



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Large Project Authorization & Conditional Use Authorization

HEARING DATE: 08/23/2018

Record No.: 2018-000497CUAENX
Project Address: 350 02ND ST
Zoning: MUO (Mixed Use-Office District)
130-E Height and Bulk District
Block/Lot: 3750/003
Applicant: Mark Loper
One Bush Street, Suite 600, San Francisco, Ca 94104
Staff Contact: Esmeralda Jardines – (415) 575-9144
esmeralda.jardines@sfgov.org
Recommendation: **Approval with Conditions**

1650 Mission St.
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PROJECT DESCRIPTION

The Project includes new construction of a tourist hotel building (approximately 166,415 gross square feet) with 297 guest rooms, approximately 2,975 square feet of restaurant and bar use, 17 below-grade off-street parking spaces, 11 Class I bicycle parking spaces, and 15 Class II bicycle parking spaces. The Project includes 2,350 square feet of privately owned public open space at the ground floor and an on-site driveway accessible from Dow Place. The building will feature a seven-story, 65-foot tall podium with a fourteen-story, 130-foot tall tower.

REQUIRED COMMISSION ACTION

In order for the Project to proceed, the Commission must grant a Conditional Use Authorization to establish a tourist hotel with 297 guest rooms within the MUO Zoning District.

The Commission must also grant a Large Project Authorization to permit new construction of a fourteen-story with seven-story podium 130-foot tall tourist hotel building within the MUO Zoning District; the project is not seeking any modifications or exceptions and is a code-conforming project.

ISSUES AND OTHER CONSIDERATIONS

- **Public Comment & Outreach.** The Department has received letters of support regarding the proposed project including some from Local: 2, 38, 104 and 483. The aforementioned have been included as an exhibit.
- **Ordinance No. 202-18.** There is pending legislation per ordinance no. 202-18 that would clarify hotels and motels are not a retail sale and service use subject to Planning Code Section 121.6 large scale retail sales and service. Thus, the proposed hotel size at 166,415 square feet is permitted

pending this legislative change. The Ordinance was enacted on August 10, 2018 and will be effective September 9, 2018.

BASIS FOR RECOMMENDATION

The Department finds that the Project is, on balance, consistent with the Mixed Use Office Zoning District Controls and the Objectives and Policies of the General Plan. The existing site is a surface parking lot and the proposed Project is an appropriate infill development that is designed to comply with the alley controls, resulting in a seven-story podium with a fourteen-story tower. On balance, the Project is consistent with the Eastern Neighborhood Area Plan, as evidenced through the Project's compliance with the Area Plan Objectives, and although not subject to Central SoMa, the project is also aligned with the aforementioned. The Department also finds the project to be necessary, desirable, and compatible with the surrounding neighborhood, and not to be detrimental to persons or adjacent properties in the vicinity.

ATTACHMENTS:

Draft Motion – Conditional Use Authorization

Draft Motion – Large Project Authorization

Exhibit A – Conditions of Approval for Case No. 2018-000497CUA

Exhibit B – Conditions of Approval for Case No. 2018-000497ENX

Exhibit C – Land Use Data

Exhibit D – Parcel Map

Exhibit E – Sanborn Map

Exhibit F – Zoning Map

Exhibit G – Height & Bulk Map

Exhibit H – Aerial Photographs of 350 2nd Street

Exhibit I – Site Photographs of 350 2nd Street from 2nd Street

Exhibit J – Site Photographs of 350 2nd Street from Dow Place

Exhibit K – Project Sponsor Submittal: 350 2nd Street Letter prepared by Reuben, Junius & Rose

Exhibit L – Project Sponsor Submittal: Architectural Drawings for 350 2nd Street dated July 20, 2018

Exhibit M– Project Sponsor Submittal: Market Demand Analysis prepared by CBRE dated January 24, 2018

Exhibit N – Public Comment

Exhibit O – Environmental Determination: Community Plan Exemption

Exhibit P – First Source Hiring Affidavit Case No. 2018-000497CUAENX



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Motion

HEARING DATE: AUGUST 23, 2018

Case No.: 2018-000497CUA
Project Address: 350 2ND STREET
Zoning: MUO (MIXED USE-OFFICE) Zoning District
130-E Height and Bulk District
Block/Lot: 3750/003
Project Sponsor: Mark Loper
One Bush Street, Suite 600
San Francisco, CA 94104
Property Owner: 350 2nd Street, LLC
423 Broadway #636
Millbrae, CA 94030
Staff Contact: Esmeralda Jardines – (415) 575-9144
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ADOPTING FINDINGS RELATING TO THE APPROVAL OF CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 303 AND 842.49 TO ESTABLISH A TOURIST HOTEL WITH 297 ROOMS WITHIN THE MUO (MIXED-USE OFFICE) ZONING DISTRICT AND A 130-E HEIGHT AND BULK DISTRICT, LOCATED AT 350 02ND STREET, LOT 003 IN ASSESSOR'S BLOCK 3750, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On March 20, 2018, Mark Loper of Reuben Junius & Rose LLC (hereinafter "Project Sponsor") filed Application No. 2018-000497cua (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Conditional Use Authorization to construct establish a tourist hotel with 297 guestrooms, restaurant and bar (hereinafter "Project") at 350 02nd Street, Block 3750 Lot 003 (hereinafter "Project Site").

The Planning Department Commission Secretary is the custodian of records; the File for Case No. 2018-000497CUA is located at 1650 Mission Street, Suite 400, San Francisco, California.

On August 23, 2018, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Condition Use Authorization Application No. 2018-000497CUA.

On August 23, 2018 the San Francisco Planning Commission (hereinafter "Commission") adopted Motion No. XXXXX, approving a Large Project Authorization for the Project (Large Project Authorization Application No. 2018-000497ENX). Findings contained within said motion are incorporated herein by this reference thereto as if fully set forth in this Motion.

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., (hereinafter "CEQA"). The Commission has reviewed the Final EIR, which has been available for this Commissions review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or(d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On August 16, 2018, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Evaluation certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting Program (MMRP) setting forth mitigation measures that were identified in the Eastern Neighborhoods Plan EIR that are applicable to the project. These mitigation measures are set forth in their entirety in the MMRP attached to the draft Motion as Exhibit O.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Conditional Use Authorization as requested in Application No. 2018-000497CUA, subject to the conditions contained in “EXHIBIT A” of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Project Description.** The Project includes new construction of a tourist hotel building (approximately 166,415 gross square feet) with 297 guest rooms, approximately 2,975 square feet of restaurant and bar use, 17 below-grade off-street parking spaces, 11 Class I bicycle parking spaces, and 15 Class II bicycle parking spaces. The Project includes 2,350 square feet of privately owned public open space at the ground floor and an on-site driveway accessible from Dow Place. The building will feature a seven-story, 65-foot tall podium with a fourteen-story, 130-foot tall tower.
3. **Site Description and Present Use.** The proposed project is located on the southwest corner of 02nd Street and Dow Place on a rectangular corner lot (with a lot area of 24,642 square feet) with approximately 110-ft 6-in. feet of frontage along 02nd Street and 223 feet of frontage along Dow Place. Currently, lot 003 contains a surface parking lot fronting both 02nd Street and Dow Place.
4. **Surrounding Properties and Neighborhood.** The Project Site is located within the MUO Zoning Districts in the East SoMa Area Plan. 350 2nd Street is also within the proposed Central SoMa Area Plan. The property is located in the South of Market neighborhood, which is characterized by a mix of uses, including light industrial, residential, office, and other commercial uses. The immediate neighborhood along 02nd Street features a six-story office building at the corner of 02nd and Harrison to the south of the Property, a 17-story AT&T telecommunications facility to the north, and a 10-story, approximately 800,000 square foot mixed use commercial building featuring office and retail uses across 02nd Street to the east. SF Blu—a 21-story residential condo building with 120 units built in 2009—is located across Dow Place from the Property, and has its main frontage on Folsom Street. Further west is a seven-story office building at the corner of Folsom and Hawthorne Streets, which received approval to construct a five-story addition in early 2017 (See Case No. 2014.1063DNX). An 84-unit, 130-foot condominium building built in 2002 is located at the terminus of Dow Place; it also fronts on Hawthorne. Other zoning districts in the vicinity of the project site include: P (Public), C-3-S (Downtown Support), SB-DTR (South Beach Downtown Residential), SSO (SOMA Service Secondary Office), MUR (Mixed-Use Residential), M-1 (Light Industrial), C-3-O (Downtown Office), C-3-0 (SD) (Downtown Office Special Development) Zoning District.

5. **Public Outreach and Comments.** The Department has received letters of support regarding the proposed project, including some from Local 2, 38, 104 and 483. The aforementioned have been included as an exhibit.
6. **Planning Code Compliance:** The Planning Code Compliance Findings set forth in Motion No. XXXXX, Case No. 2018-000497ENX (Large Project Authorization, pursuant to Planning Code Section 329) apply to this Motion, and are incorporated herein as though fully set forth.
7. **Conditional Use Findings.** Planning Code Section 303 establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use authorization. On balance, the project complies with said criteria in that:

- A. The proposed new uses and building, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable, and compatible with, the neighborhood or the community.

The Project is necessary, desirable, and compatible with the neighborhood at the size and intensity proposed. It complies with relevant code controls, including height and bulk. A new hotel is necessary and desirable due to the high demand for tourist and business hotels in San Francisco. The Market Demand Analysis prepared by CBRE, emphasizes that the tourist hotel market in San Francisco is one of the most thriving in the nation and is currently underserved. The Project will capture some of the demand, support the tourist and convention component of San Francisco's economy, strengthen local neighborhood businesses, and offer new employment opportunities to San Francisco residents. IN addition, a hotel is desirable on this specific site because it is an underutilized, unimproved lot on an otherwise fully built-out block near the Financial District and the Convention Center, the latter of which is currently being expanded. The Project is thus designed to be compatible with the neighborhood in both size and character.

- B. The proposed project will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity. There are no features of the project that could be detrimental to the health, safety or convenience of those residing or working the area, in that:

- (1) Nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

The Project's size, shape, and arrangement is compatible with the surrounding area and will help enhance the site to better match the neighborhood character. The subject lot is currently the only unimproved lot on the block. The underutilized surface parking lot will be replaced by a hotel that complements the surrounding structures. The 130-ft tall building will be shorter than the 21-story SF Blu at 631 Folsom Street, the AT&T telecommunications building at 611 Folsom, and the proposed 165-ft building at 633 Folsom Street once its 5-story addition is constructed. The Project matches the height of the Property to the west at 77 Dow Place. While taller than the adjacent six-

story building at 600 Harrison Street and the office building at 303 2nd Street across the street, it is smaller in terms of square footage than both.

- (2) The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading;

Consistent with San Francisco's transit first policy, the Project proposed 18 below-grade valet parking spaces to meet the hotel guest parking demands as well as 18 Class 1 bicycle parking spaces that will serve the anticipated number of hotel and restaurant and bar employees. The Project will also participate in San Francisco's Transportation Demand Management program. It will undergo a comprehensive transportation study to evaluate the existing transportation network and the project's potential impacts, and will incorporate improvements measures identified in the study.

The Project sponsor anticipates the hotel guests and employees will utilize other modes of transportation given the Project's proximity to San Francisco's downtown, Financial District, and office hubs around SoMa and many types of public transportation. The site is within walking distance from the Montgomery Street BART station, the 4th and King Caltrain Station, and Muni bus lines: 12, 8X, 30, and 45. In addition, the Central Subway is under construction two blocks to the west of the Property.

- (3) The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

The Project will not produce, nor include, any uses that would emit noxious or offensive emissions such as noise, glare, dust, and odor.

- (4) Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;

The Project will upgrade the aesthetics of the lot by removing a surface parking lot enclosed by a chain-link fence and adding approximately 2,350 square feet of privately owned public open space, street trees along both 2nd Street and Dow Place, and active ground floor uses throughout the site. Any signage and lighting will comply with the Planning Code and all other applicable standards.

- C. That the use as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan.

The Project complies with relevant requirements and standards of the Planning Code and is consistent with objectives and policies of the General Plan as detailed below.

- D. That the use as proposed would provide development that is in conformity with the purpose of the applicable MUO (Mixed Use Office) District.

The proposed project is consistent with the stated purpose of the MUO Zoning District in that the intended use activates the ground floor and will provide a compatible convenient service for the immediately surrounding neighborhoods and San Francisco's tourist economy at large.

8. **Planning Code Section 303(g)** establishes additional criteria and findings for the Planning Commission to consider when reviewing applications for hotels and motels, in addition to those applicable to Conditional Uses. On balance, the project does comply with said criteria and limitations in that:

- 1) The impact of the employees of the hotel or motel on the demand in the City for housing, public transit, child-care, and other social services. To the extent relevant, the Commission shall also consider the seasonal and part-time nature of employment in the hotel or motel;

The Project is anticipated to create approximately 90 to 100 full and part time jobs. The Project Sponsor will comply with the First Source Hiring Program, ensuring certain positions are offered to local residents. The Project Sponsor also expects that a sizable portion of its new hires will be local, minimizing effects on the demand for new housing, public transit, childcare, and other social services.

The Project site is well-served by numerous public transit options and accessible via bicycle and foot from major transit options including BART, Caltrain, Muni bus lines, and the Ferry. It will have sufficient Class 1 bicycle parking spaces for the anticipated number of hotel, restaurant and bar employees.

Further, the Project will contribute funding to support affordable housing, child-care, public transit, and other social services through various applicable impact fees.

- 2) The measures that will be taken by the project sponsor to employ residents of San Francisco in order to minimize increased demand for regional transportation;

The Project Sponsor intends to coordinate local hiring to address the employment needs of the hotel use. The Project is in close proximity to public transit. Further, the Project has demonstrated compliance with the TDM Program through its Transportation Demand Management (TDM) Plan. The Project also encourages other modes of transportation including: walking, bicycling, and public transit by providing sufficient bicycle parking and streetscape improvements.

- 3) The market demand for a hotel or motel of the type proposed;

According to the Market Demand Analysis prepared by CBRE dated January 24, 2018, the San Francisco Bay Area is one of the strongest lodging markets in the United States as evidenced by the fact that occupancy is 20% higher than the national average. The report highlights that the City of San Francisco is vastly underserved with regard to hotel supply, and a significant amount of the demand for tourist, convention, and business hotes in San Francisco is displaced to other markets throughout the Bay Area.

The Project is expected to open with very strong levels of performance and stabilize at 87% occupancy, with minimal impact on the greater San Francisco tourist hotel market. The Project's proximity to the convention center, Financial District, the South of Market area, AT&T Park, and the Embarcadero will attract a significant number of guests.

The aforementioned Market Demand Analysis prepared for 350 2nd Street is attached as a exhibit to this motion.

- 4) In the Transit Center C-3-O(SD) Commercial Special Use District, the opportunity for commercial growth in the Special Use District and whether the proposed hotel, considered with other hotels and non-commercial uses approved or proposed for major development sites in the Special Use District since its adoption would substantially reduce the capacity to accommodate dense, transit-oriented job growth in the District;

The Project is not located within the Transit Center C-3-O(SD) Commercial Special Use District.

9. **General Plan Consistency.** The General Plan Consistency Findings set forth in Motion No. XXXXX, Case No. 2018-000497ENX (Large Project Authorization, pursuant to Planning Code Section 329) apply to this Motion, and are incorporated herein as though fully set forth.
10. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project complies with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The Project includes 2,975 square feet of retail at the ground floor fronting 2nd Street, featuring a restaurant/bar and related back of house. It will be open to area workers, residents, and visitors, while creating employment opportunities for San Francisco residents. The addition of hotel uses would bring new visitors to the area, strengthening the customer base of retail and other businesses in the area.

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

No housing would be removed by the Project.

- C. That the City's supply of affordable housing be preserved and enhanced,

The Project does not currently possess any existing affordable housing nor is any proposed; therefore, affordable housing will remain unaffected.

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project will not impede transit service or overburden streets or neighborhood parking. Consistent with San Francisco's transit first policy, the Project proposed 17 off-street valet parking spaces, one car-share space, and will participate in San Francisco's Transportation Demand Management program. The site is within walking distance of San Francisco's downtown, Financial District, and office hubs around SoMa, as well as the Montgomery Street BART station and the 4th and King Caltrain station, providing access to the East Bay, the peninsular and into Silicon Valley. The

Property is also extremely well-served by public transit. Muni's 12 line runs along 2nd Street, and the 8X, 30, and 45 lines run one block to the west.

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development and will create service sector employment opportunities by adding a new hotel with a restaurant and bar in close proximity to public transit. Thus, further assisting in diversifying the neighborhood character.

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

Currently, the Project Site does not contain any City Landmarks or historic buildings.

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project is not expected to cast new shadows on public parks under the jurisdiction of the Recreation and Parks Commission. However, additional shadow analysis was coordinated as part of the Environmental Review.

11. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
12. The Commission hereby finds that approval of the Conditional Use Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Authorization Application No. 2018-000497CUA** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated July 20, 2018, and stamped "EXHIBIT L", which is incorporated herein by reference as though fully set forth.

The Planning Commission hereby adopts the MMRP attached hereto as Exhibit O and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the Eastern Neighborhoods Plan EIR and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion. The effective date of this Motion shall be the date of this Motion if not appealed (after the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission **ADOPTED** the foregoing Motion on August 23, 2018.

Jonas P. Ionin
Commission Secretary

AYES:

NAYS:

ABSENT:

ADOPTED: August 23, 2018

Draft Motion
August 23, 2018

RECORD NO. 2018-000497CUA
350 2nd Street



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Draft Motion

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ADOPTING FINDINGS RELATING TO A LARGE PROJECT AUTHORIZATION PURSUANT TO PLANNING CODE SECTION 329 FOR A PROJECT THAT WOULD CONSTRUCT A NEW FOURTEEN-STORY WITH SEVEN-STORY PODIUM, 130-FT TALL, TOURIST HOTEL BUILDING (APPROXIMATELY 180,840 SQUARE FEET) WITH 297 GUEST ROOMS AND 17 OFF-STREET PARKING SPACES, 11 CLASS 1 BICYCLE PARKING SPACES, 15 CLASS II BICYCLE PARKING SPACES, AND A 2,975 SQUARE FOOT GROUND FLOOR RESTAURANT AND BAR LOCATED AT 350 02ND STREET, LOT 003 IN ASSESSOR'S BLOCK 3750, WITHIN THE MUO (MIXED-USE OFFICE) ZONING DISTRICT AND A 130-E HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On January 4, 2018, Mark Loper of Reuben Junius & Rose LLC (hereinafter "Project Sponsor") filed Application No. 2018-000497ENX (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Large Project Authorization to construct a new fourteen-story with seven-story podium, 130-ft tall, tourist hotel building with 297 guest rooms (hereinafter "Project") at 350 02nd Street, Block 3750 Lot 003 (hereinafter "Project Site").

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., (hereinafter "CEQA")). The Commission has reviewed the Final EIR, which has been available for this Commissions review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or (d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On **August 16, 2018**, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Evaluation certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

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On August 23, 2018, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Large Project Authorization Application No. 2018-000497ENX.

On August 23, 2018 the San Francisco Planning Commission (hereinafter "Commission") adopted Motion No. XXXXX, approving a Conditional Use Authorization for the Project (Conditional Use Authorization

Application No. 2018-000497CUA). Findings contained within said motion are incorporated herein by this reference thereto as if fully set forth in this Motion.

The Planning Department Commission Secretary is the custodian of records; the File for Case No. 2018-000497ENX is located at 1650 Mission Street, Suite 400, San Francisco, California.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Large Project Authorization as requested in Application No. 2018-000497ENX, subject to the conditions contained in “EXHIBIT A” of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Project Description.** The Project includes new construction of a tourist hotel building (approximately 166,415 gross square feet) with 297 guest rooms, approximately 2,975 square feet of restaurant and bar use, 17 below-grade off-street parking spaces, 11 Class I bicycle parking spaces, and 15 Class II bicycle parking spaces. The Project includes 2,350 square feet of privately owned public open space at the ground floor and an on-site driveway accessible from Dow Place. The building will feature a seven-story, 65-foot tall podium with a fourteen-story, 130-foot tall tower.
3. **Site Description and Present Use.** The proposed project is located on the southwest corner of 02nd Street and Dow Place on a rectangular corner lot (with a lot area of 24,642 square feet) with approximately 110-ft 6-in. feet of frontage along 02nd Street and 223 feet of frontage along Dow Place. Currently, lot 003 contains a surface parking lot fronting both 02nd Street and Dow Place.
4. **Surrounding Properties and Neighborhood.** The Project Site is located within the MUO Zoning Districts in the East SoMa Area Plan. 350 2nd Street is also within the proposed Central SoMa Area Plan. The property is located in the South of Market neighborhood, which is characterized by a mix of uses, including light industrial, residential, office, and other commercial uses. The immediate neighborhood along 02nd Street features a six-story office building at the corner of 02nd and Harrison to the south of the Property, a 17-story AT&T telecommunications facility to the north, and a 10-story, approximately 800,000 square foot mixed use commercial building featuring office and retail uses across 02nd Street to the east. SF Blu—a 21-story residential condo building with 120 units built in 2009—is located across Dow Place from the Property, and has its main frontage on Folsom Street. Further west is a seven-story office building at the corner of Folsom and Hawthorne Streets, which received approval to construct a five-story addition in early 2017 (See Case No. 2014.1063DNX). An 84-unit, 130-foot condominium building built in 2002 is located at the terminus of Dow Place; it also fronts on Hawthorne. Other zoning districts

in the vicinity of the project site include: P (Public), C-3-S (Downtown Support), SB-DTR (South Beach Downtown Residential), SSO (SOMA Service Secondary Office), MUR (Mixed-Use Residential), M-1 (Light Industrial), C-3-O (Downtown Office), C-3-0 (SD) (Downtown Office Special Development) Zoning District.

5. **Public Outreach and Comments.** The Department has received letters of support regarding the proposed project, including some from Local 2, 38, 104 and 483. The aforementioned have been included as an exhibit.
6. **Planning Code Compliance.** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:

- A. **Permitted Uses and Use Sizes in MUO Zoning District.** Per Planning Code Section 842.45, all retail sales and service uses other than 842.46-842.49, are principally permitted up to 25,000 gross square feet per lot. Per Planning Code Section 842.49, Conditional Use Authorization is required to establish a tourist hotel within the MUO Zoning District. However, there is no room limit in height districts that are 105 feet and above.

The Project has applied for Conditional Use Authorization to establish a new tourist hotel with 297 guestrooms in the MUO Zoning District (See Case No. 2018-000497CUA). The Proposed restaurant and bar are principally permitted uses and use sizes.

- B. **Large Scale Retail Uses.** Planning Code Section 121.6 prohibits a single retail use in excess of 120,000 gross square feet in any zoning district other than C-3 Zoning District.

For an approximately 166,415 square-foot hotel, the Project is over the permitted 120,000 square feet for large scale retail uses. However, there is a pending legislative amendment for a Planning Code cleanup under case no. 2017-014297PCA.

Planning Code Section 121.6 (e)(3) has been added to state that "single retail use" shall include all retail and service uses listed in Section 102 and retail uses identified in Article 8 of the Planning Code except for Hotels and Motels. Therefore, upon adoption of the proposed legislation, the Project will not be subject to the requirements of Planning Code Section 121.6; thus, the proposed hotel use would not be subject to large-scale retail use size limits.

A Condition of Approval has been added that states that Case Nos. 2018-000497CUA and 2018-000497ENX are dependent on specific legislation per File No.180557 and Ordinance No. 202-18, enacted on August 10, 2018 and will be effective September 9, 2018.

- C. **Floor Area Ratio.** Planning Code Section 124 permits a maximum floor area ratio of 7.5 to 1 for all non-residential uses within height district over 85 feet within a MUO Zoning District.

For an approximately 24,642 square-foot lot, the Project is allowed a floor area ratio for non-residential uses of 184,815 square feet. The Project provides a cumulative 180,840 square feet inclusive of the hotel, restaurant and bar, privately owned public open space and off-street parking. Therefore, the Project meets the requirements of Planning Code Section 124.

- D. **Useable Open Space for Non-Residential Uses.** Per Planning Code Section 135.3, new retail use (inclusive of a hotel use) is required to provide 1 square foot of usable open space per 250 square feet of occupied floor area within the MUO Zoning District. For 178,490 square feet of hotel and ground floor restaurant and bar use, the project is required to provide 714 square feet of useable open space.

The Project provides ample code-complying useable open space through an indoor privately-owned public open space as well as through substantial streetscape improvements along both Dow Place and 2nd Street. The proposed POPOS measures approximately 2,350 square feet for all non-residential uses, including the hotel and the ground floor restaurant. Therefore, the Project complies with Planning Code Section 135.3.

- E. **Streetscape and Pedestrian Improvements.** Planning Code Section 138.1 requires a streetscape plan, which includes elements from the Better Streets Plan for a project proposing new construction on a lot that is greater than one-half acre with frontage encompassing the entire block face between the nearest two intersections with any other publicly-accessible rights-of-way.

The Project's Better Streets Plan was reviewed by the Streetscape Design Advisory Team. The Project provides substantial improvements along 2nd Street and Dow Place, including building a sidewalk along Dow Place, extending the existing sidewalk along 2nd Street, landscaping and street trees along both street frontages. Consequently, the Project meets the requirements of the BSP.

- F. **Bird Safety.** Planning Code Section 139 outlines the standards for bird-safe buildings, including the requirements for location-related and feature-related hazards.

The subject lot is not located within nor is it in close proximity to an Urban Bird Refuge. However, the Project meets the requirements of feature-related standards and does not include any unbroken glazed segments 24 square feet and larger in size. The proposed ground floor painted aluminum storefront system is partitioned with horizontal mullions. The glazed rooftop mechanical enclosure is fritted; thus, satisfying feature-related standards that apply citywide. Therefore, the Project complies with Planning Code Section 139.

- G. **Street Frontage in Mixed Use Districts.** Section 145.1 of the Planning Code requires that within Mixed Use Districts space for active uses shall be provided within the first 25 feet of building depth on the ground floor and 15 feet on floors above from any facade facing a street at least 30 feet in width. In addition, non-residential uses shall have a minimum floor-to-floor height of 14 feet; further, the floors of street-fronting interior spaces housing non-residential active uses and lobbies shall be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces. Frontages with active uses that must be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level and allow visibility to the inside of the building. The use of dark or mirrored glass shall not count towards the required transparent area. Any decorative railings or grillwork, other than wire mesh, which is placed in front of or behind ground floor windows, shall be at least 75 percent open to perpendicular view. Rolling or sliding security

gates shall consist of open grillwork rather than solid material, so as to provide visual interest to pedestrians when the gates are closed, and to permit light to pass through mostly unobstructed. Gates, when both open and folded or rolled as well as the gate mechanism, shall be recessed within, or laid flush with, the building facade.

The Project meets all of the requirements of Planning Code Section 145.1. The Project has a ground floor with 14 feet floor-to-floor height. In addition, the Project features appropriate street-facing ground level spaces, as well as the ground level transparency and fenestration requirements. Further, per Planning Code Section 145.1(b)(2)(C), building lobbies are only considered active uses as long as they do not exceed 40 feet or 25 percent of the building frontage, whichever is greater. The building frontage is 333-ft. 6-in. feet; thus, 83 feet is the maximum permitted width for a lobby. Currently, the Project includes a hotel lobby inclusive of a lounge, reception, coffee, market, and check-in, which measures 51 feet along Dow Place. Further, per Planning Code Section 145.1(c)(3), space for active uses as defined in 145.1(b)(2) shall be provided within the first 25 feet of building depth on the ground floor and 15 feet on floors above from any façade facing a street at least 30 feet in width. The proposed restaurant and bar along 2nd Street is considered an active use. Therefore, the Project complies with street frontage requirements of Planning Code 145.1.

- H. **Off-Street Parking.** In the MUO Zoning District, Planning Code Section 842.10 does not require off-street parking for non-residential uses. However, Planning Code 151.1 principally permits one parking space for each 16 guest bedrooms. Since the Project includes 297 guest rooms, the Project is limited to 19 off-street parking spaces.

Currently, the Project proposes 18 off-street parking spaces, which are less than the permitted 19 spaces; therefore, the Project complies with Planning Code Section 151.1.

- I. **Off-Street Freight Loading.** Planning Code Section 152.1 of the Planning Code requires one off-street freight loading space for hotel use between 100,001 and 200,000 square feet; however, no off-street freight loading is required if the hotel is less than 100,000 square feet.

Currently, the proposed hotel is 166,415 square feet, which is less than 200,000 square feet; thus, the Project is required to provide one off-street loading space. The Project is providing the required off-street freight loading space. Therefore, the Project complies with Planning Code Section 152.1.

- J. **Bicycle Parking.** Planning Code Section 155.2 requires one Class I space for every 7,500 square feet of occupied floor area of an eating and drinking use; further, one Class I space is required for every 30 rooms in a hotel. One Class II space is required for every 750 square feet of occupied floor area of eating and drinking uses and one Class II space is required for every 30 rooms in a hotel, with a minimum of two Class II spaces required.

For a 2,975 SF restaurant and bar, no Class I spaces are required and for 297 guestrooms in a tourist hotel, 10 Class I spaces are required. For a 2,975 SF restaurant and bar, four Class II spaces are required and for 297 guestrooms in a tourist hotel, 10 Class II spaces are required. The Subject Property is proposing 11 Class I spaces and 15 Class II bicycle spaces; therefore, the Project complies with bicycle parking requirements.

- K. **Transportation Demand Management (TDM) Plan.** Pursuant to Planning Code Section 169 and the TDM Program Standards, the Project shall finalize a TDM Plan prior to Planning Department approval of the first Building Permit or Site Permit. As currently proposed, the Project must achieve a target of 9.75 points.

The Project submitted a completed Environmental evaluation Application after September 5, 2016 but before January 1, 2018. Therefore, the Project must only achieve 75% of the point target established in the TDM Program Standards, resulting in a target of 9.75 points. As currently proposed, the Project will achieve and exceed its required points by providing 11 points through the following TDM measures:

- *Package 4-Parking Supply*
- *Bicycle Parking (Option A)*
- *Bicycle Showers and Lockers*

- L. **Shadow.** Planning Code Section 147 requires that new buildings in the Eastern Neighborhoods Mixed Use Districts where the building height exceeds 50 feet shall be shaped, consistent with the dictates of good design and without unduly restricting the development potential of the site in question, to reduce substantial shadow impacts on public plazas and other publicly accessible spaces other than those protected under Section 295. In determining the impact of shadows, the following factors shall be taken into account: The amount of area shadowed, the duration of the shadow, and the importance of sunlight to the type of open space being shadowed. Determinations under this Section with respect to the Eastern Neighborhoods Mixed Use Districts shall be made in accordance with the provisions of Section 307 of this Code. Planning Code Section 295 restricts net new shadow, cast by structures exceeding a height of 40 feet, upon property under the jurisdiction of the Recreation and Park Commission. Any project in excess of 40 feet in height and found to cast net new shadow must be found by the Planning Commission, with comment from the General Manager of the Recreation and Parks Department, in consultation with the Recreation and Park Commission, to have no adverse impact upon the property under the jurisdiction of the Recreation and Park Commission.

Based upon a detailed shadow analysis, the Project does not cast any net new shadow upon property under the jurisdiction of the Recreation and Parks Commission.

Per the 350 2nd Street Certificate of Determination for Community Plan Evaluation, the proposed project would construct a 130-foot-tall hotel building with a seven-story podium; therefore, the Planning Department prepared a preliminary shadow fan analysis to determine whether the project would have the potential to cast new shadow on nearby parks and open space. The preliminary shadow analysis found that the proposed project would not result in significant impacts related to shadow that were not identified in the Eastern Neighborhoods PEIR.

- M. **Height at Narrow Streets and Alleys.** Section 261.1 requires all subject frontages on the southerly side of an East-West Narrow Street, or less than 40 feet, to have upper stories which are set back at the property line such that they avoid penetration of a sun access plane defined by an angle 45 degrees extending from the most directly opposite northerly property

line and beginning at 60-ft from the intersection of 2nd Street. Dow Place has a right-of-way width of 27-ft. 6-in.

The Proposed Project demonstrates compliance by providing a fourteen-story tower along 2nd Street but stepping down to a seven-story podium, 60-ft from 2nd Street, as required by the sun access plane when measuring from Dow Place.

- N. **Bulk.** Pursuant to Section 270, the building's base would have a maximum base height of 65-ft height above which maximum dimensions would apply, 110 feet as maximum length and 140 feet as maximum diagonal dimension.

The proposed project's upper tower complies with the maximum length of 110-ft proposing a length of 109'-2" as well as with the maximum diagonal dimension of 140-ft, proposing only 125-ft. The Proposed Project's seven-story podium is 65 feet. Thus, the Project complies with bulk limits per Planning Code Section 270.

- O. **Horizontal Mass Reduction.** Pursuant to Planning Code Section 270.1(b), a building frontage which has a horizontal dimension greater than 200 feet is required to provide a mass reduction break that is at least 30-ft. wide, 60-ft. in depth and extend to the sky from a level not higher than 25 ft. above grade or the third story, whichever is lower.

Though the Dow Place street frontage measures approximately 223 feet, there is no continuous building frontage exceeding 200 feet along either building façade. Along Dow Place, the proposed 130-ft tower only extends 60 feet and the on-site driveway then provides a massing break and visual relief as the 65-ft podium is set back from Dow Place.

- P. **Transportation Sustainability Fee.** Planning Code Section 411A is applicable to new construction of retail and hotel uses over 800 square feet.

The Project includes 2,975 square feet of new restaurant and bar use and 166,415 square feet of new hotel use. Therefore, the Project shall be subject to the Transportation Sustainability Fee, as outlined in Planning Code Section 411A.

- Q. **Jobs-Housing Linkage Program.** Planning Code Section 413 applies the Jobs-Housing Linkage Fee to any project that increases by at least 25,000 gross square feet the total amount of any combination of entertainment use, hotel use, Integrated PDR use, office, research and development use, retail use, and/or Small Enterprise Workspace use.

The Project includes 2,975 square feet of new retail use and 166,415 square feet of new hotel use; therefore, because this is greater than 25,000 square feet, the Project must comply. Thus, 350 2nd Street is subject to the Jobs-Housing Linkage Program, as outlined in Planning Code Section 413.

- R. **Child Care Requirements for Hotel Development Projects.** Planning Code Section 414 applies the Child Care Requirements for Hotel Development Projects that propose the net addition of 25,000 or more of gross square feet of hotel space.

The proposed Project includes 166,415 square feet of hotel use and thus, is subject to the Child Care Requirements for Office and Hotel Development Projects Requirement and must demonstrate compliance as outline in Planning Code Section 414.

- S. **Eastern Neighborhood Infrastructure Impact Fees.** Planning Code Section 423 is applicable to any development project within the MUO (Mixed-Use Office) Zoning District that results in the addition of gross square feet of non-residential space.

The Project includes approximately 2,975 square feet of new restaurant and bar use and 166,415 square feet of new hotel use. The Project's new non-residential uses shall be subject to the Eastern Neighborhoods Infrastructure Impact Fee, as outlined in Planning Code Section 423. These fees must be paid prior to the issuance of the building permit application.

- T. **Public Art.** Planning Code Section 429 is applicable to all non-residential projects that involve construction of a new building or additional of floor area in excess of 25,000 square feet and that have submitted their first complete Development Application on or after January 1, 2013 within properties zoned MUO (Mixed-Use Office) Zoning District that are north of Division/Duboce/13th Streets.

The Project includes approximately 2,975 square feet of new restaurant and bar use and 166,415 square feet of new hotel use. The Project's new non-residential uses shall be subject to the Imposition of Public Art Fee, as outlined in Planning Code Section 429. Further, per Planning Code Section 429.3(d)(1)(A), the Project will fulfill the requirement by expending the remainder of the Public Art Fee on-site at 350 2nd Street.

7. **Large Project Authorization Design Review in Eastern Neighborhoods Mixed Use District.** Planning Code Section 329(c) lists nine aspects of design review in which a project must comply; the Planning Commission finds that the project is compliant with these nine aspects as follows:

- A. **Overall building mass and scale.** *The Project is designed as a fourteen-story with a seven-story podium, 130-ft tall, tourist hotel development with a ground floor restaurant/bar. This massing is appropriate given the larger neighborhood context and its location within the proposed Central SoMa Area Plan, which includes high-rise office and residential buildings. The surrounding neighborhood is varied with many examples of larger-scale residential and office properties along 2nd Street, Harrison, Folsom, and Hawthorne Street. The Project's overall mass and scale are further refined by the building's modulation, which incorporates both horizontal and vertical precast concrete panels along both the 2nd Street and Dow Place frontage. The building mass and scale is further differentiated by the varying heights between the 65-foot tall building podium along Dow Place as it steps upward to 130 feet along 2nd Street. The latter of which allows the Project to comply with alley height controls. In addition, the Project establishes an on-site driveway accessible from Dow Place, which provides an appropriate mass break and entry court to the site. Overall, these features provide variety in the building design and scale, while providing for features that strongly complement the neighborhood*

- context. Thus, the Project is appropriate and consistent with the mass and scale of the surrounding neighborhood.
- B. **Architectural treatments, facade design and building materials.** *The Project's architectural treatments, facade design and building materials include precast concrete panels, aluminum framed windows, stone column cladding, painted aluminum storefront, and fritted glazing. The Project is distinctly contemporary in its character. The Project incorporates a simple but elegant architectural language that is accentuated by contrasts in the facade treatments from 2nd Street to Dow Place. Overall, the Project offers a high quality architectural treatment which provides for a unique and expressive architectural design that is consistent and compatible with the surrounding neighborhood.*
- C. **The design of lower floors, including building setback areas, commercial space, townhouses, entries, utilities, and the design and siting of rear yards, parking and loading access.** *The Project incorporates a fourteen-story tower along 2nd Street and a seven-story podium along Dow Place. Along the lower floor, the Project provides for an indoor publically-accessible open space, hotel amenities (entry lobby, reception, check-in, market and coffee), as well as a restaurant and bar accessed from 2nd Street and an on-site driveway accessible from Dow Place. These amenities will provide for activity on the street level and greater activate the site, currently used as a surface parking lot. The Project minimizes the impact to pedestrian by providing one garage entrance accessed from the on-site driveway accessible from Dow Place. In addition, off-street parking is located below grade.*
- D. **The provision of required open space, both on- and off-site. In the case of off-site publicly accessible open space, the design, location, access, size, and equivalence in quality with that otherwise required on-site.** *The Project provides and exceeds the open space requirement by constructing an indoor private owned publically-accessible open space along with Better Streets Plan streetscape improvements along 2nd and Dow Place, including setting the building setback in 2'-6" from Dow Place.*
- E. **The provision of mid-block alleys and pathways on frontages between 200 and 300 linear feet per the criteria of Section 270, and the design of mid-block alleys and pathways as required by and pursuant to the criteria set forth in Section 270.2.** *The Project is not required to provide a mid-block alley per Planning Code Section 270.2 because the Project is not on a block face longer than 400 feet between intersections. However, the Project proposes substantial improvements to the existing mid-block alley, Dow Place, which will improve the public realm and serves as the mid-block alley for the subject block face.*
- F. **Streetscape and other public improvements, including tree planting, street furniture, and lighting.** *In compliance with Planning Code Section 138.1, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters, and new street trees. These improvements would vastly improve the public realm and surrounding streetscape.*
- G. **Circulation, including streets, alleys and mid-block pedestrian pathways.** *The Project provides ample circulation in and around the project site through the proposed streetscape improvements including Dow Place, the de facto mid-block alley. Automobile access is provided via an on-site driveway accessible from Dow Place. An off-street loading zone is within the proposed building's garage, accessed from the on-site driveway. The Project incorporates an interior privately owned public open space.*

- H. **Bulk limits.** *The Project is within an 'E' Bulk District, which restricts bulk above 65 feet to a maximum length of 110 feet and a maximum diagonal of 140 feet. The proposed fourteen-story tower with a seven-story podium is within the permitted bulk.*
- I. **Other changes necessary to bring a project into conformance with any relevant design guidelines, Area Plan or Element of the General Plan.** *The Project, on balance, meets the Objectives and Policies of the General Plan. See Below.*
8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

COMMERCE AND INDUSTRY ELEMENT

Objectives and Policies

OBJECTIVE 1:

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1:

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development that has substantial undesirable consequences that cannot be mitigated.

Policy 1.2:

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

Policy 1.3:

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

The proposed hotel development with ground floor restaurant and bar will provide net benefits to the City and the community in the form of new hotel space located within a zoning district that permits large tourist hotels as a conditional use. The nature of the hotel use has few physical consequences that are undesirable and the standard Conditions of Approval will help ensure that the operations will not generate any unforeseen problems.

OBJECTIVE 2:

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.3:

Maintain a favorable social and cultural climate in the city in order to enhance its attractiveness as a firm location.

