

FILE NO. 121044

RESOLUTION NO.

[Piers 30-32/Seawall Lot 330 - Warriors Development Project]

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Resolution finding that a project proposed by GSW Arena LLC, an affiliate of the Golden State Warriors, to rehabilitate Port property at Piers 30-32, develop on the piers a multi-purpose venue useable for public assembly uses and other events, such as conventions, Warriors home games, cultural events, family shows and performing arts, and for other purposes, including public open space, maritime use, visitor serving retail, and related parking facilities, and develop on Seawall Lot 330 residential, hotel, and/or retail uses and accessory parking, is fiscally feasible and responsible under Administrative Code Chapter 29; and urging City and Port officials to make evaluating the proposed project among its highest priorities, and to take all appropriate steps to further environmental review of the proposed project.

WHEREAS, The City and County of San Francisco (the "City"), acting through its Port Commission (the "Port"), owns approximately 13 acres at Piers 30-32 located on the east side of The Embarcadero at Bryant Street (the "Waterfront Site"), which is currently used for short-term parking accommodating up to about 1,500 automobiles, occasional cruise terminal berthing when the Pier 27 and Pier 35 cruise terminal berths are occupied and occasional lay-berthing such as for Fleet Week Naval vessels, and approximately 2.3 acres of undeveloped land on Seawall Lot 330 (i.e., all of Seawall Lot 330 except for the parcel at the corner of Beale and Bryant Streets that is part of the Watermark development), located on the west side of The Embarcadero, between Beale and Bryant Streets, on the other side of the street from the Waterfront Site (the "Seawall Lot Site"), which is currently used for short-term parking accommodating up to about 260 automobiles (together, the Waterfront Site and the Seawall Lot Site are referred to in this resolution as the "Site"); and

Mayor Lee, Supervisors Chu, Chiu, Farrell, Wiener
BOARD OF SUPERVISORS

1 WHEREAS, In cooperation with the City, including its Port, GSW Arena LLC ("GSW"),
2 a wholly owned subsidiary of GSW Sports LLC and an affiliate of the entity that owns the
3 Golden State Warriors basketball team (the "Warriors"), proposes to build, finance and
4 operate a development project consisting of two related components on the Site. The first
5 part of the proposed project involves GSW's seismic upgrade and rehabilitation of Piers 30-32
6 and construction of a new privately financed, state-of-the art multi-purpose venue with seating
7 for approximately 17,000 to 19,000 persons, useable for public assembly uses and other
8 events, including, but not limited to, conventions, Warriors home games, cultural events,
9 family shows and performing arts, along with public open space, maritime use, visitor-serving
10 retail and related parking facilities, on the Waterfront Site. GSW would finance, build and
11 operate these improvements under a fair market rent ground lease from the Port, and expects
12 to complete them by the Fall of 2017; and

13 WHEREAS, The second part of the proposed project includes GSW's construction of
14 improvements with residential, hotel, and/or retail uses and accessory parking on the Seawall
15 Lot Site. The Port would convey fee title to the Seawall Lot Site to GSW for fair market value
16 consideration if certain conditions are met; otherwise, the Port would enter into a ground lease
17 with GSW for fair market rent consideration for the Seawall Lot Site. The improvements on
18 the Waterfront Site and the Seawall Lot Site are collectively referred to below as the
19 "Improvements," and both components of the proposed project, as further described in the
20 Project Description (as defined below), are collectively referred to in this resolution as the
21 "Project"; and

22 WHEREAS, The Waterfront Site is subject to the use and other restrictions imposed
23 under the Burton Act (Stats 1968, Ch. 1333, as amended) and the Burton Act Transfer
24 Agreement of January 24, 1969, as well as the public trust for commerce, navigation and
25 fisheries (collectively, the "public trust"). AB 1389 (Stats. 2001, Ch. 489) allows certain uses

1 on the Waterfront Site that would otherwise be inconsistent with the public trust in connection
2 with development on the Waterfront Site of a two-berth cruise ship terminal project that meets
3 certain requirements. The Port is developing a cruise ship terminal at another pier so
4 AB 1389 would not now seem to apply to the Project, though the Port and GSW are
5 committed to exploring improvements to the Waterfront Site for maritime uses. The Seawall
6 Lot Site is subject to two pieces of State legislation that could affect its development and
7 disposition by the Port: SB 815 (Stats 2007, Ch. 660) and AB 418 (Stats 2011, Ch. 477).
8 In contrast to the Waterfront Site, the Seawall Site is free from some or all public trust
9 restrictions under certain conditions set forth in SB 815 and AB 418; and

