

MEMORANDUM

May 3, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Francis X. Crowley
Hon. Leslie Katz
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on the Revised Proposal for the Lease and Development of Seawall Lot 337 and Pier 48, adjacent to AT&T Park, bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay

DIRECTOR'S RECOMMENDATION: Information Only - No Action Required

EXECUTIVE SUMMARY

On September 15, 2010 the Port entered into an Exclusive Negotiation Agreement (“ENA”) for the mixed use development of Seawall Lot (SWL) 337 and the adjacent Pier 48, both located across from AT&T Park, with Seawall Lot 337 Associates, LLC (“Developer”) which includes the San Francisco Giants. In accord with the ENA, on March 15, 2012, Developer submitted a Revised Proposal for the site representing an important step towards earnest land use and financing discussions that will lead to a project term sheet later this year.

BACKGROUND

In October 2007, the San Francisco Port Commission initiated a two-phase developer solicitation process for SWL 337, a 16 acre Port waterfront site located along the south side of China Basin Channel, generally bounded by Third and Mission Rock Streets, and Terry Francois Boulevard; and Pier 48, a 212,500 square foot warehouse complex adjacent to SWL 337. Currently SWL 337 is used as a surface parking lot under lease to a San Francisco Giants affiliate. Pier 48 uses include, among other things, ballpark overflow parking in the northern shed and storage for the Department of Elections in the southern shed. All of these current uses are on short term leases in anticipation of development.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

On May 12, 2009, the Port Commission awarded the SWL 337 development opportunity to Developer and authorized exclusive negotiations for a mixed used development project at SWL 337 and Pier 48.¹ That fall, the Developer informed the Port of changes to its development entity resulting from unforeseen impacts of the economic recession. Concurrent with Developer's complex internal reorganization efforts, Port and the Developer spent several months negotiating the terms of an Exclusive Negotiation Agreement ("ENA"). The ENA outlines a 2 phase approach. Phase 1 allocates 24 – 30 months for the parties to reach agreement on a project plan and financial terms culminating in Term Sheet approval by the Port and endorsement by the Board. Phase 2 allocates 3 years to complete the entitlement and permitting process for the project.

REVISED PROPOSAL

Pursuant to the ENA, on March 15, 2012, the Developer submitted a Revised Proposal describing a mixed-use program that balances residential, office, retail, exhibition and parking uses distributed over a network of fine-grained city blocks. At its meeting on May 8, 2012, the Developer will present its proposed program to the Port Commission and the public. The combination of Port Commission uses will evolve as this project moves forward to meet market demands and reflect community and regulatory concerns.

Residential:	650 to 1000 apartments and townhouse-style units
Office:	1,300,000 to 1,700,000 gross square feet, traditional and/or biotech
Retail:	125,000 square feet
Exhibits/Events:	Up to 180,000 square feet at Pier 48
Open Space:	7 acres of public open space
Parking:	2,690 off-street spaces

NEXT STEPS

Port staff is working closely with Developer in twice weekly meetings to review and critique the Revised Proposal. Our combined efforts this spring and summer will produce a comprehensive term sheet for Port Commission review and approval later this year.

Recognizing the key role of community input to date, staff and Developer will continue ongoing outreach to the Central Waterfront Advisory Group, the Mission Bay Citizen Advisory Committee and appropriate regulatory agencies.

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Waterfront Development

For: Byron Rhett, Deputy Director
Planning & Development

¹ Subject to the ENA's Financial and Negotiating Principles attached to Resolution No. 09-26.

EXHIBIT A

Term	<p><u>Phase 1</u>: 24 months w/ one 6 month extension <u>Phase 2</u>: 36 months w/ two 6 month extensions</p>
Performance Benchmarks	<p><u>Phase 1 Benchmarks</u>:</p> <ol style="list-style-type: none"> 1. Agree on Phase 1 Transaction Costs Budget (Completed 6/7/10) 2. Submit Public Relations Program (Completed 12/14/10) 3. Submit Developer Formation Documents (Completed 2/21/11) 4. Submit Revised Proposal Concept (Completed 3/15/11) 5. Submit Revised Proposal (Completed 3/15/12) 6. Submit Community Outreach Program (Completed 4/13/12) 7. Submit Public Trust Consistency Proposal (Due 6/15/12) 8. Submit Regulatory Approval Plan (Due 6/15/12) 9. Submit Term Sheet (Due 6/15/12) 10. Obtain Port Commission Endorsement of Revised Proposal and Term Sheet (Due 9/15/12) 11. Submit Draft Report to Obtain Fiscal Feasibility Endorsement from Board (Due 9/15/12) 12. Obtain Board Endorsement of Term Sheet, Finding of Fiscal Feasibility (Due 9/15/12) <p><u>Phase 2 Benchmarks</u>:</p> <ol style="list-style-type: none"> 13. Agree on Phase 2 Transaction Costs Budget 14. Submit EIR Initial Study Application 15. Publication of EIR Initial Study 16. Publication of Draft EIR 17. Planning Commission Certification of Final EIR 18. Planning Commission Approval of Required Rezoning 19. Reach Agreement on Transaction Documents 20. Obtain Public Trust Consistency Determination 21. Obtain Port Commission Approvals 22. Obtain Board Approval of Lease 23. Obtain Regulatory Approvals 24. Complete Due Diligence Investigation
Incurable Defaults	<p>The following events will cause termination of the ENA without an opportunity to cure:</p> <ul style="list-style-type: none"> • Failure to agree on terms and conditions of the Term Sheet within the time allowed • Failure to obtain Port or Board endorsement resolution within the time allowed • Failure to execute the LDDA within the time allowed • Developer voluntarily withdraws or abandons the project • Developer assigns the ENA without Port consent • Developer initiates ballot measure or is in violation of the campaign contributions law