

FILE NO. 101259

RESOLUTION NO. 585-10

[34<sup>th</sup> America's Cup Host City Agreement and Finding of Fiscal Feasibility]

1  
2 **Resolution approving a Host City and Venue Agreement among the City, the America's**  
3 **Cup Event Authority and the San Francisco America's Cup Organizing Committee;**  
4 **authorizing the Mayor or his designee and the Port to execute the Host City and Venue**  
5 **Agreement; authorizing and urging the Mayor, Office of Economic and Workforce**  
6 **Development, Port and such other City Officials as appropriate to take such steps and**  
7 **execute such additional agreements as are consistent with the Host City and Venue**  
8 **Agreement and this Resolution to bring the 34<sup>th</sup> America's Cup to the San Francisco**  
9 **Bay; and finding that the proposed Event is fiscally feasible as set forth in**  
10 **Administrative Code Chapter 29.**

11  
12 WHEREAS, The Board of Supervisors finds as follows:

13 (a) In February 2010, BMW Oracle Racing, sailing for the Golden Gate Yacht Club  
14 (together, the "Team"), won the 33<sup>rd</sup> America's Cup in Valencia, Spain; and,

15 (b) The Team, as Defenders of the America's Cup, has the right and duty to organize  
16 the 34<sup>th</sup> America's Cup (the "Event"), and has created an Event Authority for purposes of  
17 organizing the Event; and,

18 (c) The Team had selected three potential venues for hosting the Event, including  
19 San Francisco, the only United States city under consideration, and two European venues,  
20 and the Team will make the final selection by December 31, 2010; and,

21 (d) Hosting the 34<sup>th</sup> America's Cup in San Francisco would generate significant public  
22 benefits for the City including: (i) the repair, improvement and productive reuse of certain City  
23 piers along the City's central and southern waterfront that are currently in a state of disrepair;  
24 (ii) the generation of significant new jobs and economic development in a very short period of  
25

1 time, including over 9,000 jobs and more than \$1.4 billion of new economic activity, as  
2 projected in an economic impact analysis completed by the Bay Area Council Economic  
3 Institute and Beacon Economics; and (iii) substantially increased public access to the  
4 waterfront, new opportunities for people to view and enjoy the San Francisco Bay and an  
5 extraordinary showcase for the Bay to the world; and,

6 (e) An America's Cup Organizing Committee (the "ACOC"), an independent not-for-  
7 profit corporation, has been established and includes civic and corporate leaders from  
8 throughout the Bay Area, California and the nation, as well as a bipartisan honorary  
9 committee including elected and appointed representatives from our local, state and federal  
10 governments; and,

11 (f) On October 5, 2010, by Resolution 465-10 (File No. 101254) the Board of  
12 Supervisors approved a Term Sheet that outlined the basis for the City, the ACOC and the  
13 Event Authority to negotiate a Host City and Venue Agreement for the 34<sup>th</sup> America's Cup;  
14 and,

15 (g) Consistent with the Term Sheet, City staff has negotiated a Host City and Venue  
16 Agreement with the ACOC and the Event Authority and has presented the agreement to the  
17 Board for approval; and a copy of the agreement is on file with the Clerk of the Board in  
18 File No. 101259 which is hereby declared to be a part of this Resolution as if set forth fully  
19 herein (the "Host Agreement"); and,

20 (h) On November 30, 2010, the Port Commission, by Resolution No. 10-73 forwarded  
21 the Host Agreement and a Northern Waterfront Alternative to the Host Agreement (Northern  
22 Waterfront Host Agreement), a copy of the agreement is on file with the Clerk of the Board in  
23 File No. 101259 which is hereby declared to be a part of this Resolution as if set forth fully  
24 herein, under which the potential fiscal impacts to the City are reduced recommended that this  
25 Board approve either the Host Agreement or the Northern Waterfront Host Agreement; and,

1 (i) The Host Agreement contemplates sole source negotiations with the Event Authority  
2 for venue leases and other agreements for environmental review and to use City property  
3 needed for the Event. Also, the Host Agreement requires the Event Authority to make an  
4 estimated \$150 million in substructure and infrastructure improvements to Port facilities for the  
5 Event, subject to City verification; and in exchange, the City agrees, subject to the terms and  
6 conditions of the Host Agreement, including environmental review under CEQA and future  
7 approvals by the Port and Board of Supervisors, to grant the long-term development rights to  
8 Piers 30-32 and 50 and Seawall Lot 330 on a sole source basis to the Event Authority,  
9 together with proceeds of property tax increment financing from the future development of  
10 such sites, to help reimburse the Event Authority for the cost of the infrastructure repairs and  
11 improvements. The sole source negotiations contemplated by the Host Agreement are  
12 required for the City to host the Event, make competitive bidding impractical and infeasible  
13 and are in the City's best interests; and,

