MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: 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

EXECUTIVE SUMMARY

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 (the “Existing Stadium Site”) for non-recreational uses subject to certain requirements. In June 2010, the former Redevelopment Commission (the “Commission”) took a series of actions to approve the Candlestick Point/Hunters Point Shipyard Phase 2 development (“CP/HPS2” or, the “Project”) including the approval of the CP/HPS2 Disposition and Development Agreement (“DDA”) with CP Development Co., LP (the “Developer”), which established a legally binding framework to realize the objectives of Proposition G.

Recognizing the Project’s complexity, the DDA provides the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure (“OCII” or, the “Agency”) and the Developer with the opportunity to make changes to the phasing 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 OCII at Hunters Point Shipyard, as well as the decision of the San Francisco 49ers to vacate Candlestick Park earlier than originally contemplated. The 49ers lease for the use of Candlestick Park had a term through 2016 with a right to exercise seven one-year extensions, extending the lease term as late as 2023, consistent with the outside commencement date for development within the Existing Stadium Site included in the DDA. The vacant stadium represents a cost and staffing burden to the City and it is in the City’s best interest to relinquish its ownership. The new phasing responds to these changed conditions by accelerating development within the Existing Stadium Site. Accordingly, the next portions of the Project to be developed are all located within the Existing Stadium Site and include 635,000 square feet of regional retail surrounded by residential, office, local-serving retail, and community uses (together, “CP Center”). In order to develop CP Center, the Developer must first demolish the existing stadium and then use adjacent land for temporary surface parking to serve CP Center prior to its full build-out.
Proposition G allows OCII to transfer the Existing Stadium Site – whose boundaries are shown in Attachment A – to the Developer in whole or part subject to the Developer having a “binding obligation to create new public park or public open space,” within the Project site at least equal in size to the land being transferred (“Proposition G Conveyance Requirement”). In addition to meeting the Proposition G Conveyance Requirement, the DDA also requires that the Developer meet a number of requirements related to the approval of major phase and sub-phase applications – documents reflecting an increasing level of design detail – prior to land transfers (the “Submission Requirements”).

Because of the changed conditions facing the project reflected in the new phasing, and to allow for a more efficient implementation of the next portions of the Project to be developed, OCII seeks to transfer the Existing Stadium Site in its entirety to the Developer prior to the demolition of the stadium and the approval of certain major phase and sub-phase applications, as further discussed below. This early transfer would entail a revised framework for meeting the Proposition G Conveyance Requirement. The current framework provided by the DDA and Proposition G for the transfer of the Existing Stadium Site is meant to safeguard against the development of market-rate uses out of pace with the provision of public benefits, such as parks and open space and affordable housing. With this in mind, OCII is seeking to amend the DDA and to waive and defer Submission Requirements in a way that simultaneously responds to the changing circumstances facing the Project and ensures that the Project continue to meet its obligation to the public.

In order to undertake the early transfer of the Existing Stadium Site, OCII must make a second amendment to the DDA (the “Second Amendment”). In conjunction with the Second Amendment, the Executive Director of OCII (the “Executive Director”) will waive and defer – as allowed by the DDA – certain of the Developer’s Submission Requirements related to major phase and sub-phase approvals until the submission of the relevant applications are approved by OCII (the “Waivers”). The Second Amendment and Waivers will together allow OCII to transfer the entire Existing Stadium Site to the Developer, allowing for efficient implementation of the next portions of the Project to be developed. OCII staff has structured the Second Amendment and Waivers to ensure that: the Proposition G Conveyance Requirement will still be met at the time land is transferred; the Developer will meet the same requirements as currently contemplated in the DDA prior to undertaking development at the Existing Stadium Site; and, positive benefits accrue to the taxing entities.

Staff recommends adopting environmental review findings pursuant to the California Environmental Quality Act and, subject to the approval of the Oversight Board, approving 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, to effectuate the transfer of the Candlestick Park stadium site to CP Development Co, LP.