10 WHEREAS, The Port Waterfront Land Use Plan, including the Design and Access
11 Element (collectively, the "Waterfront Plan"), is the Port's adopted land use document for
12 property within Port jurisdiction, including the Site, and provides the policy foundation for
13 waterfront development and improvement projects. After a multi-year cooperative process,
14 the Port and the San Francisco Bay Conservation and Development Commission ("BCDC")
15 adopted the Special Area Plan, which allows for the revitalization of certain piers for uses
16 consistent with the public trust. The Waterfront Plan contemplated the potential for
17 developing an arena in the South Beach/Rincon Point Subarea of Port property. The
18 Waterfront Plan and the Special Area Plan recognize that the development of the Waterfront
19 Site and the surrounding area should further the public trust purposes of supporting maritime
20 activities and expanding public use and enjoyment of the waterfront on public trust lands at
21 this location. The Special Area Plan sets forth certain design considerations for the
22 Waterfront Site, including strict limitations on new fill and a requirement to provide maximum
23 feasible public access. A project that provides at least 35% of the pier area for public open
24 space is deemed to provide maximum feasible public access; and

25

1 WHEREAS, The Waterfront Plan identifies the Waterfront Site as a major development
2 opportunity site, and the City, through its Port, has undertaken numerous unsuccessful
3 attempts to develop the site in accordance with the Waterfront Plan's objectives, including the
4 recent effort related to the 34th America's Cup and two separate attempts to develop the
5 proposed mixed use Bryant Street Pier project through public-private partnerships. In each of
6 those instances, the private project sponsor abandoned its plans due to much higher than
7 expected costs to repair the Piers 30-32 substructure; and

8 WHEREAS, The Waterfront Site has a limited remaining useful life, requiring a
9 substantial capital investment to repair the substructure and bring the piers up to modern
10 seismic standards and to preserve the piers. If the piers are not rehabilitated, the Port may be
11 required to expend substantial sums to demolish the piers after the end of their useful life.
12 The Port has not included the costs to improve—or demolish—the piers in its FY 2013-2022
13 Capital Plan, due to limited Port resources and competing Port priorities. The Port's efforts
14 over the years to develop the Waterfront Site through public-private partnerships have not
15 been successful. The costs to rehabilitate the piers for any long-term use is estimated to far
16 exceed the combined fair market value of the Waterfront Site and Seawall Lot Site. The
17 Port's independent Appraisal of the Waterfront Site (as such Appraisal is defined below)
18 shows that rehabilitating the piers and developing the highest and best use on the Waterfront
19 Site is not financially feasible without dedication of the proceeds from the sale of the Seawall
20 Lot Site and an additional significant subsidy to cover the pier substructure cost; and

21 WHEREAS, The Waterfront Site is an extraordinary location for the proposed public
22 assembly venue and affords a number of advantages for the City, the region and the public
23 over other potential sites, including other Port land located to the south of the Waterfront Site:

- 24 • First and foremost, the Waterfront Site is optimal for locating the venue in light of
25 the existing transit, bicycle and pedestrian network, as well as proposed

1 improvements to that network. Regional destinations such as the proposed
2 venue achieve their best transit mode splits when they are located within
3 walking distance from regional transit hubs. The Waterfront Site is located at a
4 distance of 3/4 mile or less from all major regional transit hubs in downtown San
5 Francisco, including BART, Caltrain, the Ferry Building, the Transbay Terminal,
6 and the Capitol Corridor, and for the bulk of Muni Metro and bus lines serving
7 these same hubs (including an adjacent Muni Metro station at Brannan serving
8 two metro lines). The walk from these hubs along the Embarcadero is short,
9 free of traffic conflict and pleasant. These features make the Waterfront Site a
10 remarkably accessible location that can be reached fairly effortlessly, with a
11 minimum of transfers, by visitors from all nine Bay Area counties. The other
12 possible locations for the venue do not afford nearly the same level of
13 advantages within the transit network;

