOR PLATE AREA	**+/- 8,760 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF ARCHITECTURAL ALTERATIONS	**+/- 739 SF**
ANTICIPATED AREA OF HISTORIC FLOOR PLATE TO BE DEMOLISHED AS A RESULT OF MEPS* PENETRATIONS	**+/- 123 SF**
ANTICIPATED TOTAL OF HISTORIC FLOOR PLATE TO BE DEMOLISHED	**+/- 862 SF**
PROPOSED PERCENTAGE OF HISTORIC FLOOR PLATE DEMOLITION	**+/- 10%**

* BASED ON AN ASSUMPTION OF 1.5% FOR MECHANICAL, ELECTRICAL, PLUMBING, AND SPRINKLER PENETRATIONS



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC JOINT APPROACH

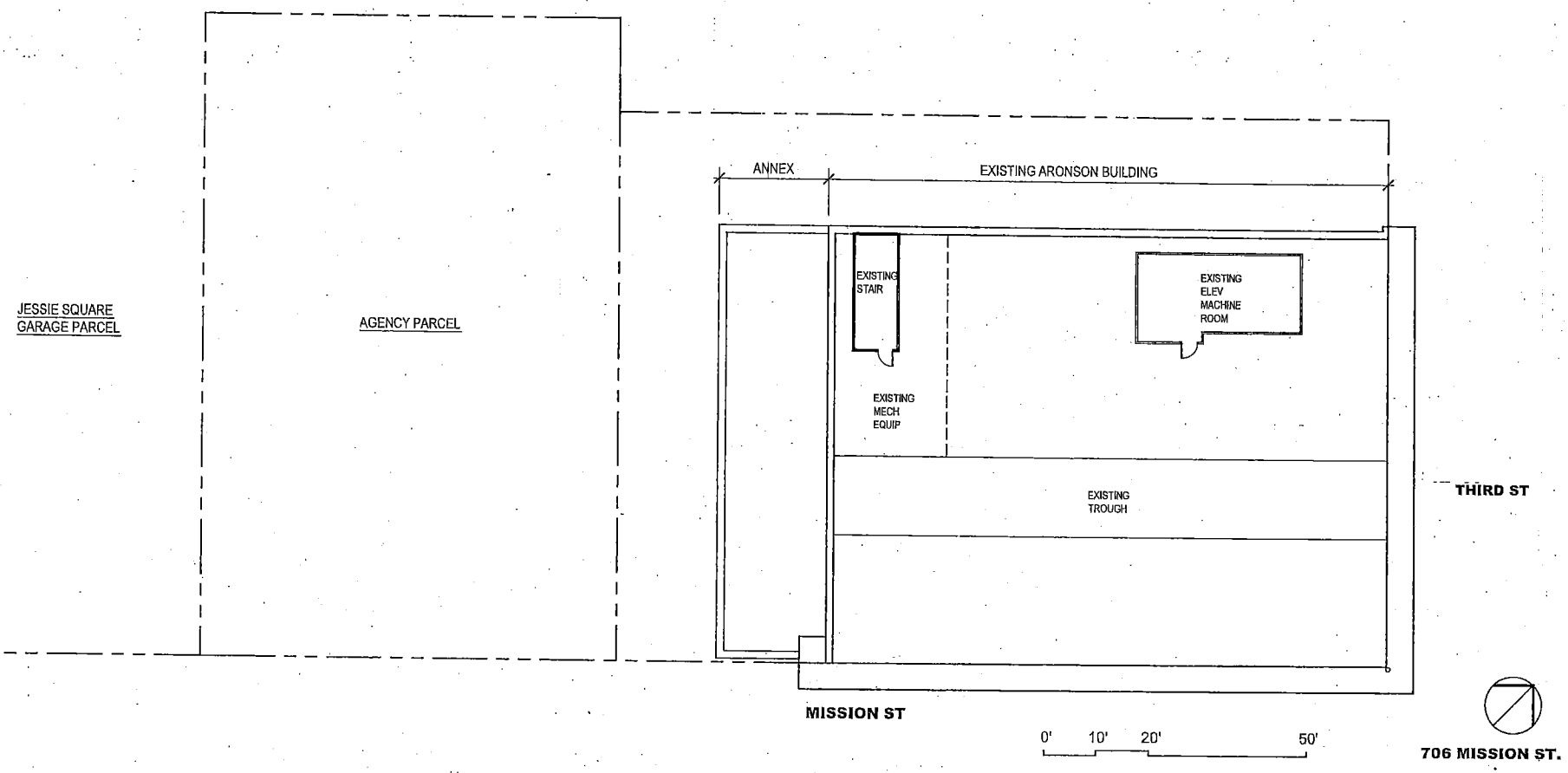
706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL 5TH - 10TH FLOOR DEMOLITION PLAN

5525

PLANS

PLANS

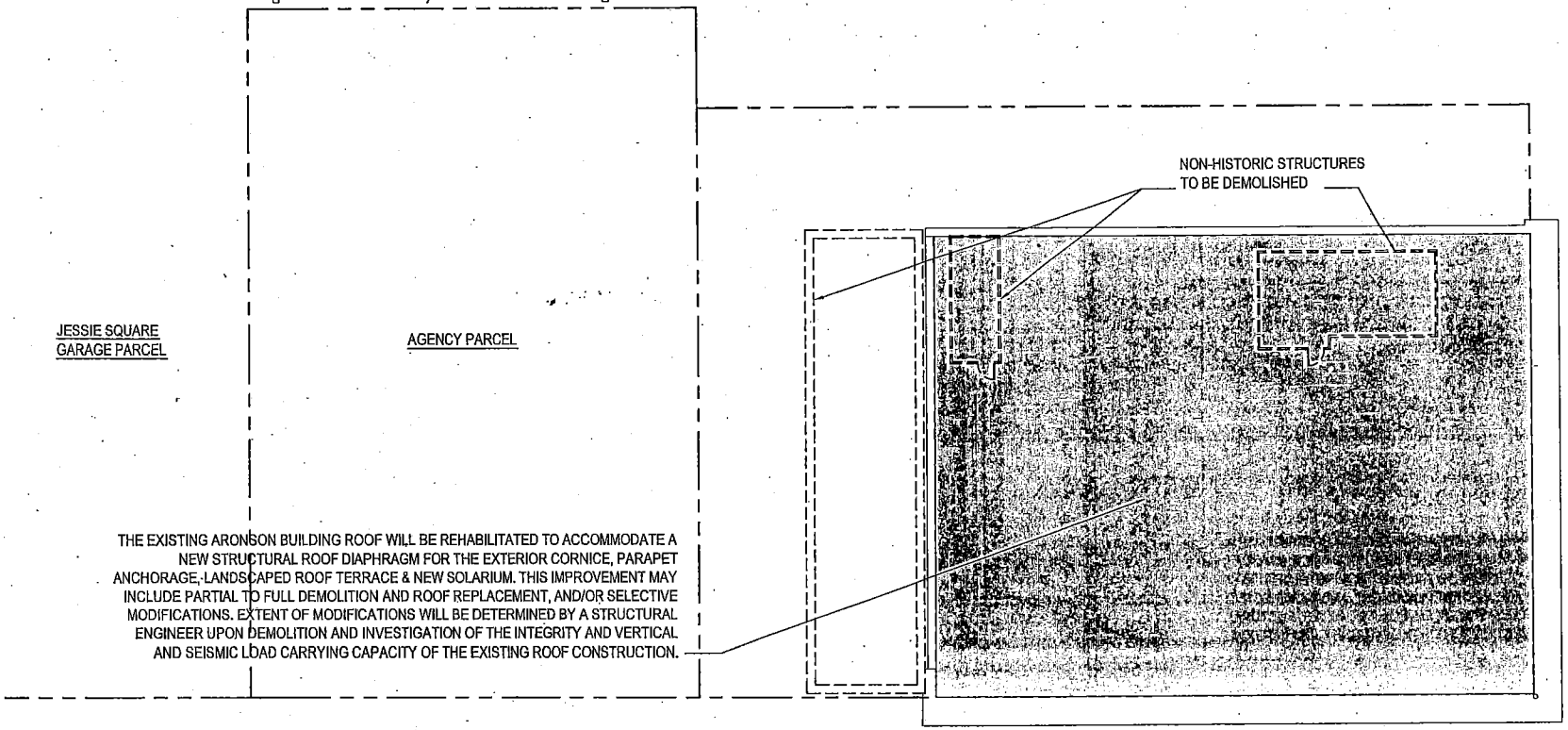
5526



706 MISSION STREET - EXISTING ROOF PLAN

SEISMIC TIE APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic tie approach, the Aronson Building would be laterally connected to the new tower at all floor and roof levels and allow the buildings to move together during a seismic event. The Aronson Building would maintain its independent structural system for support of vertical (gravity) loads. In this scenario, the primary means of lateral resistance would be the shear wall system of the new tower, and seismic loads would be transferred from the Aronson Building to the new tower by means of structural drag strut elements at each floor.



GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

SEISMIC TIE APPROACH

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL ROOF DEMOLITION PLAN

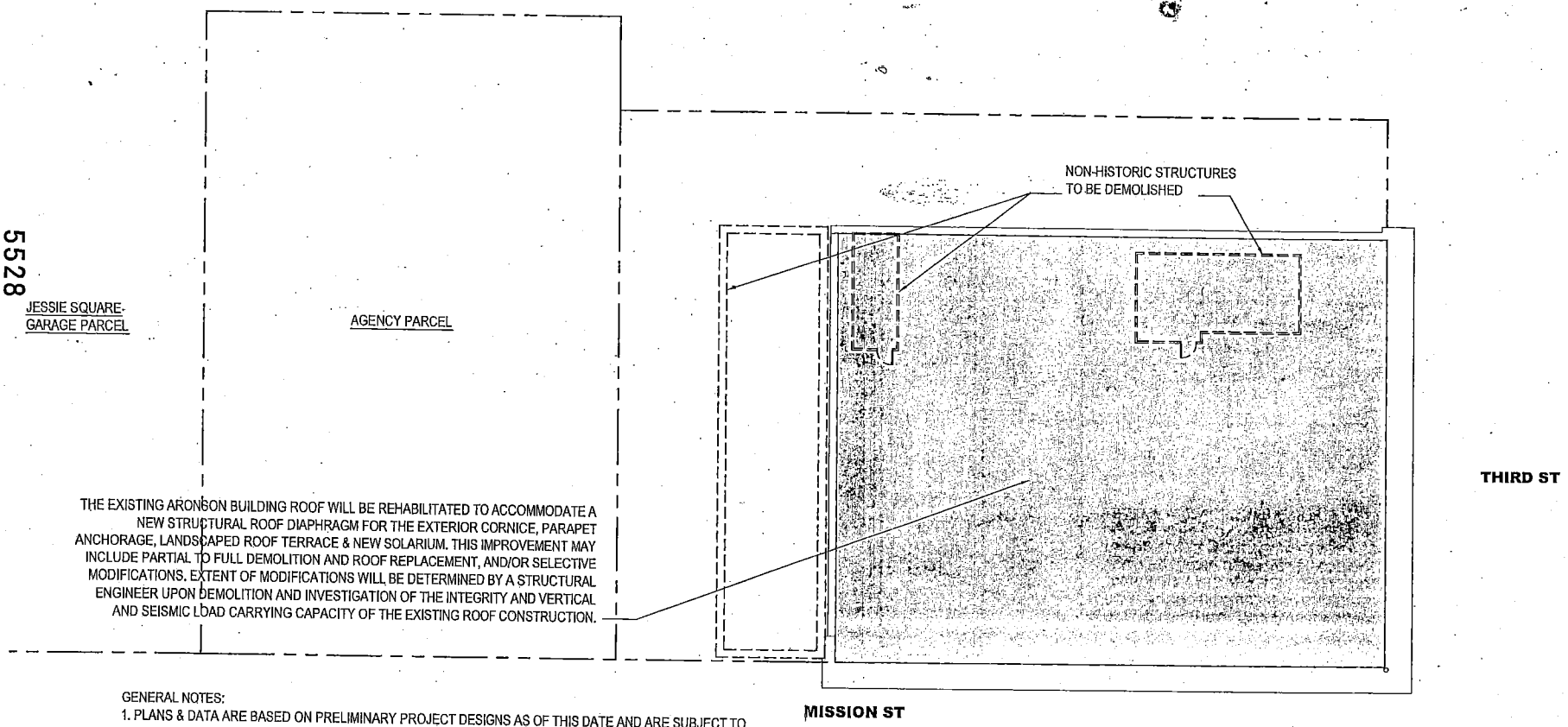
0 10' 20' 40'

5527

PLANS

SEISMIC JOINT APPROACH

The Aronson Building will be seismically upgraded by using one of two approaches, seismic tie or seismic joint. Using the seismic joint approach, the buildings would be seismically independent and separated by a seismic joint with an air space in between the two buildings. With this approach, the two buildings would be allowed to move independently during a seismic event.

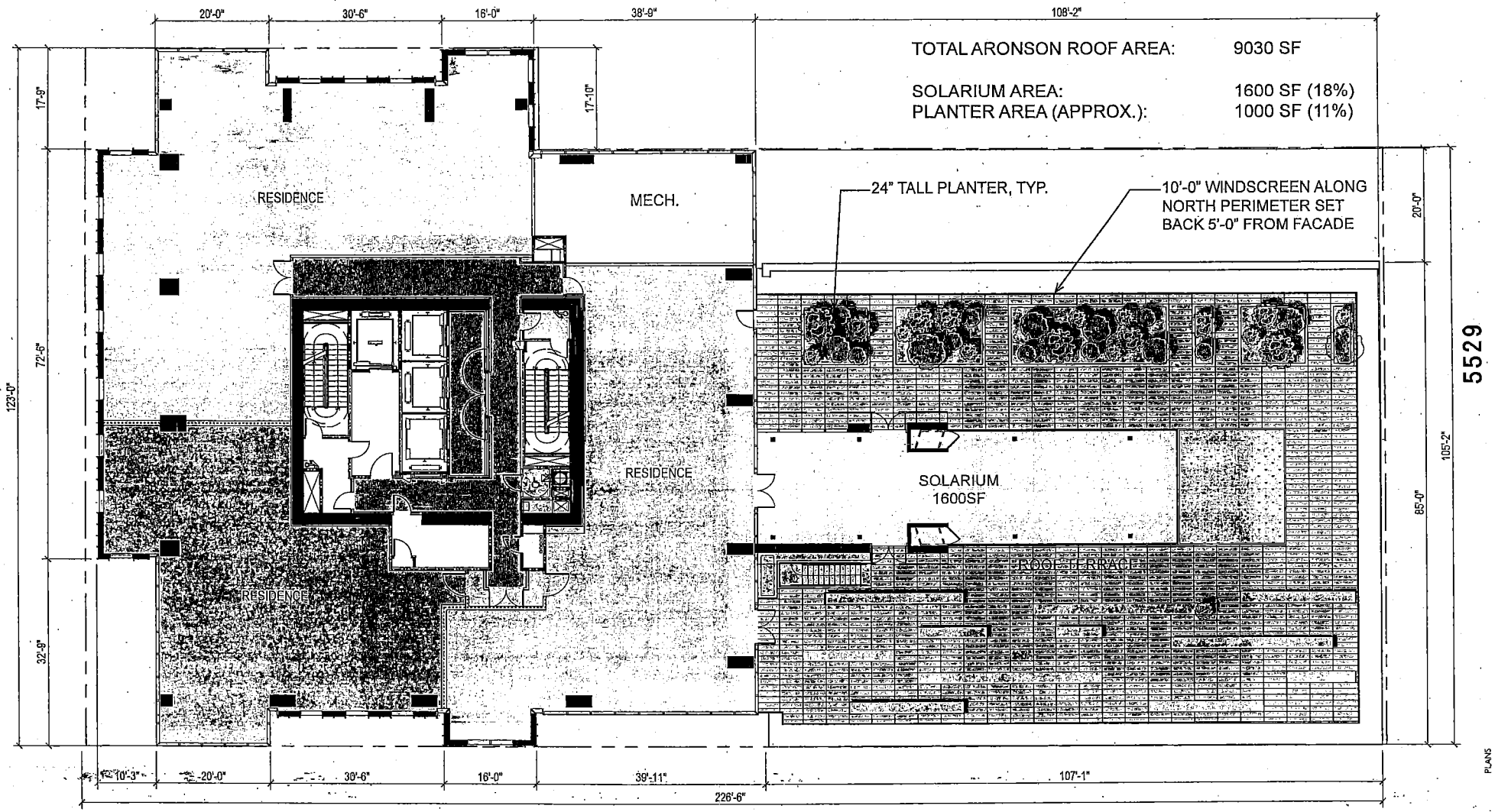


GENERAL NOTES:
1. PLANS & DATA ARE BASED ON PRELIMINARY PROJECT DESIGNS AS OF THIS DATE AND ARE SUBJECT TO CHANGE BASED ON FUTURE DESIGN DEVELOPMENT AND REFINEMENTS.
2. LOCATION AND EXTENT OF REQD MEPS PENETRATIONS AT FLOOR PLATES AND REQD FOUNDATION UPGRADE SUBJECT TO FUTURE DESIGN DEVELOPMENT AND REFINEMENTS

706 MISSION STREET - THE MEXICAN MUSEUM

SEISMIC JOINT APPROACH
CONCEPTUAL ROOF DEMOLITION PLAN

0 10' 20' 40'



5529

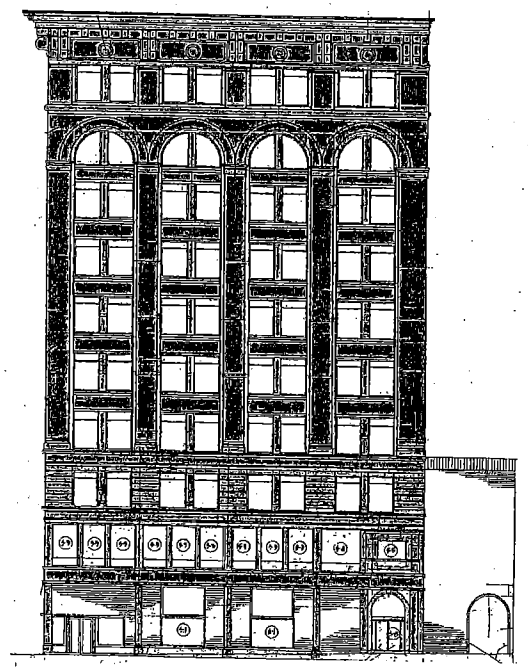
PLANS

706 MISSION STREET - THE MEXICAN MUSEUM CONCEPTUAL ROOF TERRACE PLAN

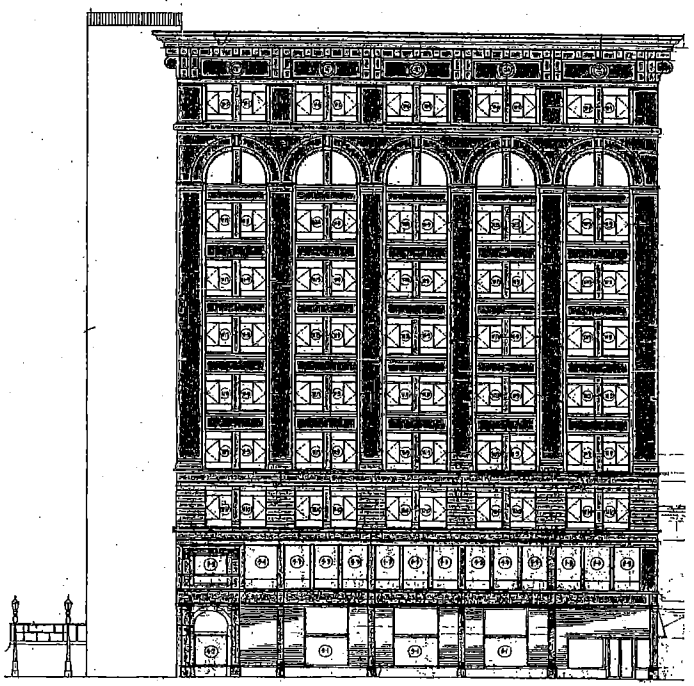
0 8' 16' 32'

SIGNIFICANCE DIAGRAMS

ELEVATIONS



East Elevation (Third Street)



South Elevation (Mission Street)

LEGEND

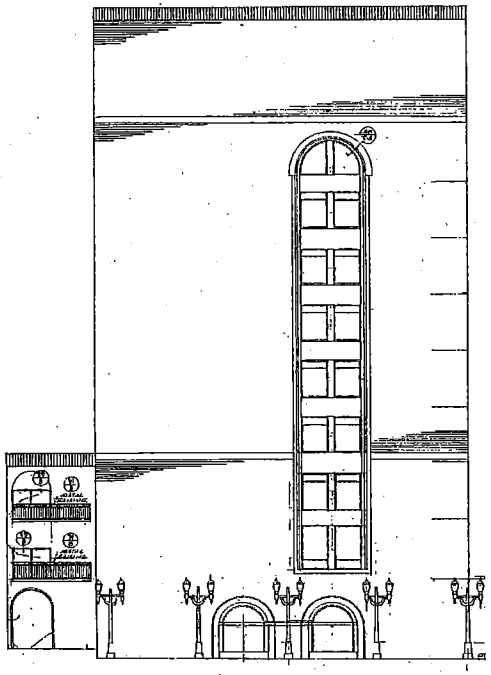
- **Significant**
- **Contributing**
- **Non-contributing**

SIGNIFICANCE DIAGRAMS

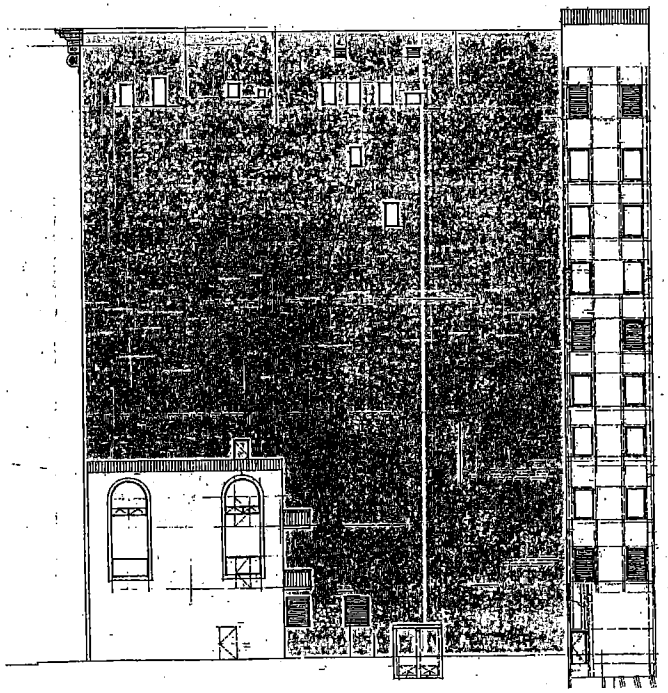
ELEVATIONS

LEGEND

- **Significant**
- **Contributing**
- **Non-contributing**



West Elevation



North Elevation

5531

SIGNIFICANCE DIAGRAMS

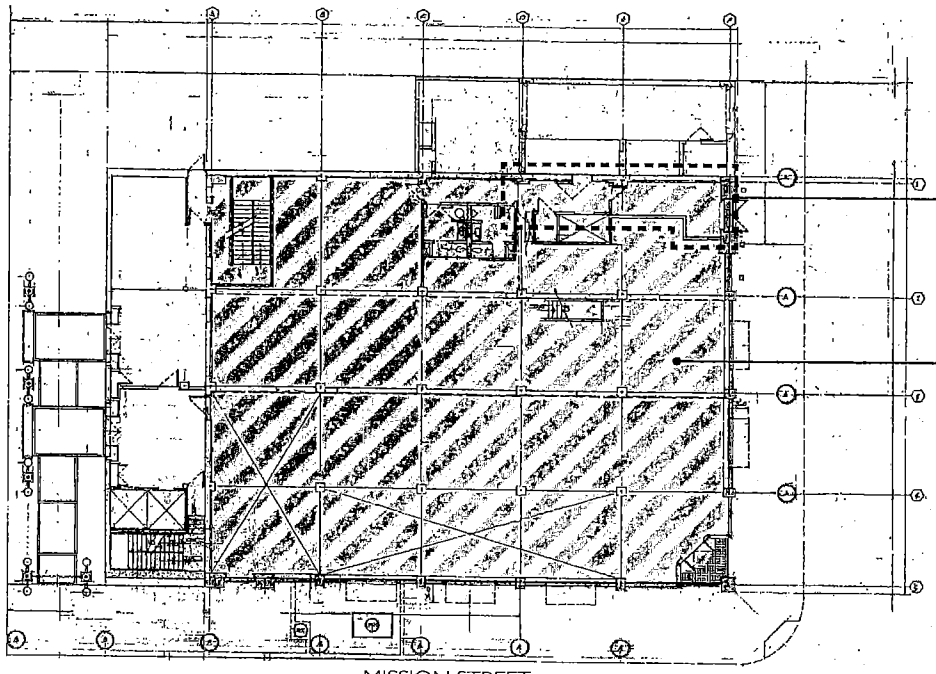
FIRST FLOOR PLAN

Notes:

1.) "Roebling System B" cinder concrete floor slabs are contributing. (See page 16 for historical description.)

2.) Painted metal windows and storefront and brick infill between bays at ground level are non-contributing.

5532



LEGEND

Significant

Contributing

Non-contributing

Ceramic mosaic tile floor is non-contributing hitoric fabric. Although original, it is a fragment and portions have been altered.

Volume and associated finishes are non-contributing, but the concrete floor slabs are contributing. Columns are also contributing.

SIGNIFICANCE DIAGRAMS

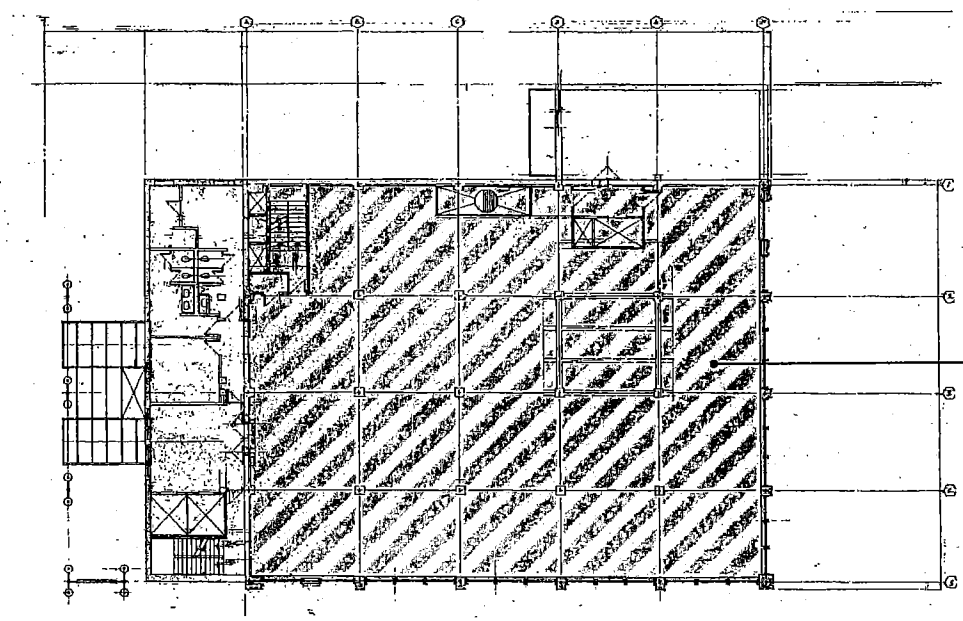
TYPICAL UPPER FLOOR PLAN (SECOND - TENTH) FLOORS

Notes:

1.) "Roebling System B" cinder concrete floor slabs are contributing. (See page 16 for historical description.)

2.) Interior wood trim at windows is contributing.

3.) Aluminum windows, storefront and brick infill between bays are non-contributing.



LEGEND

Significant

Contributing

Non-contributing

Volume and associated finishes are non-contributing, but the concrete floor slabs are contributing. Columns are also contributing.

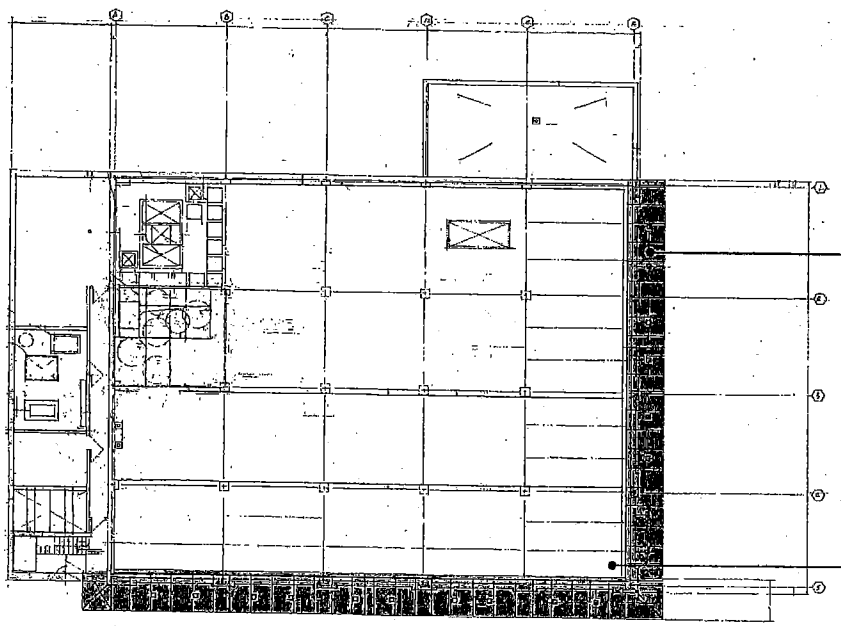
5533

SIGNIFICANCE DIAGRAMS

ROOF PLAN

5534

AGENCY PARCEL



LEGEND

Significant

Contributing

Non-contributing

BUILDING CHRONOLOGY

Physical construction and modification are summarized in this section. The text is based on building permits, historic documents, and a list of previously documented alterations by Knapp Architects, with corroboration from first-hand observation and materials analysis. Historical photographs and drawings illustrating construction history of the building are included in the section "Historical Background and Context."

1900s
1903: Aronson Building constructed at a total cost of $700,000, including the land, which cost $290,000. The building was named after Abraham Aronson, the project's real estate developer. Designed by the architecture firm of Hemenway & Miller.

28 December 1906: Building permit issued for the rehabilitation and reconstruction of the Aronson Building, for an estimated cost of $10,000. The building was used as lofts. The owner was A. Aronson and the architects for the project were Hemenway & Miller (Permit #7101).

1907: Alteration of storefront for cigar store.

1909: Install show window; alter stair to 7th floor.

1910s
1919: Remodel former cigar store and saloon at the corner of 3rd and Mission streets to another use.

1920s
1920: Combine two stores at 702 Mission Street; remove plate glass on Mission Street.

1921: Alter storefront at 708 Mission Street; Move front door at 700 Mission Street.

1930s
1930: Install sidewalk lights; Install storefront, partitions, and other alterations.

1934: Alteration for barber shop at 708 Mission Street.

1936: Remove concrete arches.

1940s
1943: Install pole sign for barber shop at 700 Mission Street.

1946: Sign for Taylor, Army & Navy at 702 Mission Street.

1950s
1954: Remove gates and install concrete bulkhead.

1959: Sign for Pepsi-Cola for Bed's Coffee Shop at 702 Mission Street.

1960s
1961: Sign installed.

1962: Alterations for Dinty's Kitchen at 702 Mission Street.

28 July 1964: Building permit approved for alteration of the ground floor consisting of several small stores. Except for a camera shop still under lease, all the partitions were to be removed and made into one larger store with a mezzanine [for Rochester Clothing Co.] and another smaller store on 3rd Street. All existing show windows were to be removed and replaced, all new electrical wires and fixtures, new exhaust and ventilating system, new baseboard steam connectors, store fixtures, signs, awnings, were not part of this contract. Estimated cost for the project was $50,000, and the architect for the project was Wayne Osaki (Permit #269932).

1964: Awning for Rochester Clothing Co; Install kitchen and toilet for the Fox Sandwich Shop.

1968: Add mezzanine floor for Rochester Clothing; Install sheetrock at 706 Mission Street.

1970s
24 November 1978: Construct two additions: a ten-story addition on the southwest façade and a three-story addition on the northwest façade. The estimated cost for the project was $1,500,000 (Permit #332753).

1978-1981: Convert 86 3rd Street lobby to a freight elevator lobby; Move core functions to new southwest addition; Install a full-height interior stair at the west corner of the building; remove and replace nearly all interior finishes; remove entrance on Mission Street and replace with storefront window; remove stone details at 86 3rd Street entrance and cover with brick tiles.

1979: Brick failure analysis.

1980s
1980: Install fixtures for Rochester Clothing Co.

1981: Alterations to walls and ceiling at 700 Mission Street; Install sign for Rochester Clothing Co.; Install glass doors at the elevator lobby.

1983: Life safety; Install rack system in Rochester Clothing Co.

1986: Tenant improvements to 4th through 10th floors; Install toilets in the basement, 8th, 9th, and 10th floors.

2 February 1987: Building permit approved to install new partitions to second floor as part of tenant improvements. Estimated cost for the project was $150,000 and the designer was Clarke Design Group (Permit #563118).

1987: Remodel/tenant improvements to third floor of 706 Mission Street.

1990s
1993: Install sprinklers for bookstore on ground floor and café on second floor.

5535

SIGNIFICANCE / DATING / BUILDING CHRONOLOGY

BUILDING CHRONOLOGY

1994: Tenant improvements.

1995: Install fire sprinkler system; several tenant improvements.

8 April 1996: Building permit approved to provide a 2-hour fire rated enclosure per plan, revise to #9516998. Estimated cost for the project was $3,000. The project was complete on 19 August 1996 (Permit Application #9605925).

11 March 1998: Building permit approved to replace brick on the northwest corner of the building. Estimated cost for the project was $8,000, and the project was complete on 26 August 1998 (Permit Application #9804115).

2000s
February 2006: Stabilization of terra cotta elements at the exterior. Work completed by Rainbow Waterproofing.

2010s
11 February 2010: Building permit approved to remodel the existing 9th floor tenant space by removing private office partitions for new open office area, installing new finishes, and relocating 33 existing light fixtures and adding one new fixture. The estimated cost for the project is $25,000, and the project is currently in process (Permit Application #201002045899).

17 February 2010: Building permit approved to relocate fire sprinklers on 10th floor. Estimated cost for the project is $3,000, and the project is currently in process (Permit Application #201002176638).

22 February 2010: Building Permit approved to relocate and add fire alarm system devices on the 9th floor. Estimated cost for the project is $4,500, and the project is currently in process (Permit Application #201002176664).

Unknown date
All of the common brick, both on the exterior and where exposed on the interior, has been sandblasted.

Windows inserted into the 8th through 10th floors of the northwest façade.

3rd Street doors replaced and metal gate installed.

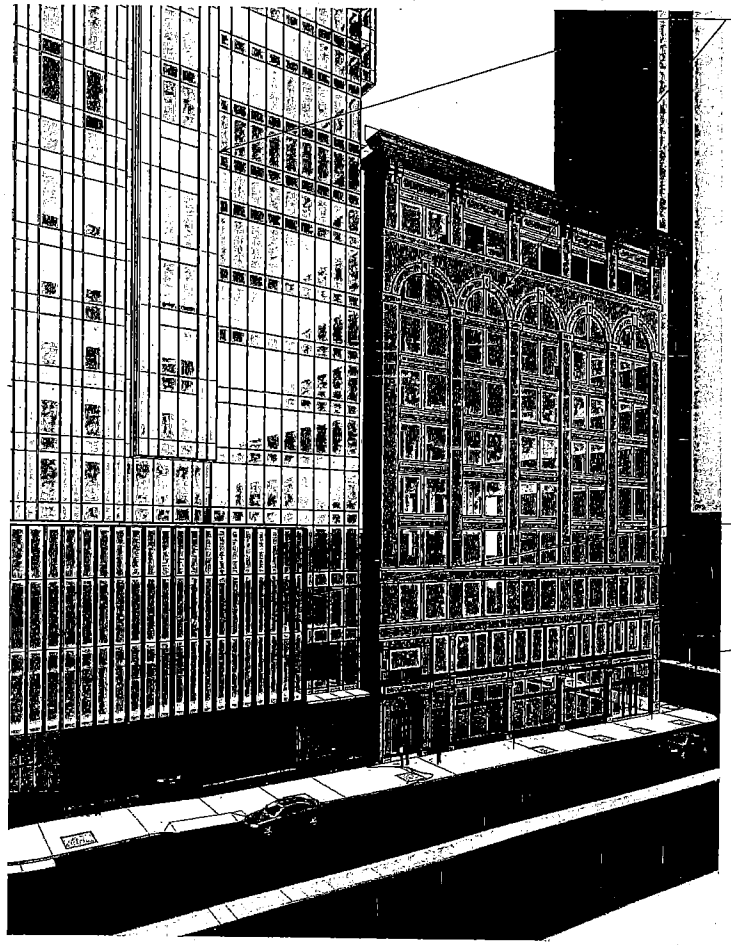
Open metal fire escapes added to the center bay of the southeast façade and the north end of the northeast façade; projecting terracotta and stone have been removed where the fire escapes are located.

Fixed bronze-anodized aluminum mullion windows replaced the operable pivot wood-sash windows that were installed in the 1906 rehabilitation

Storefront infilled.

5536

NEW MONTGOMERY – MISSION – SECOND STREET CONSERVATION DISTRICT



Aronson and nearby Williams buildings are generally vertical. New Tower design includes alternating vertical planes of stone and glass

New Tower will be rectangular in plan, similar to the Aronson and Williams buildings

Tower primary facades will face Mission Street and Jessie Square

Tower materials include stone, a material compatible with the prevalent masonry buildings within the Conservation District. The Tower's stone will be of a light tone that is similar to the tones found in the Conservation District.

Scale of the Tower is reduced through breaking down the facade with alternating planes of stone and glass

Scale is also reduced through incorporating a strong base that has a pedestrian scale and relates to the scale of the adjacent Aronson Building

The base and shaft of the Tower relate to the base and shaft of the Aronson Building

New Montgomery-Mission-Second Street Conservation District:
In 2012, the New Montgomery-Mission-Second Street Conservation District was expanded to include the 706 Mission Street property (Block 3706, Lot 093). The Conservation District includes all of Block 3706, Lot 093, thus a portion of the Tower (approximately 27% of the Tower's footprint) would be located within the Conservation District. Article 11 of the San Francisco Planning Code states that construction of new buildings in a Conservation District shall be compatible with the Conservation District in general and that emphasis should be placed on those buildings in the area where the new construction will be located. New construction should be compatible with regard to:

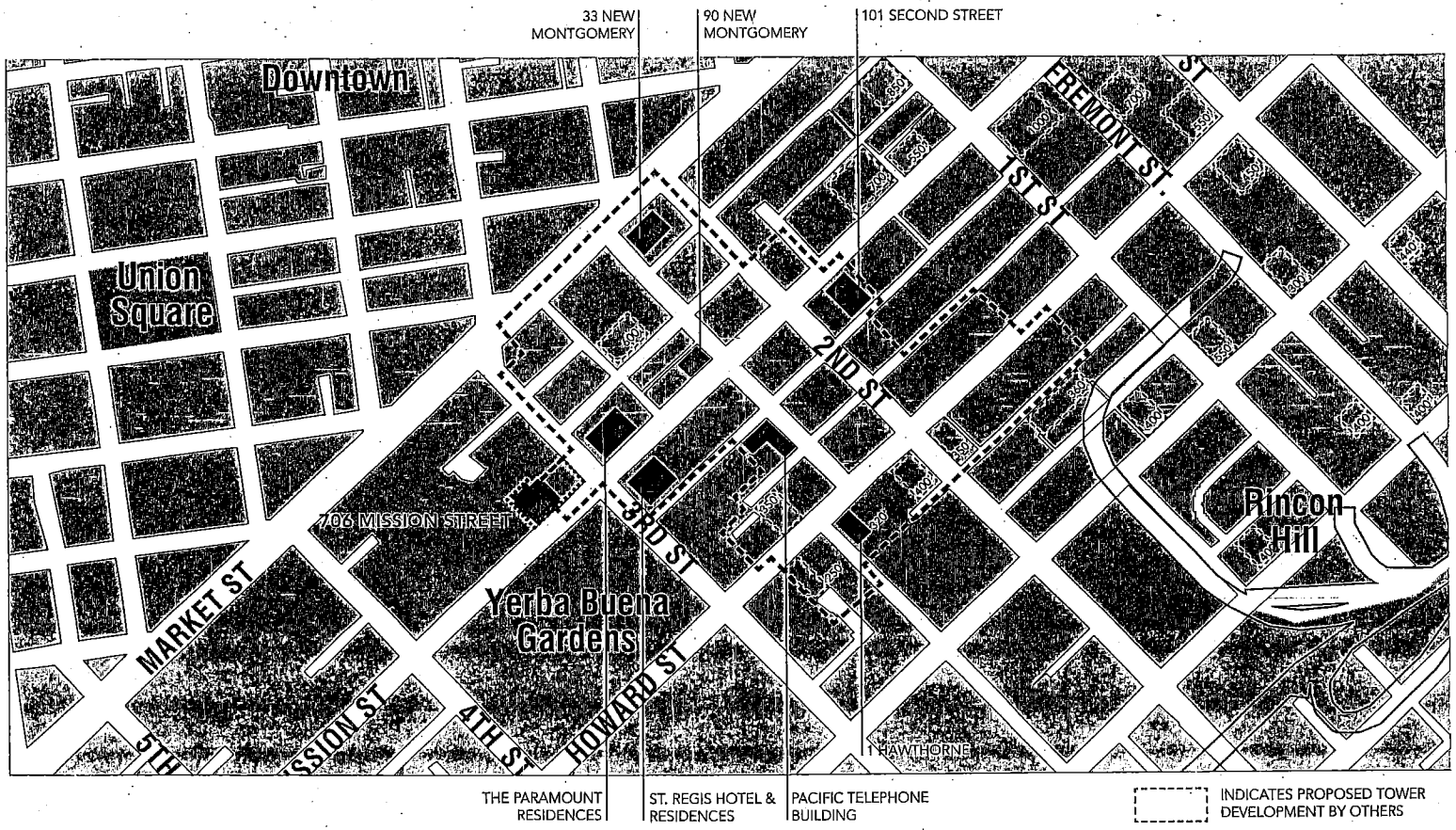
Composition and Massing:
- Square or rectangular in plan
- Primary facades face the street
- Horizontal or vertical orientation, depending on immediate vicinity
- Masonry materials common within the Conservation District express mass and weight

Scale:
Article 11, Appendix F, Section 7 (b) (2) states that scale "can be accomplished in a variety of ways, including: a consistent use of size and complexity of detailing with regard to surrounding buildings…"

Materials and Colors:
- Masonry is prevalent within the District
- Light or medium earth tones prevail in the District

Detailing and Ornamentation:
New construction should relate to its surrounding area through the use of predominant elements and datum lines without directly copying the historic resources.

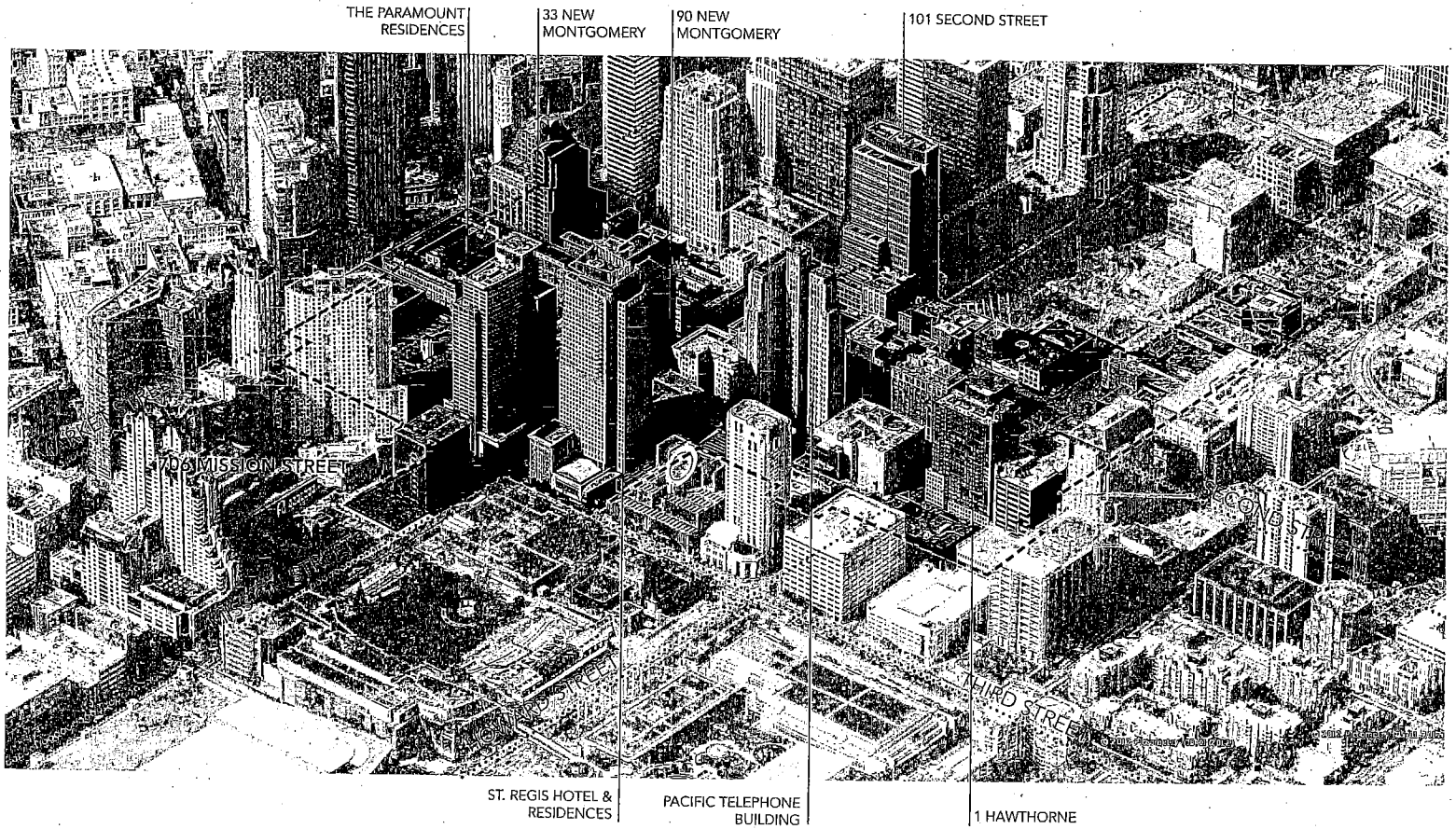
NEW MONTGOMERY – MISSION – SECOND STREET CONSERVATION DISTRICT



This map shows the boundaries of the New Montgomery - Mission - Second Street Conservation District and the height and location of existing and proposed towers within the Conservation District.

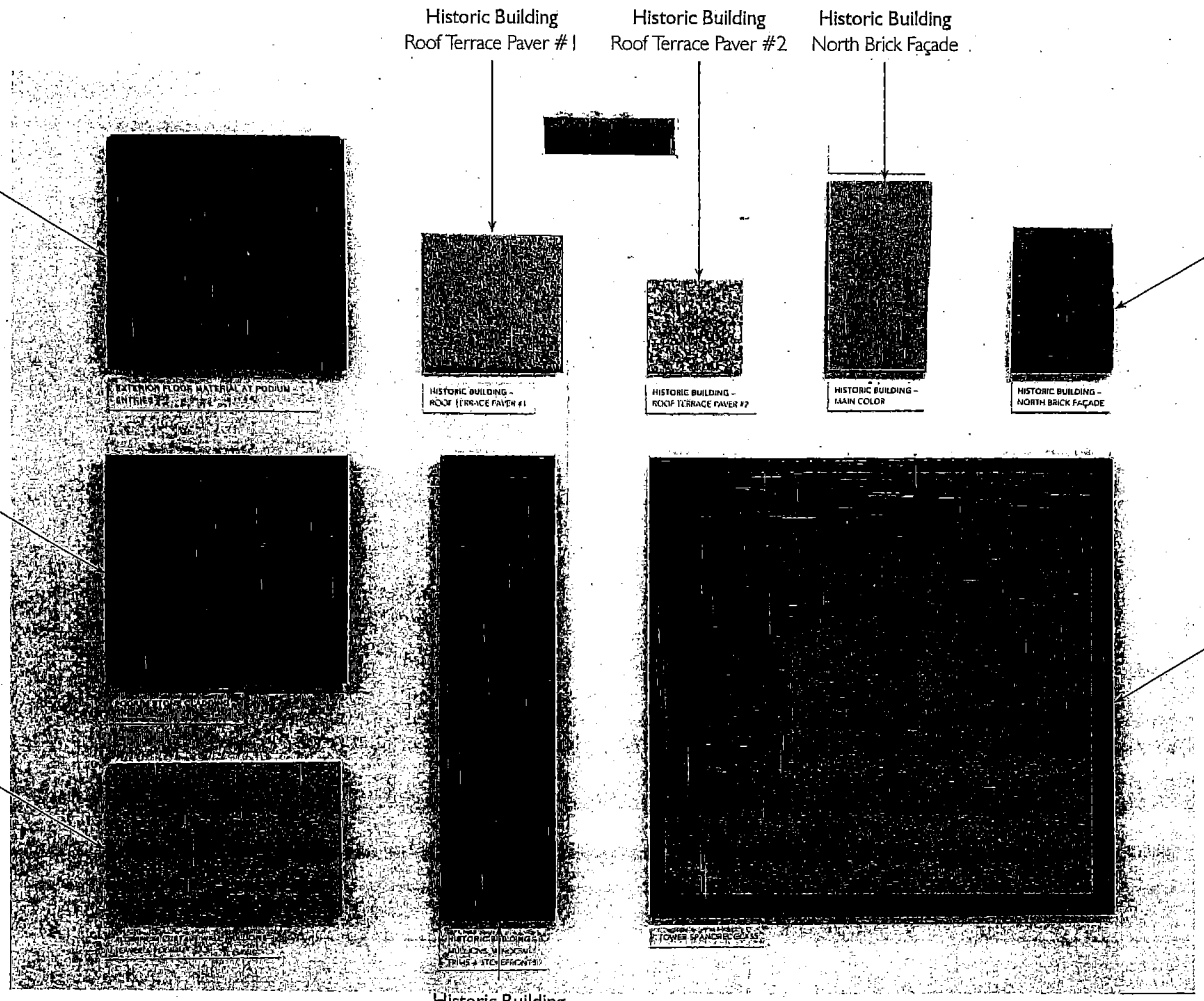
5539

NEW MONTGOMERY – MISSION – SECOND STREET CONSERVATION DISTRICT



5540

MATERIALS BOARD FOR PROJECT



5541

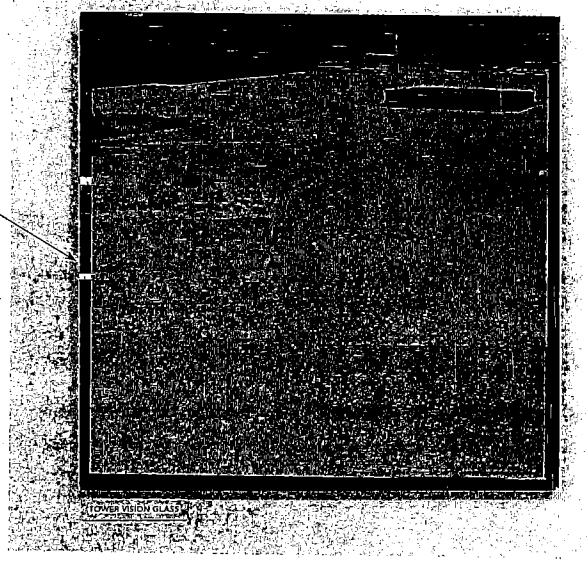
CONSERVATION DISTRICT

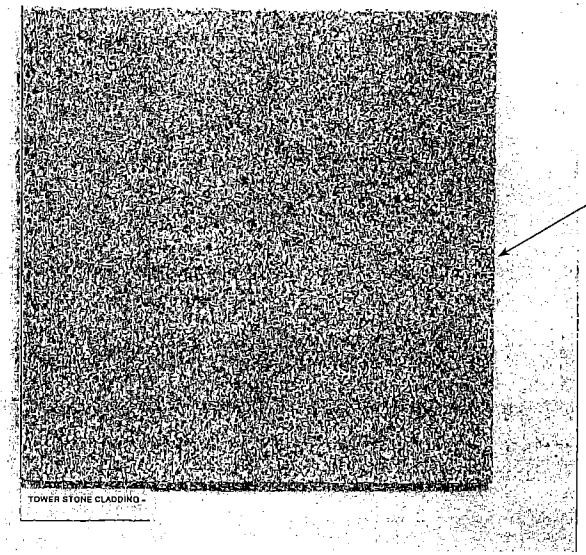
MATERIALS BOARD FOR PROJECT

[redacted]

5542

Tower Vision Glass





Tower Stone Cladding

5544

ARCHITECTURE
PLANNING & RESEARCH
BUILDING TECHNOLOGY

www.page-turnbull.com

1000 Sansome Street, Suite 200
San Francisco, California 94111
415.362.5154 / 415.362.5560 fax

2401 C Street, Suite B
Sacramento, California 95816
916.930.9903 / 916.930.9904 fax

417 S. Hill Street, Suite 211
Los Angeles, California 90013
213.221.1200 / 213.221.1209 fax

File 130664

COX CASTLE NICHOLSON

Cox, Castle & Nicholson LLP
555 California Street, 10th Floor
San Francisco, California 94104-1513
P 415.262.5100 F 415.262-5199

Orig: Leg Clerk
C: BOS-11 (electronically)
COB, Leg Dep
Dep City Attorney (electronic Copy)

July 1, 2013

Margo N. Bradish
415.262.5101
mbradish@coxcastle.com

BY PERSONAL DELIVERY AND EMAIL

Board President David Chiu and Members of the Board of Supervisors
c/o Ms. Angela Calvillo
Clerk of the Board of Supervisors
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File No. 56238

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2013 JUL -1 PM 12:20

Re: Project Sponsor's Response to Appeal of Historic Preservation Commission Motion No. 0197

Dear President Chiu and Supervisors:

We write on behalf of 706 Mission Street Co. LLC ("Project Sponsor") in response to the Notice of Appeal of May 15, 2013, Historic Preservation Commission Article 11 Determination; Motion No. 0197 (the "Appeal"), submitted by 765 Market Street Residential Owner's Association, Friends of Yerba Buena, Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively, "Appellants") on June 13, 2013. The Appeal pertains to the 706 Mission Street – The Mexican Museum and Residential Tower Project ("Project"). For the reasons detailed below, the Appeal should be denied, and we respectfully request that the Board of Supervisors ("Board") uphold the Historic Preservation Commission's ("HPC") approval of Motion No. 0197 and the Major Permit to Alter for the Project.

I. Summary

The HPC properly granted a Major Permit to Alter for the Project. The HPC is the City and County of San Francisco's ("City's") expert body with delegated authority to make decisions regarding historic resources, such as the decision at issue here. The Appeal concerns the narrow issue of whether the Project complies with Article 11 of the Planning Code. In that regard, the Appeal is meritless and raises no new Article 11 issues not already considered and rejected by the HPC.