BACKGROUND

The Project covers approximately 702-acres along the southeastern waterfront of San Francisco. The DDA establishes the Developer’s rights to develop within the parameters of the collective project documents that include agreements, plans, and other documents (the “Project Documents”) and the other requirements and conditions set forth in the DDA, and sets forth the Developer’s obligations related to development. The DDA is the primary legally binding
document between OCII and the Developer that obligates the Developer to comply with the terms of the various Project documents.

The Project area is divided into major phases – large sub-areas of the Project – ("Major Phase(s)") and sub-phases – areas comprised of four to six blocks of development – (Sub-Phase(s)"), shown in the phasing plan included with the DDA (the "Phasing Plan"). Development of each Major Phase and Sub-Phase requires Agency approval. The DDA also includes a schedule of performance (the "Schedule of Performance") that reflects the Phasing Plan and provides “outside dates,” by which the Developer must submit Major Phase and Sub-Phase applications and complete infrastructure improvements, parks, and other community benefits. Recognizing the complexity of the Project, the DDA provides the Developer with the flexibility and a process to make changes to the phasing and other elements of the Project, subject to the approval of OCII to ensure that Project goals are achieved and public benefits are provided commensurate with any and all market rate development.

In January 2014, the Commission approved the Developer’s first Major Phase application for Major Phase 1 Candlestick Point ("Major Phase 1 CP"), composed of five Sub-Phases that include the entirety of the Alice Griffith public housing replacement units as well as CP Center, a mixed-use regional retail center that will serve as the primary anchor of all development at Candlestick Point. In March 2014, the Director of OCII approved the Developer’s Sub-Phase CP-01 application, and Sub-Phase CP-01 is now under construction. Sub-Phase CP-01 includes four blocks of development that will be the site of 325 residential units, 100% of which are below market rate, and 209 of which are Alice Griffith public housing replacement units. The first two buildings within CP-01 are estimated to be complete by September 2016.

In conjunction with the Major Phase 1 CP application, the Commission approved the Developer’s proposed change to the Phasing Plan to account for delay in the schedule of the transfer of U.S. Navy parcels to OCII at Hunters Point Shipyard and the decision of the San Francisco 49ers to relocate to Santa Clara, vacating Candlestick Park. 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 of CP Center included in the original Phasing Plan. The 49ers exercised their lease’s early termination option in 2014 and the stadium is now vacant. The Commission approved revisions to the Phasing Plan and Schedule of Performance include but are not limited to the following changes:

- Construction of CP Center in Major Phase 1 instead of Major Phase 3 as originally shown in the 2010 Phasing Plan and Schedule of Performance; and,

- Development of all improvements in the southern area of Hunters Point Shipyard in Major Phase 4 instead of splitting this development among Major Phases 2, 3, and 4, as originally shown in the 2010 Phasing Plan and Schedule of Performance.

In accordance with the revised Phasing Plan, the Developer proposes submitting the next three Sub-Phases included in Major Phase 1 CP – Sub-Phases CP-02, CP-03, and CP-04 – as a single application covering all of CP Center and including: 635,000 square feet of regional retail; 125,000 square feet of local-serving retail; up to 150,000 square feet of office; 150,000 square foot hotel; up to 75,000 square feet of entertainment uses; and up to 1,025 units of housing,
including 230 stand-alone affordable units and up to 159 inclusionary units. All three Sub-Phases are within the footprint of the Existing Stadium Site, which also includes Sub-Phases to be developed in subsequent Major Phases. Sub-Phases within the Existing Stadium Site are shown in Attachment B.

City and State Land Transfer Agreements

In order to effectuate the transfer of the Existing Stadium Site to the Developer, the Commission approved a number of agreements between OCII and various entities that were included as attachments to the DDA, including: a land transfer agreement with the City and County of San Francisco acting through its Department of Parks and Recreation ("RecPark") for the Existing Stadium Site as well as adjacent lands and two land transfer agreements with several public agencies, including primarily the California Department of Parks and Recreation ("State Parks") and California State Lands Commission ("State Lands") (collectively, "the Land Transfer Agreements"). The Land Transfer Agreements act together to consolidate the currently checker-boarded land interests within the Project site, reconfigure ownership boundaries consistent with planned future development, and specify the sequence in which parcels are transferred. A primary function of the Land Transfer Agreements is to reconfigure the areas impressed with the public trust – a designation that strictly limits development potential (the "Public Trust").

Project Schedule

In order to achieve the current schedule of the development of CP Center, the Developer has already completed a hazardous materials assessment of the stadium and is endeavoring to have a contractor hired to begin hazardous material abatement and demolition of the stadium beginning in October 2014. Concurrently, the Developer is preparing its Sub-Phase application for CP Center to be submitted for OCII review in January 2015. Demolition is currently scheduled to be completed soon after OCII's review period of the CP Center Sub-Phase application should be complete, allowing the Developer to begin construction on related infrastructure without any delay caused by the demolition of the stadium.

The total land included in the Existing Stadium Site that will be transferred to the Developer is approximately 70 acres – the three Sub-Phases that comprise CP Center are approximately 30 acres.

DISCUSSION

Reason for the Second Amendment

The DDA currently allows that the Existing Stadium Site be transferred in phases if the Proposition G Conveyance Requirement cannot be met for the entirety of the site; however, OCII believes that to transfer the Existing Stadium Site in its entirety prior to the approval of all relevant Major Phase and Sub-Phase applications is beneficial to all parties, including OCII and the taxing entities, and supports the efficient implementation of the Project, for the following reasons:
The current schedule for implementing CP Center requires that the demolition of the stadium begin prior to the Developer’s planned submission and OCII’s approval of the relevant Sub-Phase applications. The City, through RecPark, is the current owner of the Existing Stadium Site. Transferring the Existing Stadium Site prior to demolition will decrease the City’s maintenance and security costs and limit public liability related to demolition and subsequent interim uses;

The Public Trust must be reconfigured prior to the transfer of any part of the Existing Stadium Site to the Developer. The Land Transfer Agreements contemplate that the Existing Stadium Site transfer to State Lands and back to OCII in its entirety. If OCII were to transfer the Existing Stadium Site to the Developer in phases, then OCII would have to 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. Absent the proposed Second Amendment to the DDA, the only way to allow the CP Center development while avoiding this detriment to OCII would be to renegotiate the Land Transfer Agreements or negotiate with RecPark to transfer back to RecPark portions of the Existing Stadium Site following the transfer with State Lands, for RecPark to hold until later Sub-Phase and Major Phase approvals – neither of these options are feasible as they would require a benefit to the taxing entities, which would not result; and,

Prior to full build-out of CP Center, the Developer proposes to use portions of the Existing Stadium Site included in future Sub-Phases 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.

The Second Amendment and Waivers, discussed at length below, would allow the Existing Stadium Site to be transferred in its entirety at an earlier date, and will ensure that: the Proposition G Conveyance Requirement will still be met at the time the land is transferred; the Developer will meet the same requirements as currently contemplated in the DDA prior to undertaking development at the Existing Stadium Site; and, positive benefits accrue to the taxing entities.

Proposed Second Amendment

Current Language

Section 10.3.2(h) is the section of the DDA that applies solely to the transfer of the Existing Stadium Site, and provides the framework for ensuring that the Proposition G Conveyance Requirement is met at the time the land is transferred. Proposition G requires that there be a “binding obligation to create new parks and public open space”, while Section 10.3.2(h) provides one possible concrete framework for meeting the requirement of Proposition G. Section 10.3.2(h) currently provides a framework for the Developer meeting the Proposition G Conveyance Requirement through completed new parks and public open space equal in size to the portion of the Existing Stadium Site being transferred, or providing adequate security (“Adequate Security”) for the portions of new parks and open space not yet completed at the time land is transferred. Adequate Security is defined in section 26.1 of the DDA as being in a
form “including but not limited to a Corporate Guaranty, bonds, letters of credit, [or] certificates of deposit.” This was an appropriate framework at the time it was initially drafted given the Phasing Plan, which contemplated an earlier transfer of U.S. Navy lands at Hunters Point Shipyard Site, and development of a substantial amount of new parks and open space completed or underway there prior to development occurring at the Existing Stadium Site.

