

**AGENDA ITEM 7**  
**Treasure Island Development Authority**  
**City and County of San Francisco**  
**Meeting of March 13, 2024**

**Subject:**     **Resolution Approving an Amended and Restated Disposition and Development Agreement with Treasure Island Community Development, LLC, Including Changes to the Attached Financing Plan, and Making Findings Under the California Environmental Quality Act, Approving Proposed Amendments to the Treasure Island and Yerba Buena Island Design for Development (Action Item)**

**Contact:**     Jamie Querubin, Finance Manager  
                  Joey Benassini, Vertical Development Project Manager

**Reviewed by:** Robert Beck, Treasure Island Director  
                  AnMarie Rodgers, Treasure Island Deputy Director

**SUMMARY**

Over the past several months, the City and County of San Francisco (“City”) Office of Economic and Workforce Development (“OEWD”) have been working with Treasure Island Development Authority (“TIDA” or “Authority”) staff, the City Administrator’s Office, the Controller’s Office, and the Mayor’s Office, in coordination with Treasure Island Community Development, LLC (“TICD”) to propose a set of amendments to the Disposition and Development Agreement (“DDA”) and corresponding exhibits. The proposed amendments are intended to bring additional fiscal resources to the project in support of Stage 2 infrastructure, modernize certain development provisions, and continue project momentum to deliver housing in San Francisco.

Along with the proposed Amended and Restated Disposition and Development Agreement (“Amended and Restated DDA”), the City/TIDA are also seeking approval of an Amended Development Agreement (“Amended DA”), the Planning Code, the Zoning Map, and Amended Treasure Island and Yerba Buena Island Design for Development to reflect changes in the Amended and Restated DDA and update certain provisions to be more consistent with the planned development.

The proposed resolution approves the:

- (1) **Amended and Restated Disposition and Development Agreement** between the Treasure Island Development Authority and Treasure Island Community Development, LLC, including changes to exhibits to the DDA, including an amended Financing Plan, Housing Plan, Transportation Plan, and making findings under the California Environmental Quality Act; and

- (2) Proposed Amendments to the **Treasure Island and Yerba Buena Island Design for Development** and recommends approval by the San Francisco Planning Commission

## **BACKGROUND**

Since early 2023, TICD and OEWD have been in conversation the City and the Authority highlighting areas of possible change that could improve the delivery, financial feasibility, sustainability of the Yerba Buena Island and Treasure Island Development project (the “Project”). TICD shared economic outlook projections demonstrating the financial constraints the project was facing, including the difficulty to secure traditional financing for the construction of infrastructure in the next stage, Stage 2.

From Spring 2023 through today, the OEWD has led an effort with TICD, TIDA, City Administrator's Office, Controller's Office, Mayor's Office, and Planning Department, to re-open certain areas of the DDA, DA, Planning Code, Zoning Map, and Design for Development to improve the feasibility and delivery of the Project as well as reaffirm certain existing provisions.

On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey co-sponsored and introduced legislation at the Board of Supervisors to approve the Amended and Restated DDA, Amendment to the DA, and amendments to the Planning Code and Zoning Map. Pursuant to the same legislative processes required to approve the original DDA., the Treasure Island Board of Directors is required to approve all related changes to the Amended and Restated DDA. In addition to the legislation to amend the Project agreements and controls, Supervisor Dorsey introduced a resolution to endorse the Aspirational Statement cosigned by One Treasure Island (OTI), TIDA and TICD in 2023. This alignment in vision, mission and values – produced through a community-led process – is proposed for Board of Supervisors endorsement.

## **Statement of Intent**

Development on Treasure Island has made significant progress in the last several years towards completion of the first stage of construction. Nearly 1,000 homes are near completion along with parks and utilities, public art, new streets and ferry service, yet, the project is at risk of slowing or stalling due to infrastructure delays and the challenging economy. Continuing the project is more important now than ever. The Treasure Island development is the City's largest project underway in a moment when there is a tremendous push to build new housing in San Francisco. The City and TICD are committed to ensuring that the project does not lose momentum. Now is the time for both TICD and the City to double down on the project with a series of thoughtful DDA adjustments that stay true to the spirit of the original deal while affirming mutual commitment to Treasure Island’s next chapter. This effort is particularly important as the City moves to integrate the island and its services more into the city fabric.

## **Objectives**

- Keep the existing public benefits package as approved in the 2011 DDA.
- Do not reduce overall affordable housing requirement (27.2%) or structure.

- Defer costs where possible to improve financial feasibility; without reducing public benefits.
- Modernize provisions in the DDA that are not comparable to other existing development agreements in the City and do not align with the project's current schedule.
- Accelerate Treasure Island-generated revenues to finance project through this challenging economic period.
- Where possible, implement process improvements.

