

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

**RESOLUTION NO. 82-2014
Adopted September 12, 2014**

ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT FOR CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD WITH CP DEVELOPMENT CO., LP, SUBJECT TO THE APPROVAL OF THE OVERSIGHT BOARD OF THE CITY AND COUNTY OF SAN FRANCISCO AND THE CALIFORNIA DEPARTMENT OF FINANCE; HUNTERS POINT SHIPYARD AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREAS

WHEREAS, In June 2008, San Francisco voters approved the Bayview Jobs, Parks, and Housing Initiative (“Proposition G”), which established goals, objectives, and policies to encourage the timely and coordinated redevelopment of Candlestick Point and Hunters Point Shipyard. Proposition G also authorized the transfer of City land at Candlestick Point (“Existing Stadium Site”) for non-recreational uses subject to certain requirements including that the Developer provide a binding obligation to create new public park or public open space, at least equal in size to the land being transferred and located within the Project site; and,

WHEREAS, The Candlestick Point and Phase 2 of the Hunters Point Shipyard (“the Project”) is one of San Francisco’s three critical redevelopment legacy projects that the Successor Agency must continue to implement under the Dissolution Law (defined below). The Project covers over 700 acres at the Shipyard and at the adjacent Candlestick Point. In connection with the Project, the former Redevelopment Agency (the “Agency”) and CP Development Co., LP (“Developer”) entered into a Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated June 3, 2010 (the “DDA”); and,

WHEREAS, The DDA and a number of related binding agreements attached to or referenced in the text of the DDA establish a comprehensive set of enforceable obligations that collectively govern the completion of the Project. The DDA is a binding contractual agreement that provides for the transfer of land from the Successor Agency to developers, the developers’ and the Successor Agency’s rights and obligations relating to the construction of specified improvements, and the financing mechanisms for completing the Project. A more detailed discussion of the Project and the DDA was attached as Exhibit B-3 to Oversight Board Resolution No. 5-2012, and is incorporated herein; and,

WHEREAS, The Oversight Board and the California Department of Finance (“DOF”) have recognized the DDA as an Enforceable Obligation under Dissolution Law. The Dissolution Law, in particular California Health and Safety Code Section 34177, provides that the Successor Agency is required to (1) perform obligations required

pursuant to any Enforceable Obligation, and (2) continue to oversee development of properties until the contracted work has been completed; and,

WHEREAS, Recognizing the Project's complexity, the DDA provides the Agency and the Developer with the flexibility and a process to make changes to the phasing and other elements of the Project. In 2013, the Project phasing was revised as a result of a delay in the schedule of the transfer of U.S. Navy parcels to the Agency at Hunters Point Shipyard, as well as the decision of the San Francisco 49ers to vacate Candlestick Park earlier than originally contemplated. Through its lease of Candlestick Park, the 49ers had the right to lease the stadium as late as 2023, consistent with the 2023 date of commencing development within the Existing Stadium Site in the original Phasing Plan. The 49ers exercised their lease's early termination option in 2014 and the stadium is now vacant; and,

WHEREAS, In accordance with the Project's revised phasing, the Developer anticipates concurrently submitting one or more applications for next three Sub-Phases – Sub-Phases CP-02, CP-03, and CP-04, which include 635,000 square feet of regional retail (the "CP Center") surrounded by residential, local serving retail, and other community uses. All three Sub-Phases are within the footprint of the Existing Stadium Site. The current schedule for implementing the next three Sub-Phases requires that the demolition of the stadium begin prior to the Developer's planned submission and the Agency's approval of the relevant Sub-Phase applications; and,

WHEREAS, The Agency and Developer have negotiated a proposed amendment to the DDA, a copy of which is on file with the Commission Secretary (the "DDA Second Amendment") to provide for an early transfer of the Existing Stadium Site to Developer before the approval of the applicable Major Phase and Sub-Phase applications; and,

WHEREAS, To transfer the Existing Stadium Site to the Developer in its entirety before the approval of the Major Phase and Sub-Phase applications, as set forth in the DDA Second Amendment, is beneficial to all parties, including the Agency and the taxing entities, and supports the efficient implementation of the Project because:

- The City, through its Department of Parks and Recreation, is the current owner of the Existing Stadium Site. Transferring the Existing Stadium Site prior to demolition will decrease the Agency's and/or the City's maintenance and security costs and limit public liability related to demolition and subsequent interim uses;
- The Existing Stadium Site is subject to the Public Trust Exchange Agreement with the State, which contemplates that the Existing Stadium Site transfer to the State and back to the Agency in its entirety. This transfer must occur before any transfer to the Developer, and therefore the Agency must take title to the entirety of the Existing Stadium Site from the City to accomplish the trust exchange. If the Agency were to transfer the Existing Stadium Site to the Developer in phases, then the Agency would retain portions of the

Existing Stadium Site throughout an extended period of development – adding to its inventory of assets, its administrative burden, and its potential liability; and,

- Prior to full build-out of CP Center, the Developer proposes to use portions of the Existing Stadium Site as interim parking facilities. If the land is in private ownership (i.e. the Developer), property taxes for the land will accrue to the taxing entities; and,

WHEREAS, The DDA Second Amendment creates a new framework for but maintains compliance with the requirements of Proposition G, and requires that the Developer meet substantively the same requirements as currently contemplated in the DDA prior to undertaking development on the Early Transfer Property; and,

WHEREAS, Conveyance of the entire Existing Stadium Site further benefits the taxing entities because it aids in the winding down of the Agency’s affairs in furtherance of AB 26 and AB 1484 (the “Dissolution Law”) by providing for an earlier transfer of Agency assets to the Developer than originally contemplated in the DDA, and increasing the amount of land subject to property tax that will pass through to the taxing entities, beginning at the time of the transfer; and,

WHEREAS, The DDA Second Amendment was presented to the Mayor’s Hunters Point Shipyard Citizens Advisory Committee Planning and Development subcommittee on August 14, 2014, and again at its full committee on September 8, 2014, and received unanimous approval; and,

WHEREAS, The Agency and the San Francisco Planning Commission certified the Final Environmental Impact Report (“FEIR”) for the Project and the Agency adopted California Environmental Quality Act (“CEQA”) findings and statement of overriding considerations in support of approval of the Project on June 3, 2010 by Resolution Nos. 58-2010 and 18096, respectively. The Board of Supervisors affirmed the Planning Commission’s certification of the FEIR on August 3, 2010 by Resolution No. 347-10. An addendum to the FEIR was prepared and approved on January 7, 2014 in connection with the approval of certain refinements to the phasing program for the Project and granting of the first Major Phase Approval by the Agency pursuant to the DDA. A second addendum to the FEIR was prepared and approved on May 2, 2014 in connection with the proposed Automated Waste Collection System intended to serve the Project. Together, the FEIR and the addenda constitute “the EIR.” The resolutions and findings referenced in this paragraph are incorporated in this Resolution by this reference; and,

WHEREAS, The action proposed by this Resolution will further the implementation of the Project as described by the EIR and is, therefore, within the scope of the environmental analysis in the EIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the EIR. The EIR and any supporting documents have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency; now therefore, be it

RESOLVED, That the Commission finds that (1) implementation of the action as set forth in this Resolution does not require revisions in the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the EIR will be undertaken that would require major revisions to the EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the EIR; and (3) no new information of substantial importance to the project has become available that would indicate that (i) the Project will have significant effects not discussed in the EIR, (ii) significant environmental effects will be substantially more severe, (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible, or (iv) mitigation measures or alternatives which are considerably different from those in the EIR will substantially reduce one or more significant effects on the environment; and, be it further

RESOLVED, That the Commission approves the DDA Second Amendment substantially in the form on file with the Secretary of the Successor Agency, subject to Oversight Board and DOF approval as required under the Dissolution Law, and finds that the DDA Second Amendment is in the best interest of the taxing entities for the reasons set forth in this Resolution; and, be it further

RESOLVED, The Successor Agency is authorized (a) to execute the DDA Second Amendment in substantially the form on file with the Secretary of the Successor Agency; and (b) to execute all documents, amendments, agreements, and instruments that the Executive Director, in consultation with the City Attorney's Office and the Agency's General Counsel, reasonably determines are (i) in the Successor Agency's best interest or are necessary or convenient to implement the DDA Second Amendment to further the goals of the Hunters Point Shipyard Redevelopment Plan, the Bayview Hunters Point Redevelopment Plan, and the DDA, (ii) do not materially increase the Successor Agency's obligations or liabilities, and (iii) do not negatively impact the availability of property tax revenues for the taxing entities; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to take such other actions as may be necessary or appropriate, in consultation with the City Attorney's Office and the Agency's General Counsel, to effectuate the purpose of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of September 12, 2014.


Commission Secretary