MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Workshop on the proposed Moscone Convention Center expansion project and its impact on Successor-Agency owned property in Yerba Buena Gardens

EXECUTIVE SUMMARY

The purpose of this workshop is to update the Commission on the status of the proposed expansion of the Moscone Convention Center (the “Moscone Center”), present the new schematic design, and explain how it will impact property owned by the Office of Community Investment and Infrastructure (“OCII” or the “Successor Agency”), the successor to the former San Francisco Redevelopment Agency (the “SFRA”). Because OCII still owns built improvements impacted by the Moscone Center expansion project (the “Expansion Project”), the Commission must approve (in coming months) any changes to those built improvements. Construction is scheduled to start later this year.

In March 2013, staff from OCII and the City and County of San Francisco (the “City”) presented the Expansion Project in its very early conceptual design phase to the Commission and explained the complex OCII/City property ownership interests at Yerba Buena Gardens. For reference, a copy of the Memorandum from the March workshop is attached (see Attachment 1, Commission Memorandum dated March 5, 2013).

OCII and the City currently share ownership of the Moscone Center, which spans large portions of a two-block area of Yerba Buena Gardens known as Central Block Two (“CB-2”) and Central Block Three (“CB-3), in the former Yerba Buena Center Redevelopment Project Area. CB-2 and CB-3 are shown on Attachment 2 – Map of Yerba Buena Gardens. The Agency acquired all the real property on CB-2 and CB-3 – including the Moscone Center properties – with federal urban renewal funds in the 1960s and 1970s. The SFRA issued lease revenue bonds to finance the construction and improvements associated with the Moscone Center, which was built in phases on CB-2 and CB-3 between 1979 and 1992 as the need for additional convention space grew. See Attachment 1 for historical background on development of the Moscone Center.

As described in detail in the following section, the proposed Expansion Project would add up to 358,000 square feet to the existing Moscone Center above and below ground. Approximately 123,000 of that would be below ground on CB-2 and CB-3 to create contiguous exhibition spaces. Above-ground, about 235,000 square feet of space will be added including expanded lobbies and multi-purpose space, new meeting and circulation space, and a new ballroom stretching over the new south lobby.

Community concerns have centered on (1) overall building heights and massing of the project, (2) impacts on OCII’s children’s garden (including a new mid-block walkway), (3) impacts on the restaurant spaces on CB-2, (4) the proposal to replace the existing bridge with a new pedestrian bridge over Howard Street, and (5) the economic impact on OCII’s cultural operators.
on CB-2 and CB-3. As a result, the City has undertaken extensive community outreach to surrounding neighbors, businesses and affected parties and the design team has made significant improvements to the project, as described in detail below.

**DISCUSSION**

**OCII Properties Impacted by the Expansion Project**

OCII owns some of the built improvements on CB-2 and CB-3 that will be impacted by the Expansion Project. As such, the Commission must approve (in coming months) any changes to those built improvements. The built improvements that OCII owns that will be impacted by the Expansion Project include:

- Moscone North – Until this property is transferred to the City, the Commission will need to approve changes to Moscone North in compliance with the lease between the City and OCII. Under that lease, Moscone North automatically transfers to the City when the existing bonds and deferred rental payments are paid in full. This could happen anytime between July 2014 and 2018;

- The children’s garden on CB-3;

- The café building adjacent to the carousel;

- The pedestrian bridge spanning Howard Street; and

- The southern end of CB-2. OCII owns all of the land and improvements on CB-2, except for the Metreon building. Therefore, any changes to the open spaces around Samovar Tea Lounge and B Restaurant require the Commission’s approval, as well as any proposal to remove the bridge and property management office.

**The Proposed Expansion Project**

The Expansion Project would add up to 358,000 square feet to the existing Moscone Center above and below ground. Approximately 123,000 square feet of this additional space would be created by excavating and expanding the existing below-grade exhibition halls that connect the Moscone North and South buildings under Howard Street to create up to 580,000 square feet of contiguous exhibition space below-grade.

Above-grade, the Expansion Project would construct about 235,000 square feet of space, including expanded lobbies and multipurpose space for Moscone North (approximately 28,000 square feet) and Moscone South (approximately 54,000 square feet), and about 153,000 square feet of new meeting and circulation space, which includes about 50,000 square feet for a new ballroom stretching over the new south lobby, replacing the ballroom administration building at the corner of Howard and Third Streets. See Attachment 3 for Expansion Project Design Renderings.