- 14 • Second, the Project provides an appropriate public use that will permit
15 rehabilitating the Waterfront Site, which is nearing the end of its useful life.
16 Developing the Project at the Site provides the best (and perhaps last)
17 opportunity for activating the Waterfront Site for maritime and other uses in a
18 manner consistent with the public trust and the goals and objectives of the
19 Waterfront Plan and BCDC's Special Area Plan;
- 20 • Third, the adjacency of the Seawall Lot Site to the Waterfront Site improves the
21 success and economic feasibility of the Project overall by allowing cross-
22 subsidies and complementary development that will transform the Site from an
23 underutilized surface parking lot to a thriving and active visitor serving
24 destination. These key Port objectives would not be accomplished by locating
25 the facility in an area farther south; and

1 WHEREAS, By Resolution No. 236-12 adopted unanimously on June 12, 2012, the
2 Board of Supervisors found that the potential real estate transactions involving the Waterfront
3 Site and the Seawall Lot Site to rehabilitate Piers 30-32 and develop a multi-purpose venue
4 and related facilities would generate substantial public benefits for the City, including its Port,
5 such as:

- 6 (1) the repair, improvement and productive reuse of the Waterfront Site,
- 7 (2) the construction of needed infrastructure improvements that benefit the Site and
8 the surrounding public trust lands and other areas,
- 9 (3) the generation of significant new jobs and economic development in a short
10 period, including significant opportunities for local residents,
- 11 (4) the attraction of many people from the City and all over the region to enjoy the
12 waterfront and the Bay and to patronize businesses on the Site as well as other
13 Port land and privately owned property in the vicinity of the Site, and
- 14 (5) the enhancement of the City's tourism industry, including providing an additional
15 venue for trust related events, conventions, sporting events, concerts and other
16 special events; and

17 WHEREAS, By Resolution No. 12-50 unanimously adopted by the Port Commission on
18 June 12, 2012, the Port Commission made the same public benefit findings; and

19 WHEREAS, By Resolution No. 236-12, the Board of Supervisors found that the
20 potential real estate transaction involving the Project would generate substantial public
21 benefits and is exempt from the competitive bidding policy set forth in Administrative Code
22 Section 2.6-1 and endorsed sole source negotiations with GSW for that purpose; 2) endorsed
23 the Port Commission's designation of the Office of Economic and Workforce Development
24 ("OEWD") as the lead negotiator of the proposed transaction, in coordination with Port staff
25 and subject to the Port Commission's direction; 3) required OEWD and the Port to engage in

1 outreach to affected and interested neighbors, community members and other stakeholders to
2 ensure that the proposed Project is designed with maximum public input; 4) urged OEWD and
3 the Port to work closely with State agencies having jurisdiction over any of the Site, including
4 the State Lands Commission and BCDC, to develop the project description; 5) urged the
5 OEWD Director, the Port Director and other City officials to make evaluation of the proposed
6 Project among their highest priorities and take all appropriate steps to negotiate an exclusive
7 negotiation agreement with GSW; and 6) acknowledged that the City may commence
8 environmental review of the proposed project under CEQA if and when the Board of
9 Supervisors makes the required findings of fiscal feasibility and responsibility under
10 Administrative Code Chapter 29; and

11 WHEREAS, By Resolution No. 12-50, the Port Commission approved sole source
12 negotiations with GSW and authorized staff to negotiate an Exclusive Negotiation Agreement
13 ("ENA") with GSW for the proposed Project consistent with Board Resolution No. 236-12 (the
14 "Port Sole Source Resolution"); and

15 WHEREAS, Under the Port Sole Source Resolution, the Port Commission, by its
16 Resolution No. 12-61, approved an ENA with GSW, and on August 15, 2012 the City, through
17 its Port, and GSW entered into the ENA; and

18 WHEREAS, The Board of Supervisors adopted Resolution No. 317-12, urging 1) the
19 Port Commission to form a project-specific Citizens Advisory Committee (the "CAC") to review
20 and provide input on the proposed Project, 2) the Port Director to appoint representatives from
21 neighborhoods surrounding Piers 30-32 as well as others with specified policy expertise, and
22 3) the CAC to meet and report back regularly to the Port Commission and the Board of
23 Supervisors; and