In addition, the HPC properly adopted California Environmental Quality Act ("CEQA") Findings (the "CEQA Findings") for the Major Permit to Alter and those CEQA Findings are supported by substantial evidence. To the extent that the Appeal uses the CEQA Findings to raise policy issues related to the height of the Project, the Appeal is not the proper forum to address those policy issues. The Board will have an opportunity to consider the full merits of the Project when it considers the Project Sponsor's proposed legislative approvals establishing a Special Use District and amending the City's Height Map for the Project.

Finally, the adequacy of the Environmental Impact Report ("EIR") for the Project is not the proper subject of the Appeal. The Board unanimously upheld the Planning Commission's certification of the EIR on May 7, 2013, and the Board need not revisit its prior decision.

II. The HPC Properly Granted a Major Permit to Alter for the Project.

The HPC is the City's expert body delegated with authority to make decisions regarding historic resources, including alterations of Significant Buildings and new construction in Conservation Districts. Section 4.135 of the City's Charter requires that HPC members "be persons specially qualified by reasons of interest, competence, knowledge, training and experience in the historic, architectural, aesthetic, and cultural traditions of the City." (San Francisco Charter § 4.135.) As such, the HPC's decision to approve the Project's Major Permit to Alter reflects significant expertise and special qualifications related to historic resources.

The Board has jurisdiction over appeals of HPC decisions on Permits to Alter in those cases where Board approval of the project is otherwise required. (Planning Code § 1115.) Here, the Project requires Board approval of legislation creating a Special Use District and amending the City's Height Map for the Project. The Board will have an opportunity to consider the full merits of the Project in connection with these legislative approvals. The Appeal of the HPC's decision to issue a Major Permit to Alter concerns only the narrower issue of whether the Major Permit to Alter complies with Article 11 of the Planning Code.

The HPC unanimously approved the Major Permit to Alter for the Project on May 15, 2013. This approval authorized the interior and exterior rehabilitation and seismic upgrade of the Aronson Building, which is designated as a Category I (Significant Building) within the New Montgomery-Mission-Second Street Conservation District ("NMMS Conservation District"). The approval also authorized the construction of a new 480-foot tall tower (with 30-foot mechanical penthouse)[1] adjacent to and physically connected to the Aronson Building, which tower would be located partially within the NMMS Conservation District. In approving the Permit to Alter, the HPC unanimously found that "the proposed work is compatible with the exterior character-defining features of the subject building and meets the requirements of Article 11."

The Appeal raises no new Article 11 issues not already considered and rejected by the HPC at its May 15, 2013, hearing on the Project's Major Permit to Alter. Many of these issues were also raised in Appellants' appeal of the Planning Commission's certification of the Final EIR for the Project. The Board rejected each of those issues, and unanimously upheld the Planning Commission's certification of the EIR on May 7, 2013. As discussed in more detail below, and as the HPC and the Board already have determined, none of these issues withstand scrutiny.

First, Appellants allege the tower impermissibly increases the height of the Aronson Building by more than one story in violation of Planning Code Section 1111.6(c)(6), which provides that any additions to the height of Category I Significant Buildings "shall be limited to one story above the height of the existing roof, shall be compatible with the scale and character of the building,

---

[1] The HPC's May 15, 2013, approval of the Major Permit to Alter authorized the construction of a 520-foot tall tower (with 30-foot mechanical penthouse). The Project Sponsor subsequently reduced the tower height to 480-feet tall (with 30-foot mechanical penthouse). The HPC's conditions of approval for the Project's Major Permit to Alter specifically contemplated and accounted for this reduction in height. (*See* Motion No. 0197, Condition of Approval #21 ("Any reduction of the overall height and massing of the proposed tower adjacent to the Aronson Building shall be reviewed and approved by Department of Preservation staff provided that all other conditions of approval outlined in this motion are met.").)

and shall in no event cover more than 75 percent of the roof area." Appellants' claim is without merit. The Project will not increase the height of the Aronson Building by more than one story. The only vertical addition to the Aronson Building is a rooftop solarium, which will be one story in height in compliance with Section 1111.6(c)(6).[2]

Appellants have suggested, both to the HPC and in the Appeal, that the proposed tower is an addition to the Aronson Building, when in fact the tower is more appropriately characterized as "related new construction" because, among other things, it will be constructed adjacent to and not on top of the Aronson Building and will appear as a separate building. (Historic Resource Evaluation Response, p. 14.) This characterization is also consistent with Page & Turnbull's May 3, 2013, memorandum entitled "706 Mission Street Project: New Construction Within the New Montgomery, Mission, & Second Street Conservation District" (the "Page & Turnbull Memorandum") (attached hereto as Exhibit A), which explains that the tower "will be built adjacent to the original walls of the Aronson Building." Based on the evidence, the HPC properly concluded that the Project is not a greater than one-story addition that would violate Section 1111.6(c)(6).

Second, Appellants allege the tower is not compatible in scale with the Aronson Building pursuant to Section 1111.6(c)(6). This provision of Section 1111.6(c)(6) applies to additions, and as noted above, the tower is not an addition to the Aronson Building. Nevertheless, the EIR evaluated the tower's compatibility with the Aronson Building, and concluded that the Project, including the tower, would not result in a substantial adverse change in the significance of the Aronson Building. (Draft EIR at pp. IV.D.54-IV.D.55.) The proposed location of the tower - on a non-character-defining, mid-block elevation that has no ornamental detail or historic fenestration - would not obscure or result in the removal of any character-defining features. Furthermore, while the tower would be clearly differentiated from the Aronson Building in its modern contemporary design vocabulary, the tower would relate to the Aronson Building through setbacks, change of building plane and materials, and related floor plates at lower levels. Based on the EIR analysis and other evidence in the record, the HPC properly found that the tower would "be compatible with the character of the [Aronson Building]." (HPC Motion No. 197.)

Third, Appellants allege the tower is not compatible in scale and design with NMMS Conservation District in violation of Section 1113(a). This Section requires that any new construction or alteration of an existing structure in the NMMS Conservation District be "compatible in scale and design" with the conservation district "as set forth in Sections 6 and 7 of the Appendix." Section 6 of Appendix F sets forth the architectural features that characterize NMMS Conservation District, including the characteristic massing and composition, scale, materials and color, detailing, and ornamentation. Section 7 of Appendix F sets forth the standards of review

---

[2] The HPC found that the rooftop solarium is "compatible with the size, scale, color, material and character of the Aronson Building and surroundings, and will not destroy significant features of the building[.]" (HPC Motion No. 197.) The HPC also found that "the new addition on the rooftop will be minimally visible from the public right-of-way as it will be one-story in height over the roof level ... and cover less than 75% of the roof area." (HPC Motion No. 197.)

for new construction and major alterations with the NMMS Conservation District to ensure consistency with these characteristics.

The HPC found that the Project would be compatible with the NMMS District, and this finding is supported by substantial evidence. (HPC Motion No. 0197.) The EIR evaluates the tower's compatibility with the NMMS Conservation District, and EIR concludes that the tower would not obstruct or detract from any existing visual relationship between the Aronson Building and the NMMS Conservation District, and that the tower would be consistent with the existing pattern of contemporary high-rise towers at the edges of the NMMS Conservation. (Draft EIR at pp. IV.D.55-IV.D.56.) The tower's compatibility with the NMMS Conservation District is further analyzed in the Page & Turnbull Memo, which concludes that the tower would be compatible with the characteristics set forth in Section 6 and standards set forth in Section 7 of Appendix F:

> While the proposed tower is contemporary in style and taller than other contributing buildings within the Conservation District, it is consistent with Article 11's standards for compatibility. ... The tower's setting is one that includes a number of existing towers in the immediate vicinity both inside and outside of the Conservation District's boundaries, and additional towers are contemplated in the Conservation District by the Transit Center District Plan. The proposed tower fits within its local contextual setting of a mix of historical buildings and contemporary towers in the downtown core area of the City, and is consistent and compatible with the Conservation District pursuant to Article 11.

(Page & Turnbull Memo at p. 7.) While Section 6(b) of Appendix F notes that more than two-thirds of the *contributing* buildings in the NMMS Conservation District are three to eight stories in height, the NMMS Conservation District includes many non-contributing towers. As detailed in the Page & Turnbull Memorandum, the NMMS Conservation District includes seven existing towers of heights up to 484 feet, two of which are located in the immediate vicinity of the proposed tower. Furthermore, five additional towers of heights of up to 600 feet are proposed within the NMMS Conservation District boundaries under the recently adopted Transit Center District Plan. Based on the evidence, the HPC properly concluded that tower is compatible with the NMMS Conservation District.

Fourth, Appellants allege that the tower violates the Planning Code because "the alteration is not consistent with and appropriate for the effectuation of the purposes" of Article 11. The purposes of Article 11 include:

- The protection, enhancement, and perpetuation of structures and subareas of special architectural, historical, and aesthetic character which contribute to the urban environment;

- The maintenance and improvement of a healthy economy for the City by enhancing both property values and the City's attractiveness as a place to do business;

- The protection and improvement of the City's attractiveness to tourists and other visitors, and the stimulus to business provided thereby; and

- The enrichment of the educational, cultural, aesthetic and spiritual life of the inhabitants of the City by fostering knowledge of the heritage of the City's past and retaining the quality of the City's urban environment.

(Planning Code § 1101(c).) The Project and tower are consistent with and effectuate these purposes. The Project protects and rehabilitates the historic Aronson Building, thereby promoting the fundamental purpose of Article 11 – to protect, enhance, and perpetuate structures of particular historical importance in C-3 Districts. The HPC found that "the proposed additions and alterations respect the character-defining features of the subject building", and that the Project, including the tower, "will not cause the removal, alteration or obstruction of any character-defining features of the Aronson Building." (HPC Motion No. 0197.) The HPC also found that the tower will be compatible with the size, scale, color, material, and character-defining features of the Aronson Building and its surroundings, including the Conservation District. (HPC Motion No. 0197.)

The Project will also enhance property values and the overall attractiveness of the City by rehabilitating the Aronson Building and by replacing what is currently a vacant, underutilized lot with a contemporary tower, designed by an internationally renowned architect. For the same reason, the Project will improve the City's attractiveness to visitors and other persons. The Project will also enrich the education, cultural, aesthetic and spiritual life of the City by completing the Yerba Buena cultural and arts district and replacing a vacant, underutilized lot with a contemporary new structure that will be the permanent home for The Mexican Museum and its important collection. Based on the evidence, the HPC properly found that the Project is consistent with the purposes of Article 11.

Fifth, Appellants allege the tower does not comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties and Rehabilitation (the "Secretary's Standards"). As HPC staff explained in detail in its Permit to Alter Case Report for the May 15, 2013, hearing, and as set forth in HPC Motion No. 0197 approving the Permit to Alter, the tower fully complies with each of the Secretary's Standards. The Historic Resource Evaluation Response ("HRER"), which is part of the EIR, also concludes that "the proposed tower to be constructed at the west side of the Aronson Building complies with the Standards and would not cause a substantial adverse impact to the Aronson Building[.]" (HRER p. 14.)

Furthermore, at the May 15, 2013, hearing, the HPC added conditions of approval to further ensure the tower's consistency with Article 11 and the Secretary's Standards, including requiring that "[t]he Project Sponsor shall continue to work with Department Preservation staff on the design of the tower base in order to ensure compatibility with the adjacent Aronson Building, the New Montgomery-Mission-Second Street Conservation District, and surrounding context." The HPC also required that the "final design of the tower base shall return to the Architectural Review Committee of the Historic Preservation Commission for review and comment" prior to approval of the architectural addendum. These conditions of approval provide additional assurance

that the tower will be consistent with Article 11 and the Secretary's Standards. Based on the evidence, the HPC properly found that the Project is consistent with the Secretary's Standards.

In sum, the HPC, the City's expert body in the evaluation of historic resources and the implementation of Article 11, correctly concluded based on substantial evidence in the record that the Project is fully compliant with Article 11. For these reasons, the Appeal lacks merit.

III. The HPC Properly Adopted CEQA Findings That Are Supported by Substantial Evidence.

The HPC adopted CEQA Findings for the Project as part of its approval of the Major Permit to Alter on May 15, 2013. Appellants endeavor to use the Appeal of the CEQA Findings to address policy issues related to the height of the Project. As discussed above, the Board will have an opportunity to consider fully these policy issues in connection with its consideration of the Project Sponsor's proposed legislative approvals creating the Special Use District and amending the City's Height Map for the Project.

Contrary to Appellant's claims, and as discussed in more detail below, the HPC's CEQA Findings were properly adopted and are supported by substantial evidence in the record.

First, the HPC properly adopted findings regarding the Project's potential impacts to historic resources. Consistent with the Board's unanimous decision to uphold the Planning Commission's certification of the EIR, the HPC found that the Project would not cause a substantial adverse change in the significance of the Aronson Building. This finding is supported by the EIR and administrative record. (See Draft EIR at pp. IV.D.54-IV.D.55.) According to the EIR, the tower is designed to read as an entirely separate building, and would be constructed immediately to the west of the Aronson Building, an elevation that has been previously altered with a 1978 annex, which would be removed. The proposed location of the tower - on a non-character-defining, mid-block elevation that has no ornamental detail or historic fenestration - would not obscure or result in the removal of any character-defining features. Furthermore, while the tower would be clearly differentiated from the Aronson Building in its modern contemporary design vocabulary, the tower would relate to the Aronson through setbacks, change of building plane and materials, and related floor plates at lower levels. For these reasons and others set forth in the record, the HPC properly found that the Project would not result in a substantial adverse change to the significance of the Aronson Building historical resource.

The HPC also found that the Project would not cause a substantial adverse change in the significance of nearby historic resources. This finding is also supported by the EIR and administrative record. (See Draft EIR at pp. IV.D.55-IV.D.57.) The Aronson Building is a contributing resource to the Aronson Historic District and the NMMS Conservation District. The EIR concluded that the Project would neither block any views of the Aronson Building as seen from these historic districts, nor alter physical relationships between the Aronson Building and these historic districts. The Project also includes exterior rehabilitation and demolition of non-historic annexes that would enhance the Aronson Building's historic architectural character and thereby strengthen its contribution to historic district districts. The EIR explained that while the visual

setting of the Aronson Building would be altered, the juxtaposition of low-scale historic buildings viewed against a back drop of contemporary high-rise towers is already a characteristic of the NMMS Conservation District. The Project would also not obstruct any features of nearby individual historical resources, such as St. Patrick Church or the Jessie Street Substation. For these reasons and others set forth in the record, the HPC properly found that the Project would not result in a substantial adverse change to the significance of nearby historical resources.

The HPC also found that the Project would not have a cumulatively considerable contribution to a significant cumulative impact on historic resources. This finding is also supported by the EIR and administrative record. (Draft EIR at p. IV.D.58.) The EIR concluded that, given the distance between the Project site and other anticipated construction projects, including the proposed 17-story addition to the Palace Hotel and the expansion of the San Francisco Museum of Modern Art, and given the scale of existing intervening development which limits visual interaction between the Project and other anticipated projects, the effect of the Project on historic resources combined with the effects of other cumulative development would not contribute to any cumulative impairment of the historic setting. For these reasons and others set forth in the record, the HPC properly found that the Project would not have a cumulatively considerable contribution to a significant cumulative impact on historic resources.

Second, the HPC properly adopted findings regarding potential cumulative shadow impacts related to the Project, which are supported by substantial evidence. Consistent with the Board's unanimous decision to uphold the Planning Commission's certification of the EIR, the HPC found that the Project would make a cumulatively considerable contribution to significant cumulative shadow impacts on parks, outdoor recreation facilities, and other public areas. The HPC found that there is no feasible mitigation measure that would reduce the Project's contribution to this cumulative impact to a less than cumulatively considerable level, "because any theoretical mitigation [i.e., a significant reduction in the height of the tower] that would address the cumulatively considerable contribution to shadow impact ... would fundamentally alter the project's basic design and programming parameters." (CEQA Findings at p. 23.) Furthermore, even if the Project's shadow impacts on Union Square were eliminated entirely, the Project would still shadow other open spaces and public areas. (CEQA Findings at p. 24.) In addition, the Project has already undergone several design changes and reductions in height in order to reduce shadow impacts.

The CEQA Findings also explain that "rather than treat a substantial reduction in height as a mitigation measure, the EIR analyzed a reduction in height in two separate alternatives." (CEQA Findings at p. 24.) In these alternatives analyzed – the Existing Zoning Alternative, which would include an approximately 196-foot tall tower, and the Reduced Shadow Alternative, which would include an approximately 351-foot tall tower – the HPC found that these alternatives would not eliminate the cumulatively considerable contribution to significant cumulative shadow impacts. While the reduced building heights under these alternatives would not create net new shadow on Union Square, shadow from these alternatives would still reach some of the same open spaces and sidewalks that would be shadowed by the Project, and contribute to a cumulatively significant shadow impact. (CEQA Findings at pp. 28, 35.)

The HPC further found that the Existing Zoning Alternative and the Reduced Shadow Alternative would be infeasible, which findings are supported by substantial evidence. (CEQA Findings at pp. 28-30, 34-37.) The infeasibility findings were based in part on financial infeasibility (because Project costs plus developer targeted return would not exceed Project revenues for either of the alternatives), but also on other policy factors, including the fact that both alternatives would fail to provide all of the public benefits that would be generated by the Project, and the fact that the alternatives would result in reduced residential density on the Project site. The reduced size of the alternatives also would reduce fiscal and employment benefits offered by the Project.

The height of the Project has been reduced from the original proposal of 605 feet, to 520 foot project analyzed in the EIR, and now to 480 feet without any corresponding reduction in the public benefits that the Project Sponsor is required to provide. Any further reductions in the height of the Project would jeopardize the Project's ability to feasibly provide the planned public benefits, particularly when consideration is given to dynamic factors such as the risks of changing market conditions and the risk of challenges to project approvals, which are not considered in the feasibility analysis contained in the EPS Report.

As required by CEQA, the EIR considered a reasonable range of alternatives. The EIR need not consider every conceivable height iteration of the Project. (14 Cal. Code Regs. § 15126.6(a) ("An EIR need not consider every conceivable alternative to a project").) Nor must an EIR consider every conceivable variation of alternatives identified. (*Mira Mar Mobile Community v. City of Oceanside* (2004) 119 Cal.App.4th 477). By arguing that there are economically feasible alternative tower heights lower than 510 feet but higher than 351 feet that should have been included as project alternatives in the EIR, Appellants are effectively asking the City to identify as project alternatives every height increment between 351 feet and 510 feet in order to determine the exact economically feasible "breakpoint" for the Project. CEQA does not require such an exercise. Instead, CEQA only requires that a lead agency evaluate a reasonable range of alternatives. A range of alternatives that includes every height increment between 351 feet and 510 feet is not reasonable. *See Village Laguna of Village Laguna Beach, Inc. v. Board of Supervisors* (1982) 134 Cal.App.3rd 1022, 1028 (finding that a range of alternatives that included various dwelling unit counts was reasonable, but that because there were "literally thousands of 'reasonable alternatives,'" it would be unreasonable to include every variation of units counts as alternatives, such as a "20,001 home alternative").

In sum, the HPC properly adopted CEQA Findings for the Project, and the CEQA Findings are supported by substantial evidence in the record. The Board will have an opportunity to consider the policy issues associated with the height of the Project in connection with the proposed legislative approvals for the Project.

IV. The Adequacy of the EIR, Which the Board Unanimously Upheld, Is Not the Proper Subject of this Appeal.

Appellants attempt to use the Appeal to ask the Board to revisit its prior decision affirming the Planning Commission's certification of the EIR. Appellants previously challenged the

adequacy of the EIR by appealing the Planning Commission's certification of the EIR to the Board. On May 7, 2013, the Board unanimously voted to affirm the Planning Commission's certification of the Final EIR, after finding that the Final EIR was adequate, accurate, and objective, and fully complied with CEQA.

Nonetheless, for purposes of responding in full to Appellants' Notice of Appeal, we address each of the EIR adequacy issues that Appellants raise.

First, the EIR did not identify the HPC as having permitting jurisdiction or identify the Major Permit to Alter as a discretionary approval for the Project because the NMMS Conservation District had not yet been expanded to include the Aronson Building within its boundaries. The Project now requires a Major Permit to Alter in light of the fact that in 2012, the Aronson Building was designated a Category I Significant Building under Article 11 and because the lot on which the Aronson Building is located (APN Block 3706, Lot 093) was added to the expanded NMMS Conservation District. The list of approvals in the EIR captures those approvals that were then known to the City. This is sufficient for purposes of CEQA. (14 Cal. Code Regs. Section 15124(d)(1) (project description to include intended uses of the EIR "to the extent that the information is known to the Lead Agency").) The EIR nonetheless treated the Aronson Building as a historic resource and analyzed the impacts of the Project on the Aronson Building and nearby historic resources, including the proposed expanded boundaries of the NMMS Conservation District. (Draft EIR IV.D.44- IV.D.45; IV.D.55- IV.D.57.) The Final EIR also noted that the Aronson Building has been designated a Category I Significant building and that the boundaries of the NMMS Conservation District had been expanded to include the Aronson Building. (Final EIR III.I.19; III.I.22.)

Second, the EIR evaluated the Project's consistency with the Planning Code. Appellants previously raised the issue of the Project's alleged inconsistency with Article 11 in the EIR appeal, and this issue was rejected by the Board. As described above, The Planning Department and the HPC also determined that there are no inconsistencies between the Project and the applicable standards and requirements under Article 11, and that the Project will not result in any significant impacts to historic resources.

Third, the EIR's cumulative impact analysis compares the Project's potential historic resource impacts to existing conditions and in light of past, present, and reasonably foreseeable future projects in the vicinity of the Project. This approach is consistent with the requirements of CEQA. (14 Cal. Code Regs. §§ 15125(a), 15130.) Appellants claim that "the cumulative impact analysis impermissibly compares the Project to the "already degraded setting." Because CEQA requires the cumulative analysis to consider existing conditions and past, present, and future projects, analyzing the existing setting (degraded or not), is proper.

Fourth, the EIR evaluates the Project's potential impacts to historic resources from a number of different analytical perspectives. In addition to evaluating the Project's consistency with the existing pattern of contemporary high-rises, the EIR also evaluates whether the Project would obstruct or detract from any existing visual relationship between the Aronson Building and the NMMS Conservation District, and concludes that the Aronson Building would not obstruct or

detract from any such visual relationship, and would continue to relate to the historic architectural character of the early twentieth-century commercial buildings in the NMMS Conservation District. The EIR also notes that the rehabilitation program and demolition of non-historic annexes under the Project would enhance the Aronson Building's historic architectural character and thereby strengthen its contribution to the Conservation District. In light of all of these analytical perspectives, the EIR concludes that the Project would not materially impair the ability of the NMMS Conservation District to convey its historic significance and would not result in a substantial adverse change in the significance of any of the historic districts to which the Aronson Building contributes.

Fifth, Appellants argue the EIR should be recirculated because the Planning Commission and the Recreation and Park Commission, in amending the absolute cumulative limit ("ACL") for Union Square to accommodate the Project, "added back" to the ACL the shadow eliminated from Union Square as a result of the 1996 Macy's department store project. The amendment to the ACL for Union Square to include the Macy's shadow adjustment does not require recirculation because the use of the Macy's shadow adjustment does not constitute new information showing new or substantially more severe impacts, or showing a feasible alternative or mitigation measure considerably different from those considered in the EIR. (14 Cal. Code Regs. § 15088.5(a).) Contrary to Appellants assertions, the baseline for analyzing shadow impacts in the EIR is not the ACL. The baseline is the existing shadow. Thus, the EIR analysis was adequate and recirculation is not required.

In conclusion, as previously determined by the unanimous vote of the Board, the EIR adequately analyzes the Project's potential environmental impacts, including impacts to historic resources. Furthermore, there is no new information regarding the Project's impacts or mitigation measures that would require recirculation of the EIR.

* * *

We respectfully request that the Board of Supervisors uphold the Historic Preservation Commission's unanimous approval of the Major Permit to Alter for the Project.

Sincerely,

Cox, Castle & Nicolson, LLP

By Margo N. Bradish /sss
Margo N. Bradish

CC:
Mr. Sean Jeffries, Millennium Partners
Marlena Byrne, Esq., San Francisco City Attorney's Office
Susan Cleveland-Knowles, Esq., Esq., San Francisco City Attorney's Office
Ms. Lily Yegazu, San Francisco Planning Department

Mr. Tim Frye, San Francisco Planning Department
Mr. Kevin Guy, San Francisco Planning Department
Ms. Debra Dwyer, San Francisco Planning Department
Tom Lippe, Esq., Lippe Gaffney Wagner LLP
056238\5314269v2
7/1/13

Exhibit A

Page & Turnbull Memorandum

MEMORANDUM

DATE	May 3, 2013	PROJECT NO.	08197
TO	Lily Yegazu	PROJECT	706 Mission
OF	San Francisco Planning Dept. 1650 Mission, Ste. 400 San Francisco, CA 94103	FROM	Elisa Skaggs
CC	J. Turnbull, M. Bradish, S. Birkey, S. Hood, K. Gonsar, J. Ishihara	VIA	Email

REGARDING: 706 Mission Street Project :New Construction Within the New Montgomery, Mission, & Second Street Conservation District

PURPOSE OF MEMORANDUM

This memorandum supplements our analysis of the new construction adjacent to the Aronson Building and within a portion of the New Montgomery, Mission, & Second Street Conservation District ("Conservation District") for purposes of evaluating the compatibility of the new construction with the Conservation District pursuant to Article 11 of the San Francisco Planning Code.

SUMMARY OF PROJECT

As discussed on pages II.19-20 of the Draft EIR ("DEIR"), as part of the proposed project, the historically important Aronson Building would be restored and rehabilitated, and the existing non-historic additions and rooftop mechanical penthouse removed. With the proposed project, the Aronson Building would house residential lobby space and retail/restaurant space on the ground floor. The Mexican Museum would occupy the second and third floors and possibly some of the retail space on the ground floor of the Aronson Building. The fourth through tenth floors of the Aronson Building have been designated as either residential or office flex space. The tenth floor of the Aronson Building could be occupied by residential amenity space, in lieu of either residential or office flex space. The roof of the Aronson Building would include outdoor amenity open space and a solarium for residential use. Building services would occupy a small portion of each floor, both above and below grade.

The proposed project would demolish the non-historic additions on the west and north sides of the Aronson Building (the "West Annex" and the "North Annex", respectively). The proposed project

1000 Sansome Street, Suite 200, San Francisco, California 94111 | T 415.362.5154 F 415.362.5560 | www.page-turnbull.com

would also include the construction of a 47-story tower west of, adjacent to, and physically connected to the existing 10-story Aronson Building, a portion of which would be located on what is currently the Aronson Building lot, within the footprint of the existing West Annex and adjacent vacant site area. Because the Conservation District includes the Aronson Building lot (Block 3706, Lot 093), this portion of the tower (which has a footprint of approximately 3,490 square feet) would be located within the Conservation District's boundary. The total tower footprint is 12,990 square feet.

As discussed in the DEIR, The Mexican Museum would occupy the ground through fourth floors of the proposed tower, residential uses would occupy the fifth through forty-seventh floors, and storage and building services including storage space for The Mexican Museum would occupy the basement levels. New connections between the tower and the existing Aronson Building would be established for programmatic and structural requirements, while still maintaining a visual separation between the buildings through the exterior tower façade design and tower setback fronting Mission Street.

NEW MONTGOMERY, MISSION & SECOND STREET CONSERVATION DISTRICT

In 2012, the name of the New Montgomery-Second Street Conservation District was changed to the New Montgomery, Mission & Second Street Conservation District and its boundaries were expanded to include a number of properties, including the Aronson Building lot (Block 3706, Lot 093). (*See* DEIR, IV.D.44-45; RTC III.I.9) The general boundaries of the Conservation District are Market Street to the north, Second Street to the east (including the properties along the east side of Second Street), Tehama Street to the south, and Third Street to the west. The only property within the Conservation District to the west of Third Street is the Aronson Building lot, thus the Aronson Building is at the outer edge of the Conservation District.

The historic resources in the Conservation District were constructed primarily between the years of 1906 and 1933. Article 11 notes the Conservation District's significance as related to the reconstruction of downtown San Francisco after the 1906 Earthquake and Fire. The contributing resources are also noted to present a "collection of masonry commercial loft buildings that exhibit a high level of historic architectural integrity...." (Art. 11, Appendix F, Section 5) A variety of architectural styles can be found in the Conservation District ranging from Renaissance-Baroque to Gothic Revival styles.

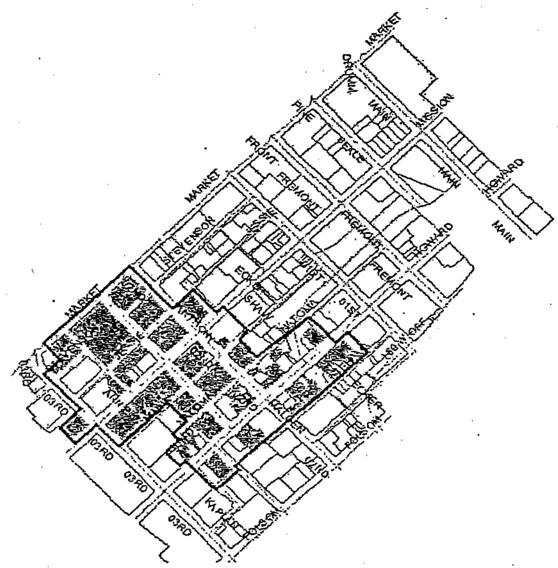


Figure 1: Boundaries of New Montgomery, Mission & Second Street Conservation District
KVP Consulting

The size and scale of the contributing buildings in the Conservation District vary though most are between five and eight stories. Examples include:

- Palace Hotel, 9 stories
- Sharon Building, 9 stories
- Telephone and Telegraph Tower, 26 stories
- Williams Building, 8 stories
- Aronson Building, 10 stories

The Conservation District also includes a number of non-contributing towers. Examples include:

- St. Regis, 42 stories
- UC Berkeley Extension SOMA Center/Paramount Residences, 43 stories
- 90 New Montgomery, 15 stories
- 33 New Montgomery. 20 stories

ANALYSIS OF NEW CONSTRUCTION'S COMPATIBILITY WITH THE NEW MONTGOMERY, MISSION & SECOND STREET CONSERVATION DISTRICT

As proposed, the tower footprint is approximately 12,990 square feet. The Aronson Building lot is approximately 15,459 square feet. The proposed tower will occupy approximately 23% of that lot. Approximately 27% of the tower footprint will be within the Conservation District.

Article 11 of the Planning Code states that construction of new buildings in the Conservation District shall be compatible with Conservation District in general, and that emphasis should be placed on compatibility with those buildings in the area where the new construction will be located. (Section 1113(a); Art. 11, Appendix F, Sections 6 & 7).

The buildings within the Conservation District that are in the area where the proposed tower will be constructed are:

1. The Hearst Parking Center garage at Third and Jesse Streets: 9 stories in height and is a full block building. The building is not a contributor to the Conservation District and is contemporary in style.
2. UC Berkeley Extension SOMA Center/Paramount Residences at Third and Mission streets: 43 stories in height and occupies about two-thirds of the block. The building is not a contributor to the Conservation District and is contemporary in style.
3. St. Regis Hotel & Residences at Third and Mission streets: 42 stories in height and is contemporary in style.Not a contributor.
4. Williams Building at Third and Mission streets: 8 stories in height and is a contributor to the Conservation District.
5. Aronson Building at Third and Mission Streets: 10 stories in height and is a contributor to the Conservation District.

Pursuant to Appendix F to Article 11, Section 7 (a), the features of new construction that are to be considered for compatibility with the Conservation District are composition and massing, scale, materials and colors, and detailing and ornamentation. The proposed tower would be compatible with the standards set forth in Section 7 of Appendix F.

Composition and Massing (Section 7(b)(1)): Buildings within the Conservation District are generally built to the property line and occupy the entire parcel. They are square or rectangular in plan and their primary facades face the street. Both horizontal and vertical orientations are common in the Conservation District but in the case of the two contributing buildings nearest the proposed tower, the Williams Building and the Aronson Building, both have a vertical orientation. The masonry materials common within the Conservation District

express mass and weight. Most contributors to the Conservation District have either a two-part or three-part vertical composition.

The proposed tower is generally rectangular in plan and its primary façades face Mission Street and Jessie Square. It has a vertical orientation, similar to both the Aronson Building and the Williams Building. The proposed tower would have stone as one of its primary cladding materials that would express weight and mass, a common feature in the Conservation District. The proposed tower has a two-part composition with a clear base and shaft.

Article 11 notes that contributing buildings in the Conservation District "are often divided into bays which establish a steady rhythm...which breaks the façade into discrete segments." (Article 11, Appendix F, Section 6). The shaft of the proposed tower consists of alternating planes of glass and stone that effectively break the façade. The tower shares several common composition and massing features with buildings located in the Conservation District and is generally compatible with regard to composition and massing.

Scale (Section 7(b)(2)): Article 11 acknowledges that heights of contributing buildings within the Conservation District vary and range from the two-story Burdette Building at 90 Second Street to the 26-story Telephone and Telegraph Tower at 140 New Montgomery. Within the immediate vicinity of the proposed tower, the contributing Aronson Building and the Williams Building are 10 and 8 stories in height, respectively. There are also several non-contributing high-rise towers located within the Conservation District, including the St. Regis Hotel & Residences (42 stories, 484 feet), which is located less than half a block down Mission Street from the project site, and the UC Berkeley Extension SOMA Center/Paramount Residences (43 stories, 420 feet), which is located directly across Third Street from the project site.

Article 11, Appendix F, Section 7 (b)(2) states that scale "can be accomplished in a variety of ways, including: a consistent use of size and complexity of detailing with regard to surrounding buildings..." The proposed tower addresses compatibility of scale through composition and architectural articulation. The two-part composition of the tower includes a four-story base that would maintain a pedestrian environment and relate to the scale of smaller immediately adjacent buildings within the Conservation District. The vertical planes of the tower would break the façade of the building into smaller sections and effectively reduce the scale of the tower.

Furthermore, the tower would be located in a setting of existing towers, including existing towers within the Conservation District, so that the proposed tower could be said to be placed into a neighborhood of towers. As shown on the map of the Conservation District attached as Exhibit A,

the Conservation District includes 7 existing towers of heights up to 484 feet, two of which are located in the immediate vicinity of the proposed tower. Furthermore, the recently adopted Transit Center District Plan contemplates the development of 5 additional towers within the Conservation District of heights of up to 600 feet in height. (Exhibit A) The proposed tower is compatible with the scale of the Conservation District and the variety of heights of contributing and non-contributing buildings within the Conservation District.

Materials and Colors (Section 7(b)(3)): Masonry is the predominant building material in the Conservation District. Masonry materials typically found in the Conservation District include brick, terra cotta and stone. Light or medium earth tones prevail in the Conservation District. The proposed tower will be clad in glass and stone. The stone is proposed to be light in tone. The proposed tower will therefore be compatible with the predominant materials and colors in the Conservation District.

Detailing and Ornamentation (Section 7(b)(4)): Detailing and ornamentation on buildings within the Conservation District range from classical ornamentation in the commercial office buildings to minimal ornamentation on the warehouse buildings. The two contributors to the Conservation District near where the tower will be built, the Aronson Building and Williams Building, are classical in ornamentation. The proposed tower is contemporary in design, however it responds to the Aronson Building through its compositional organization and detailing. The tower's Mission Street entry is scaled to a similar height as the Aronson Building's original extant entry on Mission Street. The vertical planes of the proposed tower also respond to the vertical organization and rhythm of the Aronson Building. The base of the tower is compatible with the organization of the Aronson and Williams Buildings which both demonstrate a well-articulated base.

STANDARDS 9 & 10

The *Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings* ("*Secretary's Standards*") are consistent with Article 11, Appendix F, and the proposed tower conforms to the *Secretary's Standards*.

Standard 9 states, "New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment."

As discussed in the memo to Pilar LaValley, Planning Department Staff, [dated May 3, 2013], the proposed tower has been conceived and designed as adjacent and related new construction. As

discussed in the EIR, the construction of the tower will not remove or destroy historic materials that characterize the Aronson Building. (DEIR IV.D.54-55) The design of the proposed tower is contemporary and differentiated from the Aronson Building; however, as described above, the design of the tower addresses compatibility in composition and massing, scale, materials and colors, and detailing and ornamentation. The tower design is consistent with Standard 9.

Standard 10 states, "New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property would be unimpaired."

The proposed tower will be built adjacent to the original walls of the Aronson Building. Its original form and massing will remain intact. If the tower is removed in the future, the form and integrity of the Aronson Building would be unimpaired, and its original form and massing could continue to remain intact. Conversely, the construction of the proposed tower adjacent to the Aronson Building will provide seismic strength to the historic resource. Without the construction of the proposed tower, seismically upgrading the Aronson Building would require a more invasive approach and the removal of much more historic fabric in order to accommodate an internal bracing system. Furthermore, the proposed tower would be constructed in the location of an existing non-historic addition, and replacing the existing non-historic addition with the proposed tower would not result in the loss of any character-defining features. Similarly, if the proposed tower were removed in the future, its removal would not result in the loss of character-defining features. The proposed tower is consistent with Standard 10.

CONCLUSION

Approximately 27% of the tower's footprint would be located within the Conservation District. While the proposed tower is contemporary in style and taller than other contributing buildings within the Conservation District, it is consistent with Article 11's standards for compatibility. The proposed tower is compatible in composition and massing, and in materials and color. The tower's scale provides strong base elements and proportions that relate well to the Aronson Building, and the vertical scale is broken down through the multiple vertical planes rather than one solid face. Detailing is simple and contemporary but generally responds to the organization of the Aronson Building. The tower's setting is one that includes a number of existing towers in the immediate vicinity both inside and outside of the Conservation District's boundaries, and additional towers are contemplated in the Conservation District by the Transit Center District Plan. The proposed tower fits within its local contextual setting of a mix of historical buildings and contemporary towers in the downtown core area of the City, and is consistent and compatible with the Conservation District pursuant to Article 11.

Exhibit A

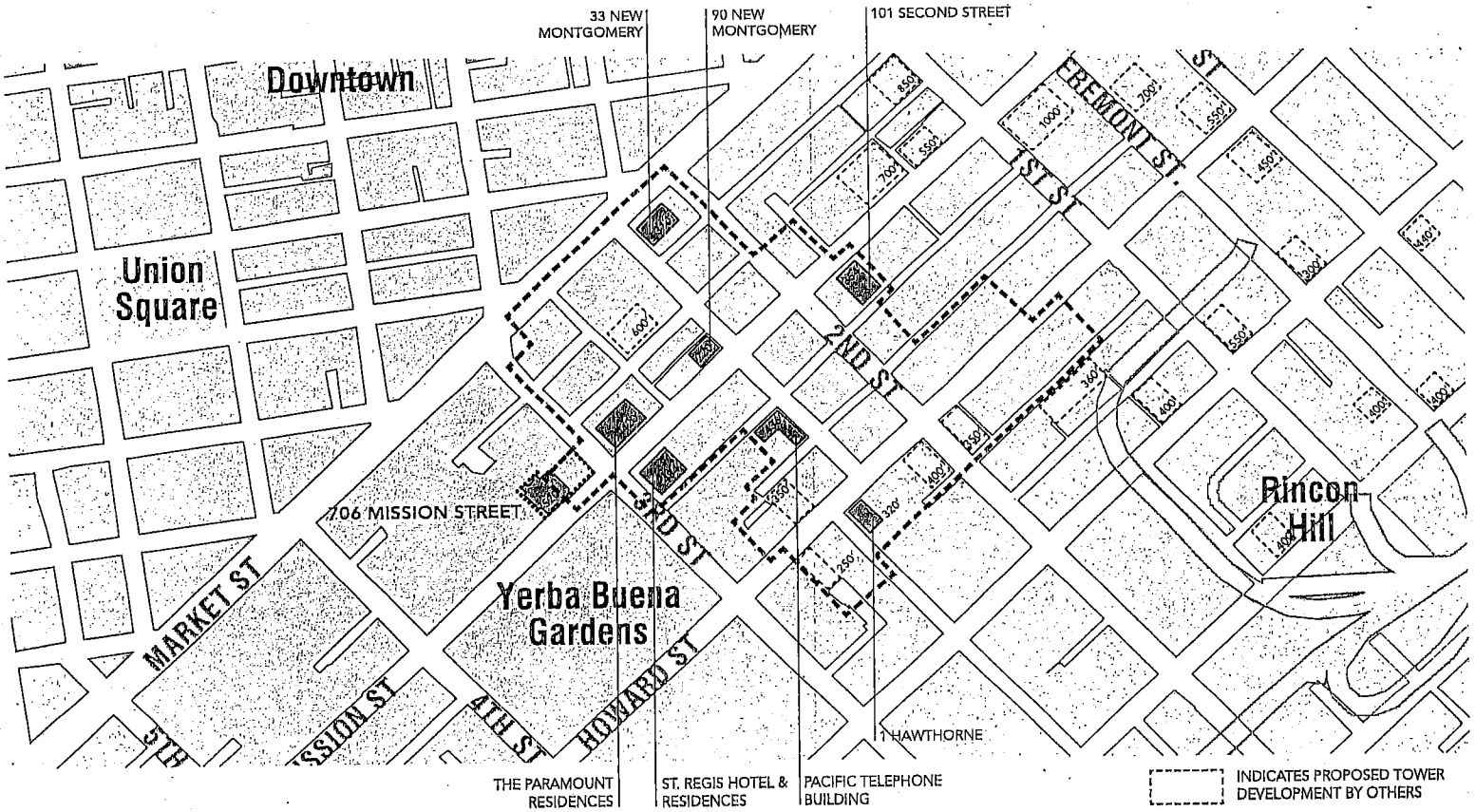
Map of Conservation District

[Attached]

1000 Sansome Street, Suite 200, San Francisco, California 94111 | T 415.362.5154 F 415.362.5560 | www.page-turnbull.com

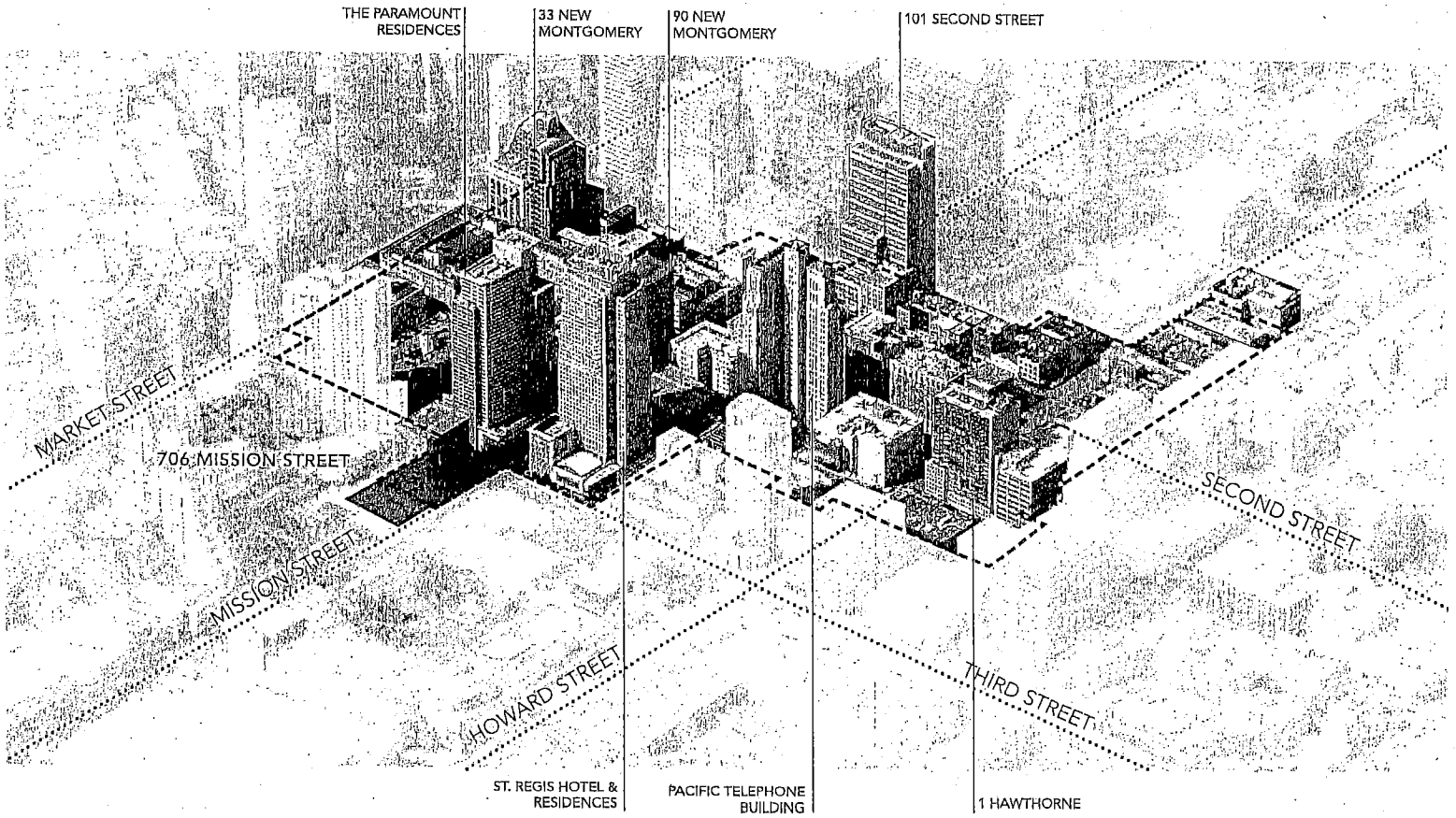
5565

NEW MONTGOMERY – MISSION – SECOND STREET CONSERVATION DISTRICT



This map shows the boundaries of the New Montgomery - Mission - Second Street Conservation District and the height and location of existing and proposed towers within the Conservation District.

NEW MONTGOMERY – MISSION – SECOND STREET CONSERVATION DISTRICT



5566

Lamug, Joy

From: Tom Lippe [tlippe@lgwlawyers.com]
Sent: Friday, June 28, 2013 3:29 PM
To: Lamug, Joy
Cc: Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Byrne, Marlena; Boyajian, Judy; Sanchez, Scott; Jones, Sarah; Rodgers, AnMarie; Frye, Tim; Yegazu, Lily; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Dayrit, Erica; 'Engler, Daniel M.'
Subject: RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street
Attachments: LGW 024 062813 Notice of Parties.pdf

Dear Ms Lamung

Please see attached letter responding to your request for the names of interested parties.

Tom Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, CA 94107
Tel 415 777-5600 x 202
Fax 415 777-9809
e-mail: tlippe@lgwlawyers.com
Web: www.lgwlawyers.com and www.lippelaw.com

From: Lamug, Joy [mailto:joy.lamug@sfgov.org]
Sent: June 21, 2013 3:38 PM
To: tlippe@lgwlawyers.com
Cc: Givner, Jon; Stacy, Kate; Ruiz-Esquide, Andrea; Byrne, Marlena; Boyajian, Judy; Sanchez, Scott; Jones, Sarah; Rodgers, AnMarie; Frye, Tim; Yegazu, Lily; Guy, Kevin; Ionin, Jonas; BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela; Caldeira, Rick; Da
Subject: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear Mr. Lippe:

The Office of the Clerk of the Board is in receipt of a memorandum dated June 20, 2013, from the City Attorney's Office regarding the appeal of the Historic Preservation Commission's decision on a Major Permit to Alter relating to 706 Mission Street.

The City Attorney has determined that the appeal is appealable to the Board of Supervisors.

I have attached a copy of the City Attorney's memorandum for further explanation.

A hearing date has been scheduled on **Tuesday, July 9, 2013, at 3:00 p.m.**, at the Board of Supervisors meeting to be held in City Hall, Legislative Chamber, Room 250, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

P Please provide 1 electronic copy and 18 hard copies to the Clerk's Office by:

8 **8 days prior to the hearing:** any documentation which you may want available to the Board members prior to the hearing;

11 days prior to the hearing: names of interested parties to be notified of the hearing.

If you have any questions, please feel free to contact Legislative Director, Rick Caldeira at (415) 554-7711 or Legislative Clerk, Joy Lamug at (415) 554-7712.

Joy Lamug
Board of Supervisors-Clerk's Office
1 Dr. Carlton B. Goodlett Place,
City Hall, Room 244
San Francisco, CA 94102
Phone: (415) 554-7712
Email: joy.lamug@sfgov.org

Le 130664 orig: Leg Clerk BOS-11 COB Deputy attny 1 page

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO • 329 Bryant St., Ste. 3D, San Francisco, CA 94107 • T 415.777.5600 • F 415.777.9809
SACRAMENTO • 9333 Sparks Way, Sacramento, CA 95827 • T 916.361.3887 • F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

June 28, 2013

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: **Appeal of May 15, 2013 Historic Preservation Commission Article 11 Determination; Motion No. 0197.**

Dear Ms. Calvillo:

This office represents the 765 Market Street Residential Owner's Association ("ROA"), Friends of Yerba Buena ("FYB"), Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Appellants"), regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project").

I am writing in response to your letter dated June 21, 2013 requesting, 11 days prior to the hearing on this appeal, "the names of interested parties to be notified of the hearing." Your letter does not define "interested parties" or cite to any ordinance providing a definition. Nevertheless, the interested parties of which I am aware include:

1. My clients listed in the first paragraph of this letter.
2. Millennium Partners (the applicant).
3. Tenants and Owners Development Corporation (an appellant on the prior appeal of the EIR).
4. Yerba Buena Neighborhood Consortium (an appellant on the prior appeal of the EIR).

Thank you for your attention to this matter.

Very Truly Yours,

Tom Lippe

Thomas N. Lippe

\\Lgw-server\tl\706 Mission\Administrative Proceedings\LGW Docs\BOS HPC Art 11 Appeal\LGW 024 062813 Notice of Parties.wpd

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

June 21, 2013

Thomas N. Lippe, Esq.
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, CA 94107

Subject: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter Relating to 706 Mission Street

Dear Mr. Lippe:

The Office of the Clerk of the Board is in receipt of a memorandum dated June 20, 2013, from the City Attorney's Office regarding the appeal of the Historic Preservation Commission's decision on a Major Permit to Alter relating to 706 Mission Street.

The City Attorney has determined that the appeal is appealable to the Board of Supervisors.

I have attached a copy of the City Attorney's memorandum for further explanation.

A hearing date has been scheduled on **Tuesday, July 9, 2013, at 3:00 p.m.**, at the Board of Supervisors meeting to be held in City Hall, Legislative Chamber, Room 250, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Please provide 1 electronic copy and 18 hard copies to the Clerk's Office by:

8 days prior to the hearing:	any documentation which you may want available to the Board members prior to the hearing;
11 days prior to the hearing:	names of interested parties to be notified of the hearing.

If you have any questions, please feel free to contact Legislative Director, Rick Caldeira at (415) 554-7711 or Legislative Clerk, Joy Lamug at (415) 554-7712.

Very truly yours,

Angela Calvillo
Clerk of the Board

c:
Applicant, Margo Bradish, Cox Castle & Nicholson LLP, 555 California Street, 10th Floor, San Francisco, CA 94104
Jon Givner, Deputy City Attorney
Kate Stacy, Deputy City Attorney
Andrea Ruiz-Esquide, Deputy City Attorney
Marlena Byrne, Deputy City Attorney
Judy Boyajian, Deputy City Attorney
Scott Sanchez, Zoning Administrator, Planning Department
Sarah Jones, Acting Environmental Review Officer, Planning Department
AnMarie Rodgers, Manager of Legislative Affairs, Planning Department
Tim Frye, Project Planner, Planning Department
Lily Yegazu, Project Planner, Planning Department
Kevin Guy, Project Planner, Planning Department
Jonas Ionin, Acting Planning Commission Secretary

Orig: Leg Clerk, c: BOS-11 COB, Leg Dep. cpage

CITY AND COUNTY OF SAN FRANCISCO

DENNIS J. HERRERA
City Attorney

OFFICE OF THE CITY ATTORNEY

JON GIVNER
Deputy City Attorney

DIRECT DIAL: (415) 554-4694
E-MAIL: jon.givner@sfgov.org

MEMORANDUM

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Jon Givner
Deputy City Attorney

DATE: June 20, 2013

RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter relating to 706 Mission Street

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2013 JUN 20 PM 12:54
PN

You have asked for our advice regarding whether the decision of the Historic Preservation Commission ("HPC") to approve a Major Permit to Alter for the property located at 706 Mission Street is appealable to the Board of Supervisors. You have forwarded for our review a letter from Thomas N. Lippe, on behalf of 765 Market Street Residential Owner's Association, received by the Clerk's Office on June 13, 2013. The Appellant provided a copy of HPC Motion No. 0197, approving the Major Permit to Alter at its meeting on May 15, 2013.

The work proposed under the Major Permit to Alter is part of a larger project on three parcels at the northwest corner of Third and Mission Streets, including rehabilitation of the Aronson Building and construction of a new, adjacent tower (the "Project"). On June 11, 2013, the Planning Commission introduced an ordinance to create a Yerba Buena Center Mixed-Use Special Use District and amend the Zoning Map to facilitate the Project (Board File No. 130570). The legislation is currently pending at the Board of Supervisors Land Use Committee, and requires Board of Supervisors approval.

Under the Planning Code, the HPC's decision on a Permit to Alter may be appealed to the Board of Appeals, "provided, however, that if the project requires Board of Supervisors approval or is appealed to the Board of Supervisors as a Conditional Use Authorization, the decision shall not be appealed to the Board of Appeals but rather to the Board of Supervisors, which may modify the decision by a majority vote." Planning Code § 1115. Because the Project would require at least one further approval from the Board of Supervisors, it is appealable to the Board of Supervisors.

Additionally, under the Planning Code, an appeal of a Permit to Alter must be filed within 30 days after the date of the final action by the HPC. *See* Planning Code § 1115. Here, the HPC acted on May 15, and the Appellants filed their appeal on June 13—within 30 days of the HPC's decision. Accordingly, the appeal of this Permit to Alter is both properly made to the Board of Supervisors and timely, and you should so inform the Appellant.

Please let us know if we may be of further assistance.

Cc: Rick Caldeira, Deputy Director, Clerk of the Board
Joy Lamug, Clerk of the Board's Office
Kate Stacy, Deputy City Attorney

Memorandum

TO: Angela Calvillo, Clerk of the Board of Supervisors
DATE: June 20, 2013
PAGE: 2
RE: Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter relating to 706 Mission Street

Andrea Ruiz-Esquide, Deputy City Attorney
Marlena Byrne, Deputy City Attorney
Judy Boyajian, Deputy City Attorney
Scott Sanchez, Zoning Administrator, Planning Department
AnMarie Rodgers, Planning Department
Tim Frye, Planning Department
Jonas Ionin, Planning Department
Lily Yegazu, Planning Department
Kevin Guy, Planning Department

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

June 14, 2013

To: Jon Givner
Deputy City Attorney

From: Rick Caldeira
for Legislative Deputy Director

Subject: Historic Preservation Commission's Approval of the Permit to Alter relating to 706 Mission Street

The above referenced appeal was filed with the Office of the Clerk of the Board on June 13, 2013, by Thomas Lippe on behalf of 765 Market Street Residential Owner's Association, et al.