Section 10.3.2(h) currently reads:

“For the conveyance of the Existing Stadium Site, or a portion thereof, the Agency Director shall have reasonably determined that as of the applicable close of Escrow Developer has completed or provided Adequate Security for new public parks or open space land areas in the Project site at least equal in size to the real property in the Existing Stadium Site previously conveyed and to be then conveyed to Developer in accordance with Proposition G; provided, that if and to the extent that the Agency Director is not so able to make such a finding, the Agency shall convey the Existing Stadium Site to Developer in a series of phases as and to the extent the Agency Director is so able to make such finding.”

Proposed Language

The revised Phasing Plan contemplates development occurring within the Existing Stadium Site prior to the development of any significant park or open spaces eligible to meet the Proposition G Conveyance Requirement — only newly-created parks or open space is eligible to meet the Proposition G Conveyance Requirement (“Replacement Parks and Open Space”). The Candlestick Point State Recreation Area land that constitutes the majority of parks and open space at Candlestick Point does not qualify. Replacement Parks and Open Space — identified in Attachment D and shown in Attachment E — is located largely at Hunters Point Shipyard and included in the delayed transfer of land from the U.S. Navy — the Phasing Plan was revised specifically to allow the Project to move forward in the absence of this U.S. Navy land. Given these circumstances, Section 10.3.2(h) as currently written would require that upon OCII transfer of the Existing Stadium Site to the Developer, the Developer provide Adequate Security for nearly the entire acreage of the Existing Stadium Site. The current schedule for providing Replacement Parks and Open Space per the current Phasing Plan and Schedule of Performance is included as Attachment F.

To better respond to the conditions now facing the Project as reflected by the revised Phasing Plan, it is proposed that Section 10.3.2(h) be amended to read:

“For the conveyance of the Existing Stadium Site, or a portion thereof, the Agency Director shall have reasonably determined that as of the applicable close of Escrow Developer has completed, or provided Adequate Security for a binding obligation to complete, new public parks or open spaces in the Project site at least equal in size to the real property in the Existing Stadium Site previously conveyed and to be then conveyed to Developer in accordance with Proposition G, together with Adequate Security for any such binding commitment.

“The parties agree that the Implementation Requirements (defined in the Second Amendment as: a commitment to demolish the stadium within a specified timeframe; only use the land for uses
approved per the Second Amendment prior to receiving a Sub-Phase approval; and, submit Major Phase and Sub-Phase applications that include the new parks and open space required to satisfy the Proposition G Conveyance Requirement, in accordance with the DDA), together with the Deed Restriction and Adequate Park Security (defined below), as set forth in this Second Amendment, satisfy the Proposition G Conveyance Requirement for the Early Transfer Property”.

Other changes to the DDA are being proposed that are conforming changes required to implement the amended Section 10.3.2(h) – the full text of the proposed Second Amendment is included as Attachment C.

Analysis

The Second Amendment changes the DDA’s framework for meeting the Proposition G Conveyance Requirement, but is still consistent with the Proposition G Conveyance Requirement that there be a “binding obligation to create new public parks or public open space.” The Second Amendment replaces the Adequate Security requirement with:

1. A deed restriction limiting the use of the Existing Stadium Site to uses associated with demolishing the stadium or otherwise approved by OCII (the “Deed Restriction”).

The Second Amendment stipulates that the Deed Restriction remain in place on any portion of the land for which a Sub-Phase approval has not been received by the Developer. The Deed Restriction will be lifted from the Existing Stadium Site in phases as the Developer meets its obligations as to particular Sub-Phases, including the provision of Adequate Security for infrastructure and Replacement Parks and Open Space (discussed below).

The Deed Restriction will limit the Developer to uses associated with the demolition of the stadium and other uses as approved by OCII – such as improvements related to interim surface parking – but will restrict the Developer from making any permanent improvements that would preclude future use of the land as open space if the Developer were to default on its obligations. The Deed Restriction allows OCII to provide the entire Existing Stadium Site to the Developer prior to applicable Major Phase and Sub-Phase approval while limiting the Developer’s substantive right to develop until it receives applicable Major Phase and Sub-Phase approval pursuant to all requirements of the DDA.

2. A reversionary quitclaim deed (the “Reversionary Quitclaim Deed”).

The Second Amendment stipulates that the Reversionary Quitclaim Deed remain in place on any portion of the land for which a Sub-Phase approval has not been received by the Developer. The Reversionary Quitclaim Deed will be lifted from the Existing Stadium Site in phases as the Developer meets its obligations as to particular Sub-Phases including the provision of Adequate Security for infrastructure and Replacement Parks and Open Space.
The Reversionary Quitclaim Deed allows for any land on which the Developer has not received a Sub-Phase approval to be returned to OCII if Developer defaults on its obligations or is otherwise unable to complete the Project. As a result of the Deed Restriction, any land returned to OCII pursuant to the Reversionary Quitclaim Deed will be in generally the same condition that it was provided to the Developer and will constitute a return of existing parks and open space subject to the Proposition G Conveyance Requirement.

3. Adequate Security to be provided to OCII at the time a Sub-Phase application for an area within the Existing Stadium Site is approved in an amount equal to the cost to create Replacement Park and Open Space equal in size to the area of the applicable Sub-Phase that is within the Existing Stadium Site (the “Additional Park Security”). The Additional Park Security is calculated to not include any amount of Replacement Park and Open Space included within the applicable Sub-Phase and Replacement Park and Open Space already completed within the Project Site that has not yet been counted toward meeting the Proposition G Conveyance Requirement.

The Second Amendment requires that the Developer provide OCII with the Additional Park Security before OCII approves any Sub-Phase application within the Existing Stadium Site, thereby lifting the Deed Restriction and Reversionary Quitclaim Deed. The Additional Park Security is required in addition to the Adequate Security related to infrastructure as required by the DDA and it will remain with OCII until the Developer has completed the applicable amount of Replacement Parks and Open Space to be consistent with the Proposition G Conveyance Requirement.

The Second Amendment requires that when the Developer submits a Sub-Phase application for an area within the Existing Stadium Site, it will:

- Identify the Replacement Parks and Open Space that will be used to replace the portion of the Existing Stadium Site included in the applicable Sub-Phase, in accordance with the Phasing Plan and Schedule of Performance current at the time of the application;

- Provide the most advanced design for the identified Replacement Parks and Open Space completed at the time of submission, and at a minimum the conceptual-level design that was included in the Parks and Open Space Plan included as an attachment to the DDA; and,

- Provide a detailed cost estimate for the identified Replacement Parks and Open Space based on the submitted design, including appropriate levels of contingency and inflation based on the level of design completed (i.e. less detailed design, higher contingency), and approved by OCII. The form of the cost estimate to be provided by Developer for Replacement Parks and Open Space is included as Attachment G.
The framework provided by the amended Section 10.3.2(h) meets the Proposition G Conveyance Requirement and limits the Developer’s substantive development rights to be consistent with the DDA; however, it allows OCII to transfer the Existing Stadium Site and achieve project goals.

**Benefits to the Taxing Entities**

Under the Dissolution Law, the Oversight Board is charged with a fiduciary obligation to both the beneficiaries of the DDA and the taxing entities, and the changes reflected in the proposed amendment as well as the waivers of certain requirements assists the Oversight Board in meeting that fiduciary duty:

1. Conveyance of the entire Existing Stadium Site aids in the winding down of OCII’s affairs in furtherance of AB 26 and AB 1484 by providing for an earlier transfer of OCII 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.

2. Conveyance of the entire Existing Stadium Site removes from the City and County of San Francisco — a taxing entity — the maintenance and security costs of the Existing Stadium Site as well as the increased liability resulting from demolition of the stadium and ongoing ownership of the site.

**RELATED ACTIONS**

**Proposed Executive Director-granted Waivers**

If the Second Amendment is approved, the Executive Director must take additional action in order to effectuate the transfer of the entire Existing Stadium Site. The DDA stipulates that prior to land being transferred to the Developer, that a number of requirements related to the approval of a Major Phase and Sub-Phase application be met. In order to allow for the entire Existing Stadium Site to transfer prior to the approval of Sub-Phase applications for areas within the Existing Stadium Site the Executive Director will grant, as allowed by the DDA, the following Waivers and deferrals:

1. **Current:** The DDA requires that prior to the transfer of property to Developer, the Agency grant Sub-Phase approval and that Developer comply with all conditions to the Agency’s obligation to convey real property to Developer as set forth in Article 10. This requirement is discussed in DDA Sections 1.4(c), 3.4.2, 6.2, 6.2.2(d)(iii), and 10.1.

   **Proposed:** Developer would apply for Sub-Phase approval for each Sub-Phase within the Existing Stadium Site consistent with the dates set forth in the Schedule of Performance, but following the transfer of the Existing Stadium Site to the Developer.

2. **Current:** The DDA requires that prior to the transfer of property to Developer, the Developer satisfy all of Developer’s conditions to commence the Infrastructure. This requirement is discussed in DDA Sections 7.4 and 10.3.2(c).
Proposed: In accordance with the DDA, Developer would satisfy the conditions to commence the Infrastructure upon or before the applicable Sub-Phase approval for each portion of the Existing Stadium Site.

3. Current: The DDA requires that prior to the transfer of property to Developer, Developer provide Adequate Security for the Sub-Phase and provide detailed construction cost estimates for the Infrastructure. This requirement is discussed in DDA Sections 10.3.2(a), (b); 16.2.1(g); and 26.4.

Proposed: In accordance with the DDA, Developer would satisfy these conditions upon or before the applicable Sub-Phase approval for each portion of the Existing Stadium Site.

4. Current: The DDA requires that prior to the transfer of property to Developer, the Parties identify the specific locations of the Community Facilities Lots and Agency Lots if not previously determined in connection with a Major Phase or Sub-Phase approval. This requirement is discussed in DDA Section 10.3.3(g).

Proposed: In accordance with the DDA, the specific locations of Community Facilities Lots and Agency Lots within the Existing Stadium Site would be determined upon or before the applicable Sub-Phase approval for each portion of the Existing Stadium Site.

Analysis

At the time of a Sub-Phase approval, the Developer becomes obligated to develop the infrastructure to support the approved Sub-Phase. The required submissions — including those listed above — give OCII and other City agencies assurance that the Developer is ready and able to develop the Sub-Phase in accordance with all prior approvals and Project documents, as well as the financial wherewithal in the form of Adequate Security for the cost of infrastructure, to complete the infrastructure improvements if the Developer were to default on its obligation.

In granting the Waivers, the Executive Director will require the Developer to comply with the requirements at the time Sub-Phase applications for areas within the Existing Stadium Site are submitted and no later than the Sub-Phase application is approved. This provides OCII with the same assurance currently provided by the DDA. The Waivers allow OCII to transfer the entire Existing Stadium Site prior to a Major Phase and Sub-Phase approval; but, working in tandem with the Second Amendment, limit the Developer’s substantive right to develop within the Existing Stadium Site until it complies with all of the requirements of the DDA, including those subject to the Waivers.

CONCLUSION

The redevelopment of Candlestick Point and Phase 2 of Hunters Point Shipyard is a complicated and long term undertaking. The complexity of the Project is evidenced by the circumstances leading to this Second Amendment: The transfer of land at Hunters Point Shipyard is delayed and the San Francisco 49ers determined to relocate outside of the Project site, both factors outside of the influence of OCII. The DDA recognizes this complexity and allows for the
Phasing Plan and Schedule of Performance to be revised from time to time, in so far as those revisions do not undermine the timing, quality, and quantity of the public’s benefit from the Project. The Second Amendment and Waivers likewise respond to the complexity of the Project: the accelerated transfer of the entire Existing Stadium Site, as well as the framework proposed to effectuate the transfer, better respond to the logistical conditions currently facing the Project resulting from the revisions to the Phasing Plan and Schedule of Performance. And just as OCII staff, and subsequently the Commission, ensured the maintenance of the public interest in approving the revisions to the Phasing Plan and Schedule of Performance, the Second Amendment and Waivers have been closely scrutinized to maintain the Project’s obligations to the public.

OCII staff advises that the transfer of the entire Existing Stadium Site earlier than initially contemplated in the DDA is beneficial to achieving the Project’s goals. The Second Amendment and Waivers ensure that: the Proposition G Conveyance Requirement will be met at the time any and all land is transferred; the Developer meet the same requirements as currently contemplated in the DDA prior to undertaking development at the Existing Stadium Site; and, that positive benefits will accrue to the taxing entities. The Second Amendment and Waivers have been reviewed by OCII’s independent real estate consultant — C.H. Elliot — who concurs with both the justification for those actions and the benefits that will accrue to the taxing entities — a memo provided by C.H. Elliot is included as Attachment H.

Public Review

The Second Amendment and Waivers were presented to the Hunters Point Shipyard Citizens Advisory Committee (“CAC”) Planning and Development subcommittee on August 14, 2014, and again at its full committee on September 8, 2014. At its meeting on August 14, the CAC members expressed that they were most concerned that the parks and open space be replaced in accordance with Proposition G, and felt confident that the structure of the Second Amendment addressed their concern.

California Environmental Quality Act

The Project is being undertaken pursuant to the Final Environmental Impact Report (“FEIR”) certified by the Planning Commission and Redevelopment Agency Commission on June 3, 2010 and the findings under the California Environmental Quality Act made the same date. The OCII Commission approved a first addendum to the FEIR on January 7, 2013 (Resolution No. 1-2014) to accommodate minor project modifications and revisions to the Phasing Plan and determined that changes included in the first addendum will not cause new significant impacts not identified in the FEIR, and no new mitigation measures are necessary to reduce significant impacts. The proposed Second Amendment is consistent with the changes included in the first addendum to the FEIR and does not propose any new changes to the Project’s development program, including its substance and timing. It will not cause any new significant impacts not identified in the FEIR, nor will it increase the severity of any already-identified significant impacts. No new mitigation measures will be necessary to reduce significant impacts. No Project changes have occurred, and no changes have occurred with respect to circumstances surrounding the Project that will cause new or more severe significant environmental impacts to which the Project will contribute considerably, and no new information has become available that shows that the
Project will cause new or more severe significant environmental impacts. Therefore, no supplemental or subsequent environmental review is required.

Next Steps

Upon approval of the Second Amendment, staff will seek the approval of the Oversight Board of the City and County of San Francisco at its meeting of September 22, 2014, and the approved Oversight Board resolution and related materials will be immediately transmitted to the California Department of Finance for its review and approval.

(Originated by Ethan Warsh, Assistant Project Manager, Candlestick Point/Hunters Point Shipyard)

Tiffany Bohee
Executive Director

Attachments:

Attachment A  Map of Existing Stadium Site
Attachment B  Map of Existing Stadium Site with Sub-Phase boundaries
Attachment C  Proposed Second Amendment
Attachment D  List of Replacement Parks and Open Space
Attachment E  Map of Replacement Parks and Open Space
Attachment F  Current timing of Replacement Parks and Open Space compared to Sub-Phases within the Existing Stadium Site
Attachment G  Form of Additional Park Security budget
Attachment H  C.H. Elliot memo