

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

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

11
12 WHEREAS, California Statutes of 1968, Chapter 1333 (“Burton Act”) and Charter
13 Sections 4.114 and B3.581 empower the City and County of San Francisco, acting through
14 the San Francisco Port Commission (“Port”), with the power and duty to use, conduct,
15 operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction;
16 and

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

22 WHEREAS, From 2007-2010, the Port conducted a community process that evaluated
23 the unique site conditions and opportunities at the Site and built a public consensus for its
24 future that nested within the policies established for the South Beach/China Basin Waterfront
25 in the Port’s Waterfront Land Use Plan; and

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

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

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

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

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

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

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

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

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

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

24 WHEREAS, Under the DDA and other transaction documents, at full build-out, the
25 Project will include: (1) 1.1 million to 1.6 million gross square feet (“gsf”) of new residential

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

16 WHEREAS, The DDA governs: (1) Developer's obligations to complete horizontal
17 development of the Project, including entitlements, site preparation, subdivision and
18 construction work related to streets and sidewalks, public realm amenities (e.g., parks and
19 open space), public utilities and shoreline improvements (together, "Horizontal Development"),
20 all to create development parcels and support and protect buildings; and (2) Developer's
21 option to ground lease at fair market value the developable lots in the Site for vertical
22 development, all in accordance with all of the governing land use and entitlement documents,
23 including the Development Agreement, Mission Rock SUD, and Design Controls; and

24 WHEREAS, The DDA also governs Developer's obligations to deliver various public
25 benefits, including: (1) reserving 40 percent of all on-site residential units for applicants

1 making 45 to 150 percent of Area Median Income or less as further described in the Housing
2 Plan; (2) 8 acres of new and expanded public open space maintained by special taxes paid by
3 the onsite vertical developments; (3) elevation of the Site and shoreline protection special
4 taxes to protect against sea level rise, storm surges and periodic flooding along the Port's Bay
5 waterfront; (4) robust local hiring, Local Business Enterprise commitments and good faith
6 efforts as further described in the Workforce Development Plan and the LBE Utilization
7 Program; (5) commitments to renewable energy, vehicular trip reduction, water recycling and
8 waste diversion as further described in the Sustainability Strategy; (6) the historic
9 rehabilitation of Pier 48, subject to further negotiation and development; (7) commitment to in-
10 lieu transportation fees and fair share contributions to City transit projects serving the Site and
11 its surroundings; and (8) a City option for up to 15,000 square feet of on-site community
12 facility space; and

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

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

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

22 WHEREAS, SB 815 and AB 2797 authorize the Port to lease all or any portion of the
23 Site free from the public use requirements for a term not to exceed 75 years, after completion
24 of a Public Trust Study that is approved by State Lands; and

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

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

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

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

19 WHEREAS, The Transportation Plan requires, among other things, that (1) vertical
20 developers pay a transportation fee that the Municipal Transportation Agency will use and
21 allocate for transportation improvements in the area; and (2) Developer, building owners, and
22 tenants implement a Transportation Demand Management Plan designed to reduce Project-
23 related daily one-way vehicular auto trips by 20%; and

24 WHEREAS, The Workforce Development Plan, together with the LBE Utilization
25 Program, requires Developer and its contractors and subcontractors, vertical developers, and

1 tenants, as applicable, to comply with applicable workforce provisions, including a 30% local
2 hiring commitment, local business enterprise utilization, participation in the City’s “First
3 Source” hiring programs, and up to \$1,000,000 in funding to support expansion of CityBuild
4 and workforce training; and

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

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

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

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

22 WHEREAS, The actions contemplated in this resolution are within the scope of the
23 project for which the Board adopted the resolution in Board File No. 171286, affirming the
24 Planning Commission’s certification of the Final Environmental Impact Report for the Seawall
25 Lot 337 and Pier 48 Mixed-Use Project (“FEIR”) and making findings in accordance with the

1 California Environmental Quality Act (California Public Resources Code section 21000 et
2 seq.) and Administrative Code Chapter 31, which resolution is incorporated herein by
3 reference; and

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

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

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

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

20 FURTHER RESOLVED, That the Board of Supervisors hereby approves the DDA,
21 adopts the Port Commission's Public Trust Findings as its own, and approves the
22 development plan described in the DDA as a Development Plan under Section 4 of
23 Proposition D; and, be it

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

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

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

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
24 Director of the Port, or her designee, to enter into any amendments or modifications to the
25 DDA or any of the Subsidiary Agreements that the Executive Director determines, in

1 consultation with the City Attorney, are in the best interest of the Port, do not materially
2 decrease the benefits to or materially increase the obligations or liabilities of the Port, and are
3 in compliance with all applicable laws, such determination to be conclusively evidenced by the
4 execution and delivery by such person or persons of any such documents; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors requests the Executive Director
6 of the Port to provide an annual written report to the Board of Supervisors on the status of the
7 Project.

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