I am forwarding this appeal, with the attached documents, to the City Attorney's Office to determine if it is appealable to the Board of Supervisors. The City Attorney's determination should be made within 3 working days of receipt of this request.

If you have any questions, please feel free to contact Legislative Deputy Director, Rick Caldeira at (415) 554-7711.

c: Kate Stacy, Deputy City Attorney
Marlena Byrne, Deputy City Attorney
Elaine Warren, Deputy City Attorney
Scott Sanchez, Zoning Administrator, Planning Department
Bill Wycko, Environmental Review Officer, Planning Department
AnMarie Rodgers, Planning Department
Lily Yegazu, Planning Department
Tim Frye, Planning Department
Jonas Ionin, Acting Commission Secretary, Planning Department

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO • 329 Bryant St., Ste. 3D, San Francisco, CA 94107 • T 415.777.5600 • F 415.777.9809
SACRAMENTO • 9333 Sparks Way, Sacramento, CA 95827 • T 916.361.3887 • F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

June 13, 2013

Board President David Chiu and Members of the Board of Supervisors
c/o Ms. Angela Calvillo
Clerk of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: **Notice of Appeal of May 15, 2013 Historic Preservation Commission Article 11 Determination; Motion No. 0197.**

Dear President Chiu and Supervisors:

This office represents the 765 Market Street Residential Owner's Association ("ROA"), Friends of Yerba Buena ("FYB"), Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Appellants"), regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project"). Appellants hereby give notice of their appeal of the Historic Preservation Commission's ("Commission") Motion No. 0197, approved on or about May 15, 2013. A copy of the said Motion is attached hereto as **Exhibit 1**. Further documentation in support of this appeal will follow prior to the Board hearing.

Under the terms of Motion No. 0197, Planning Code section 1115, and City Charter section 4.135, this appeal of the Commission's decision on the Permit to Alter shall be appealed to the Board of Supervisors ("Board") because the Permit requires Board approval (i.e., in the form of the proposed Special Use District and zoning map amendment to increase the maximum building height).

Appellants appeal: (1) the Commission's approval of a Major Permit to Alter for the Project; (2) the Commission's California Environmental Quality Act Findings, including its Statement of Overriding Considerations; (3) the Commission's adoption of a Mitigation Monitoring and Reporting Program ("MMRP").

The grounds for this appeal include:

1. The Project tower violates Planning Code Article 11, section 1111.6(c)(6) because the Project will increase the height of the Aronson Building by more than one story.

2. The Project tower violates Planning Code Article 11, section 1111.6(c)(6) because the Project tower is not compatible in scale with the Aronson Building.

3. The Project tower violates Planning Code Article 11, section 1113(a) because the tower is not compatible in scale and design with the New Montgomery-Mission-Second ("NMMS") Conservation District. as set forth in Sections 6 and 7 of Appendix F.

4. The Project tower violates Planning Code Article 11, section 1111.6(a) because the alteration is not consistent with and appropriate for the effectuation of the purposes of this Article 11.

5. The Project tower violates Planning Code Article 11, section 1111.6(b) because the work does not comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties and Rehabilitation.

6. The Commission adopted the following CEQA Findings regarding historic resources:

a. The proposed rehabilitation, repair, and reuse of the Aronson Building under the proposed project would not cause a substantial adverse change in the significance of the Aronson Building as a historical resource under CEQA. (Impact CP-5).

b. The proposed project tower would not cause a substantial adverse change in the significance of the Aronson Building historical resource. (Impact CP-6).

c. The proposed project tower would not cause a substantial adverse change in the significance of nearby historical resources (Impact CP-7).

d. The proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant impact on historic architectural resources (Impact CP-2).

The Commission did not proceed in the manner required by law in making these findings and they are not supported by substantial evidence in the record.

7. The Commission also adopted a CEQA Findings, in Section IV of Exhibit 1, that further mitigation of the Project's significant cumulative shadow impact on Union Square by reducing the height of the tower, is infeasible, The Commission did not proceed in the manner required by law in making this findings and it is are not supported by substantial evidence in the record.

The Project EIR does not analyze any mitigation measure or alternative that calls for a tower lower than 520 feet but higher than 351 feet that would "substantially lessen" the impact, even if it would not entirely avoid the impact. Further, the applicant's analysis of the financial feasibility of Project alternatives (i.e., the May 8, 2013 report by Economic and Planning Systems) does not

examine the financial feasibility of any such mitigation measure. The EPS report does show, however, that there are feasible alternative tower heights lower than 520 feet. Therefore, the Commission cannot make the finding required by CEQA that there are no feasible mitigation measures that would "substantially lessen" this impact.

Perhaps in recognition of this fact, the applicant changed the Project by lowering the tower to 480/510 feet. But this does not solve the legal problem, because there are still tower heights below 480/510 feet that are financially feasible that would lessen the shadow impact on Union Square.

At a minimum, the EIR needs to be revised and recirculated to explain these matters in more detail, and in a manner that allows the public to meaningfully participate in the discussion. To date, the public has been systematically excluded from participating in the discussion of feasible mitigation measures that would substantially lessen this impact.

Also, just before the May 23, 2013, Planning Commission and Recreation and Park Commission hearing on this matter, the Planning Department recommended to these Commissions that the amount of sunlight "added back" to Union Square Park by the Macy's remodel be included in the increase in the Absolute Cumulative Shadow Limit being adopted for Union Square to accommodate this Project. So just like that, a very real environmental resource was erased, and without any discussion of doing so in the EIR or a revised and recirculated EIR. This last minute change altered the Project Description, the baseline for assessing the Project's shadow impacts on Union Square, and the severity of this impact. Therefore, CEQA requires that the City revise and recirculate the EIR before any agency of the City, including the HPC, makes the CEQA Findings required by Public Resources Code section 21081.

8. The EIR does not disclose that the Historic Preservation Commission has permitting jurisdiction over the Project, nor disclose that a Permit to Alter is a required Project approval.

9. The EIR has not properly analyzed how the project conflicts with the San Francisco Planning Code and will result in significant impacts to historical resources.

10. The EIR's cumulative impact analysis impermissibly compares the Project impacts to the already degraded setting.

11. The EIR employs an arbitrary standard of "views within the district" to determine that impacts to historical resources are not significant.

Thank you for your attention to this matter.

Very Truly Yours,

Tom Lippe

Thomas N. Lippe

L:\706 Mission\Administrative Proceedings\LGW Docs\BOS HPC Art 11 Appeal\LGW 021d 061413 Notice of HPC Appeal to BOS.wpd

Exhibit 1

SAN FRANCISCO
PLANNING DEPARTMENT

1650 Mission St.
1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Historic Preservation Commission
Motion No. 0197
Permit to Alter
MAJOR ALTERATION

HEARING DATE: MAY 15, 2013

Filing Date:	October 24, 2012
Case No.:	2008.1084H
Project Address:	706 Mission Street
Conservation District:	New Montgomery-Mission-Second Conservation District
Category:	Category I (Significant) – Aronson Building
Zoning:	C-3-R (Downtown Retail) 400-I Height and Bulk District
Block/Lot:	3706/093
Applicant:	Margo Bradish - mbradish@coxcastle.com Cox Castle & Nicholson LLP 555 California Street, 10th Floor San Francisco, CA 94104
Staff Contact	Lily Yegazu - (415) 575-9076 lily.yegazu@sfgov.org
Reviewed By	Tim Frye - (415) 557-6822 tim.frye@sfgov.org

ADOPTING FINDINGS, INCLUDING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, FOR A PERMIT TO ALTER FOR PROPOSED WORK DETERMINED TO BE APPROPRIATE FOR AND CONSISTENT WITH THE PURPOSES OF ARTICLE 11, TO MEET THE STANDARDS OF ARTICLE 11 AND TO MEET THE SECRETARY OF INTERIOR'S STANDARDS FOR REHABILITATION, FOR THE PROPERTY LOCATED AT 706 MISSION STREET (ASSESSOR'S BLOCK 3706, LOTS 093, 275, AND PORTIONS OF LOT 277), WITHIN THE C-3-R (DOWNTOWN OFFICE) DISTRICT AND THE 400-I HEIGHT AND BULK DISTRICT.

PREAMBLE

WHEREAS, on October 24, 2012, Margo Bradish, Cox Castle & Nicholson LLP on behalf of the property owner, 706 Mission Street Co LLC, a Delaware limited liability company ("Applicant") filed an application with the San Francisco Planning Department ("Department") for a Permit to Alter for an interior and exterior rehabilitation, as well as seismic upgrade of the Aronson Building and new related construction of a 47-story, 550'-tall tower with up to 215 residential units and a museum (the future home of The Mexican Museum) adjacent to the Aronson Building and located partially within the new

Montgomery-Mission-Second Street Conservation District. The project would also reconfigure portions of the existing Jessie Square Garage to increase the number of parking spaces from 442 spaces to 470 spaces, add loading and service vehicle spaces, and would allocate up to 215 parking spaces within the garage to serve the proposed residential uses.

On June 27, 2012, the Department published a draft Environmental Impact Report (EIR) for public review. The draft EIR was available for public comment until August 13, 2012. On August 2, 2012, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to solicit comments regarding the draft EIR. On March 7, 2013, the Department published a Comments and Responses document, responding to comments made regarding the draft EIR prepared for the Project. The DEIR, together with the Responses to Comments constitute the Final EIR.

On March 21, 2013, the Planning Commission, by Motion No. 18829, certified the Final EIR, finding that the contents of said report and the procedures through which the Final EIR was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA"), 14 California Code of Regulations Sections 15000 et seq. ("the CEQA Guidelines"), and Chapter 31 of the San Francisco Administrative Code ("Chapter 31").

The certification of the FEIR was appealed to the Board of Supervisors. On May 7, 2013, the Board of Supervisors rejected the appeal and affirmed the certification of the FEIR.

The Planning Department is the custodian of records, located in the File for Case No. 2008.1084E, at 1650 Mission Street, Fourth Floor, San Francisco, California.

Department staff prepared a Mitigation Monitoring and Reporting Program ("MMRP"), which material was made available to the public and this Commission for this Commission's review, consideration and action. The mitigation measures described in the Final EIR are set forth in their entirety in the MMRP attached to this Motion as Exhibit 2.

WHEREAS, on May 15, 2013, the Historic Preservation Commission conducted a duly noticed public hearing on the Permit to Alter project, Case No. 2008.1084H ("Project") to consider its compliance with the Secretary of the Interior's Standards and Article 11 of the Planning Code.

WHEREAS, in reviewing the Application, the Historic Preservation Commission has had available for its review and consideration case reports, plans, and other materials pertaining to the Project contained in the Department's case files, including the FEIR, has reviewed and heard testimony and received materials from interested parties during the public hearing on the Project.

MOVED, that the Historic Preservation Commission hereby adopts findings under the California Environmental Quality Act, Public Resources Code §§21000 *et seq.* (CEQA), the CEQA Guidelines, 14 Cal. Code. Regs. §§15000 *et seq.*, and Chapter 31 of the San Francisco Administrative Code, including a statement of overriding considerations (attached hereto as Exhibit 1); adopts the MMRP for the proposed project (attached hereto as Exhibit 2); and grants the Permit to Alter, in conformance with the architectural plans labeled Exhibit H on file in the docket for Case No. 2008.1084H and the listed conditions based on the following findings:

CONDITIONS OF APPROVAL

Storefront

(1) Construction details of the proposed storefront and entrance doors that indicate all exterior profiles and dimensions shall be based on historic photograph documentation and shall be subject to review and approval by Department Preservation Staff prior to the approval of the architectural addendum.

(2) All storefront finishes shall have a non-metallic powder coated or painted finish. All color and finish samples for storefronts shall be submitted to Department Preservation Staff for review and approval as part of the architectural addendum.

Entryway

(3) The final design incorporating any historic fabric if discovered and, including shop drawings for the new contemporary arched opening proposed along the Mission Street façade shall be based on photographic or physical evidence and shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(4) All exterior materials and finish samples shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of site permit or architectural addendum.

Canopy

(5) Final design, including finish and materials to match proposed storefronts, and shop drawings for the attachment details of the canopies at the Third Street entry and north façade shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the architectural addendum.

(6) Attachment details of the proposed canopies indicating that the canopies will be attached in a manner that will avoid damage to the historic fabric shall be submitted for review and approval by Department Preservation Staff prior to approval of the architectural addendum.

Signage

(7) The sign program for the Aronson Building, including lighting proposed, shall be submitted for review and approval by staff under a new (Minor) Permit to Alter at a later date.

Existing Windows

(8) The replacement windows for the non-historic windows on the Third and Mission Street elevations shall be wood windows that closely match the configuration, material, and all exterior profiles and dimensions of the historic windows based on historic photographic evidence.

Exterior Repairs

(9) Documentation indicating the results of a thorough façade inspection shall be submitted for review and approval by Department Preservation Staff. The façade inspection document shall clearly identify the extent of damage and the parts that will be repaired, replaced in kind or those that are damaged beyond repair, requiring replacement with substitute materials.

Colusa Sandstone

(10) Cleaning of the Colusa sandstone shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings. The coating or paint type, color, and layering on the Colusa sandstone shall be researched before attempting its removal. Analysis of the nature of any unsound materials or paint to be removed from the sandstone shall be submitted to Department Preservation Staff for review and approval. In addition, initial testing shall be done on a small obscure location on the façade. All existing coatings shall be removed from the sandstone by gentlest means possible. A mock-up of proposed coating shall be conducted prior to selection of a product to ensure that coating shall not alter the natural finish, color or texture of the stone.

Terra Cotta

(11) Cleaning of the terra cotta shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning. In addition, cleaning of the terra cotta shall proceed with the gentlest means, which may require several mock-ups prior to selection of the proper techniques as determined by a qualified preservation architect.

Architectural Cast Iron

(12) All proposed replacement of missing elements within the architectural features shall be in kind. Only in instances where entire features are missing (e.g. scroll capitals along Third Street) shall be replaced with substitute material after review and approval by Department Preservation Staff.

Exterior Paint

(13) Prior to application of the exterior paint finish on the cast iron, a paint analysis shall be performed on representative samples after proper cleaning of the existing materials for review and approval by Department Preservation Staff.

Sheet Metal

(14) Substitute materials shall not be used to repair the existing cornice or replace missing cornice details and instead shall be replaced in-kind.

Substitute Materials

(15) A mock-up of any replacement material proposed shall be reviewed and approved by Department Preservation Staff prior to installation.

(16) Specifications and shop drawings for all replacement of the exterior materials on the Aronson Building shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(17) The replacement material shall closely match the characteristics of the historic material. The shop drawings for any replacement material proposed shall be included in the architectural addendum and are subject to review and approval by Department Preservation Staff to ensure that the replacement features, if applicable, closely match all exterior profiles, dimensions, and detailing

of the historic features as well as match the color, tone, and texture from a representative range of cleaned samples from the building

(18) Prior to the production of the building features proposed to be replaced with substitute materials and the approval of the architectural addendum, Department Preservation Staff shall review site mock-ups of the replacement materials, including a mock-up of all exterior finish.

New Window Openings

(19) The frames and finishes of the new windows proposed on the upper floors of the north façade shall match those proposed for the storefronts along the Third and Mission Street facades as well as the storefronts on the north façade.

Rooftop Addition

(20) Final design, including details and finish material samples of the proposed solarium and glass railing/windscreen on the roof shall be reviewed and approved by Department Preservation Staff.

Tower Height and Massing

(21) Any reduction of the overall height and massing of the proposed tower adjacent to the Aronson Building shall be reviewed and approved by Department Preservation staff provided that all other conditions of approval outlined in this motion are met.

(22) The Project Sponsor shall continue to work with Department Preservation staff on the design of the tower base in order to ensure compatibility with the adjacent Aronson Building, the New Montgomery-Mission-Second Street Conservation District and surrounding context. Specifically, the materials, finishes, character and massing of the base of the tower shall be further refined to be of pedestrian scale. This final design of the tower base shall return to the Architectural Review Committee of the Historic Preservation Commission for review and comment to confirm that these issues have been addressed prior to approval of the architectural addendum.

FINDINGS

Having reviewed all the materials identified in the recitals above and having heard oral testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and also constitute findings of the Commission.

2. Findings pursuant to Article 11:

The Historic Preservation Commission has determined that the proposed work is compatible with the exterior character-defining features of the subject building and meets the requirements of Article 11 of the Planning Code:

- That the proposed additions and alterations respect the character-defining features of the subject building;
- That the architectural character of the subject building will be maintained and those features that affect the building's overall appearance that are removed or repaired shall be done so in-kind;
- All architectural elements and cladding will repaired where possible in order to retain as much historic fabric

as possible;

- That the proposal calls for retaining sound historic materials and replacing in-kind or with salvaged materials when necessary;
- That the integrity of distinctive stylistic features and examples of skilled craftsmanship that characterize the Aronson Building will be preserved;
- That the new addition on the rooftop will have a contemporary design that is compatible with the size, scale, color, material, and character of the Aronson Building and surroundings, and will not destroy significant features of the building;
- That the new addition on the rooftop will be minimally visible from the public right-of-way as it will be one-story in height over the roof level, setback approximately 23' setback from the Third Street façade and 27' setback from the Mission Street façade, and cover less than 75% of the roof area;
- That the installation of the proposed new elements, such as the rooftop solarium, railings on the rooftop, windows on the north elevation, and storefronts on the two primary elevations, the north (secondary) elevation as well as the proposed adjacent tower, will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired;
- That the proposed work will not cause the removal, alteration, or obstruction of any character-defining features of the Aronson Building. The portions of the wall proposed to be removed for the creation of window openings on the north elevation will not remove more than 30% of the wall area, will not remove any distinctive materials or significantly alter the historic character of the Aronson Building. In addition, all structural, mechanical, electrical, plumbing installations will be designed in a manner which does not affect any character-defining features of the buildings and will occur in areas that are not visible from the street;
- That the proposed alterations and related adjacent construction will be carefully differentiated from the existing historic Aronson Building and will be compatible with the character of the property and district, including the proposed glass railings/windscreens, windows and doors, storefronts, rooftop addition and adjacent tower;
- That any chemical or physical treatments will be undertaken using the gentlest means possible and under the supervision of a historic architect or conservator;
- That Mitigation Measure M-NO-2c: Vibration Monitoring and Management Plan, of the *Mitigation Monitoring and Reporting Program for the 706 Mission Street – Mexican Museum Project Environmental Impact Report* pertaining to the potential for direct physical damage to the Aronson Building resulting from vibration during construction of the proposed project tower will ensure the protection of the Aronson Building.
- That the proposed project meets the following *Secretary of the Interior's Standards for Rehabilitation*:

  Standard 1:
  A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

  The *project will retain commercial uses, or introduce new uses that will be compatible with the Aronson Building. With the exception of the Aronson Building structural system and window frames at upper floors, there are no character-defining features on the interior. The window frames and the structural system will be retained and the new interior layout and features, including partition walls, stairs and other*

major building elements will be designed in a manner that will not obscure the fenestration of the rehabilitated Third and Mission Street facades. Therefore, the proposed alteration of the interior to accommodate the new use will not impact historic fabric or features that characterize the Aronson Building.

Standard 2:
The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.

The existing Aronson Building will be maintained and protected prior to and during construction to prevent deterioration and/or damage, and ensure preservation of historic fabric. In addition, the proposed exterior alterations to the Aronson Building such as the new windows, storefront systems, and canopy on the north elevation occur on secondary elevations. Furthermore, the proposed one-story solarium addition on the rooftop will be substantially setback from the edges of the Aronson Building (23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) and will be minimally visible from the street. The proposed glass rail/windscreen along the primary facades will not be visible from the streets given its 3' 6" height and 1' 6" setback from the parapet wall. As conditioned, the 10' high portion of the glass railing/windscreen along the north façade will be setback at least 5' from the parapet wall, ensuring minimal visibility from across Third Street. The proposed new tower construction will also be located on a tertiary, previously altered elevation and will not result in the loss of any historic materials or features.

Standard 3:
Each property will be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

The introduction of new storefronts and windows on the primary elevations are based on photographic documentation on the primary elevations is compatible with the adjoining historic fabric and are consistent with the original design of the Aronson Building in terms of proportions, profiles and configurations. The new punched windows on the north elevation will be clearly differentiated but compatible with the character of the Aronson Building. As conditioned, the replacement windows on the primary facades will be wood framed single light windows and as such will be compatible with the existing Aronson Building as they are based on physical and photographic documentation.

Standard 4:
Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

There are no identified changes to the Aronson Building that have acquired historic significance in their own right. Other existing incompatible and non-historic 1978 additions on the north and west elevations, and storefront infill will be removed as part of the proposed rehabilitation.

Standard 5:
Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.

The proposed project will retain and restore all distinctive materials, features, and finishes as well as construction techniques and examples of craftsmanship. Specifically the proposed project will rehabilitate all of the character-defining features of the Aronson Building, such as the exterior cladding in buff-colored glazed brick, the terra cotta and sandstone ornament, including sandstone entablatures and piers, brick pilasters, capitals, frieze, spandrel panels and window sills, cast iron pilasters between ground-floor storefronts, galvanized sheet metal cornice with paired scrolled brackets and block modillions historic entrance locations on Third and Mission Street facades, as well as the wood flagpole on the roof. The original Aronson Building entrance including the bronze door frame and arched transom frame at the Third Street entrance will be retained, cleaned and rehabilitated. As part of the proposed project, any extant material associated with the Mission Street historic entryway exposed during demolition will be retained, cleaned and rehabilitated. As conditioned, Department Preservation Staff will review and approve the final design, including materials and details for a new compatible contemporary arched opening that will be built at the original location with new metal portal surround, side lights and new glass entry double doors, matching those proposed for the Third Street façade, if no historic entryway is found after demolition.

Standard 6:
Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

The proposed project will retain and restore all distinctive materials, features, and finishes, as well as construction techniques and examples of craftsmanship that characterize the Aronson Building. The project also proposes to replace elements deteriorated beyond repair or missing elements in kind. If the material is no longer available, it will be replaced using a substitute material that matches the profile and configuration of the original based on physical or photographic documentation and following the practice outlined in Preservation Brief 16 - Use of Substitute Materials on Historic Building Exteriors. As conditioned, site mock-up of any substitute material used will be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of architectural addendum.

Standard 7:
Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

The project will comply with Rehabilitation Standard 7, in such that the project will adhere to the recommendations in the HSR and as conditioned, will following the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning; cleaning of terra cotta proceed with the gentlest means,

which may require several mock-ups prior to selection of the proper techniques and that the treatment approaches for the various historic materials be determined by a qualified preservation architect.

Standard 8:
Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

Mitigation measures are identified in the EIR and incorporated in the Mitigation Monitoring and Reporting Program, which require archaeological monitoring during construction of the adjacent tower to ensure that the project will not result in a significant impact to archaeological resources.

Standard 9:
New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.

The proposed additions, exterior alterations and related new construction will not destroy historic materials, features and spatial relationship that characterizes the Aronson Building in that most of the related new construction is proposed on secondary facades. The one-story solarium will be added on the rooftop and will be substantially setback form the primary facades of the Aronson Building (23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) minimizing the perceived mass and visibility of the addition from the public right-of-way. The canopy, new storefront system and new window openings along the north façade are also additions located on secondary elevations and are designed in a manner to be compatible with and not destroy historic materials, features, and spatial relationships that characterize the Aronson Building. In addition, the proposed tower construction will be located on the previously altered west elevation that has no ornamental detail or historic fenestration. The new storefronts on the primary facades will be designed to closely match the historic storefronts in proportion, profiles and configuration based on physical and photographic evidence. As conditioned, the replacement windows on upper floors of the primary facades will consist of wood window frames with profiles, configuration, color and operation that will closely match the historic windows based on physical and photographic evidence to ensure compatibility with the character of the Aronson Building.

All new work will be clearly differentiated from the old yet be compatible with the historic materials, features, size, proportion, and massing. Specifically the proposed storefronts, new canopies, new windows on the north façade, and solarium on the roof top will be clearly differentiated through the use of contemporary detailing and materials. In addition, the adjacent tower will be differentiated in its modern, contemporary design vocabulary, yet be compatible with the Aronson Building and the New Montgomery-Mission-Second Street Conservation District as fully described in the attached memorandum (Exhibit L) prepared by Page & Turnbull and dated May 3, 2013, the proposed tower is compatible with the Conservation District. Specifically, the lower levels of the tower would align with their counterparts in the Aronson Building, creating a relationship between the two structures that would be expressed on the exterior of the proposed tower. Furthermore, the tower is designed consistent with Preservation Brief 14:

"New Exterior Additions to Historic Buildings: Preservation Concerns" which calls for the design of additions to historic resources in dense urban locations to read as an entirely separate building.

Although the proposed height of the tower is much taller than the Aronson Building, the proposed location and articulation of the tower as a related but visually separate building from the Aronson Building maintains a context that is similar to many buildings of varying heights within the district and the immediate vicinity thereby retaining the spatial relationships that characterize the property within the District. The proposed massing and articulation of the tower further differentiate it from the Aronson Building, allowing each to maintain a related but distinct character and physical presence. Furthermore, as conditioned, the proposed tower design will be revised including finishes and materials that are compatible and consistent with the Aronson Building as well as the surrounding District.

Standard 10:
New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment will not be impaired.

The proposed new tower construction and alterations to the Aronson Building will not remove significant historic fabric, and have been designed to be unobtrusive to the architectural character of the Aronson Building and District in conformance with Secretary's Standards. While unlikely, if removed in the future, the proposed alterations at the roof, the primary and secondary facades, and the new adjacent tower, would not have an impact on the physical integrity or significance of the Aronson Building or the District in conformance with Standard 10 of the Secretary's Standards.

General Plan Compliance. The proposed Permit to Alter is, on balance, consistent with the following Objectives and Policies of the General Plan:

I. URBAN DESIGN ELEMENT
THE URBAN DESIGN ELEMENT CONCERNS THE PHYSICAL CHARACTER AND ORDER OF THE CITY, AND THE RELATIONSHIP BETWEEN PEOPLE AND THEIR ENVIRONMENT

GOALS
The Urban Design Element is concerned both with development and with preservation. It is a concerted effort to recognize the positive attributes of the city, to enhance and conserve those attributes, and to improve the living environment where it is less than satisfactory. The Plan is a definition of quality, a definition based upon human needs.

OBJECTIVE 1
EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

POLICY 1.3
Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

OBJECTIVE 2
CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST,

AND FREEDOM FROM OVERCROWDING.

POLICY 2.4
Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

POLICY 2.5
Use care in remodeling of older buildings, in order to enhance rather than weaken the original character of such buildings.

POLICY 2.7
Recognize and protect outstanding and unique areas that contribute in an extraordinary degree to San Francisco's visual form and character.

The goal of a Permit to Alter is to provide additional oversight for buildings and districts that are architecturally or culturally significant to the City in order to protect the qualities that are associated with that significance.

The proposed project qualifies for a Permit to Alter and therefore furthers these policies and objectives by maintaining and preserving the character-defining features of the subject building for the future enjoyment and education of San Francisco residents and visitors.

3. The proposed project is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed project will not have any impact on neighborhood serving retail uses.

B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed project will strengthen neighborhood character by respecting the character-defining features of the historic building in conformance with the Secretary of the Interior's Standards.

C) The City's supply of affordable housing will be preserved and enhanced:

The project will not reduce the affordable housing supply.

D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed project will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking. It will provide sufficient off-street parking for the proposed uses.

E) A diverse economic base will be maintained by protecting our industrial and service sectors from

displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposal will retain its existing commercial use to contribute to the diverse economic base of downtown.

F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

Preparedness against injury and loss of life in an earthquake is improved by the proposed work. The work will eliminate unsafe conditions at the site and all construction will be executed in compliance with all applicable construction and safety measures.

G) That landmark and historic buildings will be preserved:

The proposed project is in conformance with Article 11 of the Planning Code and the Secretary of the Interior's Standards.

H) Parks and open space and their access to sunlight and vistas will be protected from development:

The proposed project will not unduly impact the access to sunlight or vistas for the parks and open space.

4. For these reasons, the proposal overall, appears to meet the Secretary of the Interior's Standards for Rehabilitation and the provisions of Article 11 of the Planning Code regarding Major Alterations to Category I (Significant) buildings.

5. California Environmental Quality Act Findings. This Commission hereby incorporates by reference as though fully set forth and adopts the CEQA findings attached hereto as Exhibit 1.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **ADOPTS the MMRP (attached as Exhibit 2) and GRANTS a Permit to Alter** for the property located at Assessor's Block 3706, Lot 093 for proposed work in conformance with the renderings and architectural plans labeled Exhibit A on file in the docket for Case No. 2008.1084H.

APPEAL AND EFFECTIVE DATE OF MOTION: **The Commission's decision on a Permit to Alter shall be final unless appealed within thirty (30) days. Any appeal shall be made to the Board of Appeals, unless the proposed project requires Board of Supervisors approval or is appealed to the Board of Supervisors as a conditional use, in which case any appeal shall be made to the Board of Supervisors (see Charter Section 4.135).**

THIS IS NOT A PERMIT TO COMMENCE ANY WORK OR CHANGE OF OCCUPANCY UNLESS NO BUILDING PERMIT IS REQUIRED. PERMITS FROM THE DEPARTMENT OF BUILDING INSPECTION (and any other appropriate agencies) MUST BE SECURED BEFORE WORK IS STARTED OR OCCUPANCY IS CHANGED.

I hereby certify that the Historical Preservation Commission ADOPTED the foregoing Motion on

May 15, 2013.

Jonas P. Ionin

Acting Commission Secretary

AYES: Hyland, Johnck, Johns, Matsuda, Pearlman, Wolfram, Hasz

NAYS:

ABSENT:

ADOPTED: May 15, 2013

Exhibit 1

706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS: FINDINGS OF FACT, EVALUATION OF MITIGATION MEASURES AND ALTERNATIVES, AND STATEMENT OF OVERRIDING CONSIDERATIONS SAN FRANCISCO HISTORIC PRESERVATION COMMISSION

In determining to approve a Major Permit to Alter for the 706 Mission Street – The Mexican Museum and Residential Tower Project located at 706 Mission Street (Assessor's Block 3706, Lots 093, 275, and 277 (portion)), described in Section I, Project Description below, ("Project"), the San Francisco Historic Preservation Commission ("Commission") makes and adopts the following findings of fact regarding the Project and mitigation measures and alternatives, and adopts the statement of overriding considerations and the Mitigation Monitoring and Reporting Program, based on substantial evidence in the whole record of this proceeding and pursuant to the California Environmental Quality Act, California Public Resources Code Section 21000 et seq. ("CEQA"), particularly Section 21081 and 21081.5, the Guidelines for Implementation of CEQA, 14 California Code of Regulations Section 15000 et seq. ("Guidelines"), particularly Section 15091 through 15093 and Chapter 31 of the San Francisco Administrative Code.

This document is organized as follows:

Section I provides a description of the Project, the Project Objectives, the environmental review process for the Project, the approval actions to be taken, and the location of records;

Section II identifies the impacts found not to be significant that do not require mitigation;

Section III identifies potentially significant impacts that are avoided or reduced to less-than-significant levels through mitigation and describes the disposition of the mitigation measures;

Section IV identifies significant, unavoidable wind and shadow impacts (specifically cumulative shadow impacts), of the Project that cannot be avoided or reduced to less-than-significant levels through Mitigation Measures;

Section V evaluates the different project alternatives and the economic, legal, social, technological, and other considerations that support approval of the Project as proposed and the rejection of these alternatives; and

Section VI makes a Statement of Overriding Considerations setting forth the specific economic, legal, social, technological, or other benefits of the Project that outweigh the significant and unavoidable adverse environmental effects and support the rejection of the project alternatives.

The **Mitigation Monitoring and Reporting Program ("MMRP")** for the mitigation measures that have been proposed for adoption is attached with these findings as Exhibit 2. The MMRP is required by CEQA Section 21081.6 and CEQA Guidelines Section 15091. The MMRP provides a table setting forth each

mitigation measure listed in the Final Environmental Impact Report for the Project ("Final EIR") that is required to reduce or avoid a significant adverse impact. The MMRP also specifies the agency responsible for implementation of each measure and establishes monitoring actions and a monitoring schedule. The full text of the mitigation measures is set forth in the MMRP.

These findings are based upon substantial evidence in the entire record before the Commission. The references set forth in these findings to certain pages or sections of the Draft Environmental Impact Report ("Draft EIR" or "DEIR") or the Responses to Comments ("RTC"), which together comprise the Final EIR, are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these findings.

MOVED, that the Commission has reviewed and considered the Final EIR and the record associated therewith, including the comments and submissions made to this Commission, and based thereon hereby adopts these findings under the California Environmental Quality Act, including rejecting alternatives as infeasible and adopting a Statement of Overriding Considerations, and adopts the MMRP attached as Exhibit 2 to Motion No. 0197 based on the following findings:

I. Project Description

A. 706 Mission Street – The Mexican Museum and Residential Tower Project

The project site is on the northwest corner of Third and Mission Streets, at 706 Mission Street. It consists of three lots: the entirety of Assessor's Block 3706, Lots 093 and 275, and portions of Assessor's Block 3706, Lot 277. Together, these lots cover an area of approximately 63,468 square feet or approximately 1.45 acres. The area of the project site includes the below-grade publically-owned Jessie Square Garage, which would become private by conveyance to the project sponsor.

Lot 093, an approximately 15,460 square foot, rectangular parcel is currently developed with the 10-story, 154-foot-tall Aronson Building (a 144-foot-tall building with a 10-foot-tall mechanical penthouse). The building was originally constructed in 1903, and two annexes were added in 1978. The Aronson Building is rated "A" (highest importance) by the Foundation for San Francisco's Architectural Heritage, and it is eligible for listing on the National Register of Historic Places and the California Register of Historical Resources. The Aronson Building is also designated as a Category I Significant Building within the New Montgomery-Mission-Second Street Conservation District. Including the annexes, the Aronson Building contains a total of approximately 120,340 gross square feet (gsf), with approximately 13,700 gsf of storage and utility space in the basement, an approximately 10,660-gsf retail space on the ground floor, which is currently occupied by a Rochester Big & Tall retail clothing store, and approximately 95,980 gsf of office space on the second through tenth floors. Including the annexes, the Aronson Building covers approximately 74 percent of Lot 093.

Lot 275 is occupied by the existing ramp that provides vehicular access from Stevenson Street to the subsurface Jessie Square Garage. This lot has an area of approximately 1,635 square feet.

A currently vacant approximately 9,780 square foot portion of Lot 277 is the future permanent home of The Mexican Museum (Mexican Museum parcel). The subsurface Jessie Square Garage is the other

portion of Lot 277 that makes up the project site. The Jessie Square Garage contains 442 parking spaces within a footprint of approximately 45,310 square feet. Currently, vehicles enter the Jessie Square Garage from Stevenson Street and exit onto either Stevenson or Mission Streets.

The proposed project would include a 47-story, 520-foot-tall tower (with a 30-foot-tall elevator/mechanical penthouse), with two floors below grade on The Mexican Museum parcel and the western portion of the Aronson Building parcel. The new tower would be west of, adjacent to, and physically connected to the existing Aronson Building. The overall project would contain space for The Mexican Museum, a ground-floor retail/restaurant use, up to 215 residential units, seven floors of flex space in the Aronson Building, which would remain as office use or be converted to residential use, and associated building services.

In the proposed tower, there would be up to 43 floors of residential space, including mechanical areas, and four floors of museum space. The Mexican Museum would occupy the ground through fourth floors, and residential uses would occupy the fifth through forty-seventh floors. The fifth floor of the tower would be occupied by residential or residential amenity space, unless the residential amenity space is on the tenth floor of the Aronson Building as discussed below. Approximately 2,100 gsf on Basement Level B2 would be allocated to The Mexican Museum for storage. About 15,900 gsf on Basement Levels B1 and B2 would be occupied by the elevator core and building services.

As part of the proposed project, the historically important Aronson Building would be restored and rehabilitated, and the existing mechanical penthouse on the roof of the Aronson Building would be removed. The Aronson Building currently contains approximately 10,660 gsf of retail space on the ground floor and approximately 95,980 gsf of office space on the second through tenth floors. With the proposed project, the Aronson Building would have lobby space and retail/restaurant space on the ground floor. The Mexican Museum would occupy the second and third floors and possibly some or all of the ground floor of the Aronson Building. The fourth through tenth floors of the Aronson Building have been designated as flex space for which two options are proposed. These are described in greater detail below. In addition to being designated as flex space, the tenth floor of the Aronson Building could be occupied by residential amenity space if the residential amenity is not provided on the fifth floor of the proposed tower. Building services would occupy a small portion of each floor.

The flex space options for the Aronson Building are referred to as the "residential flex option" and the "office flex option." The seven floors of flex space are currently occupied by approximately 61,320 gsf of office space, which could either be converted from office use to residential use or remain as office use with the proposed project. Under the residential flex option, the seven floors would be converted into up to 28 residential units. The proposed project would provide up to 215 residential units (including the residential units in the Aronson Building) and no office space under the residential flex option. As discussed above, the tenth floor of the Aronson Building could be used as residential amenity space. Under the office flex option, the seven floors of existing office space would continue to be used as offices, which would result in up to 191 residential units (no residential units in the Aronson Building) and approximately 61,320 gsf of office space in the proposed project. If the tenth floor of the Aronson Building were used as residential amenity space instead of office space under the office flex option, there would be approximately 52,560 gsf of office space in the proposed project.

Under the residential flex option for the Aronson Building, the proposed project would contain a total of approximately 710,525 gsf, with approximately 580,630 gsf of residential uses, approximately 22,200 gsf of residential amenity space, approximately 52,285 gsf of museum space, approximately 4,800 gsf of retail/restaurant space, approximately 8,505 gsf of storage space, approximately 41,720 gsf of building core, mechanical, and service space, and approximately 385 gsf of space for the ramp that leads out of the existing Jessie Square Garage to Mission Street.

Under the office flex option for the Aronson Building, the proposed project would contain a total of approximately 710,525 gsf, with approximately 519,310 gsf of residential uses and approximately 61,320 gsf of office space. The approximate square footages of residential amenity space, museum space, retail/restaurant space, storage space, building core, mechanical, and service space, and space for the existing ramp that leads out of the Jessie Square Garage to Mission Street would be the same as they are for the residential flex option described above.

The Jessie Square Garage would be reconfigured to include 470 spaces, 210 of which would be made available to the general public. Under the proposed project, all non-project vehicles would continue to enter the Jessie Square Garage from Stevenson Street. Project residents would have the option of parking their own vehicles or using a valet service. Project residents who choose to park their own vehicles would be required to enter the garage from Stevenson Street; they would not be allowed to access the project site from Third Street using the car elevators to enter the garage. Project residents who choose to use the valet service would drive onto the project site from Third Street using the existing curb cut and driveway. As under current conditions, all loading trucks would exit the Jessie Square Garage onto Stevenson Street only, but delivery vans, service vehicles, and all other vehicles would have the option of exiting the garage onto either Stevenson or Mission Streets.

While several vehicular access variants to the proposed project were analyzed in the EIR, none of them are being approved by this Commission or any other City decision maker. Because of this, these findings do not address the significant and unavoidable impacts that the Final EIR identified would result if the vehicular access variants were to be approved.

B. Successor Agency Project Objectives

The objectives of the Successor Agency are as follows:

- To complete the redevelopment of the Yerba Buena Center (YBC) Redevelopment Project Area envisioned under the *Yerba Buena Center Redevelopment Plan.*

- To stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, thereby improving the City's overall economic health, employment opportunities, tax base, and community economic development opportunities.

- To provide for the development of a museum facility and an endowment for The Mexican Museum on Successor Agency-owned property located adjacent to Jessie Square, at the heart of San Francisco's cultural district location, in a manner that is consistent with *General Plan* Policy

VI-1.9, to "create opportunities for private developers to include arts spaces in private developments city-wide."

- To ensure construction of a preeminent building with a superior level of design for this important site across from Yerba Buena Gardens and adjacent to Jessie Square in a manner that complements the landscaping and design of Jessie Square.

- To provide housing in an urban infill location to help alleviate the effects of suburban sprawl.

- To provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents both in the South of Market area and in the City generally, in a manner consistent with the City's current and future equal opportunity programs.

- To create a development that is financially feasible and that can fund the project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- To maximize the quality of the pedestrian experience along Mission Street and Third Street, while maintaining accessibility to the project site for automobiles and loading.

- To transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking in the Jessie Square Garage for the Contemporary Jewish Museum, St. Patrick's Church, The Mexican Museum, and the public.

- To provide for rehabilitation of the historically important Aronson Building.

- To secure funding for new and affordable below-market rate units beyond the amount currently required by City ordinances.

- To secure additional funding for operations, management, and security of Yerba Buena Gardens.

C. Project Sponsor Objectives

The objectives of the project sponsor, 706 Mission Street Co., LLC, are as follows:

- To construct a residential building of superior quality and design that complements and is generally consistent with the downtown area, furthering the objectives of the *General Plan*'s Urban Design Element and the *Yerba Buena Center Redevelopment Plan*.

- To redevelop the project site with a high-quality residential development that includes a ground-floor retail or restaurant use.

- To provide housing in downtown San Francisco that is accessible to local and regional transit, as well as cultural amenities and attractions, such as performing art centers, and art museums and exhibitions.

- To rehabilitate the historically important Aronson Building.

- To design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

- To develop a project that is financially feasible and financeable, and to create a level of development sufficient to support the costs of providing the public benefits delivered by the project, including space and funding for The Mexican Museum; rehabilitation of the historically important Aronson Building; funding of affordable, below-market-rate housing; and funding for the maintenance of Yerba Buena Gardens, and that can fund project costs.

- To provide adequate parking and vehicular access to serve the needs of project residents and their visitors.

D. Planning and Environmental Review Process

The Project Sponsor submitted an Environmental Evaluation application for the project on June 30, 2008. The Environmental Evaluation application was revised on December 7, 2009, and again on March 5, 2012, to reflect design changes to the proposed project. The San Francisco Planning Department (the "Department") determined that an Environmental Impact Report was required and published and distributed a Notice of Preparation of an EIR ("NOP ") on April 13, 2011. The NOP is Appendix A to the Draft EIR. The public review period on the NOP began on April 14, 2011, and ended on May 13, 2011.

The Department published a Draft Environmental Impact Report (DEIR) on June 27, 2012. The Commission held a public hearing to solicit testimony on the DEIR on July 27, 2013. The Department received written comments on the DEIR from June 28, 2012, to August 13, 2012. The Department published the Responses to Comments on March 7, 2013. The DEIR, together with the Responses to Comments constitute the Final EIR. The FEIR was certified by Planning Commission on March 21, 2013, by Motion No. 18829. Certification of the FEIR was appealed to the Board of Supervisors. On May 7, 2013, the Board of Supervisors rejected the appeal and affirmed the certification of the FEIR.

E. Approval Actions

1. Actions by the Planning Commission

- Certification of the Final EIR on March 21, 2013, by Planning Commission Motion No. 18829;

- General Plan referral to determine project consistency with the General Plan and the Priority Policies.

- Recommend approval to the Board of Supervisors of a Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01, and to amend Zoning Map Sheet SU01 to show the Special Use District.

- Recommend approval to the Board of Supervisors of a Special Use District to address Floor Area Ratio, height, and other land use controls for the project site, which may include additional provisions regarding permitted uses, the provision of cultural/museum use within the SUD, floor area ratio limitations, dwelling unit exposure, height of rooftop equipment, bulk limitations, and curb cut locations.

- Approval of a Section 309 Determination of Compliance and Request for Exceptions for the construction of a new building in a C-3 District.

- Approval of amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989, pursuant to Planning Commission Resolution No. 11595; and Section 295 shadow significance determination and allocation to project.

2. Action by this Historic Preservation Commission

- Approval of a Major Permit to Alter pursuant to Article 11 of the Planning Code.

3. Actions by the Board of Supervisors

- The Planning Commission's certification of the Final EIR was appealed to the Board of Supervisors, and on May 7, 2013, the Board of Supervisors upheld the certification of the Final EIR.

- Adoption of a Zoning Map amendment to reclassify the existing 400-foot height limit for the project site, shown on Zoning Map Sheet HT01, and to amend Zoning Map Sheet SU01 to show the Special Use District.

- Adoption of a Special Use District to address Floor Area Ratio, height, and other land use controls for the project site, which may include additional provisions regarding permitted uses, the provision of cultural/museum use within the SUD, floor area ratio limitations, dwelling unit exposure, height of rooftop equipment, bulk limitations, and curb cut locations.

4. Actions by the Recreation and Park Commission

- Approval of amendment of the quantitative shadow standard for Union Square that was established on February 7, 1989, pursuant to Planning Commission Resolution No. 11595;

- Recommendation to the Planning Commission regarding the Section 295 shadow significance determination and allocation to project.

5. Actions by the Successor Agency to the Redevelopment Agency, and the Oversight Board of the Successor Agency

- Approval of the Agreement of Purchase and Sale for the Mexican Museum parcel and the Jessie Square Garage.

- Approval of parking structure bond purchase/defeasance documents.

6. Actions by the Department of Public Works

- Approval of the tentative map

7. Actions by the Department of Public Works and the SFMTA Board of Directors

- Approval of a street improvement permit and/or encroachment permit to (1) extend the existing Jessie Square passenger loading/unloading zone on Mission Street by approximately 83 feet, 6 inches to the east, resulting in a 154-foot-long passenger loading/unloading zone; and (2) designate the curb along Third Street in front of the project site as a white zone for passenger loading/unloading.

8. Actions by the Department of Building Inspection

- Approval of the site permit

- Approval of demolition, grading, and building permits

9. Actions by the San Francisco Public Utilities Commission

- Approval of compliance with requirements of the Stormwater Management Ordinance for projects with over 5,000 square feet of disturbed ground area.

F. Location and Custodian of Records

The public hearing transcript, a copy of the letters regarding the Draft EIR received during the public review period, the administrative record, and background documentation for the FEIR are located at the Planning Department, 1650 Mission Street, San Francisco. The Commission Secretary is the custodian of records for the Planning Department and the Commission.

These findings are based upon substantial evidence in the entire record before the Commission.

II. Impacts Found Not to Be Significant And Thus Do Not Require Mitigation

Under CEQA, no mitigation measures are required for impacts that are less than significant (Pub. Res. Code, § 21002; CEQA Guidelines, § 15126.4, subd. (a)(3), 15091). As more fully described in the Final EIR and based on substantial evidence in the whole record of this proceeding, the Commission hereby finds

that implementation of the Project would not result in any significant impacts in the following areas and that these impact areas therefore do not require mitigation.

A. Land Use and Land Use Planning

- **Impact LU-1:** The proposed project would not physically divide an established community.
- **Impact LU-2:** The proposed project would not conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect.
- **Impact LU-3:** The proposed project would not have a substantial adverse impact on the character of the vicinity.
- **Impact C-LU-1:** The proposed project, in combination with past, present, or reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative land use impacts related to a physical division of an established community; to conflicts with applicable land use plans, policies, or regulations of an agency with jurisdiction over the project (including, but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect; and to the existing character of the vicinity.

B. Aesthetics

- **Impact AE-1:** The proposed project would not have a substantial adverse effect on a scenic vista.
- **Impact AE-2:** The proposed project tower would not have a substantial adverse effect on a scenic resource.
- **Impact AE-3:** The proposed project would not have a substantial adverse effect on the visual character or quality of the site and its surroundings.
- **Impact AE-4:** The proposed project would not create a new source of substantial light or glare which would adversely affect day or nighttime views in the area or which would substantially impact other people or properties.
- **Impact C-AE-1:** The proposed project, in combination with past, present and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant impact related to aesthetics.

C. Population and Housing

- **Impact PH-1:** The proposed project would not induce substantial population growth in an area, either directly or indirectly.
- **Impact PH-2:** The proposed project would not displace substantial numbers of existing housing units or create demand for additional housing, necessitating the construction of replacement housing elsewhere.
- **Impact PH-3:** The proposed project would not displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.
- **Impact C-PH-1:** The proposed project, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts related to population growth, housing, and employment, either directly or indirectly.

D. Cultural and Paleontological Resources

- **Impact CP-5:** The proposed rehabilitation, repair and reuse of the Aronson Building under the proposed project would not cause a substantial adverse change in the significance of the Aronson Building as a historical resource under CEQA.
- **Impact CP-6:** The proposed project tower would not cause a substantial adverse change in the significance of the Aronson Building historical resource.
- **Impact CP-7:** The proposed project tower would not cause a substantial adverse change in the significance of nearby historical resources.
- **Impact C-CP-2:** The proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not have a cumulatively considerable contribution to a significant impact on historic architectural resources.

E. Transportation and Circulation

- **Impact TR-1:** The proposed project would not cause a substantial increase in traffic that would cause the level of service to decline from LOS D or better to LOS E or F, or from LOS E to F at seven intersections studied in the project vicinity.
- **Impact TR-2:** The proposed project would not cause a substantial increase in transit demand that could not be accommodated by adjacent transit capacity; nor would it cause a substantial increase in delays or costs such that significant adverse impacts in transit service levels could occur.
- **Impact TR-3:** The proposed project would not result in substantial overcrowding on public sidewalks, nor create potentially hazardous conditions for pedestrians, or otherwise interfere with pedestrian accessibility to the site and adjoining areas.
- **Impact TR-4:** The proposed project would not create potentially hazardous conditions for bicyclists, or otherwise substantially interfere with bicycle accessibility to the site and adjoining areas.
- **Impact TR-5:** The loading demand of the proposed project during the peak hour of loading activities would be accommodated within the proposed on-site loading facilities or within convenient on-street loading zones, and would not create potentially hazardous traffic conditions or significant delays involving traffic, transit, bicycles, or pedestrians.
- **Impact TR-6:** Construction and operation of the proposed project would not result in inadequate emergency access.
- **Impact TR-7:** Construction-related impacts of the proposed project would not be considered significant due to their temporary and limited duration.
- **Impact C-TR-1:** The proposed project would not contribute considerably to future cumulative traffic increases that would cause levels of service to deteriorate to unacceptable levels at seven intersections.
- **Impact C-TR-2:** The proposed project would not contribute considerably to cumulative increases in transit ridership that would cause the levels of service to deteriorate to unacceptable levels.
- **Impact C-TR-3:** The construction impacts of the proposed project would not result in a considerable contribution to a significant cumulative impact when combined with other nearby proposed projects due to the temporary and limited duration of the construction of the proposed project and nearby projects.

F. Noise

- **Impact NO-4:** The proposed project's new residences and cultural uses would not be substantially affected by existing noise levels.
- **Impact C-NO-1:** Construction of the proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not result in a cumulatively considerable contribution to significant temporary or periodic increases in ambient noise levels in the project vicinity above levels existing without the proposed project.
- **Impact C-NO-3:** Operation of the proposed project, in combination with other past, present, and reasonably foreseeable future projects in the project vicinity, would not result in a cumulatively considerable contribution to significant permanent increase in ambient noise levels in the project vicinity above levels existing without the project.
- **Impact C-NO-4:** Noise from traffic increases generated by the proposed project, when combined with noise from reasonably foreseeable traffic growth forecast to the year 2030, would not contribute considerably to significant cumulative traffic noise impacts.

G. Air Quality

- **Impact AQ-1:** Construction of the proposed project would not violate an air quality standard or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of criteria air pollutants, for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-2:** Construction of the proposed project would not expose sensitive receptors to substantial pollutant concentrations of fugitive dust.
- **Impact AQ-4:** Operation of the proposed project would not violate an air quality standard or contribute substantially to an existing or projected air quality violation; nor would it result in a cumulatively considerable net increase of any criteria air pollutant for which the project region is in nonattainment under an applicable ambient air quality standard.
- **Impact AQ-5:** Operation of the proposed project would not generate emissions of PM2.5 and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-6:** Operation of the proposed project would not expose new on-site sensitive receptors to substantial pollutant concentrations.
- **Impact AQ-7:** Construction and operation of the proposed project would not conflict with or obstruct implementation of the Bay Area 2010 Clean Air Plan (CAP), the applicable air quality plan.
- **Impact AQ-8:** Construction and operation of the proposed project would not expose a substantial number of people to objectionable odors.
- **Impact C-AQ-1:** Construction and operation of the proposed project, in combination with other past, present, and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to exposure of sensitive receptors to significant cumulative substantial pollutant concentrations.

H. Greenhouse Gas Emissions

- **Impact C-GG-1:** The proposed project would be consistent with the City's GHG Reduction Plan and the AB 32 Scoping Plan, and would, therefore, not result in a cumulatively considerable

contribution to significant cumulative GHG emissions or conflict with any policy, plan, or regulation adopted for the purpose of reducing GHG emissions.

I. Wind and Shadow

- **Impact WS-1:** The proposed project would not alter wind in a manner that substantially affects public areas.
- **Impact C-WS-1:** The proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant cumulative wind impact.
- **Impact WS-2:** The proposed project would not create new shadow in a manner that substantially affects outdoor recreation facilities and other public areas.

J. Recreation

- **Impact RE-1:** The proposed project would not increase the use of existing park and recreational facilities such that substantial physical deterioration of facilities would occur or be accelerated.
- **Impact RE-2:** The proposed project would not require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment.
- **Impact RE-3:** The proposed project would not physically degrade existing recreational resources.
- **Impact C-RE-1:** Construction of the proposed project, in combination with past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts on recreational facilities.

K. Utilities and Service Systems

- **Impact UT-1:** The proposed project would not exceed the wastewater treatment requirements of the Regional Water Quality Control Board.
- **Impact UT-2:** The proposed project would not require or result in the construction of new or the expansion of existing water or wastewater treatment facilities, or stormwater drainage facilities, the construction of which could have significant environmental effects.
- **Impact UT-3:** The proposed project would not result in a determination that there is insufficient capacity in the wastewater treatment system to serve the proposed project's estimated demand in addition to its existing demand.
- **Impact C-UT-1:** Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact regarding the treatment of stormwater runoff or capacity of wastewater treatment facilities or stormwater drainage facilities.
- **Impact UT-4:** The proposed project would be adequately served by existing water entitlements and water supply resources, and would not require new or expanded water supply resources or entitlements.
- **Impact C-UT-2:** Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on water supply.
- **Impact UT-5:** The proposed project would increase the amount of solid waste generated on the project site, but would be adequately served by the City's landfill and would comply with Federal, State, and local statutes and regulations related to solid waste.

- **Impact C-UT-3:** Construction of the proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on solid waste disposal facilities.

L. Public Services

- **Impact PS-1:** The proposed project would not increase demand for public services to the extent that new facilities would have to be constructed or existing facilities altered in order to maintain acceptable service ratios, response times, or other performance objectives for any public services such as police protection, fire protection and emergency services, schools, or libraries.
- **Impact C-PS-1:** The proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts that would result in a need for construction of new or physically altered facilities in order to maintain acceptable service ratios, response times, or other performance objectives for any public services, including police protection, fire protection and emergency services, schools, and libraries.

M. Biological Resources

- **Impact BI-1:** The proposed project would not have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the CDFG or USFWS.
- **Impact BI-2:** The proposed project would not have a substantial adverse effect on the movement of native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, nor would it impede the use of native wildlife nursery sites.
- **Impact BI-3:** The proposed project would not conflict with local policies or ordinances protecting biological resources.
- **Impact C-BI-1:** The proposed project, in combination with past, present and reasonably foreseeable future projects in the project vicinity, would not make a cumulatively considerable contribution to a significant adverse cumulative impact on biological resources.

