

1 [Memorandum of Understanding - Port Commission - Mission Rock Special Use District
2 Financing Districts]

2

3 **Resolution approving a Memorandum of Understanding relating to and appointing Port**
4 **Commission as agent of Mission Rock Special Use District financing districts; and**
5 **approving related matters, as defined herein.**

6

7 WHEREAS, California Statutes of 1968, Chapter 1333 (Burton Act) and the San
8 Francisco Charter Sections 4.114 and B3.581 empower the City and County of San Francisco
9 (City), acting through the Port Commission, with the authority and duty to use, conduct,
10 operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction;
11 and

12 WHEREAS, In 1990 the City's voters adopted Proposition H, which required the City to
13 prepare a comprehensive waterfront land use plan with maximum feasible public input.
14 Following a 7-year public planning process, the Port Commission adopted the Port of San
15 Francisco Waterfront Land Use Plan (Waterfront Plan) in 1997 and has periodically made
16 minor amendments to address specific issues arising from capital development projects to
17 existing Port resources. Under the Waterfront Plan, maritime and industrial uses were
18 considered the most appropriate uses of the majority of Port lands south of China Basin; and

19 WHEREAS, The Port has collaborated with the State Lands Commission and California
20 legislators to amend the Burton Act to lift or suspend its statutory trust use restrictions that
21 impede the Port's ability to realize the development potential of Port lands. Under Senate Bill
22 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) (SB 815)), the Port is
23 authorized to lease certain seawall lots south of Market Street, including Seawall Lot 337, for
24 nontrust purposes, providing revenues for rehabilitation of historic wharves and piers and
25 other trust uses. SB 815 allows long-term nontrust uses that are not permissible under the

1 Burton Act as a primary mechanism to generate Port revenues for trust purposes, including
2 the construction of infrastructure needed for development; and

3 WHEREAS, In 2015, Port staff presented a comprehensive review of land use changes
4 and events that have occurred under the Waterfront Plan to the Port Commission. In the 2015
5 Waterfront Plan Review Report, Port staff described a public process to update and amend
6 the Waterfront Plan:

7 “The Waterfront Plan seeks a balanced array of uses to help meet the Port’s
8 financial needs. On the revenue-dependent side of the Port’s ledger, the Plan
9 reserves most Port properties for expansion of maritime operations, and
10 encourages creation of new public access, recreation and open space areas
11 along the Bay. On the revenue-producing side, sites for compatible new
12 commercial development are identified to improve the waterfront for public
13 enjoyment, help subsidize maritime industries, fund new public access and open
14 spaces, preserve and rehabilitate historic waterfront resources, and stem the
15 continuing deterioration of Port property. With this balanced plan, the Port will be
16 better able to manage its property and operations, which must be carried out
17 without state or local funding”; and

18 WHEREAS, Since then, the Port has been engaged in a public planning process to
19 update the Waterfront Plan with the assistance of public members of a Waterfront Plan
20 Working Group representing regionwide interests and Advisory Teams with multi-disciplinary
21 expertise. Among other things, the update will address appropriate uses for Port land south of
22 China Basin; and

23 WHEREAS, In 2007, the Port Commission initiated a public solicitation for a Seawall
24 Lot 337 developer that would respond to “Development Objectives and Criteria” developed in
25 the public process; and

1 WHEREAS, The Port selected Seawall Lot 337 Associates, LLC (Master Developer) to
2 act as master developer for Seawall Lot 37 and Pier 48, to initiate rezoning and development
3 of design standards and controls for Seawall Lot 337 and Pier 48; and

4 WHEREAS, The Board of Supervisors endorsed the project term sheet (Term Sheet)
5 pursuant to Resolution No. 142-13; and

6 WHEREAS, The Planning Commission has adopted Resolution No. 20019, a copy of
7 which is in Board File No. 180095 and incorporated in this Resolution by reference,
8 recommending that the Board adopt Planning Code amendments to create a proposed
9 special use district (Mission Rock Special Use District) encompassing Seawall Lot 337 and
10 Pier 48; and

11 WHEREAS, As envisioned, the proposed Seawall Lot 337 and Pier 48 Mixed-Use
12 Project (Project) in the Mission Rock Special Use District would include market-rate and
13 affordable residential uses, commercial-office, retail, exhibition, parking, infrastructure
14 development, including street improvements, and public open space; and

15 WHEREAS, On June 30, 2014, the voters of the City and County of San Francisco
16 approved an initiative requiring voter approval for any future construction projects on the San
17 Francisco waterfront that required an increase in existing height limits (Proposition B). On
18 November 3, 2015, in satisfaction of the requirements of Proposition B, the voters of the City
19 and County of San Francisco approved the “Mission Rock Affordable Housing, Parks, Jobs
20 and Historic Conservation Initiative” (Proposition D), which established policies for the Project;
21 and

22 WHEREAS, Master Developer and the City, acting by and through the Port
23 Commission, anticipate entering into a Disposition and Development Agreement (DDA),
24 including a Financing Plan, which will govern the disposition and development of the Mission
25

1 Rock Special Use District and provide for the financing of certain capital facilities and public
2 services related to the Project; and

3 WHEREAS, On April 23, 2013, by Resolution No. 123-13, the Board of Supervisors
4 adopted “Guidelines for the Establishment and Use of Infrastructure Financing Districts on
5 Project Areas on Land under Jurisdiction of the San Francisco Port Commission” (Port IFD
6 Guidelines) relating to the formation of infrastructure financing districts by the City on
7 waterfront property in San Francisco under the jurisdiction of the Port Commission; and