The proposed hotel development with ground floor restaurant will help attract new commercial activity to San Francisco as it provides a new hotel use in proximity to prominent tourist attractions. It also contributes to San Francisco's attractiveness as a firm location as it is within short walking distance of Moscone Convention Center, San Francisco Museum of Modern Art, Museum of the African Diaspora, and the Contemporary Jewish Museum; the project site is also near the Downtown Shopping District, and South Park.

OBJECTIVE 3:

PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.

Policy 3.1

Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

Hotels are recognized as a sector within the local economy which typically hire numbers of unskilled or non-technically trained persons. The Project provides a new hotel with a ground floor restaurant, which increases the opportunity for new jobs associated with a large and diverse population.

OBJECTIVE 8:

ENHANCE SAN FRANCISCO'S POSITION AS A NATIONAL CENTER FOR CONVENTIONS AND VISITOR TRADE.

Policy 8.1

Guide the location of additional tourist related activities to minimize their adverse impacts on existing residential, commercial, and industrial activities

Hotels contribute to San Francisco's tourist and visitor trade economy. San Francisco's attractiveness to the visitor is enhanced by its compact, urban form which allows the visitor to move easily from hotel accommodations and restaurants to convention facilities, sightseeing interests, business appointments, and entertainment. The Project provides a new hotel with a ground floor restaurant and bar in close proximity to prominent attractions without major impact to surrounding residential, commercial and office uses.

Guidelines for Specific Use: Hotel

Guideline 1: Hotels should be discouraged if they displace existing retail sales and services which are necessary and desirable for the surrounding neighborhoods.

The Project will not displace any existing retail sales or services; the site is currently a surface parking lot.

Guideline 2: In districts with an overconcentration of hotels and similar accommodations, it is preferable that new hotels be located at least 300 feet from any existing hotel, motel or bed and breakfast establishment unless there are factors such as traffic circulation, parking, or land use distribution which make clustering appropriate.

The Property is not within 300 feet of any existing hotels, or in a district of San Francisco with an overconcentration of hotels. A Courtyard by Marriott is located north of the Property along 2nd Street, at Folsom and Clementina. Other hotels in the South of Market area include: the W, St. Regis, and Grand Hyatt, all located many blocks to the northwest of the site, along 3rd Street and Mission Street. The Project

would be located further from Market Street than these large-scale hotels and closer to the 4th and King railway station.

Guideline 3: New hotels should contribute to an active retail frontage by providing stores, coffee shops, or convenience retail on the ground story of the major street frontage.

The Project meets this guideline, providing a ground-floor restaurant and bar and publicly-accessible open space along 2nd Street. It also locates the below-grade parking entrance away from 2nd Street, at the end of Dow Place, promoting a more active retail frontage.

Guideline 4: Hotel development should be compatible in scale and design with the overall district character and especially with buildings on the same block.

The Project is consistent with prevailing neighborhood character and design. At 14 stories and 130-feet in height, it will be shorter than the 21-story SF Blu at 631 Folsom Street, the AT&T telecommunications building at 611 Folsom, and the proposed 165-foot building at 633 Folsom Street once its 5-story addition is constructed. The Project matches the height of the condominium building at 77 Dow Place to the west of the Property. While taller than the adjacent six-story building at 600 Harrison Street and the office building at 303 2nd Street across the street, it is smaller than both, and locates the tower massing at 2nd Street, away from adjacent residential buildings.

Guideline 5: Access to required hotel parking should be designed to minimize interruption of the active retail frontage and disturbance to adjacent residences.

The Project's off-street parking is located below ground and accessible from Dow Place instead of 2nd Street, promoting an active frontage along this prominent street. An on-site driveway within the property line also fronting Dow Place will allow passenger loading and drop-off out of the public right of way, minimizing disruption to adjacent residences that also use Dow to access their buildings.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1:

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.3

Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

Policy 1.7

Recognize the natural boundaries of districts, and promote connections between districts.

NEIGHBORHOOD COMMERCE

Objectives and Policies

OBJECTIVE 1:

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1:

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development that has substantial undesirable consequences that cannot be mitigated.

Policy 1.2:

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

Policy 1.3:

Locate commercial and industrial activities according to a generalized commercial and industrial land use plan.

The proposed development will provide desirable goods and services to the neighborhood and will provide employment opportunities to those in the community; the Project Team has been working with Local 2 and Local 104 to coordinate local hiring efforts. The aforementioned have submitted letters of support. Further, the Project Site is located within a Mixed Use District and is thus consistent with activities in the commercial land use plan.

OBJECTIVE 2:

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.1:

Seek to retain existing commercial and industrial activity and to attract new such activity to the City.

The proposed Project would provide new restaurant, bar and hotel uses to the immediate vicinity.

OBJECTIVE 6:

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1:

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

No commercial tenant would be displaced and the project would not prevent the district from achieving optimal diversity in the types of goods and services available in the neighborhood. The existing use is surface parking lot.

The proposed Project would instead increase the variety of neighborhood-serving uses. The Project would also not create substantial noise, traffic, parking problems, or nuisances in the district or surrounding neighborhood.

Policy 6.2:

Promote economically vital neighborhood commercial districts which foster small business enterprises and entrepreneurship and which are responsive to the economic and technological innovation in the marketplace and society.

An independent entrepreneur is sponsoring the proposal. This is not a Formula Retail use.

EAST SOMA PLAN AREA

LAND USE

Objectives and Policies

OBJECTIVE 1.1:

ENCOURAGE PRODUCTION OF HOUSING AND OTHER MIXED-USE DEVELOPMENT IN EAST SOMA WHILE MAINTAINING ITS EXISTING SPECIAL MIXED-USE CHARACTER.

Policy 1.1.8:

Permit small and moderate size retail establishments in mixed use areas of East SoMa, but permit larger retail only as part of a mixed-use development.

BUILT FORM

Objectives and Policies

OBJECTIVE 3.1:

PROMOTE AN URBAN FORM THAT REINFORCES EAST SOMA'S DISTINCTIVE PLACE IN THE CITY'S LARGER FORM AND STRENGTHENS ITS PHYSICAL FABRIC AND CHARACTER.

Policy 3.1.1:

Adopt heights that are appropriate for SoMa's location in the city, the prevailing street and block pattern, and the anticipated land uses, while preserving the character of its neighborhood enclaves.

OBJECTIVE 3.2:

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM

Policy 3.2.4:

Strengthen the relationship between a building and its fronting sidewalk.

OBJECTIVE 5.2:

ENSURE THAT NEW DEVELOPMENT INCLUDES HIGH QUALITY PRIVATE OPEN SPACE

Policy 5.2.2:

Strengthen requirements for commercial development to provide on-site open space

The Project is consistent with the policies and objectives of the East SoMa Area Plan, and would establish new hotel development, with a ground floor restaurant and bar, all of which provide for active engagement with the street, improves the pedestrian network surrounding the project site, and adds new on-site open space for visitors. The Project will contribute to the economic diversity and mixed-use character of the neighborhood.

9. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project complies with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

Currently, the project site does not contain any existing neighborhood-serving uses. The existing surface parking lot is not considered to be a neighborhood-serving business. The Project improves the urban form of the neighborhood by constructing new ground floor retail and a large-scale tourist hotel. The new hotel and associated ground floor restaurant and bar will provide goods and services to area workers, residents and visitors. The Project would add new visitors and employees to the neighborhood, which would assist in strengthening nearby retail uses.

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

No housing exists nor is any proposed on the project site. The Project is expressive in design, and relates to the scale and form of the surrounding neighborhood including the large-scale nearby residential and mixed-use properties. The Project provides a much-needed use to the City, which will contribute to the City's tourist economy. For these reasons, the Project would protect and preserve the cultural and economic diversity of the neighborhood.

- C. That the City's supply of affordable housing be preserved and enhanced,

The Project will not displace any affordable housing because there is currently no housing on the site.

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The Project will not impede transit service, or overburden streets or neighborhood parking. Consistent with San Francisco's transit first policy, the Project proposes 17 valet parking spaces and will participate in San Francisco's Transportation Demand Management program. The site is within walking distance of San Francisco's downtown, Financial District, and office hubs around SoMa, as well as the Montgomery Street BART station and the 4th and King Caltrain station, providing access to the East Bay, the peninsula and into Silicon Valley. The Property is also extremely well-served by public transit. MUNI's 12 line runs along 2nd Street, and the 8X, 30, and 45 lines run one block to the west on 3rd Street. The Central Subway is under construction two blocks to the west.

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development and does not displace the City's industrial and services sectors. The Project would construct a new service sector uses (hotel, restaurant, and bar), which will provide new employment opportunities.

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

Currently, the project site does not contain any City Landmarks or historic buildings.

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

The Project will not affect the City's parks or open space or their access to sunlight and vistas. A shadow study was completed and concluded that the Project will not cast shadows on any property under the jurisdiction of, or designated for acquisition by, the Recreation and Park Commission.

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
11. The Commission hereby finds that approval of the Large Project Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Large Project Authorization Application No. 2018-000497ENX** subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated July 20, 2018, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

The Planning Commission hereby adopts the MMRP attached hereto as Exhibit O and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the Eastern Neighborhoods Plan EIR and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Section 329 Large Project Authorization to the Board of Appeals within fifteen (15) days after the date of this Motion. The effective date of this Motion shall be the date of adoption of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. Any appeal shall be made to the Board of Appeals, unless an associated entitlement is appealed to the Board of Supervisors, in which case the appeal of this Motion shall also be made to the Board of Supervisors (see Charter Section 4.135). For further information, please contact the Board of Appeals at (415) 575-6880, 1660 Mission, Room 3036, San Francisco, CA 94103, or the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on August 23, 2018.

Jonas P. Ionin
Commission Secretary

**Draft Motion
August 23, 2018**

**RECORD NO. 2018-000497ENX
350 2nd Street**

AYES:

NAYS:

ABSENT:

ADOPTED: August 23, 2018

EXHIBIT A

AUTHORIZATION

This authorization is for a Conditional Use Authorization to establish a tourist hotel building with 297 guest rooms located at 350 02nd Street, Block 3750 Lot 003 pursuant to Planning Code Section 303 within the MUO District and a 130-E Height and Bulk District; in general conformance with plans, dated July 20, 2018, and stamped "EXHIBIT L" included in the docket for Case No. 2018-000497CUA and subject to conditions of approval reviewed and approved by the Commission on August 23, 2018 under Motion No XXXXXX. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on August 23, 2018 under Motion No XXXXXX.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. XXXXXX shall be reproduced on the Index Sheet of construction plans submitted with the site or building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

3. **Diligent pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

6. **Additional Project Authorization.** The Project Sponsor must obtain a Large Project Authorization under Planning Code Section 329 for construction of more than 25,000 gross square feet within an Eastern Neighborhoods Mixed-Use District, and satisfy all the conditions

thereof. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

In addition, the Project Sponsor must await a Planning Code Text Amendment which clarifies that a hotel use is not a large-scale retail sale and service use pursuant to Planning Code Sections 102 and 121.6 to allow the proposed hotel use size. (See Board of Supervisors File No. 180557; Ordinance No. 202-18). The Ordinance was enacted on August 10, 2018 and will be effective September 9, 2018. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

This approval is contingent on, and will be of no further force and effect until the date that the San Francisco Board of Supervisor has approved by resolution approving the Planning Code Text Amendment.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

7. **Mitigation Measures.** Mitigation measures described in the MMRP for the 350 Second Street Community Plan Evaluation EIR (Case No. 2016-012031ENV) attached as Exhibit O are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor. Their implementation is a condition of project approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

DESIGN – COMPLIANCE AT PLAN STAGE

8. **Final Materials.** The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

9. **Garbage, composting and recycling storage.** Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the building permit plans. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

10. **Signage.** The Project Sponsor shall develop a signage program for the Project which shall be subject to review and approval by Planning Department staff before submitting any building permits for construction of the Project. All subsequent sign permits shall conform to the approved signage program. Once approved by the Department, the signage program/plan information shall be submitted and approved as part of the site permit for the Project. All exterior signage shall be designed to compliment, not compete with, the existing architectural character and architectural features of the building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

11. **Noise.** Plans submitted with the building permit application for the approved project shall incorporate acoustical insulation and other sound proofing measures to control noise.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

12. **Odor Control Unit.** In order to ensure any significant noxious or offensive odors are prevented from escaping the premises once the project is operational, the building permit application to implement the project shall include air cleaning or odor control equipment details and manufacturer specifications on the plans. Odor control ducting shall not be applied to the primary façade of the building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

PARKING AND TRAFFIC

13. **Bicycle Parking.** Pursuant to Planning Code Sections 155, 155.1, and 155.2, the Project shall provide no fewer than 24 bicycle parking spaces (10 Class 1 spaces for the hotel portion of the Project and 14 Class 2 spaces for the hotel and restaurant/bar portion of the Project). SFMTA has final authority on the type, placement and number of Class 2 bicycle racks within the public ROW. Prior to issuance of first architectural addenda, the project sponsor shall contact the SFMTA Bike Parking Program at bikeparking@sfmta.com to coordinate the installation of on-street bicycle racks and ensure that the proposed bicycle racks meet the SFMTA's bicycle parking guidelines. Depending on local site conditions and anticipated demand, SFMTA may request the project sponsor pay an in-lieu fee for Class II bike racks required by the Planning Code.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

OPERATION

14. **Eating and Drinking Uses.** As defined in Planning Code Section 202.2, Eating and Drinking Uses, as defined in Section [102](#), shall be subject to the following conditions:

- A. The business operator shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Street and Sidewalk Maintenance Standards. In addition, the operator shall be responsible for daily monitoring of the sidewalk within a one-block radius of the subject business to maintain the sidewalk free of paper or other litter associated with

the business during business hours, in accordance with Article 1, Section [34](#) of the San Francisco Police Code.

For information about compliance, contact the Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, <http://sfdpw.org>.

- B. When located within an enclosed space, the premises shall be adequately soundproofed or insulated for noise and operated so that incidental noise shall not be audible beyond the premises or in other sections of the building, and fixed-source equipment noise shall not exceed the decibel levels specified in the San Francisco Noise Control Ordinance.

For information about compliance of fixed mechanical objects such as rooftop air conditioning, restaurant ventilation systems, and motors and compressors with acceptable noise levels, contact the Environmental Health Section, Department of Public Health at (415) 252-3800, www.sfdph.org.

For information about compliance with construction noise requirements, contact the Department of Building Inspection at 415-558-6570, www.sfdbi.org.

For information about compliance with the requirements for amplified sound, including music and television, contact the Police Department at 415-553-0123, www.sf-police.org.

- C. While it is inevitable that some low level of odor may be detectable to nearby residents and passersby, appropriate odor control equipment shall be installed in conformance with the approved plans and maintained to prevent any significant noxious or offensive odors from escaping the premises.

For information about compliance with odor or other chemical air pollutants standards, contact the Bay Area Air Quality Management District, (BAAQMD), 1-800-334-ODOR (6367), www.baaqmd.gov and Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

- D. Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

For information about compliance, contact the Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, <http://sfdpw.org>.

15. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>

16. **Community Liaison.** Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator with written notice of the name, business address, and telephone number of the community liaison. Should the contact information

change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

17. **Lighting.** All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

EXHIBIT B

AUTHORIZATION

This authorization is for a Large Project Authorization to allow a new construction of a fourteen-story with seven-story podium, 130-ft tall, tourist hotel building with 297 guest rooms located at 350 02nd Street, Block 3750 Lot 003 pursuant to Planning Code Section 329 within the MUO District and a 130-E Height and Bulk District; in general conformance with plans, dated July 20, 2018, and stamped "EXHIBIT L" included in the docket for Case No. 2018-000497ENX and subject to conditions of approval reviewed and approved by the Commission on August 23, 2018 under Motion No XXXXXX. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on August 23, 2018 under Motion No XXXXXX.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit B' of this Planning Commission Motion No. XXXXXX shall be reproduced on the Index Sheet of construction plans submitted with the site or building permit application for the Project. The Index Sheet of the construction plans shall reference to the Conditional Use authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new Conditional Use authorization.



SAN FRANCISCO PLANNING DEPARTMENT

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

3. **Diligent pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

6. **Additional Project Authorization.** The Project Sponsor must obtain a Conditional Use Authorization under Section 303 to establish a tourist hotel with 297 guestrooms within the MUO Zoning District and satisfy all the conditions thereof. The conditions set forth below are

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

In addition, the Project Sponsor must await a Planning Code Text Amendment which clarifies that a hotel use is not a large-scale retail sale and service use pursuant to Planning Code Sections 102 and 121.6 to allow the proposed hotel use size. (See Board of Supervisors File No. 180557; Ordinance No. 202-18). The Ordinance was enacted on August 10, 2018 and will be effective September 9, 2018. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

This approval is contingent on, and will be of no further force and effect until the date that the San Francisco Board of Supervisor has approved by resolution approving the Planning Code Text Amendment.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

- 7. Mitigation Measures.** Mitigation measures described in the MMRP for the 350 Second Street Project (Case No. 2016-012031ENV) attached as Exhibit O are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor. Their implementation is a condition of project approval.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

DESIGN – COMPLIANCE AT PLAN STAGE

- 8. Final Materials.** The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

- 9. Garbage, composting and recycling storage.** Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the building permit plans. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

- 10. Rooftop Mechanical Equipment.** Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application. Rooftop mechanical equipment, if any is proposed as part of the Project, is required

to be screened so as not to be visible from any point at or below the roof level of the subject building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

11. **Lighting Plan.** The Project Sponsor shall submit an exterior lighting plan to the Planning Department prior to Planning Department approval of the building / site permit application.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

12. **Streetscape Plan.** Pursuant to Planning Code Section 138.1, the Project Sponsor shall continue to work with Planning Department staff, in consultation with other City agencies, to refine the design and programming of the Streetscape Plan so that the plan generally meets the standards of the Better Streets Plan and all applicable City standards. The Project Sponsor shall complete final design of all required street improvements, including procurement of relevant City permits, prior to issuance of first architectural addenda, and shall complete construction of all required street improvements prior to issuance of first temporary certificate of occupancy.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

13. **Signage.** The Project Sponsor shall develop a signage program for the Project which shall be subject to review and approval by Planning Department staff before submitting any building permits for construction of the Project. All subsequent sign permits shall conform to the approved signage program. Once approved by the Department, the signage program/plan information shall be submitted and approved as part of the site permit for the Project. All exterior signage shall be designed to compliment, not compete with, the existing architectural character and architectural features of the building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

14. **Transformer Vault.** The location of individual project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred locations. Therefore, the Planning Department recommends the following preference schedule in locating new transformer vaults, in order of most to least desirable:

- a. On-site, in a basement area accessed via a garage or other access point without use of separate doors on a ground floor façade facing a public right-of-way;
- b. On-site, in a driveway, underground;
- c. On-site, above ground, screened from view, other than a ground floor façade facing a public right-of-way;
- d. Public right-of-way, underground, under sidewalks with a minimum width of 12 feet, avoiding effects on streetscape elements, such as street trees; and based on Better Streets Plan guidelines;
- e. Public right-of-way, underground; and based on Better Streets Plan guidelines;
- f. Public right-of-way, above ground, screened from view; and based on Better Streets Plan guidelines;

- g. On-site, in a ground floor façade (the least desirable location).

Unless otherwise specified by the Planning Department, Department of Public Work's Bureau of Street Use and Mapping (DPW BSM) should use this preference schedule for all new transformer vault installation requests.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

15. **Noise.** Plans submitted with the building permit application for the approved project shall incorporate acoustical insulation and other sound proofing measures to control noise.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

16. **Odor Control Unit.** In order to ensure any significant noxious or offensive odors are prevented from escaping the premises once the project is operational, the building permit application to implement the project shall include air cleaning or odor control equipment details and manufacturer specifications on the plans. Odor control ducting shall not be applied to the primary façade of the building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

PARKING AND TRAFFIC

17. **Transportation Demand Management (TDM) Program.** Pursuant to Planning Code Section 169, the Project shall finalize a TDM Plan prior to the issuance of the first Building Permit or Site Permit to construct the project and/or commence the approved uses. The Property Owner, and all successors, shall ensure ongoing compliance with the TDM Program for the life of the Project, which may include providing a TDM Coordinator, providing access to City staff for site inspections, submitting appropriate documentation, paying application fees associated with required monitoring and reporting, and other actions.

Prior to the issuance of the first Building Permit or Site Permit, the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property to document compliance with the TDM Program. This Notice shall provide the finalized TDM Plan for the Project, including the relevant details associated with each TDM measure included in the Plan, as well as associated monitoring, reporting, and compliance requirements.

For information about compliance, contact the TDM Performance Manager at tdm@sfgov.org or 415-558-6377, www.sf-planning.org.

18. **Car Share.** Pursuant to Planning Code Section 166, no fewer than **one (1)** car share space shall be made available, at no cost, to a certified car share organization for the purposes of providing car share services for its service subscribers.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

19. **Bicycle Parking.** Pursuant to Planning Code Sections 155, 155.1, and 155.2, the Project shall provide no fewer than **24** bicycle parking spaces (**10** Class 1 spaces for the hotel portion of the Project and **14** 2 spaces for the hotel and restaurant/bar portion of the Project). SFMTA has final authority on the type, placement and number of Class 2 bicycle racks within the public ROW. Prior to issuance of first architectural addenda, the project sponsor shall contact the SFMTA Bike Parking Program at bikeparking@sfmta.com to coordinate the installation of on-street bicycle racks and ensure that the proposed bicycle racks meet the SFMTA's bicycle parking guidelines. Depending on local site conditions and anticipated demand, SFMTA may request the project sponsor pay an in-lieu fee for Class II bike racks required by the Planning Code.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
20. **Showers and Clothes Lockers.** Pursuant to Planning Code Section 155.4, the Project shall provide no fewer than **two** showers and **12** clothes lockers.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org.
21. **Parking Maximum.** Pursuant to Planning Code Section 151.1, the Project shall provide no more than **nineteen (19)** off-street parking spaces.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
22. **Off-street Loading.** Pursuant to Planning Code Section 152, the Project will provide one off-street loading spaces.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
23. **Managing Traffic During Construction.** The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

PROVISIONS

24. **First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.
For information about compliance, contact the First Source Hiring Manager at 415-581-2335, www.onestopSF.org

25. **Transportation Sustainability Fee.** The Project is subject to the Transportation Sustainability Fee (TSF), as applicable, pursuant to Planning Code Section 411A.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
26. **Jobs Housing Linkage.** The Project is subject to the Jobs Housing Linkage Fee, as applicable, pursuant to Planning Code Section 413.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
27. **Childcare Requirements - Office and Hotel Development.** The Project is subject to the Childcare Fee for Office and Hotel Development Projects, as applicable, pursuant to Planning Code Section 414.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
28. **Eastern Neighborhoods Infrastructure Impact Fee.** The Project is subject to the Eastern Neighborhoods Infrastructure Impact Fee, as applicable, pursuant to Planning Code Section 423.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
29. **Art.** The Project is subject to the Public Art Fee, as applicable, pursuant to Planning Code Section 429.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
30. **Art Plaques.** Pursuant to Planning Code Section 429(b), the Project Sponsor shall provide a plaque or cornerstone identifying the architect, the artwork creator and the Project completion date in a publicly conspicuous location on the Project Site. The design and content of the plaque shall be approved by Department staff prior to its installation.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
31. **Art.** Pursuant to Planning Code Section 429, the Project Sponsor and the Project artist shall consult with the Planning Department during design development regarding the height, size, and final type of the art. The final art concept shall be submitted for review for consistency with this Motion by, and shall be satisfactory to, the Director of the Planning Department in consultation with the Commission. The Project Sponsor and the Director shall report to the Commission on the progress of the development and design of the art concept prior to the submittal of the first building or site permit application
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
32. **Art.** Pursuant to Planning Code Section 429, prior to issuance of any certificate of occupancy, the Project Sponsor shall install the public art generally as described in this Motion and make it available to the public. If the Zoning Administrator concludes that it is not feasible to install the

work(s) of art within the time herein specified and the Project Sponsor provides adequate assurances that such works will be installed in a timely manner, the Zoning Administrator may extend the time for installation for a period of not more than twelve (12) months.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

OPERATION

33. **Eating and Drinking Uses.** As defined in Planning Code Section 202.2, Eating and Drinking Uses, as defined in Section [102](#), shall be subject to the following conditions:

A. The business operator shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Street and Sidewalk Maintenance Standards. In addition, the operator shall be responsible for daily monitoring of the sidewalk within a one-block radius of the subject business to maintain the sidewalk free of paper or other litter associated with the business during business hours, in accordance with Article 1, Section [34](#) of the San Francisco Police Code.

For information about compliance, contact the Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, <http://sfdpw.org>.

B. When located within an enclosed space, the premises shall be adequately soundproofed or insulated for noise and operated so that incidental noise shall not be audible beyond the premises or in other sections of the building, and fixed-source equipment noise shall not exceed the decibel levels specified in the San Francisco Noise Control Ordinance.

For information about compliance of fixed mechanical objects such as rooftop air conditioning, restaurant ventilation systems, and motors and compressors with acceptable noise levels, contact the Environmental Health Section, Department of Public Health at (415) 252-3800, www.sfdph.org.

For information about compliance with construction noise requirements, contact the Department of Building Inspection at 415-558-6570, www.sfdbi.org.

For information about compliance with the requirements for amplified sound, including music and television, contact the Police Department at 415-553-0123, www.sf-police.org.

C. While it is inevitable that some low level of odor may be detectable to nearby residents and passersby, appropriate odor control equipment shall be installed in conformance with the approved plans and maintained to prevent any significant noxious or offensive odors from escaping the premises.

For information about compliance with odor or other chemical air pollutants standards, contact the Bay Area Air Quality Management District, (BAAQMD), 1-800-334-ODOR (6367), www.baaqmd.gov and Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

D. Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company.

Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

For information about compliance, contact the Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, <http://sfdpw.org>.

34. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>

35. **Community Liaison.** Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

36. **Lighting.** All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org



SAN FRANCISCO PLANNING DEPARTMENT

Land Use Information

PROJECT ADDRESS: 350 02ND ST
RECORD NO.: 2018-000497ENX

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

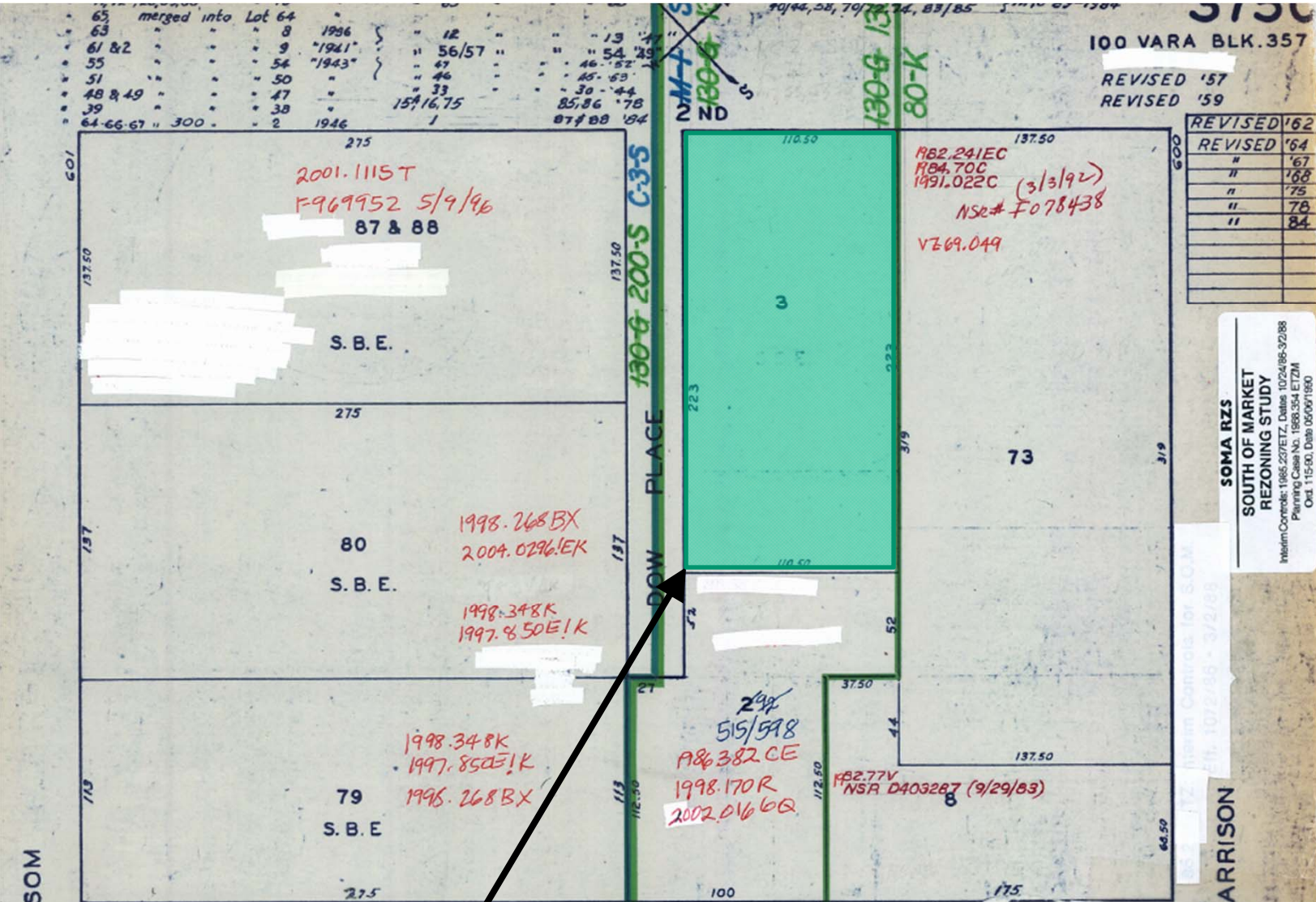
Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

	EXISTING	PROPOSED	NET NEW
GROSS SQUARE FOOTAGE (GSF)			
Lot Area	24,642	24,642	--
Residential	--	--	--
Commercial/Retail		2,975	2,975
Office	--	--	--
Industrial/PDR <i>Production, Distribution, & Repair</i>	--	--	--
Parking	24,629 (surface parking)	9,100 (garage)	9,100
Usable Open Space	--	--	--
Public Open Space	0	2,350	2,350
Other (Hotel)	--	166,415	166,415
TOTAL GSF	--	180,840	180,840
	EXISTING	NET NEW	TOTALS
PROJECT FEATURES (Units or Amounts)			
Dwelling Units - Market Rate	--	--	--
Dwelling Units - Affordable	--	--	--
Hotel Rooms	0	297	297
Parking Spaces	130	-103	17
Loading Spaces	0	1	1
Car Share Spaces	0	1	1
Bicycle Spaces	0	26	26
Number of Buildings	0	1	1
Number of Stories	0	14	14
Height of Building(s)	0	130	130
Other ()	--	--	--

Parcel Map



SUBJECT PROPERTY

Large Project Authorization &
 Conditional Use Authorization Hearing

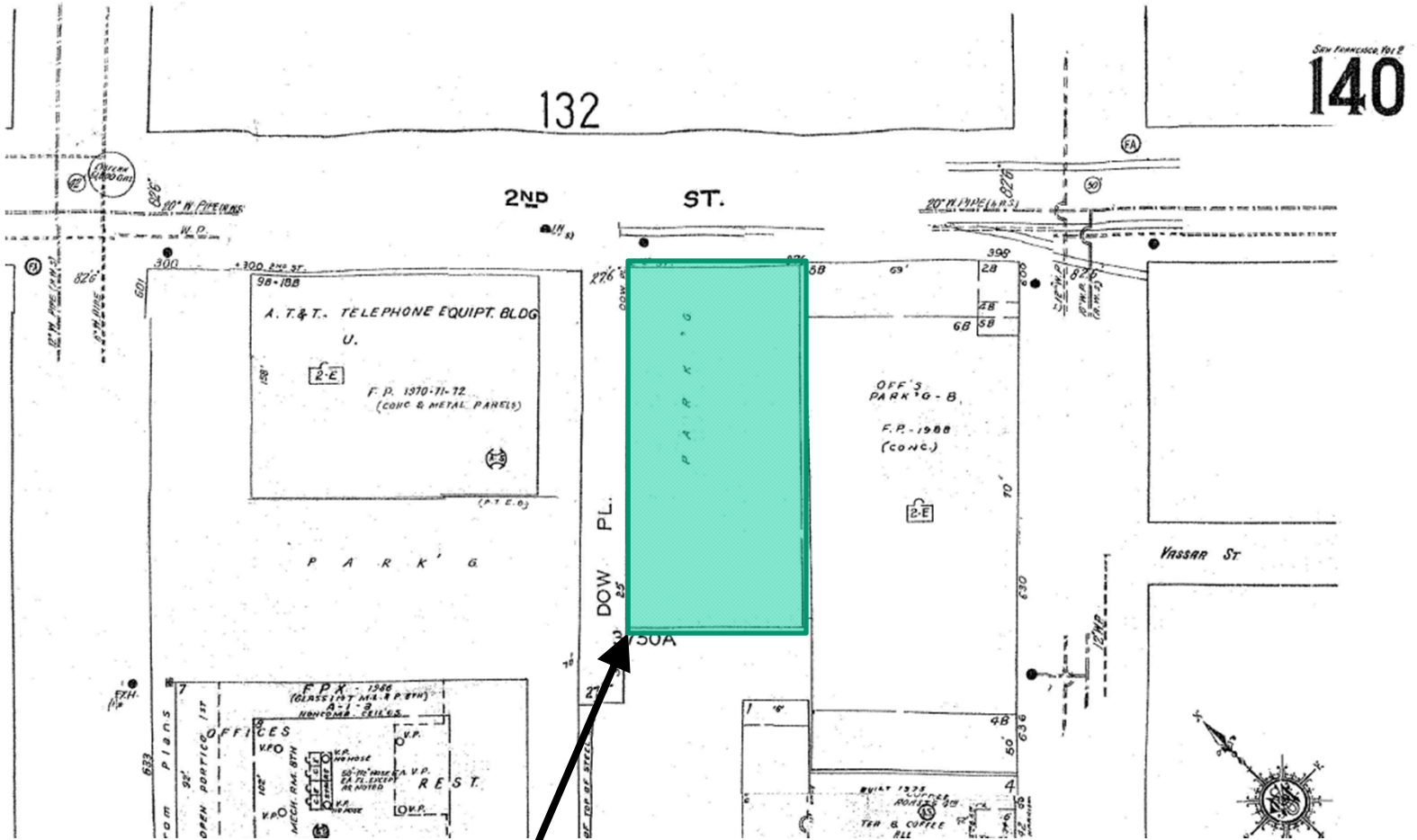
Case Nos. 2018-000497CUAENX

350 2nd Street



Sanborn Map*

THESE SANBORN MAPS ARE DATED TO THE MID 1990'S
USE ONLY FOR HISTORICAL CONTEXT



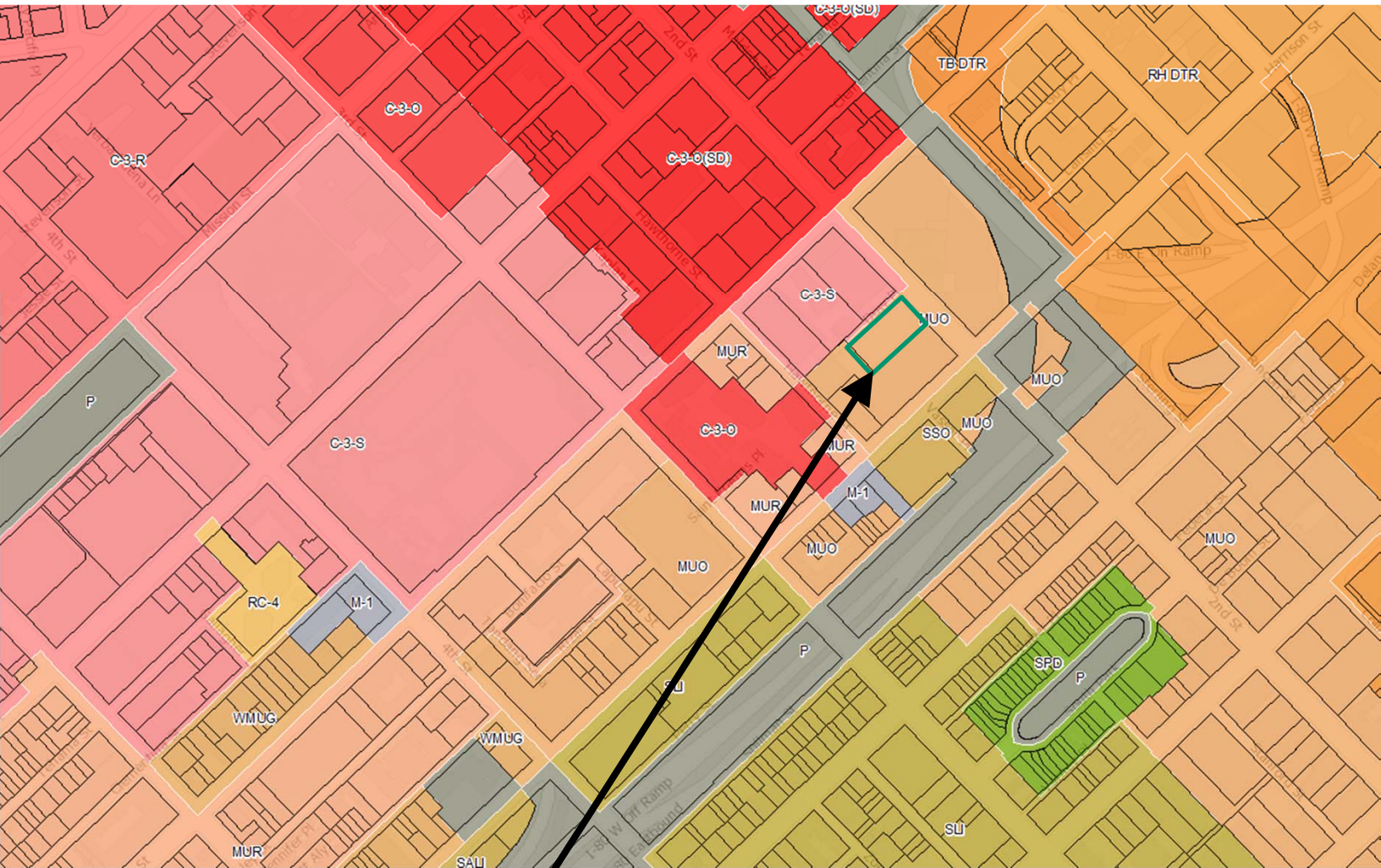
*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.

