

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.**

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

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

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

17 WHEREAS, Also in 1996, the City finalized an agreement (the "TIHDI Agreement") with
18 the Treasure Island Homeless Development Initiative ("TIHDI"), a collaboration of homeless
19 services agencies that was formed in 1994 to develop the homeless component of the Reuse
20 Plan, that, among other things, (1) gave TIHDI certain rights to participate in economic
21 development opportunities on Treasure Island, (2) facilitated implementation of a permanent
22 employment program related to TIHDI's activities, (3) gave TIHDI certain rights to both
23 temporary and permanent housing in support of TIHDI's programs, and (4) provided TIHDI
24 with financial support; and,
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1 WHEREAS, One of the key recommendations from the reuse planning process was for
2 the City to create a single-purpose authority to govern the redevelopment of Treasure Island
3 and the Treasure Island Development Authority ("TIDA") was created in 1997 to serve as that
4 entity; and,

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

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

17 WHEREAS, Based on review of the submittals to the RFQ by the Treasure
18 Island/Yerba Buena Island Citizen's Advisory Board (the "TI CAB"), staff and a team of
19 consultants, TIDA selected Treasure Island Community Development, LLC ("TICD") as the
20 most qualified master developer to proceed to the RFP phase, and, after an extensive public
21 process of drafting the RFP with direct input from the TI CAB, TIDA issued a focused RFP in
22 April 2002, and, after almost another year of intensive analysis and numerous public
23 meetings, on March 12, 2003, TIDA determined that TICD's final response to the focused
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1 RFP met the criteria set forth in the RFP and warranted TIDA entering into exclusive
2 negotiations with TICD; and,

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

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

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

21 WHEREAS, Under the ENA, TICD and TIDA have worked to prepare a Development
22 Plan for Treasure Island that includes Land Use and Urban Design, Open Space, Housing,
23 Infrastructure, Community Facilities, Transportation, Fiscal Impacts, Financing, Phasing,
24 Sustainability, Jobs and Equal Opportunity and Emergency Support plans; and,
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1 WHEREAS, The public planning process that has resulted in the Development Plan
2 has involved presentation and review of all elements of the project by the TI CAB and its
3 subcommittees, the TIDA Board, the Board of Supervisors Land Use and Economic
4 Development Committee and other stakeholders groups totaling over 150 public meetings;
5 and,

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

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

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

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

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

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

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

12 WHEREAS, On October 30, 2006, the TIDA Board voted 6-0 to endorse the
13 Development Plan; and,

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

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

- 23 • The final Financial Plan and Fiscal Analysis supporting the DDA should:
- 24 a) Consider all costs associated with municipal and County functions;
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- 1 b) Include a sensitivity analysis on all key assumptions;
- 2 c) Be developed in timely collaboration with the impacted City departments;
- 3 d) Ensure that the General Fund subsidy for municipal services, excluding
- 4 transportation services, ends by 2017, which date shall be updated to be consistent
- 5 with the project phasing in the DDA;
- 6 e) Be final in that all legal and legislative authorizations related to additional
- 7 taxes and fees that may legally be set at that time have been obtained; and
- 8 f) Reflect the economic realities of providing sufficient transportation to the
- 9 Island by the Municipal Railway (MUNI) and demonstrate that the incremental costs of
- 10 providing municipal services, including MUNI, caused by the new development can be
- 11 provided out of the new revenues generated by the development of the project.

12 • The rates of return or a process for setting the rates of return on individual

13 residential and commercial development projects (i.e. hurdle rate) which is included in overall

14 project revenues in which the City participates should be clearly stipulated in the DDA, and

15 any amendment to the rate of return provisions of the DDA that would result in a material

16 adverse affect on the City's projected participation as set forth in the DDA shall be subject to

17 the prior approval of the Board of Supervisors.

18 • The Board of Supervisors shall maintain and/or delegate oversight authority of

19 the proposed transportation and parking management district.

20 • The Board of Supervisors shall review and approve the Transportation Plan in

21 its entirety prior to approval of the DDA.

22 • The plan for the redevelopment of the hangars (Buildings Two and Three) must

23 be included in the DDA in order to ensure that the reuse of these buildings is adequately

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

3 • TIDCD 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, In order to prevent displacement of existing households on
18 Treasure Island, the Transition Plan for Existing Units shall guarantee that all Existing
19 Households on Treasure Island (as defined in the Development Plan) on the date of the
20 approval of the DDA by the Board of Supervisors who remain tenants in good standing
21 through the time of relocation to the newly developed housing on Treasure Island shall have
22 the option to rent or buy an affordable unit either at a rental rate equal to their rent at the time
23 of execution of the DDA, subject to adjustment by the allowable annual rent increase as set by
24 the San Francisco Rent Board under Chapter 37 of the Administrative Code, or at a rental rate
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1 which is 30% of their household income, whichever is lower, or at a purchase price that is
2 affordable to such households. In the event that any existing households cannot access an
3 affordable unit, those households shall have the right to rent a market rate unit at a rental rate
4 equal to their rent at the time of execution of the DDA, subject to adjustment by the allowable
5 annual rent increase as set by the San Francisco Rent Board under Chapter 37 of the
6 Administrative Code; and be it

7 FURTHER RESOLVED, That, prior to entering into the DDA, TIDA shall diligently
8 pursue and secure State legislation necessary to implement the congestion pricing and
9 parking pricing programs that are described in the Development Plan, or shall identify an
10 alternative solution that does not rely on the General Fund, and that such legislation or
11 alternative solution shall (i) be subject to the prior approval of the Board of Supervisors, and
12 (ii) define the transportation program's goals and objectives with regard to the long-term
13 effectiveness of the transit programs, including operational issues; and be it

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

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

22 FURTHER RESOLVED, That TIDA shall, in consultation with the Municipal
23 Transportation Agency and the Controller's Office, identify a mechanism to ensure adequate
24 and reliable funding for additional MUNI service on Treasure Island; and be it
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1 FURTHER RESOLVED, That all unreimbursed costs incurred by TIDA related to the
2 development of Treasure Island that are otherwise recoverable under the ENA shall be made
3 project costs and paid by TICD prior to the distribution of any project revenues to TICD; and
4 be it

5 FURTHER RESOLVED, That the Board of Supervisors hereby urges TIDA to enter into
6 any additions, amendments or other modifications to the Development Plan that are
7 necessary to implement the terms of this resolution in consultation with the City Attorney.
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City and County of San Francisco

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Tails Resolution

File Number: 061498

Date Passed:

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

December 12, 2006 Board of Supervisors — AMENDED

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Jew, Maxwell,
McGoldrick, Mirkarimi, Peskin, Sandoval

December 12, 2006 Board of Supervisors — ADOPTED AS AMENDED

Ayes: 10 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval
Noes: 1 - Jew

File No. 061498

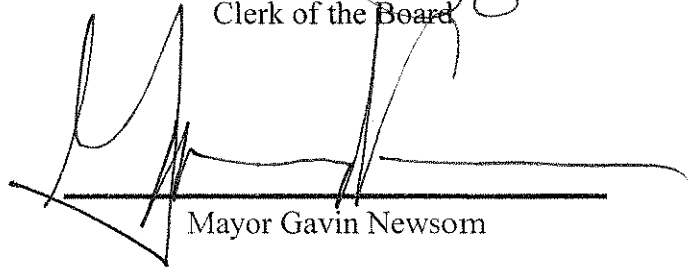
I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on December 12, 2006 by the Board of Supervisors of the City and County of San Francisco.

12-19-06

Date Approved



Gloria L. Young
Clerk of the Board



Mayor Gavin Newsom