EXECUTIVE SUMMARY

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) submits its Long Range Property Management Plan (“PMP”) which includes the disposition of the Moscone Convention Center North (“Moscone North”). Moscone North is located in the former Yerba Buena Center Redevelopment Project Area D-1 (the “Project Area”), which was duly adopted in accordance with Community Redevelopment Law, and which expired by its own terms on January 1, 2011.

Moscone North is part of a larger group of convention facilities known as the Moscone Center that span large portions two blocks in the Project Area known as Central Block Two (“CB-2”) and Central Block Three (“CB-3). The former San Francisco Redevelopment Agency (the “SFRA”) issued lease revenue bonds to finance the construction and improvements associated with the Moscone Center. The bonds were secured by leases with the City and County of San Francisco (the “City”).

The Moscone Center complex was built in phases on CB-2 and CB-3 between 1979 and 1992 as the need for additional convention space grew. The SFRA 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. Today, the Successor Agency and the City share ownership of the Moscone Center. The City owns Moscone Convention Center South (“Moscone South”), which the SFRA transferred to the City in 2011 after the City paid the bonds in full. And, the Successor Agency owns Moscone North.

In 1988, the SFRA and the City entered into a lease for Moscone North for the expansion and financing of the Moscone Center (the “Lease”). The SFRA issued $140 million in lease revenue bonds to build Moscone North, which opened in 1992. Since then, the City has operated the convention facilities pursuant to the Lease.

The premises under the Lease includes the following land and improvements: (1) the esplanade ballroom and administration building on the rooftop surface (i.e., the land) of CB-3, and (2) an above-ground lobby on the CB-2 side of Howard Street, (3) an underground portion of Howard Street connecting the Moscone North and South buildings on both sides of Howard Street, and (4) an expansive underground section of land on CB-2.

Disposition Plan. The Successor Agency proposes to transfer Moscone North to the City pursuant to an enforceable obligation (i.e., the Lease) for zero dollars. According to the Lease with City, Moscone North must transfer to City once the City pays off the construction bonds and deferred rental payments. That is expected to happen in 2014. At that time, and assuming agreement can be reached on outstanding deferred rental payments, the property would transfer to the City pursuant to this enforceable obligation.
LONG RANGE PROPERTY MANAGEMENT PLAN (“PMP”)

The following presents the information requested pursuant to Section 34191.5 of the California Health and Safety Code for Moscone North. This property is also shown on Attachment A Photographs of Moscone North.

Date of Acquisition

The lots that comprise the land on which Moscone North sits were acquired between 1967 and 1970. Construction of the Moscone North improvements was completed in 1992. The Successor Agency is using completion of construction as the “acquisition date” for its improvements, since that date is when an asset was placed into service for accounting purposes.

Value of Property at Time of Acquisition

The value of the land on which Moscone North sits was approximately $7,226,000. The value of the improvements at the time acquisition is $140 million and is based on the value of the construction bonds issued by the SFRA.

Estimate of the Current Value

The current value of the land on which Moscone North sits is approximately $115,000,000. This is based on a 2011 valuation of Moscone South by the City’s Department of Real Estate of $200/square foot.

The current value of the Moscone North improvements is approximately $193,000,000. This is based on a 2011 valuation of Moscone South’s net rentable square footage by the City’s Department of Real Estate of $325/building square foot.

Purpose for which the Agency Property was Acquired

The Moscone North properties were acquired for the purpose of satisfying the objectives of the Project Area Plan.

Address/Location

Moscone North is located at 747 Howard Street.

Lot Size

The size of the land on which Moscone North sits is approximately 574,200 square feet. The size of the improvements is approximately 594,900 square feet.
Current Zoning

CB-2 and CB-3

Since January 1, 2011, when the plan for the Project Area expired, CB-2 and CB-3 have been subject to the zoning controls established by the City Planning Code within the Downtown Support (C-3-S) District. The C-3-S District includes San Francisco’s Convention Center, hotels, museums and cultural facilities, housing, retail, and offices arranged around public gardens and plazas. The base Floor-Area-Ratio, or FAR, in the C-3-S District is 5.0 to 1. The base FAR can be increased to a maximum FAR of 7.5.0 to 1 with the purchase of transferable development rights.

Estimate of the Current Value (Including Appraisal Information)

The current value of the land on which Moscone North sits is approximately $115,000,000. This is based on a 2011 valuation of Moscone South by the City’s Department of Real Estate of $200/square foot.

The current value of the Moscone North improvements is approximately $193,000,000. This is based on a 2011 valuation of Moscone South’s net rentable square footage by the City’s Department of Real Estate of $325/building square foot.

Estimate of Revenues Generated (Including Contractual Requirements for Use of Funds)

The Moscone North Lease generates $870,000 a year in deferred rental payments. The Successor Agency’s use of these rental payments is restricted pursuant to an interlocking set of agreements1 with the Successor Agency’s long-term Yerba Buena Gardens tenants (e.g., the Marriott Hotel, the Metreon, and an affiliate of Millennium Partners) and other Yerba Buena Gardens stakeholders.

The agreements also require the Successor Agency to deposit lease revenue (including the Moscone North payments) and all other funds generated in the Project Area’s central three blocks into a restricted, segregated account (the “Separate Account”). Additionally, these governing documents define and restrict expenditures from the Separate Account according to a distinct priority (first, to fund maintenance, operations, security of Yerba Buena Gardens, and activation of the open space, and second, to fund cultural operations in Yerba Buna Gardens).

1 Documents defining the Successor Agency’s enforceable obligations include the (1) Central Block 2 Entertainment and Retail Lease dated May 9, 1997 between the Successor Agency and Yerba Buena Entertainment Center LLC, (2) Yerba Buena Gardens Amended and Restated Construction, Operation and Reciprocal Easement Agreement and Agreement Creating Liens dated March 31, 1998 between the Successor Agency and YBG Associates LLC, and (3) Central Block 1 Retail Lease dated March 31, 1998 between the Successor Agency and CB-1 Entertainment Partners LP.
History of Environmental Contamination, Studies, Remediation Efforts

A general survey of environmental conditions was conducted as part of the 1995 Environmental Impact Report for the Yerba Buena Center (“EIR”), including Moscone North. The EIR identified that the area has an industrial past and there has been the use of unknown sources of fill dirt over the years to level the area. As a result of these past uses and practices, there could be soil contamination and other hazards, such as underground storage tanks, which are common in an urban setting. However, the EIR did not find that there were any known superfund sites in the area or other significant hazards requiring major remediation. As a result, the primary hazards for Moscone North are associated with the excavation and disposal of contaminated groundwater and soil. The EIR included mitigation measures to implement when Moscone North redeveloped to ensure that if contamination was found at unsafe levels the appropriate remediation would be completed.

Potential for Transit-Oriented Development; Advancement of Planning Objectives

Moscone North was developed as a transit-oriented development and is well-served by public transit, with both local and regional service provided nearby. Local service is provided by the Muni bus lines, which can be used to access regional transit. Service to and from the East Bay is provided by BART, AC Transit, and ferries; service to and from the North Bay is provided by Golden Gate Transit buses and ferries; service to and from the Peninsula and South Bay is provided by Caltrain, SamTrans, and BART.

Under the City Planning Code, C-3-S Districts are compact in area and easily traversed on foot. They are well-served by City and regional transit. In order to encourage pedestrian activity and minimize conflicts between pedestrians and vehicles, parking facilities tend to be located at the periphery of C-3-S Districts.

History of Previous Development and Leasing Proposals

In the late 1960s, the SFRA developed conceptual plans for the development of the Project Area’s central blocks, sought proposals, and selected Schlesinger-Arcon/Pacific as the master developer. However, the development never materialized, due to delays caused by ongoing legal challenges related to the development.

Beginning in the mid-1970s, the SFRA, together with the City and the community, resumed what turned out to be a lengthy planning process for development of Yerba Buena Gardens. In the early 1980s, the SFRA selected Olympia and York Equity Corporation as the master developer for Yerba Buena Gardens – including the site of Moscone North (Moscone South was completed in 1981). The plan for the central three blocks included a mixed-use neighborhood of office buildings, hotels, amusement/recreational uses, cultural uses, open spaces, parking, commercial retail spaces, and a convention center. However, by 1993, due to economic reasons and defaults by Olympia and York, only the Marriott Hotel at Fourth and Mission Streets had been completed. As a result, the SFRA severed its ties with Olympia and York and took on a more direct role in the development of Yerba Buena Gardens as it exists today, including development of Moscone North with the City.
Disposition of the Agency Property

The Successor Agency proposes to transfer Moscone North to the City pursuant to an enforceable obligation (i.e., the Lease) for zero. According to the Lease with City, Moscone North must transfer to City once the City pays off the construction bonds and deferred rental payments. That is expected to happen in 2014. At that time, and assuming agreement can be reached on outstanding deferred rental payments, the property would transfer to the City pursuant to this enforceable obligation.

Properties Dedicated to Governmental Use Purposes and Properties Retained for Purposes of Fulfilling an Enforceable Obligation

See above section.

Attachment A: Photographs of Moscone Convention North
Attachment B: DOF Tracking Sheet – Other Properties
Attachment A
Photographs of Moscone Convention Center North

Moscone North Lobby on Howard Street

Moscone North Building on Corner of Howard and Third Streets
Attachment B
DOF Tracking Sheet – Other Properties

(See Tab L)