SUBJECT PROPERTY

Large Project Authorization &
Conditional Use Authorization Hearing
Case Nos. 2018-000497CUAENX
350 2nd Street



Zoning Map



SUBJECT PROPERTY

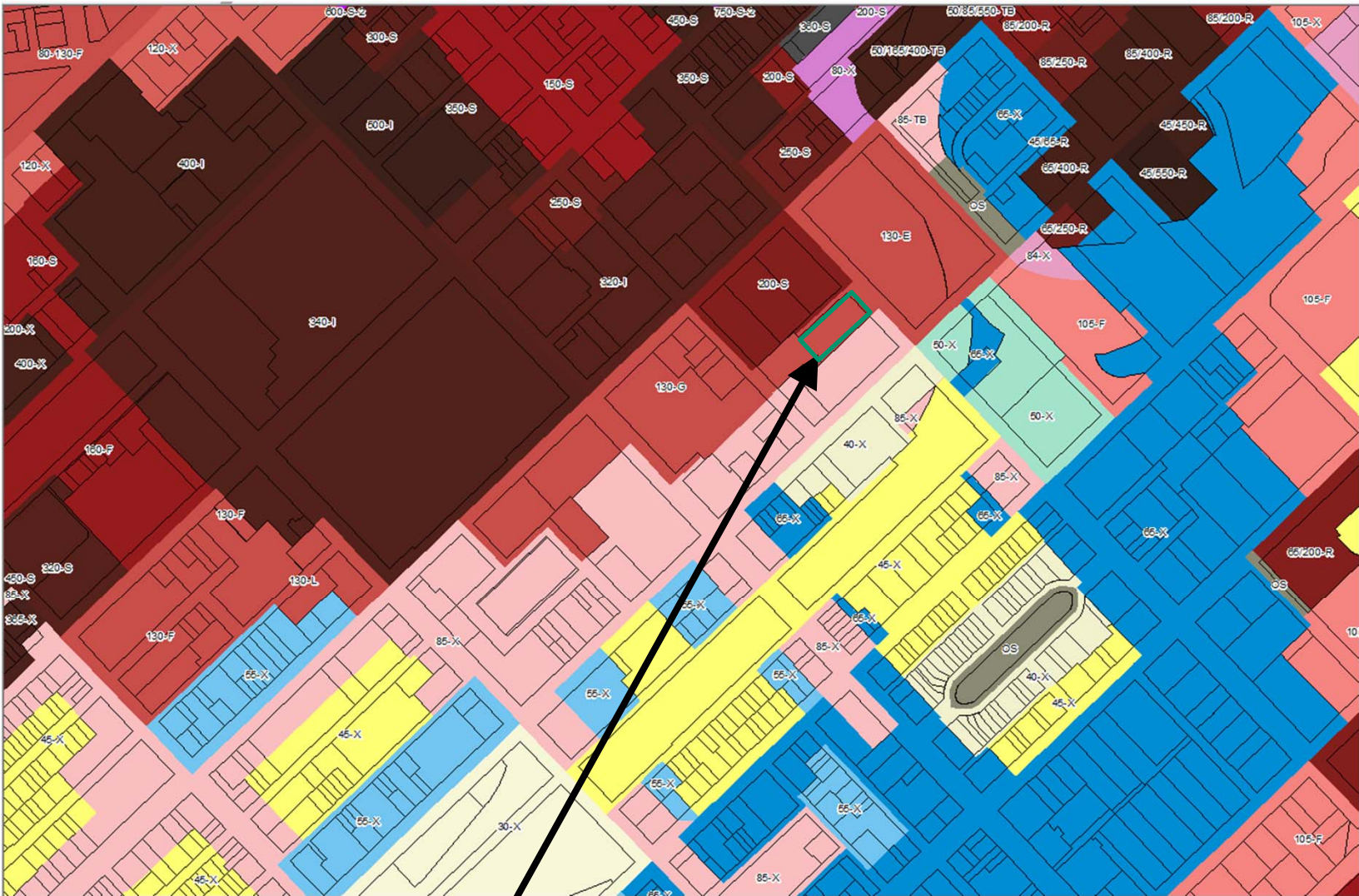
Large Project Authorization &
Conditional Use Authorization Hearing

Case Nos. 2018-000497CUAENX

350 2nd Street



Height & Bulk Map



SUBJECT PROPERTY

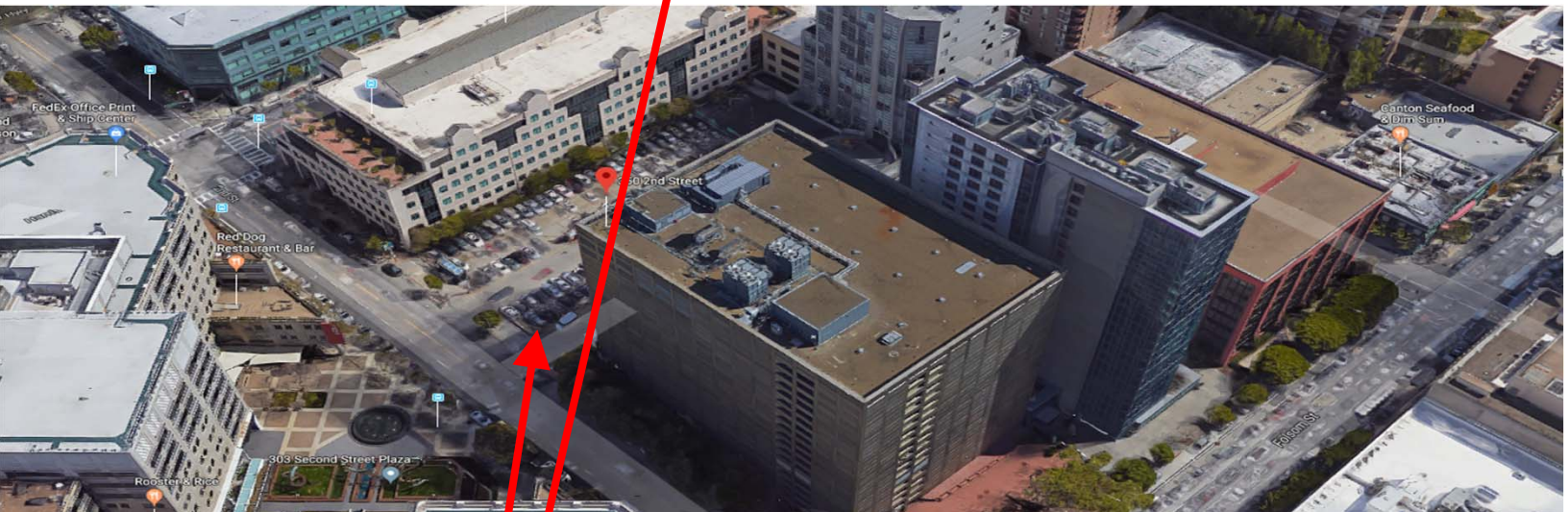
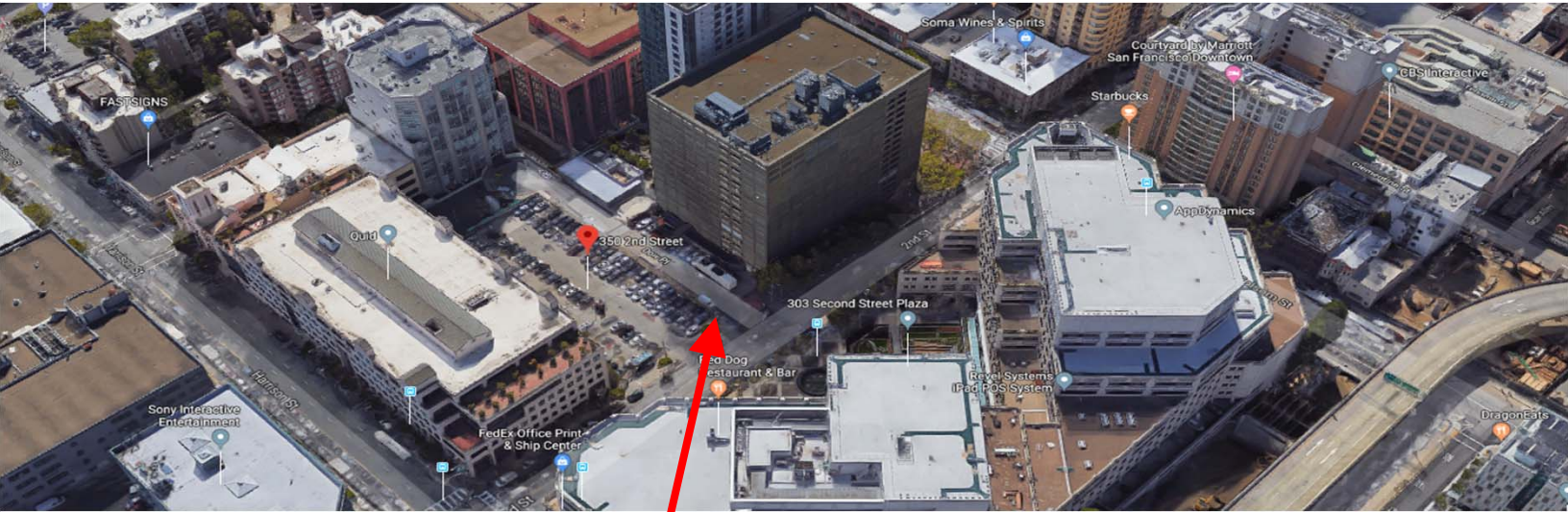


Large Project Authorization &
Conditional Use Authorization Hearing

Case Nos. 2018-000497CUAENX

350 2nd Street

Aerial Photographs of 350 2nd Street



PROJECT SITE

Large Project Authorization &
Conditional Use Authorization Hearing

Case Nos. 2018-000497CUAENX

350 2nd Street

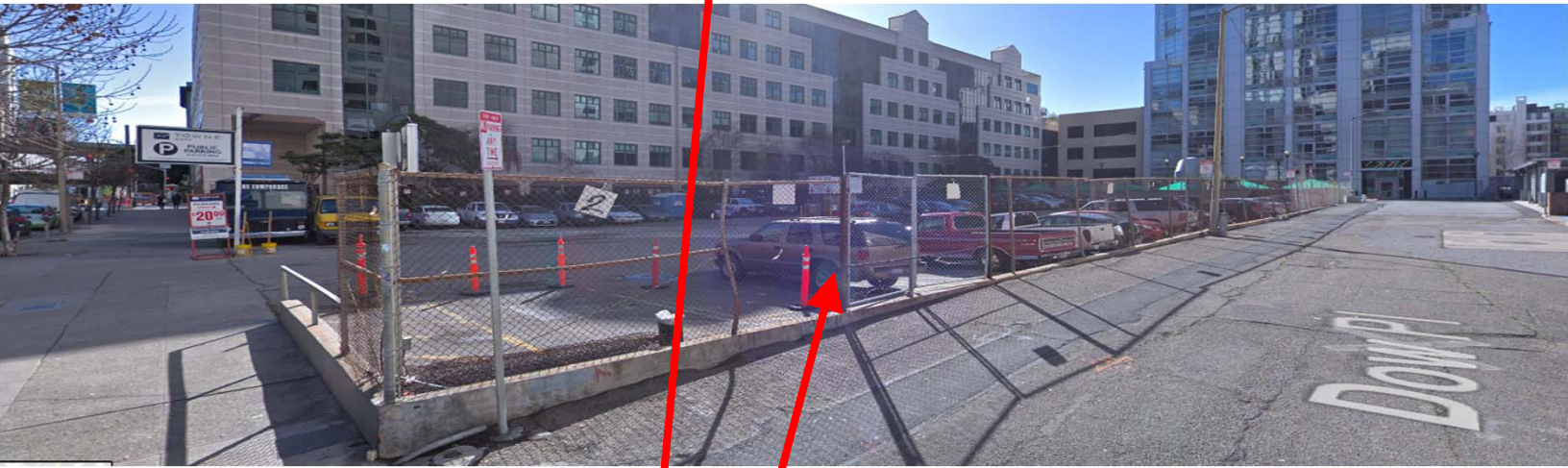
Site Photographs of 350 2nd Street from 2nd Street



PROJECT SITE

Large Project Authorization &
Conditional Use Authorization Hearing
Case Nos. 2018-000497CUAENX
350 2nd Street

Site Photographs of 350 2nd Street from Dow Place



PROJECT SITE

Large Project Authorization &
Conditional Use Authorization Hearing
Case Nos. 2018-000497CUAENX
350 2nd Street

Project Sponsor Submittal: Project Sponsor Letter for 350 2nd Street prepared by Reuben, Junius, and Rose

Large Project Authorization &
Conditional Use Authorization Hearing

Case Nos. 2018-000497CUAENX

350 2nd Street

REUBEN, JUNIUS & ROSE, LLP

Mark Loper
mloper@reubenlaw.com

August 3, 2018

By Messenger

President Rich Hillis and Commissioners
San Francisco Planning Commission
1650 Mission Street, 4th Floor
San Francisco, CA 94107

Re: 350 2nd Street
Planning Case Number: 2018-00497
Hearing Date: August 23, 2018
Our File No.: 8718.01

Dear President Hillis and Commissioners:

This office represents KCG SF Hotel, LLC (“Project Sponsor”), which seeks to develop a 14-story hotel with a ground floor restaurant and bar (the “Project”) at 350 2nd Street, Block/Lot 3750/003 (the “Property”). The Property currently has no improvements other than a surface parking lot.

Project Sponsor has been sensitive to concerns about how the Project fits into the neighborhood, as well as the Planning Department staff’s design guidance. The Project has been significantly modified and reduced in size, demonstrating the Project Sponsor’s willingness to work to design a project that is compatible with the existing neighborhood.

The project was originally filed under the pending Central SoMa plan at a higher height with additional hotel rooms. Given the expansion of the City’s convention center capacity at Moscone, there is a generally recognized need for more hotel rooms in San Francisco. However, after giving careful and due consideration to concerns regarding the project’s scale that were raised by various adjacent properties, the Project Sponsor, working closely with staff, went back to the drawing board and produced a broadly accepted design that could proceed under the existing Eastern Neighborhoods zoning. That smaller project is what is before the Planning Commission.

The Project Sponsor respectfully requests that the Planning Commission grant a Large Project Authorization and Conditional Use Authorization to allow the Project to proceed. We look forward to presenting the Project to you on August 23, 2018.

San Francisco Office
One Bush Street, Suite 600, San Francisco, CA 94104
tel: 415-567-9000 | fax: 415-399-9480

Oakland Office
456 8th Street, 2nd Floor, Oakland, CA 94607
tel: 510-257-5589

www.reubenlaw.com

A. Surrounding Neighborhood

The Property is located in the East South of Market neighborhood, characterized by a mix of uses, including light industrial, residential, office, and other commercial uses. The project site is an approximately 24,700 sf lot located at 350 2nd Street in the South of Market District. The project site currently serves as a parking lot with 130 vehicle spaces.

The immediate neighborhood along Second Street features a six-story office building at the corner of 2nd and Harrison to the south of the Property, a 17-story AT&T telecommunications facility to the north, and a 10-story, approximately 800,000 square foot mixed-use commercial building featuring office and retail uses across Second Street to the east. SF Blu—a 21-story residential condo building with 120 units built in 2009—is located across Dow Place from the Property and has its main frontage on Folsom Street. Further west, a seven-story office building at the corner of Folsom and Hawthorne Streets received Planning Commission approval to construct a five-story addition in early 2017. An 84-unit, 130-foot condominium building built in 2002 is located at the terminus of Dow Place; it also fronts on Hawthorne.

B. Project Description

The Project Sponsor's proposed project would construct a 130-foot-tall (up to approximately 145-feet tall with rooftop appurtenances), hotel. The ground floor will feature a hotel lobby, a restaurant and bar, and a privately-owned public open space. The restaurant and open space will front on Second Street. The building will feature a seven-story, 65-foot-tall podium with a 14-story, 130-foot-tall tower located on 2nd Street. The hotel will include 297 hotel rooms, as well as almost 3,000 sf of ground floor space for restaurant use ancillary to the hotel, ground floor interior open space, and below grade vehicle and bicycle parking.

A new side walk that will contain a 5-foot wide walkway along Dow Place would be constructed to improve pedestrian movements along Dow Place, particularly for residents of 77 Dow. The proposed project would remove 2 existing street trees on 2nd Street and would plant approximately 5 new street trees on 2nd Street along with 7 new street trees and a vertical landscaping element incorporated into the building's façade along Dow Place.

Further, the proposed project would provide an underground parking garage, with 17 off-street valet parking spaces and one car-share space in the basement level of the proposed building, accessed from Dow Place as well as an off-street, i.e., on-site, driveway off of Dow Place, allowing passenger loading and drop-off out of the public-right-of-way. The proposed project would also provide 18 Class 1 bicycle spaces on the basement level of the building in the underground parking lot.

C. Summary of Project Benefits

The Project will provide significant benefits to the City, including the following:

- **Provides Smart Infill Development.** The Project will construct an attractive mixed-used development, with a hotel, restaurant, and bar, on an underutilized site that is near the Yerba Buena Center, Moscone Center, AT&T Park, and the Salesforce Transportation Center and within easy walking distance of numerous forms of transportation.
- **Eliminates A Surface Parking Lot.** The Project would eliminate the type of surface parking lot that is discouraged by the current Planning Department policy and replace it with an attractive, architecturally interesting development and landscaping, including new street trees.
- **Adds 297 Hotel Rooms.** San Francisco is a tourist and convention destination with approximately 26 million visitors annually consisting of an approximate \$9B a year industry.¹ The Project's addition of 297 Hotel rooms, 17 valet parking spots, and one car share parking spot will help absorb the demand imposed by the tourist and convention attendees traveling to San Francisco in addition to the ongoing business travel needs of the ever-expanding South of Market neighborhood. More on hotel demand, and the Project Sponsor's experience, below.
- **Reduces Vehicle Movement In The Area.** The Project decreases the number of parking spaces on the site, replacing a 130-space surface parking lot with an underground 17 space valet parking lot with one carshare space and 18 Class 1 bicycle spaces that will serve the anticipated number of hotel and restaurant and bar employees. In addition, instead of serving short-term parking needs with frequent entry and exit of vehicles, the Project parking would serve the hotel invitees, who would likely predominantly walk, bike, or take public transportation to commute rather than using their vehicles after arriving at the hotel. The Property is within walking distance from the Montgomery Street Bart Station, the 4th & King CalTrain Station, and Muni bus lines 12, 8X, 30, and 45. Additionally, the Project will include an off-street, i.e., on-site, driveway off of Dow Place that will allow passenger loading and drop-off out of the public-right-of-way, minimizing the disruption to adjacent residences that also use Dow to access their building.
- **Improves Neighborhood Safety.** The Property is presently occupied by a surface parking lot. The addition of both the ground-floor neighborhood-serving restaurant and bar and the 297 hotel room guests will activate the sidewalk, provide eyes on the streets, and generally increase the safety of the neighborhood.

- **Bolster Social Services.** The Project will contribute funding for child care, affordable housing, public transit, and other social services through various applicable impact fees.

D. Hotel Use: Demand, Jobs, Developer Experience

Additional hotel rooms of the type provided by the Project are sorely needed in San Francisco. The travel and tourism industry is one of San Francisco's key economic drivers but the City has long suffered from an insufficient supply of hotel rooms, which drives up prices for both business travelers and tourists to some of the highest levels in the country, impacting the attractiveness of San Francisco as a travel destination. The tight supply of hotel rooms also impacts the City's ability to host large conventions; on occasion, cruise ships have had to be stationed in the Bay in order to provide sufficient accommodations for conventioners. This situation will likely be exacerbated when the new expansion to the Moscone Center is opened. Additional hotel rooms are needed in the City to support the significant investment that has been already been made in the City's convention center.

Hotels are also significant job creators, and they provide the types of jobs that are becoming rarer and rarer within the City. Hotels provide entry and mid-level employment and training opportunities for existing City residents that are far different than those provided by the growth in the technology industry that has swept through the City. The importance of these jobs is clearly illustrated by the support the project is receiving from UNITE HERE, Local 2 the hotel and restaurant union focused on raising the standard for working people throughout the region by fighting for livable wages, quality health care and adequate retirement funding, as well as the support the project is receiving from multiple local construction unions (see attached letters of support).

The principals of the Project Sponsor KCG bring to bear over 150 years of combined real estate experience of a group of proven leaders in the commercial real estate industry, with both deep and broad experience in all facets of real estate, including significant experience in the hospitality industry. Collectively, the team has been involved in hotel development and investment activity with respect to over 20 hotel projects in various markets around the U.S., with projects ranging from small boutique hotels to 1,300-room convention type properties. The project site is ideally situated for a hotel property, proximate to both the financial district and the convention center and very transit oriented, and the experience of the sponsorship team will help ensure the proposed hotel successfully serves the needs of the business, convention and leisure customer traveling to San Francisco.

E. Neighborhood Outreach and Design Development

The Project Sponsor has prioritized community outreach in the neighborhood and with local labor groups.

The Project Sponsor hosted a well-attended Pre-Application meeting on June 15, 2017. Residents of 631 Folsom and 77 Dow, two immediately adjacent residential buildings, were well-represented at this meeting. From the outset, there were clearly concerns raised by these groups and other regarding certain aspects of the project. The Project Sponsor subsequently participated in numerous other meetings with members of the Boards of the homeowner's associations of each of these two buildings in order to resolve these issues in a cooperative and constructive manner.

Building Mass, Height: This was a central issue from the outset. As described above, given the expansion of the City's convention center capacity there is a generally recognized need for more hotel rooms in the City. The original project design intended to satisfy that demand with a 200-foot, 480-room hotel under the proposed new Central SoMa zoning. However, after carefully listening to the concerns raised by the adjacent property owners regarding the building's height and mass, and after working closely with Planning staff, the Project Sponsor agreed to scale back the size of the project to a 130-foot, 297-room hotel, one that could be pursued under the existing zoning. This was a significant concession on the part of the Project Sponsor, but one that they decided to make in order to address their neighbors' concerns and one which had the additional benefit of eliminating one possible basis for these neighbors to object to the proposed Central SoMa plan.

Traffic Congestion: The Project Sponsor indicated that the hotel that will be occupying the space will be a select service hotel, geared towards business travelers and people on vacation looking for a comfortable and moderately-priced room, and, further, that the hotel will not have a lot of events, conferences, or banquets that would lead to increased traffic congestion. This type of hotel operation as opposed to a more active hotel was better received by the neighbors.

Dow Place and Trash/Loading Activities: The Project Sponsor has taken the placement of the trash receptacles and the loading dock very seriously so as to minimize the impact of related activities on neighbors. The Project Sponsor has designed the project such that the majority of the trash and loading activities can take place within a fully enclosed loading area with trash and loading vehicles accessing this area by way of the hotel's driveway.

The Project Sponsor has gone out of their way to ensure the Project is compatible with the neighborhood and incorporates community input, and as a result, the Project will be a positive addition to the neighborhood.

The Project Sponsor also acknowledges the contribution the proposed hotel can make as a source of new, quality jobs in San Francisco. Accordingly, the Project Sponsor has met with

and established very positive relationships with many of the key hotel and construction labor unions in the City. Their support of the Project is evidenced by the correspondences that we have attached to this letter for your review.

F. Conclusion

The Project proposes to transform an underutilized lot to provide a 297 room hotel, restaurant, and bar to better serve both the tourist industry with the Yerba Buena Gardens in close proximity as well as the ever-expanding conference industry at the nearby Moscone Center. Its ground-floor restaurant and bar uses would reactivate the adjacent street frontage and create a safer atmosphere for nearby residents and pedestrians. We look forward to presenting the Project to you on August 23, 2018. For all of the reasons stated herein and those listed in the applications, we respectfully urge the Planning Commission to support this Project. Thank you for your consideration.

Very truly yours,

REUBEN, JUNIUS & ROSE, LLP



Mark Loper

Enclosures:

Support Letter from Sheet Metal Workers Local Union No. 104
Support Letter from UNITE HERE, Local 2
Support Letter from United Association of Journeymen and Apprentices of the Plumbing
and Pipe Fitting Industry

cc: Vice President Myrna Melgar
Commissioner Rodney Fong
Commissioner Milicent Johnson
Commissioner Joel Koppel
Commissioner Kathrin Moore
Commissioner Dennis Richards
Jonas Ionin, Commission Secretary
John Rahaim, Planning Director
Corey Teague, Acting Zoning Administrator
Esmeralda Jardines, Project Planner

¹ <http://www.sftravel.com/article/san-francisco-travel-updates-tourism-forecast>, last visited July 30, 2018.

Support Letter from Sheet Metal Workers Local Union No. 104

INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL AND TRANSPORTATION WORKERS
SHEET METAL WORKERS' LOCAL UNION No. 104
WEST BAY DISPATCH OFFICE

PHONE (415) 621-2930



FAX (415) 621-2554

1939 MARKET STREET, SUITE A, SAN FRANCISCO, CA 94103

July 18, 2018

Ms. Esmeralda Jardines
San Francisco Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Sent via email: Esmeralda.jardines@sfgov.org

RE: 350 2nd Street, San Francisco (Case #2018-000497CUA)

Dear Ms. Jardines:

The Sheet Metal Workers' Local Union No. 104 supports KCG SF Hotel, LLC's proposed hotel project at 350 2nd Street, San Francisco. We believe this project will be a benefit to the local community and the City of San Francisco for the following reasons:

- Stimulate the local economy by providing middle-class union construction jobs with living wages, health and retirement benefits, for San Francisco residents
- Ensure sustainable career pathways into union construction apprenticeship and training programs for local youth and United States military veterans
- Developer was open to discuss our concerns and has committed to partner with our local union construction community

For all of the aforementioned reasons, we urge the Planning Commission to approve this project as proposed.

Respectfully,

A handwritten signature in blue ink, appearing to read "Danny Campbell".

Danny Campbell
Business Development Representative

DC:lr opei29

Support Letter from UNITE HERE, Local 2

July 19, 2018

Esmeralda Jardines
San Francisco Planning Commission
1650 Mission Street
San Francisco, California 94103

RE: 350-02nd St./ 2018-000497

Dear Ms. Jardines,

This letter is in support of the proposed hotel project at 350 02nd St. As a union representing hospitality employees, we are concerned with whether new jobs created in this industry will serve to lift up the community by providing leading wages and working conditions for the hardworking people who work in our city's hotels.

Hotel developers have historically supported the creation of good quality jobs by agreeing to remain neutral and present no encumbrances to efforts by their employees to form a union. These agreements represent a double win for our community – they ensure that jobs created are good quality jobs, and they also guarantee that hotel developments are free from costly labor disputes.

The developer of this project reached out to us early on in the entitlement process and worked with our union to sign such an agreement. They have also signed an agreement which covers the building trades for the construction of the hotel, and they are in talks with equitable employment advocates who work to improve employment access for underserved San Franciscans.

We support this project for its guarantees of good quality jobs in this critical industry for San Francisco.

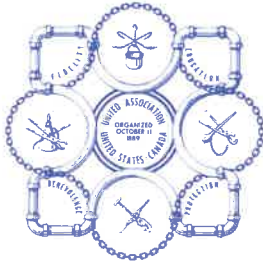
Please feel free to contact me if you have further questions.

Sincerely,

Cynthia Gómez
Research Analyst
UNITE HERE, Local 2

cc: Richard Sucre, Acting Planning Commission Secretary

**Support Letter from United Association of Journeymen and Apprentices of
the Plumbing and Pipe Fitting Industry**



**UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES
OF THE PLUMBING AND PIPE FITTING INDUSTRY**

LOCAL UNION NO. 38

1621 MARKET STREET • SAN FRANCISCO, CA 94103

July 19, 2018

Ms. Esmeralda Jardines
San Francisco Planning Department
1650 Mission Street, Ste 400
San Francisco, CA 94103

Sent via email: Esmeralda.jardines@sfgov.org

RE: 350 2ND Street, San Francisco (Case #2018-000497CUA)

Dear Ms. Jardines:

The Plumbers and Pipefitters Local Union 38 support KCG SF Hotel, LLC's proposed hotel project at 350 2nd Street, San Francisco. We believe this project will be a benefit to the local community and the City of San Francisco for the following reasons:

- Stimulate the local economy by providing middle-class union construction jobs with living wages, health and retirement benefits, for San Francisco residents
- Ensure sustainable career pathways into union construction apprenticeship and training programs for local youth and United States military veterans
- Developer was open to discuss our concerns and has committed to partner with our local union construction community

For all of the aforementioned reasons, we urge the Planning Commission to approve this project as proposed.

Respectfully,

LARRY MAZZOLA, JR.
Bus.Mgr. & Fin.Secty-Treas.

LMJR/mm
opeiu29/afl-cio

Project Sponsor Submittal: Architectural Drawings for 350 2nd Street prepared by SOM

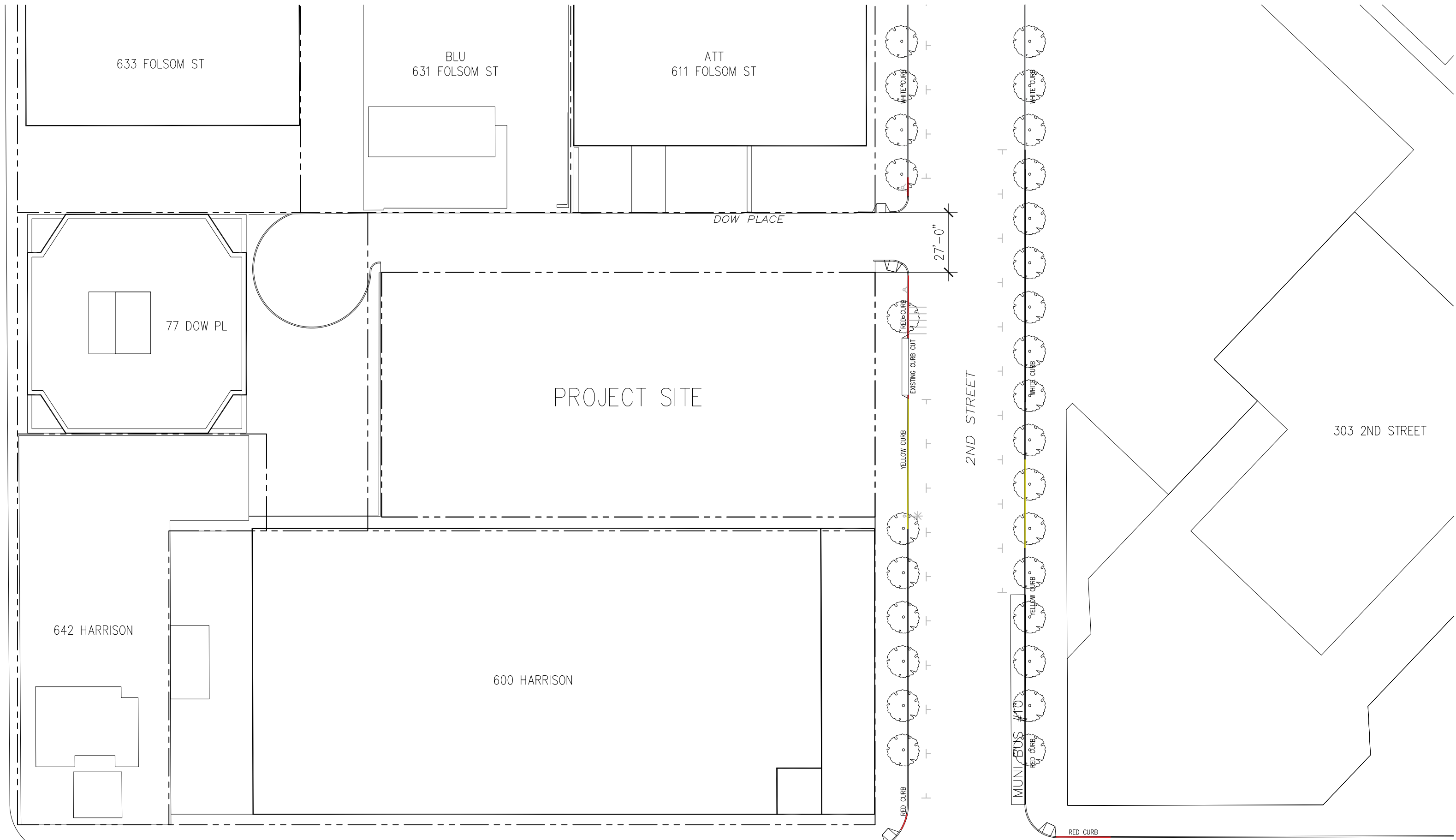
Large Project Authorization &
Conditional Use Authorization Hearing

Case Nos. 2018-000497CUAENX

350 2nd Street



350 SECOND STREET
PLANNING UPDATE
KCG SF HOTEL LLC
20 JULY 2018

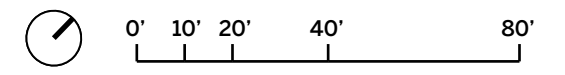


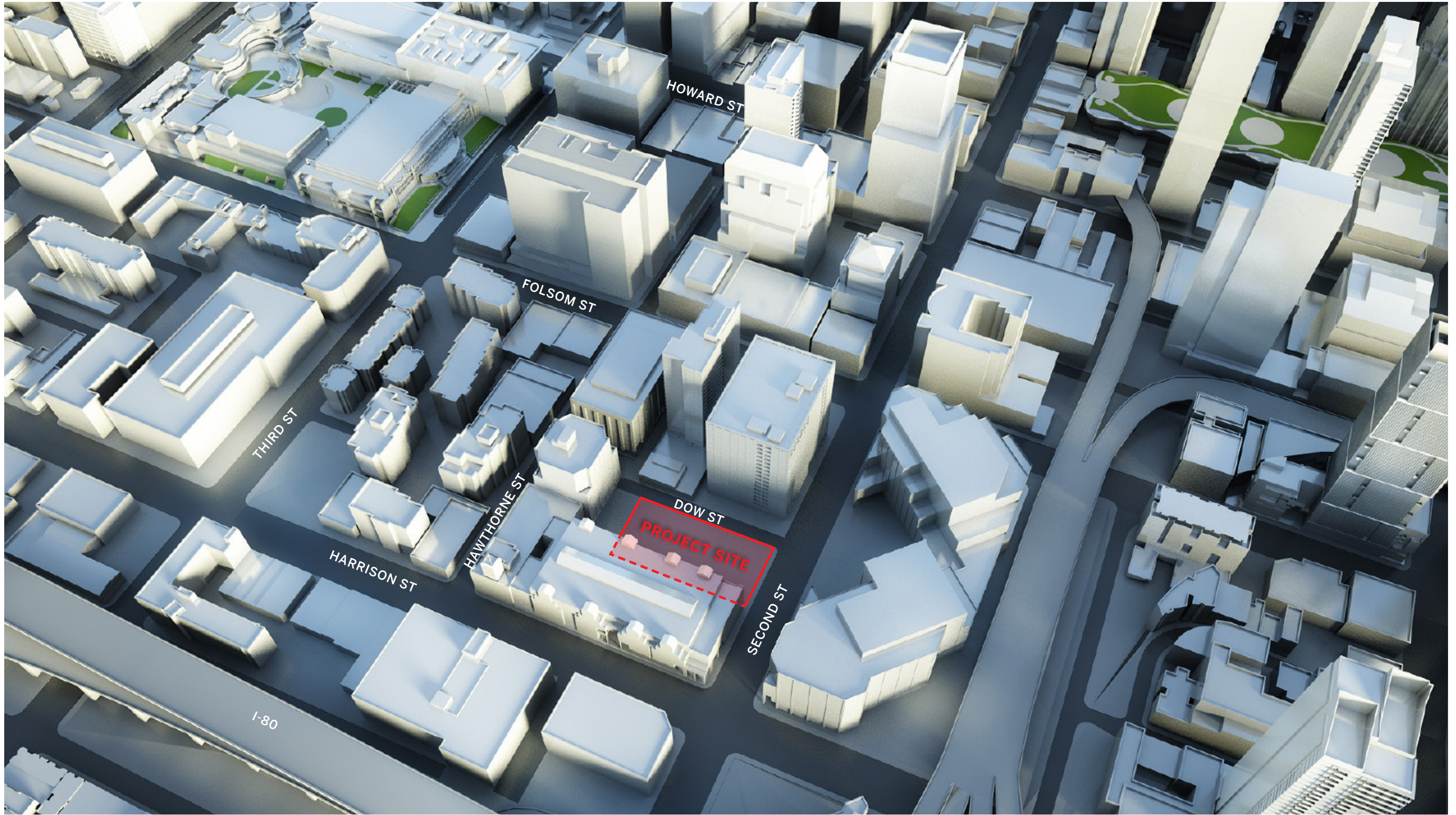
EXISTING SITE PLAN
SCALE: 1" = 40'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

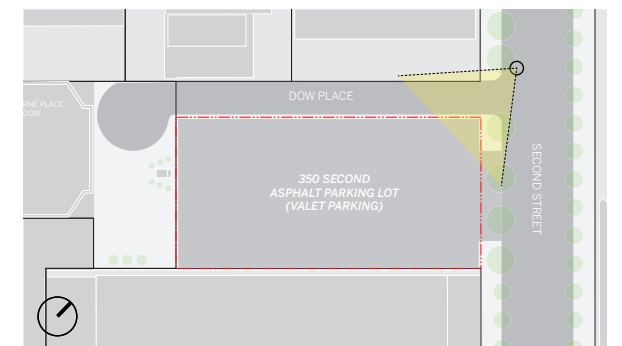
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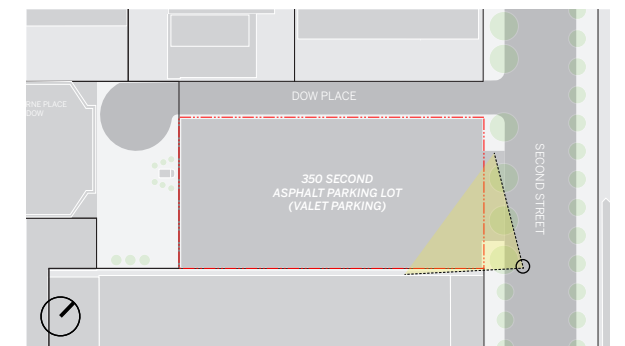


SECOND ST: LOOKING SOUTH



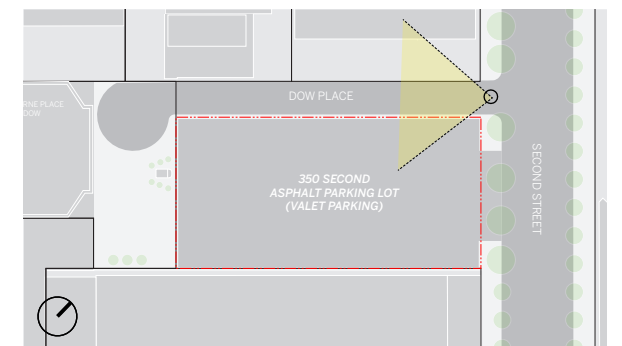


SECOND ST: LOOKING WEST



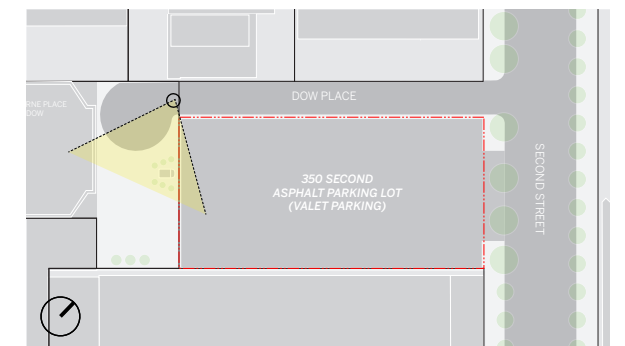


DOW ST: LOOKING SOUTHWEST



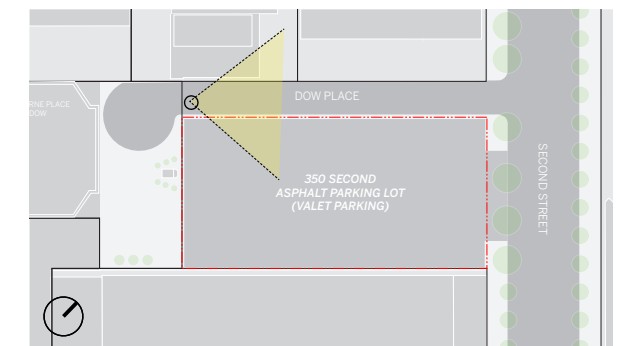


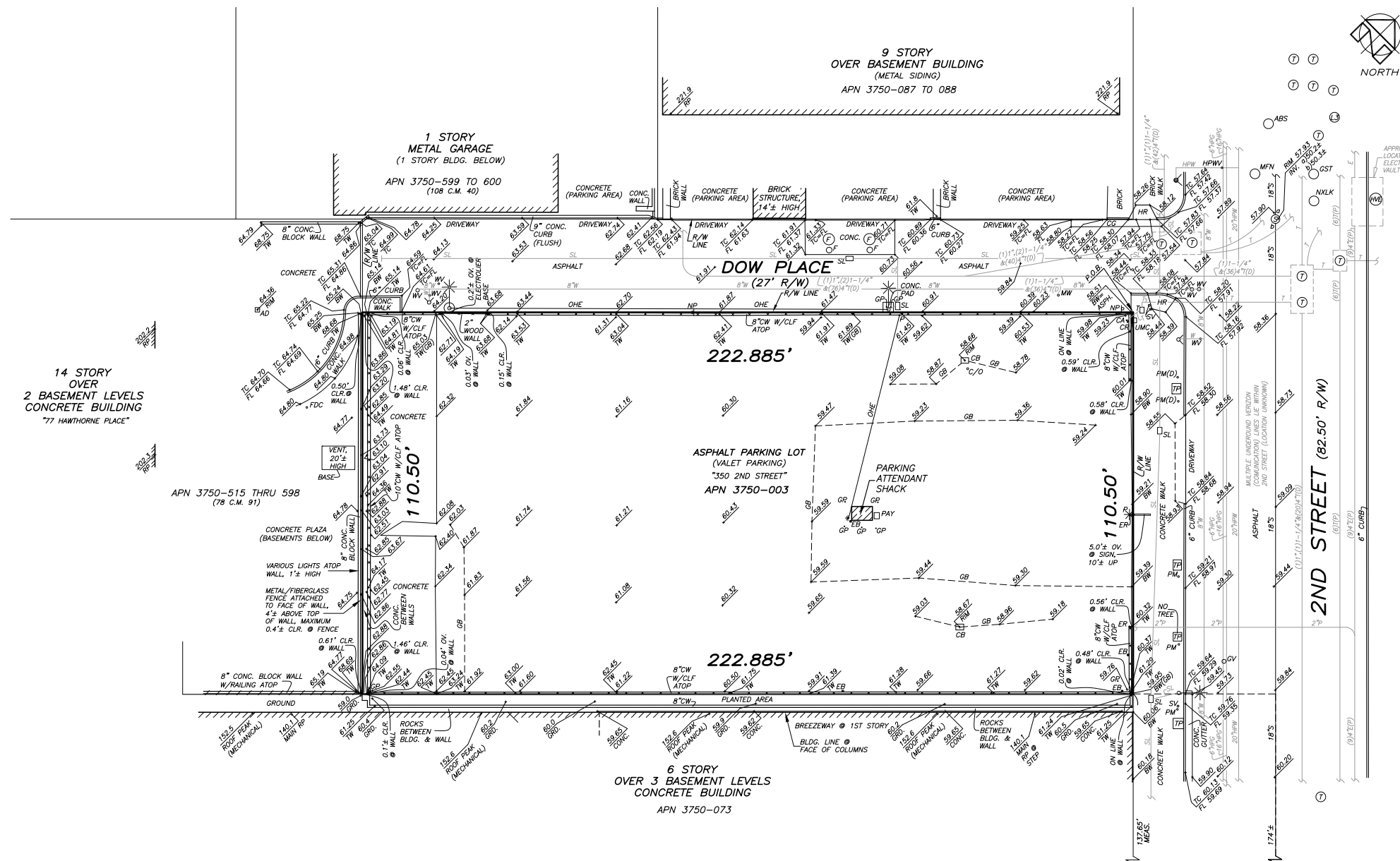
DOW ST: LOOKING SOUTH





DOW ST: LOOKING NORTHEAST





LEGEND

CLR.	CLEAR OF PROPERTY LINE	○ GST	"GST" MANHOLE (COMMUNICATION)
OV.	OVER PROPERTY LINE	○ NXLK	"NEXT LINK" MANHOLE (COMMUNICATION)
BLDG.	BUILDING	○ MFN	"MFN" MANHOLE (COMMUNICATION)
R/W	RIGHT OF WAY	⊗	SEWER MANHOLE
MEAS.	MEASURED	⊗ CB	CATCH BASIN
P.O.B.	POINT OF BEGINNING	⊗ AD	AREA DRAIN
APN	ASSESSOR'S PARCEL NO.	⊗ C/O	COMMUNICATION RISER
C.M.	CONDOMINIUM MAPS	⊗ CA	CELLULAR PHONE ANTENNAE ATTACHED TO WOOD POLE, 9± HIGH
CONC.	CONCRETE	⊗ P	POLE, 16± HIGH
GRD.	GROUND	⊗ *	LIGHT POLE
ASPH.	ASPHALT	⊗ PAY	PARKING PAY BOX ON CONCRETE PAD
CW	CONCRETE WALL	⊗ GP	GUARD POST
CF	CONCRETE CURB	⊗ ER	ELECTRIC RISER
HR	HANDICAP RAMP	⊗ EB	ELECTRIC RISER & BOX, 1± TO 4± HIGH
CLF	CHAIN LINK FENCE	⊗ SK	LIGHT & SIGN POLE W/SIGN
TC	TOP OF CURB	⊗ FDC	FIRE DEPARTMENT CONNECTION, 3± HIGH
FL	FLOW LINE	⊗ F	FILLER COVER
FW	BACK OF WALK	⊗ OF	FILLER COVER
GB	GRADE BREAK	⊗ MW	MONITORING WELL
RP	ROOF PARAPET	⊗ NE	NO PARKING SIGN
TP	TOP OF WALL	⊗ OHE	OVERHEAD ELECTRIC WIRE
TR	TREE PIT W/TREE	⊗ E	ELECTRIC LINE
⊗	LOW PRESSURE FIRE HYDRANT	⊗ HPG	HIGH PRESSURE GAS LINE
⊗ WV	WATER VALVE	⊗ S	SEWER LINE
⊗ HPWV	HIGH PRESSURE WATER VALVE	⊗ SL	STREET LIGHT LINE
⊗ UMC	UNKNOWN METAL COVER	⊗ T	TELEPHONE LINE
⊗ SV	SEWER VENT	⊗ W	WATER LINE
⊗ TP	TELEPHONE PULLBOX	⊗ HPW	HIGH PRESSURE WATER LINE
⊗ PM	PARKING METER	⊗ (P)	PIPE
⊗ FM(D)	PARKING METER (DOUBLE)	⊗ (D)	DUCT
⊗	ELECTROLIER		
⊗	ELECTROLIER ON 2± HIGH		
⊗	CONCRETE BASE		
⊗	STREET LIGHT PULLBOX		
⊗	GAS VALVE		
⊗	HIGH VOLTAGE		
⊗	ELECTRIC MANHOLE		
⊗	TELEPHONE MANHOLE		
⊗	"ABS" MANHOLE (COMMUNICATION)		
⊗	"LEVEL 3" MANHOLE (COMMUNICATION)		

LEGAL DESCRIPTION
 ALL THAT REAL PROPERTY SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:
 BEGINNING AT THE POINT FORMED BY THE INTERSECTION OF THE SOUTHEASTERLY LINE OF DOW PLACE WITH THE SOUTHWESTERLY LINE OF SECOND STREET; RUNNING THEREON SOUTHEASTERLY ALONG SAID LINE OF SECOND STREET 110 FEET AND 6 INCHES; THEREON AT A RIGHT ANGLE SOUTHWESTERLY 222 FEET AND 10-5/8 INCHES; THEREON AT A RIGHT ANGLE NORTHWESTERLY 110 FEET AND 6 INCHES TO THE SOUTHEASTERLY LINE OF DOW PLACE; THEREON AT A RIGHT ANGLE NORTHEASTERLY ALONG SAID LINE OF DOW PLACE 222 FEET AND 10-5/8 INCHES TO THE POINT OF BEGINNING.
 BEING A PORTION OF 100 VARA BLOCK 357.

