Resolution approving a Memorandum of Understanding relating to and appointing Port Commission as agent of Mission Rock Special Use District financing districts; approving related matters, as defined herein, for the proposed Mission Rock Project; and adopting findings under the California Environmental Quality Act.

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

WHEREAS, In 1990 the City's voters adopted Proposition H, which required the City to prepare a comprehensive waterfront land use plan with maximum feasible public input. Following a 7-year public planning process, the Port Commission adopted the Port of San Francisco Waterfront Land Use Plan (Waterfront Plan) in 1997 and has periodically made minor amendments to address specific issues arising from capital development projects to existing Port resources; and

WHEREAS, Under the Waterfront Plan, maritime and industrial uses were considered the most appropriate uses of the majority of Port lands south of China Basin; and

WHEREAS, The Port has collaborated with the State Lands Commission and California legislators to amend the Burton Act to lift or suspend its statutory trust use restrictions that impede the Port's ability to realize the development potential of Port lands; and

WHEREAS, Under Senate Bill 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) (SB 815)), the Port is authorized to lease certain seawall lots south of Market Street,
including Seawall Lot 337, for nontrust purposes, providing revenues for rehabilitation of
historic wharves and piers and other trust uses. SB 815 allows long-term nontrust uses that
are not permissible under the Burton Act as a primary mechanism to generate Port revenues
for trust purposes, including the construction of infrastructure needed for development; and

WHEREAS, In 2015, Port staff presented a comprehensive review of land use changes
and events that have occurred under the Waterfront Plan to the Port Commission; and

WHEREAS, In the 2015 Waterfront Plan Review Report, Port staff described a public
process to update and amend the Waterfront Plan:

“The Waterfront Plan seeks a balanced array of uses to help meet the Port’s
financial needs. On the revenue-dependent side of the Port’s ledger, the Plan
reserves most Port properties for expansion of maritime operations, and
encourages creation of new public access, recreation and open space areas
along the Bay. On the revenue-producing side, sites for compatible new
commercial development are identified to improve the waterfront for public
enjoyment, help subsidize maritime industries, fund new public access and open
spaces, preserve and rehabilitate historic waterfront resources, and stem the
continuing deterioration of Port property. With this balanced plan, the Port will be
better able to manage its property and operations, which must be carried out
without state or local funding”; and

WHEREAS, Since then, the Port has been engaged in a public planning process to
update the Waterfront Plan with the assistance of public members of a Waterfront Plan
Working Group representing regionwide interests and Advisory Teams with multi-disciplinary
expertise. Among other things, the update will address appropriate uses for Port land south of
China Basin; and
WHEREAS, In 2007, the Port Commission initiated a public solicitation for a Seawall Lot 337 developer that would respond to “Development Objectives and Criteria” developed in the public process; and

WHEREAS, The Port selected Seawall Lot 337 Associates, LLC (Master Developer) to act as master developer for Seawall Lot 37 and Pier 48, to initiate rezoning and development of design standards and controls for Seawall Lot 337 and Pier 48; and

WHEREAS, The Board of Supervisors endorsed the project term sheet (Term Sheet) pursuant to Resolution No. 142-13; and

WHEREAS, The Planning Commission has adopted Resolution No. 20019, a copy of which is in Board File No. 180095 and incorporated in this Resolution by reference, recommending that the Board adopt Planning Code amendments to create a proposed special use district (Mission Rock Special Use District) encompassing Seawall Lot 337 and Pier 48; and

WHEREAS, As envisioned, the proposed Seawall Lot 337 and Pier 48 Mixed-Use Project (Project) in the Mission Rock Special Use District would include market-rate and affordable residential uses, commercial-office, retail, exhibition, parking, infrastructure development, including street improvements, and public open space; and

WHEREAS, On June 30, 2014, the voters of the City and County of San Francisco approved an initiative requiring voter approval for any future construction projects on the San Francisco waterfront that required an increase in existing height limits (Proposition B); and

WHEREAS, On November 3, 2015, in satisfaction of the requirements of Proposition B, the voters of the City and County of San Francisco approved the “Mission Rock Affordable Housing, Parks, Jobs and Historic Conservation Initiative” (Proposition D), which established policies for the Project; and
WHEREAS, Master Developer and the City, acting by and through the Port Commission, anticipate entering into a Disposition and Development Agreement (DDA), including a Financing Plan, which will govern the disposition and development of the Mission Rock Special Use District and provide for the financing of certain capital facilities and public services related to the Project; and

WHEREAS, On April 23, 2013, by Resolution No. 123-13, the Board of Supervisors adopted “Guidelines for the Establishment and Use of Infrastructure Financing Districts on Project Areas on Land under Jurisdiction of the San Francisco Port Commission” (Port IFD Guidelines) relating to the formation of infrastructure financing districts by the City on waterfront property in San Francisco under the jurisdiction of the Port Commission; and

WHEREAS, Under Government Code Sections 53395 et seq. (IFD Law), the Board of Supervisors is authorized to establish an infrastructure financing district and to act as the legislative body for an infrastructure financing district; and

WHEREAS, Under Section 53395.8 of the IFD Law, a waterfront district may be divided into project areas; and