N. Geology and Soils

- **Impact GE-1:** The proposed project would not expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving rupture, ground-shaking, liquefaction, or landslides.
- **Impact GE-2:** The proposed project would not result in substantial soil erosion or loss of topsoil.
- **Impact GE-3:** The proposed project would not be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or offsite landslide, lateral spreading, subsidence, liquefaction or collapse.
- **Impact GE-4:** The proposed project would not be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property.
- **Impact C-GE-1:** The proposed project, in combination with other past, present and other reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to significant adverse cumulative impacts with respect to geology, soils, or seismicity.

O. Hydrology and Water Quality

- **Impact HY-1:** The proposed project would not violate any water quality standards or waste discharge requirements or otherwise substantially degrade water quality.
- **Impact HY-2:** The proposed project would not substantially deplete groundwater supplies or interfere with groundwater recharge.
- **Impact HY-3:** The proposed project would not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on or off site.
- **Impact HY-4:** Construction of the proposed project would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.
- **Impact HY-5:** Operation of the proposed project would not create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.
- **Impact C-HY-1:** The proposed project, in combination with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on hydrology and water quality.

P. Hazards and Hazardous Materials

- **Impact HZ-1:** The proposed project would not have a substantial adverse effect on the public or the environment through the routine transport, use, or disposal of hazardous materials.
- **Impact HZ-3:** The proposed project would not emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one quarter mile of an existing or proposed school.
- **Impact HZ-4:** The proposed project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.
- **Impact HZ-5:** The proposed project would not expose people or structures to a risk of loss, injury or death involving fires.
- **Impact C-HZ-1:** The proposed project, when combined with other past, present and reasonably foreseeable future projects, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on hazards and hazardous materials.

Q. Mineral and Energy Resources

- **Impact ME-1:** The proposed project would not have a significant adverse impact on the availability of a known mineral resource and/or a locally important mineral resource recovery site.
- **Impact ME-2:** The proposed project would not have a substantial adverse effect on the use of fuel, water, or energy consumption, and would not encourage activities that could result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner.
- **Impact C-ME-1:** The proposed project, in combination with other past, present and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on mineral and energy resources.

R. Agricultural and Forest Resources

- Impact AG-1: The proposed project would not have a substantial adverse effect on the conversion of farmland, would not conflict with existing zoning for agricultural use or with a Williamson Act contract, nor involve other changes that would result in conversion of farmland to non-agricultural use.
- Impact AG-2: The proposed project would not conflict with existing zoning for, or cause rezoning of, forest land or timberland, nor would it result in the loss of forest land or the conversion of forest land to non-forest use.
- Impact C-AG-1: The proposed project, in combination with other past, present and reasonably foreseeable future projects in the vicinity, would not result in a cumulatively considerable contribution to a significant adverse cumulative impact on agricultural resources or forest land or timberland.

III. Potentially Significant Impacts That Are Avoided Or Reduced To A Less-Than-Significant Level And Findings Regarding Mitigation Measures

The following Sections III and IV set forth the Commission's findings about the Final EIR's determinations regarding significant environmental impacts and the mitigation measures proposed to address them. These findings provide the written analysis and conclusions of the Commission regarding the environmental impacts of the Project and the mitigation measures included as part of the Final EIR and adopted by the Commission and other City decision makers as part of the Project. To avoid duplication and redundancy, and because the Commission agrees with, and hereby adopts, the conclusions in the Final EIR, these findings will not repeat the complete analysis and conclusions in the Final EIR, but instead summarizes and incorporates them by reference herein and relies rely upon them as substantial evidence supporting these findings.

In making these findings, the Commission has considered the opinions of City staff and experts, other agencies and members of the public. The Commission finds that the determination of significance thresholds is a judgment decision within the discretion of the City and County of San Francisco; the significance thresholds used in the EIR are supported by substantial evidence in the record, including the expert opinion of the EIR preparers and City staff; and the significance thresholds used in the EIR provide reasonable and appropriate means of assessing the significance of the adverse environmental effects of the Project.

As set forth below, the Commission adopts and incorporates all of the mitigation measures within its jurisdiction set forth in the Final EIR and the attached MMRP to substantially lessen or avoid the potentially significant and significant impacts of the Project. The Commission and other City decision makers intend to adopt each of the mitigation measures proposed in the Final EIR. Accordingly, in the event a mitigation measure recommended in the Final EIR has inadvertently been omitted in these findings or the MMRP, such mitigation measure is hereby adopted and incorporated in the findings below by reference. In addition, in the event the language describing a mitigation measure set forth in these findings or the MMRP fails to accurately reflect the mitigation measures in the Final EIR due to a clerical error, the language of the policies and implementation measures as set forth in the Final EIR shall control. The impact numbers and mitigation measure numbers used in these findings reflect the information contained in the Final EIR.

The potentially significant impacts of the Project that will be mitigated through implementation of mitigation measures are identified and summarized below along with the corresponding mitigation measures.

A. Cultural and Paleontological Resources

- **Impact CP-1:** Construction activities for the proposed project would cause a substantial adverse change in the significance of archaeological resources, if such resources are present within the project site.
    - Ground-disturbing construction activity within the project site, particularly within previously undisturbed soils, could adversely affect the significance of archaeological resources by impairing the ability of such resources to convey important scientific and historical information. This effect would be considered a substantial adverse change in the significance of an historical resource and would therefore be a potentially significant impact under CEQA.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-1.
        - **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting
        - **Mitigation Measure M-CP-1b:** Interpretation
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-CP-1a and M-CP-1b would reduce Impact CP-1 to a less-than significant level because Mitigation Measure M-CP-1a would ensure that any potentially affected archaeological deposits would be identified, evaluated, and, as appropriate, subject to data recovery and reporting by a qualified archaeologist under the oversight of the Environmental Review Officer, and Mitigation Measure M-CP-1b would ensure that a plan for the post-recovery interpretation of buried or submerged archaeological resources is developed and implemented with the assistance of qualified archaeologist and under the oversight of the Environmental Review Officer.

- **Impact CP-2:** Construction activities for the proposed project would cause a substantial adverse change in the significance of human remains, if such resources are present within the project site.
    - Ground-disturbing construction activity within the project site, particularly within previously undisturbed soils, could adversely affect the significance of human remains, which would be a potentially significant impact under CEQA.
    - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-2.

- **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting

  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-1a would reduce Impact CP-2 to a less-than significant level because the mitigation measure would ensure that the treatment of any human remains and associated or unassociated funerary objects discovered during soil disturbing activities complies with applicable state and federal laws, including immediate notification of the Coroner of the City and County of San Francisco and, in the event of the Coroner's determination that the human remains are Native American remains, notification of the NAHC, who would appoint an MLD.

- **Impact CP-3:** Construction activities for the proposed project would cause a substantial adverse change in the significance of paleontological resources, if such resources are present within the project site.
  - Paleontological resources could exist in the Franciscan, and possibly the Colma, Formations that underlie the project site. Project construction activities could disturb and impair the significance of such paleontological resources, which would be a potentially significant impact under CEQA.
  - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-3.
    - **Mitigation Measure M-CP-3:** Paleontological Resources Monitoring and Mitigation Program
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-3 would reduce Impact CP-3 to a less-than significant level because the mitigation measure would ensure that a plan for monitoring, recovery, identification, and curation of palenontologic resources would be developed and implemented by a qualified paleontologist under the oversight of the Environmental Review Officer in the event that paleontological resources are present within the project site.

- **Impact CP-4:** Construction activities for the proposed project would disturb unknown resources if any are present within the project site.
  - Construction activities could disturb or remove unknown human remains within the project site, which could materially impair the physical characteristics of the unknown resource, resulting in a potentially significant impact under CEQA.
  - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact CP-4.
    - **Mitigation Measure M-CP-4:** Accidental Discovery
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-CP-4 would reduce Impact CP-4 to

a less than significant level because the mitigation measure ensures that all field and construction personnel will be informed of the potential presence of archaeological resources within the project site and the procedures that are to be followed in the event such resources are encountered during construction activities.

- **Impact C-CP-1:** Disturbance of archaeological and paleontological resources, if encountered during construction of the proposed project, in combination with other past, present, and future reasonably foreseeable projects, would make a cumulatively considerable contribution to a significant cumulative impact on archaeological resources.
    - When considered with other past and proposed development projects within San Francisco and the Bay Area region, the potential disturbance of archaeological and paleontological resources within the project site could make a cumulatively considerable contribution to a loss of significant historic and scientific information about California, Bay Area, and San Francisco history and prehistory, which would be a potentially significant impact under CEQA.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact C-CP-1.
        - **Mitigation Measure M-CP-1a:** Archaeological Test, Monitoring, Data Recovery and Reporting
        - **Mitigation Measure M-CP-1b:** Interpretation
        - **Mitigation Measure M-CP-3:** Paleontological Resources Monitoring and Mitigation Program
        - **Mitigation Measure M-CP-4:** Accidental Discovery
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-CP-1a, M-CP-1b, M-CP-3, and M-CP-4 would reduce the project's contribution to Impact C-CP-1 to a less than cumulatively considerable level because these mitigation measures would ensure that plans for testing, monitoring, data recovery, documentation and interpretation are approved and implemented to preserve and realize the information potential of archaeological and paleontological resources that may be encountered on the project site.

B. <u>Noise</u>

- **Impact NO-1:** Construction of the proposed project would generate noise levels in excess of standards established in the San Francisco General Plan or noise ordinance and would result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project.
    - The project's demolition, excavation, and building construction activities would temporarily and intermittently increase noise in the project vicinity to levels that could be considered an annoyance by occupants of nearby properties, which would be a potentially significant impact under CEQA. The loudest construction activities, such as installing piles, grading, and excavation, would occur over the first two year of the

construction period, and once the activity is completed, the associated high noise levels would no longer be experienced by the affected sensitive receptors.

- The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-1.
  - **Mitigation Measure M-NO-1a:** Reduce Noise Levels During Construction
  - **Mitigation Measure M-NO-1b:** Noise-Reducing Techniques and Muffling Devices for Pile Installation
- Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-1a and M-NO-1b would reduce Impact NO-1 to a less than significant level because Mitigation Measure M-NO-1 would require the project contractor to use equipment with lower noise emissions and sound controls or barriers where feasible, locate stationary equipment as far as possible from sensitive receptors, and designate a noise coordinator, and Mitigation Measure M-NO-1b would require the use of feasible noise-reducing techniques for installing piles. The combination of these measures would decrease construction noise levels and minimize the significant effects.

- **Impact** NO-2: Construction of the proposed project would result in exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels.
  - Proposed project demolition, excavation, and building construction activities would temporarily generate groundborne vibration in the project vicinity that could be considered an annoyance by occupants of adjacent properties, especially residential and cultural uses adjacent to the site, and could also damage nearby structures, with the highest levels of groudbourne vibration expected during demolition and the installation of piles for structural support. This would be a potentially significant impact under CEQA.
  - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-2.
    - **Mitigation Measure M-NO-2a:** Minimize Vibration Levels During Construction
    - **Mitigation Measure M-NO-2b:** Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation
    - **Mitigation Measure M-NO-2c:** Vibration Monitoring and Management Plan
  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-2a, M-NO-2b, and M-NO-2c would reduce Impact NO-2 to a less than significant level because Mitigation Measure M-NO-2a would provide for a community liaison to respond to and address complaints and require protective construction techniques, Mitigation Measure M-NO-2b would implement a pre-construction assessment and, if needed, monitoring during vibration causing activities to detect ground settlement or lateral movement of structures, and Mitigation Measure M-NO-2c would implement a vibration monitoring and management

plan to avoid any adverse vibration-related impact to historic structures. With implementation of Mitigation Measures M-NO-2a and M-NO-2b, potential vibration impacts in the project vicinity would be reduced to levels that would be less than significant. With implementation of Mitigation Measure M-NO-2c, there would be no significant vibration-related impacts to the Aronson Building.

- **Impact NO-3:** Operation of the proposed project would generate noise levels in excess of standards established in the San Francisco General Plan or noise ordinance and would result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project.
    - Operation of the proposed project would introduce additional noise sources to the area, including additional motor vehicle traffic and new mechanical systems, such as ventilation equipment. Although specific information regarding the proposed stationary noise sources is currently not available, building mechanical systems would be capable of generating noise levels in excess of applicable General Plan noise-land use compatibility thresholds on adjacent sensitive receptors, which could result in potentially significant impacts on both the on-site and adjacent noise-sensitive residential and cultural uses.
    - The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact NO-3.
        - **Mitigation Measure M-NO-3:** Stationary Operational Noise Sources
    - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measures M-NO-3 would reduce Impact NO-3 to a less than significant level because this mitigation measure would require the screening, shielding, or setting back of stationary noise sources from noise-sensitive receptors, and would require that a qualified acoustical consultant measure the noise levels of operating exterior equipment within three months after its installation.

- **Impact C-NO-2:** Construction of the proposed project, in combination with other past, resent, and reasonably foreseeable future projects in the project vicinity, would result in a cumulatively considerable contribution to significant exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels.
    - The project along with other nearby projects such as the SFMOMA Expansion (151 Third Street), the Palace Hotel (2 New Montgomery Street), and the Central Subway project have the potential for cumulatively significant groundborne vibration and noise level impacts, particularly during initial phases of proposed project construction. However, the periods when construction vibration impacts would overlap would be brief and limited, and the overall cumulative construction vibration impacts would not be cumulatively significant.
    - The following mitigation measures, as more fully described in the Final EIR, are hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact C-NO-2.

- **Mitigation Measure M-NO-2a:** Minimize Vibration Levels During Construction
- **Mitigation Measure M-NO-2b:** Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation
- **Mitigation Measure M-NO-2c:** Vibration Monitoring and Management Plan

o Based on the final EIR and the entire administrative record, it is hereby found and determined that with implementation of Mitigation Measures M-NO-2a, M-NO-2b, and M-NO-2c, the proposed project would not result in a cumulatively considerable contribution to significant cumulative impacts associated with groundborne vibration for the reasons discussed under Impact NO-2 above and as more fully set forth in the final EIR.

C. Air Quality

- Impact AQ-3: Construction of the proposed project would generate emissions of PM2.5 and toxic air contaminants, including diesel particulate matter, at levels that would expose sensitive receptors to substantial pollutant concentrations.
  - o The Air Quality Technical Report that was prepared for the project found that constructions emissions would exceed the threshold of significance for excess cancer risk at the project MEI if the emissions were not mitigated.
  - o The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact AQ-3.
    - **Mitigation Measure M-AQ-3:** Construction Emissions Mitigation
  - o Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-AQ-3 would reduce Impact AQ-3 to a less than significant level because this mitigation measure would require a Construction Emissions Mitigation Plan designed to reduce construction-related diesel particulate matter emissions from off-road construction equipment used at the site by at least 65 percent as compared to the construction equipment list, schedule, and inventory provided by the sponsor on May 27, 2011, which would bring emissions below the threshold of significance for excess cancer risk.

D. Hazards and Hazardous Materials

- Impact HZ-2: The proposed project would have a substantial adverse effect on the public or the environment through the accidental release of hazardous materials into the environment.
  - o In order to construct the proposed tower, excavation to a depth of approximately 41 feet below the surface on the west side of the Aronson Building would be required, which could have the potential to expose the public and environment to contaminants in the soil.
  - o The following mitigation measure, as more fully described in the Final EIR, is hereby adopted in the form set forth in the Final EIR and the attached MMRP and will be implemented as provided herein, to mitigate the potentially significant impact of Impact HZ-2.

- Mitigation Measure M-HZ-2: Hazardous Materials – Testing for and Handling of Contaminated Soil

  - Based on the final EIR and the entire administrative record, it is hereby found and determined that implementing Mitigation Measure M-HZ-2 would reduce Impact HZ-2 to a less than significant level because this mitigation measure would require soil testing for contaminants of concern, preparation of a Soil Mitigation Plan for managing contaminated soils on the site, and protocols for the handling, hauling, and disposal of contaminated soils, which would reduce the potential for exposure of the public and the environment to a less than significant level.

The Project Sponsor has agreed to implement all mitigation measures identified in the Final EIR for the project. The required mitigation measures are fully enforceable and will be included as conditions of approval by and the Commission and other City decision makers. Pursuant to CEQA Section 21081.6, adopted mitigation measures will be implemented and monitored as described in the MMRP, which is incorporated herein by reference.

With the required mitigation measures, all potential project impacts, with the exception of impacts described in Section IV below, would be avoided or reduced to a less-than-significant level.

As authorized by CEQA Section 21081 and CEQA Guidelines Section 15091, 15092, and 15093, based on substantial evidence in the whole record of this proceeding, the City finds that, unless otherwise stated, all of the changes or alterations to the Project identified in the mitigation measures have been or will be required in, or incorporated into, the project to mitigate or avoid the significant or potentially significant environmental impacts listed herein, as identified in the Final EIR, that these mitigation measures will be effective to reduce or avoid the potentially significant impacts as described in the EIR, and these mitigation measures are feasible to implement and are within the responsibility and jurisdiction of the City and County of San Francisco to implement or enforce.

IV. Significant Impacts That Cannot Be Avoided Or Reduced To A Less-Than-Significant Level

Based on substantial evidence in the whole record of these proceedings, the Commission finds that, where feasible, changes or alterations have been required, or incorporated into, the Project to avoid or substantially lessen the significant environmental impacts. The Commission finds that changes have been required in, or incorporated into, the Project that, pursuant to Public Resources Code section 21002 and CEQA Guidelines section 15091, may substantially lessen, but do not avoid (i.e., reduce to less than significant levels), the potentially significant environmental effect associated with implementation of the Project. The Commission adopts all of the mitigation measures proposed in the Final EIR and set forth in the MMRP. The Commission further finds, however, for the impact listed below, despite the implementation of mitigation measures, the effects remain significant and unavoidable.

The Commission determines that the following significant impact on the environment, as reflected in the Final EIR, is unavoidable, but under Public Resources Code Section 21081(a)(3) and (b), and CEQA Guidelines 15091(a)(3), 15092(b)(2)(B), and 15093, the Commission determines that the impacts are acceptable due to the overriding considerations described in Section VI below. This finding is supported by substantial evidence in the record of this proceeding.

A. Significant and Unavoidable Impacts – Cumulative Shadow

- Impact C-WS-2: The proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity, would create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas, resulting in a significant cumulative shadow impact. The proposed project would make a cumulatively considerable contribution to this significant cumulative shadow impact.

    - There are several proposed projects in the project vicinity that have the potential to shadow outdoor recreation facilities or other public areas, including some of the same open spaces that the proposed project would shadow. Reasonably foreseeable future projects in the vicinity of the project site include 151 Third Street (the San Francisco Museum of Modern Art Expansion Project), 2 New Montgomery Street (the Palace Hotel Project), and the Transit Tower, and the other projects contemplated by the Transit Center District Plan. The proposed project in combination with other proposed projects in the vicinity would add new shadow on various open spaces and public areas. By contributing shadow to open spaces and public areas, the proposed project would make a cumulatively considerable contribution to the significant and unavoidable cumulative shadow impacts.

    - There is no feasible mitigation for the proposed project's contribution to cumulative shadow impacts, because any theoretical mitigation that would address the cumulatively considerable contribution to shadow impacts on outdoor recreation facilities or other public areas within the project vicinity would fundamentally alter the project's basic design and programming parameters. Thus, rather than treat a substantial reduction in height as a mitigation measure, the EIR analyzed a reduction in height in two separate alternatives.

    - With regard to the project's shadow impacts on Union Square, other than a reduction in the height of the tower to approximately 351 feet or less, no further modification of the tower could eliminate the tower's net new shadow on Union Square. The project has already undergone design revisions to sculpt the top of the tower in order to reduce shadow on Union Square. The original project proposed by the project sponsor included an elliptical tower design that was approximately 630 feet tall and 170 feet wide at the highest level. That proposal was modified to reflect a shorter and more slender rectangular tower design that was shifted to the west on the project site to reduce shadow impacts on Union Square. The rectangular design ultimately chosen for the project would break up the tower massing and top into smaller volumes at different or staggered heights, particularly along the eastern edge of the site and tower, to further reduce shadow. In addition, the tower massing and the tower core were moved 15 feet to the west on the project site, and the tower cantilever over the Aronson Building was reduced from 106 feet to 8 feet to further reduce shadow impacts on Union Square.

- Even if the project's shadow impacts to Union Square were eliminated, the project would still shadow other downtown open spaces and public areas such as sidewalks. A further reduction of the building height beyond that already included would substantially reduce the development program of the proposed project. Thus, the project's cumulatively considerable contribution to the significant and unavoidable impact would remain and there is no feasible mitigation to reduce the project's contribution to this significant cumulative impact to a less-than-cumulatively considerable level. Because a significant decrease in the tower height affects the Project significantly, these height reductions were discussed as alternatives. See also the discussion of the Existing Zoning Alternative and the Reduced Shadow Alternative, below.

- Therefore, the proposed project, in combination with past, present, and reasonably foreseeable future projects in the project vicinity would create new cumulative shadow in a manner that would substantially affect parks, outdoor recreation facilities, or other public areas. This cumulative shadow impact would be significant and unavoidable, and the proposed project would make a cumulatively considerable contribution to this significant cumulative shadow impact.

V. Alternatives Rejected and the Reasons for Rejecting Them as Infeasible

The Commission rejects the Alternatives set forth in the Final EIR and listed below because the Commission finds that there is substantial evidence, including evidence of economic, legal, social, technological, and other considerations described in this Section, in addition to those described in Section VI below, under CEQA Guidelines 15091(a)(3), that make infeasible such Alternatives. In making these determinations, the Commission is aware that CEQA defines "feasibility" to mean "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, legal, and technological factors." The Commission is also aware that under CEQA case law the concept of "feasibility" encompasses (i) the question of whether a particular alternative promotes the underlying goals and objectives of a project. and (ii) the question of whether an alternative is "desirable" from a policy standpoint to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, legal, and technological factors.

The Commission adopts the EIR's analysis and conclusions regarding alternatives eliminated from further consideration, both during the scoping process and in response to comments. The Commission certifies that it has independently reviewed and considered the information on the alternatives provided in the Final EIR and in the record. The Project Sponsor engaged Economic & Planning Systems, Inc. to prepare an economic analysis of the financial feasibility of the project alternatives described in the EIR. (Report on the Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower Project and Alternatives, dated May 2013 (the "EPS Report"). The Successor Agency retained an independent economic consultant Keyser Marston Associates, Inc., to peer review the EPS Report and Keyser Marston Associates prepared the "Peer Review of Financial Feasibility Report for 706 Mission Street" ("Peer Review"). The Peer Review, independently reviewed and evaluated by the Successor Agency, concurs with the results of the EPS Report. Planning Department staff and the Commission have independently reviewed and concur with the results of the EPS Report and the Peer Review. The Final EIR reflects the Commission's and the City's independent judgment as to the alternatives.

The Commission finds that the Project provides the best balance between satisfaction of the project objectives and mitigation of environmental impacts to the extent feasible, as described and analyzed in the EIR, and adopts a statement of overriding considerations as set forth in Section VI below.

While the Commission makes these findings regarding the environmental impacts and feasibility of each of the alternatives analyzed in the final EIR, if feasible mitigation measures substantially lessen or avoid the significant adverse environmental effects of a project, the project may be approved without an evaluation of the feasibility of project alternatives. *Laurel Hills Homeowners Association v. City Council of Los Angeles*, 83 Cal.App.3d 515, 521 (1978). With respect to the project, all significant impacts can be reduced to a less than significant level with feasible mitigations measures, except for the project's cumulatively considerable contribution to significant cumulative shadow impacts. Thus, although the Commission makes these findings regarding the environmental impacts of each of the alternatives, CEQA only requires that the Commission make findings regarding the alternatives that would substantially lessen or avoid the project's cumulatively considerable contribution to significant cumulative shadow impacts. Findings for the Separate Buildings Alternative and Increased Residential Density Alternative

are therefore not required by CEQA, although the Commission nevertheless makes findings for those alternatives below.

The FEIR analyzed five alternatives to the Project: No Project Alternative, Existing Zoning Alternative, Separate Buildings Alternative, Increased Residential Density Alternative, and Reduced Shadow Alternative. These alternatives and the reasons for rejecting them are described below.

1. No Project Alternative

Under the No Project Alternative, the site would remain in its existing condition. Assuming that the existing physical conditions at the project site would remain into the foreseeable future, none of the impacts associated with the proposed project would occur.

The No Project Alternative would not create net new shadow on Union Square, or any other public open spaces, privately owned publicly accessible open spaces, or public sidewalks, and therefore would not result in a cumulatively considerable contribution to the significant unavoidable cumulative shadow impact. Because existing conditions on the project site would not change under this alternative, there would be no impacts related to land use and land use planning, aesthetics, population and housing, cultural and paleontological resources, transportation and circulation, noise, air quality, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, hazards and hazardous materials, mineral and energy resources or agricultural and forest resources. Under the proposed project, the impacts with respect to these environmental topics would be either less than significant or less than significant with mitigation, except for agricultural and forest resources. Both the No Project Alternative and the proposed project would have no impact on agricultural and forest resources.

The No Project Alternative would not be desirable or meet either the Successor Agency or the Project Sponsor's objectives, as more particularly described below. The No Project Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The No Project Alternative would not meet any of the Successor Agency or the Project Sponsor's objectives.
- The No Project Alternative would not complete the redevelopment of the YBC Redevelopment Project Area envisioned under the former *Yerba Buena Center Redevelopment Plan*.
- The No Project Alternative would not stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, thereby improving the City's overall economic health, employment opportunities, tax base, and community economic development opportunities.
- The No Project Alternative would not provide for the development of a museum facility and an endowment for The Mexican Museum on Successor Agency-owned property located

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.				
Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.	Project sponsor and project contractor's Head Foreman	During soil-disturbing activities	Upon potential resource discovery, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery.	Upon resource discovery, suspension of work and contact of ERO.
If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor. Measures might include: preservation in situ of the archeological resource; an archaeological monitoring program; or an archeological testing program. If an archeological monitoring program or archeological testing program is required, it shall be consistent with the Environmental Planning (EP) division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource is at risk from vandalism, looting, or other damaging actions.	Project sponsor and archaeological consultant	When determined necessary by the ERO	ERO to determine if additional measures are necessary to implement.	Considered complete upon retention by the project sponsor of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist.
The project archeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describing the archeological and historical research methods employed in the archeological monitoring/data recovery program(s)	Project sponsor and archaeological consultant	When determined necessary by the ERO	Archaeological consultant to prepare draft and final FARR, and to submit FARR to ERO for review	Considered complete upon ERO approval of FARR.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report. Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy and one unlocked, searchable PDF copy on CD three copies of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.	Project sponsor and archaeological consultant	When determined necessary by the ERO	final FARR. Once FARR approved by ERO, Project sponsor /archaeological consultant to ensure distribution of FARR as specified in M-CP-4.	Considered complete once distribution of FARR has been completed.
Noise Mitigation Measures				
Mitigation Measure M-NO-1a: Reduce Noise Levels During Construction The following practices shall be incorporated into the construction contract agreement documents to be implemented by the construction contractor: • Provide best available noise control techniques for equipment and trucks, such as providing acoustic enclosures and mufflers for stationary equipment, shroud or shield impact tools, and installing barriers around particularly noisy activities at the construction sites so that the line of sight between the construction activities and nearby sensitive receptor locations is blocked to the maximum feasible extent. The placement of barriers or acoustic blankets shall be reviewed and approved by the Director of Public Works prior to issuance of permits for construction activities. • Use construction equipment with lower noise emission ratings whenever possible, particularly for air compressors. • Provide sound-control devices on equipment no less effective than those provided by the manufacturer. • Locate stationary equipment, material stockpiles, and vehicle staging areas as far as practicable from sensitive receptor locations. • Prohibit unnecessary idling of internal combustion engines. • Require applicable construction-related vehicles and equipment to use	Project sponsor and project construction contractor(s)	Prior to receiving building permit, incorporate practices identified in M-NO-1a into the construction contract agreement documents. Throughout construction duration, at least 14 days prior to any extreme noise-generating activities, the project sponsor shall notify building owner and occupants within 300 feet of the project construction area of the expected dates, hours, and duration of such activities.	Project sponsor to submit to Planning Department and DBI documentation designating a Noise Disturbance Coordinator and protocol for complaints pertaining to noise. Project sponsor to provide copies of contract documents to Planning Department that show construction contractor agreement with specified practices.	Considered complete upon submittal of contract documents incorporating identified practices.

5619

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
designated truck routes to access the project sites. • Prior to the issuance of the building permit, along with the submission of construction documents, the project sponsor shall designate a Noise Disturbance Coordinator (on-site construction complaint and enforcement manager) and submit to the Planning Department and Department of Building Inspection (DBI) a protocol to respond to and track complaints pertaining to construction noise. This shall include (1) a procedure and phone numbers for notifying DBI, the Department of Public Health, and the Police Department (during regular construction hours and off-hours); (2) a sign conspicuously posted on-site describing noise complaint procedures and a complaint hotline number that shall be answered at all times during construction; (3) identification of the Noise Disturbance Coordinator for the project (name, phone number, email address); and (4) notification of property owners and occupants within 300 feet of the project construction area at least 14 days in advance of extreme noise generating activities (activities expected to generate levels of 90 dBA or greater) about the estimated duration of the activity. • Obtain a work permit from the Director of Public Works or the Director of Building Inspection for any nighttime work, pursuant to San Francisco Noise Ordinance Section 2908. • Obtain noise variances (as necessary) consistent with San Francisco Police Code Section 2910.				
Mitigation Measure M-NO-1b: Noise-Reducing Techniques and Muffling Devices for Pile Installation If piles are determined to be necessary, the project sponsor shall require its construction contractor to use noise-reducing pile installation techniques including: avoiding impact pile driving where possible, pre-drilling pile holes (if feasible, based on soils; see Mitigation Measure M-NO-2b, pp. IV.F.26-IV.F.27) to the maximum feasible depth, installing intake and exhaust mufflers on pile installation equipment, vibrating piles into place when feasible, and installing shrouds around the pile driving hammer where feasible. Should impact pile-driving be necessary for the proposed project, the project sponsor would require that the construction contractor limit pile driving activity to result in the least disturbance to neighboring uses, and establish pile-driving hours, in consultation with the Director of Public Works, to disturb the fewest people. At least 48 hours prior to pile driving activities, the project sponsor	Project sponsor and project construction contractor(s)	At least 48 hours prior to construction activities that require pile driving, the project sponsor shall notify building owners and occupants within 500 feet of the project site of the dates, hours, and expected duration of such activities.	Project sponsor to provide evidence of pile driving schedule established in consultation with DPW and copies of notices to building owners and occupants to Planning Department. If piles are necessary, the project sponsor shall require its construction contractor to use noise-reducing pile installation techniques including: avoiding impact	Considered complete upon submittal of schedule and copies of notices to the Planning Department and documentation of noise-reducing pile installation techniques utilized.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
shall notify building owners and occupants within 500 feet of the project site of the dates, hours, and expected duration of pile driving.			pile driving where possible, pre-drilling pile holes (if feasible, based on soils; see Mitigation Measure M-NO-2b.	
Mitigation Measure M-NO-2a: Minimize Vibration Levels During Construction The following practices shall be incorporated into the construction contract agreement documents to be implemented by the construction contractor: • Make the Noise Disturbance Coordinator (see Mitigation Measure M-NO-1a) available to respond to vibration complaints from nearby vibration-sensitive uses, and submit to the Planning Department and Department of Building Inspection (DBI) a protocol to respond to and track complaints pertaining to vibration. Recurring disturbances shall be evaluated by a qualified acoustical consultant to ensure compliance with applicable standards; • Avoid impact pile driving where possible. Utilize drilled piles or the use of a sonic pile driver where the geological conditions permit their use (see Mitigation Measure M-NO-2b); • Select demolition methods not involving impact tools, where possible; • Avoid vibratory rollers and packers, where possible; • Operate earth-moving equipment as far away from vibration-sensitive receptors as possible; and • Phase demolition and ground-impacting activity (excavation and shoring) to reduce occurrences in the same time period, when and where feasible.	Project sponsor and project construction contractor(s)	During project construction	Project sponsor to incorporate into the construction contract agreement documents to be implemented by the construction contractor the measures to minimize vibration levels specified in M-NO-2a, including designation of a Noise Disturbance Coordinator and protocol for complaints pertaining to vibration. Project sponsor to provide copies of contract documents and protocol for complaints to Planning Department that show construction contractor agreement with specified practices.	Considered complete upon submittal of contract documents to the Planning Department and submittal of documentation designating a Noise Disturbance Coordinator and protocol for complaints pertaining to vibration to DBI.
Mitigation Measure M-NO-2b: Pre-Construction Assessment to Protect Structures from Ground Vibration Associated with Pile Installation If impact pile driving is necessary, the project sponsor shall retain a qualified geotechnical engineer to conduct a pre-construction assessment of existing subsurface conditions and the structural integrity of nearby buildings subject to ground vibration prior to receiving a building permit. If recommended by the geotechnical engineer, for structures or facilities within 80 feet of pile installation activities (Westin Hotel and Contemporary Jewish Museum [formerly known as the Jessie Street Substation]), the project sponsor shall require groundborne vibration monitoring of nearby	Project sponsor, project construction contractor(s), and qualified geotechnical engineers	Prior to building permit issuance	Project sponsor shall retain a qualified geotechnical engineer to conduct a pre-construction assessment of existing subsurface conditions and the structural integrity of nearby buildings subject to ground vibration prior to	Considered complete upon approval of pre-construction assessment, and if necessary, results of groundborne vibration monitoring shall

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
structures. The assessment shall be based on the specific conditions at the construction site such as, but not limited to, the following: • Pre-construction surveying of potentially affected structures; • Underpinning of foundations of potentially affected structures, as necessary; • The need for a monitoring program during vibration-causing construction activities to detect ground settlement or lateral movement of structures in the vicinity of excavation, shoring, or impact activities, should pile driving be required. If pile driving is found to be needed, results of ground vibration monitoring shall be submitted to the Department of Building Inspection (DBI). In the event of unacceptable ground movement, as determined by the DBI, pile installation shall cease and corrective measures, protective shoring, and alternative construction methods shall be implemented. Corrective measures to reduce ground movement from pile driving include: jetting or using a high-pressure stream of air and water to erode the soil adjacent to the pile; predrilling; using cast-in-place or auger cast piles; using pile cushioning; or using nonimpact drivers. The pile installation program and ground stabilization measures shall be reevaluated and approved by the Department of Building Inspection.		If a monitoring program is needed, project sponsor to provide results of monitoring to Department of Building Inspection weekly during construction.	receiving a building permit. Geotechnical engineer to provide reports to Department of Building Inspection for review and approval. If recommended by the geotechnical engineer, for structures or facilities within 80 feet of pile installation activities (Westin Hotel and Contemporary Jewish Museum [formerly known as the Jessie Street Substation]), the project sponsor shall require groundborne vibration monitoring of nearby structures. Results of ground vibration monitoring shall be submitted to the Department of Building Inspection (DBI).	be submitted to DBI during vibration-causing construction activities.
Mitigation Measure M-NO-2c: Vibration Monitoring and Management Plan A Pre-Construction Assessment of the Aronson Building shall be conducted by a qualified structural engineer and preservation architect who meet the Secretary of the Interior's Historic Preservation Professional Qualification Standards. The Pre-Construction Assessment prepared shall establish a baseline, and shall contain written descriptions of the existing condition, along with photographs, measured drawings, sketches, and/or CAD drawings of all cracks, spalling, or similar. Particular attention shall be paid to loose terra cotta, cracks, bulges and planes in and out of plumb, floors in and out of level, openings and roof planes, as needed. A vibration management and continuous monitoring plan shall be developed and adopted to protect the Aronson Building against damage caused by vibration or	Project sponsor to retain appropriately qualified structural engineer and preservation architect	Prior to building permit issuance Continuous vibration	Project sponsor to retain appropriately qualified structural engineer and preservation architect to prepare Pre-Construction Assessment of the Aronson Building. Planning Department to review and approve Pre-Construction Assessment of the Aronson Building. Project sponsor to retain	Considered complete upon approval of Pre-Construction Assessment of the Aronson Building. Considered

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
differential settlement caused by vibration during project construction. The vibration management and monitoring plan related to the Aronson Building shall be submitted to the Planning Department Preservation Staff prior to issuance of any building permits. The vibration management and monitoring plan shall include pre-construction surveys, continuous vibration monitoring throughout the duration of the major structural project activities, and for one year following project completion if determined necessary by the preservation architect. The vibration management and monitoring plan shall be at the direction of the qualified structural engineer and shall constitute a blended approach, using both optical survey targets and crack monitors. The use of optical survey targets and crack monitors during construction shall measure whether ground displacement during construction is approaching levels at which damage to the historic resource may be possible. Construction methods shall be reevaluated if measurements and levels of vibration are found to exceed the levels established in the vibration management and monitoring plan and/or if damage to the historical resource may be possible.		monitoring of the Aronson Building shall occur throughout the duration of major structural project construction activities and, if determined necessary by the preservation architect, for one year following project completion.	appropriately qualified structural engineer and preservation architect to prepare vibration management and continuous monitoring plan. Vibration management plan and monitoring plan shall be prepared prior to building permit issuance	complete upon development, submittal, and approval by DBI and the Planning Department of a vibration management and continuous monitoring plan for the Aronson Building. Monitoring reports to be submitted to DBI.
Mitigation Measure M–NO-3: Stationary Operational Noise Sources All fixed, stationary sources of noise (e.g., building mechanical systems (HVAC equipment), standby power generator, ventilation equipment, etc.) shall be located away from noise-sensitive receptors, be enclosed within structures with adequate setback and screening, be installed adjacent to noise reducing shields, or constructed with some other adequate noise attenuating features, to achieve compliance with the noise level limits of the San Francisco Noise Ordinance. Noise from fixed, stationary sources must not exceed the performance standard of Section 2909(d) of the San Francisco Police Code for any sleeping or living room in any dwelling unit located on residential property: an interior noise level of 45 dBA between the hours of 10:00 PM to 7:00 AM or 55 dBA between the hours of 7:00 AM to 10:00 PM. Once the stationary noise sources have been installed, the project sponsor shall retain a qualified acoustical consultant to measure the noise levels of operating exterior equipment within three months after the installation. If project stationary noise sources exceed the applicable noise standards, a qualified acoustical consultant shall be retained by the project sponsor to evaluate whether additional noise attenuation measures or acoustic insulation should be installed in order to meet the applicable noise standards. Examples of such measures include acoustical enclosures, replacement of equipment, or relocation of equipment. Results of the measurements	Project sponsor to retain qualified acoustical consultant	Within three months after installation of stationary noise sources, project sponsor to retain acoustical consultant to measure noise levels in dwelling unit most likely to be affected by operating exterior equipment.	Project sponsor to provide results of stationary noise measurements to DPH and the Planning Department.	Considered complete upon submittal of noise measurement results to DPH and the Planning Department, and documentation of noise attenuation measures or acoustic insulation installed, if required to meet the applicable noise standards.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
shall be provided to the City to show compliance with the standards.				
Air Quality Mitigation Measures				
Mitigation Measure M-AQ-3: Construction Emissions Minimization To reduce the potential health risk resulting from project construction activities, the project sponsor shall prepare a Construction Emissions Minimization Plan (included as Appendix G) designed to reduce construction-related diesel particulate matter emissions from off-road construction equipment used at the site by at least 65 percent as compared to the construction equipment list, schedule, and inventory provided by the sponsor on May 27, 2011. The project sponsor shall include all requirements identified in the Construction Emissions Minimization Plan in contract specifications for the entire duration of construction activities. The Construction Emissions Minimization Plan shall include the following requirements, which would achieve the required 65 percent reduction in construction period diesel particulate matter emissions: • Limit idling times by either shutting equipment off when not in use or reducing the maximum idling time to two minutes. • Prohibit use of diesel generators for electric power because on-site distribution of electricity is available. • Require construction contractors to use electric or propane powered devices for the following types of equipment: – Tower Crane – Fork Lifts and Manlifts – Portable Welders – Concrete Placing Booms • Require construction contractors to use portable compressors that are either electric powered or powered by gasoline engines or engines compliant with Tier 4 standards. • Require use of Interim Tier 4 or Tier 4 equipment where such equipment is available and feasible for use. Use of Interim Tier 4 or Tier 4 equipment would be feasible for the following types of equipment:	Project sponsor and project construction contractor(s) shall prepare and implement Construction Emissions Minimization Plan.	At least 14 days prior to the commencement of construction activities	Project sponsor/contractor to submit a Construction Emissions Minimization Plan to the ERO demonstrating construction-related diesel particulate matter emissions from off-road construction equipment used at the site is reduced by at least 65 percent as compared to the construction equipment list, schedule, and inventory provided by the sponsor on May 27, 2011. Project sponsor may elect to submit to the ERO a demonstration that alternative measures achieve the specified emissions reduction.	Considered complete upon ERO/Planning Department review and approval of Construction Emissions Minimization Plan or alternative measures that achieve the same emissions reduction.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
– Backhoes – Rubber-Tired Dozers • Require use of Tier 2/Tier 3 equipment retrofitted with ARB Level 3 Verified Diesel Emissions Control System (VDECS, which includes diesel particulate filters). The following types of equipment are identified as candidates for retrofitting with ARB-certified Level 3 VDECS (which are capable of reducing DPM emissions by 85 percent or more), due to their expected operating modes (i.e., fairly constant use at high revolutions per minute): – Excavators – Concrete Boom Pumps – Concrete Trailer Pumps • Use of Tier 3 equipment for the following types of equipment: – Portable Cranes – Soil Mix Drill Rigs – Soldier Pile Drill Rigs – Shoring Drill Rigs If the foregoing requirements are implemented, no further quantification of emissions shall be required. Alternatively, the project sponsor may elect to substitute alternative measures in the Construction Emissions Minimization Plan for review and approval by the Environmental Review Officer (ERO). Such alternative measures would be subject to demonstrating that the alternative measures would achieve the required 65 percent reduction in construction period diesel particulate matter emissions, including without limitation the following: • Use of other late-model engines, low-emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, and add-on devices such as particulate filters; and • Other options as such become available. The project sponsor shall submit the Construction Emissions Minimization Plan to the ERO for review and approval by an Environmental Planning Air Quality Specialist prior to the commencement of construction activities.				
Hazards and Hazardous Materials Mitigation Measures				

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
Mitigation Measure M-HZ-2: Hazardous Materials - Testing for and Handling of Contaminated Soil During excavation, the project sponsor shall hire a consultant to collect soil samples (borings), including, but not limited to, the location of the underground storage tank on the north side of the Aronson Building. The soil samples shall be tested for petroleum hydrocarbons and lead. If petroleum hydrocarbons and/or lead are present in soil, the soil shall be removed under the supervision of the San Francisco Department of Public Health (DPH) and disposed of in a suitable landfill, or otherwise addressed consistent with applicable Federal, State, and local laws. In addition, the sponsor shall perform the following actions with respect to contaminated soil: Step 1: Soil Testing Prior to obtaining building permits, the project sponsor shall hire a consultant to collect soil samples (borings) from selected locations in the work area in which soil would be disturbed and/or excavated. (This initial soil sampling and reporting shall be done prior to excavation, but additional soil testing from on-site soil stockpiles may also be required, if there are indications [e.g., odors, visible staining] of contamination in the excavated soil.) The soil samples shall be tested for these Compounds of Concern: total lead, petroleum hydrocarbons, and volatile organic compounds (VOCs). The consultant shall analyze the soil borings as discrete, not composite samples. The consultant shall prepare a report on the soil testing for the Compounds of Concern that includes the laboratory results of the soil testing and a map that shows the locations from which the consultant collected the soil samples. (See Step 3, below). The project sponsor shall submit the report on the soil testing for the Compounds of Concern for the Sub-Phase and the current fee in the form of a check payable to the San Francisco Department of Public Health, to the Hazardous Waste Program, Department of Public Health, 1390 Market Street, Suite 210, San Francisco, California 94102. The current fee shall cover three hours of soil testing report review and administrative handling. If additional review is necessary, DPH shall bill the project sponsor for each additional hour of review over the first three hours. These fees shall be charged pursuant to Section 31.23(c) of the San Francisco Administrative Code. DHP shall review the soil testing program to determine whether soils on the project site are contaminated with any of the Compounds of Concern at or above potentially hazardous levels. Step 2: Preparation of Site Mitigation Plans The project sponsor shall prepare a Site Mitigation Plan (SMP). The SMP shall include a discussion of the level of contamination of soils by Compounds of Concern, if any, based on the soils testing in Step 1. The SMP shall set forth mitigation measures for managing	Project Sponsor to retain qualified professional consultant for Steps 1, 2 and 4. Project construction contractor to carry out and report on activities required in Step 3.	Soil report on the soil testing and Site Mitigation Plan (SMP) shall be approved by the Department of Public Health (DPH) prior to building permit issuance, with a copy to the Planning Department. Project construction contractor shall conduct handling, hauling and disposal of soils pursuant to measures specified in Step 3 for duration of construction activities. After excavation and foundation construction activities are completed, project sponsor to submit closure report to DPH for approval pursuant to Step 4.	Project sponsor and/or Project construction contractor to submit reports as specified in steps 1 to 4 to Department of Public Health (DPH) and/or the Planning Department.	Step 1 complete upon submittal of soils testing results to DPH for review. Step 2 complete with submittal and approval of the SMP by DPH. Steps 3 and 4 considered complete upon approval and implementation of closure / certification report by DPH. A copy of the closure report shall be provided to the Planning Department.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
contaminated soils on the site, if any, including but not limited to: 1) the alternatives for managing contaminated soils on the site (e.g., encapsulation, partial or complete removal, treatment, recycling for reuse, or a combination); 2) the preferred alternative for managing contaminated soils on the site and a brief justification; and 3) the specific practices to be used to handle, haul, and dispose of contaminated soils on the site. The SMP shall be submitted to the DPH for review and approval. A copy of the SMP shall be submitted to the Planning Department to become part of the case file. Additionally, the DPH may require confirmatory samples for the project site. Step 3: Handling, Hauling, and Disposal Contaminated Soils (a) Specific work practices: The construction contractor shall be alert for the presence of contaminated soils during excavation and other construction activities on the site (detected through soil odor, color, and texture and results of on-site soil testing), and shall be prepared to handle, profile (i.e., characterize), and dispose of such soils appropriately (i.e., as dictated by local, State, and Federal regulations, including OSHA work practices) when such soils are encountered on the site. (b) Dust suppression: Soils exposed during excavation for site preparation and project construction activities shall be kept moist throughout the time they are exposed, both during and after work hours. (c) Surface water runoff control: Where soils are stockpiled, visqueen shall be used to create an impermeable liner, both beneath and on top of the soils, with a berm to contain any potential surface water runoff from the soil stockpiles during inclement weather. (d) Soils replacement: If necessary, clean fill or other suitable material(s) shall be used to bring portions of the project site, where lead-contaminated soils have been excavated and removed, up to construction grade. (e) Hauling and disposal: If soils are contaminated such that they must be hauled off-site for treatment and/or disposal, contaminated soils shall be hauled off the project site by waste hauling trucks appropriately certified with the State of California and adequately covered to prevent dispersion of the soils during transit, and shall be disposed of at the permitted hazardous waste disposal facility registered with the State of California. Step 4: Preparation of Closure/Certification Report After excavation and foundation construction activities are completed, the project sponsor shall prepare and submit a closure/certification report to DPH for review and approval for that area. The closure/certification report shall include the mitigation measures (if any were necessary) in the SMP for handling and removing contaminated soils, if any, from the project site, and if applicable, whether the construction				

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
contractor modified any of these mitigation measures, and how and why the construction contractor modified those mitigation measures.				

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
IMPROVEMENT MEASURES FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT				
Improvement Measure I-TR-A: Traffic Signal Timing Modifications. As an improvement measure to enhance ability of drivers exiting Stevenson Street at Third Street to merge into and across Third Street traffic flow, the project sponsor shall request that the SFMTA consider revising the signal timing and off-sets to ensure that sufficient clearance time is provided so that vehicles do not spill back into the midblock intersection (the intersection is currently striped "KEEP CLEAR"). In addition, the project sponsor shall request that SFMTA consider relocating the pedestrian signal north of Stevenson Street closer to the intersection to reduce the propensity of pedestrians crossing Stevenson Street during a "don't walk" phase.	Project sponsor	Coordination to occur prior to building occupancy	Project sponsor to request the SFMTA consider revising the signal timing and off-sets to ensure that sufficient clearance time is provided so that vehicles do not spill back into the midblock intersection (the intersection is currently striped "KEEP CLEAR"). The project sponsor shall request that SFMTA consider relocating the pedestrian signal north of Stevenson Street closer to the intersection to reduce the propensity of pedestrians crossing Stevenson Street during a "don't walk" phase.	Considered complete after request and coordination with SFMTA for the two requests specified in I-TR-A.
Improvement Measure I-TR-B: "Garage Full" Sign on Third Street. As an improvement measure to minimize the number of vehicles accessing Stevenson Street when the Jessie Square Garage is full, the project sponsor shall strive to install, or cause to be installed, an LED (or similar) "Garage Full" sign at the intersection of Third Street at Stevenson Street.	Project sponsor and project construction contractor(s)	Prior to building occupancy prior to building occupancy.	Project sponsor to strive to install an LED (or similar) "Garage Full" sign at the intersection of Third Street at Stevenson Street.	Considered complete after installation of "Garage Full" sign and documentation of same provided to ERO.
Improvement Measure I-TR-C: Monitoring and Abatement of Queues. As an improvement measure to reduce the potential for queuing by vehicles accessing the project site, the owner/operator of the proposed project shall strive to ensure that recurring vehicle queues do not occur on Third Street or Mission Street adjacent to the proposed project site. A vehicle queue is defined as one or more vehicles (destined to	Project sponsor or building management representative	Ongoing during building occupancy	Project Sponsor to ensure that recurring vehicle queues do not occur on Mission Street adjacent to	This improvement measure is ongoing during the life of the project.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
the parking facility) blocking any portion of the Third Street or Mission Street sidewalk or roadway for a consecutive period of three minutes or longer on a daily or weekly basis. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. The consultant shall prepare a monitoring report to be submitted to the Department for review. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	and Planning Department/Project Sponsor	Ongoing during building occupancy	the proposed project site. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	Considered complete upon Planning Department determination that no queuing exists. Otherwise, if monitoring shows that a recurring queue exists, considered complete when queue is abated.
Improvement Measure I-TR-D: Installation of Eyebolts. As an improvement measure to reduce pole clutter on Third Street and on Mission Street, the project sponsor could review with Planning Department and SFMTA staff whether it would be appropriate to install eyebolts in the renovated building to support Muni's overhead wire system.	Project sponsor	Prior to building permit issuance	Project sponsor to consult with Planning Department and SFMTA. If necessary, Planning Department and SFMTA shall review eyebolt installation plan.	Considered complete upon consultation with Planning Department and SFMTA. If eyebolt installation is determined appropriate by City agencies, then considered complete with approval of eyebolt installation

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
				plan.
Improvement Measure I-TR-E: Consolidation of Traffic Signal and Overhead Wire Poles . To eliminate pole clutter and reduce pedestrian obstructions on the Third Street sidewalk adjacent to the project site, and to improve pedestrian flow, it may be possible to consolidate the three traffic signal and overhead wire poles, and relocate the existing mailbox which extends further from the curb than the adjacent newspaper rack. (The newspaper rack and mailbox are proposed to be removed from the sidewalk during project construction.) The project sponsor could make these requests to the San Francisco Department of Public Works (DPW) (newspaper rack), the U.S. Postal Service (mail box), and SFMTA (overhead wire poles and traffic signals).	Project sponsor	Requests made prior to building permit issuance	Project sponsor to consult with and request Planning Department, SFMTA, DPW, and the U.S. Postal Service consider measures to eliminate pole clutter and pedestrian obstructions on the Third Street sidewalk as described in I-TR-E.	Considered complete upon requests made by project sponsor for traffic signal and overhead wire pole consolidation and the relocation of the existing mailbox.
Improvement Measure I-TR-F: Pedestrian Measures on Third Street. This improvement measure includes the following measures to reduce conflicts between pedestrians and vehicles on Third Street adjacent to the project site: • During peak periods of pedestrian activity on Third Street (7 AM to 7 PM), the project sponsor shall staff the driveway entry on Third Street with a traffic control attendant to facilitate vehicular ingress into the project driveway from Third Street. • The project sponsor shall provide adequate valet service to ensure that queuing space for a minimum of two vehicles within the internal drop-off area is available at all times (the internal driveway can accommodate up to six vehicles). • The project sponsor shall use alternate pavement treatment for the sidewalk at the driveway on Third Street, as determined appropriate by DPW, SFMTA, and the Planning Department. • The project sponsor shall explore the potential for providing audio and/or visual treatments to alert pedestrians that a vehicle is about to cross the sidewalk from the adjacent travel lanes (typically such treatments are for vehicles exiting, not entering, a driveway).	Project sponsor or building management representative Project sponsor or building management representative Project sponsor and project contractor Project sponsor or building management representative	Ongoing, after building occupancy Ongoing, after building occupancy Prior to completion of construction Prior to building occupancy	Project sponsor or building management representative shall staff the driveway on Third Street with a traffic control attendant. Such attendant shall facilitate vehicular ingress during peak periods of pedestrian activity. Project sponsor and project contractor use alternate pavement treatment for the sidewalk at the driveway on Third Street, as determined appropriate by DPW, SFMTA, and the Planning Department.	This improvement measure is an ongoing activity. Provide documentation of compliance to the ERO. Considered complete upon application of pavement treatment. Considered complete with documentation to the ERO regarding potential audio and/or visual treatments.
Improvement Measure I-TR-G: Reduce Pedestrian-Vehicle Conflict Areas. Pedestrian conditions on Third Street between Mission and Market Streets include an	Project sponsor in consultation with DPW,	Prior to building occupancy, provided that	Project sponsor shall work with DPW, SFMTA, and	Considered complete

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
existing pedestrian-vehicle conflict zone associated with the Westin Hotel passenger loading operations located on the west side of Third Street. To improve the pedestrian experience on Third Street between Mission and Market Streets, the project sponsor shall work with DPW, SFMTA, and the Planning Department to assess the feasibility of other measures or treatments to reduce pedestrian-vehicle conflicts in this area. Measures to be assessed for feasibility could include the construction of bulb outs at the intersection of Third and Mission Streets, additional signage, alternate pavement treatment for sidewalks at driveways, automated warning devices, and/or the potential reconfiguration of parking and loading strategies in the area. The project sponsor shall cooperate with the City in seeking the consent to or participation in such measures by other property owners on Third Street between Mission and Market Streets, provided that such measures shall not be required for the project where such consent or participation cannot be secured in a reasonable, timely, and economic manner.	SFMTA, and the Planning Department.	such measures shall not be required for the project where such consent or participation cannot be secured in a reasonable, timely, and economic manner.	the Planning Department to assess the feasibility of other measures or treatments to reduce pedestrian-vehicle conflicts in this area. If required, the project sponsor shall cooperate with the City in seeking the consent to, or participation in, such measures by other property owners on Third Street between Mission and Market Streets.	following consultation with DPW, SFMTA, and the Planning Department and upon determination of feasibility of measures or treatment to reduce pedestrian-vehicle conflicts.
Improvement Measure I-TR-H: Coordination of Moving Activities. To ensure that residential move-in and move-out activities do not impede traffic flow on Mission Street or Third Street, the project sponsor shall encourage that move-in and move-out operations, as well as larger deliveries, should be scheduled and coordinated through building management.	Project sponsor or building management representative	Ongoing, after building occupancy	The project sponsor shall encourage that move-in and move-out operations, as well as larger deliveries, should be scheduled and coordinated through building management.	Provide documentation to the Planning Department regarding procedures to implement this improvement measure. Ongoing for the life of the project
Improvement Measure I-TR-I: Construction - Traffic Control Plan. As an improvement measure to reduce potential conflicts between construction activities and pedestrians, transit and autos, SFMTA could require that the contractor prepare a traffic control plan for project construction. The project sponsor and construction contractor(s) shall meet with DPW, SFMTA, the Fire Department, Muni, the Planning Department and other City agencies to coordinate feasible measures to reduce traffic congestion, including temporary transit stop relocations (if determined necessary) and other measures to reduce potential traffic and transit disruption and pedestrian circulation effects during construction of the proposed project. The contractor could be required to comply with the City of San Francisco's Regulations for Working in San Francisco Streets, which establish rules and permit	Project sponsor and project construction contractor(s)	Throughout the construction duration	Project sponsor and project construction contractor(s) to coordinate with DPW, SFMTA, the Fire Department, the Planning Department and other applicable City agencies. If required, contractor to prepare a Traffic Control Plan (TCP) for project construction activities.	Considered complete once project sponsor and construction contractor(s) meet with DPW, SFMTA, the Fire Department, Muni, the Planning Department and other City

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
requirements so that construction activities can be done safely and with the least possible interference with pedestrians, bicyclists, transit and vehicular traffic.				agencies to coordinate feasible measures for maintenance of traffic during project construction. If required the contractor will implement the TCP as agreed upon by DPW until completion of construction activities.
Improvement Measure I-TR-J: Construction – Carpools. As an improvement measure to minimize parking demand associated with construction workers, the project sponsor could request the construction contractor to encourage carpooling and transit access to the site by construction workers.	Project sponsor and project construction contractor(s)	During project construction	Project sponsor could request the construction contractor to encourage carpooling and transit access to the site by construction workers.	Considered complete upon providing documentation of such request to the Planning Department.
Improvement Measure I-TR-K: Construction - Truck Traffic Management. As an improvement measure to minimize construction traffic impacts on Third Street and Mission Street, and on pedestrian, transit and traffic operations, the construction contractor could be required to retain San Francisco Police Department traffic control officers during peak construction periods.	Project sponsor and project construction contractor(s)	During peak periods of project construction	Project Sponsor to retain SFPD traffic control officers to minimize construction traffic impacts on Third Street and Mission Street, and on pedestrian, transit and traffic operations. DPW to monitor implementation.	Project sponsor provides documentation of retention of San Francisco Police Department traffic control officers during peak construction periods..
Improvement Measure I-TR-L: Construction - Update Adjacent Businesses and Residents. As an improvement measure to minimize construction impacts on access for nearby institutions and businesses, DPW could require the project sponsor to provide nearby residences and adjacent businesses with regularly-updated information	Project sponsor and project construction contractor(s)	During project construction	Project sponsor to provide nearby residences and adjacent businesses with regularly-updated	Provide documentation regarding compliance with I-

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
regarding project construction, including construction activities, peak construction vehicle activities (e.g., concrete pours), travel lane closures, and lane closures. The information should include contact information, including that the public can contact the SFMTA General Enforcement Division for blocked driveways and access, DPW's Street Use and Mapping for complaints regarding construction activities interfering with travel lanes, or the San Francisco Police Department for violations related to construction street space permits issued by DPW or Special Traffic Permits issues by SFMTA. A web site could be created by project sponsor that would provide current construction information of interest to neighbors.			information regarding project construction and appropriate contact information as described in I-TR-L. A web site could be created by project sponsor that would provide current construction information of interest to neighbors.	TR-L to Planning Department. Considered complete with provision of documentation and completion of construction activities.
Improvement Measure I-TR-M: Transportation Demand Management. As an improvement measure to encourage use of alternative modes and reduce the proposed project's parking demand and parking shortfall, the project sponsor could implement the following Transportation Demand Management strategies: Provide a transportation insert for the move-in packet. This packet could provide information on transit service (Muni and BART lines, schedules and fares), information on where transit passes could be purchased, and information on the 511 Regional Rideshare Program. Information on transportation options, including updates, would be posted on the Homeowners Association (HOA) website and/or by other resident communications method. The project sponsor could consider including in the price of rental or HOA fee one monthly Clipper card with transit pass for each unit. Provide function of TDM program coordinator with training for this role. Offer employee incentives to increase use of alternative modes of travel. Consider providing and maintaining bicycles and facilities for use by tenants/employees. Provide information related to access to bicycle parking and facilities in the area to tenants and employees. Examine additional ways to improve bicycle and pedestrian safety at project vehicle and building access and entries, with the goal of reducing potential conflicts between private autos, transit vehicles, and commercial loading activities and alternative	Project sponsor or building management representative	Ongoing, after building occupancy	Project sponsor to implement TDM measures specified in I-TR-M and provide documentation to the Planning Department.	This improvement measure is ongoing during the life of the project. Project sponsor to provide documentation of implementation of TDM measures to the Planning Department.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
modes of travel.				
Improvement Measure I-TR-N: Monitoring and Abatement of Queues on Mission Street. To reduce the potential for queuing by vehicles accessing the project site, it shall be the responsibility of the owner/operator of the proposed project to ensure that recurring vehicle queues do not occur on Mission Street adjacent to the proposed project site. A vehicle queue is defined as one or more vehicles (destined to the parking facility) blocking any portion of the Mission Street sidewalk or roadway for a consecutive period of three minutes or longer on a daily or weekly basis. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. The consultant shall prepare a monitoring report to be submitted to the Department for review. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	Project sponsor and Planning Department/Project Sponsor	Ongoing during building occupancy Ongoing during building occupancy	Project Sponsor to ensure that recurring vehicle queues do not occur on Mission Street adjacent to the proposed project site. If the Planning Director, or his or her designee, suspects that a recurring queue is present, the Planning Department shall notify the project sponsor in writing. Upon request, the owner/operator shall hire a qualified transportation consultant to evaluate the conditions at the site for no less than 7 days. If the Planning Department determines that a recurring queue does exist, the facility owner/operator shall have 90 days from the date of the written determination to abate the queue.	This improvement measure is ongoing during the life of the project. Considered complete upon Planning Department determination that no queuing exists. Otherwise, if monitoring shows that a recurring queue exists, considered complete when queue is abated. queue.
Improvement Measure I-NO-A: Residential Use/Cultural Component Plan Review by Qualified Acoustical Consultant. To ensure that interior noise levels at proposed noise-sensitive uses on the project site do not result in excessive awakenings or disturbances, or exceed an interior noise level standards of Title 24 of the California Code of Regulations and the San Francisco Noise Ordinance including Section 2909(d), a qualified acoustical consultant shall review plans for all new residential uses, cultural component areas (The Mexican Museum), and any other sensitive use area and provide recommendations to provide acoustical insulation or other equivalent measures to reduce interior noise levels. The project sponsor would	Project sponsor, qualified acoustical consultant, and project construction contractor(s).	Acoustical studies provided to DBI at the time the Architectural Addendum Permit is submitted for review.	Project sponsor to engage a qualified acoustical consultant to provide recommendations regarding acoustical insulation or other equivalent measures to reduce interior noise levels.	Considered complete upon submission of studies to DBI and implementation of any measures required to ensure that interior noise

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
include noise insulating features to ensure that interior noise would not exceed 45 dBA (Ldn) in any habitable room. These studies shall be presented to DBI at the time that the Architectural Addendum Permit is submitted for review. Noise-insulating features for the exterior façade and envelope of the 706 Mission Street tower and rehabilitated Aronson Building may include acoustically designed systems for appropriate Outside-Inside Transmission Class ratings for curtain-wall assemblies; acoustically designed systems for appropriate Outside-Inside Transmission Class ratings for exterior punched windows and window wall assemblies; acoustically-rated exterior wall construction and assemblies; and acoustically designed exterior wall openings, such as trickle vents or Z-ducts, as required.			The project sponsor would include noise insulating features into the project to ensure that interior noise would not exceed 45 dBA (Ldn) in any habitable room. These studies shall be presented to the Department of Building Inspection (DBI).	would not exceed 45 dBA (Ldn) in any habitable room.
Improvement Measure I-WS-A. As an improvement measure to reduce ground-level wind speeds in areas used for public seating, the project sponsor shall meet with Planning Department staff to determine which locations would benefit the most from wind reduction measures and what types of wind reduction measures could be implemented at these locations. The project sponsor shall strive to install, or cause to be installed, wind reduction measures that could include hedges, planter boxes, trees, and trellises. In the event that some locations are not on property owned or otherwise controlled by the project sponsor, the project sponsor shall discuss the implementation of these wind reduction measures with the appropriate parties, which could include the Successor Agency, other City departments, or other property owners.	Project sponsor in coordination with the Planning Department and adjacent property owners.	Project sponsor to meet with Planning Department staff prior to building occupancy. Project sponsor shall strive to install, or cause to be installed, wind reduction measures prior to building occupancy, provided that occupancy shall not be delayed in the event that measure has not been implemented.	Project sponsor to coordinate with the Planning Department staff to determine which locations would benefit the most from wind reduction measures and what types of wind reduction measures could be implemented at these locations. In the event that some locations are not on property owned, or otherwise controlled by the project sponsor, the project sponsor shall discuss the implementation of these wind reduction measures with the appropriate parties, which could include the Successor Agency, other City departments, or other property owners.	Considered complete upon meeting with Planning Department, and if determined appropriate, the implementation of wind reduction measures.
Improvement Measure I-WS-B As an improvement measure, the project sponsor would address the wind conditions and usability of the proposed private roof terraces	Project sponsor and project construction	Prior to building occupancy, provided that	Project sponsor to address the wind conditions and	Considered complete upon

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
on the west side of the tower and the common open space on the north side of the Aronson Building roof through the implementation of building design considerations as well as wind control measures in order to improve wind conditions in these locations. Wind control measures to be implemented may include trellises, landscaping, tall parapets and/or wind screens.	contractor(s)	occupancy shall not be delayed in the event that this measure has not been completed.	usability of the proposed private roof terraces on the west side of the tower and the common open space on the north side of the Aronson Building roof through implementation of building design considerations as well as wind control measures as described in I-WS-B. Project sponsor to provide documentation of compliance to Planning Department.	implementation and documentation to the Planning Department of wind control measures.

adjacent to Jessie Square, at the heart of San Francisco's cultural district location, in a manner that is consistent with General Plan Policy VI-1.9, to "create opportunities for private developers to include arts spaces in private developments city-wide."

- The No Project Alternative would not result in construction of a preeminent building with a superior level of design for this important site across from Yerba Buena Gardens and adjacent to Jessie Square in a manner that complements the landscaping and design of Jessie Square.

- The No Project Alternative would not provide housing in an urban infill location to help alleviate the effects of suburban sprawl.

- The No Project Alternative would not provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents both in the South of Market area and in the City generally, in a manner consistent with the City's current and future equal opportunity programs.

- The No Project Alternative would not maximize the quality of the pedestrian experience along Mission Street and Third Street, while maintaining accessibility to the project site for automobiles and loading.

- The No Project Alternative would not provide for rehabilitation of the historically important Aronson Building.

- The No Project Alternative would not secure funding for new and affordable below-market-rate units.

- The No Project Alternative would not secure additional funding for operations, management, and security of Yerba Buena Gardens.

- The No Project Alternative would not result in the construction of a residential building of superior quality and design that complements and is generally consistent with the downtown area, furthering the objectives of the General Plan's *Urban Design Element* and the former *Yerba Buena Center Redevelopment Plan*.

- The No Project Alternative would not redevelop the project site with a high-quality residential development that includes a ground-floor retail or restaurant use.

- The No Project Alternative would not provide housing in downtown San Francisco that is accessible to local and regional transit, as well as cultural amenities and attractions, such as performing art centers, and art museums and exhibitions.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the No Project Alternative.

2. Existing Zoning Alternative

The intent of the Existing Zoning Alternative is to provide an alternative that meets all applicable provisions of the Planning Code and existing zoning for the project site. In addition, this alternative would reduce the significant and unavoidable cumulative shadow impacts compared to the proposed project, but not to a less than significant level. Under this alternative, a new 13-story, approximately 196-foot-tall building with a 9.0 to 1 FAR would be constructed adjacent to and west of the Aronson Building. As with the proposed project, the Aronson Building would be restored and rehabilitated, and the new building would be connected to it. This alternative would provide an approximately 45,000-gsf cultural space for The Mexican Museum, compared to the approximately 52,285-gsf of cultural space provided for the museum under the proposed project. Vehicular access into and out of the existing subsurface Jessie Square Garage would not change from existing conditions. Unlike the proposed project, under this alternative, there would not be a driveway on Third Street to serve the residential units. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Existing Zoning Alternative would reduce as compared to the proposed project the cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, but not to a less than cumulatively considerable level. While the reduced building height of the new tower under this alternative would not create net new shadow on Union Square, unlike the proposed project, shadow from the proposed tower could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project, and therefore may contribute to a cumulatively significant shadow impact. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Existing Zoning Alternative and the proposed project would have no impact on agricultural and forest resources.

The Existing Zoning Alternative would meet some, but not all, of the Successor Agency and Project Sponsor's objectives. For example, it would attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, and would provide housing in an urban infill location, near transit and cultural amenities to help alleviate the effects of suburban sprawl, although not as much housing as under the proposed project. The Existing Zoning Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents although the scope of these alternatives would be less than with the proposed project due to the reduced size of the Existing Zoning Alternative. The Existing Zoning Alternative would provide for rehabilitation of the historically important Aronson Building. The Existing Zoning Alternative would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

But, the Existing Zoning Alternative would reduce but not avoid the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, although the reduced height of the new tower under this alternative would not create net new shadow on Union Square. Furthermore, the Existing Zoning Alternative would not be desirable or meet many of the Successor Agency and Project Sponsor's objectives and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below.

The EPS Report indicates that the Existing Zoning Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Existing Zoning Alternative is not financially feasible with or without the purchase of TDRs because under this Alternative, the height of the tower is reduced, which reduces the number of revenue generating units, and per square foot construction costs are highest under this alternative due to a decrease in construction cost efficiency. Additionally, the Jessie Square Garage would not be conveyed to the Project Sponsor under this alternative, which means the Alternative does not include defeasance of the outstanding Jessie Square Garage bonds or repayment of the Successor Agency's debt to the City. It also does not generate parking-related revenue.

The Existing Zoning Alternative is projected to generate approximately $134 million in gross project revenues under the Office Flex Option and approximately $149 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $268 million under the Office Flex Option and approximately $292 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $133.4 million under the Office Flex Option and approximately negative $142.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately negative $134.2 million under the Office Flex Option and approximately negative $143.4 million under the Residential Flex Option. The Peer Review concurs with this opinion.

Therefore, the Existing Zoning Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Existing Zoning Alternative would not avoid the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact.

- The Existing Zoning Alternative would not transfer ownership of the Jessie Square Garage to a private entity and therefore does not include defeasance of the outstanding Jessie Square Garage bonds or repayment of the Successor Agency's debt to the City.

- The Existing Zoning Alternative would not create a development that meets the Successor Agency's and Project Sponsor's objective to be financially feasible with the ability to fund the Project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Existing Zoning Alternative would not create a development that is financially feasible, the Existing Zoning Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Existing Zoning Alternative is infeasible because it does not meet the Successor's Agency's objectives to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

- Because the Existing Zoning Alternative substantially reduces the residential density and the number of housing units produced at this site, this Alternative is infeasible because it does not fully satisfy General Plan policies such as Housing Element Policies 1.1 and 1.4, among others noted in the Department's staff report accompany the Project Approvals on the Determination of Compliance with Section 309, among other approvals. The Project site is well-served by transit, services and shopping and is suited for dense residential development, where residents can commute and satisfy convenience needs without frequent use of a private automobile. The Project Site is located immediately adjacent to employment opportunities within the Downtown Core, and is in an area with abundant local and region-serving transit options, including the future Transit Center. For these reasons, a project with fewer residential units at this site is not compatible with the General Plan and is infeasible.

- The Existing Zoning Alternative is infeasible because it substantially reduces the residential density and the number of housing units produced at this site, and thus does not meet the Successor Agency's objectives to the extent that the Project does. Among other objectives, the Existing Zoning Alternative would not stimulate and attractive private investment, sales tax and other General Fund revenues to the extent that the Project would; would not provide temporary and permanent jobs to the extent that the Project would; and due to its reduced height, it may not provide a preeminent building of the same stature as the Project.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Existing Zoning Alternative.

3. Separate Buildings Alternative

The purpose of the Separate Buildings Alternative is to minimize changes to the Aronson Building, while still meeting most of the Project Sponsor's objectives and the objectives of the Successor Agency. Under this alternative, a new 47-story, 520-foot-tall building (with 30 foot tall mechanical/elevator penthouse) would be constructed adjacent to and west of the Aronson Building. The Mexican Museum would occupy space on the first through fifth floors of the new building. Unlike the proposed project, the new building would not be connected to the Aronson Building. Unlike the proposed project, the Separate Buildings Alternative would not undertake the full scope of rehabilitation and restoration of the Aronson Building;

only repairs and improvements necessary to prevent further deterioration of the Aronson Building or to permit continued occupancy of the Aronson Building would be undertaken. However, the two non-historic annexes would still be demolished under this alternative. This alternative would include a down ramp along the north side of the Aronson Building from Third Street. The existing curb cut on Third Street would be used to provide vehicular ingress to the existing Jessie Square Garage by project residents for below-grade valet access and project-related delivery and service vehicles via a ramp. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Separate Buildings Alternative would result in similar project-level and cumulative impacts as identified under the proposed project. Since the building design and configuration of the proposed tower would be the same as under the proposed project, this alternative would result in significant unavoidable cumulative shadow impact due to the creation of net new shadow on public open spaces, privately owned publicly accessible open spaces, and public sidewalks. As with the proposed project, there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project, there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Separate Buildings Alternative and the proposed project would have no impact on agricultural and forest resources.

The Separate Building Alternative would meet some but not all of the Successor Agency and Project Sponsor's objectives. It would complete the redevelopment of the YBC Redevelopment Project Area envisioned under the former *Yerba Buena Center Redevelopment Plan* and stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site. The Separate Buildings Alternative would provide for the development of a museum facility for The Mexican Museum. It would provide housing, near transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl, although not as many housing units as under the proposed project. The Separate Buildings Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents, although not as many opportunities as with the proposed project. The Separate Buildings Alternative would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking for other cultural uses. The Separate Buildings Alternative would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint.

The Separate Buildings Alternative would result in similar project-level and cumulative impacts as the proposed project, and would not avoid or substantially lessen the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact. The Separate Buildings Alternative would not be desirable or meet some of the Successor Agency or the Project Sponsor's objectives, and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below. Therefore, the Separate Buildings Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Separate Buildings Alternative would result in similar project-level and cumulative impacts as the proposed project, and, most significantly, would not avoid or substantially lessen the project's cumulatively considerable contribution to a significant cumulative shadow impact.

- The Separate Buildings Alternative would not undertake the full scope of rehabilitation and restoration of the historically important Aronson Building as would be the case under the proposed project. Instead, only repairs and improvements necessary to prevent further deterioration and/or to permit continued occupancy would be undertaken meaning that the objective of rehabilitating the building would not be met.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Separate Buildings Alternative.

4. Increased Residential Density Alternative

The purpose of the Increased Residential Density Alternative is to consider a project that would provide more residential dwelling units within the same amount of floor area as would be provided by the proposed project. Under this alternative, a new 47-story, 520-foot-tall building (with 30 foot tall elevator/mechanical penthouse) would be constructed adjacent to and west of the Aronson Building. As with the proposed project, the Aronson Building would be restored and rehabilitated, and the new building would be connected to the Aronson Building. As with the proposed project, seven floors in the Aronson Building would be designated as flex space for the residential and office flex options. Under the residential flex option, the Aronson Building would include up to 325 residential units (110 more units than under the proposed project) and no office space. Under the office flex option, this building would include up to 283 residential units (92 more units than under the proposed project) and approximately 61,320 gsf of office space. As with the proposed project, the Increased Residential Density Alternative would use the existing curb cut on Third Street to provide vehicular ingress to the existing Jessie Square Garage. This access would be for use by project residents only. As with the proposed project, this alternative would include a residential drop-off area (vehicular access would be the same as under the proposed project). The vehicular access variants analyzed for the proposed project would also apply to this alternative.

The Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, although some of the alternative's impacts, such as traffic and circulation and air quality during project operations, would be slightly greater because of the increased density. The Increased Residential Density Alternative would not avoid or reduce any significant environmental effects of the proposed project. Because the building design and configuration of the proposed tower would be the same as under the proposed project, this alternative would result in significant unavoidable cumulative shadow impact due to the creation of net new shadow on Union Square and other public open spaces, privately owned publicly accessible open spaces, and public sidewalks. As with the proposed project, there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project, there would be less-than-significant impacts with mitigation related to cultural and

paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Increased Residential Density Alternative and the proposed project would have no impact on agricultural and forest resources.

The Increased Residential Density Alternative would meet some but not all of the Project Sponsor's objectives. For example, it would stimulate and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site. and result in the construction of a preeminent building at this important site across from Yerba Buena Gardens and adjacent to Jessie Square. The Increased Residential Density Alternative would provide housing, close to transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl. It would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents. and would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking for other existing nonprofit organizations and the public in the Jessie Square Garage. The Increased Residential Density Alternative would provide for rehabilitation of the historically important Aronson Building and would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

But, the Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, would slightly increase some impacts, and would not avoid or substantially lessen the proposed project's cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact.

The Increased Residential Density Alternative would meet most of the Successor Agency and Project Sponsor's objectives but not all of the Successor Agency or Project Sponsor's Objectives. In addition, according to the EPS Report, the Increased Residential Density Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Increased Residential Density Alternative is not financially feasible because the direct per square foot construction costs are higher under the Increased Residential Density Alternative than under the Proposed Project. Though there are more units in the Increased Residential Density Alternative than there are in the Proposed Project, the overall square footage is the same. Because residential revenue is based on a per square foot price (rather than a per unit price), the residential revenue is similar to the Proposed Project.

The Increased Residential Density Alternative is projected to generate approximately $566 million in gross project revenues under the Office Flex Option and approximately $585 million under the Residential Flex Option. Projected development costs, including developer return, are approximately $595 million under the Office Flex Option and approximately $610 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $29.3 million under the Office Flex Option and approximately negative $25.6 million under the Residential Flex Option. The Peer Review concurs with this opinion.

The Increased Residential Density Alternative is rejected in favor of the project and is found not to be feasible or desirable for the following environmental, economic, legal, social, technological, and/or other reasons:

- The Increased Residential Density Alternative would result in similar project-level and cumulative impacts as identified under the proposed project, would slightly increase some impacts, and would not avoid or reduce any significant environmental effects of the proposed project. Specifically, when compared to the proposed project, this alternative would result in incrementally increased impacts under Transportation and Circulation (additional trips on already impacted intersections; additional demand on transit service), Air Quality (additional project related operational emissions), Greenhouse Gas (additional project related emissions increasing the project's carbon footprint), Recreation (additional residents seeking recreation facilities), Public Services (additional residents seeking police or fire protection services), and Utilities and Service Systems (additional residents increasing water usage and generating additional wastewater).

- The Increased Residential Density Alternative would not meet the objective to create a development that is financially feasible and that can fund the Project's capital costs and ongoing operation and maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Increased Residential Density Alternative would not create a development that is financially feasible, the Increased Density Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Increased Residential Density Alternative is infeasible because it does not meet the Successor's Agency's objectives mentioned above including, but not limited to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Increased Residential Density Alternative.

5. Reduced Shadow Alternative

The purpose of the Reduced Shadow Alternative is to reduce the shadow impacts that would be caused by development under the proposed project. Under this alternative, a new 27-story, approximately 351-foot-tall tower, including a mechanical penthouse, would be constructed adjacent to, west of and connected to the Aronson Building, with approximately 45,000 gsf of cultural space for The Mexican Museum as compared to approximately 52,285 square feet under the proposed project. As with the

proposed project, the Aronson Building would be restored and rehabilitated. This alternative's residential flex option would include up to 186 residential units (29 fewer residential units than planned under the proposed project's residential flex option) and no office space on the project site. This alternative's office flex option would include up to 162 residential units (29 fewer residential units than under the proposed project's office flex option) and approximately 52,560 gsf of office space. This alternative would also include approximately 4,800 gsf of retail/restaurant space. As under the proposed project, the Jessie Square Garage would be converted from a public garage to a private garage. Unlike the proposed project, the Reduced Shadow Alternative would not include a driveway from Third Street to serve the residential units. Vehicular access into and out of the existing subsurface Jessie Square Garage would not change from under existing conditions. The vehicular access variants analyzed for the proposed project would not apply to this alternative.

The Reduced Shadow Alternative, like the proposed project, would result in a cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact. Although the reduced building height of the new tower under this alternative would substantially reduce shadow impacts and would not create net new shadow on Union Square, unlike the proposed project, shadow from the proposed tower could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project. Therefore, this alternative may contribute to a cumulatively significant shadow impact. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts related to land use and land use planning, aesthetics, population and housing, transportation and circulation, greenhouse gas emissions, wind, recreation, utilities and service systems, public services, biological resources, geology and soils, hydrology and water quality, and mineral and energy resources. As with the proposed project (but generally to a lesser degree than with the proposed project), there would be less-than-significant impacts with mitigation related to cultural and paleontological resources, noise, air quality, and hazards and hazardous materials. Both the Reduced Shadow Alternative and the proposed project would have no impact on agricultural and forest resources.

The Reduced Shadow Alternative would meet some, but not all of the Successor Agency and Project Sponsor's objectives. It would complete redevelopment of the YBC Redevelopment Project Area envisioned under the Yerba Buena Center Redevelopment Plan and attract private investment and generate sales taxes and other General Fund revenues from new uses on the project site, although to a lesser extent than with the proposed project. The Reduced Shadow Alternative would provide housing, close to transit and cultural amenities, in an urban infill location to help alleviate the effects of suburban sprawl, although fewer housing units than with the proposed project. The Reduced Shadow Alternative would provide temporary and permanent employment and contracting opportunities for minorities, women, qualified economically disadvantaged individuals, and other residents, although to a lesser extent than with the proposed project. The Reduced Shadow Alternative would transfer ownership of the Jessie Square Garage to a private entity, while providing adequate parking in the Jessie Square Garage for adjacent nonprofit organizations and the public. The Reduced Shadow Alternative would provide for rehabilitation of the historically important Aronson Building and would design and construct the project to a minimum of Leadership in Energy and Environmental Design (LEED) Silver standards (or such higher and additional requirements as adopted by the City and County of San Francisco), thereby reducing the project's carbon footprint and maximizing the energy efficiency of the building.

The Reduced Shadow Alternative, like the proposed project, would result in a cumulatively considerable contribution to a significant and unavoidable cumulative shadow impact, although the reduced building height of the new tower under this alternative would reduce shadow impacts and would not create net new shadow on Union Square. The Reduced Shadow Alternative would not be desirable or meet many of the Successor Agency or Project Sponsor's objectives, and/or would not advance those objectives to the extent that the proposed project would, as more particularly described below.

In addition, according to the EPS Report, the Reduced Shadow Alternative is not financially feasible because project costs plus developer targeted return would exceed project revenues under this alternative. The Reduced Shadow Alternative is not financially feasible with or without the purchase of TDRs. In this Alternative, the height of the tower is reduced from 520 feet in the Proposed Project to 351 feet, which reduces the number of residential units to 162 under the Office Flex Option and 186 under the Residential Flex Option and reduces potential revenue from residential sales. There are fewer units to generate revenue, and the number of upper floors of the Project, which command substantial price premiums due to views, are not available under the Reduced Shadow Alternative. At the same time, per square foot development costs are higher under the Reduced Shadow Alternative relative to the Proposed Project due to a decrease in construction cost efficiency. Within certain construction type thresholds, the taller the structure, the lower the cost per square foot due to cost-spreading efficiencies. The combination of these factors results in an alternative that is not financially feasible.

The Reduced Shadow Alternative is projected to generate approximately $297 million in gross project revenues under the Office Flex Option and approximately $313 million under the Residential Flex Option. With the purchase of TDRs, projected development costs, including developer return, are approximately $434 million under the Office Flex Option and approximately $452 million under the Residential Flex Option. The Project Residuals, above the minimum return on investment needed for project feasibility, are estimated at approximately negative $134.5 million under the Office Flex Option and approximately $137.6 million under the Residential Flex Option. With the purchase of TDRs, the Project Residuals for this Alternative are estimated at approximately negative $136.4 million under the Office Flex Option and approximately $139.5 million under the Residential Flex Option. The Peer Review concurs with this opinion.

The Reduced Shadow Alternative is rejected in favor of the project and is found infeasible for the following environmental, economic, legal, social, technological, and/or other reasons:

- While the Reduced Shadow Alternative would include a reduced height tower of 27-stories as compared to the proposed project's 47-story tower and would create a no net new shadow on Union Square, its shadow could still reach some of the same public open spaces, privately owned publicly accessible open spaces, and public sidewalks that would be shadowed by the proposed project.

- The Reduced Shadow Alternative would not result in a development that is financially feasible and thus does not meet the Successor Agency's and Project Sponsor's objective to create a financially feasible project that can fund the project's capital costs and ongoing operation and

maintenance costs related to the redevelopment and long-term operation of the Mexican Museum parcel without reliance on public funds.

- Because the Reduced Shadow Alternative would not create a development that is financially feasible, the Reduced Shadow Alternative would not be constructed, and none of the benefits associated with the Project, such as the construction of The Mexican Museum core and shell at no cost to the Successor Agency or City, the endowment for The Mexican Museum, funding for new and affordable market rate units, rehabilitation of the historically important Aronson Building, defeasance of the outstanding Jessie Square Garage bonds and repayment of the Successor Agency's debt to the City, or additional funding for operations, management, and security of Yerba Buena Gardens, would exist under this Alternative. Thus the Reduced Shadow Alternative is infeasible because it does not meet the Successor's Agency's objectives to: complete the redevelopment of the Yerba Buena Redevelopment Project Area; to stimulate and attract private development on the site; to provide for the development of a museum facility and an endowment for that facility; and others noted in the EIR on pages II.5 to II.6.

- Because the Reduced Shadow Alternative substantially reduces the residential density and the number of housing units produced at this site, this Alternative is infeasible because it does not fully satisfy General Plan policies such as Housing Element Policies 1.1 and 1.4, among others noted in the Department's staff report accompany the Project Approvals on the Determination of Compliance with Section 309, among other approvals. The Project site is well-served by transit, services and shopping and is suited for dense residential development, where residents can commute and satisfy convenience needs without frequent use of a private automobile. The Project Site is located immediately adjacent to employment opportunities within the Downtown Core, and is in an area with abundant local and region-serving transit options, including the future Transit Center. For these reasons, a project with fewer residential units at this site is not compatible with the General Plan and is infeasible.

- The Reduced Shadow Alternative is infeasible because it substantially reduces the residential density and the number of housing units produced at this site, and thus does not meet the Successor Agency's objectives to the extent that the Project does. Among other objectives, the Existing Zoning Alternative would not stimulate and attractive private investment, sales tax and other General Fund revenues to the extent that the Project would; would not provide temporary and permanent jobs to the extent that the Project would; and due to its reduced height, it may not provide a preeminent building of the same stature as the Project. t

The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Reduced Shadow Alternative.

Alternatives Rejected and Reasons for Rejection

The EIR identifies alternatives that were considered by the Planning Department as lead agency, or the Successor Agency, but were rejected as infeasible during the design development and scoping process, and explains the reasons underlying this determination. Among the factors that were considered include the failure to meet most of the basic objectives of the proposed project and inability to avoid significant

environmental impacts. These considered and rejected alternatives are the Off-Site Alternative, a Freestanding Alternative, an Office Use Alternative, and Elliptical Tower Plan Alternative.

1. Off-Site Alternative. An Off-Site Alternative that would consist of a project design and programming similar to the proposed project, but in a different, though comparable in-fill location within the City and County of San Francisco was considered but rejected. An Off-Site Alternative would not meet many of the project objectives, particularly the objective of completing the redevelopment of the Yerba Buena Center Redevelopment Project Area and providing for the development of a museum facility and endowment for The Mexican Museum on the Successor Agency-owned property adjacent to Jessie Square. An Off-Site Alternative was also rejected since it would not include rehabilitation of the Aronson Building. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Off-Site Alternative.

2. Freestanding Alternative. A Freestanding Alternative that would result in a development on the Mexican Museum parcel of a freestanding museum with no development, including rehabilitation of the Aronson Building, on the 706 Mission Street parcel, was considered and rejected. Construction of a freestanding museum for The Mexican Museum by the prior San Francisco Redevelopment Agency ("SFRA") was considered not financeable because the SFRA did not, and the Successor Agency does not, have sufficient funds to cover the costs of constructing a freestanding museum on that parcel. Also, this alternative would not meet any of the project objectives. Lastly, a Freestanding Alternative was rejected because it would not result in any reduced impacts that are not already being evaluated in other alternatives, such as the Existing Zoning Alternative. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Freestanding Alternative.

3. Office Use Alternative. An Office Use Alternative that would include only office use in both the proposed tower and Aronson Building was considered and rejected. This alternative was rejected because the proposed project already has an office flex option that includes fewer proposed residential units and office-only use in the existing Aronson Building, and because an Office Use Alternative would generate more peak hour trips than would the proposed project. Further, an Office Use Alternative would not result in any reduced impacts, due to increased trip generation related to a project containing more office space. In addition, the Office Use Alternative was rejected because it would not meet the Successor Agency's project objective of providing housing in an urban infill location. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Office Use Alternative.

4. Elliptical Tower Plan. The Environmental Evaluation Application, as originally submitted to the Planning Department in 2008, called for partial demolition of the Aronson Building and construction of a 42-story, approximately 630-foot-tall tower to the west of, adjacent to, and partially within, the Aronson Building at its northwest corner. This scheme was disfavored by Planning Department staff both because of its impacts on the physical integrity of the historic Aronson Building, as well as due to staff concerns regarding aesthetics related to its elliptical tower plan design. The Commission finds each of these reasons provide sufficient independent grounds for rejecting the Elliptical Tower Plan.

Additional Alternatives Proposed by the Public

Various comments have proposed additional alternatives to the project. To the extent that these comments addressed the adequacy of the EIR analysis, they were described and analyzed in the RTC. As presented in the record, the Final EIR reviewed a reasonable range of alternatives, and CEQA does not require the City or the project sponsor to consider every proposed alternative so long as the CEQA requirements for alternatives analysis have been satisfied. For the foregoing reasons, as well as economic, legal, social, technological and/or other considerations set forth herein, and elsewhere in the record, these alternatives are rejected.

VI. Statement of Overriding Considerations

Pursuant to CEQA section 21081 and CEQA Guideline 15093, the Commission hereby finds, after consideration of the Final EIR and the evidence in the record, that each of the specific overriding economic, legal, social, technological and other benefits of the Project as set forth below independently and collectively outweighs the significant and unavoidable impacts of the project and is an overriding consideration warranting approval of the Project. Any one of the reasons for approval cited below is sufficient to justify approval of the Project. Thus, even if a court were to conclude that not every reason is supported by substantial evidence, the Commission will stand by its determination that each individual reason is sufficient. The substantial evidence supporting the various benefits can be found in the Final EIR and in the documents found in the administrative record.

On the basis of the above findings and the substantial evidence in the whole record of this proceeding, the Commission specifically finds that there are significant benefits of the Project in spite of the unavoidable significant impacts, and therefore makes this Statement of Overriding Considerations. The Commission further finds that, as part of the process of obtaining Project approval, all significant effects on the environment from implementation of the Project have been eliminated or substantially lessened where feasible. All mitigation measures proposed in the Final EIR for the proposed Project are adopted as part of this approval action. Furthermore, the Commission has determined that any remaining significant effects on the environment found to be unavoidable are acceptable due to the following specific overriding economic, technological, legal, social and other considerations. In addition, the Commission finds that the rejected Project Alternatives are also rejected for the following specific economic, social, or other considerations, in addition to the specific reasons discussed in Section V, above.

- The Project will provide a new permanent home for The Mexican Museum, a longtime cultural attraction of the City. The permanent home of The Mexican Museum will contribute to the City's reputation as home to first class cultural amenities and attractions.

- The Project will provide a $5 million operating endowment for The Mexican Museum to support its ongoing operations.

- The Project will rehabilitate the historic Aronson Building, which is rated "A" (highest importance) by the Foundation for San Francisco's Architectural Heritage and is eligible for listing on the National Register of Historic Places and the California Register of Historical

Resources, and which was recently designated as a Category I Significant Building in the expanded New Montgomery-Mission-Second Street Conservation District, and which is in need of repair.

- The Project will create up to 215 new housing units, which will increase the City's and region's housing supply. These new housing units will be in close proximity to transit, employment opportunities, and neighborhood serving retail uses.

- The Project will pay an affordable housing in-lieu fee in an amount equivalent to a 28% housing production requirement, which is substantially in excess of the 20% requirement under the City's Planning Code. The Project's affordable housing in-lieu fee will be used to construct much needed affordable housing in the City.

- The Project will provide additional private funding for operations, management, and security of Yerba Buena Gardens; funding which would not be available without the project.

- The Project will construct a high quality, world-class, mixed-use development, designed by an internationally recognized architecture firm in accordance with sound urban design principles. The Project will create a new mixed-use residential development on an urban infill site in close proximity to transit, the Downtown and SOMA employment centers, the Yerba Buena cultural district, and retail uses.

- The Project's residential tower will be built to at least Leadership in Energy and Environmental Design (LEED) Silver construction standards consistent with the requirements of the Building Code for the City and County of San Francisco (or such higher and additional requirements as adopted by the City and County of San Francisco). The LEED Silver standard will help reduce the City's overall contribution to greenhouse gas emissions and global warming as well as reducing the project's carbon footprint by providing for a highly energy efficient building.

- In redeveloping the project site with a high quality residential development that includes a cultural component and a ground floor retail or restaurant use, the project will further the objectives of the General Plan's Urban Design Element and complete the development of the former Yerba Buena Center Redevelopment Plan.

Exhibit 2

MITIGATION MONITORING AND REPORTING PROGRAM FOR THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT (Includes Text for Adopted Mitigation Measures and Improvement Measures)				
MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
MITIGATION MEASURES FOR THE 706 MISSION STREET – THE MEXICAN MUSEM AND RESIDENTIAL TOWER PROJECT				
Cultural Resources (Archeological Resources) Mitigation Measures				
Mitigation Measure M-CP-1a: Archaeological Testing, Monitoring, Data Recovery and Reporting Based on a reasonable presumption that archeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall undertake an archeological testing program as specified herein. In addition, the consultant shall be available to conduct an archeological monitoring and/or data recovery program if required pursuant to this measure. The archeological consultant's work shall be conducted in accordance with this measure at the direction of the Environmental Review Officer (ERO). All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archeological resource as defined in CEQA Guidelines Sect. 15064.5 (a) and (c).	Project sponsor to retain qualified professional archaeologist from the pool of archeological consultants maintained by the Planning Department.	Prior to commencement of soil-disturbing activities, submittal of all plans and reports for approval by the ERO.	The archeological consultant shall undertake an archeological testing program as specified herein. (See below regarding archaeological consultant's reports)	Considered complete when Project Sponsor retains a qualified professional archaeological consultant.
<u>Consultation with Descendant Communities</u> On discovery of an archeological site associated with descendant Native Americans or the Overseas Chinese an appropriate representative of the descendant group and the ERO shall be contacted. The representative of the descendant group shall be given the opportunity to monitor archeological field investigations of the site and to consult with ERO regarding appropriate archeological treatment of the site, of recovered data	Project sponsor/archeological consultant	For the duration of soil-disturbing activities	Project Sponsor/archeological consultant shall contact the ERO and descendant group representative upon discovery of an	Considered complete upon submittal of Final Archaeological Resources Report.

5652

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
from the site, and, if applicable, any interpretative treatment of the associated archeological site. A copy of the Final Archaeological Resources Report shall be provided to the representative of the descendant group.			archaeological site associated with descendant Native Americans or the Overseas Chinese. The representative of the descendant group shall be given the opportunity to monitor archaeological field investigations on the site and consult with the ERO regarding appropriate archaeological treatment of the site, of recovered data from the site, and, if applicable, any interpretative treatment of the associated archaeological site. Archaeological Consultant shall prepare a Final Archaeological Resources Report in consultation with the ERO. (per below). A copy of this report shall be provided to the ERO and the representative of the descendant group.	
<u>Archeological Testing Program</u> The archeological consultant shall prepare and submit to the ERO for review and approval an archeological testing plan (ATP). The archeological testing program shall be conducted in accordance with the approved ATP. The ATP shall identify the property types of the expected archeological resource(s) that potentially could be adversely affected by the proposed project, the testing method to be used, and the locations recommended for testing. The purpose of the archeological testing program will be to determine to the extent possible the presence or absence of archeological	Project sponsor/Archaeological consultant at the direction of the ERO.	Prior to any excavation, site preparation or construction and prior to testing, an Archaeological Testing Plan (ATP) is to be submitted to and	Archaeological consultant to undertake archaeological testing program (ATP) in consultation with ERO.	Considered complete with approval of ATP by ERO and on finding by ERO that ATP is implemented.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
resources and to identify and to evaluate whether any archeological resource encountered on the site constitutes an historical resource under CEQA. At the completion of the archeological testing program, the archeological consultant shall submit a written report of the findings to the ERO. If based on the archeological testing program the archeological consultant finds that significant archeological resources may be present, the ERO in consultation with the archeological consultant shall determine if additional measures are warranted. Additional measures that may be undertaken include additional archeological testing, archeological monitoring, and/or an archeological data recovery program. If the ERO determines that a significant archeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the project sponsor either: A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archeological resource; or B) A data recovery program shall be implemented, unless the ERO determines that the archeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible. <u>Archeological Monitoring Program</u> If the ERO in consultation with the archeological consultant determines that an archeological monitoring program (AMP) shall be implemented the archeological monitoring program shall minimally include the following provisions: • The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO in consultation with the archeological consultant shall determine what project activities shall be archeologically	Project sponsor/Archaeological consultant in consultation with the ERO. Project sponsor, and project archaeological consultant, in	approved by the ERO. At the completion of the archaeological testing program The archaeological consultant, project sponsor, and ERO shall meet prior to commencement of soils-	Archaeological consultant to submit results of testing, and if significant archaeological resources may be present, in consultation with ERO, determine whether additional measures are warranted. If significant archaeological resources are present and may be adversely affected, project sponsor, at its discretion, may elect to redesign the project, or implement data recovery program, unless ERO determines the archeological resource is of greater interpretive than research significance and that interpretive use is feasible. If required, Archaeological Consultant to prepare	Considered complete on submittal to ERO of report on ATP findings. Considered complete on approval of AMP by ERO; submittal

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
monitored. In most cases, any soils- disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archeological monitoring because of the risk these activities pose to potential archaeological resources and to their depositional context; • The archeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archeological resource; • The archeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archeological consultant and the ERO until the ERO has, in consultation with project archeological consultant, determined that project construction activities could have no effects on significant archeological deposits; • The archeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis; • If an intact archeological deposit is encountered, all soils-disturbing activities in the vicinity of the deposit shall cease. The archeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction activities and equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archeological monitor has cause to believe that the pile driving activity may affect an archeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archeological consultant shall immediately notify the ERO of the encountered archeological deposit. The archeological consultant shall make a reasonable effort to assess the identity, integrity, and significance of the encountered archeological deposit, and present the findings of this assessment to the ERO. Whether or not significant archeological resources are encountered, the archeological consultant shall submit a written report of the findings of the monitoring program to the ERO.	consultation with the ERO.	disturbing activities. If ERO determines that archaeological monitoring is necessary, monitor throughout all soils-disturbing activities.	Archaeological Monitoring Program (AMP) in consultation with the ERO. Project sponsor, project archaeological consultant, archaeological monitor, and project sponsor's contractors shall implement the AMP, if required by the ERO.	of report regarding findings of AMP; and finding by ERO that AMP is implemented.
<u>Archeological Data Recovery Program</u>		If there is a		Considered

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
If the ERO, in consultation with the archaeological consultant, determines that archaeological data recovery programs shall be implemented, the archeological data recovery program shall be conducted in accord with an archeological data recovery plan (ADRP). The archeological consultant, project sponsor, and ERO shall meet and consult on the scope of the ADRP prior to preparation of a draft ADRP. The archeological consultant shall submit a draft ADRP to the ERO. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes would address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archeological resources if nondestructive methods are practical. The scope of the ADRP shall include the following elements: • *Field Methods and Procedures*. Descriptions of proposed field strategies, procedures, and operations. • *Cataloguing and Laboratory Analysis*. Description of selected cataloguing system and artifact analysis procedures. • *Discard and Deaccession Policy*. Description of and rationale for field and post-field discard and deaccession policies. • *Interpretive Program*. Consideration of an on-site/off-site public interpretive program during the course of the archeological data recovery program. • *Security Measures*. Recommended security measures to protect the archeological resource from vandalism, looting, and non-intentionally damaging activities. • *Final Report*. Description of proposed report format and distribution of results. • *Curation*. Description of the procedures and recommendations for the	Project sponsor and project archaeological consultant, in consultation with ERO.	determination by the ERO that an Archeological Data Recovery Program (ADRP) is required.	If required, Archaeological consultant to prepare an Archeological Data Recovery Plan (ADRP) in consultation with the ERO.	complete on submittal of ADRP to ERO.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities. Human Remains and Associated or Unassociated Funerary Objects The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and Federal laws. This shall include immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archeological consultant, project sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (CEQA Guidelines. Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, custodianship, curation, and final disposition of the human remains and associated or unassociated funerary objects.	Project sponsor and project archaeological consultant, in consultation with the San Francisco Coroner, NAHC and MLD.	In the event human remains and/or funerary objects are encountered.	Archaeological consultant/ Archaeological monitor/project sponsor or contractor to contact San Francisco County Coroner. Implement regulatory requirements, if applicable, regarding discovery of Native American human remains and associated/unassociated funerary objects. Contact Archaeological consultant and Environmental Review Officer (ERO).	Considered complete on notification of the San Francisco County Coroner and NAHC, if necessary.
Final Archeological Resources Report The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s)		If applicable, after completion of archeological data		Considered complete on

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound, one unbound and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest in or the high interpretive value of the resource, the ERO may require a different final report content, format, and distribution than that presented above.	Project sponsor and project archaeological consultant, in consultation with ERO Archeological Consultant at the direction of the ERO	recovery, inventorying, analysis and interpretation. If applicable, upon approval of Final Archaeological Resources Report by ERO.	If applicable, Archaeological consultant to submit a Draft Final Archeological Resources Report (FARR) to ERO. Archeological Consultant to distribute FARR.	submittal of FARR and approval by ERO. Considered complete when Archeological Consultant to provide written certification to ERO that required FARR distribution has been completed.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
Mitigation Measure M-CP-1b: Interpretation Based on a reasonable presumption that archaeological resources may be present within the project site, and to the extent that that the potential significance of some such resources is premised on CRHR Criteria 1 (Events), 2 (Persons), and/or 3 (Design/Construction), the following measure shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The project sponsor shall implement an approved program for interpretation of resources. The project sponsor shall retain the services of a qualified archaeological consultant having expertise in California urban historical and marine archaeology. The archaeological consultant shall develop a feasible, resource-specific program for post-recovery interpretation of resources. The particular program for interpretation of artifacts that are encountered within the project site will depend upon the results of the data recovery program and will be the subject of continued discussion between the ERO, consulting archaeologist, and the project sponsor. Such a program may include, but is not limited to, any of the following (as outlined in the ARDTP): surface commemoration of the original location of resources; display of resources and associated artifacts (which may offer an underground view to the public); display of interpretive materials such as graphics, photographs, video, models, and public art; and academic and popular publication of the results of the data recovery. The archaeological consultant's work shall be conducted at the direction of the ERO, and in consultation with the project sponsor. All plans and recommendations for interpretation by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO.	Project sponsor and archaeological consultant, in consultation with ERO.	Prior to issuance of final certificate of occupancy	Archaeological consultant shall develop a feasible, resource-specific program for post-recovery interpretation of resources. All plans and recommendations for interpretation by the Archaeological consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until deemed final by ERO. ERO to approve final interpretation program. Project sponsor to implement an approved for interpretation program .	Considered complete upon installation of approved interpretation program.
Mitigation Measure M-CP-3: Paleontological Resources Monitoring and Mitigation Program The project sponsor shall retain the services of a qualified paleontological consultant having expertise in California paleontology to design and implement a Paleontological Resources Monitoring and Mitigation Program. The PRMMP shall include a description of when and where construction monitoring would be required; emergency discovery procedures; sampling and data recovery procedures; procedure for the preparation, identification, analysis, and curation of fossil specimens and data recovered; preconstruction coordination procedures; and procedures for reporting the	Project sponsor to retain appropriately qualified consultant to prepare PRMMP, carry out monitoring, and reporting, if srequired.	Prior to and during construction	ERO to approve final PRMMP	Considered complete on approval of final PRMMP.

MITIGATION MONITORING AND REPORTING PROGRAM FOR
THE 706 MISSION STREET – THE MEXICAN MUSEUM AND RESIDENTIAL TOWER PROJECT
(Includes Text for Adopted Mitigation Measures and Improvement Measures)

MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Schedule	Monitoring/Reporting Actions and Responsibility	Status/Date Completed
results of the monitoring program. The PRMMP shall be consistent with the Society for Vertebrate Paleontology Standard Guidelines for the mitigation of construction-related adverse impacts to paleontological resources and the requirements of the designated repository for any fossils collected. During construction, earth-moving activities shall be monitored by a qualified paleontological consultant having expertise in California paleontology in the areas where these activities have the potential to disturb previously undisturbed native sediment or sedimentary rocks. Monitoring need not be conducted in areas where the ground has been previously disturbed, in areas of artificial fill, in areas underlain by nonsedimentary rocks, or in areas where exposed sediment would be buried, but otherwise undisturbed. The consultant's work shall be conducted in accordance with this measure and at the direction of the City's ERO. Plans and reports prepared by the consultant shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Paleontological monitoring and/or data recovery programs required by this measure could suspend construction of the proposed project for as short a duration as reasonably possible and in no event for more than a maximum of four weeks. At the direction of the ERO, the suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce potential effects on a significant paleontological resource as previously defined to a less-than-significant level.	The project paleontological consultant to consult with the ERO as indicated.	Prior to and during construction, if required.	Consultant shall provide brief monthly reports to ERO during monitoring or as identified in the PRMMP, and notify the ERO immediately if work should stop for data recovery during monitoring The ERO to review and approve the final documentation as established in the PRMMP	Considered complete on approval of final documentation by ERO.
Mitigation Measure M-CP-4: Accidental Discovery The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in *CEQA Guidelines* Section 15064.5(a)(c). The project sponsor shall distribute the Planning Department archeological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken each contractor is responsible for ensuring that the "ALERT" sheet is circulated to all field personnel including, machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible	Project sponsor to prepare "ALERT" sheet and provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) stating that all field personnel have received copies of the "ALERT" sheet	Prior to any soil-disturbing activities	Project sponsor to provide signed affidavit from project contractor, subcontractor(s) and utilities firm(s) to the ERO stating that all field personnel have received copies of the "ALERT" sheet.	Considered complete upon submission of affidavit regarding distribution of Alert sheet

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

NOTICE OF PUBLIC HEARING

BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: Tuesday, July 9, 2013

Time: 3:00 p.m.

Location: Legislative Chamber, Room 250 located at City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

Subject: File No. 130664. Hearing of persons interested in or objecting to the Historic Preservation Commission's decision, dated May 15, 2013, approving a Major Permit to Alter for an interior and exterior rehabilitation, as well as seismic upgrade of the Aronson Building and new construction of a 47-story, 550'-tall tower with up to 215 residential units and a museum (the future home of The Mexican Museum) adjacent to Aronson Building and located partially within the new Montgomery-Mission-Second Street Conservation District. The project would also reconfigure portions of the existing Jessie Square Garage to increase the number of parking spaces from 442 spaces to 470 spaces, add loading and service vehicle spaces, and would allocate up to 215 parking spaces within the garage to serve the proposed residential uses for the property located at 706 Mission Street (Assessor's Block No. 3706, Lot Nos. 093, 275, and portions of Lot No. 277), within the C-3-R (Downtown Office) District and the 400-I Height and Bulk District. (District 6) (Appellants: Thomas N. Lippe on behalf of 765 Market Street Residential Owner's Association, Friends of Yerba Buena, Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins) (Filed June 13, 2013).

Pursuant to Government Code Section 65009, notice is hereby given, if you challenge, in court, the matter described above, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors at, or prior to, the public hearing.

In accordance with Section 67.7-1 of the San Francisco Administrative Code, persons who are unable to attend the hearing on these matters may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, Room 244, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102. Information relating to this matter is available in the Office of the Clerk of the Board and agenda information will be available for public review on Friday, July 5, 2013.

for

Angela Calvillo, Clerk of the Board

DATED: June 27, 2013
MAILED/POSTED: June 28, 2013

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

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

☐ 1. For reference to Committee.

An ordinance, resolution, motion, or charter amendment.

☐ 2. Request for next printed agenda without reference to Committee.

☐ 3. Request for hearing on a subject matter at Committee.

☐ 4. Request for letter beginning "Supervisor [ ] inquires"

☐ 5. City Attorney request.

☐ 6. Call File No. [ ] from Committee.

☐ 7. Budget Analyst request (attach written motion).

☐ 8. Substitute Legislation File No. [ ]

☐ 9. Request for Closed Session (attach written motion).

☐ 10. Board to Sit as A Committee of the Whole.

☐ 11. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative For

Sponsor(s):

Clerk of the Board

Subject:

Appeal of the Historic Preservation Commission's Decision on a Major Permit to Alter - 706 Mission Street

The text is listed below or attached:

Hearing of persons interested in or objecting to the Historic Preservation Commission's decision, dated May 15, 2013, approving a Major Permit to Alter for an interior and exterior rehabilitation, as well as seismic upgrade of the Aronson Building and new construction of a 47-story, 550'-tall tower with up to 215 residential units and a museum (the future home of The Mexican Museum) adjacent to Aronson Building and located partially within the new Montgomery-Mission-Second Street Conservation District. The project would also reconfigure portions of the existing Jessie Square Garage to increase the number of parking spaces from 442 spaces to 470 spaces, add loading service vehicle spaces, and would allocate up to 215 parking spaces within the garage to serve the proposed residential uses for the property located at 706 Mission Street (Assessor's Block No. 3706, Lot Nos. 093, 275, and portions of Lot No. 277), within the C-3-R (Downtown Office) District and the 400-I Height and Bulk District. (District 6) (Appellants: Thomas N. Lippe on behalf of 765 Market Street Residential Owner's Association, Friends

of Yerba Buena, Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins) (Filed June 13, 2013).