SURVEY REFERENCE
 FIDELITY NATIONAL TITLE COMPANY PRELIMINARY REPORT NO. FSM-1015000704-ND DATED MAY 24, 2016, UPDATED.
 THE FOLLOWING ARE PERTINENT EXCEPTIONS TO TITLE WITHIN THE ABOVE REFERENCED PRELIMINARY REPORT:
 5. THE SUBJECT PROPERTY IS LOCATED WITHIN THE YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA AS DISCLOSED BY A DOCUMENT RECORDED FEBRUARY 29, 1988 IN REEL E539, IMAGE 108, OFFICIAL RECORDS. AN AGREEMENT TO MODIFY THE TERMS AND PROVISIONS OF SAID DOCUMENT RECORDED SEPTEMBER 29, 2003 IN DOCUMENT NO. 2003-H550516, OFFICIAL RECORDS. NOT PLOTTABLE.
 6. MATTERS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "COVENANT NOT TO ENCUMBER" RECORDED MAY 25, 2016 IN DOCUMENT NO. 2016-K250325, OFFICIAL RECORDS. NOT PLOTTABLE.

BASIS OF SURVEY
 1. CITY OF SAN FRANCISCO MONUMENT MAP NO. 316 ON FILE IN THE OFFICE OF THE CITY AND COUNTY SURVEYOR.
 2. BLOCK DIAGRAM OF 100 VARA BLOCK 357 DATED OCTOBER 8, 1909 ON FILE IN THE OFFICE OF THE CITY AND COUNTY SURVEYOR.
 3. DONEGAN FIELD NOTES DATED JULY 26, 1952 ON FILE AT MARTIN M. RON ASSOCIATES.

BENCHMARK
 CITY BENCHMARK NO. 11862, 1/2" DOMED STAINLESS STEEL ANCHOR SCREW WITH WASHER STAMPED "CCSF CONTROL" AT THE SOUTHEASTERLY CORNER OF SECOND AND FOLSOM STREETS. ELEVATION = 54.01 FEET, CCSF 2013 NAVD88 VERTICAL DATUM.

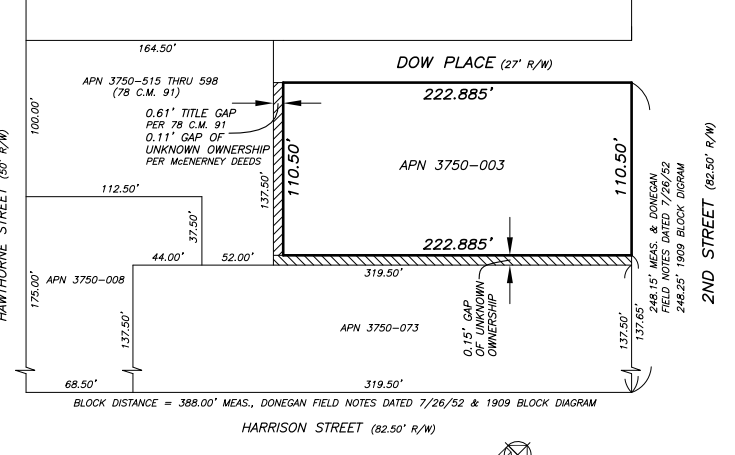
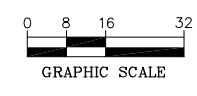
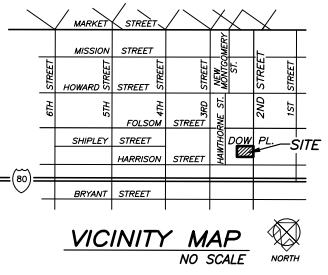
GENERAL NOTES
 1. DETAILS NEAR PROPERTY LINES MAY NOT BE TO SCALE.
 2. ALL PROPERTY LINE ANGLES ARE 90 DEGREES UNLESS NOTED OTHERWISE.
 3. DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.

FLOOD NOTE
 THE SUBJECT PROPERTY HAS NOT BEEN IDENTIFIED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY AS A SPECIAL FLOOD HAZARD AREA. THERE IS NO FLOOD INSURANCE RATE MAP FOR SAN FRANCISCO.

ZONING (PER REUBEN, JUNIUS & ROSE, LLP MEMORANDUM DATED NOVEMBER 12, 2014, DRAFT)
 ZONING DISTRICT: MUD - MIXED USE-OFFICE
 HEIGHT AND BULK DISTRICT: 130-E 130 FOOT HEIGHT LIMIT
 FLOOR AREA RATIO: NON-RESIDENTIAL USES ON THE PROPERTY ARE SUBJECT TO A MAXIMUM FLOOR AREA RATIO ("FAR") OF 7.5:1
 REAR YARD SETBACK: HOTEL USES IN THE MUD DISTRICT ARE NOT REQUIRED TO PROVIDE REAR YARD SETBACKS.
 PARKING RESTRICTIONS: NO MINIMUM PARKING REQUIREMENT APPLIES IN THE MUD DISTRICT. INSTEAD, HOTEL USES MAY INCLUDE OFF-STREET PARKING SPACES UP TO A RATIO OF ONE SPACE FOR EACH 16 GUEST BEDROOMS, PLUS ONE FOR THE MANAGER'S DWELLING UNIT, IF ANY. RETAIL USES AT THE PROPERTY WOULD BE PERMITTED TO PROVIDE PARKING UP TO A RATIO OF ONE SPACE PER EACH 1,500 SQUARE FEET OF GROSS FLOOR AREA.

ALTA/NSPS LAND TITLE SURVEY
 OF A PORTION OF ASSESSOR'S BLOCK NO. 3750
 FOR
ENGLEWOOD LLC

SAN FRANCISCO		CALIFORNIA	
SCALE: 1" = 16'	DATE: 8/15/16	SURV: RS	
SHEET: 1	DF: 1	BES.	
JOB NO. S-9817	MARTIN M. RON ASSOCIATES LAND SURVEYORS 859 HARRISON STREET, SUITE 200 SAN FRANCISCO, CA 94107 (415) 543-4500	DRW: JP	
		CHK: BR	
		REV: ND	



BOUNDARY DETAIL
 NO SCALE

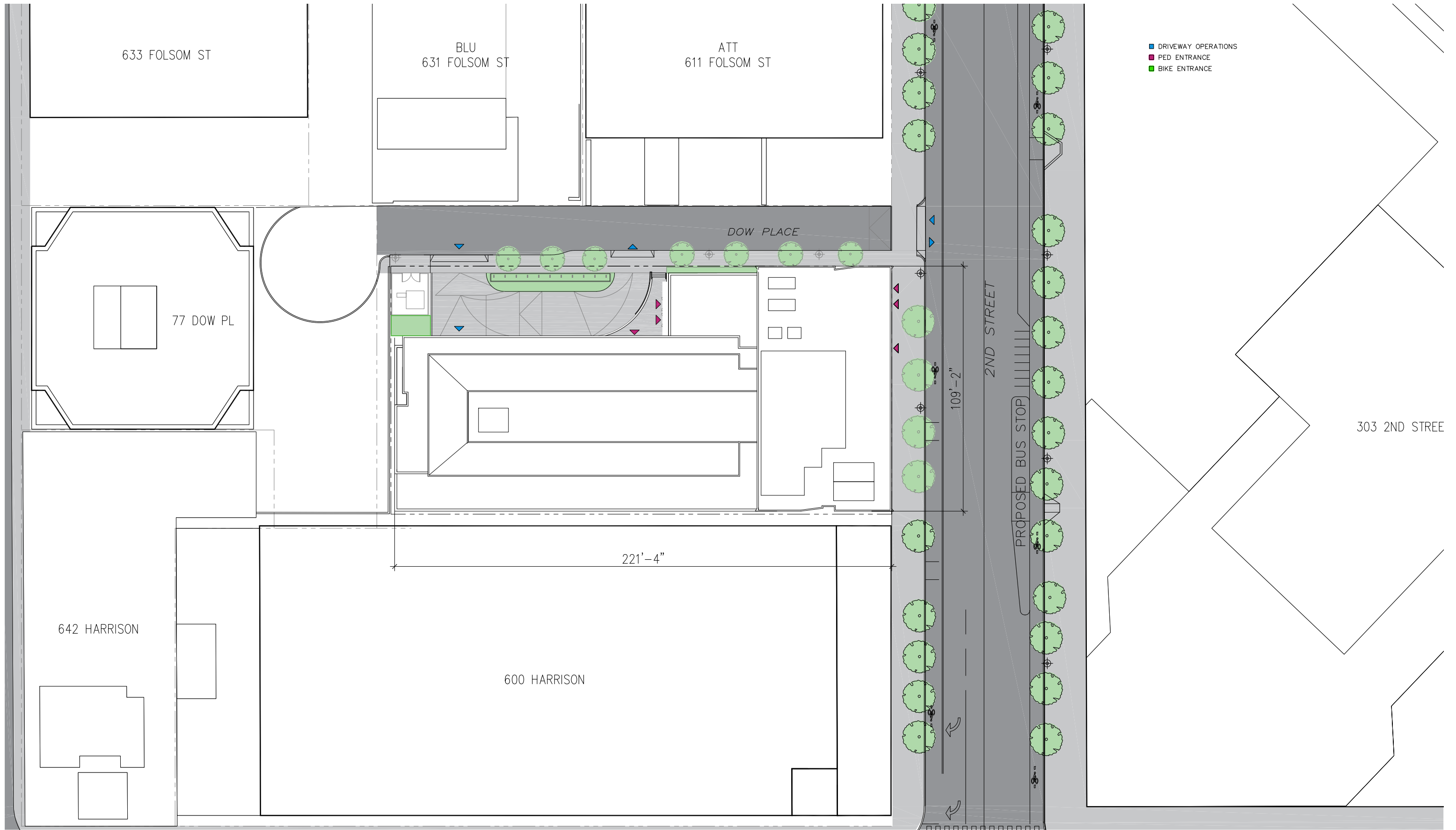
SITE AREA = 24,629± SQ. FT.

UTILITY NOTE
 THE UTILITIES EXISTING ON THE SURFACE AND SHOWN ON THIS DRAWING HAVE BEEN LOCATED BY FIELD SURVEY. ALL UNDERGROUND UTILITIES SHOWN ON THIS DRAWING ARE FROM RECORDS OF THE VARIOUS UTILITY COMPANIES AND THE SURVEYOR DOES NOT ASSUME RESPONSIBILITY FOR THEIR COMPLETENESS, INDICATED LOCATION OR SIZE. RECORD UTILITY LOCATION SHOULD BE CONFIRMED BY EXPOSING THE UTILITY, DUE TO THE PROLIFERATION OF TELECOMMUNICATION COMPANIES, NOT ALL UNDERGROUND RECORDS ARE AVAILABLE. THEREFORE, THERE MAY BE TELECOMMUNICATION LINES NOT SHOWN HEREON.

SURVEYOR'S CERTIFICATE
 TO ENGLEWOOD LLC AND FIDELITY NATIONAL TITLE COMPANY:
 THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2016 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS, AND INCLUDES ITEMS 2, 3, 4, 5, 6(a), 8, 9, 11 (OBSERVED EVIDENCE ONLY), 13 AND 14 OF TABLE A THEREOF. THE FIELD WORK WAS COMPLETED ON AUGUST 15, 2016.

DATE: AUGUST 15, 2016
 Benjamin B. Ron
 BENJAMIN B. RON
 PROFESSIONAL LAND SURVEYOR NO. 5015



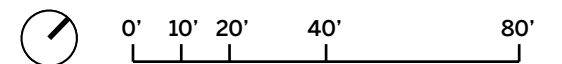


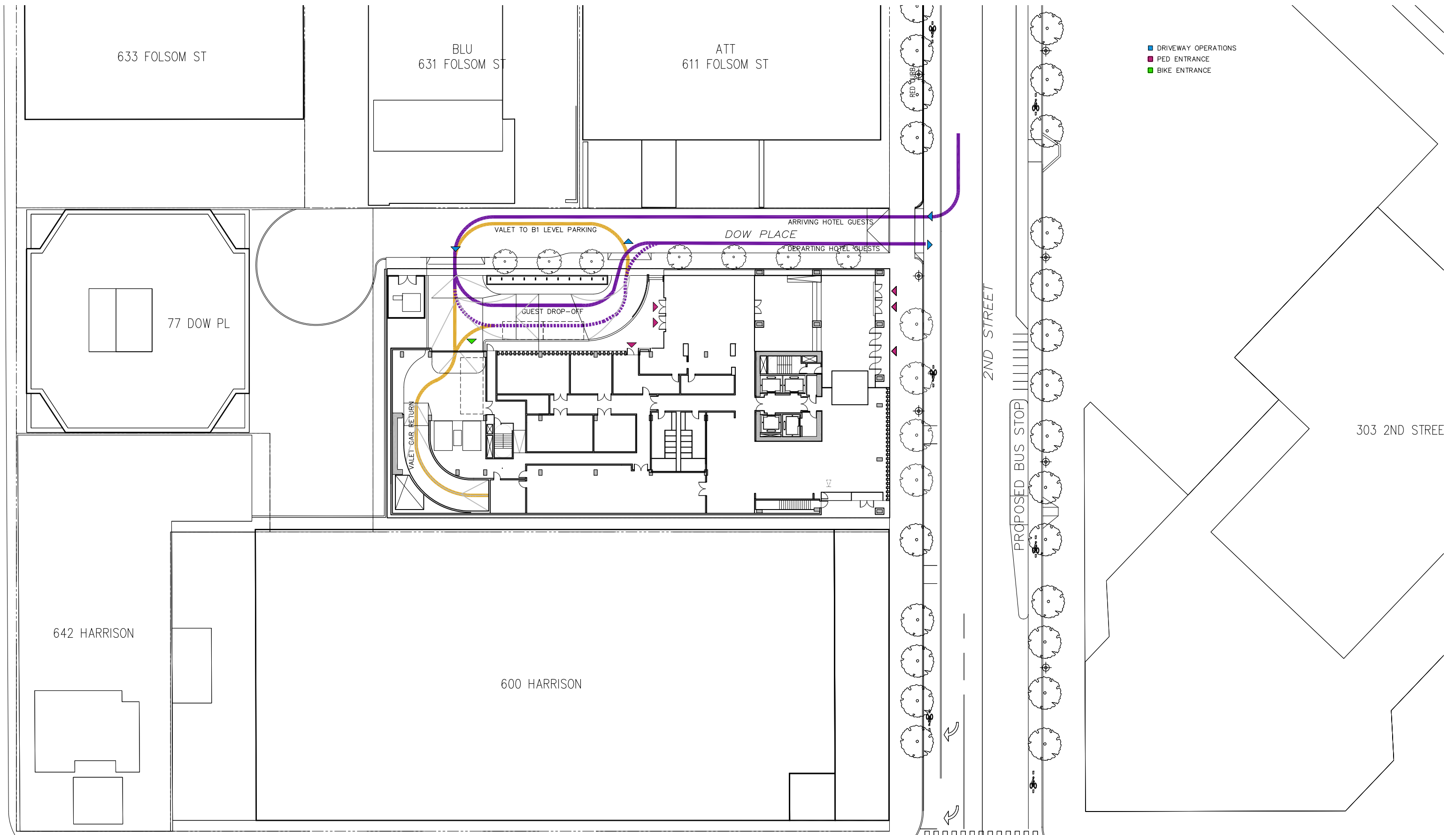
PROPOSED SITE PLAN
SCALE: 1" = 40'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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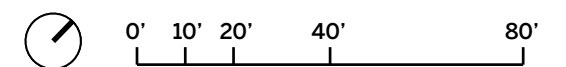


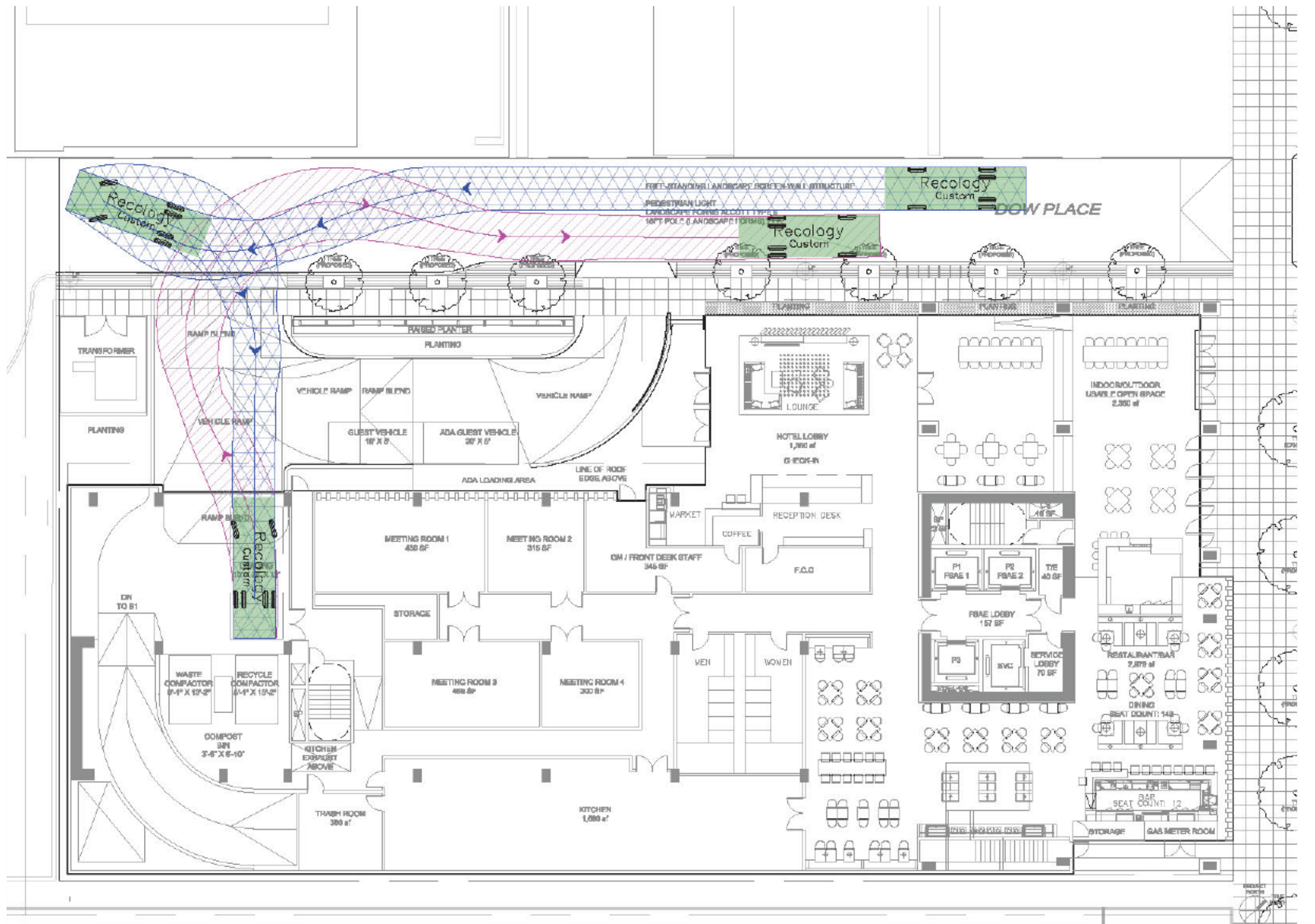
VEHICULAR CIRCULATION
 SCALE: 1" = 40'-0"

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*truck turning diagrams produced by Kittelson & Associates, Inc.

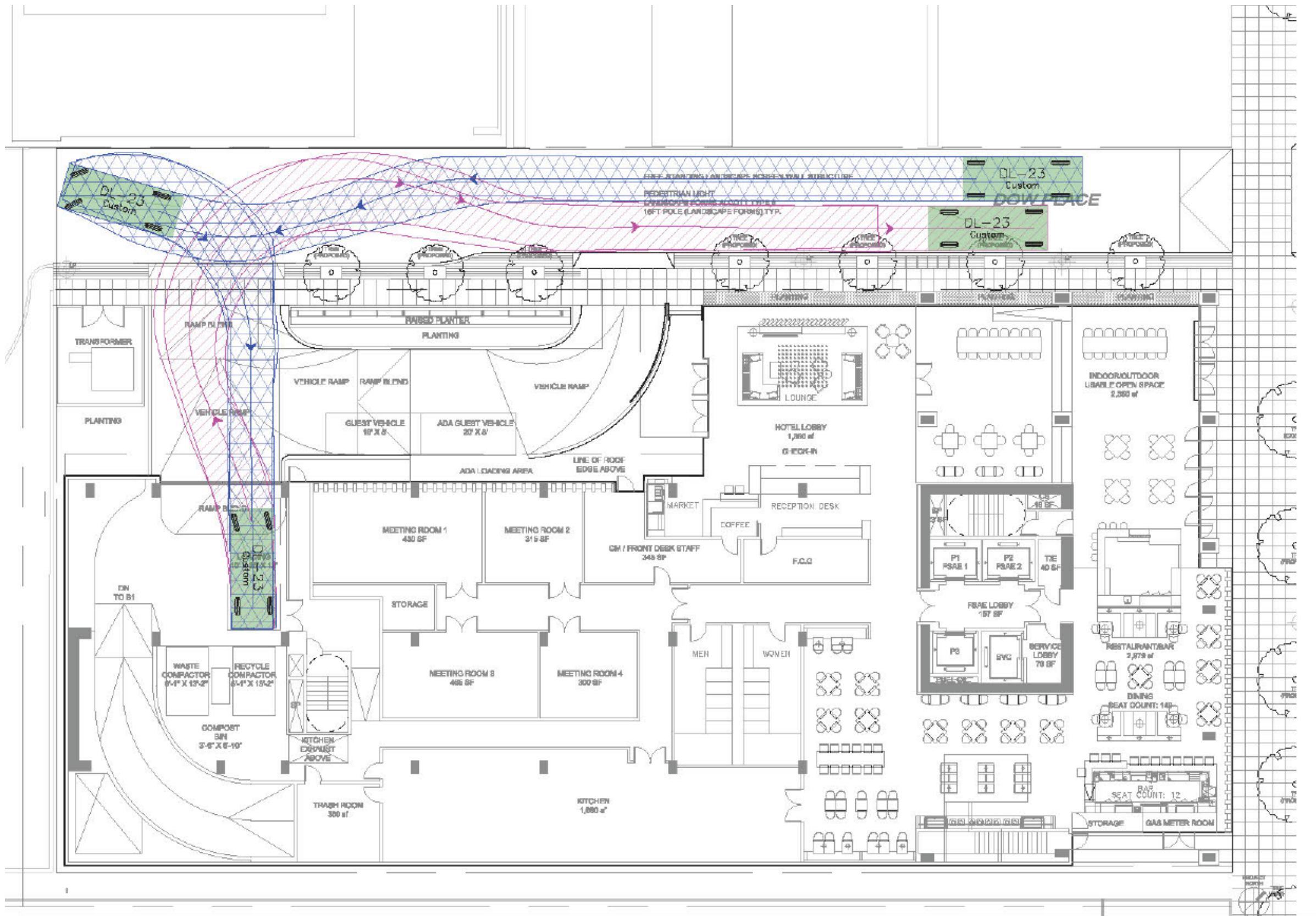
TRUCK TURNING*

SCALE: 1" = 20'-0"

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*truck turning diagrams produced by Kittelson & Associates, Inc.

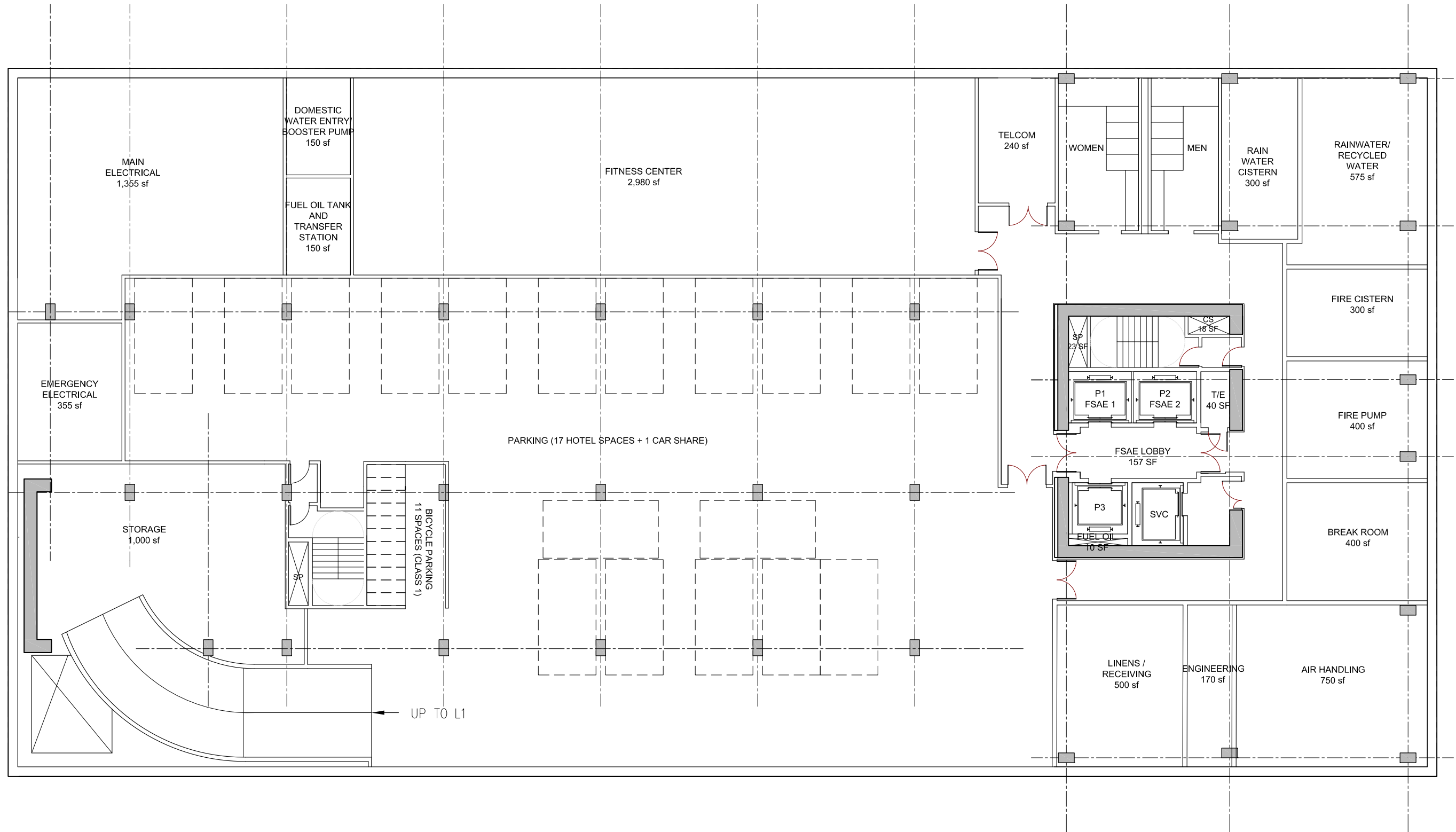
TRUCK TURNING*

SCALE: 1" = 40'-0"

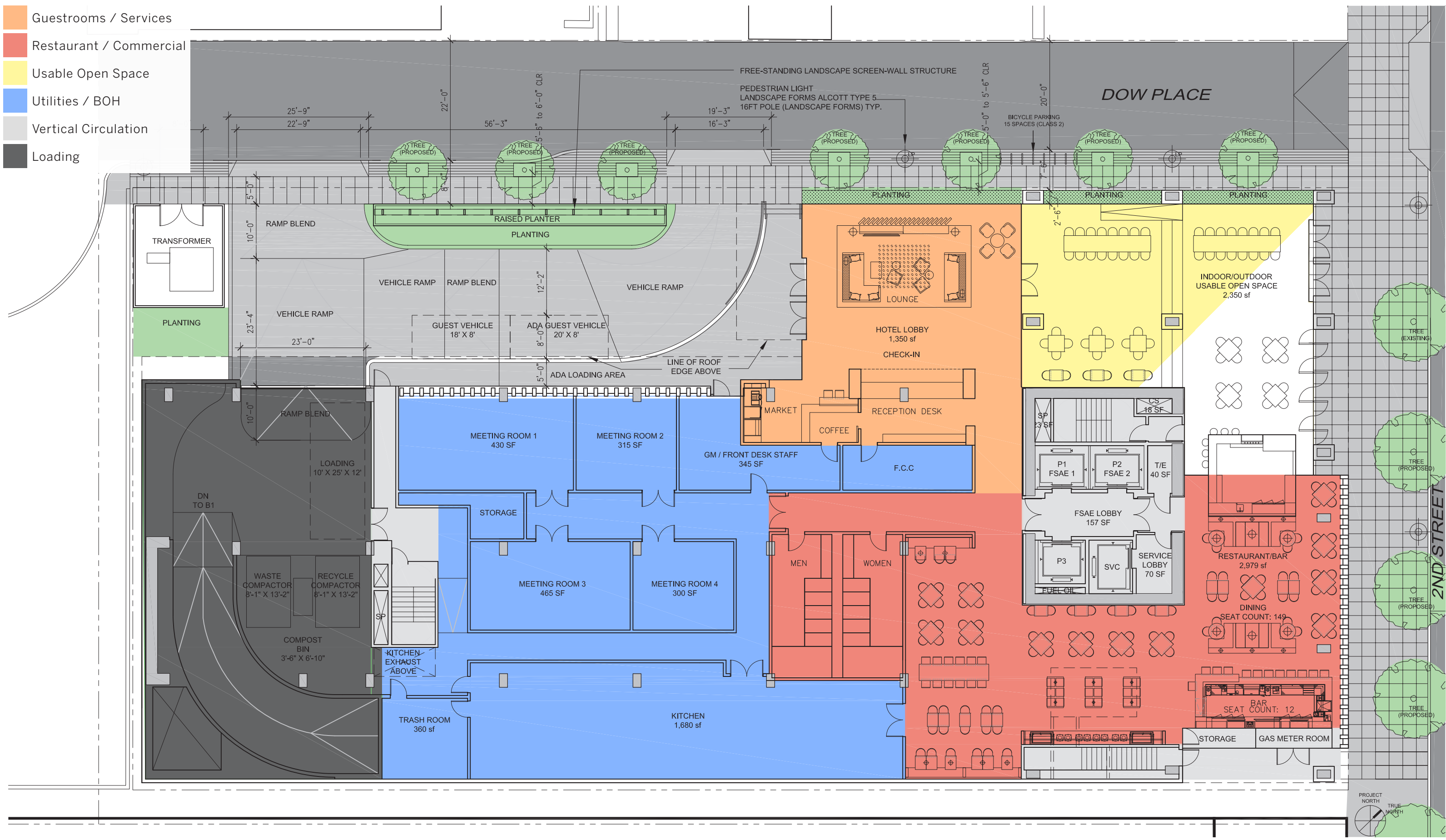
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- Guestrooms / Services
- Restaurant / Commercial
- Usable Open Space
- Utilities / BOH
- Vertical Circulation
- Loading



GROUND FLOOR PLAN
SCALE: 1/16" = 1'-0"

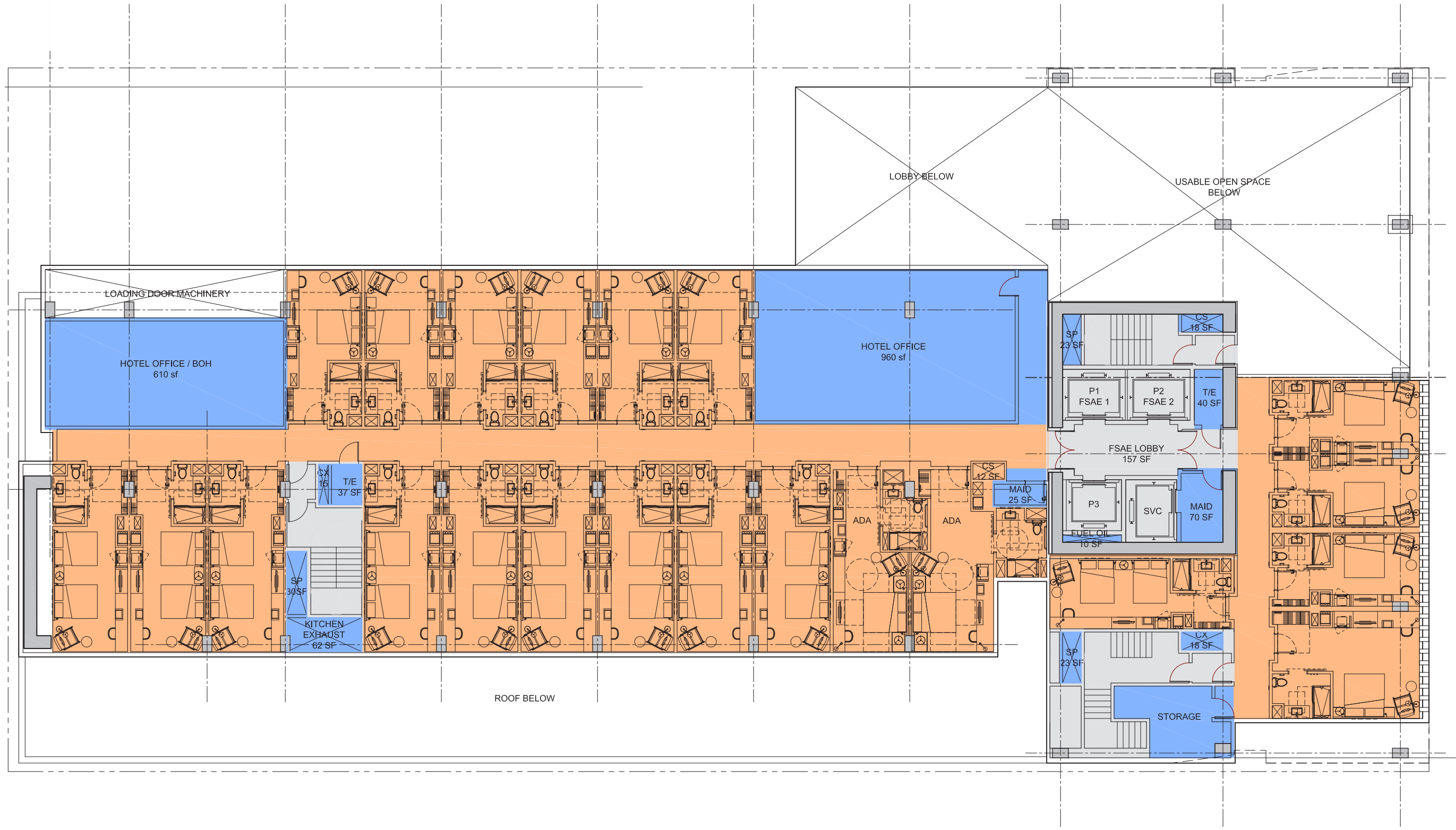
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KCG SF HOTEL LLC

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- Guestrooms / Services
- Utilities / BOH
- Vertical Circulation

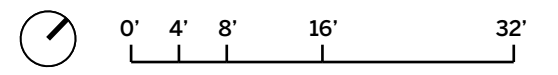


LEVEL 2
SCALE: 1/16" = 1'-0"