WHEREAS, By Ordinance No. 27-16 (Port IFD Ordinance), the Board of Supervisors established a waterfront district under Section 53395.8 of the IFD Law over all Port property, named City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (Port IFD) and designated project areas within the Port IFD; and

WHEREAS, In the Port IFD Ordinance, the Board of Supervisors also approved an Infrastructure Financing Plan for the Port IFD (Port IFP); and

WHEREAS, Pursuant to Resolution No. 18-09, the Port Commission recommended that the Board of Supervisors establish a new Project Area I (Mission Rock) (Proposed Project Area I) over the proposed Mission Rock Special Use District and 13 sub-project areas within
Proposed Project Area I (collectively, Proposed Sub-Project Areas) that generally correspond to planned phases of the Project; and

WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (Code), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with California Government Code Section 53311 (Mello-Roos Act), the Board of Supervisors is authorized to establish a special tax district and to act as the legislative body for a special tax district; and

WHEREAS, Pursuant to Resolution No. 18-09, a copy of which is in Board File No. 180095 and incorporated in this Resolution by reference, the Port Commission recommended that the Board of Supervisors establish a special tax district over the proposed Mission Rock Special Use District (Special Tax District); and

WHEREAS, San Francisco Charter Section B7.320 authorizes the Mayor to submit to the Board of Supervisors for approval a memorandum of understanding between the Port Commission and other departments of the City, approved by the Port Commission by resolution, that requires the departments to expend funds or to transfer funds to the Port Commission; and

WHEREAS, Pursuant to Resolution No. 18-09, a copy of which is in Board File No. 180095 and incorporated in this Resolution by reference, the Port Commission approved a Memorandum of Understanding by and among the Port Commission and the City’s Controller (Controller) and Treasurer and Tax Collector (Tax Collector), pursuant to which those City departments and the Port Commission would agree to implement the DDA, Proposed Project Area I, Proposed Sub-Project Areas, and Special Tax District, and recommended that the Board of Supervisors approve the Memorandum of Understanding; and
WHEREAS, Pursuant to Resolution No. 18-09, the Port Commission further recommended that the Board of Supervisors appoint the Port Commission to act as the agent of the IFD with respect to the Sub-Project Areas and the Special Tax District, as set forth in the Memorandum of Understanding; and

WHEREAS, The actions contemplated in this resolution are within the scope of the project for which the Board adopted the resolution in Board File No. 171286, affirming the Planning Commission’s certification of the Final Environmental Impact Report for the Seawall Lot 337 and Pier 48 Mixed-Use Project (“FEIR”) and making findings in accordance with the California Environmental Quality Act (California Public Resources Code section 21000 et seq.) and Administrative Code Chapter 31, which resolution is incorporated herein by reference; now, therefore, be it

RESOLVED, That the recitals herein are true and correct; and, be it

FURTHER RESOLVED, That the Memorandum of Understanding among the Port Commission, Tax Collector, and Controller, substantially in the form on file with the Clerk, is hereby approved; and, be it

FURTHER RESOLVED, That the Port Commission, Controller, and Tax Collector are hereby authorized and directed to execute the Memorandum of Understanding with such changes, additions and modifications as the Port Commission, Controller, and Tax Collector may make or approve in accordance with this Resolution, and the approval by each of the Port Commission, Controller, and Tax Collector of such modifications, changes and additions shall be conclusively evidenced by the execution and delivery of the Memorandum of Understanding or amendments to the Memorandum of Understanding by the Port Commission, Controller, and Tax Collector, with the final executed version of the Memorandum of Understanding being provided within 30 days to the Clerk of the Board for inclusion into the file for this Resolution; and, be it
FURTHER RESOLVED, That the Board of Supervisors hereby appoints the Port
Commission to act as the agent of the IFD with respect to the Sub-Project Areas and the
Special Tax District, as set forth in the Memorandum of Understanding; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby approves the levy of
property taxes and special taxes on possessory interests in property in the Sub-Project Areas
on the secured roll, as set forth in the Memorandum of Understanding; and, be it

FURTHER RESOLVED, That the Mayor, City Attorney, Port Commission, Controller,
Tax Collector, Assessor, Clerk and other officers of the City and their duly authorized
depuities, designees and agents are hereby authorized and directed, jointly and severally, to
take such actions and to execute and deliver such certificates, agreements, requests or other
documents as they may deem necessary or desirable to accomplish the purposes of this
Resolution; and, be it

FURTHER RESOLVED, That the actions authorized and approved by this Resolution
and consistent with the documents provided herein but taken prior to the date hereof are
hereby ratified, approved and confirmed by the Board of Supervisors; and, be it

FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.
Resolution approving a Memorandum of Understanding relating to and appointing Port Commission as agent of Mission Rock Special Use District financing districts; approving related matters, as defined herein, for the proposed Mission Rock Project; and adopting findings under the California Environmental Quality Act.

February 07, 2018 Government Audit and Oversight Committee - RECOMMENDED

February 13, 2018 Board of Supervisors - ADOPTED
Ayes: 9 - Breed, Fewer, Kim, Peskin, Ronen, Sheehy, Stefani, Tang and Yee
Excused: 2 - Cohen and Safai

I hereby certify that the foregoing Resolution was ADOPTED on 2/13/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mark E. Farrell
Mayor

Date Approved
2/13/18