

## **RESOLUTION NO. 141-2010**

*Adopted November 16, 2010*

### **GRANTING TWO EXCEPTIONS FROM THE HEIGHT LIMIT RESTRICTIONS FOR BUILDING SIGNS IN THE YERBA BUENA CENTER REDEVELOPMENT PLAN FOR THE METREON BUILDING LOCATED AT 101 FOURTH STREET AND CONDITIONALLY APPROVING THE SCHEMATIC DESIGN FOR PROPOSED IMPROVEMENTS TO THE METREON BUILDING, INCLUDING AN EXTERIOR SIGNAGE PLAN ASSOCIATED WITH THE SCHEMATIC DESIGN; YERBA BUENA CENTER APPROVED REDEVELOPMENT PROJECT AREA D-1**

#### **BASIS FOR RESOLUTION**

1. In furtherance of the objectives of the Community Redevelopment Law of the State of California, the Redevelopment Agency of the City and County of San Francisco (“Agency”) has undertaken a program to redevelop and revitalize blighted areas in the City and County of San Francisco (the “City”), and in connection therewith has adopted a redevelopment project area known as the Yerba Buena Center Approved Redevelopment Project Area D-1 (the “Project Area”).
2. The Board of Supervisors of the City and County of San Francisco, as the legislative body of the Agency, approved a Redevelopment Plan for the Project Area by adopting Ordinance No. 98-66 on April 25, 1966. The Plan, which has been amended thirteen times, most recently in December 2009 (as amended, the “Plan”), provides for redevelopment and revitalization of certain lands in the Project Area and the future uses of such land. The effectiveness of the Plan terminates on January 1, 2011, at which time land use jurisdiction within the Project Area will revert to the City’s Planning Department.
3. The Metreon, an approximately 360,000-square-foot building built in 1999, is located at 101 Fourth Street in the Project Area, and consists of cinemas, restaurants, and retail space (the “Metreon”). The Agency is fee owner of land under the Metreon, which is legally known as Assessor’s Block 3723, Lots 114 and 115 (the “Metreon Site”). On May 9, 1997, the Agency entered into the Central Block 2 Entertainment and Retail Lease (the “Ground Lease”) for the Metreon Site with Yerba Buena Entertainment Center LLC. The Ground Lease was recorded in the Official Records of the San Francisco Recorder’s Office (“Official Records”) on May 13, 1997 as Document No. 97-G159383-00.
4. On April 18, 2006, the Agency Commission adopted Resolution No. 57-2006 approving the Assignment and Assumption of the Ground Lease (“Assignment

4. On April 18, 2006, the Agency Commission adopted Resolution No. 57-2006 approving the Assignment and Assumption of the Ground Lease (“Assignment and Assumption”) by Westfield Metreon, LLC, a Delaware limited liability company, as to an undivided 50% tenant-in-common interest (“Westfield”), and FC Metreon LLC, a Delaware limited liability company, as to an undivided 50% tenant-in-common interest (“Forest City”) as successor-in-interest to Yerba Buena Entertainment Center LLC. The Assignment and Assumption was recorded in the Official Records as Document No. 2006-I166666-00.
5. On July 30, 2010, by recordation of the Assignment and Assumption of Ground Lease and Sublease, Forest City assigned its 50% interest in the Ground Lease to Westfield. As a result of this assignment, Westfield is the Agency’s sole tenant under the Ground Lease. The Assignment and Assumption of Ground Lease and Sublease was recorded in the Official Records as Document No. 2010-J012077-00.
6. The Ground Lease provides for Agency approval of any major physical alterations or improvements, including signage changes, to the Metreon. Westfield has submitted, and Agency staff has reviewed, the schematic design and exterior signage plan for the proposed improvements to the Metreon.
7. Pursuant to the “Subsequent Construction” provisions of Section 10 of the Ground Lease, Westfield is proposing substantial interior and exterior improvements to the Metreon including (i) the relocation of Metreon’s main entrance, (ii) the re-orientation of ground floor uses toward the street and the gardens to create a more active retail environment, (iii) a new tenant mix and updated dining terrace on the first floor, and (iv) a new Target store on the second floor.
8. Westfield’s proposed new plan for repositioning and re-tenanting the second floor means that plans for the San Francisco Filipino Cultural Center (“SFFCC”) to occupy the Metreon are no longer feasible. The Agency Commission’s conditional approval of schematic design is subject to certain conditions related to Westfield’s submittal of a lease to SFFCC for replacement space at another location, which is described below in resolve clause number four (4) and the Commission Memorandum related to this resolution.
9. A new exterior signage plan is also part of the proposed renovation, and it includes two requested variances from sign height limitations contained in the Plan. The Plan limits building signs to a height of 50 feet above street and plaza grade. At the time the Plan was originally adopted, more traditional office uses were contemplated for this area, including the Metreon Site. The proposed signs needing variances are:
  - a. A proposed Target “bulls-eye” sign to be mounted on the existing vertical glass fin element at the corner of Fourth and Mission Streets. The height at

the top of the bulls-eye is approximately 70 feet above street grade, exceeding the Plan's 50 foot height limit by 20 feet; and

- b. A proposed new horizontal "Metreon" sign to be mounted on the side of the building facing south towards Howard Street. The height at the top of the letters is approximately 63 feet above street grade, exceeding the Plan's 50 foot height limit by 13 feet.
10. The Plan also allows for exceptions to its general objectives when literal interpretation and enforcement of its objectives (such as sign height limitations) would produce consequences inconsistent with the general purposes of the Plan. In this case, one of the general purposes of the Plan is "to guide development towards the production of a satisfying environment preserving and enhancing the unique aesthetic and cultural qualities of the City."
11. Agency staff believes exceptions to the Plan's sign height limitations should be granted for both proposed signs because the signs are appropriate for an entertainment/retail-themed attraction of the Metreon's magnitude. An entertainment-based use was not envisioned on the Metreon Site when the Plan was originally adopted. When the Metreon was developed in the late 1990s, it was a new prototype urban entertainment and retail center, and a novel concept for the Project Area. On two occasions, Agency staff has recommended signs for the Metreon that exceeded the Plan's 50 foot height limit, arguing that higher signs were appropriate for a destination entertainment/retail attraction and consistent with the general purposes of the Plan (specifically noted above). Both times, the Commission granted the exceptions, first on July 14, 1998, by Resolution No. 130-98, and second on March 3, 2009, by Resolution Nos. 25-2009 and 26-2009.
12. Additionally, Westfield is proposing a temporary use for the five large lighted panels mounted on the upper façade of the Metreon along Fourth Street. Installed as part of the original Metreon construction, these lighted panels will be used on a limited basis as "temporary signage" to promote Yerba Buena Gardens and Metreon-based events, conventions, and movies. This temporary signage is restricted to 90 display days per calendar year, including installation and removal days. During the rest of the year, the panels will be illuminated with multi-colored changing light displays. Westfield is responsible for providing the Agency with an annual usage report that includes display dates and pictures of the graphics displayed.
13. Agency staff has completed its schematic design and signage plan evaluation and believes that Westfield's proposed improvements will transform Metreon from an underperforming asset into a successful shopping destination benefiting the community and the greater Yerba Buena Center neighborhood.

14. Agency staff recommends approval of the schematic design and signage plan proposed by Westfield, subject to submission of the following items for staff review and approval:
  - a. materials and color samples along with final construction drawings for both the building and signage work;
  - b. detailed drawings with material and color samples of the second floor glass window treatment; and
  - c. the proposed sculpture design, with installation of the sculpture within six months of completion of the improvements.
15. On November 5, 2010, staff mailed a notice of the public hearing discussing the proposed exceptions to the Plan's sign height limitations to the owners of all real property within a 300-foot radius of the boundaries of the Metreon Site.
16. Agency approval of activities related to the proposed schematic design for improvements to the Metreon, including a new signage plan, and exceptions to the sign height limitations, which will allow placement of the signs for Metreon and Target, would have no resultant significant environmental impacts and are categorically exempt from CEQA pursuant to CEQA Guidelines Sections 15301(a), Alteration to Existing Facilities, and 15311(a), On-Premise Signs.

## **RESOLUTION**

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco as follows:

- (1) That two exceptions are granted from the height limit restrictions for building signs in the Yerba Buena Center Redevelopment Plan related to building signage at the Metreon Site, in the form submitted by Westfield, together with such refinements as the Executive Director may approve which do not materially alter the proposed design of the building signs.
- (2) The schematic design for proposed improvements to the Metreon Site, including the signage plan, is conditionally approved in the form submitted by Westfield and presented to the Agency Commission, subject to Agency staff's approval of the items to be submitted by Westfield for resolution of the design conditions stated above, together with such refinements as the Executive Director may approve which do not substantially alter the schematic design or signage plan concepts.
- (3) The Executive Director is authorized to execute any and all ancillary documents necessary and take any actions contemplated by the approval of the design and related documents to effectuate the approval of the design.

- (4) The conditional approval of the schematic design as described in resolve clause number (2) above, and the Executive Director's subsequent approval of related documents, including required Department of Building Inspection permits, is conditioned upon Westfield using good faith efforts, as determined by the Executive Director to, (i) reach mutual agreement on the final terms of a lease for space at 814 Mission Street, consistent with the November 16, 2010 letter from Fred Blackwell to SFFCC and Westfield, and (ii) execute said lease with SFFCC.

**APPROVED AS TO FORM:**



for

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James B. Morales  
Agency General Counsel