## **AMENDED AND RESTATED DEVELOPMENT AND DISPOSITION AGREEMENT<sup>1</sup>**

### **I. Fiscal Changes and Financing Plan (DDA Exhibit EE)**

One of the primary goals for the proposed DDA amendments was to bring fiscal resources to the project and revise provisions in the DDA that have economically constrained the Project. The City and developer propose to use General Fund Certificates of Participation (COP) to finance the next major stage of infrastructure development in the project (Stage 2). The COP will fund the remaining costs of infrastructure in Stage 2 that is required for the housing and community benefits to be delivered in this major phase. The existing project agreements commit the City to fund these infrastructure costs through the IRFD, the CFD, or other public sources. There is not sufficient capacity in the existing CFD or IRFD to invest in the project now. With a near-term COP, the City can accelerate its planned investment in the project to catalyze the development of the next stage in a moment when it would not otherwise be able to advance in a timely manner.

#### Key Changes:

- Remove Section 19.6 (Payment for Shortfall in Authority Costs), which removes TICA's obligation to serve as the financial back-stop to TIDA if it experiences a budgetary deficit.
- Amend the Financing Plan to describe the City's intent to accelerate revenues into the project for the purpose of reimbursing up to \$115 million of Stage 2 costs in the near-term (see more detail in **Attachment 1 – TI/YBI Summary of Fiscal Terms**):
  - \$115 million in City-supported capital funds (e.g. Certificates of Participation or COPs) to accelerate funding for Stage 2 infrastructure (the COPs constitute Stage 2 Alternative Financing in the Financing Plan);
  - COPs would be structured over the next 3-5 years based on development milestones to pay for eligible infrastructure costs;
  - Like other certificates of participation used by the City to finance capital projects, the COPs will represent lease payments to be made by the City from the City's General Fund for an existing City asset; staff expects that, except for the Stage 2 Contribution described below, the lease payments will be paid from General Fund revenues derived from the Project that would not exist but for the Project;

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<sup>1</sup> A summary of the Amendment and Restated Development and Disposition Agreement is on file with the TIDA Board Secretary.

- The Financing Plan already contemplates various sources of public financing for the project and the COPs revenue would fit into this definition. As such, the mechanics of how the funds are disbursed will be subject to the project’s existing Acquisition and Reimbursement Agreement.
- Amend the Acquisition and Reimbursement Agreement to allow for a more expedited reimbursement process for costs reimbursed by the Stage 2 Alternative Financing to bolster the developer’s cashflow to fund Stage 2

Risk Mitigation Strategies

To address the additional cost burden to the General Fund as a result of the COPs and to address the need to continue ongoing project investments, the Financing Plan has also been revised to include the following risk mitigation strategies (see more detail in **Attachment 1 – TI/YBI Summary of Fiscal Terms**):

- The amended Financing Plan redirects residual property tax increment from the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (IRFD) and residual special taxes from one or more improvement areas in City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (CFD) in the amount of \$550,000 per year, , to directly offset lease payments paid by the General Fund. The annual contribution (“Stage 2 Contribution”) will start in the first year the COPs are issued and continue to the earlier of (i) the final maturity date of the COPs and (ii) the date on which the aggregate Stage 2 Contributions are equal to the one year of debt service.
- Require that certain developer revenues (land sale revenues, reimbursements from Public Financing) be reinvested into the Project until the Stage 2 infrastructure is complete (as defined in a variety of ways in the Financing Plan).

**II. Housing Plan Changes (DDA Exhibit E)**

Although the Project’s total obligation to construct 27.2% of affordable housing will remain unchanged, certain provisions in the Housing Plan were revised to allow for greater flexibility as well as revisions per the recommendation from the Authority’s housing consultant in consultation with the Mayor’s Office of Housing and Community Development (MOHCD).

Key Changes:

- Swap parcel IC2.2 for C13.4 as an Authority Lot for affordable housing (and designate IC2.2 as market rate in exchange).
- Delay and reallocate 27 inclusionary units from Stage 2 to future stages on a pro-rata basis.
- Extend the allowable accrual of the Developer Housing Subsidy to be paid only when needed by the City.
- For rental inclusionary units, broaden the AMI/rental cost range from “up to 100% of AMI” to “60 to 100% of AMI with an average of 80% of AMI”.

### **III. Transportation Plan Obligations (DDA Exhibit N)**

The City and the developer also agreed upon changes to Transportation Plan Obligations to allow for more flexibility on how certain subsidies can be applied, the list of eligible uses, and the timelines in which transportation subsidies can be accessed.