24 WHEREAS, The Port Commission adopted Resolution No. 12-62, 1) establishing the
25 CAC, 2) authorizing the Port Director to appoint representatives from neighborhoods

1 surrounding Piers 30-32 as well as others with specified policy expertise, and 3) urging the
2 CAC to meet initially on August 23, 2012, review the Project generally once per month, and
3 develop criteria for attendance and other by-laws to encourage regular participation by CAC
4 members; and

5 WHEREAS, In furtherance of Board of Supervisors Resolution No. 317-12 and Port
6 Commission Resolution No. 12-62, the Port Director appointed members to the CAC, the CAC
7 has held a number of public meetings, and the City, including its Port, and GSW have been
8 working with the CAC, State regulatory agencies and many other interested stakeholders in
9 developing a description of the proposed Project, which would undergo environmental review;
10 and

11 WHEREAS, The City retained an independent appraisal firm, Carneghi-Blum &
12 Partners, Inc., to appraise the fair market value of a ground lease of the Waterfront Site and
13 the fair market value of a sale, or alternatively, a ground lease of the Seawall Lot Site, and a
14 copy of that appraisal, dated September 28, 2012, and entitled "Appraisal of Seawall Lot 330,
15 Piers 30-32, San Francisco, California" is on file with the Clerk of the Board of Supervisors in
16 File No. 121044, which is declared to be a part of this resolution as if set forth fully here (the
17 "Appraisal"); and

18 WHEREAS, Based on the Appraisal, and to help facilitate the fiscal feasibility finding
19 under this resolution, City and Port staff and GSW have negotiated a non-binding Conceptual
20 Framework for the Project outlining various financial terms and principles, a copy of which
21 document is on file with the Clerk of the Board of Supervisors in File No. 121044, and which is
22 declared to be a part of this resolution as if set forth fully here (the "Conceptual Framework");
23 and

24 WHEREAS, The basic financial principles and terms set forth in the Conceptual
25 Framework will be subject to further negotiation between the parties, consistent with the ENA,

1 to develop a Term Sheet that will be subject to endorsement of the Port Commission and the
2 Board of Supervisors. And ultimately, subject to required approvals, the terms and conditions
3 contained in the Term Sheet will be set forth in more detail in the final Transaction Documents
4 among GSW, the Port, the City and other parties, following the completion of public review
5 and environmental review under CEQA (as defined below), as such documents are further
6 generally described in the Conceptual Framework; and

7 WHEREAS, The Conceptual Framework includes a description of the proposed Project
8 attached as Exhibit B to that document (the "Project Description"); and

9 WHEREAS, Because the cost to construct the Project will exceed \$25 million and the
10 proposed transaction structure as outlined in the Conceptual Framework contemplates
11 providing rent credits under the Waterfront Site Ground Lease to GSW for pier substructure
12 and other infrastructure improvements that would exceed \$1 million, the proposed Project is
13 subject to Administrative Code Section 29.1's process for the Board of Supervisors to
14 determine whether the Project is fiscally feasible and responsible; and

15 WHEREAS, The Port retained an independent real estate economics firm, Economic
16 and Planning Systems, Inc. ("EPS"), to perform a fiscal feasibility analysis for the proposed
17 Project, and EPS, with assistance from an expert sports economics consultant firm, Barrett
18 Sports Group, LLC, has prepared a preliminary fiscal analysis dated October 22, 2012,
19 entitled "San Francisco Multi-Purpose Venue Project on Piers 30-32 and Seawall Lot 330
20 Findings of Fiscal Responsibility and Feasibility", which meets the requirements of
21 Administrative Code Chapter 29.1 and a copy of which report is on file with the Clerk of the
22 Board of Supervisors in File No. 121044, which is declared to be a part of this resolution as if
23 set forth fully here (the "Fiscal Feasibility Report"); and

1 WHEREAS, The Fiscal Feasibility Report shows that the Project would generate
2 substantial fiscal benefits for the City, including thousands of jobs and tens of millions of
3 dollars a year in tax and other revenues; and

4 WHEREAS, Under Administrative Code Section 29.3, OEWD and the Port have
5 submitted to the Board of Supervisors a general description of the proposed Project, the
6 general purpose of the proposed Project, and preliminary fiscal plan that consists of the Fiscal
7 Feasibility Report; and