14 (j) The Northern Waterfront Host Agreement contemplates sole source negotiations  
15 with the Event Authority for venue leases and other agreements for environmental review and  
16 to use City property needed for the Event. Also, the Northern Waterfront Host Agreement  
17 requires the Event Authority to make an estimated \$55 million in substructure and  
18 infrastructure improvements to Port facilities for the Event, subject to City verification; and in  
19 exchange, the City agrees, subject to the terms and conditions of the Host Agreement,  
20 including environmental review under CEQA and future approvals by the Port and Board of  
21 Supervisors, to grant the long-term development rights to Piers 30-32 and Seawall Lot 330 on  
22 a sole source basis to the Event Authority, together with proceeds of property tax increment  
23 financing from the future development of such sites, to help reimburse the Event Authority for  
24 the cost of the infrastructure repairs and improvements. The sole source negotiations  
25 contemplated by the Northern Waterfront Host Agreement are required for the City to host the

1 Event, make competitive bidding impractical and infeasible and are in the City's best interests;  
2 and,

3 (k) The Host Agreement and the Northern Waterfront Host Agreement requires the City  
4 to provide certain indemnity obligations in favor of the Event Authority and the ACOC, permits  
5 specific performance as a remedy, and provides for certain waivers of remedies and  
6 limitations on liability, all on the terms and conditions more particularly set forth in the Host  
7 Agreement and the Northern Waterfront Host Agreement; and,

8 (l) The City has identified potential financial impacts to the Port of hosting the  
9 34<sup>th</sup> America's Cup and a range of potential solutions, including using Charter Section B7.320  
10 to offset race-related, net short-term rent reductions to the Port, financing certain City costs to  
11 prepare venues for the Event with City certificates of participation, and City financing for  
12 waterfront improvements to offset reductions in the Port's revenue bond capacity, subject to  
13 the review and approval of the Capital Planning Committee, the Mayor and the San Francisco  
14 Board of Supervisors, as applicable; and,

15 (m) Under the Host Agreement and the Northern Waterfront Host Agreement, the  
16 Team and Event Authority will continue to assess and analyze information to determine the  
17 final type and placement of facilities and infrastructure necessary to host the 34<sup>th</sup> America's  
18 Cup, and will work collaboratively with the City to further refine the plans for the 34<sup>th</sup> America's  
19 Cup that do not materially increase the obligations or liabilities of the City and are necessary  
20 to accomplish the Event contemplated by the Host Agreement and the Northern Waterfront  
21 Host Agreement; and,

22 (n) The Team and Event Authority currently are evaluating Piers 19-29 in combination  
23 with Piers 30-32 as an alternative Event location that may be preferred by the City, as further  
24 described in a letter dated November 8, 2010 from Stephen Barclay on behalf of the  
25 America's Cup Committee, Golden Gate Yacht Club, a copy of which is on file with the Clerk

1 of the Board in File No. 101259 and which is hereby declared to be a part of this Resolution  
2 as if set forth fully herein and in the Northern Waterfront Host Agreement; and,

3 (o) The City will undertake environmental review under CEQA of the 34<sup>th</sup> America's  
4 Cup event and facilities and will work with the Team as well as experts and the public to  
5 develop a thorough environmental analysis that will inform both the design and placement of  
6 the 34<sup>th</sup> America's Cup events and facilities, and the City and the Team intend the  
7 34<sup>th</sup> America's Cup event and facilities to be models of green, sustainable technology and  
8 event planning; and,

9 (p) Chapter 29 of the Administrative Code requires the Board of Supervisors to  
10 determine whether certain projects proposed by a City department or other entity are fiscally  
11 feasible and responsible prior to initiating environmental review under the California  
12 Environmental Quality Act ("CEQA"); and,

13 (q) The Office of Economic and Workforce Development has submitted to the Board of  
14 Supervisors a report on the proposed Project ("the "Fiscal Feasibility Report") containing the  
15 information required by Administrative Code Section 29.3, which Report is on file with the  
16 Clerk of the Board of Supervisors in File No. 101259, and is hereby incorporated by this  
17 reference as part of the Resolution as if fully set forth herein; and,

18 (r) The Board of Supervisors has reviewed and considered the general description of  
19 the Event, the general purpose of the Event, the fiscal plan and other information submitted to  
20 it and has considered the direct and indirect financial benefits of the Event to the City, as set  
21 forth in the Fiscal Feasibility Report; and,

22 (s) The Venue Leases (and licenses) and Disposition and Development Agreements  
23 ("DDAs"), Legacy Leases and Transfer Agreement contemplated in the Host Agreement and  
24 the Northern Waterfront Host Agreement will be subject to later discretionary approvals by the  
25 Board of Supervisors and Port, following completion of environmental review of the Event

1 under CEQA. A proposed schedule of major approvals is on file with the Clerk of the Board in  
2 File No. 101259 which is hereby declared to be a part of this Resolution as if set forth fully  
3 herein; and,

4 (t) Under Section 1 of the Host Agreement and the Northern Waterfront Host  
5 Agreement, the agreement will terminate if the City is not selected as host city for the 34<sup>th</sup>  
6 America's Cup; and under Section 2 of the Host Agreement and the Northern Waterfront Host  
7 Agreement, the agreement will terminate without liability to any Party if the Parties otherwise  
8 are unable to reach agreement on a variety of contingencies, including but not limited to if  
9 environmental review under CEQA would require unacceptable modifications to the Event or  
10 other terms of the Host Agreement or the Northern Waterfront Host Agreement; and,

11 (u) The obligations of the City and the ACOC owed to the Event Authority under the  
12 Host Agreement or the Northern Waterfront Host Agreement shall be secured by a surety  
13 bond in the amount of \$32 million provided by the ACOC.

