

**DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND CALIFORNIA BARREL COMPANY LLC**

Draft Key Terms

Project Site: Potrero Power Station site, consisting of approximately 29 acres along San Francisco's central bayside waterfront, generally bounded by 22nd Street to the north, the San Francisco Bay to the east, 23rd Street to the south, and Illinois Street to the west.

General Description of the Project: Developer proposes a multi-phased, mixed-use development on the Project Site that will include approximately 6.9 acres of new publicly accessible improved parkland and open space, and a mixed-use urban neighborhood, including up to approximately 2,600 dwelling units, and approximately 1.8 million square feet of commercial uses. Thirty percent of the Residential Units produced by the Project will be affordable housing units.

Benefits and Vesting: In addition to the Community Benefits and other benefits outlined below, the Project is anticipated to generate an annual average of approximately 230 construction jobs during construction and, upon completion, approximately 5,200 net new permanent on-site jobs. In addition, the project is expected to generate an approximately \$24 million net annual increase in general fund revenues to the City, as well as approximately \$150 million in one-time fees and community benefits payments.

In return, Developer has the vested right to develop the Project as set forth in the Development Agreement, including with the following vested elements: the locations and numbers of Buildings proposed, infrastructure, land uses and parcelization, height and bulk limits, including maximum density, intensity and gross square footages, permitted uses, provisions for open space, vehicular access and parking.

Key Development Agreement Terms (with DA section numbers):

1. Term of Development Agreement (§ 2.2.):

- 30 years.

2. Affordable Housing (§ 3.2.3):

- Thirty percent (30%) of the Residential Units produced by the Project will be affordable housing units. (Housing Plan § II.A.) This requirement will be satisfied through a combination of the following:
 - Inclusionary Units within Market-Rate Projects at the Project Site;
 - Conveyance of Development Parcels, at no cost, to an Affordable Housing Developer, for the construction of 100% Affordable Units, as well as payment to the Affordable Housing Developer of any gap amount necessary;
 - Payment of the Power Station Affordable Housing In-Lieu Fee to the Mayor's Office of Housing and Community Development for construction of

affordable housing in Supervisorial District 10, on not more than 258 (33% of total Affordable Units) Residential Units in the aggregate.

- Affordability Levels. The inclusionary units must be consistent with the affordability requirements currently required by Planning Code section 415:
 - Inclusionary Rental Units will be restricted, on average, to a Housing Cost that is affordable to Households earning not more than 72% of AMI. (Housing Plan § II.A.1.)
 - Inclusionary For-Sale Units will be restricted, on average, to a Housing Cost that is affordable to Households earning not more than 99% of AMI. (Housing Plan § II.A.1.)
- Homeless Prenatal Program. Preference will be provided to the Homeless Prenatal Program for up to eighteen (18) Inclusionary Units per Development Phase (and not more than thirty-six (36) Inclusionary Units in total for all Development Phases).

3. Transportation (§ 3.2.3, Phasing Plan)

- Street network consistent with the City's Better Streets Plan connecting to the planned Pier 70 Mixed-Use District project directly north of the project site that is accessible for all modes of transportation and includes vehicular, bicycle, and pedestrian improvements.
- New bus stop and layover facilities for proposed extension of MUNI bus service through the Pier 70 and Potrero Power Station projects.
- Shuttle service supplementing MUNI service and connecting the project site to the BART system.
- Installation of traffic signals at the intersections of Illinois Street at 23rd and Humboldt streets.
- Approximately \$45 million in Transportation Sustainability Fees directed to a variety of purposes within the neighborhood and larger transportation system.

4. Workforce Development (§ 3.2.3, § 3.14, § 4.9)

- Developer must require project sponsors, contractors, consultants, subcontractors, and subconsultants to undertake workforce development activities in both the construction and end use phases of the Project.
- Local Business Enterprise requirements apply to certain construction activities.
- First Source "Plus" for Construction and Professional Services:
 - Good faith effort for overall 30% construction work hours performed by San Francisco residents.
 - Notification of entry-level professional and administrative positions.
 - Hiring referrals first consideration through the CityBuild process.
 - Utilization of a City approved electronic payroll record for reporting.
- First Source "Plus" for Business Services
 - Notification of entry-level hiring opportunities to OEWD Business Services team.
 - Hiring referrals first consideration for through the City's Workforce System.
 - Utilization of a City approved job posting and reporting system.
- Provide space to host workforce related events for participants in City-sponsored STEM and workforce development programs such as company tours and job

shadowing, technology career readiness workshops, panels, etc. hosted by companies, and jobseeker preparedness events such as resume writing/vetting, mock interviewing, and networking events.