8 WHEREAS, Under Government Code Sections 53395 et seq. (IFD Law), the Board of
9 Supervisors is authorized to establish an infrastructure financing district and to act as the
10 legislative body for an infrastructure financing district; and

11 WHEREAS, Under Section 53395.8 of the IFD Law, a waterfront district may be divided
12 into project areas; and

13 WHEREAS, By Ordinance No. 27-16 (Port IFD Ordinance), the Board of Supervisors
14 established a waterfront district under Section 53395.8 of the IFD Law over all Port property,
15 named City and County of San Francisco Infrastructure Financing District No. 2 (Port of San
16 Francisco) (Port IFD) and designated project areas within the Port IFD. In the Port IFD
17 Ordinance, the Board of Supervisors also approved an Infrastructure Financing Plan for the
18 Port IFD (Port IFP); and

19 WHEREAS, Pursuant to Resolution No. ___, the Port Commission recommended that
20 the Board of Supervisors establish a new Project Area I (Mission Rock) (Proposed
21 Project Area I) over the proposed Mission Rock Special Use District and 13 sub-project areas
22 within Proposed Project Area I (collectively, Proposed Sub-Project Areas) that generally
23 correspond to planned phases of the Project; and

24 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code
25 (Code), which Code incorporates by reference the Mello-Roos Community Facilities Act of

1 1982, as amended, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with
2 California Government Code Section 53311 (Mello-Roos Act), the Board of Supervisors is
3 authorized to establish a special tax district and to act as the legislative body for a special tax
4 district; and

5 WHEREAS, Pursuant to Resolution No. _____, a copy of which is in Board File No.
6 _____ and incorporated in this Resolution by reference, the Port Commission
7 recommended that the Board of Supervisors establish a special tax district over the proposed
8 Mission Rock Special Use District (Special Tax District); and

9 WHEREAS, San Francisco Charter Section B7.320 authorizes the Mayor to submit to
10 the Board of Supervisors for approval a memorandum of understanding between the Port
11 Commission and other departments of the City, approved by the Port Commission by
12 resolution, that requires the departments to expend funds or to transfer funds to the Port
13 Commission; and

14 WHEREAS, Pursuant to Resolution No. ____, a copy of which is in Board File No. .
15 _____ and incorporated in this Resolution by reference, the Port Commission approved a
16 Memorandum of Understanding by and among the Port Commission and the City's Controller
17 (Controller) and Treasurer and Tax Collector (Tax Collector), pursuant to which those City
18 departments and the Port Commission would agree to implement the DDA, Proposed Project
19 Area I, Proposed Sub-Project Areas, and Special Tax District, and recommended that the
20 Board of Supervisors approve the Memorandum of Understanding; and

21 WHEREAS, Pursuant to Resolution No. ____, the Port Commission further
22 recommended that the Board of Supervisors appoint the Port Commission to act as the agent
23 of the IFD with respect to the Sub-Project Areas and the Special Tax District, as set forth in
24 the Memorandum of Understanding; now, therefore, be it

25 RESOLVED, That the recitals herein are true and correct; and, be it

1 FURTHER RESOLVED, That the Memorandum of Understanding among the Port
2 Commission, Tax Collector, and Controller, substantially in the form on file with the Clerk, is
3 hereby approved; and, be it

4 FURTHER RESOLVED, That the Port Commission, Controller, and Tax Collector are
5 hereby authorized and directed to execute the Memorandum of Understanding with such
6 changes, additions and modifications as the Port Commission, Controller, and Tax Collector
7 may make or approve in accordance with this Resolution, and the approval by each of the
8 Port Commission, Controller, and Tax Collector of such modifications, changes and additions
9 shall be conclusively evidenced by the execution and delivery of the Memorandum of
10 Understanding or amendments to the Memorandum of Understanding by the Port
11 Commission, Controller, and Tax Collector, with the final executed version of the
12 Memorandum of Understanding being provided within 30 days to the Clerk of the Board for
13 inclusion into the file for this Resolution; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors hereby appoints the Port
15 Commission to act as the agent of the IFD with respect to the Sub-Project Areas and the
16 Special Tax District, as set forth in the Memorandum of Understanding; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the levy of
18 property taxes and special taxes on possessory interests in property in the Sub-Project Areas
19 on the secured roll, as set forth in the Memorandum of Understanding; and, be it

20 FURTHER RESOLVED, That the Mayor, City Attorney, Port Commission, Controller,
21 Tax Collector, Assessor, Clerk and other officers of the City and their duly authorized
22 deputies, designees and agents are hereby authorized and directed, jointly and severally, to
23 take such actions and to execute and deliver such certificates, agreements, requests or other
24 documents as they may deem necessary or desirable to accomplish the purposes of this
25 Resolution; and, be it

1 FURTHER RESOLVED, That the actions authorized and approved by this Resolution
2 and consistent with the documents provided herein but taken prior to the date hereof are
3 hereby ratified, approved and confirmed by the Board of Supervisors; and, be it

4 FURTHER RESOLVED, That Board of Supervisors hereby finds that, pursuant to Title
5 14, California Code of Regulations, Sections 15378 and 15060(c)(2), this Resolution is not a
6 “project” under the California Environmental Quality Act because it does not result in a
7 physical change in the environment; and, be it

8 FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.

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