

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 17-52

WHEREAS, The Port owns approximately 72 acres along San Francisco's Central Waterfront, roughly bounded by Mariposa Street, Illinois Street, 22nd Street, and the San Francisco Bay known as Pier 70; and

WHEREAS, Beginning in 2006, the Port initiated an intensive planning process that has culminated in a project that would restore and redevelop an approximately 35-acre site located at Pier 70 bounded generally by Illinois Street on the west, 20th Street to the north, San Francisco Bay on the east and 22nd Street on the south in San Francisco's Central Waterfront Plan Area (the "Project Site"); and

WHEREAS, The Project Site includes a 28-acre portion (the "28-Acre Site") for which, in April 2011, by Resolution No. 11-21, the Port Commission awarded to Forest City Development California, Inc. ("Forest City"), through a competitive process, the opportunity to negotiate the development thereon of a mixed-use development and historic preservation project (the "28-Acre Project") as further described in the staff report (the "Staff Report") accompanying this Resolution; and

WHEREAS, The Project Site also includes the following two adjacent parcels along Illinois Street: (1) the "Illinois & 20th Street Parcel" owned by the Port, also known as "Parcel K", bounded by Illinois Street on the west, 20th Street to the north, Michigan Street to the east, and (2) private property to the south owned by PG&E known as the "Hoedown Yard"; and

WHEREAS, In May 2013, by Resolution No. 13-20, the Port Commission endorsed the Term Sheet for the 28-Acre Project. Subsequently, in June 2013, by Resolution No. 201-13, the Board of Supervisors found the 28-Acre Project fiscally feasible under Administrative Code, Chapter 29 and endorsed the Term Sheet; and

WHEREAS, Over the past 6 years, Port staff, FC Pier 70, LLC ("Developer"), an affiliate of Forest City, the Planning Department and the Mayor's Office of Economic and Workforce Development, have conducted numerous community outreach meetings and negotiated the terms of the Disposition and Development Agreement ("DDA") and associated transaction documents (collectively, the "Transaction Documents") that provide the overall road map for development of the 28-Acre Site; and

WHEREAS, The Transaction Documents also contemplate development by the Port and/or City of the Illinois & 20th Street Parcel; and

WHEREAS, Concurrently with this resolution, the Port Commission has taken or intends to take a number of other actions in furtherance of the proposed mixed-use development on the Project Site (the “Pier 70 Mixed-Use Project”), which includes the 28-Acre Project, including: (1) approving a trust exchange agreement (“Exchange Agreement”) between the Port and the California State Lands Commission; (2) approving the DDA; (3) consenting to amendments to the Planning Code that create the Pier 70 Special Use District (“Pier 70 SUD”) over the Project Site; (4) approving the Design for Development (“D4D”), which provides more detailed land use controls for the Pier 70 SUD; and (5) conforming amendments to the Waterfront Land Use Plan, all as more particularly described in the Staff Report; and

WHEREAS, If approved by the Board of Supervisors and the California State Lands Commission under Chapter 477 of the Statutes of 2011 (“AB 418”), the Exchange Agreement will implement the exchange authorized under AB 418 to resolve Public Trust title uncertainties and reconfigure the Public Trust at the 28-Acre Site and the Illinois & 20th Street Parcel in a manner that furthers the purposes of the Public Trust and provides a more useful configuration of Public Trust lands; and

WHEREAS, In cooperation with San Francisco Public Works and the County Surveyor, and as further described in the Staff Report, the Port intends to vacate an approximately 12’ portion of Michigan Street adjacent to the Illinois & 20th Street Parcel, merge this land with the Illinois & 20th Street Parcel and then subdivide the resulting merged parcel into four new parcels: the Plaza Parcel, Parcel K North, the 21st Street right-of-way extension parcel, and Parcel K South. Parcel K South will be developed as an affordable housing site; and

WHEREAS, Under the DDA, the Port is required to offer Parcel K North (as shown on Exhibit A) for sale at or above its fair market value established by a proprietary appraisal and specify that the successful bidder must close escrow on the sale within 12 months after the date of the Board of Supervisors’ approval of the sale, with resulting proceeds used to pay for entitlement costs associated with the 28-Acre Project; and

WHEREAS, Development of Parcel K North will be subject to the Pier 70 SUD and the D4D. Under the Pier 70 SUD, Parcel K North is programmed for a development that would include approximately 239 to 300 market rate residential units, approximately 6,600 square feet of ground floor retail/art/light industrial space, and on-site parking for approximately 186 vehicles; and

WHEREAS, On August 24, 2017, the Planning Commission (1) reviewed and considered the Final Environmental Impact Report for the Pier 70

Mixed Use Project (“FEIR”) (Case No. 2014-001272ENV); (2) found the FEIR to be adequate, accurate and objective, thus reflecting the independent analysis and judgment of the Planning Department and the Planning Commission; and (3) by Motion No. 19976, certified the FEIR as accurate, complete and in compliance with the California Environmental Quality Act (“CEQA”), the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code; and

WHEREAS, At the same hearing, the Planning Commission approved the Pier 70 Mixed-Use Project and in so doing, adopted approval findings under CEQA by Motion No. 19977, including a Statement of Overriding Considerations (the “Pier 70 CEQA Findings”), and adopted a Mitigation Monitoring and Reporting Program (“MMRP”). A copy of the Planning Commission Motions, the Pier 70 CEQA Findings, and the MMRP are on file with the Port Commission Secretary and may be found in the records of the Planning Department at 1650 Mission Street, San Francisco, CA, and are incorporated in this resolution by reference as if fully set forth herein; and

