




MEMORANDUM

May 9, 2025

TO: MEMBERS, PORT COMMISSION
Hon. Gail Gilman, Vice President
Hon. Willie Adams
Hon. Stephen Engblom
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director 

SUBJECT: Request approval of a license related to privately-owned ground settlement monitoring equipment within Port-owned space at Seawall Lot 337, the "Mission Rock Project" bounded by China Basin Channel, Third Street, Mission Rock Street, and San Francisco Bay.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 25-29

EXECUTIVE SUMMARY

The Mission Rock project (the "Project") is a 28-acre site located at Seawall Lot 337 and bounded by China Basin Channel, Third Street, Mission Rock Street, and the San Francisco Bay. The Port's development partner for the Project is Seawall Lot 337 Associates, LLC, a partnership between the San Francisco Giants and Tishman Speyer (collectively with its affiliates, the "Developer"). The Project is governed by its Disposition and Development Agreement (DDA), Master Lease, and related agreements between the Port and the Developer. Under the DDA, the Developer is required to construct horizontal improvements, including parks, streets, and utilities, as well as four buildings consisting of two primarily multi-family residential buildings and two commercial office/life science buildings. The Developer commenced construction of Phase 1 (see Exhibit A, Site Map) in 2019 and has completed construction over the last several months.

At the March 12, 2024, Port Commission meeting, the Port staff gave an informational presentation outlining the Port's and City's respective acceptance processes and summarizing the various land use agreements the Port and City would need to approve

through the Phase 1 acceptance process (see item 7A). At the February 11, 2025 Port Commission meeting, the Port Commission approved Resolutions No. 25-05 and 25-06 which accepted ownership of Port Open Spaces and right-of-way (ROW) Assets, and recommended the Board of Supervisors (BOS) accept City Assets and approve various land rights agreements required to facilitate operation and maintenance of new Port Assets at Mission Rock.

This staff report summarizes the final agreement required for maintenance of specific technical equipment installed in Port open space at Mission Rock: a license for maintenance of ground settlement monitoring equipment that was installed pursuant to the approved Phase 1 Street Improvement Plans, to identify any potential issues related to the settlement of lightweight cellular concrete (“LCC”).

STRATEGIC OBJECTIVES

Acceptance of completed Phase 1 Horizontal infrastructure will meet the following Port Strategic Objectives by helping to advance the implementation of development within the Mission Rock Special Use District (“Mission Rock SUD”):

- **Productivity:** Attract and retain tenants to build an economically successful and vibrant waterfront.
- **Resilience:** Reduce seismic and climate change risks to protect the waterfront.
- **Sustainability:** Advance environmental stewardship to limit climate change and protect the Bay.
- **Evolution:** Evolve the waterfront to respond to changing public and Port needs.

PROJECT BACKGROUND

The entitled Mission Rock project, upon completion of all phases, anticipates approximately 1,100 units of rental housing, 1.4 million square feet of new commercial and office space, the rehabilitation of historic Pier 48, as well as space for small-scale manufacturing, retail, neighborhood services, waterfront parks, and public infrastructure. The mixed-use Project is located on approximately 28 acres, including SWL 337 and Pier 48.

Approved in 2018, the Project reflects fourteen years of effort, led by the Port Commission, Port and City staff, and Mission Rock Partners LLC, a partnership between the San Francisco Giants and Tishman Speyer.

Phase 1 currently includes the following program elements:

- 537 apartment units, including 132 affordable units
- 550,000 gross square feet of office
- 52,000 gross square feet of retail
- District Energy System (heating and cooling) located in Parcel A, which will serve all of Mission Rock
- District-scale non-potable water recycling plant located in Parcel B, which will serve all of Mission Rock’s indoor and outdoor non-potable water needs

Key public benefits include affordable housing, parks, and open space, implementation of sustainability strategy goals, and achievement of workforce and local hire requirements and goals agreed upon in the Project's DDA and Development Agreement (DA).

PHASE 1 HORIZONTAL IMPROVEMENTS ACCEPTANCE

The Port and City will accept five broad categories of Horizontal improvements: 1) Port Park and Open Space Assets; 2) private assets owned by the Developer and 3rd party utility operators in Port open space; 3) City-standard assets within City ROW; 4) non-standard Port-owned assets within City ROW; and 5) private assets owned by third-party utility operators within City ROW.

At the February 11, 2025 Port Commission meeting and subsequent April 15, 2025 Board of Supervisors meeting, the following agreements were approved in conjunction with the acceptance process:

1. China Basin Park Lease and Loan Agreement ("Park Lease")
2. Paseo and Open Space Management Agreement ("Management Agreement")
3. Licenses for gas lines to Parcels F and G and an electric line in China Basin Park with PG&E
4. License with MRU for utility infrastructure in Port-owned spaces

Port staff has now finalized negotiations for a license for ground settlement monitoring equipment sited within Port open space, which are further described below. This agreement does not require Board of Supervisors approval because it has a term of less than ten years.