#### Key Changes:

- Build in more flexibility for eligible uses for TICD’s Transportation Operating Subsidy and Transit Capital Subsidy. No change to total value of subsidy payments or to elements of TIMMA’s transportation program.
- Confirm the list of eligible expenses under “Transit Operating Subsidy”
- Allow TIMMA to access Transportation Subsidy Payment 6 months before the first year of permanent transit service begins. Then, the annual subsidy will be available 12 months later, on an annual cycle thereafter
- Allow TICD to credit public interim ferry and/or public shuttle service against Transportation Operating Subsidy beginning 1/1/25; for interim service delivered by developer, TIMMA to establish service parameters for like-for-like public service (incl. frequency, stops, and low-income fares)

### **IV. Subsidies and Schedule of Performance Updates (DDA Exhibits E, F, JJ, KK)**

In addition to certain fiscal changes, the City and the developer also agreed upon changes to the Project’s Schedule of Performance and related Community Facilities Obligations, which allows for the deferral of certain developer obligations that will benefit the near-term cashflow for the Project while aligning with the development’s revised schedule. None of the proposed changes related to the Schedule of Performance will negatively impact the future development and neighborhood services, and to the extent such changes would impact City services, the appropriate City departments agreed to such changes.

#### Key Changes:

- Delay requirement to build the Police/Fire Station from 2,500 dwelling unit to 4,000 dwelling unit (~2031); Police/Fire departments confirm the need is closer to the 4,000 DU.
- Delay requirement for SFUSD to obtain a building permit on the K-5 SFUSD campus from 2,500 dwelling unit to 4,000 dwelling unit (~2031).
- Delay TICD school subsidy date by same metric but allow for a portion of subsidy to be paid earlier upon 30% design development.
- Delay Schedule of Performance dates to deliver Building 1 Plaza and Marina Plaza to match current timeline of Stage 2, as follows:
  - Commencement outside date change from 2028 to 2035;
  - Completion outside date change from 2030 to 2037.
- Reconfirm DDA Subsidies that TICD has fulfilled and/or is still obligated to fulfill.

#### **IV. Other Changes**

##### Key Changes:

- Clarifying processes around issuance of TIDA certificates of completion, market rate lot sale/auction process, timing of developing certain commercial lots.
- Various updates to reflect public trust closings that have occurred to date, commencement of construction of SFPUC wastewater plan, and terms to be consistent with current City policies, such as treatment of debarred contractors and inclusion of new City laws for real property contracts so long as inclusion doesn't violate terms of the DA.

#### **DEVELOPMENT AGREEMENT (DA)**

The proposed changes to the Development Agreement also include the Financing Plan so the identical updates will be made to the DA to conform with the DDA Financing Plan amendments.

#### **DESIGN FOR DEVELOPMENT**

The proposed amendments to the Treasure Island and Yerba Buena Island Design for Development seek to incorporate adjustments based on lessons learned in implementation in Phase One. Furthermore, these amendments aim to address unforeseen constraints arising from updates to the California Building Code. The proposed amendments affect only vertical improvements referring to the development within individual buildings or structures in accordance with any applicable Vertical Development and Disposition Agreement (Vertical DDA).

##### Key Changes:

- Elevator Overrun and Windscreen Allowance: Introducing provisions for elevator overruns and transparent windscreens to accommodate commercially desirable high-speed elevators and foster habitable rooftop areas, particularly considering the windy microclimate at Treasure Island.
- Max Height Revisions: Adds 5 feet to the maximum height limits for buildings in certain areas of the zoning map, to accommodate desired floor counts within constraints while meeting other building and design requirements for stoops and mechanical equipment.
- Max Floor Plate Adjustment: Increases maximum floor plate dimensions from 10,500 square feet to 10,600 square feet for specific types of buildings to regain lost net square footage from changes to fire code between California Building Code 2007 and 2023.
- Stoops Modification: Modifying requirements for ground floor residential units facing streets or open spaces to codify minor modifications for certain vertical developments for unforeseen issues at the project's initial approval.
- Mid-block Fenestration Flexibility: Provides more flexibility in design relative to the California Building Code, which imposes overlapping constraints on such fenestration.
- Rooftop Mechanical Screening: Clarifies that rooftop mechanical equipment greater than 4 feet in height should be screened from sightlines at or below roof level.

- Yerba Buena Island Height Extensions: Permits “mirroring” of permitted height extensions for a townhome, up to a maximum of two units.
- Yerba Buena Island Irrigation: Eliminates a provision that implied permanent irrigation was not required for drought-tolerant vegetation.
- Provisions for Unforeseen Circumstances: Adding provisions for minor modifications and deviations due to unforeseen circumstances or changing building technologies, providing additional relief in instances of unforeseen circumstances or changing technological paradigms.
- Alphabetization of Definitions: Relocating erroneously alphabetized definitions within the Definitions Appendix for clarity and organization.
- Correction of Special Height District Designation: Removing incorrect Special Height District designations from specific parcels to resolve a clerical error and align with the intended land use.

### **NEXT STEPS**

A Planning Commission hearing has been scheduled for April 4, 2024. Hearings before the Board of Supervisors Land Use and Budget and Finance Committees will be scheduled for later in April.