In addition to adding new square footage, the project architects – Skidmore, Owings and Merrill – have included in their design proposals to:

- widen the sidewalks along Howard, Third and Fourth Streets;
- create a new garden area facing south toward Howard Street between Samovar Tea Lounge and B Restaurant on CB-2;
- create new plazas behind Samovar Tea Lounge and beside the southern landing of the new western bridge on CB-2;
- improve the existing children’s learning garden and sundial garden on CB-3;
- construct a new mid-block alley, or “paseo,” from Third Street between Howard and Folsom into the existing children’s garden on CB-3. The paseo provides emergency egress from the ballrooms and exhibition spaces, allows access to the children’s garden from Third Street, and creates new retail, concession and artistic spaces along the paseo; and,
- construct two new pedestrian bridges across Howard Street: (1) a glass enclosed eastern bridge that would connect Moscone North and South and allow accredited Moscone Center attendees to walk from meeting rooms above ground to exhibition space beneath Yerba Buena Gardens, and (2) a western bridge that would replace the existing pedestrian bridge with a wider, open air extension of the park that allows public access from Yerba Buena Gardens to the children’s facilities and creates a more open arrival on to CB-3.

On CB-2, the Expansion Project would not affect OCII’s esplanade open space areas, the “Sister Cities” garden, the Martin Luther King Jr. Memorial, or the Yerba Buena Center for the Arts buildings. The Expansion Project would affect OCII’s two café spaces (currently occupied by Samovar Tea Lounge and B Restaurant) by creating new garden and plaza areas between the two restaurants. The design team’s primary focus has been on the architectural design of the convention center and the children’s gardens on CB-3. As a result, the impacts on the two café spaces are still being evaluated. At this time, it is not clear how significant the impacts will be (i.e., visibility of the café spaces and signage from Howard, etc.) on the cafés. Additionally, OCII’s Yerba Buena Gardens property management office may need to be relocated to make way for the proposed new western bridge.

On CB-3, the Expansion Project would not affect OCII’s ice rink and bowling center, the child development center, the Children’s Creativity Museum (“CCM”) buildings, and the children’s play circle. The Expansion Project would affect the open space areas and improvements surrounding the children’s gardens, including the removal of the learning garden, sundial garden, and a walkway lined with trees near Moscone’s south lobby. OCII’s carousel café building across from the carousel would be removed when OCII’s existing Howard Street pedestrian bridge is demolished. The carousel café is subject to an operating agreement between OCII and CCM and is a revenue source for CCM.

The City is planning to replace and enhance OCII assets on CB-2 and CB-3 during construction and is working with OCII staff and community stakeholders on those plans.

Community Concerns

The project design team has been working closely with Yerba Buena Gardens community stakeholders over the last year to address their concerns about the Expansion Project. The community’s concerns are listed below along with the expansion team’s response:

1. Building Heights and Massing

Issue: While some stakeholders have requested more height along Third Street, others believe that the new building on CB-3 is too large, will have negative impacts on the children’s gardens
(views, shadows, and wind, etc.), and goes against the original agreement with community stakeholders for an underground convention center.

City Response: In order to minimize the impact of the new building the Moscone design team has (1) reduced its height and massing, (2) selected the design that minimizes wind and shadow effects on the esplanade grassy area on CB-2, the children’s playground, and the Yerba Buena Center for the Arts theater entry plaza on Howard Street, (3) maximized all available square footage below grade to create a contiguous floor plate by relocating existing meeting rooms and repurposing space dedicated to back of house operations, (4) reduced the overall interior square footage, (5) increased the new building’s exterior transparency and (6) stepped back the façade from the children’s gardens.

2. Impacts on the Children’s Gardens

Issue: Discussions have centered on the design of the new paseo mentioned above and how to ensure security at the children’s gardens given the additional foot traffic and the paseo’s proximity to the children’s gardens. Discussions have also focused on the future size and location of the learning garden and sundial garden, which will be removed during construction.

City Response: The Moscone team has (1) improved the design and security of the paseo from Third Street through lighting, landscaping, programming, grade changes and gates that create security for park users while managing safe access for pedestrians transiting through the gardens, and (2) designed options for either returning the children’s learning garden and sundial garden to their current size and location or, after conversations with gardens’ users, moving them into the sunlight, creating a new flexible event lawn space, new tot lot, new public seating location and improved fern dell.

3. Moscone North Lobby Expansion

Issue: Stakeholders are concerned about impacts to the visibility of OCII’s two restaurant spaces from Howard Street, and how the proposed new garden and plaza areas between the two restaurants (proposed as part of the Moscone North lobby expansion) will impact the views from inside the restaurants.

City Response: In response to comments the design team has abandoned plans to add a second story behind the two restaurants in favor of a smaller extension on the first floor plus a pergola above the restaurants and new enclosed pedestrian circulation. Although plans for this portion of the Expansion Project are still in the early stages of development, the design team believes that expanding the public open space and creating new kiosk opportunities between the two restaurants overlooking Howard Street, a new public plaza at sidewalk level beneath Samovar, and improving restaurant signage will provide better restaurant connectivity to and visibility from Howard Street than exists today.

