Resolution finding the proposed rehabilitation of the 20th Street Historic Buildings on or near 20th Street, east of Illinois Street, fiscally feasible pursuant to Administrative Code, Chapter 29 and endorsing the Term Sheet between Orton Development, Inc. and the San Francisco Port Commission.

WHEREAS, The San Francisco Port Commission ("Port" or "Port Commission") owns, in trust, a cluster of several historic buildings in need of substantial rehabilitation (the "20th Street Historic Buildings"), located on or near 20th Street, east of Illinois Street which buildings form a part of the area generally referred to as Pier 70; and

WHEREAS, Pier 70 is the most intact 19th century industrial complex west of the Mississippi River, containing a rich collection of resources, and provides a physical record expressing continuity with past trends in industrial architecture and design; and

WHEREAS, The State Office of Historic Preservation has determined that Pier 70's approximately 40 historic structures and features are eligible for listing on the National Register of Historic Places and the 20th Street Historic Buildings represent some of the most important buildings at Pier 70; and

WHEREAS, The Pier 70 site is eligible for listing in the National Register as a Historic District for its national significance in the area of maritime industry for the period 1884 to 1945, beginning with the initial construction of the Union Iron Works Machine Shop and closing at the end of World War II; the Pier 70 site is significant for its association with pioneering technological developments in shipbuilding, labor relations, and government and private industry relationships, as well as for the production of significant wartime vessels; and the

Mayor Lee; Supervisor Cohen
BOARD OF SUPERVISORS
Pier 70 site is also significant for architectural design and engineering because it includes important works of master architects; and

WHEREAS, Two of the 20th Street Historic Buildings, the Bethlehem Steel Main Office Building (Building 101) and Powerhouse (Building 102), both designed by two renowned San Francisco architects, Frederick H. Meyer and Charles Peter Weeks during World War I, create a grand formal entrance to the shipyard at the corner of 20th and Illinois Streets; and these two buildings, along with the Union Iron Works Administration (Building 104) and the Union Iron Works Machine Shop and Foundry (Buildings 113/114) along 20th Street form the core of the proposed Pier 70 Historic District, and

WHEREAS, The 20th Street Historic Buildings are condemned, are deteriorating, and will be lost if they are not rehabilitated; and

WHEREAS, On February 28, 2012, by Resolution 12-18, the Port Commission awarded Orton Development, Inc. ("Orton") an exclusive right to negotiate with Port for the development, rehabilitation, and lease of the 20th Street Historic Buildings (the "Project"); and

WHEREAS, On April 24, 2012, by Resolution 12-36, the Port Commission authorized the Port's Executive Director or her designee to execute an Exclusive Negotiating Agreement ("ENA") between Port and Orton for the Project and such parties entered into the ENA effective May 17, 2012, which ENA required, among other things, for Port and Orton to negotiate a term sheet to describe the fundamental deal terms for the Project; and

WHEREAS, On October 9, 2012, by Resolution No. 12-78, the Port Commission endorsed the term sheet for the Project ("Term Sheet") and directed Port staff to present the Term Sheet to the Board of Supervisors for endorsement and for consideration of a finding that the Project is fiscally feasible and responsible under San Francisco Administrative Code Chapter 29; and

Mayor Lee; Supervisor Cohen

BOARD OF SUPERVISORS
WHEREAS, The Term Sheet is on file with the Clerk of the Board of Supervisors in File No. 121045, which is hereby declared to be a part of this motion as if set forth fully herein; and

WHEREAS, The construction cost of the Project will exceed $25 million and Port will contribute more than $1 million towards construction of the Project, thus triggering review by the Board of Supervisors to determine the fiscal feasibility of the Project under Administrative Code Section 29.1; and

WHEREAS, Pursuant to Administrative Code Section 29.3, Port and Orton have submitted to the Board of Supervisors a general description of the Project, the general purpose of the Project, and a fiscal plan; and