### **RECOMMENDATION**

Staff recommend approval of the attached resolution.

### **ATTACHMENT**

1. **Attachment 1:** Treasure Island/Yerba Buena Island Development Summary of Fiscal Terms

## **ATTACHMENT 1: Treasure Island/Yerba Buena Island Development Summary of Fiscal Terms**

City and developer propose to use General Fund Certificates of Participation (COPs) to finance the next major stage of infrastructure development in the project (Stage 2). \$115M is the estimated cost of the remaining infrastructure in Stage 2 that is required for the housing and community benefits to be delivered. The existing project agreements commit the City to fund these costs through the IRFD, the CFD, or other public sources. There is not sufficient capacity in the existing CFD or IRFD to invest in the project now. **With near-term COPs, the City can accelerate its planned investment in the project to catalyze the development of the next stage in a moment when it would not otherwise be able to advance.**

Certificates of Participation (COPs):

- \$115M is the estimated hard and soft cost of the infrastructure required to complete the next development phase (Stage 2), which excludes an estimated \$29M to fully complete the parks. The full cost of the stage would be financed by the developer with the City providing reimbursement funding for the estimated \$115M of infrastructure costs over the anticipated 3-year construction period.
- The total development costs that will be required to be spent to advance TI/YBI in the next 3 years concurrent with Stage 2 construction are described below:
  - Stage 2 costs: \$204M
    - \$60M spent to date on geotech/soil improvements
    - \$115M remaining infrastructure
    - \$29M parks
  - Stage 1 completion costs: \$70M parks plus \$15-\$20M developer-obligated subsidies
  - Other required island-wide costs: \$130M backbone infrastructure, subsidies, taxes, etc. plus \$40M in financing costs
  - \$464M Total
- The proposed COPs authorization would be described in the Financing Plan exhibit to both the Development Agreement and the Disposition and Development Agreement anticipated to go before the Board of Supervisors this Spring 2024.
- Like other certificates of participation used by the City to finance capital projects, the COPs will represent lease payments to be made by the City from the City's General Fund for an existing City asset; staff expects that, except for the Stage 2 Contribution described below, the lease payments will be paid from General Fund revenues derived from the project that would not exist but for the project.



- The legislative package to appropriate the lease payments that will be represented by the COPs would then be prepared and submitted to the Board of Supervisors in Fall 2024, along with approvals for the CFD and IRFD to contribute to the Stage 2 Contribution.
- The agreement would clearly state that this use of COPs is one-time only and will not be authorized for any subsequent development phases or sub-phases.
- The infrastructure and improvements funded by the COPs would become ineligible for reimbursement through the existing CFD or IRFD districts. The additional capacity freed up in the IRFD/CFD could be used to fund other general fund obligations on Treasure Island after development is complete.
- The COPs would be structured in multiple tranches, tied to the expected capital expenditures for the infrastructure. The first issuance could occur in late 2024, with two additional issuances annually thereafter.
- City has modeled the following debt issuance structure example:

<b>Transaction Details*</b>	<b>COP #1</b>	<b>COP #2</b>	<b>COP #3</b>	<b>Total</b>
Issuance Year	FY2025	FY2026	FY2027	
Project Fund (\$ millions)	\$50.0	\$50.0	\$15.0	<b>\$115.0</b>
Term	20 yrs	20 yrs	20 yrs	
Interest Rate	6.50%	6.50%	6.50%	
Annual Lease Payments (\$ millions)	\$5.3	\$5.3	\$1.7	<b>\$12.3</b>
First Fiscal Year of Lease Payments	FY2026	FY2027	FY2028	
Total Lease Payments	\$100.9	\$100.9	\$31.4	<b>\$233.2</b>

\*Subject to change at the recommendation of the Controller's Office of Public Finance.

- *Performance milestones:* Each tranche of COPs would be conditioned on performance milestones.
  - COP tranches will be designed to fund a specific construction scope within Stage 2, including progressive build-out of stage-wide infrastructure.
  - Developer must demonstrate that the COP proceeds have been used to fund the intended infrastructure and improvement scope prior to subsequent tranches being authorized, i.e. the assets have been vetted and approved via the Acquisition Agreement process.
- *Risk Mitigation:*