Signature of Sponsoring Supervisor:

For Clerk's Use Only:

130664

BOS-11
COB
City Attny
C Page
File 130644

Lippe Gaffney Wagner LLP www.lgwlawyers.com

SAN FRANCISCO • 329 Bryant St., Ste. 3D, San Francisco, CA 94107 • T 415.777.5600 • F 415.777.9809
SACRAMENTO • 9333 Sparks Way, Sacramento, CA 95827 • T 916.361.3887 • F 916.361.3897

Thomas N. Lippe
Brian Gaffney
Keith G. Wagner
Kelly A. Franger
Henry A. Steinberg

July 15, 2013

Board President David Chiu and Members of the Board of Supervisors
City of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Re: Agenda Item No. 47: Further Argument and Evidence in Support of Appeal of May 15, 2013 Historic Preservation Commission Article 11 Determination; Motion No. 0197.

Dear Board President David Chiu and Members of the Board of Supervisors:

This office represents the 765 Market Street Residential Owner's Association ("ROA"), Friends of Yerba Buena ("FYB"), Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively "Appellants"), regarding the 706 Mission Street - Residential Tower and Mexican Museum Project ("the Project") and this appeal.

I am writing to rebut several contentions made by the Project Sponsor, in its counsel's July 1, 2013 letter to the Board, and by the Planning Department, in its Appeal Response.

Attached please find:

- Exhibit 1: The May 7, 2013 letter from Katherine Petrin previously submitted to the Historic Preservation Commission.

- Exhibit 2: The May 23, 2013 letter from Ms. Petrin previously submitted to the Planning Commission.

- Exhibit 3: The July 10, 2013 letter from Ms. Petrin to my office regarding her opinion that the recent reduction in height of the tower does not alter her previously expressed opinion.

- Exhibit 2 to my April 25, 2013 letter to this Board on the EIR appeal, which is an excerpt from the original Historic Preservation Commission Case Report.

The Project Sponsor contends the tower will not increase the height of the Aronson building by more than one story because it is not an "addition" because "it is more appropriately characterized as 'related new construction' because . . . it will be constructed adjacent to and not on top of the Aronson Building and will appear as a separate building." (Bradish Letter, p. 3 [emphasis added] .)

The underlined words in the Project Sponsors argument betray its weakness. It is an argument based on semantics, not on-the-ground reality. As discussed in my April 25, 2013 letter

(see Section 2 thereof) to this Board on the EIR appeal, the tower is so integrated into the Aronson Building that further reference to them as separate buildings is pure artifice.

The Project involves demolition of and alteration of the Aronson Building by attaching the tower to and programmatically integrating the tower with the Aronson Building. "As part of the project the two existing non-historic 1978 additions will be removed and the Aronson Building will be *integrated* as part of a new 47-story, 550'-tall tower with up to 215 residential units and *a portion of the Mexican Museum*. The new tower will be *adjacent to and physically connected* to the existing Aronson Building." (HPC Case Report, p. 2 (emphasis added).)

In addition to the fact that the western portion of the Aronson Building will be demolished and the tower will be built in its place, the tower and Aronson Building will have "New exterior and interior connections . . . for programmatic and structural requirements" such that they will be "laterally connected . . . at all floor and roof levels" and will "move together during a seismic event" and "will not be structurally isolated."[1]

Further, "Museum interior space will span across both new and existing buildings at the 2nd and 3rd floors, with ground floor entry within the new tower base. Museum interior space may also include all or a portion of the 1st floor Aronson Building, and/or portion of 4th floor tower for exterior terrace access and mechanical spaces."[2]

Also, "The existing tower volume will cantilever approximately 7' over the existing Aronson Building starting at the 12th floor and be setback approximately 15' from the south facade of the Aronson Building."[3] Even if the tower did not intrude into the airspace above the Aronson Building, its attachment to the Aronson Building results in increasing the height of the Aronson Building by 39 stories. But the plan to cantilever part of the tower over the top of the Aronson Building shows that raising the height of the Aronson Building by 39 stories is not just the result of this design, it is the developer's specific intent.

Moreover, the language of section 1111.6(c)(6) states that "any additions to height of the building . . . shall be limited to one story above the height of the existing roof, shall be compatible with the scale and character of the building." Thus, even if the word "addition" has a special meaning that would distinguish it from "related new construction" in some other context, there is nothing in Article 11 suggesting that, in section 1111.6(c)(6), it has any meaning other than its plain

---

[1] HPC Case Report, pp. 16-17.

[2] Exhibit 6 to my April 25, 2013 letter to this Board on the EIR appeal, Major Permit to Alter, Appendix 1, p. 29.

[3] HPC Case Report, p. 16.

meaning. Indeed, the section speaks to "additions to height of the building," not to "additions" as a term of art distinct from other types of construction.

In short, this project will result in one building that is more than one story higher than the Aronson Building, in violation of Planning Code Article 11, section 1111.6(c)(6).

The Project Sponsor also argues that Planning Code section 1111.6(c)(6), which requires that the tower be compatible in scale with the Aronson Building, does not apply at all because it only applies to "additions" and the tower is not an "addition." As above, the Project Sponsor puts too much weight on the word "addition," and ignores the phrase in which it occurs, which speaks to "additions to height of the building."

Finally, this argument "proves too much." It is absurd to interpret Article 11 as not requiring compatibility in height between the tower and the Category 1 Significant building to which it is being attached and with which it is being physically and programmatically integrated.

Regarding the outsized scale of the Project in comparison to the Conservation District and the Aronson Building, the Planning Department responds:

> As proposed, the tower would be located in a setting of a number of existing towers, including existing towers within this Conservation District. The Conservation District includes seven existing towers of heights up to 484 feet, two of which are located in the immediate vicinity of the proposed tower. Heights of contributing buildings within this Conservation District vary and range from the two-story Burdette Building (90 Second Street) to the 26-story Telephone and Telegraph Tower (140 New Montgomery Street). The adjacent Aronson Building and the Williams Building, nearest to the proposed tower are 10 and 8 stories in height, respectively. Additionally, there are several non-contributing high-rise towers located within this Conservation District, including the St. Regis Hotel & Residences (42 stories, 484 feet), which is located less than half a block down Mission Street from the project site, and the UC Berkeley Extension SOMA Center/Paramount Residences (43 stories, 420 feet), which is located directly across Third Street from the project site.

(Planning Dept. Appeal Response, p. 8.)

This discussion is remarkable because it focuses only on that which is irrelevant, namely, (1) it completely ignores the actual scale of the District as expressed in section 6 of Appendix F to Article 11, which is predominantly in the 3 to 8 story range;[4] (2) it only references tall buildings in

[4]See Planning Code, Article 11, Appendix F, Section 6: "(b) Scale. More than two-thirds of the contributing buildings are three-to-eight story brick or concrete commercial loft buildings

the District; and (3) it references tall buildings in the District that, with only one exception, are "non-contributing"; and (4) it references only one somewhat "tall" contributing building in the District, which is the 26-story Telephone and Telegraph Tower at 140 New Montgomery Street; but even this building is only about half the height of this Project.

For the Planning Department to base its finding of compatibility in height on the presence of one mid-size contributing building while ignoring the predominantly small scale of the District based on two-thirds of the contributing buildings represents a failure of analysis and makes a mockery of Article 11.

Regarding Appellants' CEQA claims raised in this appeal, the Planning Department responds:

> In challenging the HPC's CEQA approval findings, the Appellant first challenges, not the HPC's rejection of alternatives or statement of overriding considerations (in which the HPC set forth its reasons for approving the project despite its contribution to a significant and unavoidable cumulative impact to shadow on public open space), but rather the impact determinations made in the EIR. (See Appeal Letter, issues numbered 6a-d.)

(Planning Dept. Appeal Response, p. 9.)

This characterization of Appellants' grounds for appeal is incorrect. Appellants fully accept the EIR's determination that the Project will have a significant cumulative impact on shadow on Union Square. This appeal claims that new information that was inexplicably omitted from the EIR, the omission of which rendered the EIR fundamentally misleading such that it frustrated meaningful public comment, requires recirculation of a revsied EIR that includes the omitted information. This omitted information consists of matters which the Plannning Department now concedes: that the HPC has jurisdiction over the tower portion of the Project, that the tower is located within the NMMS Conservation District, and that Article 11's height compatibility and other standards apply to the tower.

---

constructed during the five years after the 1906 Earthquake and Fire. The scale of the District varies from the small buildings on Howard, Mission, Natoma, and Second Streets, such as the Phoenix Desk Company Building at 666 Mission Street, the Burdette Building at 90 Second Street, and the Emerison Flag Company Building at 161 Natoma Street; to medium-scaled structures on Mission and New Montgomery Streets, such as the Veronica Building at 647 Mission Street, and the Standard Building at 111 New Montgomery Street; to large-scale buildings on New Montgomery Street, such as the Pacific Telephone and Telegraph Building at 140 New Montgomery."

The Planning Department does recognizes that Appellants challenge the HPC's CEQA findings on grounds that there is insufficient evidence to determine that the significant cumulative impact on shadow on Union Square is unavoidable, stating:

> The Appellant next alleges that the HPC found that it was not feasible to mitigate the proposed project's contribution to a significant and unavoidable impact to cumulative shadow impacts to Union Square and that this finding was not supported by substantial evidence in the record. However, the HPC made no such finding. Rather, the EIR identified a significant and unavoidable impact to cumulative shadow on outdoor recreation facilities and other public areas generally, not just to Union Square. The HPC found that it was not feasible to mitigate the project's cumulative shadow contribution to public open space, which includes Union Square as well as Jessie Square and public sidewalks, without a significant reduction in the tower height far beyond what was later proposed by the project sponsor. This finding was supported by substantial evidence in the record, including the Economic & Planning Systems, Inc.'s May 2013 Report on the Financial Feasibility of 706 Mission Street.

(Planning Dept. Appeal Response, pp. 9-10.)

To date, Appellants have given the HPC the benefit of the doubt and construed its finding that the proposed project's significant cumulative shadow impacts on public open spaces as applying to Union Square because the EIR specifically finds the Project's shadow impact on Union Square in particular to be significant. Because of that, the HPC was required, under Public Resources Code § 21081, to find that there are no feasible mitigation measures or alternatives that would reduce the impact. Accepting the Planning Departments' contention that the HPC made no such finding, this represents a separate legal violation that Appellants also appeal.

The Planning Department response argues that any complaints about the EIR are foreclosed by this Board's denial of Appellants' previous appeal of the EIR certification.[5] This is incorrect because this appeal claims that new information that was inexplicably omitted from the EIR, the omission of which rendered the EIR fundamentally misleading such that it frustrated meaningful public comment, requires recirculation of a revised EIR that includes the omitted information.

The Planning Department further argues:

---

[5]See e.g., "Third, the Appellant appears to contend that the EIR should have analyzed an alternative to the project with a tower less than 520 feet but more than 351 feet in height, and that because it did not, the HPC's finding that the alternatives identified in the EIR were infeasible is not supported by substantial evidence in the record. But, this argument is again an attack on the EIR itself, specifically its alternatives analysis." (Planning Dept. Appeal Response, p.10.) See also, Response 4 at Planning Dept. Appeal Response, p.11.

> The Appellant contends that the EIR "has not properly analyzed how the project conflicts with the San Francisco Planning Code and will result in significant impacts to historical resources." It is not clear what the Appellant means by this statement and he provides no evidence in support of this contention.

(Planning Dept. Appeal Response, p. 11.) The "conflicts" to which appellants refer are the alleged violations of Article 11 raised in this appeal.

The Planning Department response also argues that "the Appellant contends that the EIR's cumulative impact analysis impermissibly compares the project impacts to the already degraded setting. Again, it is not clear what the Appellant means by this statement and he provides no evidence in its support." (Planning Dept. Appeal Response, p. 11.) Appellants claim in this regard relates to the fact that the Department's and HPfC's conclusion that the Project is compatible in the scale with the District and the Aronson Building is based on the presence of other tall buildings that degrade, not contribute, to the historic character of the District.

Thank you for your attention to this matter.

Very Truly Yours,

Tom Lippe

Thomas N. Lippe

L:\706 Mission\Administrative Proceedings\LGW Docs\BOS HPC Art 11 Appeal\LGW 027d 071513 Rebuttal re Appeal of HPC to BOS.wpd

EXHIBIT 1

7 May 2013

Thomas N. Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, California 94107

Re: Case No. 2008.1084E; SCH #2011042035
Proposed Alterations to the Aronson Building, 706 Mission Street

Mr. Lippe:

As a follow up to my letter to Lippe Gaffney Wagner LLP, dated 25 April 2013, regarding the above-referenced project, I am writing to provide further comments on the project mentioned above. These comments are based on the review of the documents listed below. The review of such documents does not change the opinion expressed in my original letter dated 25 April 2013.

In addition to the documents originally reviewed for the preparation of this letter, I have reviewed:

- *Notice of Submission of Supplemental Appeal Response to the Supplemental Materials provided for the Appeals of the EIR Certification for the 706 Mission Street - The Mexican Museum and Residential Tower Project* by the San Francisco Planning Department dated 6 May 2013.
- *706 Mission EIR Appeal Response* prepared by the Planning Department dated 29 April 2013
- *Draft Environmental Impact Report (DEIR) for the proposed 706 Mission Street – The Mexican Museum and Residential Tower Project* (2008.1084E).
    - Including Appendix B *Historic Resource Evaluation for the Aronson Building* (HRE) by Knapp and VerPlanck Preservation Architects dated 23 June 2011
- *Project Sponsor Supplemental Appeal Response,* dated 6 May 2013, including,
    - Memo from Page & Turnbull dated 6 May 2013 regarding 706 Mission Street Project: New Construction within the New Montgomery, Mission & Second Street Conservation District
    - Memo from Page & Turnbull dated 3 May 2013 regarding the Proposed Tower Adjacent to Aronson Building
    - Memo from Page & Turnbull dated 26 April 2011 regarding the Proposed Tower Adjacent to Aronson Building

This letter focuses on **Impacts on Historic Resources** and the failure of the proposed project to meet *The Secretary of the Interior's Standards for Rehabilitation,* specifically Standards 9 and 10, and to comply with Article 11 of the Planning Code.

The project does not, in my opinion, comply with Standard 9 based on the height of the proposed tower in relation to the height of the historic building. At 550', the proposed tower is

out of scale with the historic Aronson Building at 144'. *The Secretary of the Interior's Standards for Rehabilitation and Illustrated Guidelines for Rehabilitating Historic Buildings, New Additions* specifically recommends against, "Designing a new addition so that its size and scale in relation to the historic building are out of proportion, thus diminishing the historic character." The transition in height between the 10-story Aronson Building and the 47-story proposed tower is not sympathetic or compatible with the proportions and massing of the Aronson Building.

One of the main points of discussion has been whether the proposed 550' tower should be characterized as an addition, alteration, or related new construction. Since Standard 9 applies equally to new additions, exterior alterations, and related new construction in relationship to historic buildings, the re-characterization of the project as "related new construction" does not change our opinion that the project does not comply with Standard 9.

Standard 10 of *The Secretary of the Interior's Standards for Rehabilitation* deals with the issue of reversibility or removal of an addition or related new construction. It is a goal of the proposed project to seismically strengthen the historic Aronson Building through the construction of the tower. The rehabilitated historic building would be tied to a new tower programmatically and structurally on all floors. Should the proposed tower be removed in the future (a highly unlikely scenario), the Aronson Building would be materially impaired by the loss of its west elevation and threatened by the removal of the structural system that assures seismic stability. With regard to Standard 10 of *The Secretary of the Interior's Standards,* the proposed project does not, in my opinion, comply.

Further, the question of compatibility between the Aronson Building and the proposed tower is ambiguous in the Historic Resource Evaluation prepared for the project. The *Historic Resource Evaluation for the Aronson Building* (HRE) by Knapp and VerPlanck Preservation Architects dated 23 June 2011 addresses compatibility of the proposed project within its existing context, including its impact on nearby historic resources. The HRE's analysis of the proposed tower was based on the premise that the construction of the tower would occur on the parcel to the west of the Aronson Building, **outside** the New Montgomery-Mission-Second Conservation District, a fact that the Planning Department now views differently. The HRE states that the project complies with Standards 9 and 10 and finds that the proposed tower is compatible within the context of new high-rise construction. Yet, it also states that the tower is not compatible with the historic Aronson Building itself. It states:

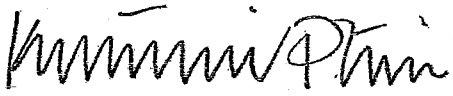
> *Preservation Brief 14* recommends that new infill construction should be compatible with the surrounding context in terms of scale, setback, and façade rhythm. The proposed tower is admittedly much taller than the Aronson Building (550' versus 144'). Because the Aronson Building is surrounded by taller contemporary buildings, the proposed tower is in keeping with its context, if not the historic Aronson Building. (pg. 88)

In addition, since the proposed construction of the tower would occur on a portion of the Aronson Building parcel within the New Montgomery-Mission-Second Conservation District, the HRE analysis is deficient with regard to the compatibility of the proposed tower and the district.

Under the provisions of Article 11, the New Montgomery-Mission-Second Conservation District is distinguished by concentrations of buildings that exhibit a high level of historic architectural integrity and create a cohesive district of two-to-eight story masonry buildings of similar scale, massing, setback, materials, fenestration pattern, style, and architectural detailing.

Article 11 Appendix F Section 7 deals with guidelines for review of new construction and certain alterations. It states that such work, "shall be compatible with the District in general with respect to the building's composition and massing, scale, materials and colors, and detailing and ornamentation...". Section 7 further states that new construction should maintain the character of surrounding buildings by relating to their prevailing height, mass, proportions, rhythm and composition. The proposed tower portion of the project is not consistent with the architectural character of the district in terms of style, materials, or any of the above-stated characteristics. The proposed tower portion of the project is bears no relationship to the architectural character of the New Montgomery-Mission-Second Street Conservation District.

Sincerely,



Katherine Petrin
Architectural Historian

EXHIBIT 2

23 May 2013

Thomas N. Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, California 94107

Re: Case No. 2008.1084E; SCH #2011042035
Proposed Alterations to the Aronson Building, 706 Mission Street

Mr. Lippe:

In response to an inquiry by Lippe Gaffney Wagner LLP, I offer clarification with regard to the following statements included in the *Draft Environmental Impact Report (DEIR) for the proposed 706 Mission Street – The Mexican Museum and Residential Tower Project* (2008.1084E):

1) "The proposed project would *not damage the historic visual setting* of St. Patrick's Church and the Jessie Street Substation *because the historic visual setting of these resources no longer exists*." (DEIR p. IV.D.57)

We disagree with the above DEIR statement which seems to imply that because the historic visual setting has been previously altered, the construction of the proposed 47-story tower would do no further harm. We disagree precisely because of the location of the proposed tower and its relationship to the designated historic resources located at Jessie Square, specifically St. Patrick's Church and the Jessie Street Substation (City of San Francisco Landmarks No. 4 and No. 87, respectively). The height and location of the proposed tower results in a significant adverse impact upon the historic resources at Jessie Square.

The San Francisco Redevelopment Authority acquired St. Patrick's Church in 1971 as part of the Yerba Buena Center Plan. An objective of the Yerba Buena Center Redevelopment Plan called for the visual enhancement of the church through the creation of a public plaza (now Jessie Square). In 2003, a surface parking lot was transformed to create Jessie Square, the one-acre plaza fronted by two designated local landmarks, St. Patrick's Church (on the west) and the Jessie Street Substation (now the Contemporary Jewish Museum on the north).

Informed by the scale of St. Patrick's Church and the Jessie Street Substation, the plaza was conceived by the City as a space that would be defined by the architectural dialogue between low-scale buildings and open space. To introduce a new element on the east side of the plaza, a 550 foot tower, as proposed by the Project, would result in an abrupt transition that is not compatible with the surrounding scale, architectural massing and overall composition of nearby historic resources, including, St. Patrick's Church, the Jessie Street Substation, and the New Montgomery-Mission-Second Conservation District.

The National Register nomination for the Jessie Street Substation dated 09/06/1974 discusses the building's physical characteristics and *setting*, both of which contribute to its historical significance and eligibility for inclusion on the National Register. The nomination states that it is

"a fine example of early twentieth century classical architecture in the San Francisco Bay Area and [is] one of the most interesting buildings of its type in the state."

The City of San Francisco Landmark Nomination Case Report for St. Patrick's Church dated 09/03/1968 describes the physical characteristics that justify its historical significance and eligibility for designation.

We disagree with the DEIR statement that the proposed project would not damage the historic visual setting of St. Patrick's Church and the Jessie Street Substation "because the historic visual setting of these resources no longer exists." Does the "historic visual setting" of St. Patrick's Church and the National Register-listed Jessie Street Substation refer to the historic visual setting at the time these resources were constructed? Does the historic visual setting no longer exist because of previous demolition related to the implementation of the Yerba Buena Center Redevelopment Plan? In either case, the height and location of the proposed 47-story tower diminishes the historic visual setting of the designated historic resources at Jessie Square and results in a significant adverse impact upon those resources.

With regard to the following DEIR statement:

> 2) "The proposed project would not block any *views* of the Aronson Building as *seen from within* these two [Aronson Hist Dist & NMMS] historic districts." (DEIR p. IV.D.56)

The analysis of historic significance is not based solely on "views" from or "within" the Conservation District. Compatibility with Article 11 of the Planning Code is based on multiple factors. Pursuant to Appendix F of Article 11, Section 7 (a), the features of new construction that are to be considered for compatibility with the Conservation District are composition and massing, scale, materials and colors, and detailing and ornamentation.

Just because the proposed tower and the Aronson Building are both vertical in orientation (as opposed to horizontally composed) does not make them compatible as is stated in the Memo from Page & Turnbull dated 6 May 2013 titled *706 Mission Street Project: New Construction within the New Montgomery, Mission & Second Street Conservation District.*

It is the juxtaposition in scale that is the pertinent question regarding compatibility. A 47-story addition to a 10-story building overpowers the historic form and compromises the historic character of the Aronson Building and the two districts, especially at the far western edge of the New Montgomery-Mission-Second Conservation District where it transitions to the low-scale historic resources that define Jessie Square.

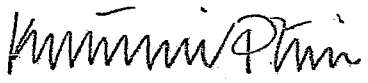
As stated in the *Historic Resource Evaluation for the Aronson Building* (HRE) by Knapp and VerPlanck Preservation Architects dated 23 June 2011 (Appendix B *Draft Environmental Impact Report (DEIR) for the proposed 706 Mission Street* (2008.1084E)):

> The proposed tower is admittedly much taller than the Aronson Building (550' versus 144'). Because the Aronson Building is surrounded by taller contemporary buildings, the proposed tower is in keeping with its context, if not the historic Aronson Building. (pg. 88)

The proposed tower may be compatible with the recently-constructed, **non-contributing** high-rise towers (all lower in height than the proposed tower) that are found in the Conservation District, but it is not compatible with the historic resources that comprise the Conservation District or with the Aronson Building itself. The proposed tower portion of the project bears no relationship to the architectural character of the New Montgomery-Mission-Second Street Conservation District.

Moreover, the HRE states that "The proposed tower will ...obstruct some views of the Jessie Street Substation from Mission Street," and "The proposed tower would partially obscure views of the Aronson Building from both the Jessie Street Substation and St. Patrick's Church and Rectory." This statement appears to contradict the DEIR statement that "The proposed project would not block any views of the Aronson Building as seen from within these two [Aronson Hist Dist & NMMS] historic districts."

Sincerely,



Katherine Petrin
Architectural Historian

EXHIBIT 3

10 July 2013

Thomas N. Lippe
Lippe Gaffney Wagner LLP
329 Bryant Street, Suite 3D
San Francisco, California 94107

Re: Aronson Building, 706 Mission Street, San Francisco, APN 3706-093

Mr. Lippe:

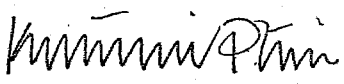
As requested by your firm, Lippe Gaffney Wagner LLP, I have reviewed, commented on, and provided a professional opinion on the proposed project at the historically significant Aronson Building, 706 Mission Street, San Francisco, on various occasions since April 2013. The nature of these comments has to do with the architecturally compatibility between the 10-story Aronson Building, a qualified historic resource under the California Environmental Quality Act (CEQA), and a proposed 47-story tower addition measuring approximately 550 feet in height. In addition, we have evaluated the compatibility between the proposed tower and the surrounding districts, including the New Montgomery-Mission-Second Conservation District.

This letter addresses a change to the proposed project since our last review. The changes are described in a Planning Department memo to the Planning Commission, dated 20 May 2013. To address shadow impacts, the Project Sponsor has proposed reducing the height of the proposed tower the height of the tower from a maximum of 520 feet (with an additional 30-foot tall mechanical penthouse) to a maximum of 480 feet (with an additional 30-foot tall mechanical penthouse). No other changes to the tower envelope or architectural expression are proposed. The height reclassification proposed in association with the project would also be revised; that would reclassify the site from the existing 400-I Height and Bulk District to the 480-I Height and Bulk District (rather than the previously-requested 520-I District).

The proposed 40' height reduction has no bearing on our original findings, expressed in a letter dated 25 April 2013. Our original findings remain unchanged. Those are, that the proposed project does not meet Standards 9 or 10 of *The Secretary of the Interior's Standards for Rehabilitation* or the standards set forth in Planning Code Section 1111.6(c)(6). Nor does the new construction bear any relationship to the architectural character of the New Montgomery-Mission-Second Street Conservation District, in terms of height and scale, and it does not meet the standards set forth in Planning Code Section 1113.6(a).

We disagree with the analysis and conclusions of the *Major Permit to Alter Case Report*. Because of the significance of the two qualified historical resources, the Aronson Building and the New Montgomery-Mission-Second Street Conservation District, and the material impairment caused by the proposed alterations, the proposed project would, in my opinion, result in a substantial adverse change.

Sincerely,



Katherine T. Petrin

Katherine T. Petrin
Architectural Historian & Preservation Planner
1736 Stockton Street, Suite 4, 3rd Floor, San Francisco, California 94133

EXHIBIT 2

TO LGW's APRIL 25, 2013 LETTER
TO THIS BOARD ON THE EIR APPEAL

SAN FRANCISCO
PLANNING DEPARTMENT

Permit to Alter Case Report

HEARING DATE: APRIL 3, 2013

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Filing Date:	October 24, 2012
Case No.:	**2008.1084H**
Project Address:	**706 Mission Street**
Conservation District:	New Montgomery-Mission-Second Conservation District
Category:	Category I (Significant) – Aronson Building
Zoning:	C-3-R (Downtown Retail) 400-I Height and Bulk District
Block/Lot:	3706/093
Applicant:	Margo Bradish Cox Castle & Nicholson LLP 555 California Street, 10th Floor San Francisco, CA 94104
Staff Contact	Lily Yegazu - (415) 575-9076 lily.yegazu@sfgov.org
Reviewed By	Tim Frye - (415) 557-6822 tim.frye@sfgov.org

PROPERTY DESCRIPTION

The project site is located at 706 Mission Street in Assessor's Block 3706, Lot 093 at the intersection of Market and Third Streets. Historically known as the Aronson Building, the subject property is a Category I (Significant) Building located within the New Montgomery-Mission-Second Conservation (NMMS) District and the C-3-R (Downtown Retail) Zoning District with a 400-I Height and Bulk limit.

The Aronson Building was constructed in 1903 based on design by the architectural firm of Hemenway & Miller. The existing building is a ten-story, steel-frame, commercial building with a flat roof and is rectangular in plan. A 1978 addition extends along the west side of the building that is slightly taller than the original structure. A second, smaller addition, also constructed in 1978 is attached to the north façade. Both additions are constructed of cast-in-place reinforced concrete and are clad in yellow face brick.

The primary facades along Mission and Third Streets are five and four bays wide, respectively, have a base, shaft, and capital composition, with matching decorative details. The base consists of storefront bays delineated by pointed cast iron pilasters that have been infilled with non-historic buff-colored brick and contemporary storefronts. Historic entrances were located at the north end of Third Street façade and west end of Mission Street façade. At Mission Street, the infilled former entrance is framed by a pair of Colusa sandstone Ionic pilasters that support a projecting architrave that extends along entirety of both primary facades. The pilasters on the Third Street facade are missing their capitals. The second floor is

clad with Colusa sandstone with bays delineated by cast iron pilasters. Each bay contains three windows separated by cast iron mullions capped by a scrolled bracket. The third floor is clad in buff-colored terra cotta rusticated to resemble stone masonry. Each bay contains a pair of recessed windows divided by a masonry pilaster capped by a composite capital.

PROJECT DESCRIPTION

The proposed Major Permit to Alter is for an interior and exterior rehabilitation as well as seismic upgrade of the Aronson Building. As part of the project the two existing non-historic 1978 additions will be removed and the Aronson Building will be integrated as part of a new 47-story, 550'-tall tower with up to 215 residential units and a portion of the Mexican Museum. The new tower will be adjacent to and physically connected to the existing Aronson Building. As part of the proposed project, the Aronson Building will be restored and rehabilitated for possible residential or commercial, as well as retail and cultural use with a one-story rooftop solarium addition and roof garden/outdoor terrace. The proposed project is fully described in the conceptual plans and Architectural Design Intent Statement prepared by Handel Architects establishing the design intent and parameters for the new development and for the treatment of the historic Aronson Building based on recommendations included in the Historic Structure Report (HSR) prepared by Page & Turnbull (Exhibit J). The scope of work subject to this Major Permit to Alter includes the following:

East (Third St) and south (Mission St) facades

- The brick infill at the ground levels of the Third and Mission Street elevations are proposed to be removed. Any extant historic entry materials on the westernmost edge of the Mission Street elevation are exposed during removal of the brick infill, the materials are proposed to be retained, cleaned and protected. However, if no historic entryway materials exist, a new contemporary arched opening is proposed to be constructed in this location.
- The non-historic fire escapes and landings on the primary facades (Third and Mission Streets) will be removed and the cornice and any historic fabric will be repaired as required.
- Character-defining features of the Aronson Building that are deteriorated, such as the terra cotta, brick, Colusa sandstone, and cast ironwork will be rehabilitated and repaired. Features that are missing or deteriorated beyond repair will be replaced in kind or are proposed to be replaced with substitute materials.
- A new storefront system is proposed to be installation along the two primary facades (Third and Mission Streets).
- A new bronze portal surround is proposed to be integrated with the existing bronze door frame of the main entry way along the Third Street facade. The portal will match the storefronts in finish and will be setback from the historic pilasters and entablature. New glass double doors are also proposed at this location within the existing opening.
- A new canopy, 8' 6" high above the sidewalk grade, is proposed at the historic entryway along the Third Street façade. The proposed canopy will be approximately 7' 6" in width to fit in within the existing opening while still being setback from the historic pilasters on either side. The canopy will project approximately 4' from the face of the building and will be contemporary in design with a simple detail.
- The non-historic windows on the upper floors of the Third and Mission Street facades are proposed

to be replaced with new operable aluminum windows that will have similar proportions to the stiles and rails of the historic windows and will fit within existing openings.

West Facade

- The non-historic 10-story 1978 brick addition which currently obscures the historic west façade will be removed to make way for the proposed tower. The new tower will abut and connect to the west façade of the Aronson Building with new openings proposed along the west façade for circulation between the two structures as well as seismic, structural, mechanical, electrical and plumbing improvements. Existing openings in the original west wall will be reused, where feasible. The new tower will be setback approximately 6' from the Aronson Building's Mission Street façade to expose the historic brick on the west façade of the Aronson Building. The exposed brick will be cleaned, repointed as required and existing cracks will be repaired. The exterior finish of the new tower where it abuts the Aronson Building will comprise of transparent curtain-wall system to differentiate it from the Aronson Building.

North Façade

- The non-historic 3-story 1978 brick addition including existing windows, doors and grilles along the north façade will be removed. Openings within the party wall will be patched utilizing salvaged brick removed for new openings proposed along the same facade.
- The existing brick along the north wall will be inspected, repaired, cleaned, and repointed as required. Damaged or missing bricks will be replaced with salvaged brick removed for the proposed window openings.
- New simple punched openings within the existing brick party wall will be introduced to accommodate new metal framed windows with approximately 70% of the existing wall area retained. Each window will be approximately 45 square feet in size (5' x 9') and will be setback approximately 14' 5" from the Third Street façade at floors 4 through 10, and approximately 27' at floors 1 through 3.
- New metal framed transparent storefront openings will also be introduced at the ground floor, similar in material, divisions, frame profile and depth to the storefronts proposed on the Third and Mission Street facades. The new storefront openings will be approximately 250 square feet (12' x 16') each and in combination with the proposed upper floor windows, will cover approximately 30% of the north façade.
- A new metal canopy is also proposed immediately above the new storefronts on the north façade along with a recessed horizontal metal channel that will extend to and align with the cornice datum line of the Third Street façade.

Roof

- Selective removal of existing roofing material and structure as well as seismic upgrade and reinforcement as required is proposed for the existing roof.
- The roof of the Aronson Building will be rehabilitated to function as a residential amenity outdoor terrace/roof garden.
- The existing wood flagpole will be retained and rehabilitated.
- A new one-story, approximately 1,533 square feet (73' x 21') solarium structure, setback

approximately 23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade is also proposed on the roof of the Aronson Building. The roof of the solarium will include a private outdoor terrace that will be used by residents.

- New transparent glass perimeter railing/windscreens, approximately 3' 6" in height and setback approximately 1' 6" from the interior of the existing parapet wall is proposed along the Third and Mission Street facades. The railing/windscreen is proposed to extend along the north façade but will be approximately 10' in height along this elevation to address wind issues.

OTHER ACTIONS REQUIRED

The proposed Major Permit to Alter will require Building Permit(s) for the proposed removal of the two non-historic 1978 additions as well as the fire escapes and landings, and the existing mechanical penthouse on the roof. In addition Building Permit(s) will be required for the proposed rehabilitation of the Aronson Building and the new addition features including new solarium on the roof, ground floor storefronts, and new window openings along the north façade.

In addition to the above-mentioned building permits, other parts of the proposed project not within the jurisdiction of this Commission, including the new tower, will require discretionary approvals that include but are not limited to the following:

- Actions by the Board of Supervisors: adoption of Zoning Map amendments, possible adoption of SUD, approval of Agreement of Purchase and Sale.
- Actions by the Planning Commission: recommendation of Zoning Map amendment, possible recommendation of adoption of an SUD, General Plan referral, approval of a Section 309 Determination of Compliance and Request for Exceptions, approval of Conditional Use Authorization (if required), approval of amendment of the quantitative shadow standard for Union Square.
- Actions by the Recreation and Park Commission: approval of amendment of the quantitative shadow standard for Union Square and recommendation to the Planning Commission
- Actions by the Successor Agency to the Redevelopment Agency, and the Oversight Board of the Successor Agency: approval of the Agreement of Purchase and Sale for the Mexican Museum parcel, approval of parking structure bond purchase/defeasance documents.
- Actions by the Planning Department: approval of the site permit, approval of the Vesting Tentative Map, approval of demolition, grading, and building permits.
- Actions by the Department of Public Works: Approval of the Vesting Tentative Map, approval of a street improvement permit and/or encroachment permit.
- Actions by the Department of Building Inspection: approval of the site permit, approval of demolition, grading, and building permits

PUBLIC/NEIGHBORHOOD INPUT

The Department has received no public input on the Major Permit to Alter Request as of the date of this report.

BACKGROUND

On February 2, 2011, the project sponsor presented an earlier version of the proposed Permit to Alter to the Architectural Review Committee (ARC) of the Historic Preservation Commission to seek ARC comments and recommendations regarding the compatibility of the proposed project with *Secretary's Standards*. The ARC provided comments and recommendations on the design, primarily concerning the proposed storefront system, new window openings on the north elevation, and the rooftop solarium. The project design has since been modified by the Project Sponsor in response to the ARC's comments. The ARC letter is included as Exhibit G in the packet.

On July 18, 2012, the Historic Preservation Commission held a public hearing and took public comment to assist the Commission in its preparation of any comments of the Commission on the Draft Environmental Impact Report (DEIR) for the proposed 706 Mission Street – The Mexican Museum and Residential Tower Project (2008.1084E). After discussion, the Commission determined that the DEIR presented sufficiently addressed and responded to the comments made previously by the ARC and that the write-up regarding the treatment to the building was adequate.

COMPLIANCE WITH THE PLANNING CODE PROVISIONS

The proposed Major Permit to Alter is in compliance with all other provisions of the Planning Code.

APPLICABLE PRESERVATION STANDARDS

ARTICLE 11

Pursuant to Section 1110 of the Planning Code, unless delegated to Planning Department Preservation staff through the Minor Permit to Alter process pursuant to Section 1111.1 of the Planning Code, the Historic Preservation Commission is required to review any applications for the construction, alteration, removal, or demolition for Significant buildings, Contributory buildings, or any building within a Conservation District. In evaluating a request for a Permit to Alter, the Historic Preservation Commission must find that the proposed work is in compliance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties,* Section 1111.6 of the Planning Code, as well as the designating Ordinance and any applicable guidelines, local interpretations, bulletins, related appendices, or other policies. These standards, in relevant part(s), are listed below:

a) The proposed alteration shall be consistent with and appropriate for the effectuation of the purposes of this Article 11.

The proposed project is consistent with Article 11.

b) For Significant Buildings - Categories I and II, and for Contributory Buildings - Categories III and IV, proposed alterations of structural elements and exterior features shall be consistent with the architectural character of the building, and shall comply with the following specific requirements:

(1) The distinguishing original qualities or character of the building may not be damaged or destroyed. Any distinctive architectural feature which affects the overall appearance of the building shall not be removed or altered unless it is the only feasible means to protect the

public safety.

Based on Staff analysis, the project will rehabilitate all of the primary character-defining features of the Aronson Building, including majority of the structural system, building massing, scale and proportions; and all historic materials on both primary (Third and Mission Streets) facades.

(2) The integrity of distinctive stylistic features or examples of skilled craftsmanship that characterize a building shall be preserved.

The proposed project will retain and restore all distinctive materials, features, and finishes as well as construction techniques and examples of craftsmanship that characterize the building. As conditioned, the project will rehabilitate all of the character-defining features of the Aronson Building, such as the wall cladding in buff-colored glazed brick, the terra cotta and sandstone ornament, including sandstone entablatures and piers, brick pilasters, capitals, frizzes, spandrel panels and window sills, cast iron pilasters between ground-floor storefronts, galvanized sheet metal cornice with paired scrolled brackets and block modillions historic entrance locations on Third and Mission Street facades, as well as the wood flagpole on the roof.

(3) Distinctive architectural features which are to be retained pursuant to Paragraph (1) but which are deteriorated shall be repaired rather than replaced, whenever possible. In the event replacement is necessary, the new material shall match the material being replaced in composition, design, color, texture and other visual qualities. Repair or replacement of missing architectural features shall be based on accurate duplication of features, substantiated by historic, physical or photographic evidence, if available, rather than on conjectural designs or the availability of different architectural elements from other buildings or structures. Replacement of non-visible structural elements need not match or duplicate the material being replaced.

Any deteriorated historic features and materials will be repaired rather than replaced wherever feasible. If replacement of a deteriorated element is required, or if the element is missing, it will be replaced in kind, or if the material is no longer available, it will be replaced using an acceptable substitute material that matches the profile and configuration of the original based on physical or photographic documentation. As conditioned, a mock-up of any substitute material proposed will be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval architectural addendum.

(4) Contemporary design of alterations is permitted, provided that such alterations do not destroy significant exterior material and that such design is compatible with the size, scale, color, material, and character of the building and its surroundings.

The proposed storefronts on the primary and secondary elevations will be compatible with the adjoining historic fabric and the original design of the building in terms of materials, proportions, profiles, and configuration based on historic photographs of the Aronson Building. New windows on the north elevation will be clearly differentiated by utilizing a contemporary detailing including simple punched windows while being compatible with the character of the building in size, fenestration pattern and organization. The canopies on the Third Street façade and the north façade will also be contemporary in design with simple details to be easily distinguished from the historic fabric of the building yet be compatible with the existing building.

(5) In the case of Significant Buildings - Category I, any additions to height of the building (including addition of mechanical equipment) shall be limited to one-story above the height of the existing roof, shall be compatible with the scale and character of the building, and shall in no event cover more than 75 percent of the roof area.

The proposed rooftop solarium will be one-story above the existing roof, will cover less than 75 percent (approximately 17.5%) of the roof area and will use materials and design that is compatible with the scale and character of the building including glazing similar to that on the Third and Mission Street facades in terms of material, divisions, frame profile and depth. In addition, given the one-story height and the 23' setback from the Third Street façade and 27' setback from the Mission Street façade, the new rooftop addition will be minimally visible from the public right-of-way. Furthermore, as conditioned, the proposed 10' high glass guardrail/windscreen along the north façade will be setback a minimum of 5' to minimize its view from the public right-of-way (across Third Street).

THE SECRETARY OF THE INTERIOR'S STANDARDS

The proposed Major Permit to Alter must be undertaken in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Properties. The proposed Major Permit to Alter includes rehabilitation as the primary treatment associated with the Aronson Building portion of the project. The Secretary of the Interior's Standards define rehabilitation as, "*The act or process of making possible a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values*". The Rehabilitation Standards provide, in relevant part(s):

Standard 1: A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.

The *project will retain commercial uses, or introduce new uses that will be compatible with the building. With the exception of the building structural system and window frames at upper floors, there are no character-defining features on the interior. The window frames and the structural system will be retained and the new interior layout and features, including partition walls, stairs and other major building elements will be designed in a manner that will not obscure the fenestration of the rehabilitated Third and Mission Street facades. Therefore, the proposed alteration of the interior to accommodate the new use will not impact historic fabric or features that characterize the building.*

Standard 2: The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.

The existing Aronson Building will be maintained and protected prior to and during construction to prevent deterioration and/or damage, and ensure preservation of historic fabric. In addition, the proposed exterior alterations to the building such as the new windows, storefront systems, and canopy on the north elevation occur on secondary elevations. Furthermore, the proposed one-story solarium addition on the rooftop will be substantially setback from the edges of the building (23'

from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) and will be minimally visible from the street. The proposed glass rail/windscreen along the primary facades will not be visible from the streets given its 3' 6" height and 1' 6" setback from the parapet wall. As conditioned, the 10' high portion of the glass railing/windscreen along the north façade will be setback at least 5' from the parapet wall, ensuring minimal visibility from across Third Street. The proposed new tower construction will also be located on a tertiary, previously altered elevation and will not result in the loss of any historic materials or features.

Standard 3: Each property will be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.

The introduction of new storefronts and windows on the primary elevations are based on photographic documentation on the primary elevations is compatible with the adjoining historic fabric and are consistent with the original design of the building in terms of proportions, profiles and configurations. The new punched windows on the north elevation will be clearly differentiated but compatible with the character of the Aronson Building. As conditioned, the replacement windows on the primary facades will be wood framed single light windows and as such will be compatible with the existing building as they are based on physical and photographic documentation.

Standard 4: Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

There are no identified changes to the Aronson Building that have acquired historic significance in their own right. Other existing incompatible and non-historic 1978 additions on the north and west elevations, and storefront infill will be removed as part of the proposed rehabilitation.

Standard 5: Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.

The proposed project will retain and restore all distinctive materials, features, and finishes as well as construction techniques and examples of craftsmanship. Specifically the proposed project will rehabilitate all of the character-defining features of the Aronson Building, such as the exterior cladding in buff-colored glazed brick, the terra cotta and sandstone ornament, including sandstone entablatures and piers, brick pilasters, capitals, frieze, spandrel panels and window sills, cast iron pilasters between ground-floor storefronts, galvanized sheet metal cornice with paired scrolled brackets and block modillions historic entrance locations on Third and Mission Street facades, as well as the wood flagpole on the roof . The original building entrance including the bronze door frame and arched transom frame at the Third Street entrance will be retained, cleaned and rehabilitated. As part of the proposed project, , any extant material associated with the Mission Street historic entryway exposed during demolition will be retained, cleaned and rehabilitated. As conditioned, Department Preservation Staff will review and approve the final design, including materials and details for a new compatible contemporary arched opening that will be built at the original location with new metal portal surround, side lights and new glass entry double doors,

matching those proposed for the Third Street façade, if no historic entryway is found after demolition.

Standard 6: Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

The proposed project will retain and restore all distinctive materials, features, and finishes, as well as construction techniques and examples of craftsmanship that characterize the building. The project also proposes to replace elements deteriorated beyond repair or missing elements in kind. If the material is no longer available, it will be replaced using a substitute material that matches the profile and configuration of the original based on physical or photographic documentation and following the practice outlined in Preservation Brief 16 - Use of Substitute Materials on Historic Building Exteriors. As conditioned, site mock-up of any substitute material used will be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of architectural addendum.

Standard 7: Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

The project will comply with Rehabilitation Standard 7, in such that the project will adhere to the recommendations in the HSR and as conditioned, will following the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning; cleaning of terra cotta proceed with the gentlest means, which may require several mock-ups prior to selection of the proper techniques and that the treatment approaches for the various historic materials be determined by a qualified preservation architect.

Standard 8: Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.

Mitigation measures are identified in the EIR and incorporated in the Mitigation Monitoring and Reporting Program, which require archaeological monitoring during construction of the adjacent tower to ensure that the project will not result in a significant impact to archaeological resources.

Standard 9: New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.

The proposed additions, exterior alterations and related new construction will not destroy historic

materials, features and spatial relationship that characterize the Aronson Building in that most of the new additions are proposed on secondary facades. The one-story solarium will be added on the rooftop and will be substantially setback form the primary facades of the Aronson Building (23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north façade) minimizing the perceived mass and visibility of the addition from the public right-of-way. The canopy, new storefront system and new window openings along the north façade are also additions located on secondary elevations and are designed in a manner to be compatible with and not destroy historic materials, features, and spatial relationships that characterize the Aronson Building. In addition, the proposed tower construction will be located on the previously altered west elevation that has no ornamental detail or historic fenestration. The new storefronts on the primary facades will be designed to closely match the historic storefronts in proportion, profiles and configuration based on physical and photographic evidence. As conditioned, the replacement windows on upper floors of the primary facades will consist of wood window frames with profiles, configuration, color and operation that will closely match the historic windows based on physical and photographic evidence to ensure compatibility with the character of the Aronson Building.

All new work will be clearly differentiated from the old yet be compatible with the historic materials, features, size, proportion, and massing. Specifically the proposed storefronts, new canopies, new windows on the north façade, solarium on the roof top will be clearly differentiated through the use of contemporary detailing and materials. In addition,, the tower will be differentiated in its modern, contemporary design vocabulary.

Standard 10: New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment will not be impaired.

The proposed additions and alternations will not remove significant historic fabric, and have been designed to be unobtrusive to the architectural character of the building and district in conformance with Secretary's Standards. While unlikely, if removed in the future, the proposed alterations at the roof, the primary and secondary facades, including the new adjacent tower, will not have an impact on the physical integrity or significance of the Aronson Building or the district in conformance with Standard 10 of the Secretary's Standards.

STAFF ANAYLSIS

Based on the requirements of Article 11 and the Secretary of the Interior's Standards, the Department has determined the following:

Storefront: The ground floor of the Aronson Building on both the Mission and Third Street facades has been modified with the addition of brick infill. The Sponsor proposes to remove the existing non-historic brick infill and replace with a new glass storefront system to open up the ground floor and rehabilitate the exterior of the ground floor based on historic photographic evidence. The new storefront framing will extend to the perimeters of the opening between the existing pilasters and cornice and will have a prominent horizontal transom division corresponding with the original storefront configuration and minor vertical divisions to align with existing window openings on the upper floors. In addition, the storefronts will have a base that aligns with the existing pilaster bases. The new storefront system will

comprise of aluminum framing and clear glass. In response to the ARC comments, the new storefront will have proportions and configurations similar to the original storefront depicted in historic photos, with the introduction of a larger transom panel. The existing pilasters between the bays will be retained and restored. Storefronts that had been previously removed at the corner of Mission and Third Streets to accommodate recessed entries into the tenant spaces will also be reintroduced as part of the rehabilitation project.

New aluminum framed transparent openings will be added at the ground level along the north façade. The new storefront framing will be similar to that on the Mission and Third Street facades in material, divisions, frame profile and depth. In response to the ARC comments/feedback, the proposed storefronts along the north façade will retain solid brick wall between the storefront bays allowing the storefronts to align with the revised window pattern on the upper levels.

As conditioned, the storefronts appear to reference the configuration and surrounds of the storefront system on the primary as well as secondary (north) façades, and are consistent with the historic character of the ground floor glazed storefronts of the Aronson Building. The Department believes that in concept the proposed storefront systems are compatible with the character-defining features of the subject building and meet the *Secretary's Standards*. The Department recommends the following conditions of approval as part of the proposed scope of work:

(1) Construction details of the proposed storefront and entrance doors that indicate all exterior profiles and dimensions shall be based on historic photograph documentation and shall and are subject to review and approval prior to the approval of the architectural addendum by the Department Preservation Staff.

(2) All storefront finishes shall have a non-metallic powder coated or painted finish. All color and finish samples for storefronts will be submitted to Department Preservation Staff for review and approval as part of the architectural addendum.

Entryway: The existing original entryway along the Third Street façade will be rehabilitated by retaining the existing entrance opening and ornament, including bronze door frame and arched transom frame. New glass entry doors will be installed in the existing bronze door frame. The original arched entryway along Mission Street will be reversed by retaining, cleaning and rehabilitating any extant historic entryway that may be exposed during demolition. However, if no historic entryway exists, a new compatible contemporary arched opening is proposed to be built at the original location with new metal portal surround, side lights and new glass entry double doors, matching those proposed for the Third Street façade.

(3) The final design incorporating any historic fabric if discovered and, including shop drawings for the new contemporary arched opening proposed at the Mission Street shall be based on photographic or physical evidence and shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(4) All exterior materials and finish samples shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of site permit or architectural addendum.

Canopy: A new canopy with integrated signage and lighting is proposed above the existing Third Street entryway. The new canopy will be integrated into the existing entry systems and will be confined within the entry bay. The Department believes that the concept of locating a canopy aligned with the proposed transom line is appropriate in that it serves as a continuation of the horizontal element created by the transom line on the proposed storefront system and will identify and provide prominence to the existing entryway.

A new metal canopy is also proposed at the ground level of the north façade, intended to encourage pedestrian activity and connections to the ground floor program, along with the new storefront system proposed on this façade. The new metal canopy above the storefront will align with the recessed horizontal metal channel above the new storefronts. Furthermore, a new recessed horizontal metal channel above the new storefront will extend to the building edge to align with the Third Street façade cornice datum line.

The Department believes that the canopy finish should match the proposed for the storefront to ensure compatibility with the building. In addition, attachment details should be submitted to Department Preservation Staff for review and approval.

(5) Final design, including finish and materials to match proposed storefronts, and shop drawings for the attachment details of the canopies at the Third Street entry and north façade shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the architectural addendum.

(6) Attachment details of the proposed canopies indicating that the canopies will be attached in a manner that will avoid damage to the historic fabric shall be submitted for review and approval by Department Preservation Staff prior to approval of the architectural addendum.

Signage: New signage and lighting integrated with the storefront canopy is proposed above the existing entrance along Third Street. The proposed signage and lighting integrated within the new canopy also appears to be appropriate by providing identification to one of the main entrances to the Aronson Building. However, at this time, the overall signage program for the Aronson Building ground floor tenant spaces has not been developed and submitted as part of this application packet. When such a sign program is developed, it will need to be reviewed by staff under a new (Minor) Permit to Alter utilizing the Department's Sign Guidelines. As such, as conditioned below, the proposed location of the canopy and sign appear to be compatible with the subject building.

(7) The sign program for the Aronson Building, including lighting proposed, shall be submitted for review and approval by staff under a new (Minor) Permit to Alter at a later date.

Existing Windows: The existing non-historic windows on the upper floors of the Third and Mission Street facades are proposed to be replaced with new operable aluminum windows. The replacement windows are proposed to closely match the exterior profiles and dimensions of the historic wood windows based on photographic documentation.

The Department believes that the installation of aluminum windows may be in conflict with #2 of Section 1111.6 of the Planning Code which stipulates, "The integrity of distinctive stylistic features or examples of skilled craftsmanship that characterize a building shall be preserved." The Department and the

Commission's policy has been that replacement windows closely match the historic (extant or not) windows in terms of configuration, material, and all exterior profiles and dimensions. The department believes that as documented by historic photographs, the historic wood windows are distinctive and that they are an example of the craftsmanship of the building from the period in which it was constructed. As such, the Department recommends that the replacement windows should be wood windows based on department policy and previous action by the Commission.

It should be noted, that the HPC has approved substitute window materials for a Category I building only once. The Commission approved replacement windows to be wood-clad aluminum windows instead of wood upon the Project Sponsor demonstrating certain extenuating circumstances. A Certificate of Appropriateness for 403-405 Taylor Street was approved in 2009 where the Commission found the replacement of all windows from the 2nd -floor and above with wood aluminum-clad windows to be acceptable because of the deterioration and the amount of water infiltration into the building associated with the existing historic windows. The Commission did not find that approving that project will set a precedent for other window replacement projects and is based solely on the conditions associated with the specific building.

(8) The replacement windows for the non-historic windows on the Third and Mission Street elevations shall be wood windows that closely match the configuration, material, and all exterior profiles and dimensions of the historic windows based on historic photographic evidence.

Exterior Repairs: The exterior of the building will be cleaned and repaired as part of the project. All cleaning and repair work will be undertaken using gentlest means possible and best preservation practices as fully described in the Historic Structures Report by Page & Turnbull. In addition, a condition of approval is included requiring a façade inspection be conducted on the building facades and plans indicating the extent of damage be submitted for review and approval by Department Preservation Staff prior to installation prior to commencement of repair work.

(9) Documentation indicating the results of a thorough façade inspection shall be submitted for review and approval by Department Preservation Staff. The façade inspection document shall clearly identify the extent of damage and the parts that will be repaired, replaced in kind or those that are damaged beyond repair, requiring replacement with substitute materials.

Colusa Sandstone: The Colusa sandstone on the façade is proposed to be retained and existing paint and any unsound materials will be removed. The existing substrate, anchorage, and reinforcing will be assessed and repaired as required. Units will be reinforced and patched, with materials replaced in kind or with compatible substitute materials where damage is beyond repair. A coating material is proposed for the Colusa sandstone to closely match the existing historic material.

(10) Cleaning of the Colusa sandstone shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings. The coating or paint type, color, and layering on the Colusa sandstone shall be researched before attempting its removal. Analysis of the nature of any unsound materials or paint to be removed from the sandstone shall be submitted to Department Preservation Staff for review and approval. In addition, initial testing shall be done on a small obscure location on the façade. All existing coatings shall be removed from the sandstone by gentlest means possible. A

mock-up of proposed coating shall be conducted prior to selection of a product to ensure that coating shall not alter the natural finish, color or texture of the stone.

Terra Cotta: The historic terra cotta on the primary facades is proposed to be cleaned and any spalls identified will be reinforced and patched. Where damage is beyond repair it will be replaced in kind or with a substitute material as appropriate. Cracked units and substrates will be stabilized and repointed as needed.

(11) Cleaning of the terra cotta shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning. In addition, cleaning of the terra cotta shall proceed with the gentlest means, which may require several mock-ups prior to selection of the proper techniques as determined by a qualified preservation architect.

Architectural Cast Iron: Existing cast iron on the primary facades will be retained and failing or deteriorated paint will be removed. Missing cast iron elements, such as scroll capitals along the Third Street facade, is proposed to be replaced with an acceptable substitute material. Where damage is beyond repair, it is proposed to be replaced in kind or with a substitute material as appropriate.

