

FILE NO. 061498

RESOLUTION NO.

1 [Endorsement of Development Plan and Term Sheet for the Redevelopment of Naval Station  
2 Treasure Island.]

3 **Resolution endorsing the Development Plan and Term Sheet for the Redevelopment of**  
4 **Former Naval Station Treasure Island between Treasure Island Community**  
5 **Development, LLC and the Treasure Island Development Authority.**

6 Note: Additions are *single underline italics Times New Roman*;  
7 deletions are *strikethrough italics Times New Roman*.  
8 Board amendment additions are double underlined.  
9 Board amendment deletions are ~~strikethrough normal~~.

10 WHEREAS, In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad  
11 spectrum of community interests, was formed to review reuse planning efforts regarding  
12 Treasure Island for the San Francisco Planning Department, the San Francisco  
13 Redevelopment Agency, and the Board of Supervisors; and

14 WHEREAS, This planning effort resulted in the establishment of a Draft Reuse Plan for  
15 Treasure Island that was endorsed in 1996 by the Mayor, the Board of Supervisors and the  
16 Planning Commission; and

17 WHEREAS, The 1996 Draft Reuse Plan operated like a "general plan" for Treasure  
18 Island, identifying opportunities and constraints and policy goals and recommendations  
19 related to the redevelopment effort; and

20 WHEREAS, Also in 1996, the City finalized an agreement (the "TIHDI Agreement") with  
21 the Treasure Island Homeless Development Initiative ("TIHDI"), a collaboration of homeless  
22 services agencies that was formed in 1994 to develop the homeless component of the Reuse  
23 Plan, that, among other things, (1) gave TIHDI certain rights to participate in economic  
24 development opportunities on Treasure Island, (2) facilitated implementation of a permanent  
25 employment program related to TIHDI's activities, (3) gave TIHDI certain rights to both

1 temporary and permanent housing in support of TIHDI's programs, and (4) provided TIHDI  
2 with financial support; and,

3 WHEREAS, One of the key recommendations from the reuse planning process was for  
4 the City to create a single-purpose authority to govern the redevelopment of Treasure Island  
5 and the Treasure Island Development Authority ("TIDA") was created in 1997 to serve as that  
6 entity; and

7 WHEREAS, Under the Treasure Island Conversion Act of 1997 (the "Act"), the  
8 California Legislature (1) designated TIDA as a redevelopment agency under the California  
9 Redevelopment Law with authority over Treasure Island, and (2) with respect to those  
10 portions of Treasure Island that are subject to the public trust for commerce, navigation and  
11 fisheries (the "Tidelands Trust"), vested in TIDA the authority to administer the Tidelands Trust  
12 in accordance with the terms of the Act; and

13 WHEREAS, Another key recommendation from the reuse planning process was that  
14 the redevelopment of Treasure Island should be planned and implemented as a public/private  
15 partnership in collaboration with a "master developer", and, accordingly, on June 14, 2000,  
16 TIDA authorized the issuance of a Request for Qualifications ("RFQ") regarding the master  
17 development of Treasure Island that contemplated the issuance of a Request for Proposals  
18 ("RFP") to those respondents who met the qualifications under the RFQ; and

19 WHEREAS, Based on review of the submittals to the RFQ by the Treasure  
20 Island/Yerba Buena Island Citizen's Advisory Board (the "TI CAB"), staff and a team of  
21 consultants, TIDA selected Treasure Island Community Development, LLC ("TICD") as the  
22 most qualified master developer to proceed to the RFP phase, and, after an extensive public  
23 process of drafting the RFP with direct input from the TI CAB, TIDA issued a focused RFP in  
24 April 2002, and, after almost another year of intensive analysis and numerous public  
25

1 meetings, on March 12, 2003, TIDA determined that TICD's final response to the focused  
2 RFP met the criteria set forth in the RFP and warranted TIDA entering into exclusive  
3 negotiations with TICD; and,

4 WHEREAS, On June 1, 2003, TIDA entered into an Exclusive Negotiating Agreement  
5 (“ENA”) with TICD (and the parties entered into an Amended and Restated ENA dated  
6 September 15, 2005) that sets forth the terms and conditions related to the preparation and  
7 approval of transaction documents for the redevelopment of Treasure Island, including but not  
8 limited to, the subject of the negotiations, the term of the exclusive negotiation period and  
9 options to extend the term, the allocation and responsibilities related to transaction costs  
10 associated with the negotiations, the obligations of TICD and TIDA during the negotiation  
11 period, the financial guarantee required to cover TICD’s obligations under the ENA, and a  
12 schedule of performance for completion of the transaction documents; and,