4. Construction of a New Western Bridge

Issue: Stakeholders are concerned about proposals to remove the current pedestrian bridge, OCII’s property management/programming office, which includes the security monitoring room and CCM’s carousel café building to make room for the new western bridge.
City Response: The design team is proposing to (1) expand the pedestrian bridge across Howard Street to better integrate the gardens on CB-2 and CB-3 and create a new public plaza that highlights the carousel and CCM from Howard Street, (2) replace the carousel café building with a larger café space in the new Moscone Center building on CB-3, which will have better visibility from Howard Street, and (3) design around the management/programming office without removing it from its current location.

5. Economic Impacts to OCII's Cultural Operators

Issue: Stakeholders are concerned that Yerba Buena Center for the Arts and CCM may lose business during construction due to street closures, noise, and other construction-related activities.

City Response: The construction is being phased to mitigate impacts to Samovar Tea Lounge, B Restaurant, and the Yerba Buena Center for the Arts by coordinating with and around planned programming and not shutting down any operations during construction.

Community Outreach

The design team has undertaken extensive community outreach to surrounding neighbors, businesses, park users and affected parties and has engaged the services of a local public affairs firm to assist in ongoing comprehensive outreach. Additionally, in consultation with District 6 Supervisor Jane Kim, the Mayor's Office, and OCII, a 16-member Strategic Advisory Group ("SAG") comprised of diverse local stakeholders has been established to advise the expansion team on the design and mitigation of impacts throughout the approvals process. As part of the outreach effort, a website has been created (www.MosconeExpansion.com) to keep members of the public informed and engaged in the planning, design, and construction process, and alert people to upcoming meetings.

In addition to regular SAG meetings, the design team has facilitated dozens of meetings and working sessions in recent months with directly impacted gardens users, convention clients, restaurants and arts groups as well as adjacent residents and other stakeholders, including the South of Market Child Care Center, Yerba Buena Alliance, the Yerba Buena Community Benefit District, Yerba Buena Center for the Arts, Yerba Buena Arts and Events, CCM, the Office of Supervisor Jane Kim (District 6), OCII staff, Paramount Apartments, Museum Park, TODCO, MJM Management Group, B Restaurant, Samovar Tea Lounge, St. Regis Residences, Millennium Partners, Westfield, the San Francisco Chamber of Commerce, SPUR, Mission Hiring Hall, Local 510, Local 16, the Hotel Council, and convention meeting planners. As a result, the design team has made significant improvements to the project, including those described above in response to community stakeholder concerns.

Local Hire Projections

As a publicly bid contract under City law, the Expansion Project will have a mandatory 25% local hire requirement (i.e., San Francisco residents) with no less than 25% of project hours in each trade performed by disadvantaged workers as required by San Francisco Administrative Code Chapter 6. According to an independent study by Jones Lang LaSalle, the Expansion Project would generate 3,480 permanent jobs (e.g., exhibitors, restaurant workers, hotel staff, etc.) through fiscal year 2022 plus an additional 3,407 construction jobs between 2014 and 2018.
NEXT STEPS

The proposed expansion of the Moscone Center is a major, complex undertaking that affects vast amounts of property spread above and below ground on two blocks. As a result, OCII staff plans to present additional workshops on this matter to the Commission in the next few months that focus on specific aspects of the project, such as the children's garden design, the Moscone North lobby expansion and its impact on the CB-2 cafes, and the new western bridge design.

The following chart shows an estimated schedule for key Expansion Project milestones and assumes that OCII will transfer ownership of Moscone North to the City in the summer of 2014:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2014</td>
<td>Publication of a “Notice of Preparation” of an Environmental Impact Report (“EIR”). Comments due by 5:00 p.m. on February 21, 2014.</td>
</tr>
<tr>
<td>April 2014</td>
<td>Publication of a Draft EIR, initiating a 45-day public comment period with an anticipated public hearing in May 2014.</td>
</tr>
<tr>
<td>July 2014</td>
<td>Certification of the Final EIR by the City’s Planning Department.</td>
</tr>
<tr>
<td>July 2014</td>
<td>Moscone North bonds paid in full. Ownership of Moscone North transfers from OCII to the City, provided all deferred rental payments have been paid to OCII in full.</td>
</tr>
<tr>
<td>Winter 2014</td>
<td>Commission approval for work on OCII-owned property</td>
</tr>
<tr>
<td>Winter 2014</td>
<td>Construction starts</td>
</tr>
<tr>
<td>July 2018</td>
<td>Construction completed</td>
</tr>
</tbody>
</table>

(Originated by Denise Zermani, Development Specialist, and Adam Van de Water, Project Manager, Office of Economic and Workforce Development)

Tiffany Bohee
Executive Director

Attachment 1: Commission Memorandum dated March 5, 2013
Attachment 2: Map of Yerba Buena Gardens
Attachment 3: Expansion Project Design Renderings