- Dedicate employee time to support curriculum development and direct engagement with City-sponsored STEM and workforce development programs.
- Commit to hiring programs that offer direct employment opportunities for participants in City-sponsored STEM and workforce development programs.

5. Open Space (§ 3.2.3, § 3.5):

- Construction and maintenance in perpetuity of publicly accessible open space, totaling approximately 6.9 acres, consisting of:
 - a series of contiguous, integrated waterfront parks, including extension of the Blue Greenway and Bay Trail and creation of a 3.6-acre “Waterfront Park”;
 - Approximately 1.5 acres of Port-owned land to be included in the Waterfront Park, which would be improved by the project at no cost to the Port or the public.
 - 1.2-acre central green space in the interior of the Project Site (“Power Station Park”);
 - The 0.7 acre “Louisiana Paseo” and the 0.3 acres “Illinois Street Plaza”; and
 - A publicly accessible rooftop soccer field (the “Rooftop Soccer Field”) over the district parking garage.

6. Child Care Facilities (§ 3.2.3; Phasing Plan § 3.1):

- Construction of childcare facilities totaling not less than 12,000 gross square feet in size.
 - To be available for lease to a licensed nonprofit operator without charge for rent, utilities, property taxes, building services, or repairs, with minimum terms of three years.
 - After this initial term, any childcare facilities will be available to a licensed nonprofit operator for an additional period of five years, at a cost not to exceed actual operating and tenant improvement costs reasonably allocated to similar facilities in similar buildings.

7. Community Facility (§ 3.2.3; Phasing Plan § 3.1):

- Construction of one on-site community center that is no smaller than 25,000 gross square feet in size and provides rent free to a community facility operator such as the YMCA. (Phasing Plan § 3.2.)
- Provide a significant payment to the community facility operator for tenant improvements.

8. Historic Preservation (§ 3.4; Design for Development):

- Station A will be retained, including saving and restoring its south and east walls and portions of the north and west walls, and incorporating these existing features into a new building on Block 15.

- The Boiler Stack will be retained and rehabilitated to the Secretary of the Interior's Standards for Historic Rehabilitation.

9. Funding for Future Sea Level Rise Adaptation (§ 3.8; Financing Plan):

- Developer and City will establish a Community Facilities District (CFD) which will provide funding for the project's infrastructure development in the near term and for mitigation of sea level rise in the longer term.

10. Design Controls (§ 3.4; Design for Development):

- The project must be constructed consistent with the design controls in the D4D. The D4D is the product of a comprehensive multi-year community outreach process. The standards and guidelines in the D4D are intended to result in a mixed-use community that celebrates the history of the Potrero Power Station site while also providing a new sustainable urban community that opens the Central Waterfront to existing Dogpatch neighbors.
- Any proposed Design Review Application or Later Approval that meets the Objective Requirements of the D4D and the other Plan documents shall not be rejected by the City based on elements that conform to or are consistent with the Objective Requirements

11. Fees and Exactions (§ 5.8.2):

- During the first 20 years of the DA's 30-year term, the only Impact Fees and Exactions that will apply to the Project will be the Impact Fees and Exactions listed on Exhibit P to the Development Agreement, subject to annual escalation.

12. PG&E Sub-Area (§ 3.13):

- The PG&E Sub-Area (the existing PG&E switchyards at 22nd and Illinois Street) is not subject to the terms of the Development Agreement unless PG&E or a subsequent owner elects to join the Development Agreement. Any development on the PG&E Sub Area would be subject to a Conditional Use Authorization unless the applicant is a party to the Development Agreement.

13. Phasing of Community Benefits (§ 3.2.3):

- Appropriate Community Benefits, including but not limited to Affordable Housing and Open Space, are required to be provided with each development phase, per the Phasing Plan.