INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Golden State Warriors’ proposed purchase and development of Blocks 29-32, bounded by Third Street, South Street, 16th Street and Terry Francois Boulevard in the Mission Bay South Redevelopment Project Area

DISCUSSION

On April 21, 2014, local newspapers reported that the Golden State Warriors (“Warriors”) is under contract with salesforce.com to purchase Blocks 29 to 32 in the Mission Bay South Redevelopment Project Area (“Mission Bay South”) for the development of approximately 1 million square feet of arena, office and retail uses (“Warriors’ Project”). Previously, the Warriors were exploring constructing the arena and associated uses on Piers 30 and 32 and Seawall Lot 330 to the north of Mission Bay, along the Embarcadero. The Warriors have just started site design for the new site, so the division of the 1 million square feet between the arena, office, and retail uses has not been determined. Blocks 29 to 32 are depicted on Exhibit A and are approximately 12 acres in size.

Mission Bay South Regulatory Documents

The Warrior’s Project would be located in the Mission Bay South Redevelopment Project Area. Development in Mission Bay South is primarily regulated by the Mission Bay South Redevelopment Plan (“South Plan”), the Mission Bay South Owner Participation Agreement (“OPA”), and the Mission Bay South Design for Development (“Design for Development”). Land use is regulated by the Mission Bay South Redevelopment Plan (“South Plan”), adopted in 1998 and amended in 2013, which identifies allowable uses for each land use category. Significantly, the Department of Finance has determined finally and conclusively that the OPA, including its various exhibits and attachments, is an “enforceable obligation” under Redevelopment Dissolution Law. Letter, J. Howard, Department of Finance, to T. Bohee, Successor Agency (Jan. 24, 2014).

The Mission Bay South Owner Participation Agreement (“OPA”) between the Master Developer, currently FOCIL-MB, LLC (“FOCIL”), and OCII includes an Infrastructure Plan, Housing Program, Financing Plan, Design Review and Document Approval Procedure (“DRDAP”), and Program in Diversity/Economic Development Program, which includes, among other things, the Small Business Enterprise Policy, local workforce requirements, and the First Source Hiring Program. The OPA controls both private and public development for the majority of Mission Bay South, including specifying the maximum development rights, timing of infrastructure and parks, provision of affordable housing, and programs to diversify the workforce. The OPA runs with the
land in Mission Bay South, and as property is sold from the original Master Developer to a third party owner, the OPA is assigned to the new owner through an Assignment, Assumption, and Release Agreement. FOCIL has considerable flexibility to transfer its property within Mission Bay South, subject to certain transferee net worth and experience standards for assignment and release of rights and obligations. Typically, the Master Developer retains the obligations to construct infrastructure, parks, and donate the affordable housing sites to OCII. New owners typically assume the right to build a certain amount of the total residential units or commercial and retail square footage. In addition, the new owners assume the requirements to comply with the design process outlined in the DRDAP, as well as comply with the Program in Diversity/Economic Development Program that is Attachment H to the OPA. In essence, the OPA establishes binding contractual rights and obligations that OCII, the Master Developer, and its transferees must follow in reviewing and approving development.

The Redevelopment Plan and Design for Development provide the land use standards for Mission Bay South and generally provide for a high-density urban landscape with a variety of building heights and significant open space. The Design for Development provides specific land use standards and regulates height, bulk, setbacks, coverage, streetwalls, view corridors, open space, parking, and well as other design issues. Other regulatory documents that apply to private development in Mission Bay South include the Mission Bay South Streetscape Master Plan and the Mission Bay South Signage Master Plan.

**Mission Bay Design Process**

The OPA, through the DRDAP, and the Interagency Cooperation Agreement (“ICA”) between the OCII and City departments establish the protocols for development approvals in Mission Bay South. Under these agreements, the Master Developer, or a third party developer, is required to submit its overall plans for development in “Major Phases” of one or more land use blocks.

As specified in the OPA, Major Phase submissions provide information on proposed land uses and intensities of development, height, bulk, and massing of future buildings, location and general design of open space, and the subdivision of blocks into building parcels. Each Major Phase application must also specify the required infrastructure improvements to be built in association with the blocks, including street and utility construction and streetscape improvements. The Major Phase submission must be consistent with the South Plan, the Design for Development, the Mission Bay South Infrastructure Plan, and other Plan documents. The Commission on Investment and Infrastructure (“Commission”) approves each Major Phase, and prior to approval, a Major Phase is referred to the Planning Department for review and comment.

Combined Basic Concept and Schematic Design (“Schematic Design”) applications for individual development projects within a Major Phase are submitted to the Commission for review following Major Phase approval and must be consistent with the requirements established for each Major Phase. Schematic Designs are submitted for individual buildings and move from the massing/bulk studies of a Major Phase, to actual building design, showing exterior finishes. As with a Major Phase, all Schematic Designs are referred to the Planning Department for review and comment. If a
commercial building is requesting Prop M office allocation, per the South Plan, the Planning Commission approval for the design is also required.

Once a Schematic Design is complete, the design of a building continues through the Design Development and Construction Drawing stage at OCII staff level. As long as the design is consistent with the approved Schematic Design, no additional Commission approval is required.

**Warriors Project Process**

Blocks 29 to 32 are privately owned parcels subject to the South Plan, OPA, Design for Development, and other associated documents. At this early stage in which a specific development program has not yet been proposed, OCII staff believes that the design review process for the Warriors Project will generally follow the standard Mission Bay process outlined above, and will include approval by the Commission of a new Major Phase for Blocks 29 to 32 to identify the location of specific uses and massing, as well as individual Combined Basic Concept and Schematic Designs ("Schematic Designs") for each building and private open spaces. Any Schematic Design requiring a Prop M office allocation will also require Planning Commission approval.

OCII staff, along with staff from the Office of Economic Workforce and Development ("OEWD") and the Warriors, will be implementing an extensive public participation process to review the overall design for Blocks 29 to 32. The actual public participation schedule is still being developed, but as the first step in this process, the Warriors project team will be attending the May 8, 2014 Mission Bay Citizens Advisory Committee ("CAC") meeting to start the discussion with the community on the overall design and layout of the site, as well as to hear from the community what issues should be addressed as part of the planning process. The public participation process will include multiple meetings with the CAC, as well as regular workshops with the Commission on Investment and Infrastructure ("Commission"), the Planning Commission, and Board of Supervisors. The Warriors would like to be open no later than the 2018 basketball season. A draft schedule will be developed over the next month and will be provided to the Commission.

**(Originated by Catherine Reilly, Project Manager)**

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Tiffany Bohr
Executive Director

Attachment A: Mission Bay Location Map