WHEREAS, Pursuant to Administrative Code Section 29.2, prior to submittal to the Planning Department of an environmental evaluation application ("Environmental Application") required under Administrative Code Chapter 31 and the California Environmental Quality Act ("CEQA") related to the Project, it is necessary to procure from the Board of Supervisors a determination that the plan to undertake and implement the Project is fiscally feasible and responsible; and

WHEREAS, The Board of Supervisors has reviewed and considered the general description of the Project, the general purpose of the Project, the fiscal plan and other information submitted to it and has considered the direct and indirect financial benefits of the Project to the City of San Francisco, the cost of construction, the available funding for the Project, the long-term operating and maintenance costs of the Project, and the debt load to be carried by Port; and

WHEREAS, The Board of Supervisors has reviewed and considered the terms for a possible lease by Port to Orton of the 20th Street Historic Buildings as set forth in the Term Sheet; and
WHEREAS, The Term Sheet is not itself a binding agreement that commits the City or Orton to proceed with the approval or implementation of the Project, and that the Project will first undergo environmental review under CEQA and will be subject to public review in accordance with the processes of the City and other government agencies with approval rights over the Project before any entitlements and other regulatory approvals required for the Project will be considered; now, therefore, be it

RESOLVED, That the Board of Supervisors finds that the plan to undertake and implement the Project is fiscally feasible and responsible under San Francisco Administrative Code Chapter 29 ("Fiscal Feasibility Finding"); and, be it

FURTHER RESOLVED, That pursuant to San Francisco Administrative Code Chapter 29, the Environmental Application may now be filed with the Planning Department and the Planning Department may now undertake environmental review of the Project as required by Administrative Code Chapter 31 and CEQA; and, be it

FURTHER RESOLVED, That the Board of Supervisors endorses the Term Sheet; and, be it

FURTHER RESOLVED, That any ground lease negotiated between Port and Orton for the 20th Street Historic Buildings require that Orton comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties in connection with any rehabilitation of the 20th Street Historic Buildings; and, be it

FURTHER RESOLVED, That at the time the Board of Supervisors considers whether to approve a ground lease for the Project pursuant to Charter Section 9.118(c), Port report back to the Board of Supervisors on the Project's (1) revised cost estimates, project financing, and pro forma financial analysis; and (2) Port's procedures to control and verify project costs; and, be it
FURTHER RESOLVED, That if the Board of Supervisors approves a ground lease for
the Project, any change to the financial terms of such ground lease after such approval that
materially decrease the benefits or otherwise materially increase the obligations or liabilities of
the City or Port is subject to the prior approval of the Board of Supervisors; and, be it
FURTHER RESOLVED, That endorsement of the Term Sheet and the Fiscal
Feasibility Finding does not commit the Board of Supervisors to approval of the terms of a
final lease or grant any entitlements to Orton, nor does the Term Sheet endorsement or Fiscal
Feasibility Finding foreclose the possibility of considering alternatives to the Project or
mitigation measures to reduce or avoid significant environmental impacts or preclude the City,
after conducting appropriate environmental review under CEQA, from deciding not to grant
entitlements or approve or implement the Project, and while the Term Sheet identifies certain
essential terms of a proposed transaction with the City through the Port Commission, it does
not set forth all of the final, material terms and conditions of a lease or other transaction
documents.
Resolution finding the proposed rehabilitation of the 20th Street Historic Buildings on or near 20th Street, east of Illinois Street, fiscally feasible pursuant to Administrative Code, Chapter 29, and endorsing the Term Sheet between Orton Development, Inc., and the San Francisco Port Commission.

November 28, 2012 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

November 28, 2012 Budget and Finance Committee - RECOMMENDED AS AMENDED

December 04, 2012 Board of Supervisors - ADOPTED

Ayes: 10 - Avalos, Campos, Chiu, Chu, Elsbernd, Farrell, Kim, Mar, Olague and Wiener
Absent: 1 - Cohen

I hereby certify that the foregoing Resolution was ADOPTED on 12/4/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved