

**COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE**

**RESOLUTION NO. 7-2015  
Adopted February 3, 2015**

**ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND CONDITIONALLY APPROVING A NEW COMBINED BASIC CONCEPT AND SCHEMATIC DESIGN FOR A COMMERCIAL PROJECT ON BLOCK 40 AT 1800-1900 OWENS STREET IN MISSION BAY SOUTH TO REPLACE THE PREVIOUSLY APPROVED COMBINED BASIC CONCEPT AND SCHEMATIC DESIGN, PURSUANT TO THE OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, AND ONE VARIANCE TO THE MISSION BAY SOUTH REDEVELOPMENT PLAN AND FOUR VARIANCES TO THE MISSION BAY SOUTH DESIGN FOR DEVELOPMENT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA**

WHEREAS, On September 17, 1998, by Resolution No. 190-98, the Commission of the former Redevelopment Agency of the City and County of San Francisco ("Redevelopment Agency") approved the Redevelopment Plan for the Mission Bay South Redevelopment Project Area ("Plan"). On the same date, the Redevelopment Agency Commission adopted related documents, including Resolution No. 193-98 authorizing execution of an Owner Participation Agreement ("South OPA") and related documents between Catellus Development Corporation, a Delaware corporation ("Catellus"), and the Redevelopment Agency. On November 2, 1998, the San Francisco Board of Supervisors ("Board of Supervisors"), by Ordinance No. 335-98, adopted the Plan. The Plan and its implementing documents, as defined in the Plan, constitute the "Plan Documents"; and,

WHEREAS, On September 17, 1998, the Redevelopment Agency Commission adopted Resolution No. 182-98 which certified the Final Subsequent Environmental Impact Report ("FSEIR") as a program EIR for Mission Bay North and South pursuant to the California Environmental Quality Act ("CEQA") and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Redevelopment Agency Commission also adopted Resolution No. 183-98, which adopted environmental findings (and a statement of overriding considerations), in connection with the approval of the Plan and other Mission Bay project approvals (the "Mission Bay Project"). The San Francisco Planning Commission ("Planning Commission") certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Redevelopment Agency, and Resolution No. 854-98 adopting environmental findings and a statement of overriding considerations for the Mission Bay Project; and,

WHEREAS, Subsequent to certification of the FSEIR, the Redevelopment Agency and Successor Agency, as defined below, has issued several addenda to the FSEIR, as described below. The addenda do not identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR. Hereinafter, the Final Subsequent Environmental Impact Report, including any addenda thereto, shall be collectively referred to as the "FSEIR"; and,

WHEREAS, The first addendum, dated March 21, 2000, analyzed temporary parking lots to serve the AT&T Ballpark. The second addendum, dated June 20, 2001, analyzed revisions to 7th Street bike lanes and relocation of a storm drain outfall provided for in the Mission Bay South Infrastructure Plan, a component of the South OPA. The third addendum, dated February 10, 2004, analyzed revisions to the Mission Bay South Design for Development (“Design for Development”) with respect to the maximum allowable number of towers, tower separation and requires step-backs. The fourth addendum, dated March 9, 2004, analyzed the Design for Development with respect to the permitted maximum number of parking spaces for bio-technical and similar research facilities and the Mission Bay North OPA with respect to changes to reflect a reduction in permitted commercial development and associated parking. The fifth addendum, dated October 4, 2005, analyzed the UCSF proposal to establish a Phase I 400-bed hospital in the Mission Bay South Redevelopment Project Area (“Mission Bay South”) on Blocks 36-39 and X-3. The sixth addendum, dated September 10, 2008, addressed revisions of the UCSF Medical Center at Mission Bay. The seventh addendum, dated January 7, 2010, addressed the construction of a Public Safety Building on Block 8 in Mission Bay South; the eighth addendum, dated May 15, 2013, addressed the third Mission Bay South OPA amendment on Block 1 to allow residential uses in addition to a hotel. The ninth addendum, dated May 30, 2013, addressed the fourth Mission Bay South OPA amendment to allow an institutional use on Block 7 East; and,

WHEREAS, Catellus, the original master developer of the Mission Bay North and South Redevelopment Project Areas, has sold most of its remaining undeveloped land in Mission Bay to FOCIL-MB, LLC, (“FOCIL-MB”), a subsidiary of Farallon Capital Management, LLC, a large investment management firm. The sale encompassed approximately 71 acres of land in Mission Bay, and the remaining undeveloped residential parcels in Mission Bay South. FOCIL-MB assumed all of Catellus’s obligations under the South OPA and the Redevelopment Agency’s Owner Participation Agreement for Mission Bay North (collectively, the “OPAs”), as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco (“City”). FOCIL-MB is bound by all terms of the OPAs and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“AB 26”) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the “State”), including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, Under the provisions of AB 26, the City was designated as the successor agency to the Redevelopment Agency (“Successor Agency”), commonly known as the Office of Community Investment and Infrastructure (“OCII”), to receive the non-affordable housing assets and obligations of the Redevelopment Agency; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 (“AB 1484”) amending certain provisions of AB 26, and the Governor of the State signed the bill and it became effective on June 27, 2012. AB 26 and AB 1484, as amended from time to time, are together referred to as Redevelopment Dissolution Law. Among other things, AB 1484 provided that a successor agency

is a separate public entity from the public agency that provides for its governance;  
and,

WHEREAS, Redevelopment Dissolution Law required creation of an oversight board to the successor agency and provided that with approval from its oversight board and the State Department of Finance (“DOF”), a successor agency may continue to implement “enforceable obligations” such as existing contracts, bonds and leases, that were executed prior to the suspension of redevelopment agencies’ activities. On January 24, 2014, DOF finally and conclusively determined that the Mission Bay North and South OPAs and Mission Bay Tax Increment Allocation Pledge Agreements are enforceable obligations pursuant to Health and Safety Code Section 34177.5(i); and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012, the Board of Supervisors of the City, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12 (the “Implementing Ordinance”), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, and (b) established this Successor Agency Commission and delegated to it the authority to (i) act in place of the Redevelopment Agency Commission to, among other matters, implement, modify, enforce and complete the Redevelopment Agency’s enforceable obligations, (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development, and design approval, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that this Commission deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such obligations; and,

WHEREAS, The Board of Supervisors’ delegation to this Commission includes the authority to grant approvals under specified land use controls for the Mission Bay Project consistent with the approved Plan and enforceable obligations, including design review; and,

WHEREAS, The Plan and the Plan Documents, including the Design Review and Document Approval Procedure, designated as Attachment G to the South OPA (“DRDAP”), provide that development proposals in Mission Bay South will be reviewed and processed in “Major Phases,” as defined in and consistent with the Plan and the Plan Documents. Submission of design plans and documents for any specific building (“Project”) must be consistent with the requirements established for each Major Phase, though the DRDAP allows for a Major Phase to be amended by a schematic design submittal if the overall submittal is still consistent with the Plan and Plan Documents. The DRDAP sets forth the review and approval process for Major Phases and Projects; and,

WHEREAS, On November 18, 2008, by Resolution No. 135-2008, the former San Francisco Redevelopment Agency Commission approved the Major Phase Application for Block 40 (“Major Phase”) in the Mission Bay South; and,

WHEREAS, On March 5, 2013, by Resolution No. 4-2013, the Commission approved a combined Basic Concept and Schematic Design application that was submitted by FOCIL-MB for Block 40 for a commercial building consisting of approximately 665,000 gross square feet of office space (“2013 Schematic Design”). The Major Phase was also amended as part of the same action; and,

- WHEREAS, In May 2014, Kilroy Realty purchased Block 40 from FOCIL-MB; and,
- WHEREAS, Pursuant to the Plan and Plan Documents, including the DRDAP, Kilroy Realty (the "Developer") submitted a new Combined Basic Concept and Schematic Design application for Block 40 ("Schematic Design") that would supplant the 2013 Schematic Design. "). The proposed project would consists of approximately 667,500 gross square feet of office space, 15,000 gross square feet of retail space (including space for a child care center, and associated parking; and,
- WHEREAS, The Schematic Design also includes a request for approval of four variances ("Variances") from the Plan and Design for Development related to tower heights, size, and spacing, as well as streetwall setbacks at corners. The Variances are substantially the same as those that were approved for the 2013 Schematic Design and the Plan variance related to building height is less than 6% above the Plan requirement; and,
- WHEREAS, Section 305 of the Plan allows the Commission, at its discretion, to grant a variance to the land use controls contained in the Plan where, owing to unusual and special conditions, "the enforcement...would constitute an unreasonable limitation beyond the intent and purpose of [the Redevelopment Plan land use controls]"; provided, however, that the "Agency shall find and determine that the variation results in substantial compliance with the intent and purposes of [the Redevelopment] Plan"; and,
- WHEREAS, The Design for Development allows the Commission, in its discretion, to grant variances to the design standards contained in the Design for Development where the enforcement would otherwise constitute an unreasonable limitation beyond the intent and purposes of the Design for Development and Plan and is consistent with the public health, safety and welfare; and,
- WHEREAS, OCII staff believes the Variances should be granted. The Block 40 site is considered an unusual and special condition, due to its unique triangular shape and location adjacent to Interstate-280 and the Caltrain tracks. As a result of its layout and location, strict application of the Plan and Design for Development, which was developed to apply to smaller and more rectangular sites, would result in a design that does not achieve the intent of the Design for Development with regards to holding the streetwall, promoting visual variety, and reducing the scale of development. With the Variances, the project provides breaks in the building at the pedestrian level and creates a roofline that provides more interesting changes in elevation; and,
- WHEREAS, OCII staff has reviewed the Schematic Design for purposes of compliance with CEQA and the State CEQA Guidelines; and,
- WHEREAS, The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Approval of the Schematic Design is an undertaking pursuant to and in furtherance of the Plan in conformance with CEQA Section 15180 ("Implementing Action"); and,
- WHEREAS, OCII staff, in making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the FSEIR, and has made documents related to the Implementing Action and the FSEIR files available for review by the OCII Commission and the public, and these files are part of the record before the OCII Commission; and,