- During the scope of Stage 2 construction the developer is required to reinvest certain proceeds generated by the project (i.e., land sale revenue, reimbursements from IRFD/CFD/COPs) back into the project.
- During the term of the COPs, an annual \$550,000 contribution (the “Stage 2 Contribution”) will be made from residual IRFD/CFD funds (i.e., IRFD/CFD revenues that are available after paying debt service on and maintaining debt service reserve funds for IRFD/CFD bonds) to the General Fund. The Stage 2 Contribution will start in the first year the COPs are issued and continue to the earlier of (i) the final maturity date of the COPs and (ii) the date on which the aggregate Stage 2 Contributions are equal to one year of lease payments related to the COPs. The Stage 2 Contribution will be used at the discretion of the City to pay the lease payments related to the COPs in any years that lease payments are greater than the net recurring General Fund revenues generated by the project, or to pay debt service on and/or maintain debt service reserve funds for IRFD/CFD bonds.
  - The residual CFD/IRFD funds that are used to make the Stage 2 Contribution would have otherwise been dedicated to developer reimbursements, so this mitigation strategy increases project contributions to the City. The projected total of the Stage 2 Contribution over the term of the COPs is approximately \$13 million, assuming residual CFD/IRFD revenues are sufficient to make the Stage 2 Contribution each year.
- The project’s existing profit participation terms will continue to apply through this period and are not being amended. The City (through TIDA) receives a 10% profit participation share when the overall project return (IRR) surpasses 22.5% (and after the U.S. Navy receives a \$50M waterfall payment at 18% IRR). TIDA’s share increases to 15% if the project return surpasses 25%. If the IRR cashflow continues beyond the term of the Navy Conveyance Agreement (25 years after final land conveyance from the Navy), then TIDA and developer share a 50/50 split of the cashflow above 25% IRR.
- The project’s Acquisition and Reimbursement Agreement is used to guide public financing reimbursements and would be applicable to the COP financings, with some modifications to implement process changes agreed upon by the City/TIDA and the developer. This agreement codifies the City process to review, validate, and disburse payments to the developer. The City’s payments for the eligible infrastructure is on a reimbursement basis, once it has been progressively funded and installed by the developer team.

RESOLUTION NO.

1 [Approval of Amended and Restated Disposition and Development Agreement with Treasure  
2 Island Community Development, LLC and- Amendments to Treasure Island and Yerba Buena  
3 Island Design for Development]

4 **Resolution (1) Approving an Amended and Restated Disposition and Development**  
5 **Agreement Between the Treasure Island Development Authority and Treasure Island**  
6 **Community Development, LLC, for Certain Real Property Located on Treasure Island and**  
7 **Yerba Buena Island, Including Changes to the Attached Financing Plan, and Making**  
8 **Findings Under the California Environmental Quality Act; and (2) Approving Proposed**  
9 **Amendments to the Treasure Island and Yerba Buena Island Design for Development.**

10  
11 WHEREAS, In 1997, the City created the Treasure Island Development Authority (the  
12 “Authority” or “TIDA”) to serve as the entity responsible for the reuse and development of  
13 former Naval Station Treasure Island consisting of approximately 550 acres on Treasure  
14 Island and Yerba Buena Island; and

15 WHEREAS, In 2003, the Authority Board of Directors selected Treasure Island  
16 Community Development, LLC (“TICD” or “Developer”) as the master developer for portions of  
17 Treasure Island and Yerba Buena Island; and

18 WHEREAS, The Developer proposed developing the Treasure Island/Yerba Buena  
19 Island Project (“Project”), which anticipated (1) up to 8,000 new residential units, at least 25%  
20 of which (2,000 units) would be made affordable to a broad range of very-low to moderate  
21 income households, (2) adaptive reuse of approximately 311,000 square feet of historic  
22 structures, (3) up to approximately 140,000 square feet of new retail uses and 100,000 square  
23 feet of commercial office space, (4) approximately 300 acres of parks and open space,  
24 (5) new and/or upgraded public facilities, including a joint police/fire station, a school, facilities  
25 for the Treasure Island Sailing Center and other community facilities, (6) up to 500 hotel

1 rooms across 2-3 sites, (7) landside improvements for a new 400 slip marina, and  
2 (8) transportation infrastructure, including a ferry/quay intermodal transit center; and

3 WHEREAS, On June 7, 2011, pursuant to Resolution No. 241-11, which the Mayor  
4 signed on June 13, 2011, the Board of Supervisors unanimously approved the Disposition and  
5 Development Agreement (“2011 DDA”) and other transaction documents; and

6 WHEREAS, On June 14, 2011 pursuant to Ordinance No. 95-11, the Board of  
7 Supervisors approved the Development Agreement (the “DA”) for the Project between the City  
8 and County of San Francisco (the “City”) and Developer, which the parties executed on  
9 June 28, 2011; and

10 WHEREAS, Transforming Treasure Island and Yerba Buena Island into a new San  
11 Francisco neighborhood has required a staggering amount of upfront engineering work to  
12 geotechnically transform the land and install new infrastructure and utilities; and

13 WHEREAS, Since 2011, the Developer has invested over \$800 Million into the Project  
14 which has resulted in significant progress towards completion of the first stage of construction  
15 with nearly 1,000 new homes along with completed public parks and utilities, public art, new  
16 streets and regular ferry service; and

17 WHEREAS, Over 100 units of new affordable housing attributable to the Project are  
18 open and occupied on Treasure Island, with another approximately 200 units currently under  
19 construction; and

20 WHEREAS, The progress on Treasure Island and Yerba Buena Island is a reflection of  
21 a public-private partnership spanning more than twenty years committed to the vision for a  
22 new Treasure Island; and

23 WHEREAS, Continuing the Project is more important now than ever as Treasure  
24 Island’s 8,000 planned housing units represent one-tenth of the City’s housing production  
25 goals established under its Housing Element 2022 Update of the General Plan and the

1 Mayor’s Housing for All implementation strategy, and the Treasure Island Project is the City's  
2 largest project underway in a moment when there is a tremendous push to build new housing  
3 in San Francisco; and

4 WHEREAS, Various factors such as increases in construction and labor costs, a  
5 worldwide pandemic, rising interest rates and a slowing of the real estate market have put  
6 unanticipated pressures on the Project that could delay construction of the next phase without  
7 near-term accelerated public financing; and

8 WHEREAS, The Developer has shared economic projections demonstrating the  
9 financial constraints facing the Project, including the inability to secure traditional financing for  
10 the construction of Stage 2 infrastructure; and

11 WHEREAS, TIDA, the Developer, and the Office of Economic and Workforce  
12 Development (“OEWD”) have been in conversation with the City since early 2023 to identify  
13 areas of possible change that could improve the delivery, financial feasibility, and  
14 sustainability of the Project; and

15 WHEREAS, OEWD has lead an effort with TIDA, the Developer, the City  
16 Administrator’s Office, Controller’s Office, Mayor’s Office, and the Planning Department to re-  
17 open certain areas of the 2011 DDA, the DA, and the Planning Code, Zoning Map, and  
18 Design for Development as they relate to the Treasure Island/Yerba Buena Island Special  
19 Use District, to improve the feasibility and delivery of the Project as well as reaffirm certain  
20 existing provisions; and

21 WHEREAS, TIDA, the City, and the Developer are committed to ensuring that the  
22 Project does not lose momentum, particularly as the island and its services become more  
23 integrated into the city fabric as a result of the new housing units, parks, utilities, public art,  
24 ferry terminal and streets that have been completed to date; and

25

1           WHEREAS, The proposed amendments to certain terms of the existing transaction  
2 documents for the Project will, among other things, (1) accelerate reimbursement of eligible  
3 project costs through public financing for the next construction phase, called Stage 2, which  
4 phase will include infrastructure necessary to allow for the construction of new parks and  
5 shoreline improvements, and market rate and affordable housing parcels for approximately  
6 1,300 units of new housing; (2) retain the existing public benefits package as approved in the  
7 2011 DDA, such as the overall affordable housing requirement of 27.2% and delivery of parks  
8 and open space; (3) defer accrual of costs where possible to improve financial feasibility such  
9 as extending the completion dates for certain facilities and reallocating a limited number of  
10 inclusionary units to future phases; (4) increase flexibility on timing of Developer subsidies  
11 and how they can be used; (5) increase the DDA term to 40 years; (6) increase flexibility on  
12 how certain parcel lots may be sold to allow for earlier additional funds into the Project; and  
13 (7) update the 2011 DDA to reflect current City practice, such as any public art fee be paid to  
14 the Department of Building Inspection instead of TIDA; and

15           WHEREAS, The proposed amendments will not change the general framework of the  
16 2011 DDA whereby the Developer will continue to (1) be obligated to invest hundreds of  
17 millions of dollars of private capital in the initial construction of public infrastructure, affordable  
18 housing and community benefits, and (2) have the right to develop the Project in a series of  
19 major phases and sub-phases and to sell or ground lease developable lots to vertical  
20 developers for development, all in accordance with all of the governing land use and  
21 entitlement documents; and

22           WHEREAS, The proposed amendments will be set forth in an Amended and Restated  
23 Disposition and Development Agreement (“A&R DDA”), which A&R DDA includes, among  
24 certain exhibits, the Financing Plan and Housing Plan, all of which are on file with the  
25 Authority Board Secretary and incorporated herein by reference; and

1           WHEREAS, Stage 2 includes two planned affordable housing buildings with  
2 approximately 250 units total and a 240-bed behavioral health building project to be delivered  
3 by the Department of Public Health; and

4           WHEREAS, The amendments to the Financing Plan describe the City’s intent to  
5 accelerate up to a maximum of \$115 million of general fund-backed public financing into the  
6 Project (“Stage 2 Alternative Financing”), expected to be structured as one or more lease  
7 certificates of participation, with the City reserving the discretion to structure the Stage 2  
8 Alternative Financing through other public financing vehicles that are not secured by a pledge  
9 of Project special taxes or net available increment, to support continued construction of  
10 Stage 2 infrastructure necessary to allow for the development of new parks and shoreline  
11 improvements, and market rate and affordable housing parcels for approximately 1,300 units  
12 of new housing anticipated to occur within the next 3-5 years, by reimbursing the Developer  
13 for eligible Stage 2 qualified project costs sooner than they otherwise would be reimbursed  
14 through the existing public financing structure; and

15           WHEREAS, The Stage 2 Alternative Financing is anticipated to be structured over the  
16 next 3-5 years, tied to the expected capital expenditures for the Stage 2 infrastructure, and the  
17 Developer would be reimbursed after the Developer has satisfied various conditions for  
18 issuance of such public financing and reimbursement from such proceeds; and

19           WHEREAS, A fiscal impact study was completed by City fiscal consultant Keyser  
20 Marston Associates and projects that Treasure Island and Yerba Buena Island will generate  
21 an average of approximately \$4.4 million per year in ongoing net recurring general fund  
22 revenues from fiscal year 2025 thru fiscal year 2030, with an additional approximately \$10  
23 million per year in transfer taxes and one-time construction related revenues contingent on  
24 assumed land sales and unit sales in this time period, and that by fiscal year 2040, the net  
25 recurring revenues generated from Treasure Island and Yerba Buena Island (not including

1 transfer taxes or one-time construction related revenues) are projected to exceed annual  
2 required debt service payments for up to \$115 million of Stage 2 Alternative Financing; and

3 WHEREAS, If the proposed changes to the Financing Plan are approved by the  
4 Authority Board and the Board of Supervisors, the DA will need to be amended as the  
5 amended Financing Plan will need to replace the existing Financing Plan exhibit to the DA;  
6 and

7 WHEREAS, If the proposed amendments to the 2011 DDA and DA are approved  
8 authorizing the Stage 2 Alternative Financing, Authority and Controller's Office staff will return  
9 at a future date to request Authority Board's authorization and recommendation to the Board  
10 of Supervisors to proceed with the Project specific Stage 2 Alternative Financing; and

11 WHEREAS, On March 5, 2024, Mayor London Breed and Supervisor Matt Dorsey co-  
12 sponsored and introduced legislation at the Board of Supervisors to approve the A&R DDA,  
13 an amendment to the DA, and amendments to the Planning Code and Zoning Map;

14 WHEREAS, The Developer has proposed amendments to the Design for Development  
15 based on lessons learned during implementation of phase one of the Project that affect only  
16 vertical improvements, and the proposed amendments and a summary of the proposed  
17 amendments are on file with the Authority Board Secretary; and

18 WHEREAS, The Planning Department and TIDA prepared an Environmental Impact  
19 Report for the Project under the California Environmental Quality Act ("CEQA," Public  
20 Resources Code Sections 21,000 et. seq;) and the CEQA Guidelines (14 Cal. Code Regs.  
21 Sections 15,000 et seq,); and

22 WHEREAS, On April 21, 2011 pursuant to Authority Board Resolution Nos. 11-1404/21  
23 and 11-18-04/21 and Planning Commission Motion No. 18325, the Planning Commission and  
24 the Authority Board in a joint session unanimously approved a series of entitlement and  
25 transaction documents for the Project; and



1           WHEREAS, On June 7, 2011, pursuant to Resolution No. 246-11, the Board of  
2 Supervisors unanimously confirmed certification of the Final Environmental Impact Report  
3 (“FEIR”) for the Project, and made certain environmental findings under CEQA, including  
4 adoption of a Mitigation Monitoring and Reporting Program and a Statement of Overriding  
5 Considerations, which resolution is on file with the Clerk of the Board of Supervisors in File  
6 No. 110328 and is incorporated herein by reference; and

7           WHEREAS, CEQA mandates that “when an environmental impact report has been  
8 prepared for a project, no subsequent or supplemental environmental impact report shall be  
9 required by the lead agency”, unless the lead agency determines, on the basis of substantial  
10 evidence that the project or its circumstances have changed, or there is new information, and  
11 that those changes or new information would cause new significant impacts, or a substantial  
12 increase in the severity of previously identified impacts (CEQA Section 21166; CEQA  
13 Guidelines Section 15162); and

14           WHEREAS, CEQA authorizes lead agencies to prepare addenda to previously-  
15 prepared environmental documents when they consider adopting a revised project, and the  
16 conditions for requiring additional environmental review are not met (CEQA Guidelines  
17 Section 15164); and

18           WHEREAS, The Planning Department prepared an Addendum to the FEIR to analyze  
19 the impacts of the A&R DDA (including changes to the Financing Plan and the Housing Plan,  
20 both of which are exhibits to the A&R DDA) and concurrent changes proposed to the  
21 Development Agreement and Planning Code and Zoning Map controls for the Project; and

22           WHEREAS, The addendum concluded that no supplemental or subsequent  
23 environmental review is required for the A&R DDA (including changes to the Financing Plan  
24 and the Housing Plan, both of which are exhibits to the A&R DDA) and concurrent changes  
25 proposed to the DA and Planning Code and Zoning Map controls for the Project, because the

1 environmental impacts of these actions were adequately identified and analyzed under CEQA  
2 in the FEIR, and the A&R DDA (including changes to the Financing Plan and the Housing  
3 Plan, both of which are exhibits to the A&R DDA) and concurrent changes proposed to the DA  
4 and Planning Code and Zoning Map controls for the Project would not result in any new or  
5 more severe environmental impacts than were identified previously; and, therefore, be it

6           RESOLVED, The Authority Board has reviewed and considered the addendum and  
7 the FEIR, and concurs with the Planning Department analysis and conclusions, finding that  
8 the addendum adequately identified and analyzed the environmental impacts of the  
9 proposed amendments, and that no additional environmental review is required under  
10 CEQA Section 21166 and CEQA Guidelines Sections 15162-15164, for the following  
11 reasons:

12           (A) The Project with the proposed amendments will not have any new  
13 significant environmental effects or a substantial increase in the severity of previously  
14 identified significant impacts, beyond what was analyzed in the FEIR; and,

15           (B) No substantial changes have occurred with respect to the circumstances  
16 under which the Project with the proposed amendments would be carried out that would  
17 lead to the involvement of new significant environmental effects, or a substantial increase in  
18 the severity of effects identified in the FEIR; and,

19           (C) No new information of substantial importance to the Project analyzed in  
20 the FEIR has become available, which would indicate that (i) the Project with the proposed  
21 amendments will have significant effects not discussed in the FEIR; (ii) significant  
22 environmental effects identified in the FEIR will be substantially more severe; (iii) mitigation  
23 measures or alternatives found not feasible, which would reduce one or more significant  
24 effects, have become feasible but the City and TIDA refuse to implement them; or (iv)  
25 mitigation measures or alternatives, which are considerably different from those in the

1 FEIR, will substantially reduce one or more significant effects, but the City and TIDA refuse  
2 to implement them; and, be it

3 FURTHER RESOLVED, That the Authority Board hereby approves the A&R DDA and  
4 directs the Director of the Treasure Island Development Authority ("Director") to forward the  
5 A&R DDA to the Board of Supervisors for their approval; and, be it

6 FURTHER RESOLVED, Upon Board of Supervisors approval of the A&R DDA, the  
7 Director is authorized to execute the A&R DDA between TIDA and the Developer, with all  
8 exhibits to the A&R DDA, including, but not limited to the Financing Plan and the Housing  
9 Plan in substantially the form filed with the Authority Board Secretary, and any additions,  
10 amendments or other modifications to such agreements (including, without limitation, its  
11 exhibits) that the Director, on behalf of TIDA, determines, in consultation with the City  
12 Attorney, are in the best interests of TIDA and the City, do not otherwise materially increase  
13 the obligations or liabilities of TIDA or the City or materially decrease the benefits to TIDA or  
14 the City, and are necessary or advisable to effectuate the purpose and intent of this  
15 Resolution; and, be it

16 FURTHER RESOLVED, That to the extent that implementation of the A&R DDA  
17 involves the execution and delivery of additional agreements, notices, consents and other  
18 instruments or documents by TIDA that have a term in excess of 10 years or anticipated  
19 revenues of \$1 million or more, including, without limitation, instruments conveying  
20 developable lots to vertical developers (including, without limitation, vertical disposition and  
21 development agreements, ground leases, lease disposition and development agreements,  
22 assignment and assumption agreements and permits to enter) (collectively, "Subsidiary  
23 Agreements"), and the Board of Supervisors has authorized TIDA to enter into such  
24 Subsidiary Agreements without additional authorization, the Director, in consultation with the  
25 City Attorney, is hereby authorized to enter into all such Subsidiary Agreements so long as the

1 transactions governed by such Subsidiary Agreements are contemplated in the A&R DDA, do  
2 not otherwise materially increase the obligations or liabilities of TIDA, and are necessary and  
3 advisable to effectuate the purpose and intent of this Resolution, such determination to be  
4 conclusively evidenced by the execution and delivery by such person or persons of any such  
5 documents; and, be it

6 FURTHER RESOLVED, The Authority Board recommends that the Planning  
7 Commission approve the proposed amendments to the Design for Development in  
8 substantially the form filed with the Authority Board Secretary; and, be it

9 FURTHER RESOLVED, That the Director is authorized to approve any additions,  
10 amendments or other modifications to the proposed amendments to the Design for  
11 Development before they are adopted by the Planning Commission that the Director  
12 determines, in consultation with the City Attorney, are in the best interests of TIDA, do not  
13 otherwise materially increase the obligations or liabilities of TIDA or materially decrease the  
14 benefits to TIDA, and are necessary or advisable to effectuate the purpose and intent of this  
15 Resolution.

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**CERTIFICATE OF SECRETARY**

**I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on March 13, 2024.**

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**Jeanette Howard, Secretary**