14 Now, therefore, be it

15 RESOLVED, That the Board of Supervisors finds that the plan to undertake and  
16 implement the Event is fiscally feasible and responsible under San Francisco Administrative  
17 Code Chapter 29; and, be it

18 FURTHER RESOLVED, That under San Francisco Administrative Code Chapter 29,  
19 the environmental application may now be filed with the Planning Department and the  
20 Planning Department may now undertake environmental review of the Event as required by  
21 Administrative Code Chapter 31 and CEQA; and, be it

22 FURTHER RESOLVED, That the City will conduct environmental review of the  
23 34<sup>th</sup> America's Cup under the California Environmental Quality Act ("CEQA") and nothing in  
24 this Resolution implements any approvals or facilities for the Event, or grants any entitlements  
25 to the Event Authority, nor does adoption of this Resolution foreclose the possibility of

1 considering alternatives to the proposal, mitigation measures or deciding not to grant  
2 entitlement or approve or implement any actions to construct necessary amenities for the  
3 Event after conducting appropriate environmental review under CEQA, and while the Host  
4 Agreement and the Northern Waterfront Host Agreement identify many of the essential terms  
5 of a proposed transaction between the Event Authority and the City, it does not approve or  
6 finalize all of the material terms and conditions of the project, including the Venue Leases and  
7 DDAs, Legacy Leases and Transfer Agreement; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Northern  
9 Waterfront Host Agreement and authorizes the Mayor and City Officials with jurisdiction of  
10 over the specific contractual and leasing agreement subject matter, including the Executive  
11 Director of the Port over Port matters, to enter into and perform the City's obligations under  
12 the Northern Waterfront Host Agreement; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and urges  
14 the Mayor, Director of the Office of Economic and Workforce Development, and other City  
15 Officials with jurisdiction over the specific contractual and leasing subject matter, including the  
16 Executive Director of the Port over Port matters, to take such steps and enter into any  
17 additions, amendments or other modifications to the Host Agreement and/or the Northern  
18 Waterfront Host Agreement, as applicable, as they, in consultation with the City Attorney,  
19 determine are in the best interests of the City, do not materially increase the obligations or  
20 liabilities of the City and are necessary or advisable to bring the 34<sup>th</sup> America's Cup to San  
21 Francisco Bay and effectuate the purpose and intent of this Resolution, and further ratifies  
22 such actions that the Mayor, Director of the Office of Economic and Workforce Development,  
23 Port Director or other City Official may undertake within the scope of this authority before final  
24 adoption of this Resolution, except for the Venue Leases and the DDAs, Legacy Leases and  
25 Transfer Agreement contemplated in the Host Agreement and/or the Northern Waterfront Host

1 Agreement, as applicable, which all will be subject to later discretionary approvals by the  
2 Board of Supervisors and Port, as applicable, following CEQA review of the Event.  
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City and County of San Francisco

Tails  
Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

File Number: 101259

Date Passed: December 14, 2010

Resolution approving a Host City and Venue Agreement among the City, the America's Cup Event Authority and the San Francisco America's Cup Organizing Committee; authorizing the Mayor or his designee and the Port to execute the Host City and Venue Agreement; authorizing and urging the Mayor, Office of Economic and Workforce Development, Port and such other City Officials as appropriate to take such steps and execute such additional agreements as are consistent with the Host City and Venue Agreement and this Resolution to bring the 34th America's Cup to the San Francisco Bay; and finding that the proposed Event is fiscally feasible as set forth in Administrative Code Chapter 29.

December 08, 2010 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

December 08, 2010 Budget and Finance Committee - MEETING RECESSED

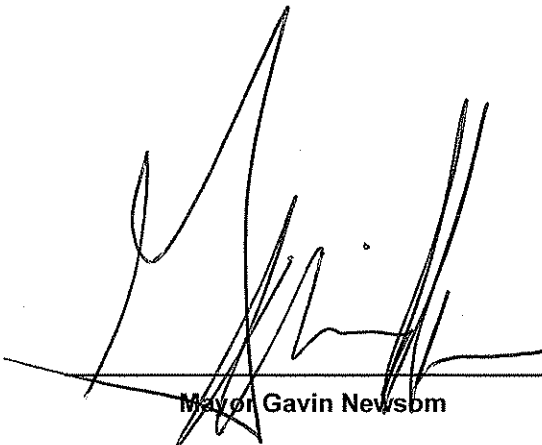
December 13, 2010 Budget and Finance Committee - RECOMMENDED AS COMMITTEE REPORT

December 14, 2010 Board of Supervisors - ADOPTED


Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

File No. 101259

I hereby certify that the foregoing Resolution was ADOPTED on 12/14/2010 by the Board of Supervisors of the City and County of San Francisco.



Mayor Gavin Newsom



Angela Calvillo  
Clerk of the Board

December 14, 2010  
Date Approved