Resolution Approving and Authorizing a 66-year Lease with San Francisco Waterfront Partners, LLC for Piers 1½, 3 and 5, Approving Related Parking Agreement, and Adopting Findings of Mitigated Negative Declaration pursuant to California Environmental Quality Act

WHEREAS, The Port of San Francisco’s Waterfront Land Use Plan (“Waterfront Plan”) includes Piers 1½, the Pier 3 bulkhead and shed building, and the Pier 5 bulkhead/connector building (collectively, the “Piers Project”) within the Ferry Building Mixed Use Opportunity Area (the “Ferry Building Area”); and

WHEREAS, Primary objectives established in the Waterfront Plan for the Ferry Building Area include: (1) preserve and restore historic structures, both to recall the area’s historic use and to accommodate new uses, (2) provide maritime facilities for excursion and recreational boats, (3) provide a mix of uses that generate waterfront activity and serve San Franciscans and visitors, (4) extend the PortWalk through the area, providing more convenient, direct and aesthetically pleasing public access connections to open space areas and the Bay, and (5) pursue a mix of private and public resources to achieve the appropriate quality and mix of uses; and

WHEREAS, The existing facilities at the site of the Piers Project are critically in need of rehabilitation, are currently condemned as being unsafe for occupancy, and require approximately $10 Million in substructure repairs alone; and

WHEREAS, Since publication of the Waterfront Plan, the Piers Project has been listed on the National Register of Historic Places, as the Central Embarcadero Piers Historic District consisting of Pier 1, and Piers 1½, 3, and 5; and
WHEREAS, On March 10, 2000, the Port issued a Request for Proposals ("RFP") to lease and develop the Piers Project; and

WHEREAS, Three proposals were received in response to the RFP on August 31, 2000, and these proposals, as well as additional information requested by Port staff, were reviewed and evaluated by Port staff, including independent investigations by an outside team of qualified consultants; and

WHEREAS, Based upon this review and evaluation, Port staff recommended the proposal from San Francisco Waterfront Partners, LLC ("SFWP") as best meeting the project objectives in the RFP, ranking first on all selection criteria, including: (1) ability, expertise and past economic performance, (2) development concept, (3) financial proposal, and (4) project feasibility. In addition, SFWP’s proposal contained the least amount of new construction and office space in proportion to the public trust uses provided; and

WHEREAS, The Port and SFWP have negotiated a Lease Disposition and Development Agreement, Lease, Parking Agreement, and related documents and exhibits thereto, governing the rehabilitation and operation of the Piers Project; and

WHEREAS, On March 11, 2003, the Port Commission, by Resolution No. 03-17, adopted findings and approved the LDDA and Lease for the rehabilitation of Piers 1 ½, 3 and 5; and

WHEREAS, On April 22, 2003, the Port Commission, by Resolution No. 03-32 approved a modification to the Lease; and

WHEREAS, The Piers Project is consistent with the San Francisco General Plan’s Northeastern Waterfront Plan ("Northeastern Waterfront Plan") objectives and policies designed to contribute to the waterfront’s environmental quality, enhance the economic vitality of the Port and the City, preserve the unique maritime character, and provide for the maximum feasible visual and physical access to and along the Bay because the project

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rehabilitates the Piers Project and provides significant maritime opportunities for recreational vessels and water transit, as well as supporting the excursion vessel activities at Pier 3; and

WHEREAS, The Piers Project is consistent with the Northeastern Waterfront Plan's Urban Design policies calling for retention of older buildings of architectural merit or historical significance to preserve the architectural and historical character of the waterfront and ensure the compatibility of new development, and, more specifically calling for retention of the Piers Project which policies are met by this project's adaptively reusing this historic structure consistent with the Secretary of the Interior's Standards for Rehabilitation; and

WHEREAS, The Board of Supervisors hereby adopts the following findings with respect to the Final Mitigated Negative Declaration ("FMND") for the redevelopment of the Piers Project, case file no. 2001.0448E:

1. The San Francisco Planning Department ("Department"), fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et. seq., "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 et. seq., "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"); and

2. On April 20, 2002, the Department issued a Preliminary Negative Declaration, and in accordance with CEQA, the CEQA Guidelines, and Chapter 31, the Department posted the document in the Department offices, and mailed a copy of the document to the Piers Project sponsor. The Department provided notice of the preparation of the Preliminary Negative Declaration in a newspaper of general circulation and this notice was mailed to the Department's list of persons requesting such notice; and

3. In accordance with CEQA § 21091(b) and CEQA Guidelines § 15073, the Preliminary Negative Declaration was available for a 30-day public review period; and