(12) All proposed replacement of missing elements within the architectural features shall be in kind. Only in instances where entire features are missing (e.g. scroll capitals along Third Street) shall be replaced with substitute material after review and approval by Department Preservation Staff.

Exterior Paint: Exterior paint of the cast iron pilasters will be selected to either closely match the existing historic materials or will be complementary to the existing building facades.

(13) Prior to application of the exterior paint finish on the cast iron, a paint analysis shall be performed on representative samples after proper cleaning of the existing materials for review and approval by Department Preservation Staff.

Sheet Metal: The existing entablature with paired scrolled brackets, block modillions and architectural sheet metal cornice is proposed to be retained. Failing paint, rust and corrosion will be removed, and all elements will be repainted. As proposed, cornice openings where fire escape is removed will be repaired and the cornice at the southwest corner of the building where the west annex addition will be removed is proposed to be repaired in-kind or replaced with substitute materials to complete the original return at the roofline. However, the Department recommends that the cornice be repaired in-kind. The use of substitute material is not appropriate at this location due to potential material incompatibility that could result in galvanic corrosion, weathering differently than surrounding historic materials, and further damage to the historic fabric.

(14) Substitute materials shall not be used to repair the existing cornice or replace missing cornice details and instead shall be replaced in-kind.

Substitute Materials: Aside from the cornice repair, using substitute materials for features that are

missing or damaged beyond repair is acceptable and may be found to be in conformance with the *Secretary's Standards* provided that the work is done consistent with *Preservation Brief 16 - Use of Substitute Materials on Historic Building Exteriors* and the following conditions are met:

(15) A mock-up of any replacement material proposed shall be reviewed and approved by Department Preservation Staff prior to installation.

(16) Specifications and shop drawings for all replacement of the exterior materials on the Aronson Building shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(17) The replacement material shall closely match the characteristics of the historic material. The shop drawings for any replacement material proposed shall be included in the architectural addendum and are subject to review and approval by Department Preservation Staff to ensure that the replacement features, if applicable, closely match all exterior profiles, dimensions, and detailing of the historic features as well as match the color, tone, and texture from a representative range of cleaned samples from the building

(18) Prior to the production of the building features proposed to be replaced with substitute materials and the approval of the architectural addendum, Department Preservation Staff shall review site mock-ups of the replacement materials, including a mock-up of all exterior finish.

New Window Openings: In addition to the proposed removal of the 1978 non-historic addition along the north façade, existing doors, windows and grilles will also be removed from the north elevation. Existing openings within the party wall will be patched utilizing brick salvaged from the new openings. The common red brick along the north wall will be inspected, repaired, cleaned, and repointed. New selective openings will be made within the north wall with approximately 70% of the existing wall area retained. In response to the ARC comments and feedback, the new openings above the ground level will be organized in a regular pattern and will be comprised of aluminum framed windows expressed as simple punched openings. The windows will be setback approximately 14' 5" from the northeast corner at floors 4 through 10, and approximately 27' at floors 1 through 3 to expose more of the existing brick finish.

The new windows will be compatible in size, fenestration pattern, and organization yet distinguishable from the original fabric of the Aronson Building through the use of contemporary detailing and materials. Staff believes the framing finish and material should match those proposed on the storefront along the Third and Mission Streets as well as the north façade to ensure consistency and compatibility. As such, the Department believes that as conditioned, the approach proposed by the Project Sponsor is in conformance with the *Secretary's Standards and Article 11.*

(19) The frames and finishes of the new windows proposed on the upper floors of the north façade shall match those proposed for the storefronts along the Third and Mission Street facades as well as the storefronts on the north façade.

Rooftop Addition: The existing non-historic structures on the roof will be demolished and the Aronson Building roof will be rehabilitated to function as a residential amenity outdoor terrace/roof garden for the adjacent new tower. A new structural roof diaphragm will provide a seismic upgrade and support required for the exterior cornice, parapet anchorage, landscaped roof terrace and new solarium. New 3' 6" high transparent glass perimeter railings/windscreens along the Third and Mission Street facades is

proposed and will be setback approximately 1' 6" from the existing parapet wall. The continuation of the railing/windscreen along the north (secondary) façade is proposed be 10' in height to address wind issues. The 10' high portion of the railing/windscreen along the north façade will be setback 5' from the parapet wall to ensure that it does not read as a full height addition at the face of the building and to minimize its view from across Third Street.

The new one-story solarium structure will be setback 23' from the Third Street façade, 27' from the Mission Street façade and 21' from the north facade The solarium will be comprised of glazing that matches the proposed storefronts on the Third and Mission Street facades in terms of material, divisions, frame profile and depth. In addition, in response to the ARC feedback, the exterior finish of the proposed solarium will comprise of masonry and metal material with colors complementary to the existing Aronson Building. The roof of the solarium will include both an area that is planted and a glass roof area. The roof will also include a small private outdoor terrace that will be used exclusively by the tower residents. Due to the 10-story height of the existing Aronson Building, and adjacent buildings, as well as the substantial setbacks provided, the new one-story solarium construction will be minimally visible from the public right-of-way. In conformance with the *Secretary's Standards*, the proposed vertical addition will be clearly differentiated but compatible with the scale and character of the building through setbacks, massing, and use of contemporary cladding materials.

(20) Final design, including details and finish material samples of the proposed solarium and glass railing/windscreen on the roof shall be reviewed and approved by Department Preservation Staff.

Adjacent Tower: After the demolition of the 1978 ten-story, non-historic addition along the west (secondary) façade, a new tower will be built adjacent to the Aronson Building. Unused openings within the party wall will be patched, utilizing salvaged brick that is removed for new openings. The existing common red brick along the west wall will be inspected, repaired, cleaned, repointed, and seismically upgraded as required. Salvaged bricks will be used in areas where brick needs to be replaced.

The new tower is designed to read as an entirely separate building, consistent with one of the key requirement for additions to historic resources in dense urban locations in *Preservation Brief 14: :New Exterior Additions to Historic Buildings: Preservation Concerns"*. In addition, the new tower volume will be setback approximately 6' from the southwest corner to expose the existing red brick wall and allow the two buildings to be expressed independently. Furthermore, the proposed 6' setback will ensure that the existing cornice along the Mission Street façade will not be impacted by the adjacent tower construction and will allow the return of the cornice along the west wall. The existing tower volume will cantilever approximately 7' over the existing Aronson Building starting at the 12th floor and be setback approximately 15' from the south façade of the Aronson Building. As proposed, the cantilevered portion of the tower over the Aronson Building. Given the distance clear space provided between the roof floor level of the Aronson Building and the bottom of the cantilever portion of the new tower, the visual separation between the two structures is continued.

New exterior and interior connections between the tower and existing Aronson Building will be established for programmatic and structural requirements, while still maintaining a visual separation between the two buildings. As fully described in the attached memorandum (Exhibit J) prepared by Page & Turnbull dated February 14, 2013 (revised 2/22/13), the Aronson Building is proposed to be seismically

upgraded by either of the following two approaches:

- The Aronson building will be seismically independent and separated by a seismic joint with an air space in between the two buildings; or
- The Aronson Building will be laterally connected to the new tower at all floor and roof levels and allow the building to move together during a seismic event, a design in which the tower and Aronson Building will not be structurally isolated but will remain visibly independent of one another.

Based on the above-mentioned memo, both approaches will not result in any exterior visual impacts to the Aronson Building and no character-defining features of the Aronson Building will be removed with either seismic upgrade approaches. Furthermore, the seismic performance will be the same in both approaches and both approaches will result in an equal level of protection of the Aronson Building with neither approach increasing the likelihood of earthquake damage to the historic Aronson Building.

In addition, Mitigation Measure M-NO-2c: Vibration Monitoring and Management Plan, of the Mitigation Monitoring and Reporting Program for the 706 Mission Street – Mexican Museum Project Environmental Impact Report pertaining to the potential for direct physical damage to the Aronson Building resulting from vibration during construction of the proposed project tower will ensure the protection of the Aronson Building.

The proposed conceptual design of the project tower will be contemporary in architectural vocabulary and will not include overt historic references. This approach visually distinguishes the proposed tower from the existing Aronson Building, allowing the proposed tower to appear as a new building adjacent to the historic Aronson Building rather than as an addition to the Aronson Building.

The use of historically appropriate colors and in-kind materials for the restoration and rehabilitation of the Aronson Building will ensure that the project will not detrimentally change or alter significant character-defining features of the resource. The palette of finish colors and materials for the new construction are also compatible with, yet differentiated, from the features, materials, and design of the historic Aronson Building, and with the site's overall historic character. Furthermore, new storefronts and windows on the primary (Third and Mission Street) elevations will be compatible with the original design of the Aronson Building in terms of proportions, profiles and configuration.

ENVIRONMENTAL REVIEW STATUS

An Environmental Impact Report (EIR) and Mitigation Monitoring and Reporting Program (MMRP) have been prepared for the 706 Mission Street Project. The Final EIR was certified by the Planning Commission on March 21, 2013. A copy of the Final EIR was sent transmitted to the Historic Preservation Commission on March 7, 2013 and may be accessed online at http://sfmea.sfplanning.org/2008.1084E_RTC1.pdf. The Historic Preservation Commission must consider the EIR before acting on the proposed project and must adopt findings under the California Environmental Quality Act and adopt the MMRP as conditions of approval if it decides to approve the proposed Permit to Alter.

The EIR analysis identified potentially significant environmental impacts, including site-specific and cumulative effects of the project in accordance with the provisions set forth in the CEQA Guidelines. The

EIR identified potentially significant impacts in some areas. The EIR prepared for the project evaluated the proposed rehabilitation of the Aronson Building and also evaluated the compatibility of the proposed new construction on site.

Under CEQA, no mitigation measures are required for impacts that are less than significant. As more fully described in the Final EIR the proposed alterations to the Aronson Building under the proposed project will retain and preserve character-defining features of the Aronson Building. New alterations will be differentiated from, yet compatible with, the old. As such, the proposed project will conform to the Secretary's Standards and will therefore have less-than-significant impact on the Aronson Building historic resource under CEQA Guidelines 15064.5(b)(3).

Furthermore, as fully detailed in the EIR, the design of the proposed tower will not result in a substantial adverse change in the significant of the Aronson Building historical resource. As such, no mitigation measures are necessary to address historic resource impacts to the Aronson Building from the proposed tower portion of the project.

Mitigation Measure M-NO-2c: Vibration Monitoring and Management Plan, in the EIR address the potential for direct physical damage to the Aronson Building resulting from vibration during construction of the proposed project tower.

Mitigation measures have been adopted to reduce impacts to Cultural and Paleontological Resources, Noise, Air Quality, and Hazards and Hazardous Materials to a less than significant level. With the required mitigation measures, all potential project impacts, with the exception of identified significant impacts that cannot be avoided or reduced to a less-than-significant level as described below, will be avoided or reduced to a less-than-significant level.

The EIR identified that the proposed project's tower design would cause significant and unavoidable impacts related to Wind and Shadow. The Planning Commission certified the Final EIR for the project on March 21, 2013. All mitigation measures identified in the Final EIR are included in the Mitigation Monitoring and Reporting Program attached to the draft motion.

PLANNING DEPARTMENT RECOMMENDATION

Planning Department staff recommends ADOPTION of CEQA findings and the MMRP and APPROVAL WITH CONDITIONS of the proposed project as it appears to meet the provisions of Article 11 of the Planning Code regarding Major Alteration to a Category I (Significant) Building and the *Secretary of the Interior Standards for Rehabilitation* with the following conditions:

Storefront

(1) Construction details of the proposed storefront and entrance doors that indicate all exterior profiles and dimensions shall be based on historic photograph documentation and shall and are subject to review and approval prior to the approval of the architectural addendum by the Department Preservation Staff.

(2) All storefront finishes shall have a non-metallic powder coated or painted finish. All color and finish samples for storefronts will be submitted to Department Preservation Staff for review and approval as part of the architectural addendum.

Entryway

(3) The final design incorporating any historic fabric if discovered and, including shop drawings for the new contemporary arched opening proposed at the Mission Street shall be based on photographic or physical evidence and shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(4) All exterior materials and finish samples shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the approval of site permit or architectural addendum.

Canopy

(5) Final design, including finish and materials to match proposed storefronts, and shop drawings for the attachment details of the canopies at the Third Street entry and north façade shall be reviewed and approved by Department Preservation Staff prior to fabrication and prior to the architectural addendum.

(6) Attachment details of the proposed canopies indicating that the canopies will be attached in a manner that will avoid damage to the historic fabric shall be submitted for review and approval by Department Preservation Staff prior to approval of the architectural addendum.

Signage

(7) The sign program for the Aronson Building, including lighting proposed, shall be submitted for review and approval by staff under a new (Minor) Permit to Alter at a later date.

Existing Windows

(8) The replacement windows for the non-historic windows on the Third and Mission Street elevations shall be wood windows that closely match the configuration, material, and all exterior profiles and dimensions of the historic windows based on historic photographic evidence.

Exterior Repairs

(9) Documentation indicating the results of a thorough façade inspection shall be submitted for review and approval by Department Preservation Staff. The façade inspection document shall clearly identify the extent of damage and the parts that will be repaired, replaced in kind or those that are damaged beyond repair, requiring replacement with substitute materials.

Colusa Sandstone

(10) Cleaning of the Colusa sandstone shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings. The coating or paint type, color, and layering on the Colusa sandstone shall be researched before attempting its removal. Analysis of the nature of any unsound materials or paint to be removed from the sandstone shall be submitted to Department Preservation Staff for review and approval. In addition, initial testing shall be done on a small obscure location on the façade. All existing coatings shall be removed from the sandstone by gentlest means possible. A mock-up of proposed coating shall be conducted prior to selection of a product to ensure that coating shall not alter the natural finish, color or texture of the stone.

Terra Cotta

(11) Cleaning of the terra cotta shall be conducted consistent with the masonry cleaning practice outlined in Preservation Brief 1 – Cleaning and Water-Repellent Treatments for Historic Masonry Buildings, which include but are not limited to, exercising extreme care in the cleaning of brick and conducting mock-ups to ensure no damage will occur as a result of cleaning. In addition, cleaning of the terra cotta shall proceed with the gentlest means, which may require several mock-ups prior to selection of the proper techniques as determined by a qualified preservation architect.

Architectural Cast Iron

(12) All proposed replacement of missing elements within the architectural features shall be in kind. Only in instances where entire features are missing (e.g. scroll capitals along Third Street) shall be replaced with substitute material after review and approval by Department Preservation Staff.

Exterior Paint

(13) Prior to application of the exterior paint finish on the cast iron, a paint analysis shall be performed on representative samples after proper cleaning of the existing materials for review and approval by Department Preservation Staff.

Sheet Metal

(14) Substitute materials shall not be used to repair the existing cornice or replace missing cornice details and instead shall be replaced in-kind.

Substitute Materials

(15) A mock-up of any replacement material proposed shall be reviewed and approved by Department Preservation Staff prior to installation.

(16) Specifications and shop drawings for all replacement of the exterior materials on the Aronson Building shall be included in the architectural addendum for review and approval by Department Preservation Staff.

(17) The replacement material shall closely match the characteristics of the historic material. The shop drawings for any replacement material proposed shall be included in the architectural addendum and are subject to review and approval by Department Preservation Staff to ensure that the replacement features, if applicable, closely match all exterior profiles, dimensions, and detailing of the historic features as well as match the color, tone, and texture from a representative range of cleaned samples from the building

(18) Prior to the production of the building features proposed to be replaced with substitute materials and the approval of the architectural addendum, Department Preservation Staff shall review site mock-ups of the replacement materials, including a mock-up of all exterior finish.

New Window Openings

(19) The frames and finishes of the new windows proposed on the upper floors of the north façade shall match those proposed for the storefronts along the Third and Mission Street facades as well as the storefronts on the north façade.

Rooftop Addition

(20) Final design, including details and finish material samples of the proposed solarium and glass railing/windscreen on the roof shall be reviewed and approved by Department Preservation Staff.

ATTACHMENTS

A. Draft Motion with attached CEQA Findings and Mitigation Monitoring and Reporting Program
B. Parcel Map
C. Sanborn Map
D. Aerial Photo
E. Zoning Map
F. Site Photos
G. Architectural Review Committee Letter
H. Major Permit to Alter Application and Plans
I. Historic Structure Report, prepared by Page & Turnbull (December 2010)
J. Memo from Page & Turnbull dated February 14, 2013 (revised 2/22/13)
K. Link to Final Environmental Impact Report http://www.sf-planning.org/index.aspx?page=1828

LY: G:\Documents\PTA\706 Mission St\2008.1084H - 706 Mission St.docx

COX CASTLE NICHOLSON

Cox, Castle & Nicholson LLP
555 California Street, 10th Floor
San Francisco, California 94104-1513
P 415.262.5100 F 415.262.5199

July 15, 2013

Margo N. Bradish
415.262.5101
mbradish@coxcastle.com

BY PERSONAL DELIVERY AND EMAIL

Board President David Chiu and Members of the Board of Supervisors
c/o Ms. Angela Calvillo
Clerk of the Board of Supervisors
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File No. 56238

Re: Project Sponsor's Response to Further Argument Related to Appeal of Historic Preservation Commission Motion No. 0197

Dear President Chiu and Supervisors:

We write on behalf of 706 Mission Street Co. LLC ("Project Sponsor") in response to the July 1, 2013, letter ("Supplemental Appeal Letter") submitted by 765 Market Street Residential Owner's Association, Friends of Yerba Buena, Paul Sedway, Ron Wornick, Matthew Schoenberg, Joe Fang, and Margaret Collins (collectively, "Appellants") regarding further arguments related to their appeal of the unanimous May 15, 2013, Historic Preservation Commission (the "HPC") Article 11 Determination; Motion No. 0197 (the "Appeal"). The Appeal pertains to the Major Permit to Alter for 706 Mission Street – The Mexican Museum and Residential Tower Project ("Project").

Appellants submitted a letter dated May 15, 2013 (the "Initial Appeal Letter"), in support of the Appeal. Both the Planning Department of the City & County of San Francisco (the "Department") and the Project Sponsor responded to the Initial Appeal Letter in their respective July 1, 2013 responses to the Appeal, which are incorporated herein by this reference. The Supplemental Appeal Letter is almost entirely a restatement of the Initial Appeal Letter. To avoid repetition, this letter responds only to new arguments raised in the Supplemental Appeal Letter. For the reasons detailed below, Appellants' additional arguments also lack merit. We respectfully request that the Board deny the Appeal and uphold the HPC's unanimous approval of Motion No. 0197 and the Major Permit to Alter for the Project.

I. Summary

Appellants' new arguments raised in the Supplemental Appeal Letter are meritless. The HPC properly found that the tower is compatible with the Aronson Building and the New Montgomery-Mission-Second Street Conservation District. The HPC made specific findings pursuant to each of the requirements in Article 11 regarding compatibility in terms of massing, scale, materials and colors, and detailing and ornamentation. Further, the tower's compatibility in scale with other buildings outside and non-contributory building within the NMMS District is directly relevant to whether the tower is compatible with the overall scale and design of the NMMS District.

In addition, the HPC properly relied in part on the May 8, 2013 "Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower and Project Alternatives" report prepared by Economic & Planning Systems and peer reviewed by Keyser Marston Associates on behalf of the San Francisco Office of Community Infrastructure and Investment, as demonstrated by the attached responses prepared by Economic and Planning Systems and Keyser Marston Associates.

II. Appellant's Additional Arguments Are Meritless.

The Supplemental Appeal Letter raises only two issues not already raised in the Initial Appeal Letter and refuted in the Department's and the Project Sponsor's July 1, 2013 responses to the Appeal. Those two issues pertain to: (A) additional arguments regarding the HPC's determination that the Project tower is compatible with the Aronson Building and the New Montgomery-Mission-Second Street Conservation District (the "NMMS District"), and (B) the issues raised in the Eric Sussman report ("Sussman Report") provided by Appellants. Like the issues raised in the Initial Appeal Letter, the issues raised in the Supplemental Appeal Letter lack merit.

A. The HPC Properly Found that the Tower Is Compatible with the Aronson Building and the New Montgomery-Mission-Second Street Conservation District

Appellants make two additional arguments relative to the HPC's finding that the tower is compatible with the Aronson Building and the NMMS District. Both arguments are specious.

First, Appellants argue that the HPC's findings violate the rule of statutory construction "to give effect to all words and provisions of a statute and leave no part superfluous or inoperative." (Supplemental Appeal Letter, p.2 (quoting *Leavitt v. County of Madera* (2004) 123 Cal.App.4th 1502, 1519).) This argument is predicated on Appellants' vague assertion that, if the tower is not out-of-scale with the Aronson Building and the NMMS District, "then nothing is, and Article 11 is meaningless." (*Id.*) Pointedly, Appellants provide no evidence of any particular word or provision in Article 11 that the HPC failed "to give effect to." In any event, evidence in the record indicates that the HPC's determination regarding the compatibility of the tower with the Aronson Building and the NMMS District properly relied on and gave effect to the Article 11 "words and provisions" governing a project's compatibility with historic resources and conservation districts.

For example, the HPC made specific findings pursuant to each of the requirements in Article 11, Section 1113(a) and Appendix F regarding compatibility in terms of massing, scale, materials and colors, and detailing and ornamentation. Department staff determined that the tower "will be compatible with the size, scale, color, material and character-defining features" of the Aronson Building and the NMMS District. (Permit to Alter Case Report, p. 7 (May 15, 2013).) Department staff also determined that the tower is "compatible in composition, massing, materials, finishes and color with the Aronson Building and other contributing structures within the [NMMS District]." (*Id.*) Based on these determinations, the HPC found that the Project – including the tower – is compatible with and meets the requirements of Article 11 because, among other things, it

"will be carefully differentiated from the existing historic Aronson Building and will be compatible with the character of the property and district." (Motion No. 0197, p.6).

Appellants' citation to *Leavitt v. County of Madera* (2004) 123 Cal.App.4th 1502 is unavailing. *Leavitt* involved the statutory construction of a section in the California Environmental Quality Act that was viewed by the court as ambiguous and with terms that were undefined. Here, Appellants do not claim that Article 11 is ambiguous or uses undefined terms. In other words, the *statutory construction* of Article 11 is not at issue here. Instead, Appellants allege – without any evidence – that the HPC 's findings do not satisfy the *statutory requirements* of Article 11. Therefore, *Leavitt* does not apply.

Second, Appellants argue that the evidence that the HPC cited in support of its findings that the tower is compatible with the NMMS District – evidence regarding building heights outside and non-contributory building heights within the NMMS District - is "irrelevant." (Supplemental Appeal Letter, p.3.) Appellants' claim fails for two reasons. First, Appellants offer no rationale for why the compatibility of the scale of the tower with other buildings within and around the NMMS District is irrelevant. The compatibility of the scale of the tower with other buildings outside and within the NMMS District is *plainly relevant* to whether the tower is compatible with the overall "scale and design" of the NMMS District and the overall "integrity of the property and its environment." (*See* Planning Code § 1113(a); Secretary of the Interior's Standards for Rehabilitation, Standard 9.) Article 11, Appendix F makes clear that new buildings within the NMMS District must be "compatible with the District in general," and "[e]mphasis shall be placed on compatibility with those buildings in the area in which the new . . . building is located." Nothing in Article 11 or Appendix F suggests that compatibility with the NMMS District must be based solely on compatibility with contributory buildings in the NMMS District (although in this case the HPC also found that the tower is compatible with the Aronson Building, and the EIR concluded that the Project is compatible with other nearby historic resources).[1]

In addition, the HPC's findings of compatibility with the District were not based solely on the presence of other tall buildings within and outside of the NMMS District. For example, the HPC also found that the proposed tower design "will include finishes and materials that are consistent with the Aronson Building as well as the surrounding District" and will be "unobtrusive to the architectural character of the Aronson Building and the District in conformance with the Secretary's Standards." (Motion No. 0197, p.10). The May 3, 2013, Page & Turnbull memorandum cited in the HPC's findings and attached to the Permit to Alter Case Report as Exhibit L also analyzed the materials and colors in the District, and concluded that the materials and colors used for the tower will be "compatible with the predominant materials and colors in the [NMMS District]." (Motion No. 0197, p.9). The Page & Turnbull memorandum also evaluated

---

[1] Nothing in *Orinda Assn v. Board of Supervisors* (1986) 182 Cal.App.3d 1145, cited by Appellants, is to the contrary. *Orinda Assn.* involved evidence proffered for a variance application that was found to be irrelevant because it did not bear on the variance requirements of the local zoning ordinance or the Government Code. Here, the evidence related to building heights is *squarely relevant* to Article 11's compatibility requirements related to the massing and scale of buildings in the NMMS District, the overall area in which the new building is located, and the surrounding environment.

the detailing and ornamentation on buildings within the District, noting that the "vertical planes of the proposed tower . . . respond to the vertical organization and rhythm of the Aronson Building," and that the base of the tower is compatible with the "organization" of both the Aronson Building and the nearby Williams Building. (*Id.*)

Notably, the HPC included a condition of approval that requires the Project Sponsor to continue working with Planning Department Preservation staff "on the design of the tower base to ensure compatibility with the adjacent Aronson Building, the [NMMS District] and surrounding context." (Motion No. 0197, p.5 (Condition of Approval #22). This condition also requires that the final design of the tower base return to the Architectural Review Committee of the HPC "for review and comment to confirm that these issues have been addressed prior to approval of the architectural addendum." (*Id.*) This condition will further ensure the compatibility of the tower with the NMMS District.

In sum, the HPC properly found based on substantial evidence that the Project will be compatible with the NMMS District. Nothing in Appellants" Supplemental Appeal Letter undermines that finding.

B. The HPC Properly Relied in the EPS Report in Adopting CEQA Findings for the Project.

In adopting CEQA findings for the Project, the HPC properly relied in part on the May 8, 2013 "Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower and Project Alternatives" (the "EPS Report") prepared by Economic & Planning Systems ("EPS") and peer reviewed by Keyser Marston Associates ("KMA") on behalf of the San Francisco Office of Community Infrastructure and Investment ("OCII") in KMA's May 10, 2013, Memorandum regarding the "Peer Review of Financial Feasibility Report of 706 Mission Street." Appellants Supplemental Appeal Letter includes a report prepared by Eric Sussman, whom Appellants retained to critique the EPS Report (the "Sussman Report"). As demonstrated by the "EPS Response to Expert Report of Eric Sussman" dated July 9, 2013 (the "EPS Response"), and the KMA memorandum regarding the Sussman Report dated July 15, 2013, (the "KMA Response"), the Sussman Report is premised on faulty assumptions. The EPS Response is attached as Attachment 1, and the KMA Response is attached as Attachment 2.

The EPS Response includes a point-by-point rebuttal of the issues raised in the Sussman Report. Both the EPS Response and the KMA Response confirm that the EPS Report used justifiable assumptions in analyzing the financial feasibility of the Reduced Shadow Alternative. To summarize:

- The Sussman Report asserts that the EPS Report uses an average unit size for the Reduced Shadow Alternative that is too low. The average unit size is derived from the gross square footage divided by the number of units, and is based on the project design and marketability of the Reduced Shadow Alternative. The EPS Report based its residential revenue estimates on the net saleable square footage multiplied by the weighted average price per

square foot, and therefore EPS's revenue estimates are not affected by unit size or number of units.

- The Sussman Report asserts that the EPS Report uses prices per square foot for the Reduced Shadow Alternative that are too low. The prices per square foot used by EPS are appropriately conservative (i.e., high), and were carefully vetted in the context of the Project and the market for luxury condominium units in the Yerba Buena submarket.

- The Sussman Report claims that the EPS Report uses a smaller floorplate in the Reduced Shadow Alternative without justification. The floorplate size used in the EPS Report is based on the Reduced Shadow Alternative design used in the environmental impact report for the Project. This alternative was based on the Existing Zoning Alternative, which sought to maximize development potential within the current zoning code restrictions for the site. As such, both of these alternatives include a required 20-foot rear yard setback that reduces the allowable tower footprint.

- The Sussman Report asserts that the EPS Report uses an unsupported residential efficiency ratio for the Reduced Project Alternative. The 76 percent estimate used in the EPS Report is based on the project design, and is within the typical efficiency ratio range, but at the low end due to the relatively fixed code requirements for the structural core and circulation area and smaller project floorplate.

- The Sussman Report asserts that the developer return used in the EPS analysis is arbitrarily high. A developer return of 18 percent on costs is appropriate as the developer return must exceed the developer's cost of capital by a sufficient margin to account for project risk.

- The Sussman Report correctly states that the EPS Report includes a calculation of the cost of the purchase of transferable development rights (TDRs) for the Reduced Project Alternative. The EPS Report also includes an estimate of project residual without the purchase of TDRs for the Reduced Project Alternative. The Reduced Project Alternative is infeasible with or without the purchase of TDRs.

The EPS Response therefore further confirms and corroborates the analysis in the EPS Report. In any event, the City may rely on experts of its own choosing when evaluating evidence and reaching conclusions as to the environmental review for a project. (*See, e.g., Eureka Citizens for Responsible Gov't v. City of Eureka* (2007) 147 Cal.App.4th 357 (city could accept expert's findings on noise impacts despite disagreement over methodology used); *Greenbaum v. City of Los Angeles* (1984) 153 Cal.App.3d 391 (city's reliance on statements of its staff was proper because city planning staff were qualified as experts to provide traffic analysis). The Sussman Report

reflects little more than a disagreement over assumptions. The HPC is well within its authority to rely on the EPS Report and the KMA Response in adopting its CEQA findings.

* * *

We respectfully request that the Board of Supervisors reject the Appeal and uphold the HPC's unanimous approval of the Major Permit to Alter for the Project.

Sincerely,

Cox, Castle & Nicolson, LLP

By _____
Margo N. Bradish

Attachments

CC:
Mr. Sean Jeffries, Millennium Partners
Marlena Byrne, Esq., San Francisco City Attorney's Office
Susan Cleveland-Knowles, Esq., Esq., San Francisco City Attorney's Office
Ms. Lily Yegazu, San Francisco Planning Department
Mr. Tim Frye, San Francisco Planning Department
Mr. Kevin Guy, San Francisco Planning Department
Ms. Debra Dwyer, San Francisco Planning Department
Tom Lippe, Esq., Lippe Gaffney Wagner LLP
056238\5322806v3
7/11/13

ATTACHMENT 1

MEMORANDUM

To: Margo Bradish, Cox Castle Nicholson
Sean Jeffries and Kristin Gonsar, Millennium Partners

From: James Musbach and Ashleigh Kanat

Subject: EPS Response to "Expert Report of Eric Sussman" Prepared June 28, 2013; EPS #121084

Date: July 9, 2013

The Economics of Land Use

This memorandum has been prepared by Economic & Planning Systems, Inc. (EPS) to respond to the "Expert Report of Eric Sussman" ("Sussman Report") which was prepared at the request of the Appellants and submitted on June 28, 2013. The Sussman Report evaluated the May 8, 2013 "Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower and Project Alternatives" prepared by EPS ("EPS Report") and peer reviewed by Keyser Marston Associates.

Summary of Response

This response follows the organization of the Sussman Report and proceeds topic by topic to refute the arguments presented. A summary is provided below with more detailed explanations following.

- **Average Unit Size:** EPS did not base its revenue estimates on unit size; rather, residential revenue estimates are based on the net saleable square footage multiplied by the weighted average price per square foot and are not affected by unit size or number of units.
- **Prices per Square Foot:** All pricing assumptions were reviewed and vetted by EPS in the context of the Project and the market for luxury condominium units in the Yerba Buena submarket, taking Project-specific factors such as developer sales versus resales, unbundled parking, branded hotel affiliation, and unfinished penthouse units into consideration. It would be inappropriate to estimate sales prices based on peaks in the market and an assumption that condominium prices will continue to rise at the rate they have been rising in the past year; such assumptions likely would not be underwritten by a third-party lender.
- **Floorplate Size:** The Reduced Shadow Alternative is based on the Existing Zoning Alternative, and for both alternatives, there is a required 20-foot rear yard setback that reduces the allowable tower foot print.

Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200
Berkeley, CA 94710-2257
510 841 9190 tel
510 841 9208 fax

Berkeley
Denver
Los Angeles
Sacramento

www.epsys.com

- **Efficiency Ratio:** At 76 percent, the assumed residential efficiency ratio used in the EPS Report is within the range of 75 percent to 85 percent quoted by the Sussman Report. The 76 percent estimate is based on the architect's specific project design; it is at the low-end of the typical efficiency ratio range due to the relatively fixed code requirements (i.e., circulation, fire safety and structural core requirements) and the smaller project floorplate attributable to site dimensions and zoning code restrictions.

- **18 Percent Developer Return:** A developer return of 18 percent on costs is appropriate as the developer return must exceed the developer's cost of capital by a sufficient margin to account for project risk. The 706 Mission Street Project, with its required upfront capital outlay and niche market demand, is an inherently high-risk undertaking due to significant pre-development costs, market cycle risk, length of construction and risk of construction cost increases, and uncertain absorption period.

- **Purchase of TDRs:** The EPS Report estimates the Project Residual with and without the purchase of TDRs for the Reduced project Alternative, thus allowing an "apples-to-apples" comparison across the Proposed Project and alternatives.

IV.A: Average Unit Size for the Reduced Shadow Alternative

The Sussman Report asserts that the EPS Report uses an average unit size for the Reduced Project Alternative that is too low, which the Sussman Report claims has implications for revenue, construction costs and Affordable Housing In-Lieu Fees. In fact, EPS did not base its revenue estimates on unit size. Instead, EPS based its residential revenue estimates on the net saleable square footage multiplied by the weighted average price per square foot. Therefore, EPS's revenue estimates are not affected by unit size or number of units.

The price assumptions are based on per square foot prices by floor segment which are affected primarily by unit orientation (north versus south-facing) and potential view-capture rather than unit size. The pricing by floor segment is consistent across the alternatives, varying only for those floors that offer penthouse layouts; pricing by floor segment is not reduced in the Reduced Shadow Alternative.

For informational purposes, average unit sizes are provided, and were derived based on the net saleable residential square feet of the Reduced Shadow Alternative divided by the number of units (186 units under the Residential Flex Option of the Reduced Shadow Alternative). It is also important to recognize that a 27-story residential tower that never captures the premium views that the Proposed Project is able to capture above the 33rd floor represents an entirely different residential project than what is contemplated by the Project Sponsor and would not be able to command the prices that a taller tower would be able to command.

Units in the lower height Reduced Shadow Alternative would be expected to be smaller as they would not be marketed to that segment of condominium buyer who typically demands larger units with premium views. It is worth noting that at Millennium Tower, the average unit size of the units on the first 27 floors of the tower sold between the second quarter of 2012 and the first quarter of 2013 is 1,329 square feet, which is consistent with the average unit size associated with the Reduced Shadow Alternative (1,300 square feet).

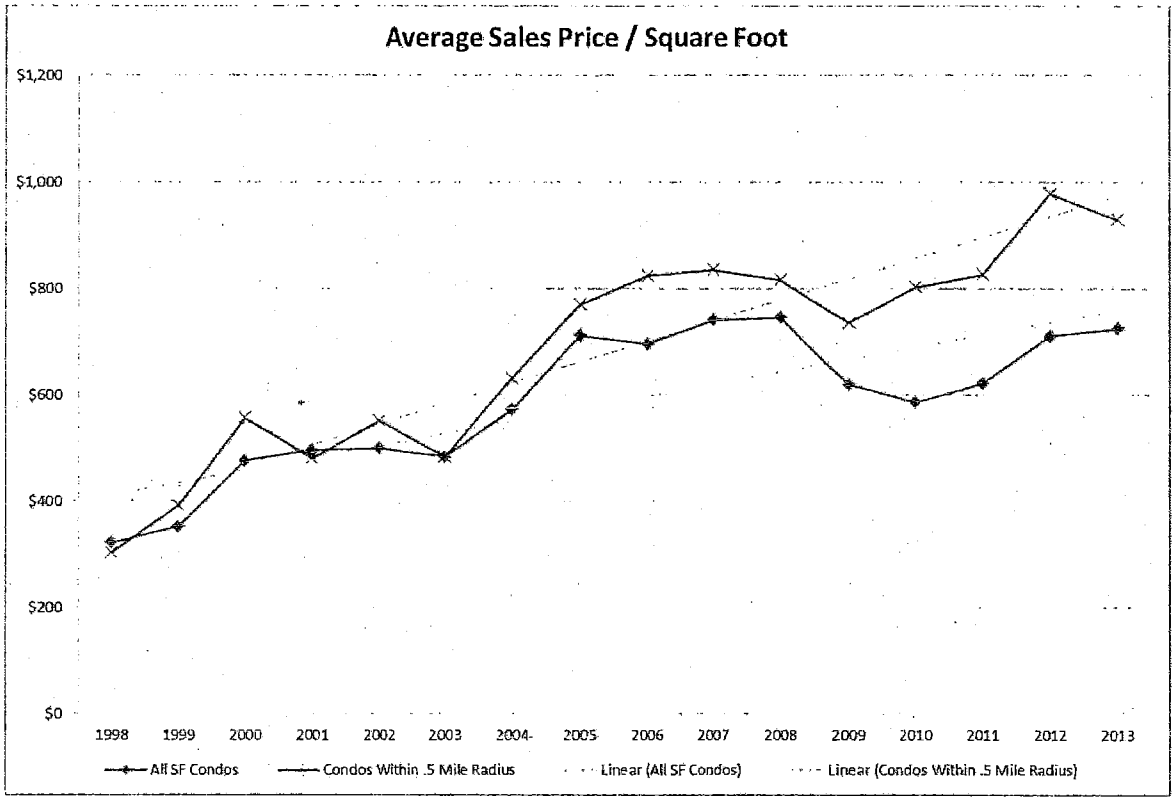
As Sussman points out and as indicated in Appendix E of the EPS Report, the density of units within the Reduced Shadow Alternative does result in higher per square foot construction costs, as there are additional walls, additional plumbing and utility fixtures, etc. to be constructed and fewer square feet across which the costs can be spread. However, the number of units associated with the Reduced Shadow Alternative is not arbitrary; rather, it is based on the economic realities of marketing a 27-story residential tower that does not offer premium views versus a taller tower that captures premium views.

The number of units also affects the Affordable Housing In-Lieu Fee calculation. However, as described above, the number of units associated with the Reduced Shadow Alternative is appropriate, given the height of the tower. Hypothetically, reducing the number of units in the Reduced Shadow Alternative to be consistent with the number of units in the Existing Zoning Alternative would decrease affordable housing fees by approximately $11 million and would not affect the feasibility of the Reduced Shadow Alternative.

IV.B: Prices per Square for the Reduced Shadow Alternative

The Sussman Report asserts that the EPS Report uses prices per square foot for the Reduced Shadow Alternative that are too low. EPS maintains that the prices per square foot are appropriately conservative (i.e., high). It is important that the analysis be based on assumptions that are realistic and consistent with underwriting criteria of financial institutions to avoid entitling a project that cannot be financed and will not be built. The price per square foot by floor segment used in the EPS Report is provided by the Project Sponsor based on past and current experience in the market with developer sales (rather than resales) at The Four Seasons and Millennium Tower and actual sales price differentials to support the price increases by floor segment. All pricing assumptions were reviewed and vetted by EPS in the context of the Project and the market for luxury condominium units in the Yerba Buena submarket. Contrary to the assertions of the Sussman Report, it would be inappropriate to estimate sales prices based on peaks in the market and an assumption that condominium prices will continue to rise at the rate they have been rising in the past year; such assumptions likely would not be underwritten by a third-party lender. A review of condominium prices in the market area over the last several years illustrates the variability of prices with market cycles as shown in **Figure 1** below.

Figure 1 Average San Francisco Condominium Sales Prices (1998 – 2013)



Sources: Redfin.com; Economic & Planning Systems, Inc.

It should also be noted that the Case-Shiller Condominium Index may overstate the price increases that have occurred in the luxury condominium market in San Francisco in the past year. Luxury home buyers tend to be relatively "recession-proof" and luxury home prices did not fall to the same degree home prices in the rest of the market fell during the collapse of the housing market. As such, inflating sales prices at the same rate that prices in the general market (which fell more sharply during the economic downturn) have increased is likely to overstate recent price increases in the luxury condominium market. For example, a recent article in the San Francisco Business Times noted that San Francisco luxury homes are selling for the highest prices seen since 2008, and the value of luxury homes is up 8.7 percent compared with one year ago.[1] This is in contrast to the year-over-year increase of 27 percent for San Francisco condominium units generally, as quoted by the Sussman Report.

Furthermore, the Sussman Report overlooks the important distinction between developer sales and resales and skews the analysis toward the higher-valued resales by selecting a time period of analysis that excludes developer sales on three of the four comparable projects. Only Millennium Tower was still selling developer units past January 2011 and most occurred in 2009 and 2010. Resale prices in luxury condominiums are typically higher than developer sales prices due to the substantial tenant improvements installed by owners, and the fact that the quality

[1] Calvey, Mark, "Bay Area Luxury Homes Hit Highest Price Since 2008," The San Francisco Business Times, updated June 11, 2013.

and amenities of the building are well established. Resale prices are also affected by supply, which is more limited after the initial sell out of the building and which puts upward pressure on prices.

The Sussman Report also overlooks the added value of parking, which is not included in the residential price per square foot used in the EPS Report (rather parking is separately accounted for in the revenue assumptions of the EPS Report), but is included in the resale prices relied upon in the Sussman Report. Additionally, the Sussman Report does not acknowledge that the penthouse units will be sold in an unfinished state to allow for taste-specific resident finishes, further reducing potential prices per square foot as compared to resales, nor does he note that the residential units at 706 Mission will not be affiliated with a branded hotel and the associated amenities that come with such an affiliation, as is the case with the Four Seasons, the Ritz Carlton, and the St. Regis.

IV.C: Smaller Floorplate for the Reduced Project Alternative

The Sussman Report claims that the EPS Report uses a smaller floorplate in the Reduced Shadow Alternative without justification. The term "floorplate" refers to the physical space that the footprint of the building occupies. When the Reduced Shadow Alternative was conceived for environmental review purposes, it was intended to be based on the Existing Zoning Alternative, which sought to maximize development potential within the current zoning code restrictions for the site. As such, and for both the Existing Zoning Alternative and the Reduced Shadow Alternative, there is a required 20-foot rear yard setback that reduces the allowable tower foot print.

To demonstrate the implications of the setback requirement, we can hypothetically assume the same sized floorplate for the Reduced Shadow Alternative as is assumed in the Proposed Project. This would increase the gross residential square footage by approximately 58,000 square feet (2,320 square feet floorplate differential per floor x 25 floors of residential space in the Reduced Shadow Alternative). Multiplying 58,000 square feet by the average price per square foot increases the potential sales revenues for the Reduced Shadow Alternative by nearly $52 million, which is significant but not enough to render the Reduced Shadow Alternative feasible.

In addition, the gross residential square footage by floor varies by alternative based on the configuration of residential units and common areas such as corridors, elevator shafts, stairways, mechanical equipment, and amenity areas. The gross residential square footage by floor is based on the architect's project design, which was considered specifically by the project architect for the Proposed Project and each alternative based on available site area and physical program constraints.

IV.D: Residential Efficiency Ratio for the Reduced Project Alternative

The Sussman Report claims that the EPS Report uses an unsupported residential efficiency ratio for the Reduced Project Alternative, although at 76 percent, it is within the range of 75 percent to 85 percent quoted by the Sussman Report and consistent across the Project and all alternatives evaluated. The 76 percent estimate used in the EPS Report is based on the architect's specific project design and is consistent with other projects with which EPS is familiar. It is at the low-end of the typical efficiency ratio range due to the relatively fixed code

requirements (i.e., circulation, fire safety and structural core requirements) and the small project floorplate due to site dimensions and zoning code restrictions. The larger the floorplate, the more efficient the overall project can be. Furthermore, a residential tower project should be expected to be less efficient than a three- to five-story, market-rate project, for example, due to the different high-rise requirements for elevators, stairways, mechanical equipment, more spacious corridors associated with luxury buildings, and other factors.

IV.E: 18% Developer Return

The Sussman Report asserts that the developer return used in the EPS analysis is arbitrarily high. EPS maintains a developer return of 18 percent on costs is appropriate as the developer return must exceed the developer's cost of capital by a sufficient margin to account for project risk.

EPS disagrees with the assertion of the Sussman Report that the 706 Mission Street Project is a "relatively low risk development project". The 706 Mission Street Project, with its required upfront capital outlay and niche market demand, is an inherently high-risk undertaking for the following specific reasons:

- Significant pre-development costs (more than $9 million in predevelopment entitlement costs alone as of the end of 2012)
- Entitlement risk (this memorandum is being prepared before the project receiving all required entitlements and in response to an appeal challenging entitlements granted to date)
- Market cycle risk
- Significant upfront capital (project must be built all at once regardless of pre-sales or pace of absorption)
- Length of construction and risk of construction cost increases
- Extended and uncertain absorption period after all capital investment is in place and accruing interest

EPS also disagrees with the assertion of the Sussman Report that the developer's cost of capital represents the "hurdle rate". A developer's hurdle rate, the expected return at which a developer and its investors will undertake a project, will reflect a risk adjusted rate of return in addition to the cost of capital. Comparing the Project Sponsor to a publicly-traded REIT likely understates the cost of capital for this project, as REITs have relatively low costs of capital and do not develop or hold condominiums. The cost of private equity is likely to be considerably higher for the Project Sponsor.

IV.F: Purchase of TDRs for Reduced Project Alternative

The Sussman Report correctly states that the EPS Report includes a calculation of the cost of the purchase of Transferable Development Rights (TDRs) for the Reduced Project Alternative. The EPS Report clearly also estimates the Project Residual without the purchase of TDRs for the Reduced project Alternative, thus allowing an "apples-to-apples" comparison across the Proposed Project and alternatives. The Reduced Project Alternative is infeasible with or without TDR purchase.

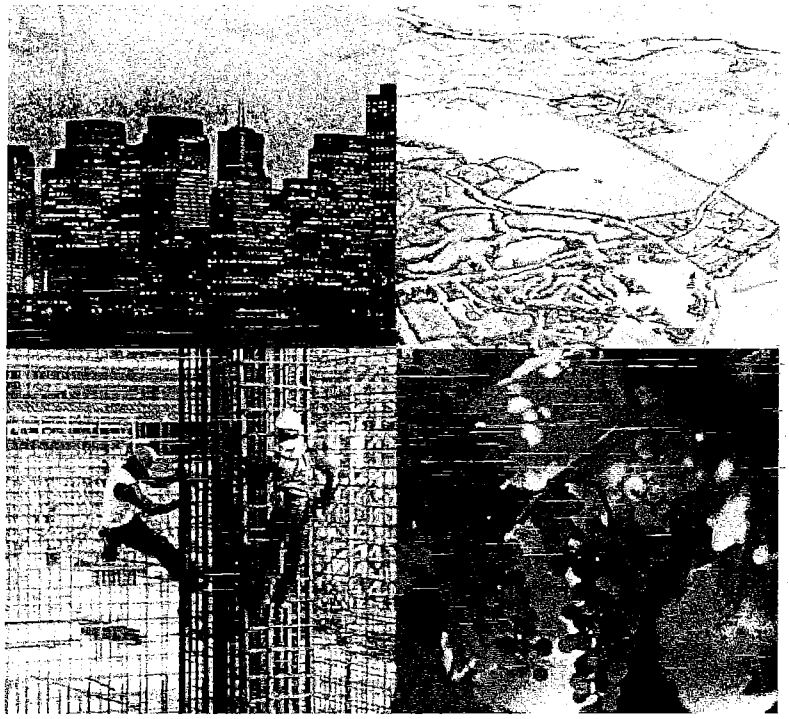
EPS Response to Other Points Raised in the Appeal

In the July 1, 2013, addendum to the appeal prepared by Thomas Lippe of Lippe Gaffney Wagner LLP, attorney for the Appellants, to which the Sussman Report was attached, the seventh point suggests fault with the EPS Report for not identifying feasible Project alternatives with a tower height lower than 520 feet (the height of the Proposed Project) but higher than 351 feet (the height of the Reduced Shadow Alternative). Using a static pro forma as was used in the EPS analysis to identify the threshold point at which the project has a Project Residual of $0 would be an exercise in false precision, as there are multiple dynamic factors (pre-entitlement period, post entitlement challenge risk, length of construction, sales absorption, market fluctuation, etc.) that the model is not designed to accommodate. EPS does not believe it is good policy to push a project to such a threshold "break" point, as there are bound to be variables that the Project Sponsor will face that the model does not and cannot anticipate.

APPENDIX A:

EPS Qualifications

Statement of Qualifications



The Economics of Land Use

Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200
Berkeley, CA 94710-2257
510 841 9190 tel
510 841 9208 fax

Berkeley
Denver
Los Angeles
Sacramento

www.epsys.com

2013

5720

About Economic & Planning Systems, Inc.

The Firm	Economic & Planning Systems, Inc. (EPS) is a land economics consulting firm experienced in the full spectrum of services related to real estate development, the financing of public infrastructure and government services, land use and conservation planning, and government organization.
Guiding Principle	EPS was founded on the principle that real estate development and land use-related public policy should be built on realistic assessment of market forces and economic trends, feasible implementation measures, and recognition of public policy objectives, including provisions for required public facilities and services.
Areas of Expertise	• Real Estate Market and Feasibility Analysis • Public Finance • Fiscal and Economic Impact Analysis • Reuse, Revitalization, and Redevelopment • Real Estate Transactions and Negotiations • Regional Economics and Industry Analysis • Land Use Planning and Growth Management • Open Space and Resource Conservation • Government Organization • Transportation Planning and Analysis • Asset Valuation and Repositioning
Clients Served	Since 1983 EPS has provided consulting services to hundreds of public- and private-sector clients in California and throughout the United States. Clients include cities, counties, special districts, multi-jurisdictional authorities, property owners, developers, financial institutions, and land use attorneys.
Staff Capabilities	The professional staff includes specialists in public finance, real estate development, land use and transportation planning, government organization, and computer applications. The firm excels in preparing concise analyses that disclose risks and impacts, support decision making, and provide solutions to real estate development and land use-related problems.
EPS Locations	Berkeley, Los Angeles, and Sacramento, California Denver, Colorado
EPS Web Site	www.epsys.com

Real Estate Market and Feasibility Analysis

Services Provided

EPS prepares real estate market and feasibility analyses for many real estate development projects and land use-planning programs. EPS's services provide a realistic assessment of real estate-market trends to determine the potential market support for a given project or land use plan. EPS's feasibility analyses evaluate the potential financial returns and feasibility of a real estate project, drawing on EPS's own market research of product types, absorption, and pricing.

This market and feasibility information is used in a wide variety of applications, such as individual project feasibility assessment, development project design and programming, property disposition strategies, downtown revitalization and redevelopment efforts, specific and comprehensive land use planning, and economic analysis of impact fees and other public finance programs. EPS's market analysis efforts range from evaluations of existing market information to detailed project-specific market forecasts using consumer surveys and other primary research. Pro forma cash flow models test feasibility under a range of project alternatives, financing and partnership options, disposition strategies, and measures of financial return.

Representative Projects

- Seattle Commons Plan Market and Economic Analysis, *Seattle, Washington*
- Nut Tree Retail Office and Residential Market Study, *Vacaville, California*
- Town Center Market Analysis, *Fountain Hills, Arizona*
- Pinole Vista Shopping Center Expansion Development Agreement Negotiations, *Pinole, California*
- Crossroads Commerce Center Industrial Park Market Analysis, *Lathrop, California*
- Metropolitan Apartment Market Analysis, *Portland, Oregon*
- El Toro Community Reuse Plan Market and Financing Analysis, *Orange County, California*
- Financial Analysis of McCarthy Ranch General Plan Amendment, *Milpitas, California*
- Market Feasibility Study and Implementation Strategy for Pier Bowl Specific Plan, *San Clemente, California*
- Richards Boulevard Housing Feasibility Analysis, *Sacramento, California*
- Stockton Airport Special Purpose Plan: Market Analysis and Financial Overview, *Stockton, California*
- Marina Market and Financial Feasibility Study, *Rio Vista, California*
- Southwest Area Plan Retail Market Demand Study, *Santa Rosa, California*

Project Profiles

Market Analysis of Seattle Commons Plan
Seattle, Washington

The Seattle Commons Project is located in the South Lake Union Area adjacent to the Seattle Central Business District. The intent of the Seattle Commons Plan was to develop a 74-acre urban park, as well as to undertake a variety of infrastructure improvements to leverage investment and to transform this underdeveloped area into a vital, mixed-use community.

Working for the City of Seattle, EPS prepared a market study forecasting development of residential, retail, office, and bio-tech uses under alternative development scenarios. The results were used to evaluate the fiscal and financial implications of the proposed plan.

Nut Tree Retail, Office, and Residential Market Study
Vacaville, California

The City of Vacaville sought to redevelop the historic Nut Tree site, a popular Northern California retail landmark that, for more than 60 years before it closed, provided a unique mix of food, local products, and entertainment to residents and visitors. The 76-acre site, located along the heavily traveled Interstate 80 midway between San Francisco and Sacramento, offered several desirable attributes, including positive name recognition, adjacency to the local baseball stadium, a well-used private airport, and a popular factory outlet center. The city sought to promote a unique, high-density project that would include land uses not yet established in this growing suburban environment.

Working with Eden Development Group, the developer selected by the city, EPS evaluated the market potential and financial feasibility of a variety of mixed-use development concepts for the Nut Tree site. The analysis focused on specialty retail, including a specialty food–oriented theme with California wines, fruits, and other local agricultural products, combined with several destination restaurants and a farmers' market. EPS also evaluated the potential success of high-density office and residential uses, including a conference center hotel, golf, parks, and a museum, to be integrated with the project. Based on the market financial feasibility analysis, EPS helped design a preferred land-use concept and provided strategic input for developing a comprehensive public-private financing plan with the city.

Fountain Hills Town Center Market Analysis
Fountain Hills, Arizona

EPS evaluated the market for retail, recreational, cultural, visitor-serving, and residential uses in the Fountain Hills Town Center, that was used to guide the size, scale, and mix of uses included in the Town Center Master Plan. EPS also provided recommendations to strengthen local retailers' performance.

Services Provided

EPS provides a range of services necessary to fund and build community facilities and capital improvements, including needs assessment, arranging for funding, and the development and administration of comprehensive financing programs. EPS's goal is to ensure successful development of projects and land use plans by preparing feasible financing plans that respond to public and private objectives and make creative use of available financing mechanisms. EPS also provides a range of services necessary to fund ongoing operations of services and facilities for public entities.

Specific services provided by EPS include forecasting demand to assist in infrastructure design, sizing, and timing; identifying and forecasting potential funding sources; allocating capital costs among participating entities; and assessing the impacts of capital financing alternatives on project feasibility and public finance negotiations, including drafting development agreements. Additional EPS services include formulating assessment rates, special tax formulas, and fee ordinances and developing funding strategies for the ongoing costs of operations and maintenance for public services and facilities.