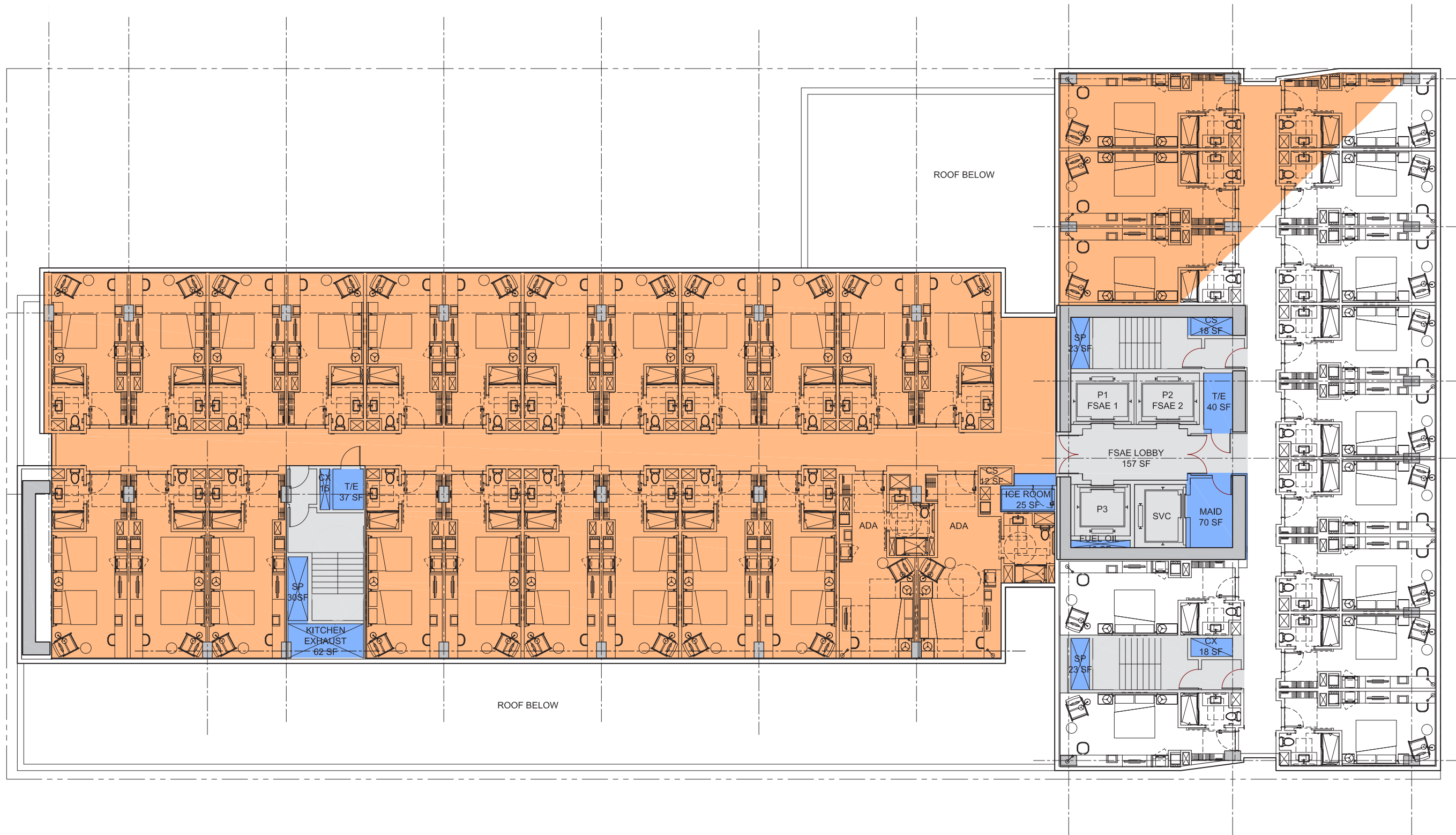
20 JULY 2018

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KCG SF HOTEL LLC

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- Guestrooms / Services
- Utilities / BOH
- Vertical Circulation

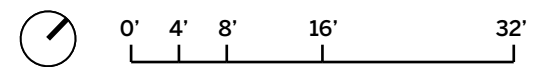


LEVEL 3-6
SCALE: 1/16" = 1'-0"

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KCG SF HOTEL LLC

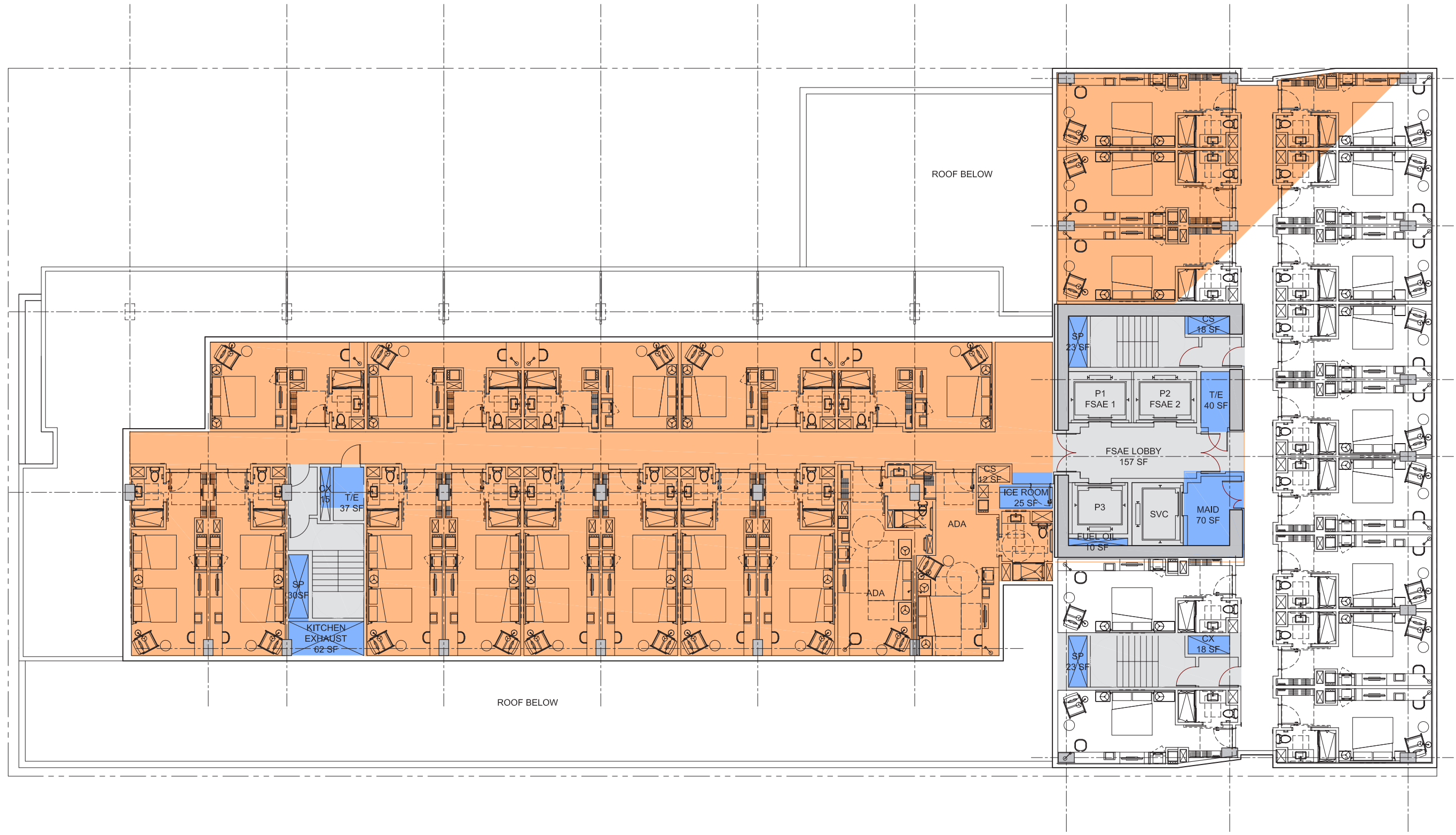
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Guestrooms / Services

Utilities / BOH

Vertical Circulation

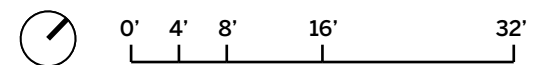


LEVEL 7
SCALE: 1/16" = 1'-0"

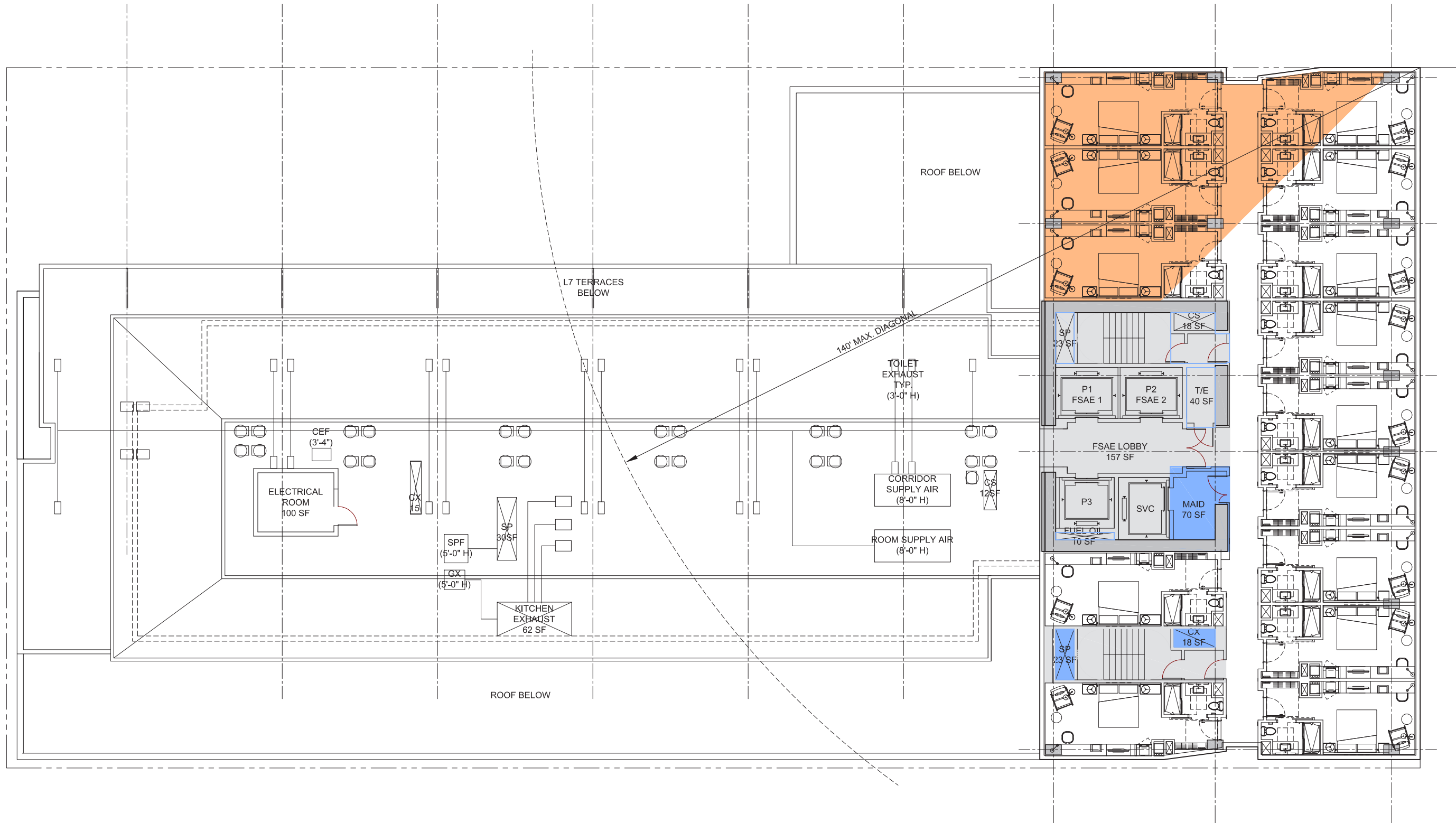
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KCG SF HOTEL LLC

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- Guestrooms / Services
- Utilities / BOH
- Vertical Circulation

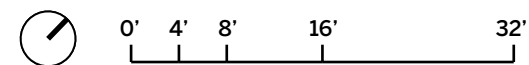


LEVEL 8-14
SCALE: 1/16" = 1'-0"

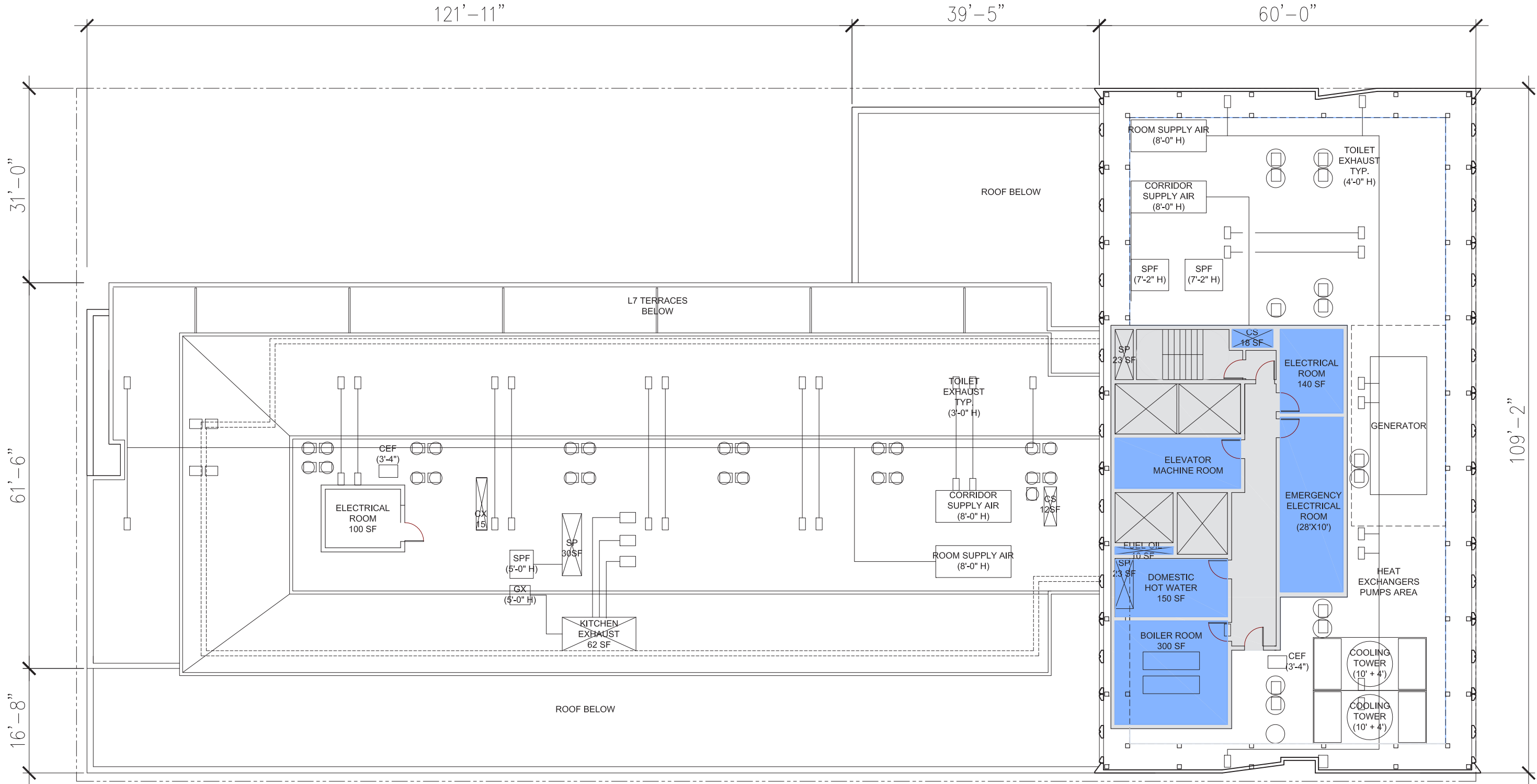
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- Guestrooms / Services
- Utilities / BOH
- Vertical Circulation



ROOF PLAN
SCALE: 1/16" = 1'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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	EXISTING USES:	EXISTING USES TO BE RETAINED:	NET NEW CONSTRUCTION AND/OR ADDITION:	PROJECT TOTALS:
	PROJECT FEATURES			
Dwelling Units	0 units	0 units	0 units	0 units
Hotel Rooms	0 rooms	0 rooms	297 rooms	297 rooms
Parking Spaces*	+/- 130 - on grade	0 - on grade	-103 spaces	17 hotel valet spaces - below grade
Loading Spaces**	0 spaces	0 spaces	1 spaces	1 spaces
Bike Parking Spaces***	-	-	11 Spaces - Class 1 (B1) 15 Spaces - Class 2 (Dow Place)	26 spaces 11 below grade / 15 above grade
Car Share Parking Spaces****	-	-	1 spaces	1 spaces
Number of Buildings	0 buildings	0 buildings	1 buildings	1 buildings
Height of Building(s)	-	-	130' max - hotel tower 65'/ 45-degree line - hotel podium	130' max - hotel tower 65'/ 45-degree line - hotel podium
Number of Stories	-	-	14 stories - hotel tower (7 stories - hotel podium)	14 stories - hotel tower (7 stories - hotel podium)
GROSS SQUARE FEET (GSF)				
Residential	0	0	0	0
Retail	0	0	2,975	2,975
Office	0	0	0	0
Industrial/PDR Production, Distribution, & Repair	0	0	0	0
Parking	24,629	0	-15,529	9,100
Other (Hotel)	0	0	166,415	166,415
Other (Usable Open Space)	0	0	2,350	2,350
Other (Public Open Space)	0	0	0	0
TOTAL GSF	24,629	0	156,211	180,840

FLOOR:	TOTAL BLDG. AREA:	EXEMPTIONS*:	GFA:	KEYS:
ROOF				
14	6,550	-	6,550	14
13	6,550	-	6,550	14
12	6,550	-	6,550	14
11	6,550	-	6,550	14
10	6,550	-	6,550	14
9	6,550	-	6,550	14
8	6,550	-	6,550	14
7	13,560	-	13,560	29
6	16,180	-	16,180	37
5	16,180	-	16,180	37
4	16,180	-	16,180	37
3	16,180	-	16,180	37
2	13,140	-	13,140	22
1	18,930	250	18,680	-
B1	24,640	16,686	7,954	-
TOTAL	180,840	16,936	163,904	297

* Parking is calculated as one space for each 16 guest bedrooms per San Francisco Planning Code, Art. 1.5, Sec.151.
** Loading spaces are calculated per San Francisco Planning Code, Art. 1.5, Sec.152.1.
*** Bike Parking is calculated per San Francisco Planning Code, Art. 1.5, Sec.155.2.
**** Car Share Parking is calculated per San Francisco Planning Code, Art. 1.5, Sec.166.

* Exemptions are calculated per San Francisco Planning Code, Art. 1, Sec.102.

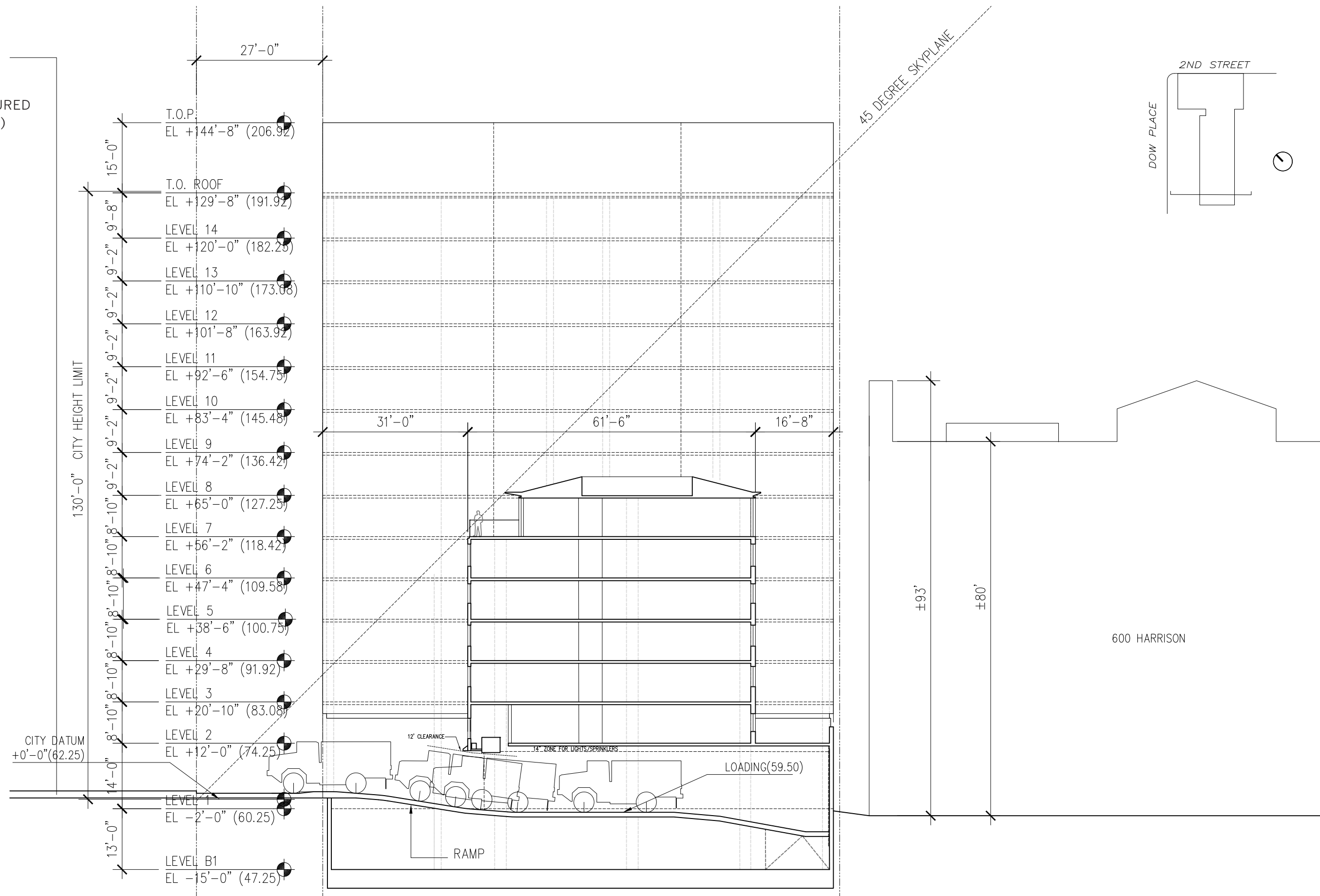
PROJECT HEIGHT TABLE

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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NOTE:
ALL ELEVATIONS ARE MEASURED
FROM PROJECT 0'-0" (62.25')

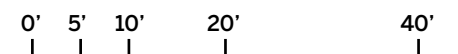


SECTION THROUGH RAMP
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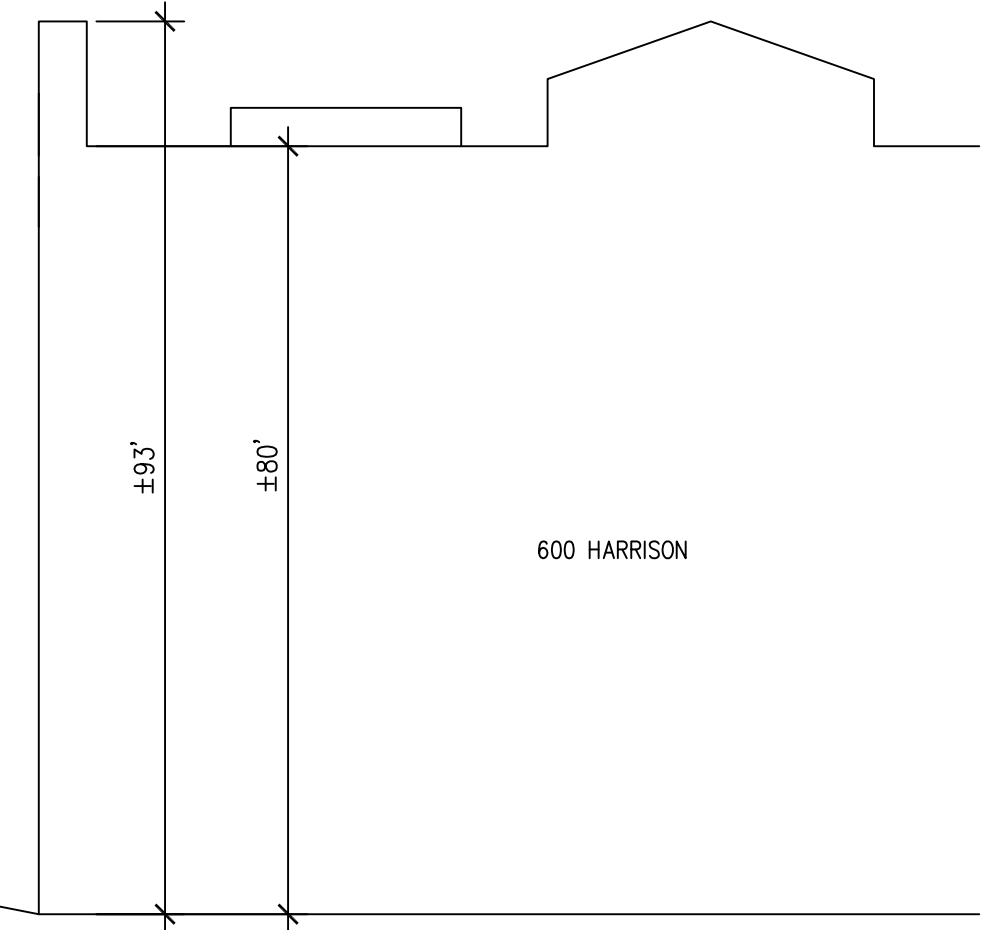
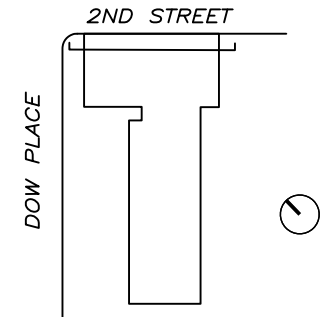
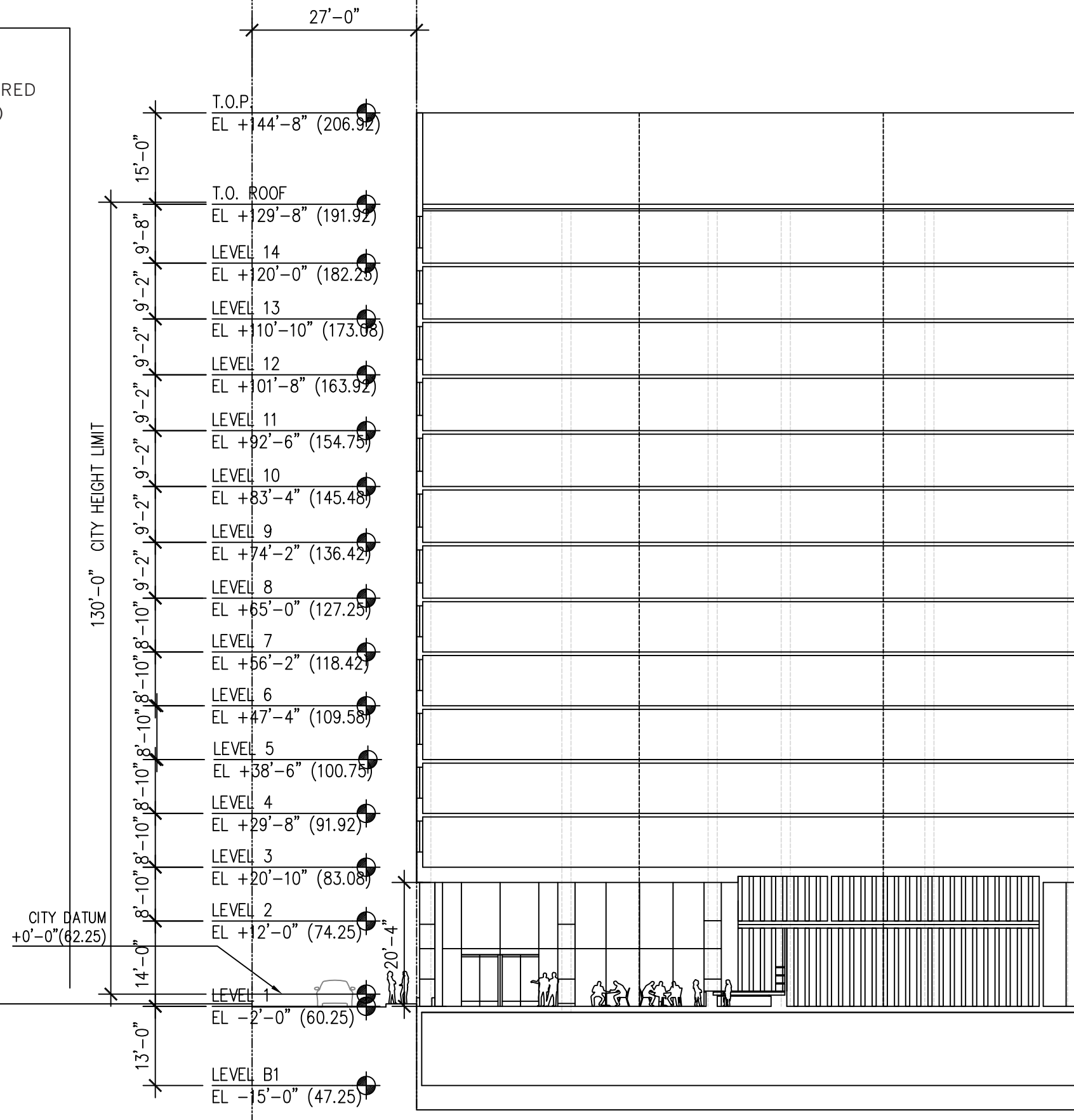
20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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NOTE:
ALL ELEVATIONS ARE MEASURED
FROM PROJECT 0'-0" (62.25')

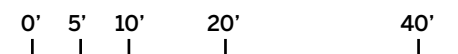


BUILDING SECTION
SCALE: 1" = 20'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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NOTE:
ALL ELEVATIONS ARE MEASURED
FROM PROJECT 0'-0" (62.25')

T.O.P.
+144'-8" (206.92)
CITY HEIGHT LIMIT
+130'-0" (192.25)
T.O. ROOF
+129'-8" (191.92)

- FRITTED GLAZING
- PRECAST CONCRETE PANEL FACADE
- ALUMINUM FRAMED WINDOWS
- INSULATED GLAZING
- STONE COLUMN CLADDING
- PAINTED ALUMINUM STOREFRONT

CITY DATUM
+0'-0" (62.25)
LEVEL 1
-2'-0" (60.25)

2ND ST

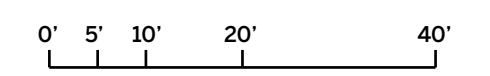
NORTH ELEVATION

SCALE: 1" = 20'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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NOTE:
ALL ELEVATIONS ARE MEASURED
FROM PROJECT 0'-0" (62.25')

T.O.P.
+144'-8" (206.92)
CITY HEIGHT LIMIT
+130'-0" (192.25)
T.O. ROOF
+129'-8" (191.92)



FRITTED GLAZING

PRECAST CONCRETE PANEL FACADE

ALUMINUM FRAMED WINDOWS

INSULATED GLAZING

PAINTED ALUMINUM STOREFRONT

STONE COLUMN CLADDING

CITY DATUM
+0'-0" (62.25)
LEVEL 1
-2'-0" (60.25)

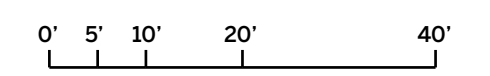
DOW PLACE

EAST ELEVATION
SCALE: 1" = 20'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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NOTE:
ALL ELEVATIONS ARE MEASURED
FROM PROJECT 0'-0" (62.25')

T.O.P.
+144'-8" (206.92)

CITY HEIGHT LIMIT
+130'-0" (192.25)

T.O. ROOF
+129'-8" (191.92)

CITY DATUM
+0'-0" (62.25)

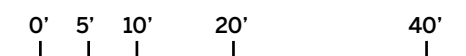
LEVEL 1
-2'-0" (60.25)

SOUTH ELEVATION
SCALE: 1" = 20'-0"

20 JULY 2018

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NOTE:
ALL ELEVATIONS ARE MEASURED
FROM PROJECT 0'-0" (62.25')

T.O.P.
+144'-8"(206.92)

CITY HEIGHT LIMIT
+130'-0"(192.25)

T.O. ROOF
+129'-8"(191.92)

CITY DATUM
+0'-0"(62.25)

LEVEL 1
-2'-0"(60.25)

DOW PLACE

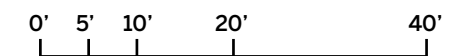
WEST ELEVATION

SCALE: 1" = 20'-0"

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VIEW FROM DOW
PLACE

20 JULY 2018

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PAGE 28/31



VIEW FROM DOW
PLACE

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PAGE 29/31



MAIN ENTRANCE AT
SECOND STREET

20 JULY 2018

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PAGE 30/31



VIEW FROM ACROSS
SECOND STREET

20 JULY 2018

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Project Sponsor Submittal: Market Demand Analysis prepared by CBRE

Large Project Authorization &
Conditional Use Authorization Hearing

Case Nos. 2018-000497CUAENX

350 2nd Street



**Market Demand
Analysis**

**Proposed Hotel
San Francisco, CA**

Prepared For:
Mr. Ken Finkelstein
Englewood, LLC
3 Bethesda Metro Center, Suite 700
Bethesda, MD 20814
ken.finkelstein@englewoodllc.com

Prepared By:
CBRE Hotels, Consulting
San Francisco, CA

Date of the Report:
January 24, 2018

17-490SF-0113

CBRE



Julie Purnell
Managing Director
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January 24, 2018

Mr. Ken Finkelstein
Englewood, LLC
3 Bethesda Metro Center, Suite 700
Bethesda, MD 20814
ken.finkelstein@englewoodllc.com

Re: Market Demand Analysis – Proposed Hotel
350 2nd Street
San Francisco, CA 94107
CBRE, Inc. File No. 17-490SF-0113

Dear Mr. Finkelstein:

In accordance with your request, we have completed our engagement contract, which is a study of the potential market demand for a proposed 294-room hotel (the "Subject" or "Hotel") to be located at 350 2nd Street in San Francisco, California. Pursuant to our engagement, we have prepared this report summarizing our findings.

The conclusions set forth are based on an analysis of the existing and potential future supply and demand for the competitive lodging market as of the completion of our fieldwork in January of 2018. This report is intended for your internal management use as well as for presentation to representatives of the City and County of San Francisco for understanding the potential market demand for the proposed Hotel within the City of San Francisco lodging market.

As in all studies of this type, the estimated results are based on competent and efficient management and presume no significant change in the status of the competitive lodging market from that as set forth in this report. The terms of our engagement are such that we have no obligation to revise our conclusions to reflect events or conditions that occur subsequent to the date of completion of our fieldwork. However, we are available to discuss the necessity for revisions in view of changes in the economy or market factors impacting the competitive lodging market.

Since the proposed Hotel's future performance is based on estimates and assumptions that are subject to uncertainty and variation, we do not present them as results that will actually be achieved. However, our analysis has been conscientiously prepared on the basis of information obtained during the course of this assignment and on our experience in the industry. This report is subject to the Certification and Assumptions and Limiting Conditions presented in the Addenda.

After you have had an opportunity to review this report, please feel free to contact us with any questions or comments. Thank you for the opportunity to work with you on this interesting engagement.

Yours sincerely,

CBRE Hotels, Consulting



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Managing Director
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By: Catherine Bolstad
Director
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A. INTRODUCTION

1. OVERVIEW OF THE MARKET STUDY

CBRE Hotels, Consulting was formally retained on December 6, 2017 by Englewood, LLC to conduct a study of the potential market demand for a proposed upscale hotel to be located at 350 2nd Street in San Francisco, California.

As a component of this analysis, we first determined the market potential for a hotel by evaluating supply and demand trends within the San Francisco lodging market. Based on the recent performance of comparable hotels in the market, we then provided our projections of the occupancy and average daily room rate (“ADR”) the proposed Hotel could achieve for its first five years of operation. For the purpose of this analysis, we have assumed that the proposed Hotel would be open and available for occupancy by July 1, 2020, in line with developer’s construction timeline.

2. METHODOLOGY

Specifically, in conducting the study of the potential market demand, we:

- Visited the site and assessed the impact of its accessibility, visibility, and location relative to demand generators;
- Researched and analyzed current economic and demographic trends to determine their impact on future lodging demand in the market;
- Researched the competitive lodging supply in San Francisco, with a particular focus on the hotels that would compete most directly with the proposed Subject;
- Reviewed the historical performance of the competitive lodging market;
- Estimated the anticipated growth in supply and demand for lodging accommodations in the local market area;
- Prepared a forecast of future performance for the competitive lodging market;
- Evaluated the project’s development plan for appropriateness within the market based on projected demand growth in San Francisco and the city’s lodging needs; and,
- Prepared a forecast of the projected market penetration and the resulting occupancy levels and average daily rates (“ADR”) for the proposed Subject’s first five years of operation.

Several sources were used in compiling the background information and preparing the analyses contained in this report. These sources include CBRE’s *Trends*[®] *in the Hotel Industry*, STR Inc., data gathered through direct interviews with representatives of local businesses, data provided by sources in the lodging chains with which the competitive properties are affiliated, data from various local government agencies, and data collected by STR, Inc.

B. SUMMARY OF FINDINGS

Based on the preceding work program, we have made a determination of the market viability for the proposed Hotel in San Francisco, California. Presented below is a summary of the historical and projected future performance of the greater San Francisco lodging market, followed by a more detailed projection of the primary sample of hotels deemed most competitive to the proposed Hotel. We have also presented the potential market performance of the Subject.

1. SAN FRANCISCO LODGING MARKET

A summary of historical and projected future performance for the San Francisco MSA lodging market for years 2009 to 2021 is presented below (from *CBRE Hotels Hotel Horizons, December 2017 – February 2018 Edition*). It should be noted that this table includes hotels in San Francisco, San Mateo, and Marin Counties (totaling approximately 51,745 rooms) and is generally referred to as the San Francisco MSA lodging market.

SAN FRANCISCO MSA LODGING MARKET HISTORICAL AND PROJECTED PERFORMANCE					
Year	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2009	71.2%	\$135.74	-	\$96.65	-
2010	75.1%	\$135.98	0.2%	\$102.12	5.7%
2011	79.0%	\$154.79	13.8%	\$122.24	19.7%
2012	80.3%	\$171.64	10.9%	\$137.77	12.7%
2013	82.8%	\$187.33	9.1%	\$155.02	12.5%
2014	84.0%	\$208.08	11.1%	\$174.83	12.8%
2015	84.4%	\$222.19	6.8%	\$187.56	7.3%
2016	84.3%	\$230.88	3.9%	\$194.52	3.7%
CAGR/Avg.	80.1%	7.9%		10.5%	
2017 (F)	83.3%	\$226.65	-1.8%	\$188.69	-3.0%
2018 (F)	82.7%	\$230.61	1.7%	\$190.69	1.1%
2019 (F)	83.3%	\$237.26	2.9%	\$197.56	3.6%
2020 (F)	83.5%	\$244.54	3.1%	\$204.30	3.4%
2021 (F)	84.3%	\$252.37	3.2%	\$212.73	4.1%

Source: CBRE Hotels, Consulting, STR Inc.

The San Francisco Bay Area is one of the strongest lodging markets in the United States. Occupancy has quickly rebounded from a low of 71.2 percent during the recession in 2009 to 84.3 percent by 2016, and has been approximately 20 percentage points above national averages for each of the past eight years. ADR has also been very strong; it increased by a CAGR of 7.9 percent between 2009 and 2016, significantly higher than the national average growth rate of approximately 3.0 percent over the same period. Based on performance data through the first three quarters of 2017, Occupancy is expected to decrease one percent, resulting in a forecasted occupancy of 83.3 percent, and, ADR is projected to decrease approximately 1.8 percent, resulting in an ADR of \$226.65. This decline in Occupancy and ADR is largely attributable to decrease in market compression resulting from the closure of the Moscone Center, San Francisco's convention center, which is undergoing a renovation/expansion. Approximately 490,000 group and

convention room nights have been cancelled, many of which were booked in 2017. While there is high demand in San Francisco for hotel room nights outside of group and convention demand emanating from the Moscone Center, it is anticipated that room rates will continue to be discounted in an attempt to attract a fair share of demand from other travel segments.

Despite the disruption from the expansion of the Moscone Center, occupancy in the local lodging market is projected to remain in the low- to mid-80 percent range over the next five years, with continual ADR growth beginning in 2018.

2. COMPETITIVE LODGING MARKET

Presented in the following table is a summary of historical performance for the thirteen San Francisco hotels that comprise the proposed Subject’s competitive market from 2011 to 2016. We have also presented the competitive market’s projected performance between 2017 and 2025, coinciding with the proposed Subject’s first five full years of operation.