WHEREAS, The Port Commission has reviewed the FEIR, the MMRP and the CEQA Findings, and finds that the approvals before the Port Commission are within the scope of the FEIR and that no substantial changes in the Pier 70 Mixed-Use Project or the circumstances surrounding the Pier 70 Mixed-Use Project have occurred and no new information that could not have been known previously showing new significant impacts or an increase in severity in impacts has been discovered since the FEIR was certified; and

WHEREAS, The Port’s offering documents for Parcel K North will require the buyer or vertical developer to enter a Vertical Disposition and Development Agreement (“Parcel K North VDDA”) governing future development of the site, in substantially the form on file with the Port Commission Secretary; and

WHEREAS, Consistent with the requirements of the DDA and the Pier 70 SUD, and as further described in the Staff Report, the Parcel K North VDDA will require the vertical developer of the site to, among other things:

1. Close escrow no more than 3 months after being selected as the highest qualified bidder, but in no event later than 12 months after the Board of Supervisors approves the sale;
2. Commence construction within 24 months after close of escrow;
3. Construct the project consistent with the requirements of the MMRP;

4. Construct the 20th/Illinois St. Plaza, as defined in the D4D, as a public benefit of the Pier 70 Mixed-Use Project, subject to reimbursement from public financing sources;
5. Construct improvements to the adjacent Michigan Street segment according to public works contracting requirements, subject to reimbursement from public financing sources;
6. Provide a limited amount of space in the ground floor parking area at no charge to the San Francisco Public Utilities Commission to install and maintain electrical equipment;
7. Provide Developer with the first right to receive surplus soil from the site as more particularly described in the DDA;
8. Enter into a deed restriction that incorporates the Illinois Street Parcel Additional Measures attached to the DDA, in order to minimize potential conflicts between American Industrial Center activities and future residential uses at the site;
9. Enter into a deed restriction requiring the second and each subsequent condominium purchaser to pay the Port a transfer fee equal to 1.5% of the purchase price to be deposited in the Harbor Fund for Public Trust purposes;
10. If not previously formed, vote in favor of a community facilities agreement and covenant to pay special taxes commencing at the earlier of (1) issuance of a building permit, or (2) two years after close of escrow;
11. Comply with applicable land use restrictions, impact fees, and exactions imposed by the Zoning Amendments, including a requirement to pay in-lieu affordable housing fees equal to 28% of the costs of on-site market-rate condominium units;
12. Pay all other applicable impact fees, including school facilities, utilities, and transportation fees;
13. Implement the Transportation Demand Management Program, in compliance with FEIR Mitigation Measure M-AQ; and
14. Comply with the City's First Source Hiring Program under Chapter 83 of the City's Administrative Code.

- WHEREAS, Port staff proposes to sell Parcel K North to the highest qualified bidder through a broker-assisted competitive solicitation; and
- WHEREAS, In anticipation of the proposed sale, Port staff is working with the Department of Real Estate (“DRE”) to determine Parcel K North’s fair market value through an appraisal of the site, which will set the minimum sale price (“Minimum Bid Price”), and DRE has selected an experienced and qualified brokerage firm with experience in selling comparable land parcels in San Francisco; and
- WHEREAS, Based on the foregoing, Port staff is requesting that the Port Commission authorize Port staff to sell Parcel K North on the terms described in the Staff Report and this Resolution, subject to approval by the Board of Supervisors; now, therefore be it
- RESOLVED, That the Port Commission adopts the Pier 70 CEQA Findings as its own and adopts the MMRP and imposes its requirements as a condition to this approval action; and be it further
- RESOLVED, That the Port Commission approves the sale of Parcel K North to the highest qualified bidder in a competitive solicitation for a sales price equal to or greater than the Minimum Bid Price as more particularly described in the Staff Report and this Resolution, subject to (1) Board of Supervisors’ approval of the sale and (2) closing of the trust exchange contemplated under the Exchange Agreement; and be it further
- RESOLVED That the Port Commission approves the form of the Parcel K VDDA, substantially in the form on file with the Port Commission Secretary and incorporating the conditions to sale set forth in this Resolution; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director of the Port, or her designee, to enter into any amendments or modifications to the Form of Parcel K North VDDA that the Executive Director determines, in consultation with the City Attorney, are in the best interests of the Port, do not materially decrease the benefits to or materially increase the obligations or liabilities of the Port, and are in compliance with all applicable laws; and, be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to execute the Parcel K North VDDA with the highest qualified bidder for a sales price equal to or greater than the Minimum Bid Price; and be it further

RESOLVED, That the Port Commission authorizes and urges all officers, employees, and agents of the Port and the City, including the Director of Property and the County Surveyor, to take all steps that they deem necessary or appropriate, to the extent permitted by applicable law, in order to sell and develop Parcel K North subject to Parcel K North VDDA in accordance with this Resolution, including execution of subsequent documents, or to otherwise effectuate the purpose and intent of this resolution and the Port's performance under the Parcel K North VDDA.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 26, 2017.

Secretary