8 WHEREAS, Administrative Code Section 29.2 requires that, before submitting an
9 environmental evaluation application (an "Environmental Application") to the Planning
10 Department under Administrative Code Chapter 31 and the California Environmental Quality
11 Act, Public Resources Code Sections 21000 and Guidelines for Implementation of the
12 California Environmental Quality Act, Title 14, Division 6, Chapter 3 of the California Code of
13 Regulations (collectively, "CEQA") related to the proposed Project, the sponsoring City
14 department must procure from the Board of Supervisors a determination that the plan to
15 undertake and implement the proposed Project is fiscally feasible and responsible; and

16 WHEREAS, The Board of Supervisors has reviewed and considered the general
17 description of the proposed Project, the general purpose and intended public benefits of the
18 proposed Project, the Fiscal Feasibility Report and other information submitted to it in
19 connection with the Project and has considered 1) the direct and indirect financial benefits of
20 the Project to the City and its Port, including to the extent applicable cost savings or new
21 revenues, including tax revenues, generated by the proposed Project, 2) the estimated costs
22 of construction for the proposed Project, 3) the anticipated available funding sources for the
23 proposed Project, 4) the long-term operating and maintenance costs of the proposed Project,
24 5) the debt load to be carried by the City or the Port, and 6) such other criteria from the
25

1 information presented to it as the Board of Supervisors has determined is useful in evaluating
2 the proposed Project's fiscal feasibility; now, therefore, be it

3 RESOLVED, That the Board of Supervisors finds that the plan to undertake and
4 implement the proposed Project is fiscally feasible and responsible under San Francisco
5 Administrative Code Chapter 29; and, be it

6 FURTHER RESOLVED, That under San Francisco Administrative Code Chapter 29,
7 the Environmental Application for the Project may now be filed with the Planning Department
8 and the Planning Department may undertake environmental review of the proposed Project as
9 required by Administrative Code Chapter 31 and CEQA. In furtherance of this determination,
10 the Board of Supervisors urges the Planning Department to prioritize environmental review
11 consistent with its policies; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors urges OEWD, in cooperation
13 with and with the assistance of the Port Director and her staff, the City Attorney's Office and
14 other City staff as appropriate, to make evaluation of the proposed Project among its highest
15 priorities and take all actions needed to initiate and undertake environmental and public
16 review of the Project; and be it

17 ~~FURTHER RESOLVED, That future discretionary approvals from the Board of~~
18 ~~Supervisors will be heard by the CAC prior to approval including the term sheet, the DDA, the~~
19 ~~Waterfront Land Use Amendment, zoning amendments and other transaction documents;~~
20 ~~and, be it~~

21 ~~FURTHER RESOLVED, That the Board of Supervisors will not take action on the term~~
22 ~~sheet, the Piers 30-32 Ground Lease and the SWL 330 Conveyance or Lease Agreement,~~
23 ~~and any proposed zoning amendments or amendments to the Waterfront Land Use Plan, until~~
24 ~~after the Piers 30-32 CAC holds meetings to review and discuss those items; and, be it~~

1 FURTHER RESOLVED, That the Board of Supervisors urges the Pier 30-32 CAC to
2 hold at least two meetings to review and discuss the term sheet prior to a Board of
3 Supervisors Budget and Finance committee hearing, including a written recommendation by
4 the CAC to the Board of Supervisors regarding the term sheet; and, be it

5 FURTHER RESOLVED, That the City will conduct environmental review of the
6 proposed Project under CEQA, including a thorough analysis of potential traffic congestion
7 and noise impacts and a scoping schedule that will be reviewed by the CAC and nothing in
8 this resolution approves or implements the proposed Project or any of its related facilities,
9 grants any entitlements for the proposed Project or includes any determination as to whether
10 the Port or any other unit of City government should approve the proposed Project; nor does
11 adoption of this resolution foreclose the possibility of considering alternatives to the proposed
12 Project, adopting mitigation measures or deciding not to approve the proposed Project after
13 conducting appropriate environmental review under CEQA. Any development of the Project
14 shall be conditioned on the receipt of all required regulatory approvals, including, but not
15 limited to, approvals from various City and State regulatory agencies with jurisdiction,
16 following completion of the CEQA process, including required public review.