PROPOSED HOTEL – 350 2 nd STREET									
HISTORICAL & PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2011	864,320	-	703,556	-	81.4%	\$204.03	-	\$166.08	-
2012	858,115	-0.7%	705,371	0.3%	82.2%	\$225.62	10.6%	\$185.46	11.7%
2013	863,955	0.7%	740,409	5.0%	85.7%	\$249.02	10.4%	\$213.41	15.1%
2014	868,335	0.5%	761,530	2.9%	87.7%	\$275.55	10.7%	\$241.66	13.2%
2015	867,240	-0.1%	758,835	-0.4%	87.5%	\$293.49	6.5%	\$256.80	6.3%
2016	1,021,635	17.8%	891,887	17.5%	87.3%	\$287.67	-2.0%	\$251.14	-2.2%
CAGR	3.4%	-	4.9%	-	85.3%	7.1%	-	8.6%	-
2017	1,054,120	3.2%	906,500	1.6%	86%	\$282.00	-2.0%	\$242.51	-3.4%
2018	1,135,515	7.7%	966,200	6.6%	85%	\$288.00	2.0%	\$245.06	1.1%
2019	1,242,095	9.4%	1,050,200	8.7%	85%	\$297.00	3.0%	\$251.12	2.5%
2020	1,302,685	4.9%	1,101,700	4.9%	85%	\$306.00	3.0%	\$258.79	3.1%
2021	1,356,340	4.1%	1,159,700	5.3%	86%	\$315.00	3.0%	\$269.33	4.1%
2022	1,356,340	0.0%	1,166,500	0.6%	86%	\$324.00	3.0%	\$278.65	3.5%
2023	1,356,340	0.0%	1,166,500	0.0%	86%	\$334.00	3.0%	\$287.25	3.1%
2024	1,356,340	0.0%	1,166,500	0.0%	86%	\$344.00	3.0%	\$295.85	3.0%
2025	1,356,340	0.0%	1,166,500	0.0%	86%	\$354.00	3.0%	\$304.45	2.9%
CAGR	3.2%	-	3.2%	-	-	2.9%	-	2.9%	-

Note: The annual supply inventory as of 2016 assumes 2,799 available guestrooms. The projected annual supply from 2017 onward assumes the June 2017 opening of the Hotel Via, the May 2018 opening of the Virgin San Francisco, the September 2018 opening of the Hyatt Place SoMa, the October 2018 addition of 14 rooms at the Courtyard Downtown, the April 2019 opening of the AC Hotel Union Square, and the July 2020 opening of the proposed 294-room Subject.

Source: CBRE Hotels, Consulting and STR, Inc.

As shown, the competitive market’s occupancy has been very strong and ranged from 81.4 percent in 2011 to a high of 87.7 percent in 2014. Over this six-year period from 2011 to 2016, the competitive market’s average occupancy was 85.3 percent. ADR for the competitive market has increased by a compound annual growth rate (“CAGR”) of 7.1 percent, slightly below levels achieved by the San Francisco MSA (8.3 percent). As of year-end 2016, ADR for the competitive

market was approximately \$288 as compared to the \$231 ADR indicated by the San Francisco MSA.

The performance of the hotels comprising the proposed Subject’s direct competitive market is amongst the strongest in the nation, surpassing both national and regional trends. We are of the opinion that the addition of the proposed Hotel will not have any material impact on the overall market’s long-term performance; in fact, the City of San Francisco is vastly under-served with regard to hotel supply and generates a significant amount of unsatisfied demand that is displaced to other markets throughout the Bay Area such as the SFO market and Oakland/Emeryville market.

Occupancy for the competitive market is projected to remain relatively stable between 85 and 86 percent over the next several years, even with the anticipated hotel additions, including the Subject, expected to enter the market.

3. SUBJECT

Finally, we have presented our projections of future performance for the proposed 294-room Subject. We have assumed that the Subject will open as of July 1, 2020 and will be positioned as a nationally-affiliated, upscale hotel.

PROPOSED HOTEL - 350 2ND STREET						
PROJECTED PERFORMANCE						
Year	Hypothetical ADR	Market Growth	Subject Occupancy	Subject Penetration	RevPAR	Percent Change
2017	\$280.00	-	-	-	-	-
2018	\$286.00	2.0%	-	-	-	-
2019	\$295.00	3.0%	-	-	-	-
2020	\$304.00	3.0%	78%	92%	\$236.27	-
2021	\$313.00	3.0%	84%	98%	\$262.22	11.0%
2022	\$322.00	3.0%	87%	101%	\$279.66	6.7%
2023	\$332.00	3.0%	87%	101%	\$288.35	3.1%
2024	\$342.00	3.0%	87%	101%	\$297.03	3.0%
2025	\$352.00	3.0%	87%	101%	\$305.72	2.9%

Source: CBRE Hotels, Consulting

If the Hotel were open in 2017, we believe that it could have achieved an ADR of approximately \$280 based upon the performance of other upscale branded hotels of similar quality in the City of San Francisco. Applying the same growth rates for the competitive market, we project an ADR of \$304 upon opening in 2020. We expect the proposed Subject to achieve a stabilized occupancy in 2022 of 87 percent, slightly above the stabilized level projected for the competitive market.

C. SITE AND PROJECT DESCRIPTION

1. SITE DESCRIPTION

The Subject site is located on 2nd Street between Harrison and Folsom Streets in the South of Market (“SoMa”) district of San Francisco. The site encompasses 24,642 square feet (0.57 acres). The physical address associated with the site is 350 2nd Street, and it is identified by the San Francisco Assessor’s office as Block 3750, Lot 003. The site is currently improved with a surface parking lot.

The proposed Subject will be located approximately 0.5 miles east of the Moscone Center, the Metreon, and the Yerba Buena Center (a 10- to 15-minute walk). The proposed Subject will also be located approximately 0.5 miles southeast from the Montgomery BART and Muni Metro Station, and approximately 0.4 miles northeast of the Yerba Buena/Moscone Central Subway Station at 4th and Folsom Streets. Additionally, the Subject site is located approximately three blocks south of the highly-anticipated Salesforce Transit Center.

SoMa is a relatively large neighborhood in San Francisco and contains several sub-neighborhoods including South Beach, Mission Bay, Rincon Hill, South Park, Yerba Buena, and Financial District South. SoMa’s boundaries are generally Market Street to the north, the San Francisco Bay to the east, Mission Creek to the south, and Division Street, 13th Street, and U.S. 101 to the west. It is the part of San Francisco in which the street grid runs parallel and perpendicular to Market Street.

Many major software and technology companies have headquarters and offices in SoMa, including: Ustream, Planet Labs, Foursquare, CloudFlare, Wikia, Thumtak, Wired, GitHub, Pinterest, CBS Interactive, LinkedIn, Trulia, Cleanify, Dropbox, IGN, Salesforce.com, BitTorrent Inc., Yelp, Zynga, Airbnb, Uber, Twitter, Facebook, and Advent Software.

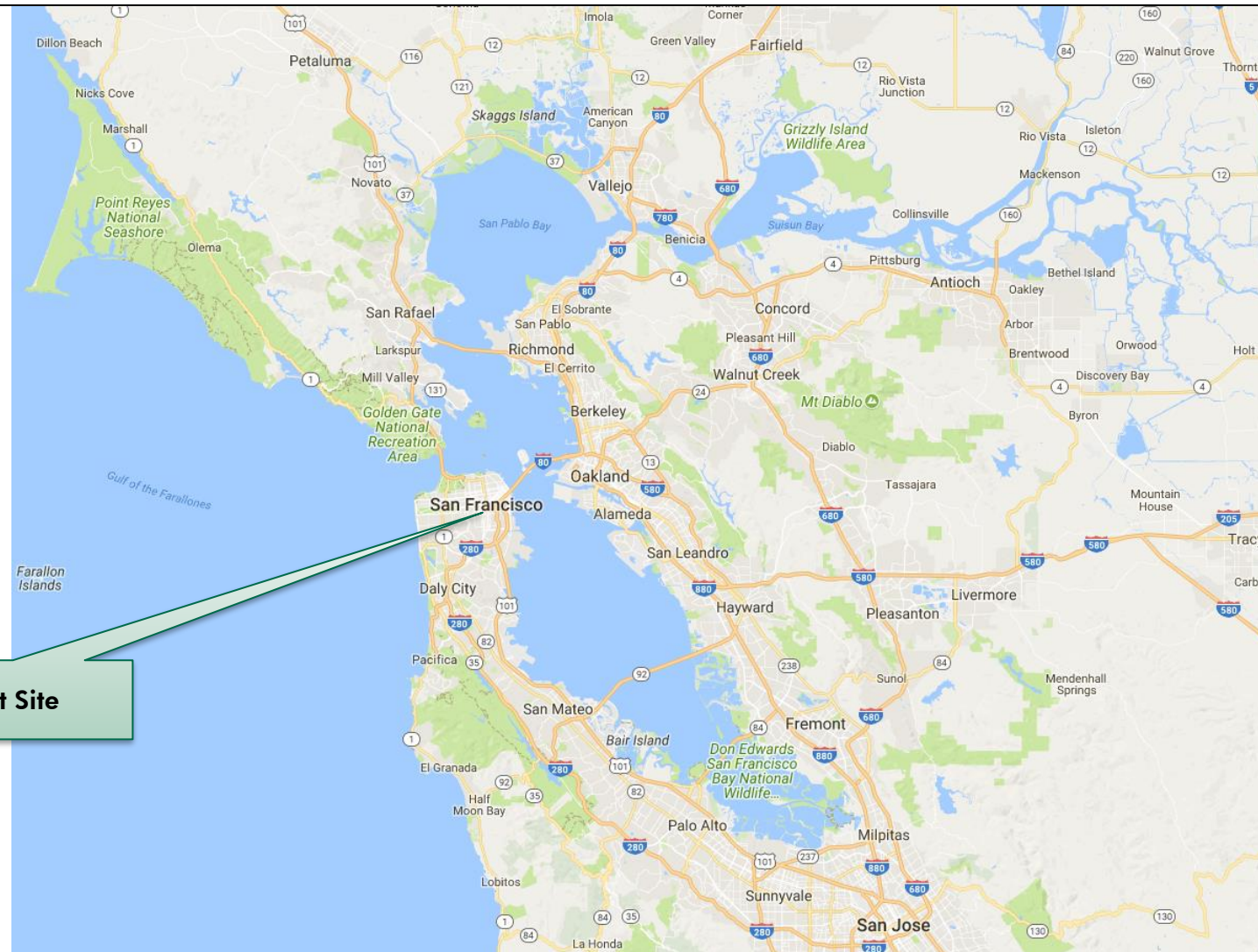
Furthermore, the site benefits from a location with convenient freeway access, facilitating access to the region’s two main airports: the San Francisco International Airport (“SFO”) and the Oakland International Airport (“OAK”).

Photographs of the site as it exists today and a regional map, neighborhood map, and parcel map, all indicating the location of the Subject site, are presented on the following pages.

PHOTOGRAPHS OF THE SITE



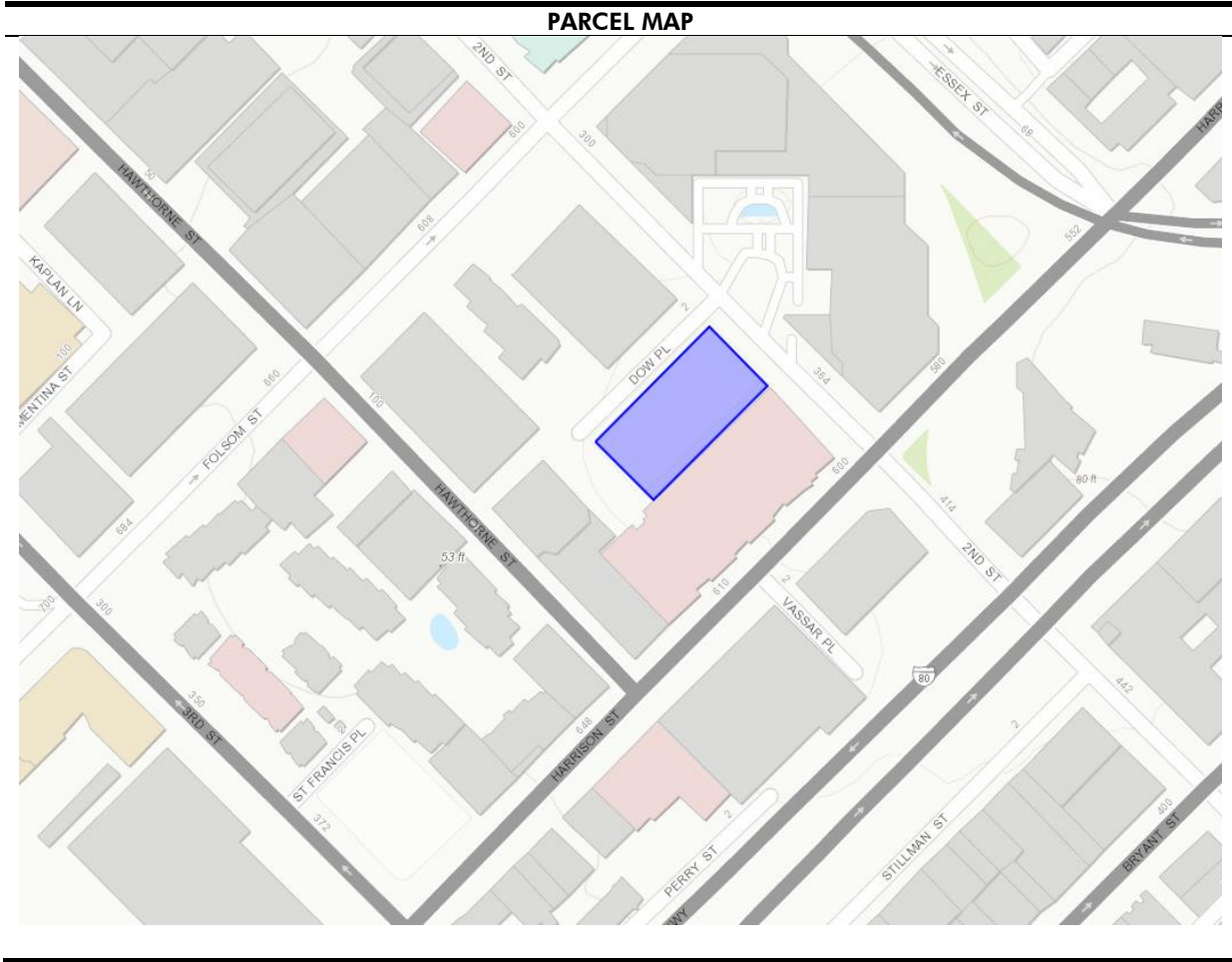
REGIONAL MAP



Subject Site

NEIGHBORHOOD MAP





Overall, the location of the site is ranked “excellent,” as outlined below.

SUBJECT SITE ANALYSIS					
	Excellent	Very Good	Good	Fair	Poor
Accessibility	X				
Visibility	X				
Proximity to Demand	X				
Long-term Strategic Potential	X				

2. PROPOSED PROJECT DESCRIPTION

As stated earlier, the Subject site is currently improved with a surface parking lot. Englewood, LLC proposes to redevelop the site with a nationally-affiliated, upscale hotel. Examples of this classification of hotel include Courtyard by Marriott, affiliated with Marriott International, Inc.; Hilton Garden Inn, affiliated with Hilton Hotels and Resorts; Cambria Hotel & Suites, affiliated with Choice Hotels; EVEN Hotels, affiliated with the InterContinental Hotels Group; and Hyatt Place, affiliated with Hyatt Hotels and Resorts.

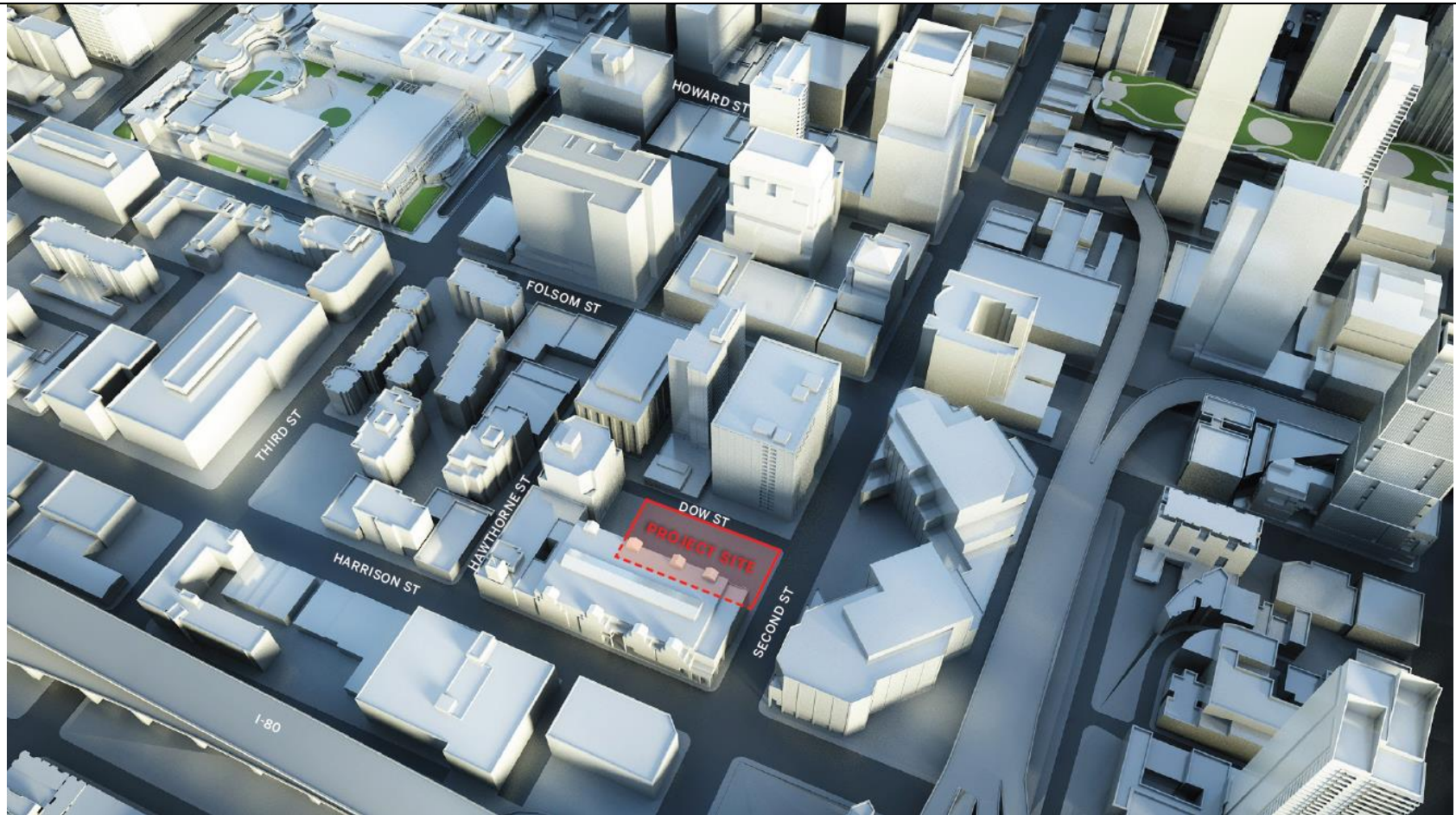
Based on our review of preliminary plans provided by Englewood, LLC, we understand that the proposed Hotel will feature 294 guestrooms. The gross square footage of the building is 172,512 square feet, and the building will feature 14 stories with below-grade parking. The proposed

Subject will feature a restaurant and bar, fitness center, business center, meeting space, rooftop terraces, and indoor/outdoor public open space. Back-of-house facilities will be located primarily on the ground floor and lower level. Most public areas will be located on the first and second floors of the Hotel; the fitness center will be located on the lower level. Guestrooms will be located on floors two through 14.

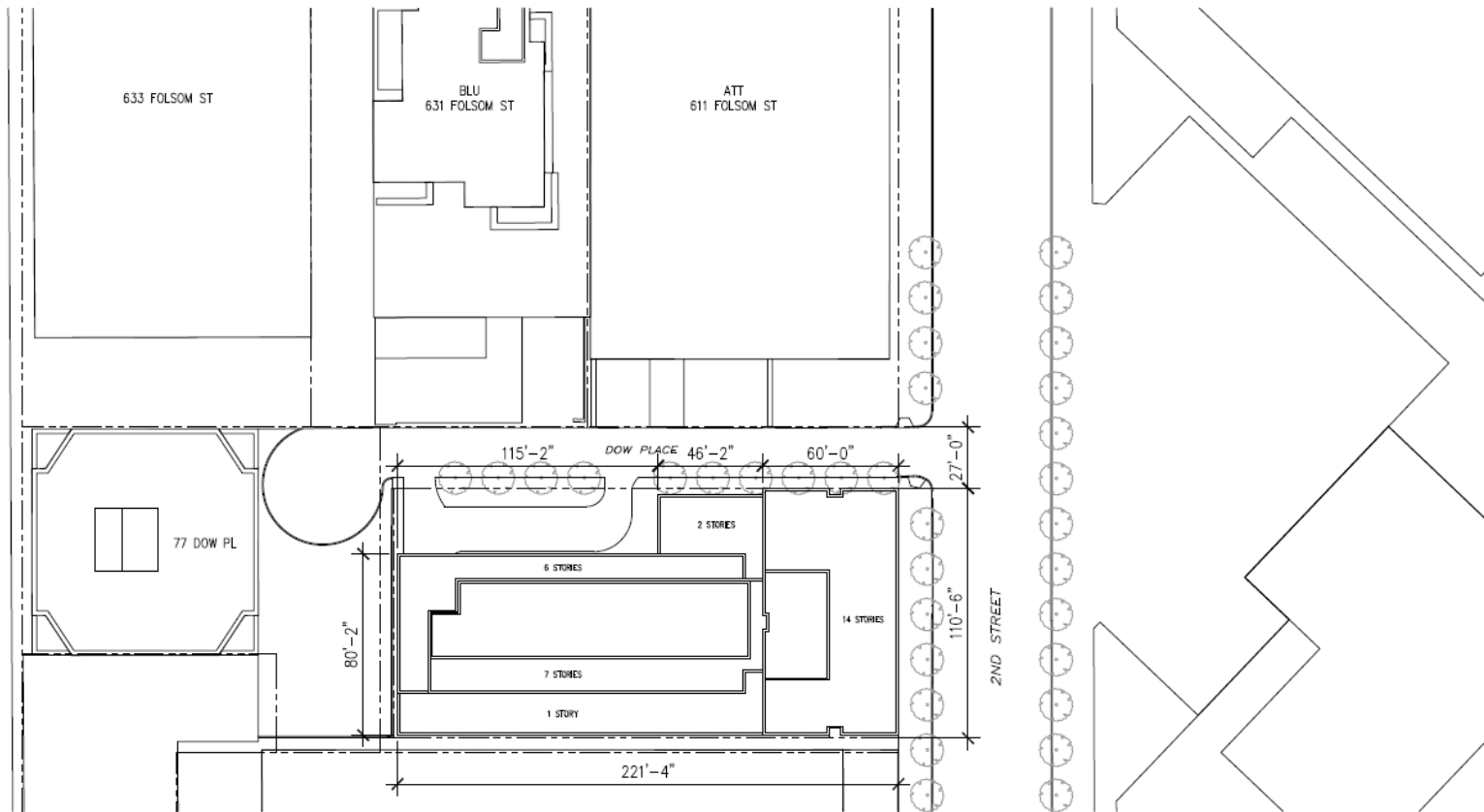
According to the preliminary development timeline, the proposed Hotel is anticipated to be open and available for occupancy by July 1, 2020. Based upon our understanding of the development program presented in this section, the proposed Hotel and support facilities and amenities should be well served by the City of San Francisco.

A site survey, site plan, and floor plans for the proposed Subject are presented on the following pages.

SITE OVERVIEW



SITE PLAN

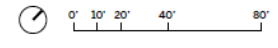


PROPOSED SITE PLAN
SCALE: 1" = 40'-0"

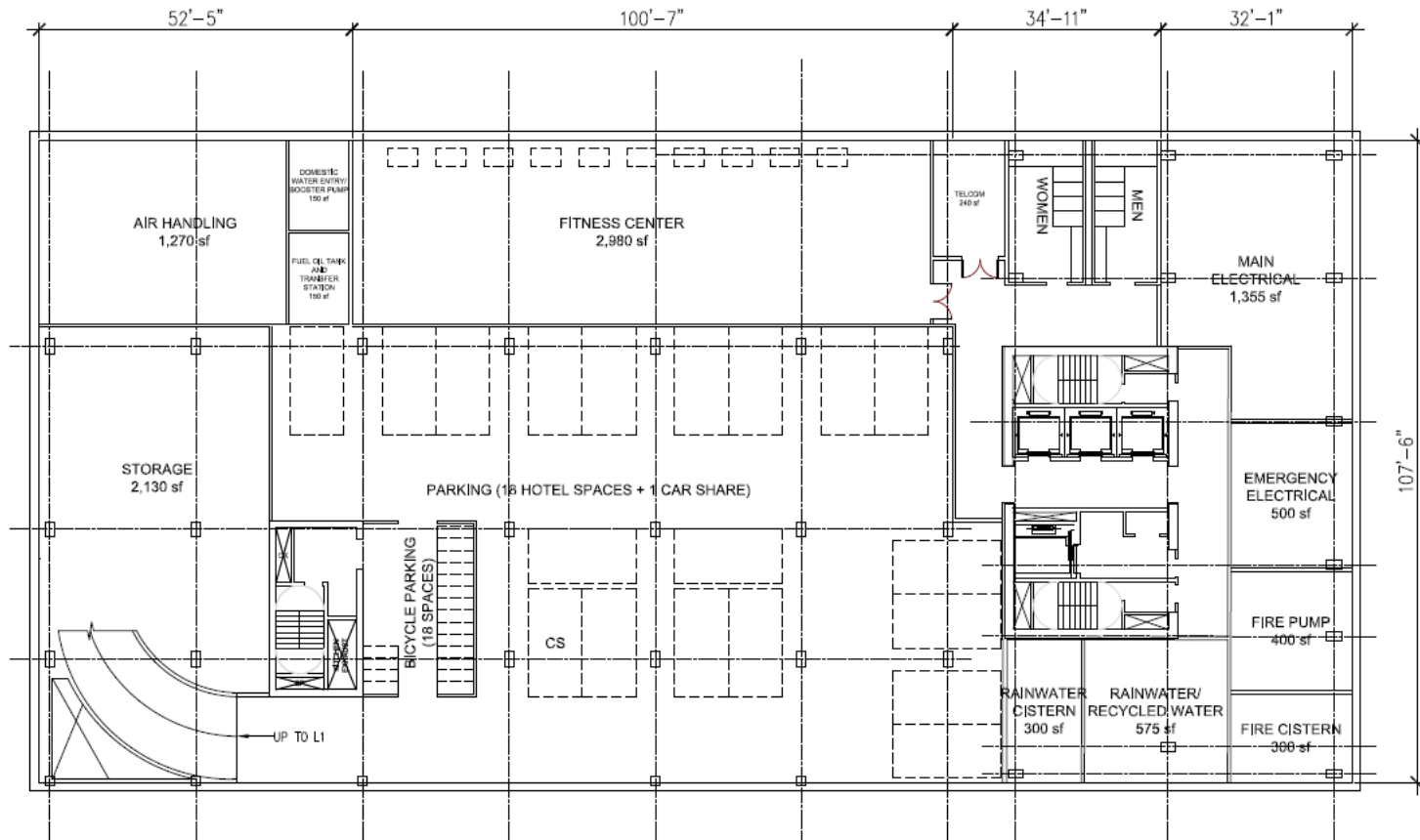
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FLOOR PLAN – BASEMENT LEVEL 1

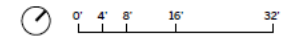


BASEMENT LEVEL 1
SCALE: 1/16" = 1'-0"

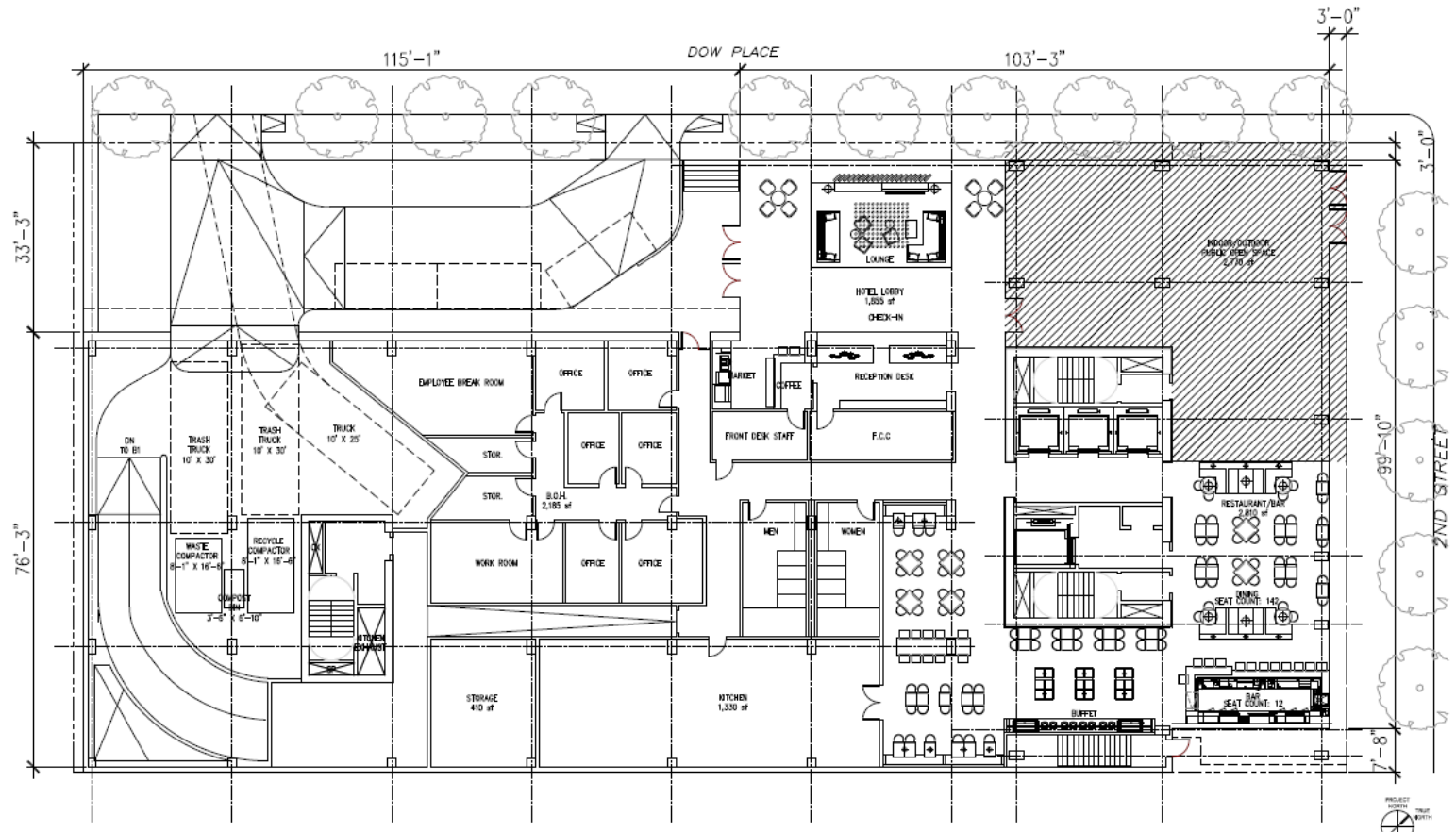
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FLOOR PLAN – GROUND FLOOR

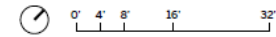


GROUND FLOOR PLAN
SCALE: 1/16" = 1'-0"

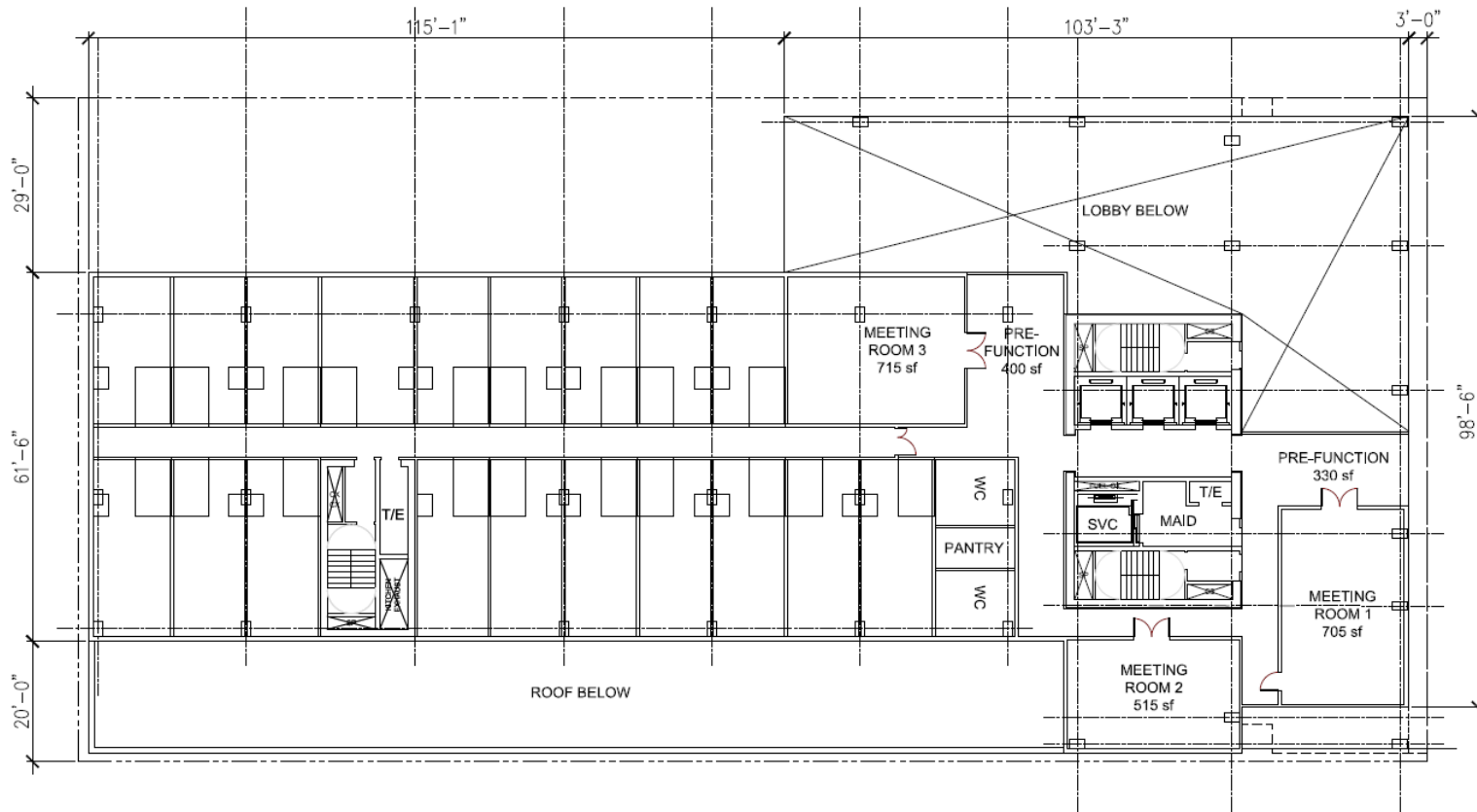
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FLOOR PLAN – LEVEL 2

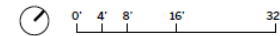


LEVEL 2
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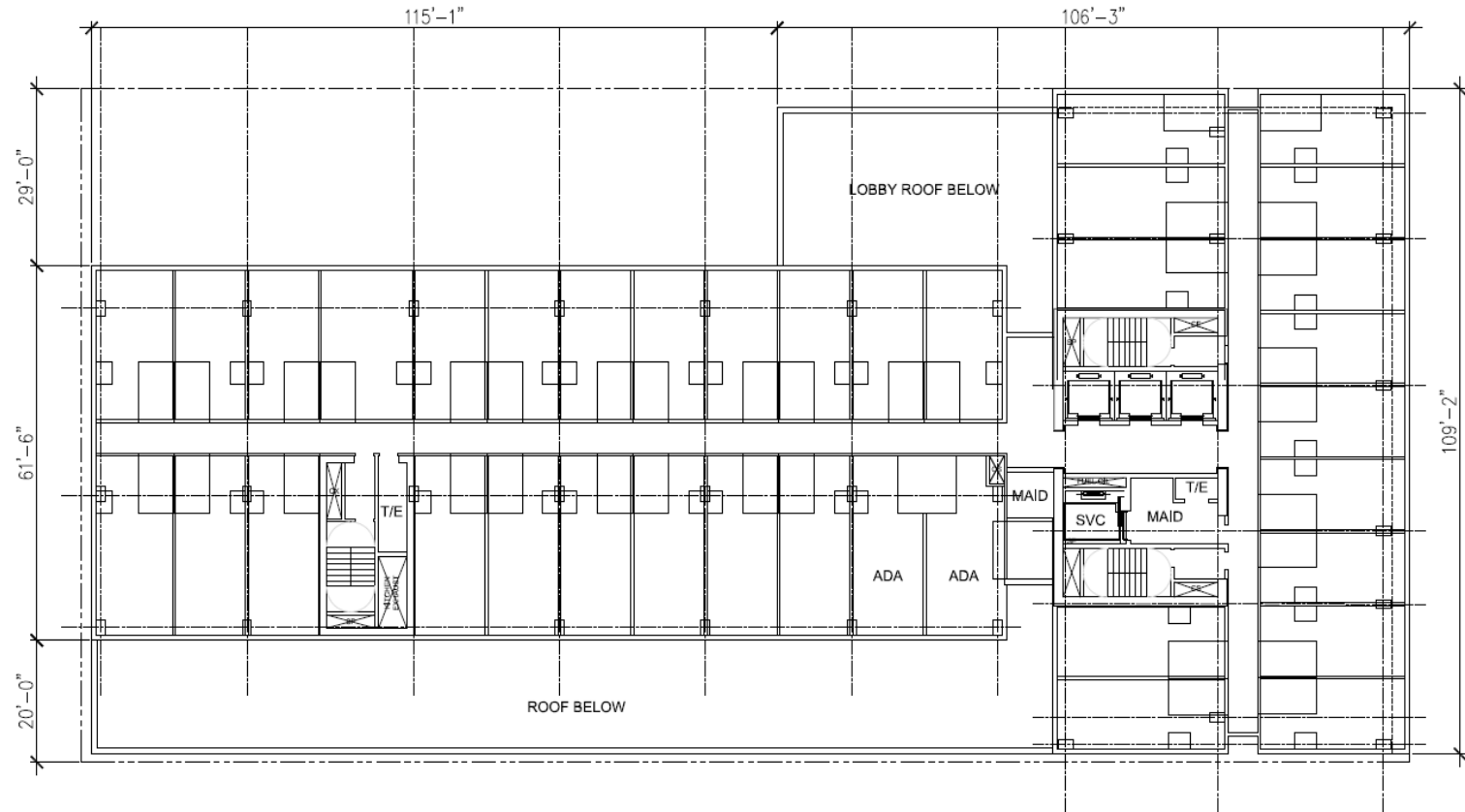
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FLOOR PLAN – LEVELS 3-6