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4. Comment Letters were received in response to the Preliminary Negative Declaration from Hornblower Yachts, Inc., Tim Kelley, and the California Historical Resource Information System. The Department responded in writing to the letters, and comments from the letters were incorporated into the Final Mitigated Negative Declaration; and

5. No appeal of the Preliminary Declaration was filed with the Department; and

6. The Department prepared the FMND, which was adopted and issued on May 31, 2002; and

7. The Piers Project is within the scope of the FMND, an addendum to the FMND is not required and pursuant to CEQA Guidelines Sec. 15162, (1) no substantial changes are proposed which would require major revisions to the FMND; (2) no substantial changes have occurred with respect to the circumstances under which the Piers Project is being undertaken which would require major revisions in the FMND; and (3) no new information of substantial importance, which was not known or could not have been known at the time the FMND was adopted, has become available, and

8. Since the FMND assumed that the rehabilitation of the Piers Project would comply with the Secretary of the Interior's Standards, and since the Lease requires that the project qualify as a certified tax credit project meeting the Secretary of the Interior's Standards, the project will not result in any new significant impacts to cultural (historic and architectural) resources; and

WHEREAS, As a material part of the negotiated transaction, Port staff and SFWP have negotiated the terms of a Parking Agreement coterminous with the Lease term, the business terms of which are set forth in the memorandum for Agenda Item 5A for the Port Commission

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meeting of March 11, 2003, as modified in the Memorandum for Agenda Item 6C for the Port
Commission meeting on April 22, 2003; and

WHEREAS, A copy of the proposed Lease, and its exhibits, the Parking Agreement
and the FMND, is on file with the Clerk of the Board of Supervisors in File No. __, which is
hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, Charter Section 9.118(c) requires the Board of Supervisors approval of
leases having a term of ten or more years or anticipated revenues of one million dollars or
more; now, therefore, be it

RESOLVED, That the Board of Supervisors has reviewed and considered the FMND
and finds that it reflects the independent judgment and analysis of the Department, and the
Board of Supervisors finds that it is adequate, accurate, and objective, and that there is no
substantial evidence that the Piers Project will have a significant effect on the environment,
and hereby adopts the FMND; and be it

FURTHER RESOLVED, The Board of Supervisors hereby adopts the mitigation and
improvement measures and the mitigation monitoring program prepared for the Piers Project,
and on file with the Clerk of the Board of Supervisors in File No. __, which is hereby
declared to be a part of this resolution as if set forth fully herein; and be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves the Lease
(and the LDDA to the extent its terms are incorporated in the Lease), and all exhibits thereto,
incorporating the business terms set forth in the Memorandum for Agenda Item 5A for the Port
Commission meeting on March 11, 2003, as modified in the Memorandum for Agenda Item
6C for the Port Commission meeting on April 22, 2003, and authorizes and directs the
Executive Director of the Port (the “Executive Director”) to execute the Lease in such final
form as is approved by the Executive Director in consultation with the City Attorney; and be it

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FURTHER RESOLVED, That the Board of Supervisors approves the form and substance of the Parking Agreement and the transactions which the Parking Agreement contemplates, incorporating the business terms set forth in the Memorandum for Agenda Item 5A for the Port Commission meeting on March 11, 2003, as modified in the Memorandum for Agenda Item 6C for the Port Commission meeting on April 22, 2003; and be it

FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive Director to enter into any additions, amendments or other modifications to the Lease and/or the Parking Agreement (including, without limitation, preparation and attachment of, or changes to, any or all of the exhibits) that the Executive Director, in consultation with the City Attorney, determine are in the best interests of the City, do not decrease the rent, and otherwise do not materially increase the obligations or liabilities of the Port or City or materially decrease the public benefits accruing to Port or City, and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, and any amendments to the document; and be it

FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the Executive Director, and any other appropriate officers, agents or employees of the City to take any and all steps (including, but not limited to, the execution and delivery of any and all certificates, agreements, notices, consents and other instruments or documents), as they or any of them deems necessary or appropriate, in consultation with the City Attorney, in order to consummate the transaction under the Lease and Parking Agreement in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by any such person or persons of any such documents; and be it.
FURTHER RESOLVED, That the Board of Supervisors approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the Lease.
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August 12, 2003  Board of Supervisors — ADOPTED

Ayes: 8 - Ammiano, Daly, Dufty, Gonzalez, Ma, Maxwell, McGoldrick, Newsom
Excused: 3 - Hall, Peskin, Sandoval

File No. 030743

I hereby certify that the foregoing Resolution was ADOPTED on August 12, 2003 by the Board of Supervisors of the City and County of San Francisco.

Kay Galbenger
Acting Clerk of the Board

AUG 22 2003
Date Approved

Mayor Willie L. Brown Jr.