

1 [Ground Lease - California Barrel Company LLC - Potrero Power Station Mixed-Use Project -
2 \$1 Annual Base Rent]

3 **Resolution approving a Ground Lease between the City, acting by and through the Port**
4 **Commission, and California Barrel Company LLC, for approximately 1.6 acres of**
5 **shoreline property adjacent to the Potrero Power Station site generally bounded by**
6 **22nd Street to the north, the San Francisco Bay to the east, 23rd Street to the south,**
7 **and Illinois Street to the west, for publicly-accessible open space for a term of 66 years**
8 **at an annual base rent of \$1; and adopting findings under the California Environmental**
9 **Quality Act.**

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

16 WHEREAS, California Barrel Company LLC, a Delaware limited liability company
17 (“Developer”), owns approximately 21 acres of developed and undeveloped land located in
18 the City that is generally bound by 22nd Street to the north, the San Francisco Bay to the
19 east, 23rd Street to the south and Illinois Street to the west (the “Developer Property”); and

20 WHEREAS, Developer proposes to develop the Potrero Power Station Mixed-Use
21 Project (“Project”) on the Developer Property in accordance with a Development Agreement
22 between City and Developer; a copy of the Development Agreement is on file with the Clerk of
23 the Board of Supervisors in File No. 200040; and

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1 WHEREAS, Port owns approximately 1.5 acres of land located between the Developer
2 Property and the San Francisco Bay (the “Port Open Space”) and less than 0.1 acres of land
3 located near the northeast corner of the Developer Property and adjacent to the San
4 Francisco Bay (the “Port Bay Property”); and

5 WHEREAS, Developer and Port negotiated a ground lease (the “Lease”) for the Port
6 Open Space and the Port Bay Property (collectively, the “Premises”) to allow Developer to
7 occupy, develop, maintain and operate the Premises as publicly-accessible open space and
8 possibly a recreational dock as part of the Project; a copy of the Lease is on file with the Clerk
9 of the Board of Supervisors in File No. 200217; and

10 WHEREAS, The Premises are subject to the public trust for commerce, navigation and
11 fisheries (the “Public Trust”); and

12 WHEREAS, Under the Lease, the Port will lease the Premises to Developer for a term
13 66 years, in consideration for the Developer’s agreement to improve, maintain and operate
14 the Premises at its cost, and an annual base rent of \$1 and percentage rent equal to 50% of
15 adjusted gross revenues; and

16 WHEREAS, As additional consideration for the Lease, Developer agreed to grant the
17 Port an option to impress the Public Trust on approximately 1.97 acres of the Developer
18 Property along the shoreline adjacent to the Premises and in the 23rd Street right-of-way
19 leading to the shoreline; and

20 WHEREAS, The Lease provides numerous benefits to the City, the Port and the Public
21 Trust, including creation of new publicly-accessible open space, integrated waterfront parks
22 and an extension of the Blue Greenway that will enhance public use and enjoyment of the
23 San Francisco Bay shoreline and will be maintained with private funding; and an option to
24 impress the Public Trust on privately-owned shoreline to consolidate and expand the total
25 acreage of lands protected by the Public Trust, provide and protect public access and

1 recreation along the shoreline, and enhance the physical configuration of the Public Trust
2 along the shoreline; and

3 WHEREAS, On February 25, 2020, the Port Commission, in Resolution No. 20-12,
4 approved the Lease and found that the Lease serves a public purpose and is consistent with
5 and furthers the purposes of the Public Trust; a copy of the Resolution is on file with the Clerk
6 of the Board of Supervisors in File No. 200217; and

7 WHEREAS, On January 30, 2020, the San Francisco Planning Commission, in Motion
8 No. 20635, certified the Final Environmental Impact Report for the Potrero Power Station
9 Project (Case No. 2017-011878ENV) (“FEIR”); on that same date, in Motion No. 20636, the
10 Planning Commission adopted findings pursuant to California Environmental Quality Act
11 (“CEQA”) (California Public Resources Code, Section 21000 et seq.), the CEQA Guidelines
12 (14 Cal. Code Reg. Section 15000 et seq.) and Chapter 31 of the Administrative Code,
13 including a Statement of Overriding Considerations, and a Mitigation Monitoring and
14 Reporting Program (“CEQA findings”); and

15 WHEREAS, On April 14, 2020, in Ordinance no. _____ the Board of Supervisors
16 adopted the CEQA findings as its own; copies of Planning Commission Motion Nos. 20635
17 and 20636, and Board of Supervisor's Ordinance No. _____ are on file with the Clerk of
18 the Board of Supervisors File No. 200174.

19 WHEREAS, The actions contemplated in this Resolution are within the scope of the
20 project for which the Board adopted the CEQA findings in Board Ordinance No. _____, and
21 which findings are incorporated herein by reference; and

22 WHEREAS, San Francisco Charter, Section 9.118 requires Board of Supervisors’
23 approval of a real property lease with a term of 10 or more years, or having anticipated
24 revenue to the City of \$1,000,000 or more when the lease is executed; now, therefore, be it

25 RESOLVED, That the Board of Supervisors approves the Lease; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors adopts the Port Commission
2 findings that the Lease serves a public purpose and is consistent with and furthers the
3 purposes the Public Trust; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
5 Director of the Port or her designee to execute the Lease as approved by the City Attorney
6 and in substantially the form on file with the Clerk of the Board of the Supervisors in File
7 No. 200217; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
9 Director to enter into any additions, amendments or other modifications to the Lease
10 (including, without limitation, preparation and attachment of, or changes to, any or all of the
11 exhibits and ancillary agreements) that the Executive Director, in consultation with the City
12 Attorney, determines when taken as a whole, are in the best interests of the Port, do not
13 materially increase the obligations or liabilities of the Port or City or materially decrease the
14 public benefits accruing to the Port or City, and are necessary or advisable to complete the
15 transactions contemplated in and effectuate the purpose and intent of this resolution, such
16 determination to be conclusively evidenced by the execution and delivery by the Executive
17 Director of any such documents; and, be it

18 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
19 by all parties, the Port shall provide copies of the Lease to the Clerk of the Board for inclusion
20 into the official file.

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