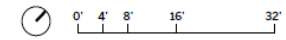


LEVEL 3-6
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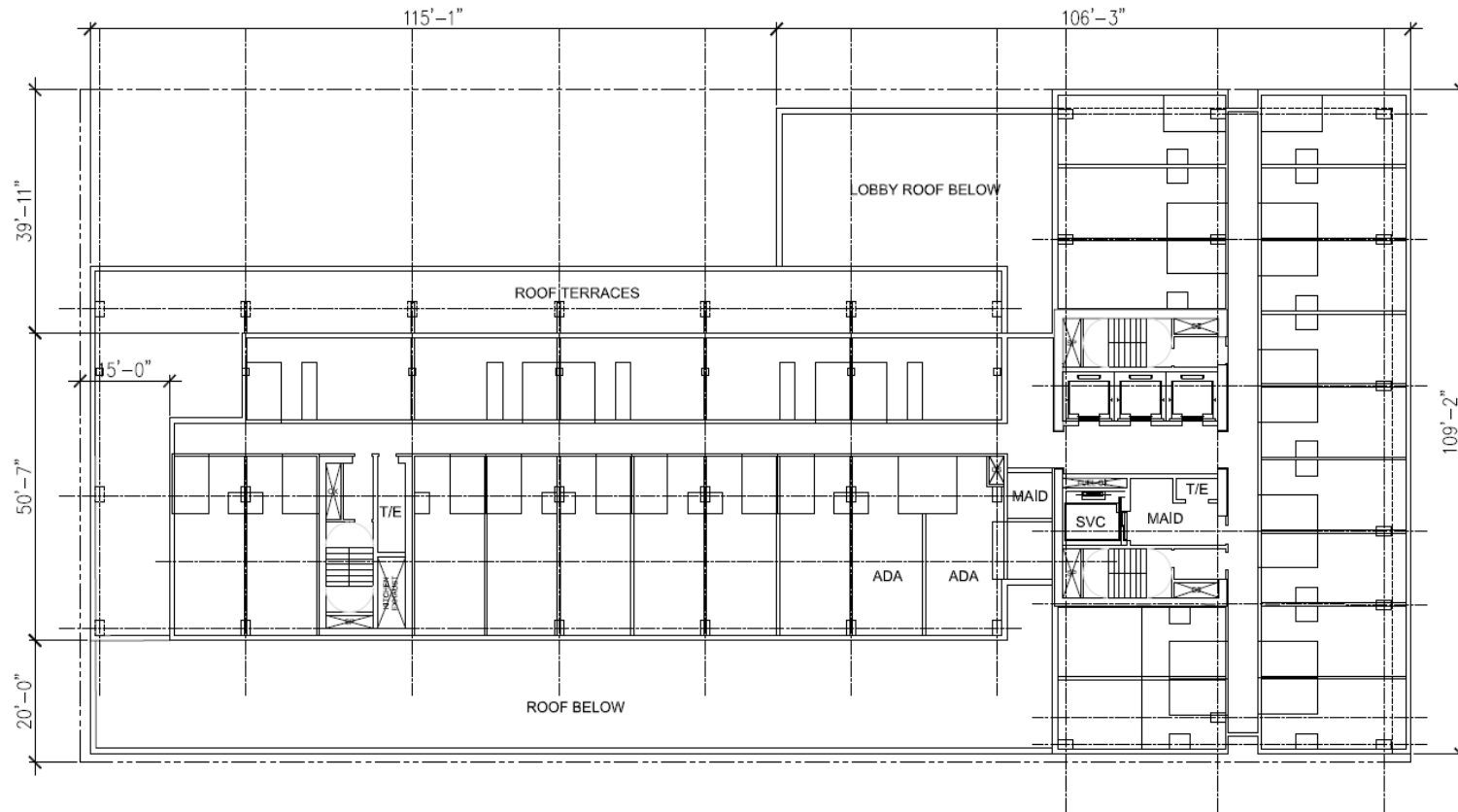
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FLOOR PLAN – LEVEL 7

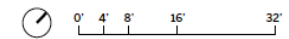


LEVEL 7
SCALE: 1/16" = 1'-0"

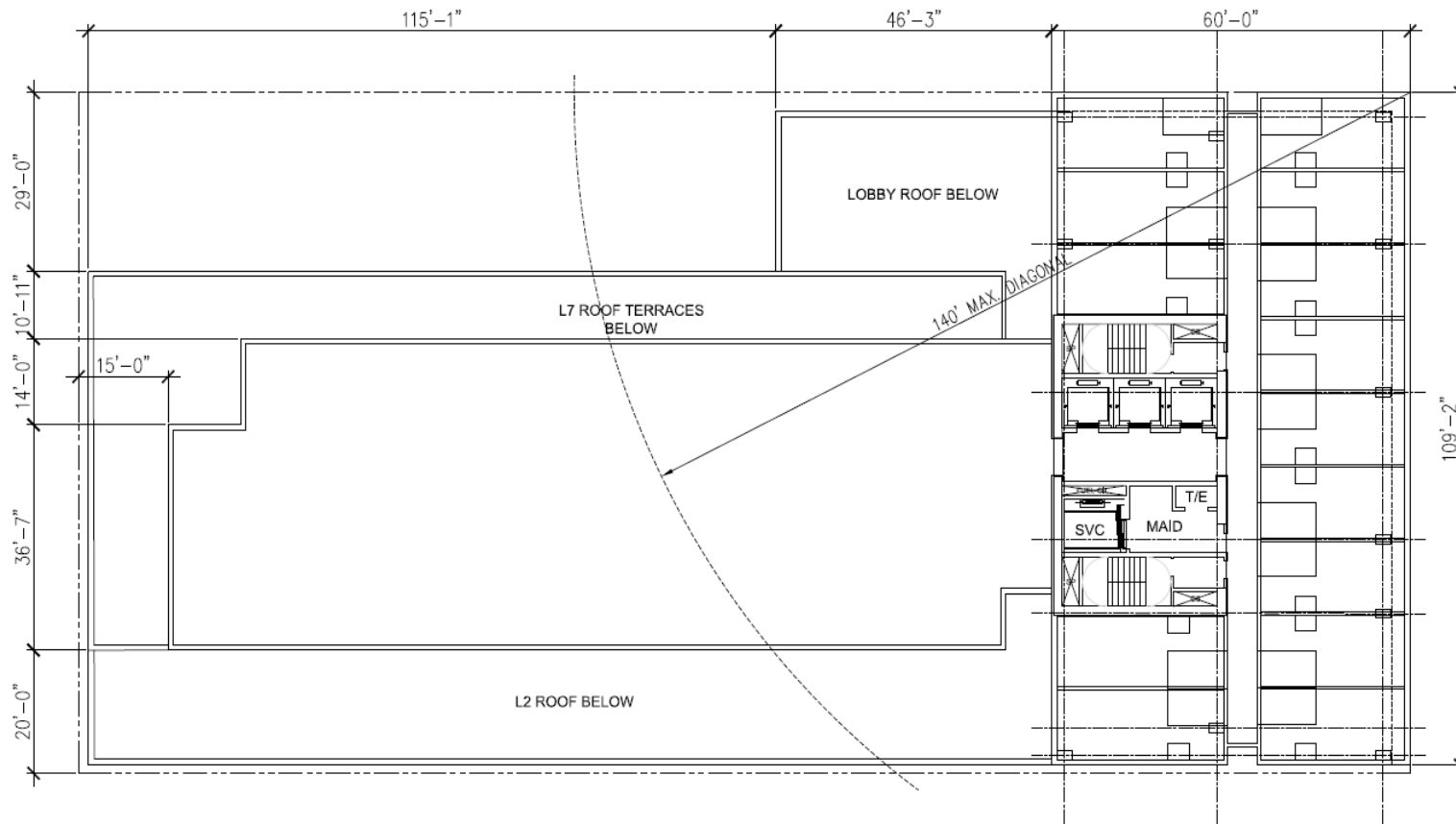
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FLOOR PLAN - LEVEL 8-14

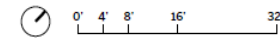


LEVEL 8-14
SCALE: 1/16" = 1'-0"

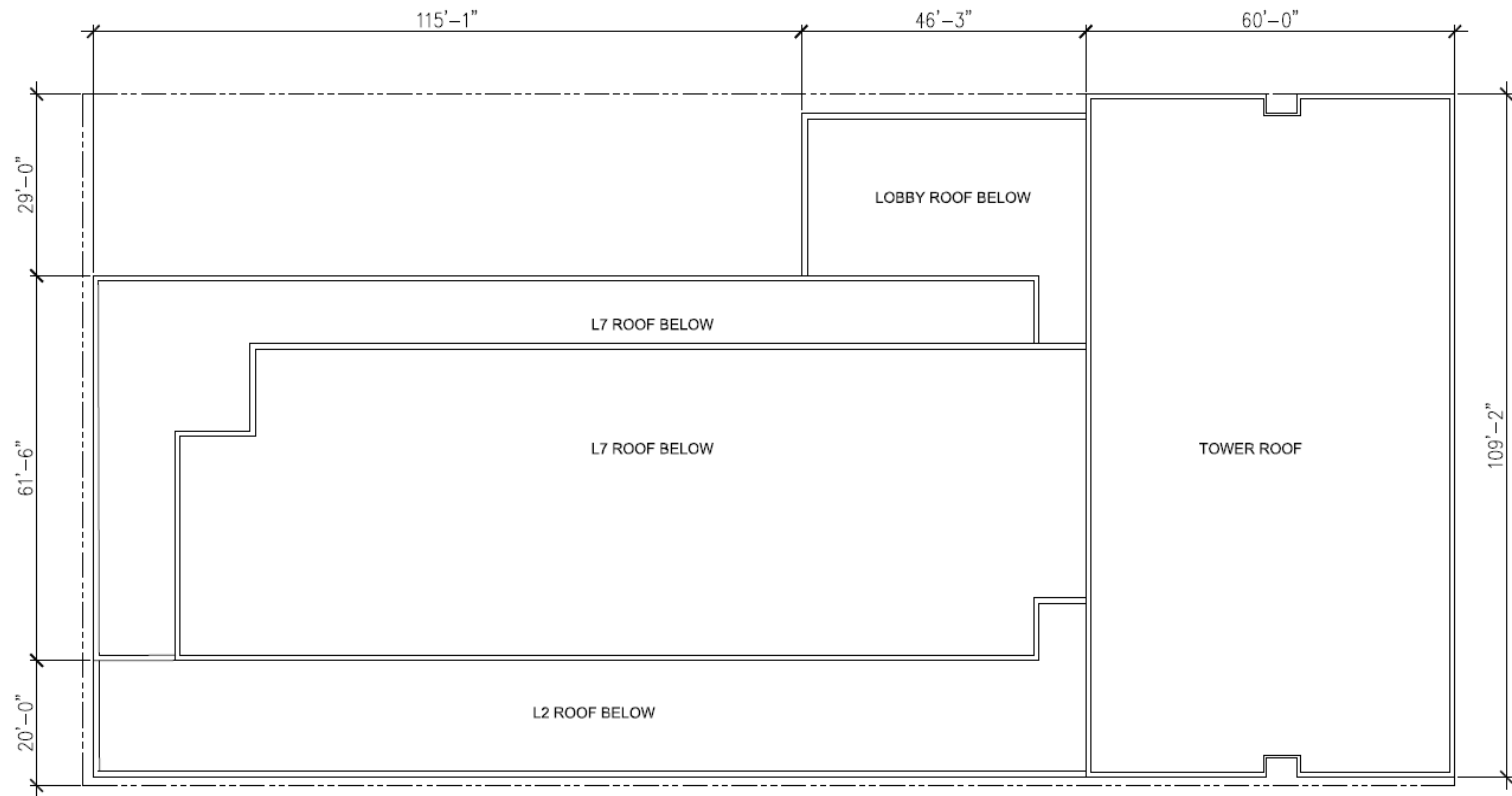
PLANNING SUBMITTAL
01 DECEMBER 2017

350 SECOND STREET
KCG SF HOTEL LLC

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ROOF PLAN

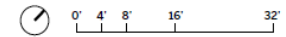


ROOF PLAN
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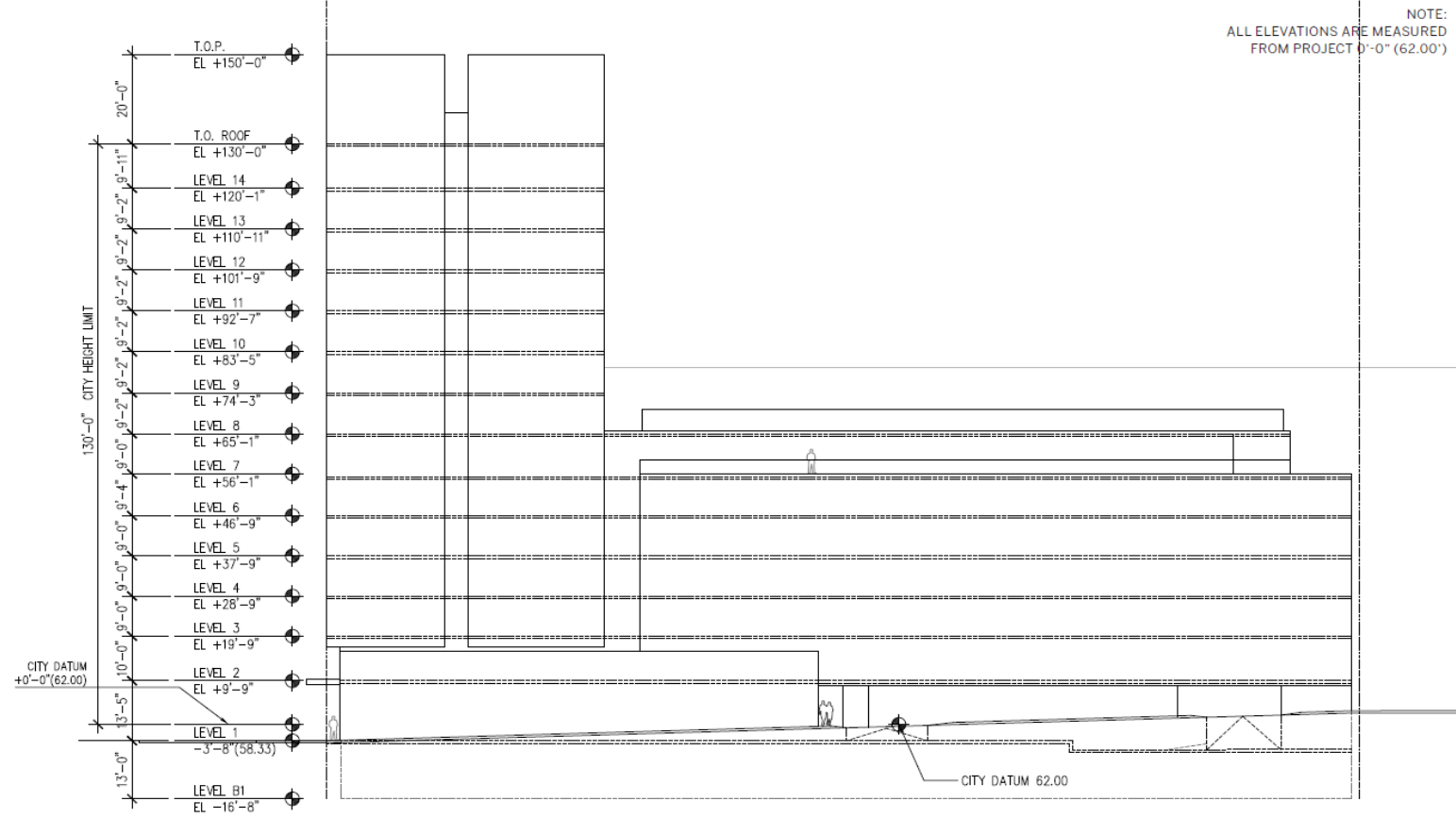
PLANNING SUBMITTAL
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NORTH ELEVATION



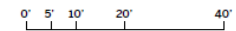
NOTE:
ALL ELEVATIONS ARE MEASURED
FROM PROJECT 0'-0" (62.00')

NORTH ELEVATION
SCALE: 1" = 20'-0"

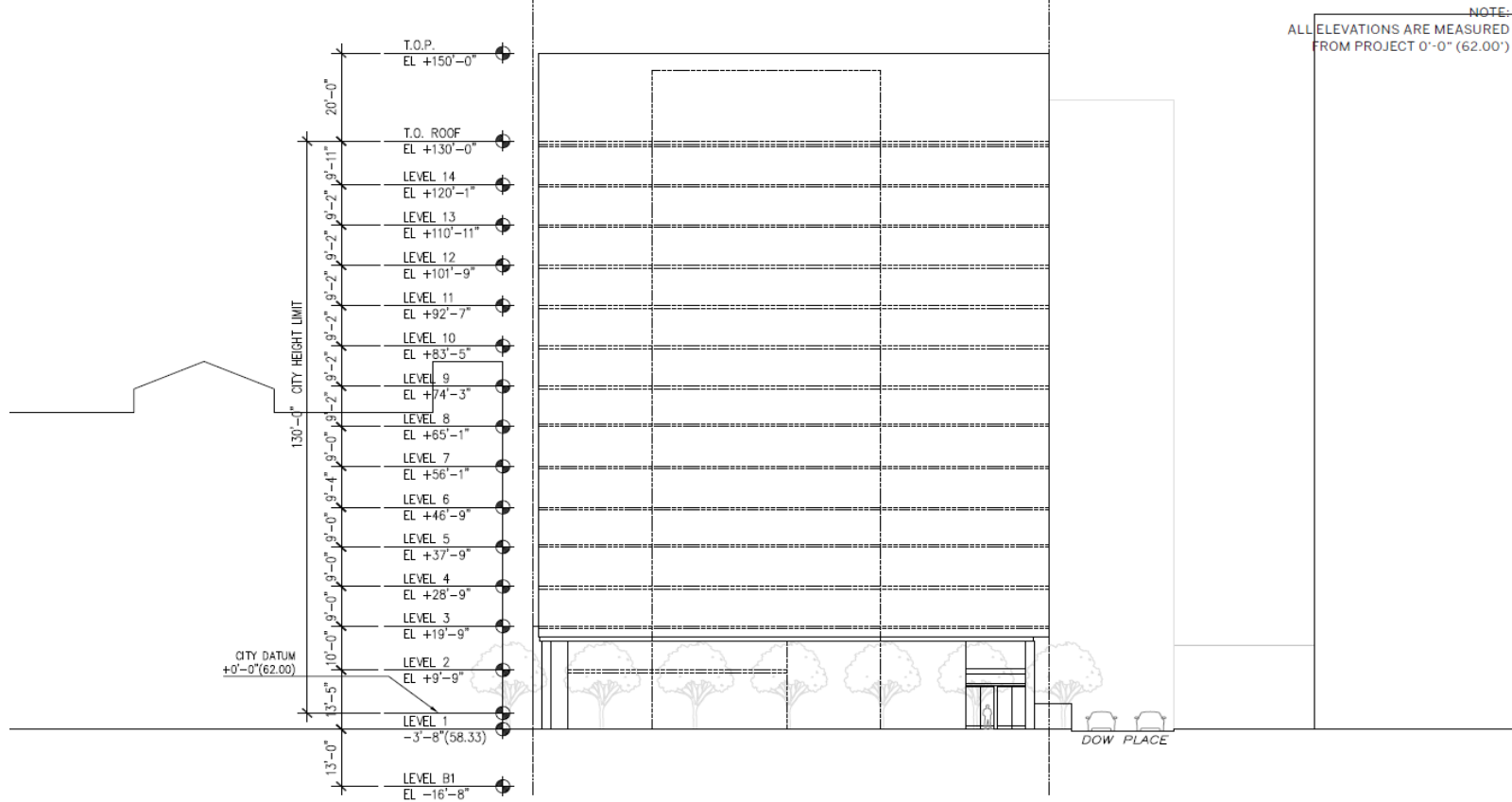
PLANNING SUBMITTAL
01 DECEMBER 2017

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EAST ELEVATION

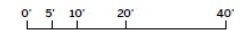


EAST ELEVATION
SCALE: 1" = 20'-0"

PLANNING SUBMITTAL
01 DECEMBER 2017

350 SECOND STREET
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D. AREA REVIEW

The market and financial performance of a hotel are often influenced by factors that can be broadly categorized as economic, governmental, social, and environmental. It is therefore necessary to evaluate the dynamics of these factors within the local and primary feeder markets to understand their effect on the performance of a lodging property. In this section, we have presented a brief overview of the state of the national and local economies.

1. NATIONAL OVERVIEW

Real GDP grew at a healthy annual rate of 3.0 percent in Q3 2017, according to the U.S. Bureau of Economic Analysis (BEA). This was slightly slower than the Q3 2017 rate of 2.8 percent. Investment, led by inventory build-up, contributed to about 1.0 percent, while consumption contributed 1.6 percent. Of the four broad categories of expenditure, consumption and investment are the most closely related to spending on lodging. Net exports contribute 0.4 percent as the dollar in real terms weakened 3.5 percent against a broad index of foreign currencies in Q3 compared to Q2, according to the Federal Reserve Board. Government spending did not contribute to growth.

The national unemployment rate fell to 4.3 percent in Q3, according to the Bureau of Labor Statistics, indicating an increasingly tight labor market. The number of total non-farm employees increased by 470,000 in Q3 2017. The accommodations and food service subsector added 38,000 jobs in Q3. CPI growth in Q3 stayed the same as the previous quarter's 1.9 percent rate. The PCE grew at 1.5 percent. Real weekly earnings decreased slightly, by 0.3 percent. CBRE Econometric Advisors' baseline outlook for 2017 is that inflation should stay close to the Fed's 2.0 percent target, and employment should increase by 1.95 million jobs by year end. EA forecasts real GDP to grow a modest 2.1 percent in 2017.

Presented in the following text is a brief overview of the local socio-economic factors directly impacting the performance of the proposed Subject.

2. STATE OF CALIFORNIA

As the state's economy has recovered from the Great Recession, the past four budgets have significantly expanded government spending. The state has also paid down its budgetary borrowing and addressed some long-standing problems – such as implementing plans to restore fiscal health to its retirement benefit plans and making major improvements to the state's water system.

State revenues, which had surged several years of the recovery, are now beginning to lag expectations. Consequently, the budget - which remained precariously balanced even in the strongest revenue years – now faces a deficit of almost \$2 billion if action is not taken.

The Budget proposes a variety of solutions to bring the state's finances back into balance from 2017-18 and future years based on current projections. The Budget prioritizes the protection of the most significant accomplishments of the past four years – steady growth for education, the creation of the state's first earned income tax credit, a minimum wage that will responsibly increase to \$15 per hour, and the expansion of health care coverage to millions of Californians. To protect these priorities, the Budget proposed to pull back on a variety of one-time spending commitments made in last year's budget and temper anticipated spending increases.

While rebalancing the budget is the immediate task at hand, the state must continue to plan and save for the next recession. By the time the budget was enacted in June 2017, the economy finished its eighth year of expansion, three years longer than the average recovery. The best way to protect against future cuts is to continue to build up the state's Rainy Day Fund. Under Proposition 2, the fund's balance will reach 63 percent of its constitutional target in the coming year.

California faces uncertain times, with major potential risks threatening to drive the budget dramatically further out of balance. The Budget assumes the continued expansion of the economy. Yet, economic expansions do not last forever. In the post-war period, the average expansion has been about five years. The current expansion is approaching three years longer than the average. A moderate recession will drop state revenues by about \$20 billion annually for several years.

The Budget also assumes the continuation of existing federal fiscal policy. The incoming presidential administration and leaders in Congress have suggested major changes to Medicaid, trade and immigration policy, and the federal tax structure. Many of the proposed changes could have serious and detrimental effects on the state's economy and budget. At this point, it is not clear what those changes will be or when they will take effect.

Proposition 2 establishes a constitutional goal of have 10.0 percent of tax revenues in the Rainy Day Fund. By the end of 2017-18, the State's Rainy Day Fund will have a total balance of \$7.9 billion (63 percent of the constitutional target). While a Rainy Day Fund might not eliminate the need for further spending reductions in case of a recession or major federal policy changes that trigger a budget crisis, saving now would allow the state to spend from its Rainy Day Fund later to soften the magnitude and length of any necessary cuts.

3. CITY AND COUNTY OF SAN FRANCISCO

Overview: San Francisco is the focal point of the Bay Area and a major West Coast financial, retail, and transportation center, with an economy driven primarily by technology and tourism. Although the city was negatively impacted by the 2009 economic downturn, it has been quick to rebound. A knowledge-based economy, coupled with numerous developments within the city, will continue to support economic growth in the region.

Population: According to the U.S. Census Bureau, San Francisco had a population of approximately 874,228 as of January 2017. The population has grown at a compound annual growth rate ("CAGR") of 1.2 percent since 2010, slightly above the statewide growth rate of 0.8

percent over the same period due primarily to the city's rapid economic growth following the most recent recession. Going forward, San Francisco's population is projected to trail that of the state for the next decade as residents relocate to more affordable areas in surrounding Bay Area cities.

Employment: According to the State of California Employment Development Department, San Francisco has an employment base of 553,200 as of October 2017. Major sectors within the city include professional and business services; trade, transportation, and utilities; government; and leisure and hospitality. However, San Francisco (and the entire Bay Area) is primarily known for its high-tech presence. The city has an estimated 60,000 tech employees overall, with approximately 38,000 employed within 75 major companies. A listing of the city's top ten tech employers as of January 2017 is presented in the following table.

SAN FRANCISCO – TOP TECH COMPANIES	
Company	San Francisco Employees
Salesforce.com, Inc.	6,600
Uber Technologies, Inc.	3,650
Twitter, Inc.	2,563
Yelp, Inc.	1,650
Google, Inc.	1,500
Airbnb, Inc.	1,500
Dropbox, Inc.	1,500
Lending Club	1,329
Adobe Systems, Inc.	1,300
Square, Inc.	1,300

As with the rest of the nation, San Francisco's unemployment rate has fluctuated greatly over the past two decades, with peaks in the early 1990s, early 2000s, and late 2000s. During the recent economic recession, the City reported an annual unemployment rate of 9.4 percent in 2009 and 9.5 percent in 2010, with the latter representing San Francisco's highest unemployment rate of the past 20 years. This rate has dropped considerably in the years since, and was reported to be 2.3 percent as of November 2017, lower than the national rate of 4.1 percent and the statewide rate of 4.0 percent that same month due to the city's highly-trained workforce and concentration of high-growth technology companies.

Commercial Office Market: According to CBRE, Inc., the San Francisco commercial office market consists of approximately 79.1 million square feet of net rentable area. The office market can be generally categorized into ten sectors, which consist of: 1) Financial District, 2) South Financial District, 3) North Waterfront & Jackson Square, 4) South of Market ("SoMa"), 5) Yerba Buena, 6) South of Market West, 7) Mission Bay/China Basin, 8) Potrero Hill, 9) Civic Center & Van Ness, and 10) Union Square. The Subject is located in the South of Market sector.

According to CBRE Research's Q3 '17 San Francisco Office MarketView, accelerated tenant demand over the past quarter has tightened an already supply-constrained market. Relief was anticipated to come from the 6.6 million square feet under construction that was only 47 percent pre-leased at the end of Q2 2017. However, large and expanding tech tenants have recently leased several large blocks of new and existing space, and given the current level of demand from tenants in the market, under construction pre-leasing could substantially increase by year-end. Should this occur, there will be a supply gap of available new large block space between 2018 and 2021 when Oceanwide Center is scheduled for completion.

After an uneventful first half of the year, net absorption surged to 343,296 square feet during Q3 2017, which reduced vacancy by 40 basis points to 6.3 percent. Average asking rents remained essentially unchanged despite tightening market conditions. This is partially attributable to a still ample existing space availability rate of 11.1 percent, consisting mostly of smaller blocks of full floor space being marketed for lease, but not yet vacant.

Looking ahead, the next few quarters could change market conditions in favor of landlords. If the elevated level of tenant demand persists, new construction pre-leasing converts into positive net absorption and any large-scale downsizing or subleases are avoided, the tighter supply could once again put upward pressure on rents.

Lease Rates: Asking rates were stable for the seventh consecutive quarter after nearly reaching its all-time high established in 2000. Tenants have been undeterred as demand has accelerated, resulting in a slight reduction of available supply. While the bulk of demand has been for Class A space, the spread between Class A and Class B rental rates remained unchanged. As market dynamics shift during the coming quarters, there is potential for upward pressure on rents.

Net Absorption: Net absorption was positive for the quarter at 343,296 square feet as the CBD and South of Market submarkets produced the highest levels of newly occupied space. Tech firms had the greatest impact on positive net absorption. New construction leased to expanding tenants is expected to contribute significantly to net absorption in the quarters ahead.

Vacancy and Availability: The market-wide vacancy rate decreased by 40 basis points quarter-over-quarter, while the availability rate increased by 10 basis points. The divergence was largely due to increased sublease space availability, which was up 18 percent over last quarter and a byproduct of growing tech firms leasing larger spaces. The Financial District availability rose by 40 basis points which was the largest contributor to the overall rise.

Construction Completions: There were no new construction completions this quarter, though five properties are expected to deliver during the next two quarters, which will add 2.8 million square feet to the overall office base inventory – these buildings are currently 84 percent pre-leased. An additional 3.8 million square feet is under construction with 2.7 million square feet scheduled to deliver between Q2 2018 and Q2 2019, while the remaining 1.1 million square feet is scheduled to deliver in 2021.

SoMa Submarket: The SoMa submarket has a total of 7,723,690 square feet of available office space, of which 3,108,480 is Class A. The vacancy rate in the SoMa submarket is 4.5 percent and the average asking lease rate is \$73.54 per foot. It is also notable that the majority of office space under construction in San Francisco is in the SoMa submarket.

Convention Center: San Francisco is home to the Moscone Convention Center, which is responsible for generating an estimated 21 percent of all tourism to San Francisco. The Center features three main buildings: Moscone North, South, and West. Moscone North offers 181,440 square feet of exhibit space in two halls and up to 53,410 square feet of flexible meeting space in 17 rooms. Moscone South offers 260,560 square feet of exhibit space, divisible into three halls, along with 60,580 square feet of meeting space within 41 flexible meeting rooms. The most recent addition to the center, known as Moscone West, opened in June of 2003 and provides 300,000 square feet of flexible exhibit and meeting space. Combined, the Center offers over 740,000 square feet of exhibit space, up to 106 meeting rooms, and as many as four ballrooms.

However, the city and the San Francisco Travel Association believed that there was insufficient space to support local convention demand, and the San Francisco Travel Association estimates that the City will have lost nearly \$2.1 billion in meeting revenue between 2010 and 2019 as a result of space limitations. Thus, the Center has undertaken a \$500 million project to construct 515,000 square feet of contiguous exhibition space. The project also includes the construction of two new pedestrian bridges connecting the upper levels of Moscone North and Moscone South, as well as an upgrade to the existing pedestrian bridge across Howard Street. Phase 0 of three phases began in December 2014 and includes all behind-the-scenes work in preparing for construction of the expansion. The actual ground-breaking of the project began in April of 2015, and is expected to be complete by late 2018 (December 2018).

Based on recent discussions with representatives of the San Francisco Travel Association, we understand that in order to complete the expansion on time, the conference dates for several groups scheduled at Moscone were moved between the dates of April and August of 2017, resulting in some cancellations. This rescheduling was for those meetings being held in Moscone North and South only as Moscone experienced significant closures during this time. Based on the December 1, 2017 Trends Analysis Projections, LLC ("TAP") report, the projected hotel room nights generated from Moscone Center events is currently approximately 730,000 for 2018. This results in a 111,000-room night variance from the projected pace of approximately 841,000 (87 percent of pace). Definite room nights booked for 2019 have exceeded the pace target and are currently at 125 percent of pace. Despite the disruption from the Moscone renovation/expansion, occupancy for the San Francisco hotel market is projected to remain strong given significant demand for hotel room nights in the city as well as the hotel market's ability to flex self-contained room nights.

Tourism: San Francisco is a world-class tourist destination and is widely appreciated for its numerous attractions, picturesque scenery, and diverse culture. It is consistently ranked as one of

the top ten best cities to visit by the *Condé Nast Traveler's Readers' Choice Awards*, and has received a variety of additional accolades from other national and international publications.

The San Francisco Travel Association is forecasting a total of 25.6 million visitors to the city for 2017, an increase of 1.8 percent over 2016. Total visitor spending is projected to reach \$9.22 billion, up 2.7 percent over 2016. This massive influx of visitor dollars benefits hotels, restaurants, retail shops, local attractions, and cultural institutions, and has in fact bolstered practically every segment of the city's economy. It has also remained a positive influence on government finances. Major contributors to that figure include hotel tax and property tax. Due to a high volume of visitation, the city's hotel rooms achieve one of the highest annual occupancy levels in the nation.

City Development: San Francisco continues to be involved in various medium- to large-scale development projects that will revive some underused areas and improve other already-popular districts of the city, such as the Embarcadero and Mission Bay. These projects are discussed further in the following paragraphs.

The continuous development of The Embarcadero, San Francisco's waterfront area between Mission Bay and Fisherman's Wharf, is part of a master plan known as the Waterfront Land Use Plan of 1997. This mixed-use plan emphasizes opening up the bay to residents and tourists and promoting the development of abandoned piers and buildings into more attractive uses. Between 1997 and 2014, 63 new acres of waterfront open space have been constructed, 19 historical resources have been rehabilitated, seven derelict piers and wharves have been removed, and AT&T Park has been constructed. The Ferry Building, a San Francisco landmark, is the most visual of the numerous Embarcadero developments. After a comprehensive renovation and restoration in 2003, the Ferry Building now houses numerous restaurants, shops, and a popular farmers' market. Additional restaurants and retail outlets along Steuart Street (which runs parallel to the waterfront) and on the first and second floors of the Embarcadero Center have made this area a destination on evenings and weekends.

Current projects in the planning stages for The Embarcadero include the following:

- Construction of an affordable housing development and a new welcome center for the National Park Service at Alcatraz Landing;
- The re-purposing of Pier 29 to potentially include new retail facilities;
- Construction of a \$345 million residential and commercial development at 8 Washington Street;
- The repairing of the Pier 38 bulkhead;
- A redevelopment of Pier 48 to include a waterfront park, and 3.6 million square feet of retail, light manufacturing, commercial, and residential uses;
- Construction of the nine-acre Crane Cove waterfront park at Pier 70;

- Redevelopment of a 28-acre site at Pier 70, to potentially include the construction of 950 residential units; 2.6 million square feet of office, retail, and commercial uses; rehabilitation of four historic buildings; seven acres of open space; and parking structures;
- Redevelopment of a privately-owned 21-acre site located south of Pier 70, to potentially include the construction of residential, life and sciences, office developments, and a hotel. This represents the Potrero Power Station mixed-use development;
- The construction of an automobile import/export terminal at Pier 80; and,
- Development of a cargo terminal at Pier 90 to facilitate the export of iron ore mining products.

Mission Bay, a 303-acre redevelopment area located just north of AT&T Park, is the city's largest raw land development project and is being promoted as the future headquarters to the world's biotechnology industry. When fully complete, the project could potentially include 6,000 housing units (including 1,700 designated affordable units), 4.4 million square feet of commercial space, a 2.65 million square foot UCSF research campus, a UCSF hospital complex (which opened its first phase in February), 500,000 square feet of retail space, a 250-room hotel, 41 acres of open space, a 500-student public school, a public library, a new fire and police station, and other community facilities. Mission Bay is expected to create more than 30,000 new jobs. Development began in 2000 and will take place over 20 to 30 years, and is expected to cost in excess of \$4 billion.

The ongoing development of Mission Bay has led to the revitalization of the nearby Rincon Hill and Dogpatch neighborhoods. A 49-story, 298-unit residential development at One Rincon Hill opened in 2014 as a companion to an existing 64-story, 390-unit tower. In addition, over 1,500 housing units are proposed or under construction in the Dogpatch area.

The Golden State Warriors basketball team is relocating from Oakland to San Francisco, and has begun construction on a privately funded \$800 million arena. This arena, the Chase Center, is located in Mission Bay on a 12-acre site bounded by South Street, Terry Francois Boulevard, 16th Street, and 3rd Street. The 18,000-seat structure will include a view deck and two public plazas, and represents another indoor venue for the city with ability to host approximately 220 events, annually. Completion is slated for the start of the 2019-20 NBA season.

Redevelopment of the Transbay Terminal in San Francisco's SoMa neighborhood began in December 2008. This \$4.5 billion transportation and housing project will replace the current Transbay Terminal at First and Mission Streets with a modern regional transit hub connecting eight Bay Area counties through 11 transit systems. The project will consist of three elements: replacing the existing terminal; extending CalTrain and the California High Speed Rail underground; and creating a new neighborhood with homes, hotels, offices, parks, and shops surrounding the new Transit Center. The center could potentially include the construction of over six million square feet of new office space, 4,400 units of new housing (1,200 of which will be affordable), 100,000 square feet of new retail, 1,000 new hotel rooms, a 1,070-foot Salesforce Tower, and 11 acres of

public parks. Once completed, the new Transit Center will accommodate over 100,000 passengers each weekday and up to 45 million people per year. Construction is scheduled to be complete in 2018.

The Central Subway Project will improve public transportation in San Francisco by extending the Muni Metro T Third Line to provide a direct transit link between the Bayshore and Mission Bay areas to SoMa, downtown San Francisco, and Chinatown. When the Central Subway is completed, T Third Line trains will travel mostly underground from the 4th Street Caltrain Station to Chinatown, bypassing heavy traffic on congested 4th Street and Stockton Street. Four new stations will be built along the 1.7-mile alignment: 1) 4th and Brannan Station, 2) Yerba Buena/Moscone Station (4th and Folsom Streets), 3) Union Square/Market Street Station (Stockton Street at Union Square), and 4) Chinatown Station (Stockton and Washington Streets). Construction is underway and the project is scheduled for completion in 2019.

Treasure Island, a former naval base, is currently in the early planning stages of conversion to civilian use and incorporation into the jurisdiction of San Francisco. Current plans for the \$1.5 billion project include the development of approximately 8,000 residential units, 235,000 square feet of retail space, up to 500 hotel rooms, a marina, and a ferry terminal. Additional developments may include an organic farm, wind farm, parkland, and tidal marshes. While the project has been mired in lawsuits, we understand that the project is proceeding though the private developers still need approval for each sub-phase of the project.

San Francisco has long been known for its art and culture and is the home to a diverse selection of museums, many of which have undergone expansions or renovations in recent years. Most notable is the San Francisco Museum of Modern Art ("SFMOMA"), which closed in June 2013 to undergo a \$295 million expansion to triple the amount of gallery space and reopened in May 2016.

The Hunters Point Shipyard, a former naval base, is a master-planned community of approximately 500 acres. A two-phase development program is planned for the area: Phase I is underway and upon completion will include the construction of 1,600 homes (27 to 40 of which will be affordable) and 26 acres of open space. Phase II provides for an additional 10,500 new housing units (32 percent of which will be affordable) and over three million square feet of research and development uses centered around green and clean technology uses. Phases I and II will generate hundreds of new construction jobs each year, and ultimately will create over 10,000 permanent jobs. The redevelopment project is projected to take seven years and \$15 billion to complete.

One of the fastest growing neighborhoods in San Francisco is Mid-Market, which generally refers to the area bordered by Market, 5th, Mission, and 9th Streets. Approximately 35 projects are currently in varying stages of development in and around this fast-growing area, including multi-family residential, retail, office developments, and several boutique hotels.

Transportation: San Francisco has a well-developed transportation system with sophisticated air, highway, rail, trucking, and water infrastructure. Each is discussed in the paragraphs below.

The San Francisco International Airport (“SFO”) is located approximately 15 miles south of San Francisco between the cities of South San Francisco and Millbrae. Passenger volume has increased steadily since 2004, aided by the expansion of services by Southwest Airlines and Virgin America in 2008. Overall, passenger traffic has increased dramatically since 1995, with 2016 representing the strongest year in terms of passenger counts. In 2016, SFO served over 53 million inbound and outbound passengers; a 6.1 percent increase over 2015 passenger traffic. Through year-to-date November 2017, total passenger traffic increased 4.9 percent over prior year levels.

A \$383 million renovation of Terminal 2 was completed in April 2011 that included a new control tower, the use of green materials, and a seismic retrofit. The newly-renovated terminal features permanent art installations from Janet Echelman, Kendall Buster, Norie Sato, Charles Sowers, and Walter Kitundu. Terminal 2 set accolades by being the first U.S. airport to achieve LEED Gold status. It is home to Virgin America and American Airlines, who share the 14-gate common-use facility. Additional airports that service the San Francisco Bay Area include the Oakland International Airport approximately ten miles east, and the San Jose International Airport approximately 40 miles south.

SFO began the renovation of Terminal 1, one of its oldest terminals, to meet the needs of modern travelers. When fully completed in 2024, T1 will elevate SFO’s standard of providing a world-class, environmentally friendly travel experience and is expected to meet or exceed the award-winning standards of Terminal 2 and Terminal 3 boarding areas. The \$2.4 billion project will include:

- Design and construction of Terminal 1’s north, south, and central areas.
- A new boarding area with improved passenger circulation and access to its 24 gates, new passenger loading bridges, and new concessions.
- A refreshed boarding area C.
- A new central area with improved spaces for passenger check-in, a consolidated security checkpoint, a re-composure area, a new common use baggage handling system and baggage claims, and a new mezzanine with connections to the AirTran, and the Central Parking Garage.

A number of additional construction projects are currently planned for SFO over the next few years, totaling more than \$755 million. Major projects include the renovation and expansion of Terminal 3 and construction of a new Air Traffic Control Tower. Additionally, a new 351-room Grand Hyatt Hotel is currently under construction at the entrance of SFO with an expected completion date in mid-2019.

The major highways in and out of the city include Interstates 80 and 280 and Highways 1 and 101. Interstate 80 connects with the Bay Bridge and Oakland, and Highway 101 connects with the

Golden Gate Bridge and Marin County. Bay Area Rapid Transit (“BART”), a high-speed rail system, is a major commuter transportation system that links 43 stations in the Counties of Alameda, Contra Costa, San Mateo, and San Francisco. BART has had a tremendous impact on the Bay Area, transporting approximately 127 million passengers annually and, thus, facilitating the region’s commercial and residential growth. The CalTrain system provides commuter rail service to Peninsula cities from San Francisco to Gilroy, and the MUNI light rail and bus systems facilitate transportation throughout the city.