WHEREAS, The FSEIR findings and statement of overriding considerations adopted in accordance with CEQA by the Redevelopment Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Redevelopment Agency, were and remain adequate, accurate and objective and were prepared and adopted following the procedures required by CEQA, and the findings in said resolutions are incorporated herein by reference as applicable to the Implementing Action; and,

WHEREAS, OCII staff has reviewed the Schematic Design submitted by the Developer and finds it acceptable and recommends approval thereof, subject to the resolution of certain conditions; and, now, therefore, be it

RESOLVED, That the Commission finds and determines that the Schematic Design submission is an Implementing Action within the scope of the Project analyzed in the FSEIR and requires no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:

1. The Implementing Action is within the scope of the Project analyzed in the FSEIR and no major revisions are required due to the involvement of new significant environmental effects or a substantial increase in the severity of significant effects previously identified in the FSEIR.
2. No substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FSEIR was undertaken that would require major revisions to the FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR.
3. No new information of substantial importance to the Project analyzed in the FSEIR has become available which would indicate that (a) the Implementing Action will have significant effects not discussed in the FSEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FSEIR will substantially reduce one or more significant effects on the environment; and, be it further

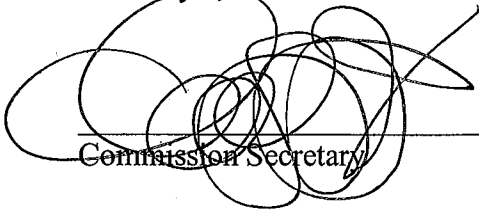
RESOLVED, That the Commission has reviewed and considered the FSEIR findings and statement of overriding considerations and hereby adopts the CEQA findings set forth in Redevelopment Commission Resolution No. 183-98, which are incorporated herein, and those set forth above; and, be it further

RESOLVED, That the Commission has reviewed the request for the Variances and finds and determines pursuant to Section 305 of the Plan and the Design for Development that the shape and location of Block 40 would constitute a undue hardship with the strict application of the Design for Development and the Plan and that the proposed Variances will result in substantial compliance with the Plan and Design for Development, are consistent with the public health, safety and welfare, and therefore approves the Variances; and be it further

RESOLVED, That the Commission approves the Combined Basic Concept and Schematic Design for the commercial building on Block 40 subject to the following conditions, which require further review and approval by the Executive Director, or her designee:

1. The building materials, colors, finishes, and architectural detailing shall be subject to further review and approval by OCII staff during the Design Development phase, with special attention given to the use of materials and colors to provide additional visual interest to the southernmost building. Material and color samples shall be provided as part of the review. A material and color mock-up of sufficient size to be built on the construction site during an early phase of construction shall be prepared for OCII staff review and approval to ensure consistency with the Proposed Schematic Design.
2. The landscape design and public art projects shall be subject to further review and approval by OCII staff during the Design Development phase. In particular, the ground floor open space areas require further refinement to ensure that each area is activated to the maximum extent feasible, and designed to take into consideration safety concerns related to site conditions resulting from the location of the railroad along the western border of the property. In addition, if child care is included in the building the Developer shall work with OCII staff and the child care provider to refine the design of the 16th and Owens Street plaza to incorporate an outside play area.
3. To avoid double parking of delivery and passenger vehicles along Owens and 16th Streets, the Developer shall work with future tenants to ensure that delivery trucks utilize the loading docks at the back of the building and provide opportunities for drop-off locations within the garage for passenger loading and unloading.
4. The design of the parking shall be subject to further review and approval by OCII staff during the Design Development phase. Areas of focus will include the treatment and screening of the exposed parking walls through the use of art along Owens Street and high quality and visually interesting materials on the western facade.
5. The design of the trash and recycling areas shall be subject to further review and approval by OCII staff during the Design Development phase to ensure that they allow for direct pick-up by the solid waste collector from the service areas on the western façade of the building to avoid trash and recycling bins on-street and are well incorporated into the design of the western facade.
6. The loading docks, generator, transformer rooms and other utility space shall be minimized and located along the western façade to the extent feasible.
7. Any service yards required by future tenants of the building shall be subject to review and approval by OCII staff to ensure appropriate screening and preserve opportunities for landscaping.
8. All building signage shall be subject to further OCII staff review and approval. A signage plan shall be prepared prior to or concurrent with Design Development for OCII staff approval, pursuant to the Mission Bay South Signage Master Plan.
9. To avoid noise impacts to adjacent residents, prior to the start of any construction, the Developer and their general contractor shall meet with OCII staff to discuss noise regulations and hours of construction operation to ensure that they understand the existing regulations and do not work outside the allowed hours of operations. During construction, the Developer shall designate a single point of contact to address all construction related concerns from OCII, the City, residents of Mission Bay, and other stakeholders.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of February 3, 2015.



Commission Secretary