13 WHEREAS, As identified in the ENA Schedule of Performance, in order to address key  
14 development issues central to the financial and regulatory structure of the development  
15 planning, certain issues were prioritized for further analysis, including completion of additional  
16 studies regarding alternative locations for a ferry terminal, the feasibility of on-site waste water  
17 treatment, and a peer review of TICD’s geotechnical assumptions; and,

18 WHEREAS, TIDA and TICD worked collaboratively with staff of the State Lands  
19 Commission to prepare Senate Bill 1873, authorizing a Tidelands Trust Exchange on  
20 Treasure and Yerba Buena Islands, which was approved by the State legislature and signed  
21 by the Governor on September 15, 2004; and,

22 WHEREAS, Under the ENA, TICD and TIDA have worked to prepare a Development  
23 Plan for Treasure Island that includes Land Use and Urban Design, Open Space, Housing,  
24  
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1 Infrastructure, Community Facilities, Transportation, Fiscal Impacts, Financing, Phasing,  
2 Sustainability, Jobs and Equal Opportunity and Emergency Support plans; and

3 WHEREAS, The public planning process that has resulted in the Development Plan  
4 has involved presentation and review of all elements of the project by the TI CAB and its  
5 subcommittees, the TIDA Board, the Board of Supervisors Land Use and Economic  
6 Development Committee and other stakeholders groups totaling over 150 public meetings;  
7 and,

8 WHEREAS, Through the planning process, staff and TICD have worked extensively  
9 and in good faith with key stakeholders and partners such as TIHDI, the Sierra Club, the  
10 Treasure Island Wetlands Project, Arc Ecology, the Bay Area Water Transit Authority, San  
11 Francisco Planning and Urban Research, San Francisco Little League, Treasure Island  
12 Sailing Center, a spectrum of City and County departments and agencies, and California  
13 State Lands Commission staff, among others; and

14 WHEREAS, Staff and TICD presented a comprehensive Development Plan and Term  
15 Sheet for the Redevelopment of Naval Station Treasure Island (the "Development Plan") to  
16 the TI CAB at its September 26, 2006 meeting and to the TIDA Board at its September 27,  
17 2006 meeting; and

18 WHEREAS, The Development Plan includes extensive public benefits, including,  
19 among other things, 1,800 below-market affordable housing units, the creation of  
20 approximately 300 acres of parks, open space and recreational amenities, a commitment to  
21 high levels of sustainable development practices, including green building standards, an  
22 innovative transportation program, storm water treatment wetlands and solar energy  
23 generation, and economic development benefits such as the creation of thousands of  
24 permanent and construction jobs and the expansion of the TIHDI job broker program targeting  
25

1 jobs to formerly homeless and economically disadvantaged individuals and San Francisco  
2 residents generally; and

3 WHEREAS, The Development Plan has been structured such that the project delivers  
4 all of these public benefits without any new contribution from or recourse to the City's General  
5 Fund; and

6 WHEREAS, On October 11, 2006, the TIDA Board and the TI CAB held a joint hearing  
7 to review and discuss the Development Plan and they provided significant questions,  
8 comments and recommendations; and

9 WHEREAS, Staff produced a comprehensive set of responses to the comments that  
10 incorporated many revisions to the Development Plan and exhibits in direct response to the  
11 comments and recommendations; and

12 WHEREAS, On October 24, 2006, the TI CAB voted 16-0-1 to endorse the  
13 Development Plan; and

14 WHEREAS, On October 30, 2006, the TIDA Board voted 6-0 to endorse the  
15 Development Plan;

16 WHEREAS, The Board of Supervisors hereby acknowledges that there are a number  
17 of issues related to the reliability of funding for the transportation programs set forth in the  
18 Development Plan that require further study and analysis and that such issues need to be  
19 resolved to the satisfaction of the Board as a condition to the Board's approval of the  
20 Disposition and Development Agreement ("DDA"); now, therefore, be it

21 RESOLVED, That the Board of Supervisors hereby endorses the Development Plan in  
22 substantially the form on file with the Clerk of the Board of Supervisors in File No. 061498,  
23 which is hereby declared to be a part of this resolution as if fully set forth herein, subject to the  
24 following conditions:

25

- 1           •       The final Financial Plan and Fiscal Analysis supporting the DDA should:
- 2                   a)       Consider all costs associated with municipal and County functions;
- 3                   b)       Include a sensitivity analysis on all key assumptions;
- 4                   c)       Be developed in timely collaboration with the impacted City departments;
- 5                   d)       Ensure that the General Fund subsidy for municipal services, excluding
- 6                   transportation services, ends prior to 2013;
- 7                   e)       Be final in that all legal and legislative authorizations related to additional
- 8                   taxes and fees that may legally be set at that time have been obtained; and
- 9                   f)       Present a financing plan that reflects the economic realities of providing
- 10                  sufficient transportation to the Island by the Municipal Railway (MUNI) and that
- 11                  identifies alternative on-going financing schemes such that the incremental General
- 12                  Fund support of the MUNI does not exceed baseline incremental revenues.
- 13           •       The rates of return or a process for setting the rates of return on individual
- 14                  residential and commercial development projects (i.e. hurdle rate) which is included in overall
- 15                  project revenues in which the City participates should be clearly stipulated in the DDA, and
- 16                  any amendment to the rate of return provisions of the DDA that would result in a material
- 17                  adverse affect on the City's projected participation as set forth in the DDA shall be subject to
- 18                  the prior approval of the Board of Supervisors.
- 19           •       The Board of Supervisors shall maintain and/or delegate oversight authority of
- 20                  the proposed transportation and parking management district.
- 21           •       The Board of Supervisors shall review and approve the Transportation Plan in
- 22                  its entirety prior to approval of the DDA.
- 23           •       The plan for the redevelopment of the hangars (Buildings Two and Three) must
- 24                  be included in the DDA in order to ensure that the reuse of these buildings is adequately
- 25

1 addressed and timely and to ensure that TIDA is protected from assuming the risk associated  
2 with the reuse of these buildings.

3 • TICD shall not have the right of first refusal on any land reclaimed from the Job  
4 Corps program without prior approval of the Board of Supervisors.

5 • TIDA and the Mayor's Office should present the DDA to the Board of  
6 Supervisors on a schedule that provides sufficient time for the Budget Analyst and the  
7 Controller and other applicable Departments to conduct a thorough review and analysis of the  
8 DDA and financing plan prior to consideration of the DDA by the Board of Supervisors.

9 • A management plan for the natural areas on Yerba Buena Island shall be  
10 developed and adopted.

11 • The City and County of San Francisco shall be an additional signatory to the  
12 Development Plan.

13 • The labor representation card check agreements for the project shall apply to  
14 grocery stores with 50 employees or more, in addition to the other categories of employees  
15 provided under the City's Employee Signature Authorization Ordinance, San Francisco  
16 Administrative Code Chapter 23, Article VI; and be it

17 FURTHER RESOLVED, That any households on Treasure Island at the date of  
18 execution of the DDA shall be provided the option to rent a comparable unit at their rent at the  
19 time of execution of the DDA, subject to adjustment by the allowable annual rent increase as  
20 set by the San Francisco Rent Board under Chapter 37 of the Administrative Code; and be it

21 FURTHER RESOLVED, That, prior to entering into the DDA, TIDA shall diligently  
22 pursue and secure State legislation necessary to implement the congestion pricing and  
23 parking pricing programs that are described in the Development Plan, or shall identify an  
24 alternative solution that does not rely on the General Fund, and that such legislation or

1 alternative solution shall (i) be subject to the prior approval of the Board of Supervisors, and  
2 (ii) define the transportation program's goals and objectives with regard to the long-term  
3 effectiveness of the transit programs, including operational issues; and be it

4 FURTHER RESOLVED, That TIDA shall report to the Board of Supervisors within 6  
5 months after the date of this resolution, and semi-annually thereafter, regarding the status of  
6 the transportation and parking management district and the State legislation for the  
7 congestion pricing and parking pricing programs; and be it

8 FURTHER RESOLVED, That the Board of Supervisors or its designee shall ensure  
9 that transportation issues affecting Treasure Island are effectively integrated and coordinated  
10 with transportation issues affecting the City and the region, including, without limitation, fiscal  
11 and operational issues; and be it

12 FURTHER RESOLVED, That TIDA shall, in consultation with the Municipal  
13 Transportation Agency and the Controller's Office, identify a mechanism to ensure adequate  
14 and reliable funding for additional MUNI service on Treasure Island; and be it

15 FURTHER RESOLVED, That all unreimbursed costs incurred by TIDA related to the  
16 development of Treasure Island shall be made project costs and paid by TICD prior to the  
17 distribution of any project revenues to TICD.