Representative Projects

- North Natomas Community Plan Financing and Nexus Study, *Sacramento, California*
- Fort Ord Financial Leverage/ Credit Enhancement Study, *Monterey, California*
- Rocklin Unified School District Facilities Financing, *Rocklin, California*
- Stapleton Airport Reuse Financing Plan, *Denver, Colorado*
- Railyards/Richards Boulevard Redevelopment Areas Infrastructure Financing Plan and Nexus Study, *Sacramento, California*
- Entrance to Aspen Financing Program, *Aspen, Colorado*
- Joint Unified School District Long-Range Facilities Master Plan, *Davis, California*
- Regional Transportation Impact Fee Program, *San Joaquin County, California*
- Southeast Woodland Specific Plan Infrastructure and School Financing Plan, Woodland, California
- Community Partnership Financing Plan, *Snowmass, Colorado*
- Mountain House Community Financing Plan, *San Joaquin County, California*
- Regional Sports Facility Financing Plan, *Stanislaus County, California*
- Santa Monica Civic Center Financing Plan, *Santa Monica, California*
- Sacramento Public Library Authority Financing Plan, *Sacramento, California*
- Stanford Ranch Mello-Roos Financing Plan, *Rocklin, California*
- Sewer Rate Analysis, *Modesto, California*

Project Profiles

North Natomas Financing Plan and Nexus Study
Sacramento, California

The North Natomas Community Plan encompassed a project covering 10 square miles and potentially housing 60,000 people. After more than a year of discussions on transportation, air quality, open space, and other land use issues, developers, environmentalists, and neighborhood interests reached consensus on the project. EPS assisted the North Natomas Landowners Association and the City of Sacramento with developing the financing plan, nexus study, and numerous related analyses required for bond issuance. The financing plan, containing $730 million in infrastructure improvements, incorporated an area-wide Community Facilities District, regional cost sharing, and pay-as-you-go fee programs.

Fort Ord Financial Leverage/Credit Enhancement Study
Monterey County, California

The Fort Ord Reuse Authority (FORA) plans to develop the former Fort Ord, granted to FORA and the surrounding municipal jurisdictions under an Economic Development Conveyance from the U.S. Army. In September 1993, the Secretary of Defense declared Fort Ord a model for the national base reuse effort, and as part of creating a model reuse strategy, sought a consultant to provide expert advice on how to best leverage available public and private financing resources. FORA hired EPS to conduct a Financial Leveraging and Credit Enhancement study, supplementing the work in the financing plan with an examination of FORA's financing needs and an exploration of creative tools to meet those needs, such as revolving loan fund, loan security, and letters of credit, to bootstrap beneficial projects that cannot rely on their own fundamentals for financing. EPS's strategy is being pursued by the Department of Commerce.

McClellan AFB Reuse Public Facilities Financing
Sacramento, California

Located in Sacramento County, McClellan Air Force Base is approximately 7 miles northeast of the downtown area. The Defense Base Realignment and Closure Commission closed McClellan in July 2001. A joint venture agreement between Sacramento County and McClellan Park, LLC envisions reusing approximately 10 million square feet of existing facilities and adding roughly 7 million square feet of new development.

McClellan Park LLC retained EPS to prepare a financing strategy to pay for backbone infrastructure and other needed improvements. The goal of the financing strategy is to match the timing of the infrastructure improvement needs and the availability of revenues to pay for the improvements. This goal is challenged by the unique nature of redeveloping a former military base into a privately occupied business park. EPS developed a $169.4 million financing-implementation plan that uses infrastructure charges, tax increment revenue financing, and grant and other funding, as well as potential funding from the developer/equity partner and Sacramento County. Additional funds will be secured by a loan from the California Infrastructure and Economic Development Bank.

Services Provided

EPS evaluates impact of a wide range of land use projects and resource management programs on the annual budgets of cities, counties, and other public agencies. As a basis for practical mitigation measures, our services quantify and disclose the potential local and regional fiscal implications of specific projects, cumulative development of an area, or government actions in general. EPS evaluates net fiscal impacts by forecasting local government operating costs and revenues caused by increased public-service requirements or changes in tax and fee collection.

Fiscal impact studies often are completed within the context of land use–plan evaluation, development project review, environmental impact reports, resource management plans, and financial negotiations between public and private entities. EPS uses specially prepared computer models, based on input from affected agencies as well as case studies from similar projects, to emulate and forecast agency budgets. Our analysis employs a wide variety of tools, including market analysis, consumer surveys, case studies, and industry sales data.

Representative Projects

- Disneyland Resort Area Expansion Fiscal Analysis and Financial Negotiations, *Anaheim, California*
- Redmond Fiscal Study and Cost of Growth Model, *Redmond, Washington*
- Fiscal Equity Study, *Reno, Sparks, and Washoe County, Nevada*
- Durango Mountain Resort Fiscal Impact Analysis, *La Plata County, Colorado*
- South Napa Marketplace Fiscal and Economic Analysis, *Napa, California*
- Southwest Area Plan Fiscal and Financial Impact Analysis, *Santa Rosa, California*
- General Plan Update Fiscal Impact Analysis, *San Jose, California*
- Mt. Washington Cellars Fiscal and Financial Analysis, *Calistoga, California*
- Fiscal and Economic Effects of the Paradise Ranch Inn Project, *Josephine County, Oregon*
- Base Village Fiscal Impact Analysis, *Snowmass Village, Colorado*
- Pleasanton Ridge Fiscal and Financial Impact Analysis, *Pleasanton, California*
- Porter Trust Annexation Fiscal Impact Analysis, *Jackson, Wyoming*
- North Natomas Fiscal Impact Study, *Sacramento, California*
- Spring Lake Planning Analysis Fiscal Update, *Woodland, California*
- Serrano El Dorado Fiscal Impact and Tax Revenue Analysis, *El Dorado Hills, California*
- Ceres Citywide Fiscal Impact Analysis, *Ceres, California*

Project Profiles

Disneyland Resort Area Expansion, Fiscal Analysis and Financial Negotiations
Anaheim, California

Beginning in the early 1990s, the City of Anaheim developed plans to improve the Anaheim Resort Area that includes 14,000 hotel rooms, the Anaheim Convention Center, and Disneyland. The area suffered from infrastructure deficiencies, and the Convention Center required improvements to maintain its market share. At the same time, Disney proposed constructing a second Southern California theme park. Disney requested financial participation from the City of Anaheim to help fund the needed infrastructure.

EPS assisted the city's negotiation team by creating a cash flow model of the city's budget to forecast fiscal impacts with and without the project. EPS evaluated the market economics of potential room-night demand, a primary tax generator. The analysis assured the city that it could achieve its objectives of creating no risk to the General Fund. Ultimately, the City Council approved a Finance Agreement providing for the issuance of debt to be repaid by a share of new incremental tax revenues.

Redmond Fiscal Impact of Growth Model
Redmond, Washington

The City of Redmond, home of Microsoft, is a rapidly growing metropolitan area located in the State of Washington. The city's key objectives are to maintain levels of service, promote economic development, ensure an adequate supply of affordable housing, and balance the municipal budget. EPS developed a fiscal impact growth model that provided the city with the ability to forecast municipal costs and revenues associated with planned levels of growth and development. Information regarding the costs of growth, either for individual products or cumulatively, helped inform policy decisions regarding the city's goals and objectives. The cost-of-growth model incorporated several factors and recognized the changing nature of each factor over time, including (1) land demand and supply, (2) physical capacity, (3) infrastructure and public facilities, (4) development and fiscal policy, and (5) fiscal cash-flow forecasting. In addition to the resulting reports, EPS agreed—under a separate license agreement—to provide the city with model documentation, training, and systems support.

Fiscal Equity Study
Reno, Sparks, and Washoe County, Nevada

While the Truckee Meadows region, which includes Washoe County and the Cities of Reno and Sparks, has experienced substantial growth over the last decade, revenue has not kept up with service demands of the new population. Local agencies have made some progress in sorting out service functions and combining efforts to achieve cost savings; many regional conflicts remain, however, that are related to fiscal imbalances or inequities and new development and annexation issues. Truckee Meadows Regional Planning Agency retained EPS to provide a better understanding of the service-to-revenue relations among agencies in the region and to quantify fiscal imbalances and inequities. Ultimately, EPS developed recommendations and alternative solutions for the provision of services that is designed to sustain the long-term fiscal health of the region while accommodating anticipated regional growth.

Services Provided

EPS evaluates the economic impact of a wide range of public and private sector activities, including land use projects, industry sector output, and government programs and policies. The firm's economic impact analysis generally focuses on quantifiable variables such as regional employment, output, property values, regional dollar flow, and industry sales. Our analysis estimates the direct, indirect, and induced effect of a project or policy on these variables.

Economic impact studies are often completed within the context of land use plan review, environmental impact reports, regulatory evaluation and compliance, resource management plans, and general economic assessments. Our economic analysis employs a wide variety of tools, from market analysis and consumer surveys to input-output analysis and economic modeling.

Representative Projects

- Economic Impact of Federal Endangered Species Critical Habitat Designation, *California*
- East Bay Regional Parks District Economic Impact Analysis, *Alameda County, California*
- Mather Airport Economic Impact Analysis, *Sacramento, California*
- Economic Impact of Napa Center for Wine, Food, and the Arts, *Napa, California*
- Wal-Mart Site Economic Impact Analysis, *Woodland, California*
- Economic Impact of California Clean Air, Jobs, and Transportation Act (CALTEA), *California*
- Economic Impact of Tracy Growth Control Measure, *Tracy, California*
- Economic Impact of Sears Point Raceway Expansion, *Marin County, California*
- Economic Impact of Gulch Redevelopment, *Nashville, Tennessee*
- Socioeconomic Impact of University of California Merced Campus, *Merced County, California*
- Economic Impact of Sonoma County Construction Industry, *Sonoma County, California*
- Economic Impact of Public Utility Commission Energy Conservation Program, *San Francisco, California*
- Colorado Housing Trust Fund Economic Impact Analysis, *Colorado*
- Tracy Gateway Economic Benefit Study, *Tracy, California*
- Davis Technology Center Fiscal and Economic Review, *Davis, California*
- Lincoln Agricultural Land Value Analysis, *Lincoln, California*
- Yolo County Economic and Revenue Analysis, *Yolo County, California*

Project Profiles

Economic Impact of Federal Endangered Species Critical Habitat Designation
California and Oregon

The U.S. Fish & Wildlife Service designates critical habitat for threatened and endangered species so that other federal agencies will avoid sponsoring activities jeopardizing the chances for species survival and recovery. EPS was retained to conduct an economic impact analysis of the habitat designation for seven groups of species found throughout California. The analyses examined how private landowners and other affected parties might modify their economic activities in light of the habitat designation, as well as the additional costs associated with federal-agency consultations. EPS's analysis was published in the *Federal Register* and used by the Service in its rule-making process.

East Bay Regional Parks District Regional Economic Analysis
Alameda County, California

The East Bay Regional Park District (EBRPD), founded in 1934, currently owns and manages more than 90,000 acres of parks, open space, and trails in Alameda and Contra Costa Counties. EBRPD commissioned EPS, in conjunction with Strategy Research Institute, to study EBRPD's economic benefits by (1) conducting a literature review of economic benefits of parks and (2) analyzing recreation and conservation uses and visitation to EBRPD parks. EPS identified, described, and quantified the broad array of economic and quality-of-life benefits associated with the regional park system. Benefits were divided into "users and district residents" benefits, "public investment and cost saving" benefits, and "user and district expenditures in the local economy" benefits. EPS identified benefits in terms of their impact on quality of life, economic vitality, and social equity.

Mather Airport Economic Analysis
Sacramento, California

Mather Air Force Base officially closed in September 1993, and the Sacramento County Board of Supervisors adopted the Mather Field Specific Plan in May 1997. Since then, Mather airport slowly has expanded and solidified its role as the primary air-cargo airport serving the Sacramento region. Sacramento County is considering whether to expand airport operations by upgrading and expanding Mather's runway capacity. In association with Leigh Fisher, EPS prepared a series of economic impact analyses considering the direct, indirect, and induced effects of expanded cargo facilities and airport operations on the local economy. EPS quantified the impacts of altering land use entitlements to allow for development more compatible with expanded airport operations. This analysis allowed Sacramento County to consider both the economic benefits of increased airport operations and any potential adverse impacts on planned development in areas surrounding the airport that would be caused by expanded noise contours and other factors.

REUSE, REVITALIZATION, AND REDEVELOPMENT

Services Provided

EPS prepares research and analyses that support facility and site reuse, revitalization, and redevelopment efforts. Our services help to strategically combine marketing and business development with the elimination of physical, environmental, and market constraints to create a vital mix of business, civic, and pedestrian activity. Our geographic focus in this practice ranges from specific sites within a redevelopment project area to entire neighborhoods or submarkets within a region.

EPS takes a key role in working with other professionals, including urban designers, redevelopment specialists, transportation planners, civil engineers, and developers, to assist local agencies in formulating effective revitalization efforts as part of planning projects or formal redevelopment programs. A wide range of skills are applied in these projects, including real estate market research, real estate feasibility analysis, fiscal and economic impact analysis, tax increment projections, and the creation of public financing strategies.

Representative Projects

- Los Angeles Harbor Redevelopment, *Los Angeles, California*
- Sacramento Downtown Property Portfolio Evaluation, *Sacramento, California*
- Treasure Island Reuse Plan and Feasibility Analysis, *San Francisco, California*
- Midtown Specific Plan Financing Feasibility Analysis, *San Jose, California*
- McClellan Reuse Public Facilities Financing, *Sacramento, California*
- Downtown Economic Development Study, *Sacramento, California*
- Port of San Francisco Financial and Economic Impact Analysis, *San Francisco, California*
- Union Station Redevelopment Feasibility Analysis, *Cheyenne, Wyoming*
- Redevelopment Tax Increment Audit and Forecast, *Madera, California*
- Commercial Revitalization and Residential Rehabilitation Strategies, *West Pittsburg, California*
- Business and Waterfront Improvement Project Redevelopment Study, *Sacramento, California*
- Richards Boulevard Redevelopment and Housing Study, *Sacramento, California*
- Redevelopment Feasibility Analysis, *Roseville, California*
- Downtown Revitalization Study, *Walnut Creek, California*
- Redevelopment Plan Feasibility Analysis, *South Lake Tahoe, California*
- Redevelopment Plan Blight Findings and Feasibility Analysis, *Newark, California*

Project Profiles

Los Angeles Harbor Redevelopment
Los Angeles, California

The City of Los Angeles Community Redevelopment Agency (CRA) retained EPS to develop an economic strategy for the Los Angeles Harbor Industrial Center Redevelopment Project at the Wilmington Industrial Park. The 232-acre project is the third Brownfields Demonstration Site in Los Angeles, which like many large cities has a shortage of viable, master-planned property to accommodate economic development. Land that is available often has complex environmental issues and subsurface conditions, such as oil wells and associated pipelines.

Wilmington Industrial Park is strategically located adjacent to the Los Angeles Harbor, the Alameda Corridor, and other transportation improvements under construction. In its economic strategy, EPS identifies ways to redevelop the project area and attract new development, labor-intensive industry, and new jobs for the local community. EPS and its subcontractors (EPS Team) evaluated the property's position relative to the area's extraordinary transportation infrastructure, regional economic trends, and CRA job and tax-base goals. The EPS Team developed economic, land planning, civil engineering, geotechnical, and redevelopment studies, contributing to a strategic plan for attracting public and private investment to the area. The strategy included developing a geographic information system and a related Web site intended to expedite developer due diligence associated with specific development proposals.

Sacramento Downtown Property Portfolio Evaluation
Sacramento, California

The Capitol Area Development Authority (CADA) retained EPS to evaluate CADA's downtown real estate portfolio and to make recommendations about the disposition of land assets and the use of development proceeds. CADA was created to manage key State-owned real estate assets in the Capitol Area and is active in several major mixed-use projects that are transforming this portion of downtown Sacramento.

Based on an analysis of market supply and demand conditions, as well as a detailed review of specific properties and related financial information, EPS is advising CADA on the overall value of its portfolio, including residential, office, and retail properties. Ultimately, the information will be used to advise CADA on how revenue may best be reinvested in downtown redevelopment projects to enhance the economic performance and quality of life of downtown Sacramento's Capitol Area.

Services Provided

EPS assists public and private sector clients negotiate the lease, transfer, and sale of real estate assets to developers and other end users. EPS's services provide timely, objective, and well-documented advice to support successful real estate transaction. EPS develops business plans and marketing strategies; writes Requests for Qualifications/Requests for Proposals, developer-selection criteria, and Development Agreements; assists with contract negotiations; and formulates business terms and conditions for land disposition.

EPS premises its negotiation strategy on a thorough understanding of project economics, public policy and political considerations, and regulatory parameters to structure business terms definitive and flexible enough to serve over the long term. EPS's services are engaged for a variety of major public/private ventures, such as renovating regional commercial facilities—military bases, rail, and air transportation facilities—and other regionally significant areas undergoing transfer or reuse.

Representative Projects

- Redevelopment Negotiations for the Fleet Industrial Supply Center, *Alameda, California*
- Port of San Francisco Pier 30/32 Developer Selection and Negotiations, *San Francisco, California*
- Orlando Naval Training Center Purchase Offer, *Orlando, Florida*
- Alameda Naval Air Station Business Plan and Disposition Analysis, *Alameda, California*
- Marine Corps Air Station Tustin Business Plan and Disposition Analysis, *Tustin, California*
- Hunters Point Naval Shipyard Negotiations, *San Francisco, California*
- Buenaventura Mall Renovation/ Expansion Development Agreement Negotiations, *San Buenaventura, California*
- Pinole Vista Shopping Center Development Agreement Negotiations, *Pinole, California*
- The Canyons Development Agreement, *Summit County, Utah*
- Bay Area Rapid Transit (BART) Joint Development, *Castro Valley, California*
- Oakland Coliseum Advertising Agreement Negotiations, *Oakland, California*
- Railyards Specific Plan/ Richards Boulevard Area Plan Development Agreement Negotiations, *Sacramento, California*

Project Profiles

Redevelopment of the Fleet Industrial Supply Center
Alameda, California

The City of Alameda selected EPS to assist in selecting a developer and negotiating a Development and Disposition Agreement (DDA) for the disposition of the 200-acre Fleet Industrial Supply Center and East Housing property located along the Oakland Estuary across from Jack London Square. EPS evaluated and summarized developer proposals, including pro-forma project economics, and proposed transaction terms. The selected developer, Catellus Development Corporation, proposed to develop 475 units and 1.3 million square feet of research and development/office space. EPS conducted market research, prepared pro forma and fiscal analyses, and evaluated financing issues to support the City's DDA negotiation.

Stockton Airport Special Purpose Plan: Market Analysis and Financial Overview
Stockton, California

San Joaquin County formulated a Special Purpose Plan for future use of the Stockton Metropolitan Airport Property, a 1,500-acre site owned by the county that has an operational airport capable of handling wide-body aircraft. EPS worked with San Joaquin County to identify actions to move the project forward in a manner consistent with the county's policy and financial objectives. As part of this effort, EPS helped solicit and evaluate developer proposals and developed a financial model to assess a set of phasing, financial, and disposition measures. EPS specified a development strategy for the property that was based on a comprehensive market analysis of existing development in the area, projected demand, and potential emerging industries or users groups.

Port of San Francisco Pier 30/32 Negotiation Support
San Francisco, California

The Port of San Francisco sought to develop a major mixed-use project, anchored by an international passenger cruise-ship terminal, on a scenic waterfront site near downtown San Francisco. The site is located along the waterfront midway between the San Francisco Bay Bridge and the new Giants baseball stadium. Although the site offered significant market potential, negotiation and agreement with LCOR, the selected master-developer site, would require resolving several issues regarding public financing, infrastructure cost allocation, land use intensities, and risk distribution.

Working for the Port of San Francisco in support of its developer negotiations, EPS evaluated the market and financial feasibility of proposed development concepts for the port property, reviewed the developer's financial proposals, evaluated methods for using public financing for a portion of the project, recommended negotiating principles and business terms, and managed the efforts of several subconsultants in various technical specialties. A key objective of the analysis was to determine if commercial and residential uses could generate enough economic value to cover the costs associated with developing the cruise terminal, parking facilities, open space amenities, and other public-oriented uses.

Services Provided

EPS evaluates regional economic conditions and industrial trends as a basis for comprehensive planning, facility programming, and economic development efforts. Our services integrate an understanding of market forces on local, regional, and national levels to ensure that our findings have broad, long-term relevance. Our analysis takes into account emerging industry, demographic, and/or technological trends that affect the economic relationships within and between the various sectors under consideration.

EPS's services in this practice are often designed to provide information on the future growth and performance of particular industries and/or regions. The firm provides expertise on such industries as biotechnology, telecommunications, environmental technology, agriculture, tourism, trade, and entertainment. EPS also evaluates the competitiveness and specialization of regions and submarkets, including the geographic distribution of various economic "clusters." Specific technical methods employed include the analysis of industry-specific research and surveys, regional growth and commute patterns, and interviews with local officials and industry experts.

Representative Projects

- Rocky Flats Base Reuse Target Industry Study, *Golden, Colorado*
- Analysis of Wine and Timber Industry, *Sonoma and Mendocino Counties, California*
- Civic Auditorium Market Assessment, *Santa Monica, California*
- Stapleton Airport Market Creation Strategies, *Denver, Colorado*
- Stockton Airport Industry Analysis/Special Purpose Plan, *Stockton, California*
- Oakland Produce District Feasibility Study, *Oakland, California*
- Home Improvement Market Study, *Santa Rosa, California*
- Mission Valley Rock Aggregate Production Market Analysis, *Alameda, California*
- Del Norte Plaza Multiplex Cinema Market Analysis, *El Cerrito, California*
- Los Positas Community College Workforce Training and Conference Center Feasibility Study, *Livermore, California*
- Regional Economic Growth and Linkages Analysis, *Alameda County, California*
- Sierra Region Demographic and Economic Profile, *Sierra Nevada*
- Route 24/Caldecott Tunnel Corridor Study, *Alameda and Contra Costa Counties, California*
- Clovis Research and Technology Park Feasibility Analysis, *Clovis, California*
- Biotech Industry Study for Fitzsimons Army Medical Center, *Aurora, Colorado*
- Alameda Science and Technology Center Market Analysis, *Alameda, California*

Project Profiles

Rocky Flats Reuse Target Industry Study
Jefferson County, Colorado

Following closure of the Rocky Flats Weapons Plant, an effort was undertaken to re-employ 7,500 scientists and technicians and to redevelop the site for future uses. EPS was hired to develop a business strategy for the site with focus on the environmental technology and renewable energy industries. EPS, in association with Murray Lamont & Associates, conducted a survey of Colorado environmental firms to identify their location criteria and operational requirements, and to assess the degree of industry identity and shared goals. EPS synthesized the employment data, environmental firm survey, and other research on the environmental industry and developed principles to devise a statewide environmental business strategy.

Analysis of Wine and Timber Industry Trends
Sonoma and Mendocino Counties, California

The California North Coast has become the leading high-end grape-growing and wine-producing region in the United States. The wine industry's increasing success, fueled in part by its tourist appeal, has created problems for other local industries especially those competing for scarce land and labor, such as the timber industry. Because significant areas in the North Coast are suitable for producing both wine grapes and timber, local policy makers sought to gain a better understanding of long-term trends and market prospects for the sectors.

EPS prepared wine- and timber-industry trend reports on Sonoma and Mendocino Counties for a private-sector real-estate interest. The reports provided detailed historical data on production and employment in both counties and evaluated future market trends, based on expected demand, competitive supply, and availability and cost of production inputs. The analysis was designed to guide county policy makers on issues related to land use, job training, and other long-term planning decisions.

Santa Monica Civic Auditorium Market Assessment
Santa Monica, California

As a part of the Civic Center Specific Plan process, the City of Santa Monica evaluated the reuse potential of the Santa Monica Civic Auditorium (Civic). The Civic Center Specific Plan process was designed to help the city to carefully determine the future role of the Civic in the community and in the region as a whole.

The city hired EPS to conduct a market and financial assessment of the Civic's reuse potential. The analysis explored the Civic's existing conditions and future potential for three distinct uses: a performing arts theater, a conference center, and a concert venue. For each reuse alternative, EPS analyzed demand for facility use in the market area, assessed competitive supply, and estimated unmet demand. In addition, EPS evaluated the facility improvements needed to capture this excess demand and the financial implications to the City of Santa Monica.

LAND USE PLANNING AND GROWTH MANAGEMENT

Services Provided

EPS combines a thorough working knowledge of land use planning and regulation practices with its real estate and economic expertise to contribute to land use planning and growth management strategies. The firm's roles in land use planning programs typically include economic and demographic forecasts; land use information and market inputs to plan formulation; fiscal and financial evaluation of plan alternatives; and land use policy implementation. EPS's integrated approach to land use, transportation, market, fiscal, and financial issues results in plans and programs that effectively guide future development.

EPS provides a range of services related to land use planning and growth management. We evaluate the physical and economic linkage between jobs and housing and the economic impacts of land use and growth control measures. We analyze the effect of employment growth on the provision of City services and amenities as well as the opportunities and constraints presented by regional growth patterns. Our services are also frequently applied to the preparation of Comprehensive Plans, Subarea Plans, Housing Elements, growth projection studies, and jobs/housing linkage or in-lieu of fee programs.

Representative Projects

- Snyderville Basin Growth Management Report, *Summit County, Utah*
- Sonoma Workforce Housing Analysis, *Sonoma County, California*
- El Dorado County Growth Forecast, *El Dorado County, California*
- Conaway Ranch Specific Plan Regional Growth Forecast and Market Analysis, *Woodland, California*
- Interstate 5 Corridor Population and Employment Forecasts, *San Joaquin County, California*
- Comprehensive General Plan Update, *El Cerrito, California*
- Land Use/Transportation Corridor Plan, *San Mateo County, California*
- Sonoma/Marin Land Use and Transportation Study, *Sonoma County, California*
- Denver Regional Council of Governments Urban Centers Pilot Project, *Denver, Colorado*
- Bay Area Partnership Regional Land Use Data Analysis, *San Francisco Bay Area, California*
- McCarthy Ranch General Plan Amendment Fiscal and Financial Impact Analysis, *Milpitas, California*
- Longmont Area Comprehensive Plan Update, *Longmont, Colorado*
- Nashville Gulch Comprehensive Plan Economic Impact Analysis, *Nashville, Tennessee*

Project Profiles

Snyderville Basin Growth Management Report
Summit County, Utah

The unincorporated Snyderville Basin and Park City have experienced strong growth pressures because of their dual functions as a rapidly expanding destination resort and an affluent residential suburb to the Greater Salt Lake Area. In response to these growth pressures, Summit County adopted a new General Plan to establish a new vision for the Snyderville Basin in terms of general planning objectives, policies, and design standards. As a next step, the county required a more detailed analysis of geographic and financial growth impacts and the policy tools available to manage this growth consistent with its new vision.

EPS prepared a growth management report that considered these items: (1) real estate market development pressures; (2) the likelihood that the existing policy regime would produce outcomes consistent with the new vision; (3) an additional set of policy options that could more closely guide growth toward the community's vision; and (4) an analysis of the costs of growth and the measures available to ensure levels of service are maintained or enhanced as the Basin grows. The information, analysis, and recommendations included in the report provided the county with a quantitative and graphic basis for interpreting and implementing its new General Plan.

Sonoma Workforce Housing Analysis
Sonoma County, California

The Bay Area housing market has become increasingly expensive in recent years, with median home prices rising nearly 100 percent over 5 years in some areas because of rapid employment growth coupled with limited land supply. In Sonoma County, home prices have increased significantly, and for new workers in the County's expanding employment base, finding affordable housing has become increasingly difficult.

A coalition of the county government and the nine cities in the county commissioned EPS to conduct a nexus study between employment and housing and to propose a countywide approach to the affordable housing shortage. This study involves evaluating employment and commuting-pattern trends in Sonoma County, distributing income among future jobs in the county, costs of building and acquiring market rate and affordable housing, and various programs currently in place to address housing affordability issues. EPS will establish the relation between employment growth and housing prices and will recommend an impact fee that assigns some of the financial costs of developing affordable housing back to the employers whose expansion contributes to housing demand.

Services Provided

EPS prepares financing and implementation strategies that support active and passive open space and conservation projects. EPS provides financial analysis for Open Space Elements, Park and Recreation Master Plans, Agriculture Preservation Strategies, and Habitat Conservation Plans. The firm's broad knowledge of public facility and open space financing techniques and land use planning and regulatory practices, combined with our experience in resolving land use conflicts, allows EPS to develop feasible conservation programs that achieve conservation goals in a financially sound manner.

EPS believes that habitat and recreational open space offer broad economic and quality of life benefits and therefore should be funded by broad-based and equitable financing techniques similar to those used for other community facilities. Our studies identify the economic benefits to landowners participating in comprehensive conservation plans as opposed to completing time-consuming individual mitigation projects. EPS believes that it is important to provide funding mechanisms that best suit the conservation, acquisition, and management goals, while accounting for the development and landownership patterns and the sources and types of supplemental funding.

Representative Projects

- Yolo County Habitat Conservation Plan, *Yolo County, California*
- Economic Analysis of the Natomas Basin Habitat Conservation Plan, *Sacramento, California*
- South Sacramento Habitat Conservation Plan, *Sacramento County, California*
- Economic Feasibility Study for the El Dorado County Ecological Preserves, *El Dorado County, California*
- Contra Costa Biodiversity Study, *Contra Costa County, California*
- Santa Rosa/Rohnert Park Community Separator Preservation Strategies, *Sonoma County, California*
- Longmont Residential Open Space Study, *Longmont, Colorado*
- South Livermore Valley Vineyard Area Plan, *Livermore, California*
- Recreation and Parks Master Plan Update, *Santa Monica, California*
- City of Brentwood's Parks Master Plan Financial Review, *Brentwood, California*
- San Jose Parks and Recreation Master Plan, *San Jose, California*
- Davis Open Space Element Revision Financing Plan, *Davis, California*
- Agricultural Buffer and Farmland Mitigation Ordinance, *Davis, California*
- County Farmland Preservation Program, *San Joaquin County, California*
- Natomas Basin Habitat Conservation Plan, *Sacramento, California*
- Green Valley Area Transfer of Development Program, *Solano County, California*

Project Profiles

Yolo County Habitat Conservation Plan (HCP)
Yolo County, California

In Yolo County over 10,000 acres of land were designated for future development. The County, four cities, and State and federal agencies implemented an interim development fee to fund the study and implementation of a long-term regional Habitat Conservation Plan (HCP). The HCP was intended to mitigate development impacts and protect threatened and endangered species throughout the County, including the Swainson's Hawk. As part of the team headed by an environmental engineering firm, EPS prepared an implementation plan and nexus study for the Yolo County HCP. EPS's role was to define the major economic issues, prepare acquisition strategies and financing options, prepare a revenue forecast for the proposed fee, and estimate land acquisition costs and potential revenues from non-fee sources.

Nature Conservancy North Coast Resources Analysis
San Luis Obispo County, California

The Nature Conservancy (TNC) was considering entering into negotiations to purchase conservation easements on an expanse of land on California's central coast. TNC was interested in evaluating environmental resources present relative to the likely cost of purchasing development rights. Such an analysis would allow TNC to prioritize this land area relative to other potential acquisitions. EPS was hired to evaluate various issues in the study area including available data on environmental resources, existing land use policy, and development potential and market values of land. EPS conducted a survey of land values of similar types of land, both locally and throughout California, considered the financial feasibility of development in selected areas, and evaluated the cost of conservation easements relative to fee title purchase. EPS provided planning-level estimates of the cost of purchasing conservation easements over the area as well as input on the types of development that might be feasible if the area were not conserved. Subsequent to this initial effort, EPS developed a flexible residual land value model to estimate land values under different regulatory and market scenarios.

Economic Analysis of Natomas Basin HCP
West Sacramento, California

The Natomas Basin Habitat Conservation Plan (NBHCP) addresses the potential for development of 17,500 acres in the 53,000+ acre interior of the Natomas Basin and the impacts it will have on wildlife habitat. EPS has conducted annual economic analysis since 1998 to determine the NBHCP mitigation fee level to fund land acquisition, operations and maintenance, and restoration and enhancement costs for the preservation and proliferation of habitat for the giant garter snake, Swainson's Hawk, and other species. The analysis breaks down the acquisition, restoration/enhancement and operating costs, and revenue activities of the NBHCP to determine the necessary fee level for the NBHCP to be financially viable. An endowment fund was established to provide additional funding for operations and maintenance expenses once all lands have been acquired. Additionally, a supplemental endowment fund was later added to provide additional funds that may be needed for future land acquisition.

Services Provided

EPS evaluates the costs, benefits, and feasibility of local government reorganization. Completion of government organization studies draws upon EPS's expertise in fiscal analysis, public finance, and land use planning, along with a thorough knowledge of local government forms and options.

EPS's services generally are required as a part of state annexation law or negotiations between existing entities involved in reorganizations or common purpose efforts. These proceedings and efforts include the formation of new government entities including annexations, municipal incorporations, special district formations, and joint exercise of powers organizations. As part of its work, EPS typically prepares detailed pro forma budget forecasts for the new jurisdiction, documentation or alternative organizational options, and estimates of impacts on existing entities.

Representative Projects

- Los Angeles Reorganization, *San Fernando Valley, California*
- Goleta Valley Incorporation Feasibility Analysis and Tax Sharing Agreement, *Goleta, California*
- Sacramento County Interim Open Space Commission, *Sacramento, California*
- County Reorganization Analysis, *Santa Barbara County, California*
- Windsor Incorporation Feasibility Study, *Sonoma County, California*
- Governance Study, *Pitkin County, Colorado*
- Annexation Study, *Rancho Murieta, California*
- Tassajara Area Annexation, *Alameda County, California*
- Pleasant Grove Incorporation Comprehensive Fiscal Analysis, *Yolo County, California*
- Tahoe Incorporation Feasibility Study, *Douglas County, Nevada*
- Templeton Incorporation Feasibility Study, *San Luis Obispo County, California*
- Orange County Fire District Detachment Feasibility Study, *Orange County, California*
- Northstar Annexation Study, *Nevada County, California*
- City Parks Master Plan and Organizational Options, *Brentwood, California*
- Evaluation of Truckee Incorporation Feasibility Studies, *Nevada County, California*
- El Dorado Hills Incorporation Comprehensive Fiscal Analysis, *El Dorado Hills, California*
- Feasibility Analysis/Comprehensive Fiscal Analysis for Incorporation, *Rancho Cordova, California*
- Incorporation Fiscal and Feasibility Review and Comprehensive Fiscal Analysis, *Elk Grove, California*

Project Profiles

Los Angeles Reorganization
San Fernando Valley, California

Residents and business leaders in the San Fernando Valley submitted an application to the Los Angeles Local Agency Formation Commission (LAFCO) to detach from the City of Los Angeles and incorporate as a new, smaller city. The proponents desired an increased level of local control over municipal services and planning issues; concerns existed that the City of Los Angeles was not responsive to the needs of Valley residents. EPS was part of a team of consultants engaged by the proponents to help structure the new city and the terms under which it would split from the City of Los Angeles and reorganize.

EPS was instrumental in reviewing and responding to the Comprehensive Fiscal Analysis prepared by LAFCO, developing a proposed city budget, preparing Terms and Conditions for the reorganization, and a proposed agreement for mitigating impacts on the City of Los Angeles. Key issues addressed included the disposition of infrastructure, assets and liabilities, employee transfers to the new city, and payments for contract services and mitigation.

Goleta Incorporation Comprehensive Fiscal Analysis
Santa Barbara County, California

The Goleta area, which lies to the west of the City of Santa Barbara, had been the subject of several incorporation efforts over the past several years. The proponents of the most recent effort sought to gain several benefits from incorporation, including local control over land use policies. The area was a major source of net revenue to the County of Santa Barbara and, with nearly 80,000 residents, represented almost half the county's unincorporated population and the majority of its revenue-generating development. As a result, incorporation raised significant issues about its potential impacts on the county and on services in the balance of the unincorporated areas. EPS prepared a Comprehensive Fiscal Analysis, including a public services plan and budget analysis, to evaluate the feasibility of a new city and to estimate potential county impacts. EPS's Fiscal Analysis and revenue-neutrality recommendations paved the way for the incorporation of Goleta, approved by voters in 2001.

Sacramento County Open Space Funding and Organizational Options
Sacramento, California

To address the need to preserve open space in the face of expanding development, the Sacramento County Board of Supervisors established an Interim Open Space Commission. The commission was charged with creating recommendations for an appropriate organizational approach to acquiring and maintaining open space and funding open space in Sacramento County. EPS served as staff to the commission. EPS's efforts included organization of informational seminars, a public opinion survey, and the development of organizational and funding policy options.

Services Provided

EPS provides a broad spectrum of services related to transportation planning and analysis and has participated in numerous transportation studies, extending from project-specific analysis to regional transportation planning efforts. These projects often call upon the firm's experience in land use planning, economic and fiscal impacts, infrastructure financing, and governance.

Specific services provided by EPS include determining the impact of transportation investments on land use and development opportunities; evaluating transit-oriented development and joint development associated with transit improvements; and preparing socioeconomic data in support of transportation modeling efforts. Other specific services encompass establishing financing programs for transportation projects; establishing intergovernmental agreements as part of regional transportation planning; and assisting with congestion management programs, including impact analysis models, travel demand management policies, and land use controls.

Representative Projects

- Phoenix/Tempe/Mesa Transit Oriented Development, *Arizona*
- NY-5 Corridor Land Use and Transportation Study, *Albany, New York*
- RTD I-170 Denver to Golden Major Investment Study, *Denver, Colorado*
- Sonoma/Marin Land Use and Transportation Study, *Sonoma County, California*
- Capital Improvement Management System, *Port of Oakland, California*
- Regional Land Use Data Analysis, *San Francisco Bay Area, California*
- Transportation Land Use Information System, *San Mateo County, California*
- Transit Performance Monitoring System, *Sacramento, California*
- Regional Transportation District IGA, *Aspen, Colorado*
- Amador Transportation Plan Financing Study, *Amador County, California*
- San Mateo Congestion Management Program, *San Mateo County, California*
- Denver Union Station Master Plan, *Denver, Colorado*
- Bay Area Rapid Transit Joint Development, *Castro Valley, California*
- Light Rail Station Redevelopment Potentials, *Greenwood Village, Colorado*
- Regional Transportation District Systems Plan, *Denver, Colorado*
- Northwestern Pacific Railway Authority Site Analysis, *San Rafael, California*
- San Francisco Transit-Oriented Development, *San Francisco, California*

Project Profiles

Phoenix/Tempe/Mesa Transit-Oriented Development
Phoenix, Arizona

The Phoenix Area's regional public transportation authority is planning the development of a Light Rail Transit (LRT) system running roughly 20 miles through Phoenix, Tempe, and Mesa. To capitalize on this new transit service, the three jurisdictions are promoting transit-oriented development throughout the LRT Corridor, with particular emphasis around planned station areas.

EPS was hired as part of a multidisciplinary planning team led by DeLeuw, Cather & Company and S.R. Beard & Associates. EPS's responsibilities included market research and conceptual development programming for segments of the LRT Corridor and specific station areas. EPS conducted a review of regional and jurisdictional market conditions and an evaluation of property performances and development opportunities and constraints in the LRT corridor. EPS also assessed the future market influence attributable to LRT service and identified implementation measures required to achieve the desired transit-oriented development.

NYS Corridor Land Use and Transportation Study
Albany/Schenectady, New York

As part of a consultant team, EPS collaborated on a corridor land use/transportation study. The study was commissioned by the Capital District Transportation Authority to define and implement transit and road improvements along the historical highway connecting Albany to Schenectady that has evolved into a "strip commercial" area and the site of other major retail shopping centers. It is hoped that a new approach to land use controls and change along with other efforts can reduce congestion and improve feasibility of transit facilities along the highly congested corridor. EPS analyzed demographic trend patterns for the Capital District, constructed a land-use database for along the Corridor, and evaluated opportunity sites for market potential. The consultant team formulated alternative land use and transportation scenarios to illustrate the transportation and economic linkages of land use with transportation systems. Finally, a set of revised land use controls and land use incentives was formulated to induce desired changes.

Regional Transportation District I-70 Denver to Golden Major Investment Study
Denver, Colorado

EPS, in conjunction with CH2MHill, was responsible for land use, economic development, and station development evaluations, as well as the public involvement component, on the Denver to Golden Major Investment Study for the Regional Transportation District in Denver. The detailed evaluation addressed a full range of transportation options including light rail transit (LRT), commuter rail, bus/HOV and highway expansion options. The draft locally-preferred alternative is LRT on the BNSF Gold Line right-of-way with a first phase of development from Denver Union Terminal to the Ward Road park-n-Ride, a distance of 11 miles, with a second phase extending to downtown Golden.

ASSET VALUATION AND REPOSITIONING

Services Provided

EPS provides asset valuation and repositioning services for real estate owners, investors, and developers of distressed real estate properties. Market and financial analysis of properties under a range of development options is essential to understanding the current and potential value of a property and determining the best course of action regarding repositioning, restructuring, and/or disposition. Long a leader in providing real estate and public financing services to private and public development entities, EPS also assists banks, REITS, other real estate equity firms, and land-secured financing districts with assessing market and development conditions and potentials in a dynamic credit and financing environment.

Representative Projects

- Repositioning of Alameda Naval Air Station Redevelopment, *Alameda, California*
- Redevelopment and Repositioning of Historic Nut Tree Site, *Vacaville, California*
- Winrock Mall Redevelopment and Financing, *Albuquerque, New Mexico*
- Grandview Development Plan Repositioning, *Loveland, Colorado*
- Redevelopment Analysis, *Adams County, Colorado*
- Wilson Ranch Real Estate Assessment, *Mead, Colorado*
- Lagoon Valley Competitive Analysis, *Solano County, California*
- San Lorenzo Village Square Redevelopment, *San Lorenzo, California*
- Wildwood Estates CFD Workout Plan and Valuation Analysis, *Nevada County, California*
- Town and Four Apartments Market and Financial Analysis, *Creve Coeur, Missouri*

Project Profiles

Repositioning of Alameda Naval Air Station Redevelopment
Alameda, California

The City of Alameda had selected a private developer to create a Master Plan and serve as Master Developer of the former Naval Station Alameda (NAS) property. Following several years of planning and negotiations with the Navy, which still owned the property, the selected Master Developer elected not to proceed with the development due to a significant downturn in the real estate market. The City retained EPS to assist in soliciting and selecting a new Master Developer to take over the project. After proposals were received from several developers, EPS conducted due diligence on the developers' experience and financial positions as well as their development concepts. Following the City's selection of a preferred developer, EPS has provided continuing support to the City in negotiations with the developer and the Navy. EPS has been responsible for developing and updating the project pro forma and providing technical and strategic support to the City regarding key economic issues including market values, absorption rates, phasing, intensification and modification of land uses, fiscal mitigation, alternative financing mechanisms, public improvements, and infrastructure requirements and costs.

Redevelopment and Repositioning of the Historic Nut Tree Site
Vacaville, California

The historic Nut Tree property, a popular Northern California retail landmark, quickly fell into physical and financial disarray after the death of its long-time proprietor. The City of Vacaville took possession of the 76-acre site, located along the heavily traveled Interstate 80 midway between San Francisco and Sacramento. The City entered into exclusive negotiations with a developer intent on creating a unique, high-density project that would include land uses not yet established in this growing suburban environment.

Working with the developer selected by the City, EPS evaluated the market potential and financial feasibility of a variety of mixed-use development concepts for the Nut Tree site. The analysis focused on a retail mixed-use project that would leverage the site's desirable attributes, including positive name recognition as well as adjacency to a local baseball stadium, well-utilized private airport, and popular factory outlet center. EPS also evaluated the potential success of high-density office and residential uses to be integrated with other project components, which included a conference center hotel, golf course, parks, a museum, and other public amenities. Based on its market financial feasibility analysis, EPS helped to design a preferred land use concept and provided strategic input for the development of a comprehensive public/private financing plan and a Development Agreement with the City. The work was conducted as part of a multidisciplinary team that included designers, engineers, and a golf/hotel consultant.

REPRESENTATIVE CLIENTS

Cities
Anaheim, California
Aspen, Colorado
Auburn, California
Austin, Texas
Berkeley, California
Boulder, Colorado
Chico, California
Citrus Heights
Concord, California
Davis, California
Denver, Colorado
Folsom, California
Fremont, California
Los Angeles, California
Merced, California
Modesto, California
Napa, California
Oakland, California
Orlando, Florida
Phoenix, Arizona
Pleasanton, California
Redding, California
Redmond, Washington
Redwood City, California
Richmond, California
Rocklin, California
Roseville, California
Sacramento, California
San Clemente, California
San Francisco, California
San Jose, California
San Luis Obispo, California
San Mateo, California
Santa Barbara, California
Santa Monica, California
Santa Rosa, California
Seaside, California
Seattle, Washington
Stockton, California
Truckee, California
Turlock, California
Vacaville, California
Vallejo, California
Ventura, California
Walnut Creek, California
Watsonville, California
Winters, California

Counties
Alameda, California
Contra Costa, California
El Dorado, California
King, Washington
Marin, California
Mendocino, California
Merced, California
Monterey, California
Orange, California
Placer, California
Pitkin, Colorado
Sacramento, California
San Joaquin, California
San Luis Obispo, California
San Mateo, California
Santa Cruz, California
Sonoma, California
Summit, Utah
Sutter, California
Yamhill, Oregon
Yolo, California
Yuba, California

Public Agencies and Special Districts
Alameda County Congestion Management Agency
Alameda Reuse and Redevelopment Authority
Bay Area Rapid Transit District
Capital Area Development Authority
Capital District Transportation Authority, New York
Contra Costa LAFCO
Denver Regional Transportation District
East Bay Regional Park District
El Dorado Hills CSD
El Toro Redevelopment Authority
Fitzsimmons Reuse Authority, Colorado
Fort Ord Reuse Authority
Incline Village G.I.D.
Los Angeles Community Redevelopment Agency
Mobile (Alabama) Airport Authority
Northwest Pacific Railroad Authority
Olivehurst Public Utility District
Port of Los Angeles
Port of Oakland
Port of San Diego
Port of San Francisco
Roaring Fork Transit Authority
Sacramento Area Council of Governments
Sacramento City-County Office of Metropolitan Water Planning
Sacramento Open Space Commission
Sacramento Regional Transportation District
San Joaquin Council of Governments
Sonoma County Agricultural Preservation and Open Space District
Stapleton Redevelopment Corporation, Colorado
Transmission Agency of Northern California
Tri-Valley Wastewater Authority
Treasure Island Development Authority
Inter-American Development Bank

Nonprofit/Advocacy Organizations
American Center for Wine, Food, and Arts
Building Industry Association
Downtown Spokane Partnership
East Bay Conversion and Reinvestment Commission
Marin Agricultural Land Trust
Mountains Restoration Trust
North Coast Builders Exchange
San Francisco Jewish Museum
Santa Cruz County Business Council
The Nature Conservancy
The Trust for Public Land
The Wilderness Society
Yosemite Restoration Trust

State and Federal Agencies
Alaska Division of Tourism
California Attorney General
California Coastal Conservancy
California State Department of Fish and Game
Caltrans
National Park Service
U.S. Fish and Wildlife Service
U.S. Forest Service

Private Sector
AEW Capital Management
Aspen Skiing Company
A. Teichert & Son
Beazer Homes
Buzz Oates Enterprises
Callahan Property Company
Camray Development and Construction Co.
Catellus Development Corporation
Centex
Continuum Partners LLC
Corrie Development Corporation
DKM Investments, Inc.
El Dorado Hills Development Co.
FHK/Ward Company
First Commercial Bank
Forest City Development
General Growth Partners
Graham Development Company
Granite Power and Development Co.
Hyatt Rickeys
The Hofmann Company
Jones Lang LaSalle
JPI West Coast Construction
KB Home
Kaiser Permanente
L & P Land Development
Lennar Communities
Lewis Homes
McClellan Business Park
McCuen Properties
Morrison Homes
Pacific Construction Company
Pacific-Teal Development
Pacific Telesis
Pacific Gas & Electric Properties
Powell Development
Prometheus Development Company
Prudential Development Group
Pulte Homes, Inc.
Resort Development Company
Reynen & Bardis Communities
Sears, Roebuck and Co.
Shaffer Management Group
Southern Pacific Transportation Co.
Sterling Pacific Assets
The DeSilva Group
The Hodgson Company
The MacDiarmid Company
The Pivotal Group
The RREEF Funds
Wadsworth Golf Construction
Waterworld Resorts, Inc.
WCI Communities, Inc.

Educational Institutions
Chabot-Las Positas Community College District
River Delta Unified School District
Rocklin Unified School District
Roseville City Elementary School District
Sacramento State University
Stockton Unified School District
University of California, Berkeley
University of California, Davis
University of California, Merced
University of California, Office of the President
University of California, San Francisco
University of California, Santa Cruz

EPS STAFF

Berkeley

Managing Principal
Jason Moody
James Musbach
Teifion Rice-Evans
Darin Smith

Senior Principal
Walter Kieser

Principal
Richard Berkson

Vice President
Rebecca Benassini
Ashleigh Kanat
Ben Sigman

Senior Technical Associate
Ed Sullivan

Senior Associate
Tepa Banda
Michael Nimon

Research Analyst
Tamara Knox
Walker Toma

Administrative Staff
Nerissa de Jesus
Al Goncalves
Susan Marcus

Denver

Managing Principal
Andrew Knudtsen

Principal
Daniel Guimond

Vice President
Brian Duffany

Senior Associate
Chris Leutzinger
David Schwartz

Associate
Matt Prosser

Research Analyst
Chris Ryerson

Administrative Staff
Lisa Marie Eytcheson
Helena Soister

Los Angeles

Vice President
Andrew Kaplan

Sacramento

Managing Principal
Jamie Gomes
David Zehnder

Senior Principal
Tim Youmans

Senior Vice President
Russ Powell

Vice President
Amy Lapin
Ellen Martin

Senior Technical Associate
Allison Shaffer

Senior Associate
Jesse Walker

Associate
Megan Quinn

Administrative Staff
Victoria Allensworth
Delia Cruz
Michelle Mayer
Lily Sto. Domingo
Anya Tamagni

ATTACHMENT 2

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Christine Maher
Office of Community Investment and Infrastructure as Successor Agency to the Redevelopment Agency of the City and County of San Francisco

From: Jerry Keyser and Tim Kelly

Date: July 15, 2013

Subject: Response to "Expert Report of Eric Sussman"
Prepared June 28, 2013

This memorandum has been prepared by Keyser Marston Associates, Inc. (KMA) to respond to the "Expert Report of Eric Sussman" ("Sussman Report") which was prepared at the request of the Appellants and submitted on June 28, 2013. The Sussman Report evaluated the May 8, 2013 "Financial Feasibility of 706 Mission Street: The Mexican Museum and Residential Tower and Project Alternatives" prepared by EPS ("EPS Report") and peer reviewed by KMA.

Keyser Marston Associates, Inc. (KMA)

KMA qualifications and experience are briefly summarized below:

- KMA has one of the largest real estate advisory practices on the West Coast. Founded in San Francisco in the early 1970's, KMA serves a diverse client base including nearly every major municipality in California, universities and colleges, ports, transit authorities as well as the private sector. The firm has offices in San Francisco, Los Angeles and San Diego.

- KMA has distinguished itself by a 30-year plus record of success in public private partnerships.

- KMA has been active in evaluating real estate projects in San Francisco for over 30 years.

- KMA has been the real estate and financial advisor to the Office of Community Investment and Infrastructure as Successor Agency to the Redevelopment Agency of the City and County of San Francisco for the residential sites next to Transbay Terminal, which has received nine proposals for high rise residential towers on three sites between 2009 and 2012.

KMA's Assignment

KMA's assignment was to prepare a peer review the Feasibility Analysis prepared by EPS analysis for reasonableness. The Project Alternatives were established in the EIR and KMA was not asked to evaluate feasibility of additional alternatives.

Millennium Partners

- Millennium Partners is recognized as a pre-eminent national developer of high rise luxury residential towers and their architect is nationally recognized.

- The 301 Mission Millennium Tower is recognized as being a state-of-the-art luxury tower in San Francisco and original developer sales prices were reviewed by KMA as a basis for assessing the reasonableness of the pricing at 706 Mission with adjustments.

Response to Sussman's Comments:

- Pricing is the most important of all the variables.

- Pricing is dramatically affected by views. A perfect example is the highly comparable Millennium Tower. As stated in the Feasibility Analysis prepared by EPS, due to existing development surrounding the 706 Mission project site and the geographic location within the city, views (and therefore view premiums) will likely vary by floor level and unit orientation, often significantly. Site lines in units above the 25th floor would begin to clear the Westin Hotel to the northwest, opening partial site lines to the Bay towards Marin. Between the 11th and 25th floors, south and east facing units would have water views to the east and southeast. Below the 11th floor, there are no water views but the south facing units would have a view of Yerba Buena Gardens.

- As a crosscheck to the reasonableness of the Feasibility Report prepared by EPS, the original developer sales price at 301 Mission Millennium Tower were provided to KMA by Millennium.

Price Per Sq. Ft. Comparison: Alternative E Reduced Shadow (27 Floors)

Floor	Sussman Projection (Excludes Parking)	301 Mission (last year of sales) (original sales) (Includes Parking)	EPS Projection (Excludes Parking)
3-10	$1,650	$818	$1,150
11-25	$1,722	$939	$1,200
26	$1,829	$1,085	$1,275
27	$2,009	$1,084	$1,400

The EPS projection for Alternative E: Reduced Shadow factored in significant increases over the 301 Mission Millennium Tower (where the pricing also includes parking). As a point of reference, the Case Shiller Condominium pricing index has increased to April 2013 between approximately 20% (from Jan. 2009 to April 2013) to 40% (from Feb. 2012 to April 2013) depending on the timeframe used. The range reflects the effect of the recession and the recovery on pricing.

- Sussman's pricing methodology is flawed based on the 301 Mission Millennium Tower experience.

1. The "comparable condominium sale prices" includes re-sales instead of being limited to original developer sales, the methodology appears to ignore the pricing history of 301 Mission, and Sussman does not recognize the limited number of units with premium water views in a 27 floor tower. As a result, Sussman's methodology projects an unachievable average sales price of $3.47 million and an overall residential sales projection for 27 floors that is higher than the projection for the 43 Floor Modified Proposal, despite having 16 fewer floors with premium water oriented views.

Sales	Sussman 27 Floors Reduced Shadow	EPS 43 Floors Modified Proposal	EPS 27 Floors Reduced Shadow
Residential	$511,120,930	$510,982,960	$285,193,602
Per Unit	$3,477,013	$2,689,384	$1,533,299
Per Sq. Ft.	$1,695	$1,250	$1,179

2. In summary, Sussman's pricing projection is not supported by 301 Mission Millennium Tower experience even after appropriate adjustments for time.

a. The first 27 floors in the 301 Mission average original developer sales price was $1.23 million from Spring 2012 through Winter 2013 and Sussman's average sales price for a 27 floor tower is $3.47 million per unit, or over 2.5 times higher.
b. Sussman's projected sales fails to account for the limited views on the lower floors with pricing commencing at over $3 M on the third floor. At 301 Mission, original developer sales did not reach $3 million until well above the 27th floor.

Feasibility of 27 Floor Alternative

- The 27 Floor Alternative maintains the Community Benefits Package as does all the alternatives:
  1. Millennium's obligation to construct the core and shell of the Mexican Museum and contribute funds to an operating endowment would remain unchanged.
  2. All of the other public benefits remain.
  3. These costs have less of an impact on the development economics with more floors and more of an impact with fewer floors.

- In conclusion, starting with the 301 Mission Millennium Tower original developer sales prices and after factoring an adjustment for the Case Shiller Condominium Index increase, the Reduced Shadow Alternative for 706 Mission with 27 floors is not feasible.