LICENSE FOR GROUND SETTLEMENT MONITORING EQUIPMENT IN PORT OPEN SPACE

The Mission Rock Phase 1 Street Improvement Plans required the developer to install various instruments and improvements to monitor the settlement of lightweight cellular concrete ("LCC"). These improvements include sanitary sewer and storm drain manhole settlement monitors, non-potable water gate valve settlement monitors, sanitary sewer and storm drain high-density polyethylene settlement monitors, extensometer settlement monitors, and piezometer settlement monitors as depicted in the locations depicted on the Mission Rock Phase 1 Street Improvement Plans Settlement Monitoring Plan Record Drawings dated April 30, 2024. Some instruments are located in the City-accepted ROW, and others are located in Port-owned open space (China Basin Park Promenade and paseos). Pursuant to Public Works Order No. 202368, the Developer is required to provide an initial warranty period of two years, an extended warranty for an additional three years, and ongoing monitoring for potential settlement for 10 years from the date that San Francisco Public Works (DPW) approved the Horizontal Improvements (November 21, 2024). This license closely mirrors the requirements outlined in the Developer's corresponding Major Encroachment Permit for settlement monitoring equipment issued by DPW and grants the Developer access to maintain and repair this equipment.

The agreement would commence on the date of acceptance, which is anticipated to be in early June 2025, and terminate in November 2034 to coincide with the Developer's 10-year warranty obligations. It is a “no-fee” agreement and requires the developer to assume all liability associated with the equipment. The agreement further outlines the conditions under which the Developer must:

1. Operate the equipment in accordance with the standards set forth in the “Inspection, Monitoring, and Reporting Program”;
2. Document performance of the maintenance activities; and
3. Retain documentary evidence of the maintenance activities in the same fashion as required by that certain Major Encroachment Permit and Maintenance Agreement (Lightweight Cellular Concrete Monitors) between Licensee and San Francisco Public Works.

At the end of the term, the License requires the licensee to remove the monitoring equipment unless it is offered to and accepted by the Port, which may accept or reject the offer, in its sole discretion.

NEXT STEPS

Upon the effective date of BOS approval legislation accepting City assets, and satisfaction of any conditions to acceptance, the Port and City Acceptance Items will transfer to Port and City, and the license for equipment monitoring ground settlement described above (and other, previously approved land rights agreements) will be executed between the Port and the respective parties, and the streets, open space, and China Basin Park will continue to be available for public use.

Prepared by: Paul Chasan
Project Manager, Engineering

Carrie Morris
Mission Rock Project Manager

For: Scott Landsittel
Deputy Director, Real Estate and Development

Wendy Proctor
Acting Deputy Director, Engineering

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 25-29

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within Port jurisdiction; and

WHEREAS, In January 2018, by Resolution No. 18-03, the Port Commission approved the terms of a Disposition and Development Agreement (“DDA”), between the Port and the Seawall Lot 337 Associates, LLC, a Delaware limited liability company (collectively with its affiliates, “Developer”), and related transaction documents that are incorporated into the DDA, for the development of approximately 28-acres located along the Port’s Central Waterfront and commonly referred to as “Mission Rock” (the “Project”), comprised of (1) Seawall Lot 337, bounded by Third Street on the west, Mission Rock Street on the south, Pier 48 to the east, and China Basin Park on the north; (2) Pier 48; (3) China Basin Park; (4) the marginal wharf between Pier 48 and Pier 50; and (5) Parcel P20 (collectively, the “Site”); and

WHEREAS, In February 2018, the Board of Supervisors approved the DDA by Resolution No. 42-18 and approved the Development Agreement for the Project by Resolution No. 33-18; and

WHEREAS, Under the DDA, the Developer is required to construct public Horizontal Improvements (as defined in the DDA) serving the Project, including parks, streets, and utilities, which the Port or City, as applicable, will accept for ownership, maintenance, and liability purposes; and

WHEREAS, Developer requested and the City approved Developer’s use of lightweight cellular concrete (“LCC”) within the public Horizontal Improvements, which approval is documented in Public Works Order No. 202368 and which requires Developer to provide an initial warranty period of two years, an extended warranty for an additional three years, and ongoing monitoring for potential settlement for 10 years from November 21, 2024 (the date of issuance of the notice of completion); and

WHEREAS, To fulfill Developer’s monitoring obligations, Developer installed settlement monitoring equipment within areas to be accepted by the City as public rights of way and areas to be accepted by the Port as open space; and

WHEREAS, The Board of Supervisors adopted Resolution No. 161-25, as recommended by Public Works Order 211444, which authorizes the City to execute a major encroachment permit to enable the Developer to maintain LCC monitoring instrument encroachments for the Project; and

WHEREAS, Port staff have negotiated a license agreement authorizing Developer to access and maintain LCC monitoring instruments within Port property, including Port open space, through November 21, 2034, a copy of which is on file with the Commission Secretary (the “LCC Monitors License”); and

WHEREAS, In a letter dated February 6, 2025 (“Planning Department Letter”), the Planning Department determined that the actions contemplated in this Resolution comply with the California Environmental Quality Act (California Public Resources Code, Sections 21000 et seq.) and do not trigger the need for subsequent environmental review; now, therefore be it

RESOLVED, That the Port Commission approves the LCC Monitors License and delegates authority to the Executive Director or the Executive Director’s designee to execute the LCC Monitors License with Developer substantially in the form on file with the Commission Secretary; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director, in consultation with the City Attorney, to amend, revise, or restate the LCC Monitors License and exhibits thereto, which actions are in the best interests of the City and Port, and that do not materially increase the obligations or liabilities of the Port or materially reduce the rights of the Port, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of such document.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 13, 2025.

Secretary