Conclusion: While San Francisco was negatively impacted by the last recession in 2008 and 2009, the City rebounded quickly due to its economic diversity and knowledge-based employment. Furthermore, San Francisco’s tourism industry is projected to remain healthy given its world-renowned reputation, ongoing improvements, and easy accessibility. Additionally, with the expansion of the Moscone Center scheduled for completion in late 2018, the estimated number of convention attendees beginning in 2019 are reaching levels well beyond the center’s targeted pace. As such, we are of the opinion that local demographic and economic conditions will continue to facilitate demand for the San Francisco hotel market.

E. HOTEL MARKET ANALYSIS

1. NATIONAL LODGING MARKET

In addition to our advisory and valuation group, our Firm contains a research division, CBRE Hotels' Americas Research ("CBRE Hotels' Research"). CBRE Hotels' Research owns the database for Trends® in the Hotel Industry, the statistical review of U.S. hotel operations, which first appeared in 1935 and has been published every year since. Beginning in 2007, CBRE Hotels' Research unveiled its powerful Hotel Horizons®, an economics-based hotel forecasting model that projects five years of supply, demand, occupancy, ADR, and revenue per available room ("RevPAR") for the U.S. lodging industry with a high degree of accuracy. Hotel Horizons® reports are published on a quarterly basis for 60 markets and six national chain-scales.

Based on the *December 2017 – February 2018 National Edition of Hotel Horizons®*, revenue per available room ("RevPAR") for the U.S. lodging market grew by 6.7 percent in 2012, 5.2 percent in 2013, 8.2 percent in 2014, 6.1 percent in 2015, and 3.2 percent in 2016. For the following three years (2017, 2018, and 2019), the overall U.S. lodging market is projected to achieve lower RevPAR growth rates of 2.9 percent, 2.5 percent, and 1.8 percent, respectively, with ADR gains leading these increases. Occupancy is projected to remain above the long-term average through 2021 at approximately 65 percent. Generally speaking, we are in the last third of the current lodging cycle whereby supply growth is beginning to outpace demand growth leading to a lowering of occupancy and subsequent reduction in ADR growth rates.

2. SAN FRANCISCO OVERVIEW

Of the total 33,982 hotel rooms in San Francisco recorded by the San Francisco Convention and Visitors Bureau, we have categorized hotels totaling 25,191 available rooms as representing the city's primary hotel supply as of year-end 2016. The remaining 8,791 rooms (33,982 – 25,191 = 8,791) consist of small, limited-service motels and "residential" hotels. The primary hotel supply can generally be categorized into five lodging products or classifications: luxury, first-class/convention, boutique, middle-market, and limited-service. These hotels are generally located within five primary lodging sectors: Union Square/Moscone, Nob Hill, the Financial District, Fisherman's Wharf, and Civic Center/Van Ness Corridor. While these are distinct areas with their own supply and demand dynamics, there is often some market area overlap.

Luxury Hotels provide extensive and personalized services along with high-quality furnishings, superior food and beverage facilities, and extensive, varied guest amenities. The emphasis on personalized guest services results in a high employee-to-guest ratio, an intimate atmosphere, and high room rates. These properties provide meeting and banquet space; however, the emphasis is on catering to small meetings of less price-sensitive, top-level professionals and executives.

Large First-Class/Convention Hotels have guest services, amenities, and product quality designed to appeal to middle and high-income convention and individual travelers. These are medium to large properties which offer high quality but less personalized service than luxury hotels. First-class

hotels usually offer a variety of food and beverage facilities at varying price ranges. In San Francisco, they are located near the Moscone Convention Center, Financial District, or various tourist attractions. Meeting facilities are provided to accommodate the group and convention segment needs. Many first-class hotels provide designated floors with special services for the upscale executive traveler. Generally, these hotels are newer or well-maintained older properties. Room rates typically fall between luxury room rates and the citywide ADR.

Boutique and Lifestyle Upscale Hotels are typically older buildings, ranging in size from 80 to 200 rooms. The majority of these hotels have been fully renovated within the last ten to 15 years. Because renovation or conversion of an existing hotel or office building is generally less expensive than building a new facility, these properties are able to offer below-market room rates for a high-quality product. In San Francisco, boutique and lifestyle hotels have developed a significant market presence, competing with the full-service hotels for the commercial and leisure traveler predominately and for group demand to a lesser extent. They tend to have limited meeting space and small public areas, and have eliminated expensive overhead such as extensive food and beverage facilities. A number of boutique hotels do, however, have “signature” restaurants on-premises that are marketed independently of the hotel and have achieved a high level of recognition for quality and uniqueness. Lastly, there have been a number of new nationally affiliated hotels that have entered the San Francisco market over the last several years that also fall into this category.

Middle-Market Hotels appeal to the middle-income individual and family traveler. Tour operators primarily book these hotels because they offer a good compromise among service, product quality, and room rate. Guest service is usually good, but with few frills. Food and beverage facilities are limited and more economical than in first-class hotels. Room rates are typically similar to the citywide average. The proposed Hotel falls within this category.

Limited-Service, Midscale and Economy Hotels generally range in size from 30 to 150 rooms. These properties offer room rates at the lower end of the scale and commonly do not offer on-premise food and beverage facilities or recreational components. This lodging product type is located outside of the more highly trafficked areas such as the Financial District or Union Square, and is instead proximate to the Civic Center, SoMa, and Lombard Street. This product-type generally does not compete, directly or indirectly, with the four other lodging products discussed.

3. PRIMARY LODGING SECTORS

The five primary lodging sectors in San Francisco are: 1) Union Square/Moscone/SoMa; 2) Nob Hill; 3) the Financial District and South Financial District; 4) Fisherman's Wharf; and 5) Civic Center/Van Ness Corridor. While these are distinct areas with their own supply and demand dynamics, there is often some market area overlap. The map below indicates the general location of these sectors within San Francisco. It should be noted that the proposed Subject is located in the Union Square/Moscone/SoMa lodging submarket.

THE CITY OF SAN FRANCISCO – PRIMARY LODGING SECTORS



Source: CBRE Hotels, Consulting

Union Square/Moscone/SoMa: This sector's location makes it attractive to most lodging demand, as Union Square is proximate to the Financial District and the Moscone Convention Center. Union Square is one of the nation's most prestigious retail districts, continually attracting new retail shops and expanding its existing stores. Westfield San Francisco Centre is the largest shopping center in this district, as well as one of the largest in the country. This general area also includes the growing SoMa district, The Transbay District and the Museum of Modern Art, Yerba Buena Gardens, the Sony Metreon, and AT&T Park and Mission Bay is easily accessible from this sector.

Union Square contains the city's largest supply of hotel rooms and attracts a mix of commercial, leisure, and group travelers. This sector has benefited from the completion of Moscone West in 2003 and will benefit further from the Center's upcoming expansion. The Subject will be located in this submarket.

Nob Hill: This lodging sector has the most prestigious location in the city, with luxury properties including the Ritz-Carlton, Stanford Court, Fairmont Hotel, and the Mark Hopkins-InterContinental.

However, it is also the smallest of the lodging sectors in terms of number of properties and number of guestrooms. The Ritz-Carlton, which opened in 1991, was the first addition to this sector's supply since the mid-1970s. Typical guests are upper-income corporate and leisure travelers, as well as the high-end group market.

Historically, this sector has commanded the highest ADR in the city, but with below-average occupancy. This is due to the higher cost of the hotel rooms and to their somewhat removed, hilltop location.

Financial and South Financial District: The major demand generator for the Financial District lodging sector is the high-density office population located within the area, both north and south of Market Street. The north is comprised of more traditional professional services firms while the south of market financial district is comprised of a higher concentration of technology companies. Typical guests in this sector are middle to high-income business, professional, and group travelers. Hotels in this neighborhood attract primarily commercial visitors due to their location. They experience their highest demand on weekdays, and obtain above-average occupancy and ADRs.

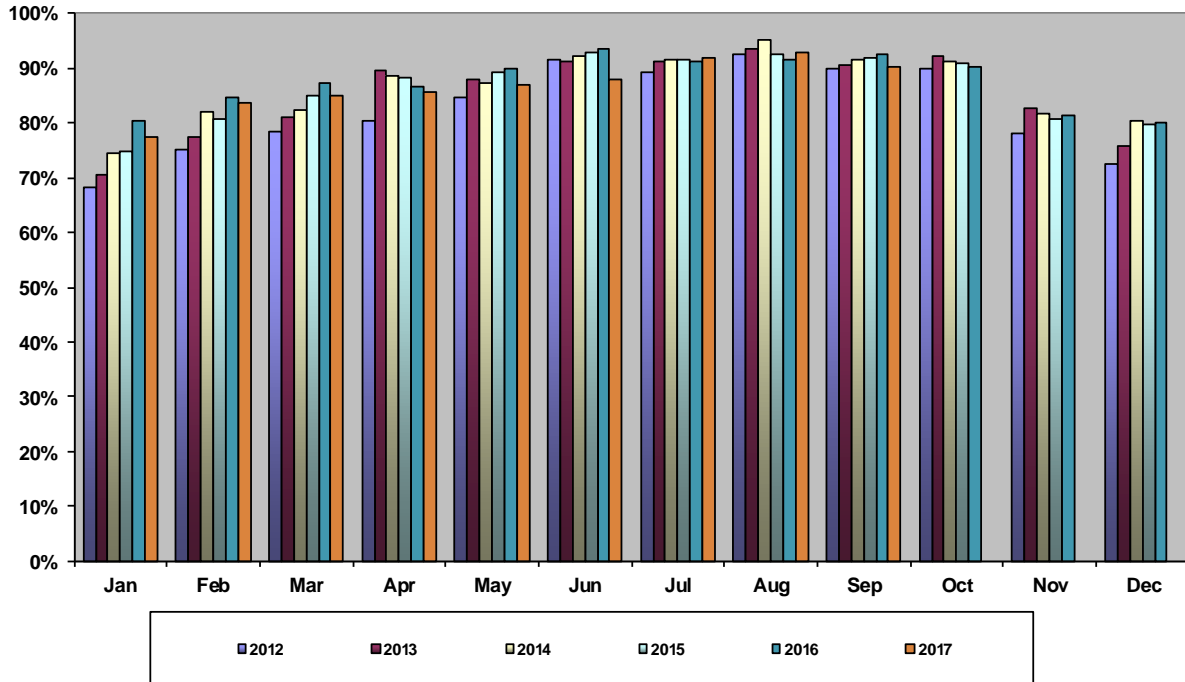
Fisherman's Wharf: This area is considered to be one of the top tourist attractions in Northern California. Its hotels are designed and oriented primarily to service middle-income families visiting San Francisco. However, given its proximity to the Financial District, the hotels attract a secondary share of business travelers. Most of the major U.S. lodging chains are represented in this sector by their respective mid-level products such as Hilton, Holiday Inn, Hyatt Centric, Marriott, and Sheraton. Furthermore, this sector is family-friendly due to its convenience, price point, and proximity to venues and attractions. Consequently, families visiting San Francisco perceive a more casual and comfortable ambiance in the Fisherman's Wharf lodging sector as opposed to Nob Hill, Union Square, or the Financial District. Historically, this sector has achieved the highest occupancy of all the city's sectors. ADR, on the other hand, is typically below the overall average.

Civic Center/Van Ness Corridor: This lodging sector stretches along Van Ness Avenue, reaching south from the San Francisco Civic Center into SoMa, north to Fisherman's Wharf, and along Lombard Street into the Cow Hollow area. This lodging sector caters to the more price-sensitive visitors to San Francisco, as well as state and federal government employees. Historically, its composite occupancy and ADR tends to be the lowest of the five lodging sectors.

4. SEASONALITY OF DEMAND

The seasonality of demand in San Francisco is largely tied to leisure travel as well as the convention calendar. Presented in the following table is a graph summarizing the city's occupancy by month for the past five calendar years and through year-to-date September 2017.

THE CITY OF SAN FRANCISCO - OCCUPANCY BY MONTH



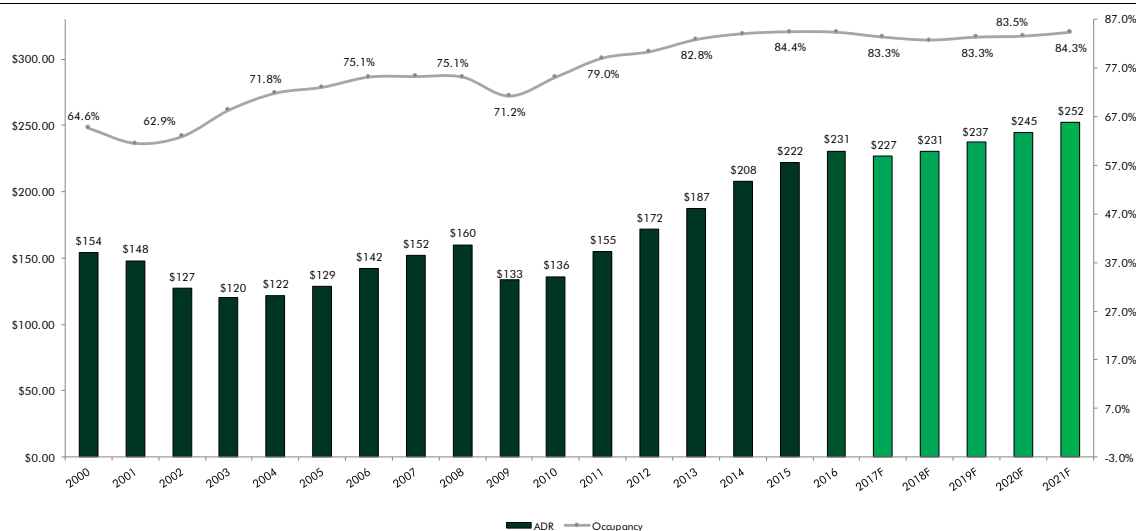
Source: CBRE Hotels, Consulting

As noted, San Francisco hotels run a high occupancy year-round. However, the summer and fall months of June, July, August, September, and October are generally the strongest due to the seasonal increase of leisure travelers in the summer and to the high volume of conventioners in the fall. March, April, and May are also strong months due to convention activity. January, February, November, and December are the slowest months, as both commercial and leisure travel declines during the holiday season. However, occupancy during these months still well exceeds national averages.

5. HISTORICAL PERFORMANCE

Presented in the chart on the following page is a summary of the historical performance of the overall San Francisco MSA lodging market from 2000 through 2016, along with performance projections through 2021. This historical and projected future performance is compiled by CBRE Hotels, Americas Research. It should be noted that the historical and projected performance of the San Francisco MSA market includes hotels located in San Francisco, San Mateo, and Marin Counties.

**SAN FRANCISCO MSA LODGING MARKET
HISTORICAL AND PROJECTED OCCUPANCY AND RATE PERFORMANCE**



Source: CBRE Hotels, Consulting and STR, Inc.

Occupancy has historically been strong for the San Francisco MSA lodging market, averaging 74.6 percent and ranging from a low of 61.5 percent in 2001 to a high of 84.3 percent in 2016. With occupancy levels this high, the MSA generated a significant amount of unsatisfied demand, or demand that was turned away to other Bay Area markets due to the limited supply growth during those years. This high demand allowed hotel managers to significantly increase room rates. Between 2012 and 2016, the San Francisco MSA achieved rate growth ranging between approximately 3.9 and 11.1 percent per year, resulting in a year-end 2016 ADR of approximately \$231. It should be noted that hotels within the City of San Francisco achieve a premium in ADR over the markets comprising the San Francisco MSA, as well as an overall higher occupancy level.

According to the December 2017-February 2018 San Francisco MSA Edition of Hotel Horizons®, between 2017 and 2021, occupancy is projected to decrease from the 2016 level of 84 percent to approximately 83 percent, which is still above the long-run average of 73.8 percent. The decline in occupancy is attributable to disruptions from the expansion of the Moscone Center as well as hotel additions throughout the Bay Area. The 2017 ADR is projected to decline 1.8%, however the ADR is forecasted to grow 1.7%, 2.9% and 3.1% in 2018, 2019, and 2020, respectively. This rate of growth results in a year-end 2020 ADR of approximately \$245, which is the highest ADR level recorded for the San Francisco MSA.

Lastly, it should be noted that the City of San Francisco is generally regarded as one of the strongest lodging markets in the United States, achieving record occupancy levels and extraordinary average rate growth with relatively few projected additions to supply. In fact, lodging demand is forecast to remain so strong that the City of San Francisco has a significant undersupply of new rooms in the development pipeline, ensuring strong levels of occupancy, even during the downturns in normal economic cycles.

6. CHANGES TO SUPPLY

The strength of the local San Francisco hotel market in the late 1990s resulted in the planning and development of numerous hotel projects, which have included building conversions, renovations, and new construction on sites throughout the city. However, as a result of the economic downturn in the early 2000s coupled with high construction costs, only nine hotels (with a total of 1,747 rooms) have opened in San Francisco since 2005. The most recent additions are the 159-room Hotel Via (June 2017) and the 131-room San Francisco Proper (conversion from the former Renoir Hotel) which opened in September 2017. Five hotels are currently under construction, 26 hotels have been proposed, and nine hotels are slated for conversions. We have provided a summary of these projects in the table on the following page.

NEW AND UPDATED HOTEL SUPPLY - SAN FRANCISCO, CA			
No.	Project Name	Address	Room Count
Under Construction			
1	Virgin Hotel	250 4th Street	215
2	Yotel	1095 Market Street	203
3	Building 105 Hotel	The Presidio	42
4	Hyatt Place	701 3rd Street	228
5	Waldorf Astoria	50 First Street	171
Subtotal:			859
Planning			
6	Standard Hotel	950-974 Market Street	212
7	Langham Place San Francisco	555 Howard Street	255
8	Hotel SoMa	690 5th Street	75
9	Marriott	1000 Channel Street	250
10	Unnamed Hotel	439 Washington Street	189
11	Marriott-Branded Hotel (TBD)	1196 Columbus Avenue	65
12	Unnamed Hotel	1055 Market Street	155
13	citizenM Hotel	72 Ellis Street	184
14	Unnamed Hotel	5 3rd Street	170
15	Unnamed Hotel	1125 Market Street	225
16	Teatro ZinZanni Hotel	Embarcadero & Broadway	180
17	Cort Furniture Building	447 Battery Street	144
18	F4 Hotel	542-500 Howard Street	220
19	AC Hotel Union Square	425 Mason Street	77
20	Unnamed Hotel	996 Mission Street	105
21	Unnamed Hotel	One Montgomery Street	234
22	SoMa 2nd Street Hotel (proposed Subject)	350 2nd Street	294
23	SoMa 5th Hotel & Residence	300 5th Street	120
24	citizenM SF Central SoMa Hotel	816 Folsom Street	218
25	Unnamed Hotel	1025 Howard Street	170
26	Unnamed Hotel	400 Bay Street	15
27	Unnamed Hotel	400 2nd Street	300
28	SoMa 5th Street Hotel	399 5th Street	197
29	Tehama SoMa Hotel & Residence	48 Tehama Street	120
30	Ensimore Hotel	424 Brannan Street	240
31	Potrero Hotel San Francisco	420 23rd Street	180
Subtotal:			4,594
Conversions			
32	New Central Hotel	1412 Market Street	120
33	Hotel Des Arts	447 Bush Street	52
34	Mithila Hotel	972 Sutter Street	30
35	Union Square Plaza Hotel	432 Geary Street	69
36	Mosser Hotel	140 Ellis Street	69
37	Grove Street Hotel (Days Inn Hotel)	465 Grove Street	143
38	Pacific Heights Inn	1555 Union Street	100
39	Expansion of Existing Holiday Inn FW	1300 Columbus Avenue	174
40	Expansion of Courtyard Downtown	299 2nd Street	14
Subtotal:			771
Grand Total:			6,224

As summarized in the table above, there are currently five hotels under construction, totaling 859 rooms. In addition to these five hotels, 4,594 new rooms have been proposed throughout San Francisco. Other hotels have been discussed as part of the master plan for various large-scale development projects throughout the city (i.e. Treasure Island); however, no developer has been selected and no programming has been approved. As such, we have not included any hotels proposed as part of these large-scale developments in our analysis.

Nine properties (Projects 32-40) are slated to undergo conversions/expansions.

A brief summary of each project is presented in the following paragraphs. It should be noted that the new hotel supply landscape is constantly evolving as projects are added, abandoned, or changed on a frequent basis. Accordingly, the descriptions and understanding of the supply additions presented herein is based upon our market research as of the date of this report.

1. 250 4th St: An 11-story, 215-room Virgin Hotel is being developed by Developer Jay Singh. The Virgin Hotel will have a restaurant and a bar/lounge and is scheduled to open in the Spring 2018.
2. 1095 Market St: A historic building in the Mid-Market neighborhood is being converted into a 200-room Yotel. This project is currently scheduled to open in Q1 2018.
3. The Presidio: Presidio Trust is in the process of converting an existing building (Building 105) into a 42-room hotel to open in mid-2018.
4. 701 3rd St: Stonebridge Corporation is developing a 228-room, 11-story Hyatt Place hotel on a 13,750-acre site. The hotel is projected to open in Q3 2018.
5. 50 First Street: A 171-room Waldorf Astoria hotel has been proposed for the first 21 floors of the two million square foot mixed-use tower known as the Oceanwide Center at 1st and Mission Street. The project is being developed by Oceanwide Holdings and will include over 1.0 million square feet of office space, 265 residential condominium units and the 171-room hotel. This mixed-use project has commenced construction with an expected opening in 2021.
6. 950-974 Market St: This project, planned to be a Standard Hotel, is being developed by Mid-Market Center, LLC and the architect is Bjarke Ingels Group. The 212-room hotel will be constructed as part of a mixed-use development which will include 250 condominium units and retail. It is projected that the hotel will open in 2019.
7. 555 Howard Street: A 255-room hotel has been proposed at this location as part of a 36-story tower. The building would be split between a 255-room hotel and 69 residential units and would be located across from the new Transbay Transit Center. The project is a joint venture between SKS Investments and Pacific Eagle Holdings and will be branded as a Langham Hotel.
8. 690 5th St: Townsend Associates, LLC has plans to demolish an existing office building and construct the 75-room Hotel SoMa with a 5,000-square-foot café.

9. 1000 Channel St: This three-acre site, known as Block 1, will be developed by the Strada Investment Group and Stanford Hotels Corporation into a \$220 million hotel and residential complex. The hotel portion will encompass an estimated 250 rooms and 15 floors. The developer does not have a definitive start date for construction, but plans on opening in two to three years. It will be branded as a full-service Marriott.
10. 439 Washington St: A group called Peninsular Realty, LLC has submitted plans for a 189-room hotel with ground floor retail at 439 Washington Street. This project would demolish an existing two-story office and retail building to make way for the 22-story hotel.
11. 1196 Columbus Ave: J Street Hospitality is planning to develop a 75-room Marriott-branded hotel in the Fisherman's Wharf neighborhood. This project is currently scheduled to open in late 2019.
12. 1055 Market St: G and M Hospitality (the developers of the Hampton Inn) have plans to demolish the Kaplan's Surplus store and construct a 10-story hotel with 155 rooms and ground floor retail.
13. 72 Ellis St: Plans have been extended by the city for demolition of an existing parking lot and the construction of an 11-story, 184-room hotel with ground floor retail. This project will be branded a citizenM Hotel.
14. 5 3rd Street: Hearst Corporation and JMA Ventures are planning to convert the historic Hearst Building to a 130-room hotel. The estimated opening date is mid-2020.
15. 1125 Market St: A 225-room hotel is currently in the early planning stages at this site in the Mid-Market area of San Francisco. The property is owned by Pacific Eagle Holdings Corp. and reportedly will be an Eaton Workshop Hotel, affiliated with Langham Hospitality Group.
16. Embarcadero & Broadway: A 180-room boutique hotel is proposed as part of a mixed-use development that will also include the Teatro ZinZanni Dinner Theatre.
17. 447 Battery St: A new 144-room hotel is being proposed for the Financial District in what is now the Cort Furniture building at 447 Battery Street. The building will rise 198 feet for 18 stories and will include ground level retail, nine residential units, the hotel and residential lobby, and parking underneath the structure.
18. 560 Howard Street: A mixed-use development to include 300,000 square feet of office space, 400,000 square feet of residential space, 100 square feet of shared amenity space, and a 220-room hotel (the proposed Subject). This project is located adjacent to the Transbay Terminal Center, and is being developed by F4 Transbay Partners, LLC, which is a joint venture between Urban Pacific Development, LLC and Hines. The estimated opening date is Q1 2022.
19. 425 Mason Street: SVWC Building, LLC is planning to develop a 77-room AC Hotel in Union Square through adaptive reuse of an existing vacant office building. Plans for the conversion of the building were submitted to the City of San Francisco in May 2016.

20. 996 Mission Street: San Francisco real estate investor Dipak Patel has proposed an eight-story hotel at the corner of 6th and Mission streets in San Francisco's SoMa neighborhood. The site is currently developed with a two-story building containing ground floor commercial space and 29 residential hotel units. The proposed hotel would contain ground floor commercial space, 75 transient guestrooms and 30 residential hotel rooms (105 total rooms). Plans are currently under review by the City of San Francisco.
21. One Montgomery Street: 601W Cos. has proposed a development plan that would preserve and renovate the current two-story property at One Montgomery Street. The property was built in 1908 and is currently occupied by Wells Fargo & Co. A preliminary application has been filed for roughly a 266,260-square-foot building that would rise 500 feet and contain 35 stories. Three possible plans have been filed with various mixes of hotel and residential uses. The uses include 1) 234 hotel rooms and five market rate residential units, 2) 152 hotel rooms and 23 market-rate residential units, and 3) 52 market-rate residential units with no hotel rooms.
22. 350 2nd Street (proposed Subject): A partnership led by Ken Finklestein of Englewood, LLC is planning a 294-room hotel in San Francisco's SoMa district. The proposed site is a half-acre parking lot located across from the two-tower, 303 Second Street office complex. The preliminary completion date is July 1, 2020.
23. 300 5th Street: The owner of a South of Market gas station has filed plans to raze the business and replace it with a mixed-use building. Plans submitted to the City of San Francisco at the beginning of October 2016 show an eight-story building with 120 hotel rooms and five residential units on the top floor. In addition, the hotel will include a breakfast room, a bar located on the ground floor, and 1,300 square feet of retail space. The preliminary completion date is mid-2020.
24. 816 Folsom Street: citizenM Hotels has proposed to develop a 218-room hotel on this site formerly occupied by Restaurant LuLu.
25. 1025 Howard Street: Developer David O'Keefe has submitted plans for development of a 170-room hotel on the 0.3-acre site. The site is currently improved with an 18,000-square-foot one-story building.
26. 400 Bay Street: An unnamed hotel containing 15 rooms has been proposed at this site.
27. 400 2nd Street: An unnamed hotel containing 300 rooms has been proposed at this site.
28. 399 Fifth Street: A 197-room hotel is proposed for the corner site of 5th and Harrison which is currently occupied by All Star Donuts.
29. 48 Tehama Street: San Francisco developer Erik Robbins is planning a 120-room hotel and residential building near the Transbay Transit Center. The proposed project involves a two-story vertical addition to an existing, four-story building and construction of an adjoining 29-

- story tower on an adjoining parking lot. Plans were submitted in 2016 and are currently under review.
30. 424 Brannan Street: Ennsimore Capital is planning a hotel with approximately 240 rooms in SoMa. The London-based developer submitted preliminary plans to the City of San Francisco in September 2017 for an eight-story hotel on a half-acre parking lot in the China Basin neighborhood. Ennsimore Capital will likely put its Hoxton brand on this hotel. The estimated completion date is Q4 2020.
 31. 420 23rd Street: Associate Capital, a recently formed investment firm associated with Hewlett Packard CEO Meg Whitman, is planning to redevelop a 29-acre former power generating site fronting San Francisco Bay. The proposed development, for which preliminary plans were recently submitted, includes close to 2,700 residential units, 600,000 sq. ft. of office space, 107,000 sq. ft. of retail, and a 220-room hotel. The plans show the hotel on the waterfront attached to an adaptively reused power plant control room. Associate Capital purchased the eastern, 20.5 acres of the site in September 2016 for \$86 million. The rest of the site is under negotiation.
 32. 1412 Market St: The New Central Hotel is located at 1412 Market Street in the Mid-Market District. This four-story hotel features 105 tourist and 15 residential guestrooms, for a total of 120 rooms. It is currently closed to occupants in order to undergo a renovation prior to re-opening as a budget transient-only hotel. The renovation began in May of 2015; however, we were unable to verify when the hotel will reopen.
 33. 447 Bush St: The Hotel Des Arts is a budget boutique hotel located at 447 Bush Street in the western edge of San Francisco's Financial District. This property consists of 13 tourist and 38 residential rooms, for 51 total guestrooms. However, one additional room will be added to inventory, increasing the property's total size to 52 rooms.
 34. 972 Sutter St: The Mithila Hotel is a budget boutique hotel located in the Lower Nob Hill District at 972 Sutter Street. This property features 11 transient and 19 residential guestrooms, for a total of 30 rooms. It consists of four floors: its first floor features approximately 3,000 square feet of retail space, and its upper three floors have the hotel guestrooms.
 35. 432 Geary St: The Union Square Plaza Hotel is a transient/residential hotel in the Mid-Market district which has eight transient rooms and 61 tourist rooms. It is set to undergo a renovation to be converted into a 69-room transient-only property.
 36. 140 Ellis St: This 69-room residential hotel will undergo an extensive renovation in order to convert into a transient-only property. We have assumed that this project will be complete by 2020.
 37. 465 Grove Street: The owner of the Days Inn San Francisco Downtown is planning to redevelop the site with a four-story, 143-room hotel. The Days Inn site would be combined with an adjacent 1,750 square foot parcel currently developed with a two-story duplex. The

existing hotel was constructed in 1960 and contains 47 guestrooms. The project is in very early planning stages.

38. 1555 Union Street: The owner of the Pacific Heights Inn is planning to redevelop the site with a 100-room Fairfield Inn & Suites. The project is currently under review by the city.

39. 1300 Columbus Avenue: The Holiday Inn Fisherman’s Wharf will undergo a 174-room expansion, bringing its total room count to 516. The estimated completion date is 2020.

40. 299 2nd Street: The Courtyard Downtown San Francisco is currently undergoing a comprehensive \$30 million renovation and once completed in December 2019, the hotel will be converted to an Autograph Collection hotel by Marriott.

If all these hotels (including conversions and expansions) were to open by 2022, they would result in a net increase of 6,224 new rooms within the San Francisco market, bringing San Francisco’s total “primary” hotel inventory to 31,415 (2016 total + 2017 new additions + proposed hotels). However, these additions only represent a supply CAGR of approximately 3.7 percent from 2017 to 2022. Meanwhile, demand for rooms in the market is projected to equal or exceed this rate. As demand growth will likely continue at this pace, if not at a stronger rate, the new supply would not likely have a significant impact on occupancy for the overall San Francisco lodging market. In addition, and more importantly, due to the high costs of construction and difficulty of obtaining city approval and financing, it is highly unlikely that most of these projects will come to fruition in the near-term, and with the exception of 2018, supply growth is estimated to actually be less than 1.0 percent per year for the next five years. As such, we are of the opinion that the City of San Francisco will remain under supplied with regard to traditional hotel rooms. We therefore have only included the proposed hotel additions that we believe have a high likelihood of completion and will likely be competitive in varying degrees with the proposed Subject.

For the purpose of this analysis, we have accounted for the annualized additions of the following proposed hotels:

- **Virgin Hotel:** 250 4th Street, 215 rooms, 2Q 2018
- **Hyatt Place SOMA:** 701 3rd Street, 228 rooms, 3Q 2018
- **Courtyard Downtown Expansion:** 292 2nd Street, 14 room, October 2018
- **AC Hotel Union Square:** 425 Mason Street, 77 rooms, 2Q 2019

It should be noted that while Project 9, the proposed 250-room Marriott at 1000 Channel Street, is deemed to be competitive to the proposed Hotel, this project has been excluded from our analysis due to the highly speculative nature of the development.

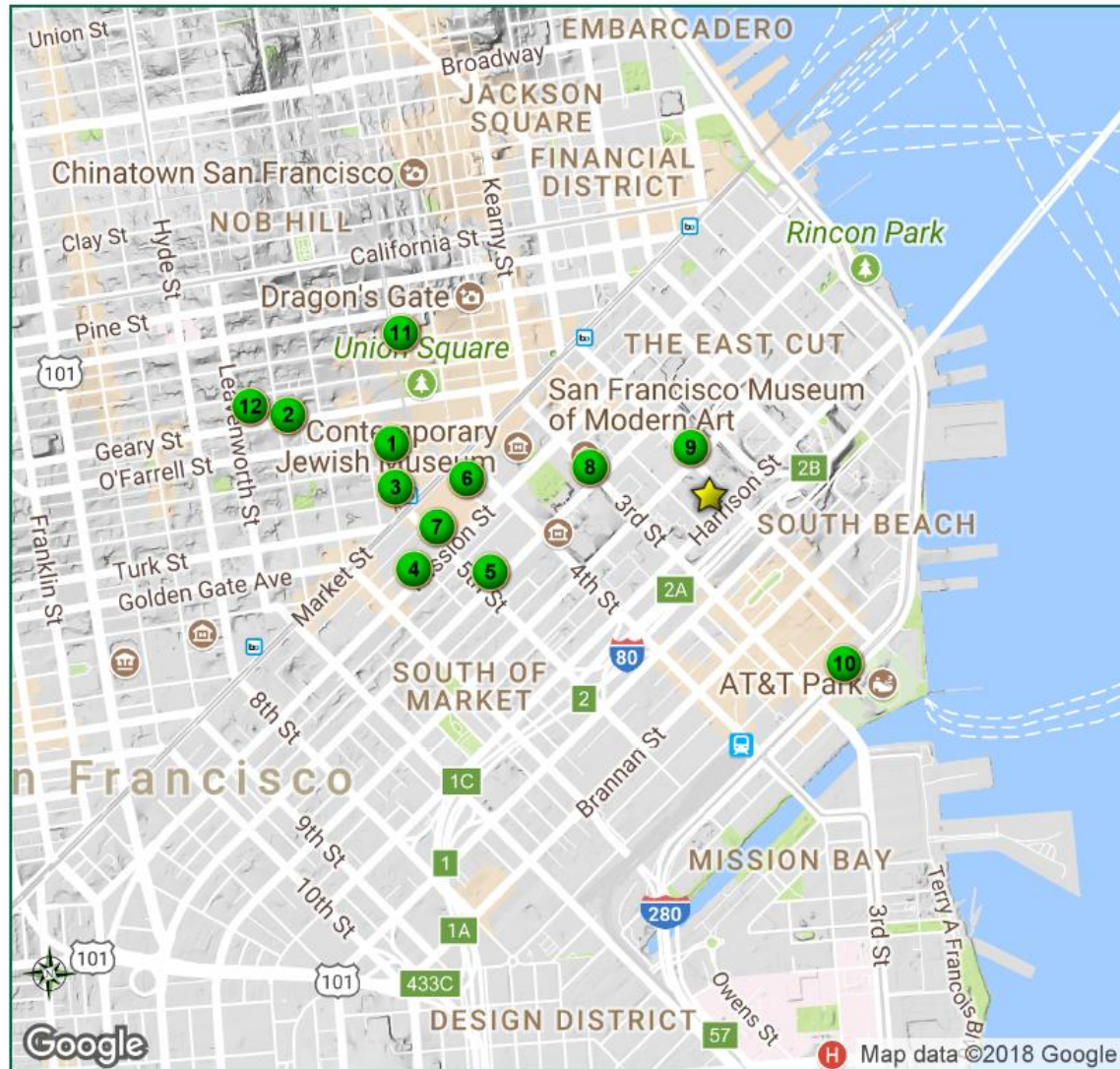
7. COMPETITIVE LODGING MARKET OVERVIEW

Within the San Francisco lodging market, the proposed Subject will compete with similarly-positioned hotels located in and around the SoMa district. Based on our research and understanding of the proposed Hotel, we have identified 12 properties (totaling 2,888 guestrooms) as representing the primary competitive market.

Competitive properties were identified on the basis of location, affiliation, room product offered, guest type, rate structure, and overall quality. A map and tables on the following pages provide a summary of the competitive hotels.

COMPETITIVE MAP

- ★ Subject Site
- ① Holiday Inn Express San Francisco Union Square
- ② Autograph Collection Hotel Adagio
- ③ AXIOM Hotel
- ④ Hampton Inn San Francisco Downtown Convention Center
- ⑤ InterContinental San Francisco
- ⑥ Hotel Zelos
- ⑦ Hotel Zetta
- ⑧ W Hotel San Francisco
- ⑨ Courtyard San Francisco Downtown
- ⑩ Hotel Via
- ⑪ Marriott San Francisco Union Square
- ⑫ Courtyard San Francisco Union Square






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SUMMARY OF HOTELS IN THE PRIMARY COMPETITIVE LODGING MARKET

Property	Holiday Inn Express San Francisco Union Square	Autograph Collection Hotel Adagio	AXIOM Hotel	Hampton Inn San Francisco Downtown Convention Center
				
Address	235 O'Farrell Street	550 Geary Street	28 Cyril Magnin	942 Mission St.
Distance from Subject	0.9 miles	1.1 miles	1.0 mile	0.9 miles
Year Opened	1910	1929	1908	2015
Number of Rooms	59	171	152	174
Affiliation	InterContinental Hotels Group	Marriott International, Inc.	Independent	Hilton Worldwide
Chain Scale	Upper midscale	Upper upscale	Upper upscale	Upper Midscale
Amenities				
Complimentary Breakfast	Yes	No	No	No
Restaurant	No	Yes	Yes	
Recreation	None	Fitness center	Fitness Center	Fitness Center
Meeting Space	None	5,500 SF	1,000 SF	No

SUMMARY OF HOTELS IN THE PRIMARY COMPETITIVE LODGING MARKET

Property	InterContinental San Francisco	Hotel Zelos	Hotel Zetta	W Hotel San Francisco
				
Address	888 Howard St.	12 4 th Street	55 5 th Street	181 3 rd Street
Distance from Subject	0.7 miles	0.7 miles	0.9 miles	0.4 miles
Year Opened	2008	1908	1913	1999
Number of Rooms	550	202	116	404
Affiliation	InterContinental Hotels Group	Urban Retreat Collection	Urban Retreat Collection	Marriott International
Chain Scale	Luxury	Luxury	Luxury	Luxury
Amenities		No	No	Yes
Complimentary Breakfast	Yes			
Restaurant		Yes	Yes	
Recreation	Fitness Center	Fitness center/bicycles	Fitness center/bicycles	Fitness Center
Meeting Space	43,000 SF	5,000 SF	2,760 SF	10,000 SF

SUMMARY OF HOTELS IN THE PRIMARY COMPETITIVE LODGING MARKET				
Property	Courtyard San Francisco Downtown	Hotel Via	Marriott San Francisco Union Square	Courtyard San Francisco Union Square
				
Address	299 2 nd St.	138 King Street	480 Sutter Street	761 Post Street
Distance from Subject	1 block	0.6 miles	0.9 miles	1.2 miles
Year Opened	2001	2017	1971	2015
Number of Rooms	408	159	400	166
Affiliation	Marriott International	Independent	Marriott International, Inc.	Marriott International, Inc.
Chain Scale	Upscale	Luxury	Upper upscale	Upscale
Amenities				
Complimentary Breakfast	Yes	Yes	No	No
Restaurant			Yes	Yes
Recreation	Fitness Center	Fitness Center	Fitness center	Fitness center
Meeting Space	12,150 SF	N/A	9,100 SF	340 SF

8. HISTORICAL PERFORMANCE OF THE COMPETITIVE MARKET

The following table summarizes the historical performance of these fifteen hotels between 2011 and 2016, as well as for year-to-date (“YTD”) November 2017 and 2016.

PROPOSED HOTEL @ 350 2ND STREET									
HISTORICAL PERFORMANCE OF THE COMPETITIVE MARKET									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2011	864,320	-	703,556	-	81.4%	\$204.03	-	\$166.08	-
2012	858,115	-0.7%	705,371	0.3%	82.2%	\$225.62	10.6%	\$185.46	11.7%
2013	863,955	0.7%	740,409	5.0%	85.7%	\$249.02	10.4%	\$213.41	15.1%
2014	868,335	0.5%	761,530	2.9%	87.7%	\$275.55	10.7%	\$241.66	13.2%
2015	867,240	-0.1%	758,835	-0.4%	87.5%	\$293.49	6.5%	\$256.80	6.3%
2016	1,021,635	17.8%	891,887	17.5%	87.3%	\$287.67	-2.0%	\$251.14	-2.2%
CAGR	3.4%	-	4.9%	-	85.3%	7.1%	-	8.6%	-
YTD Nov '16	936,499	-	823,182	-	87.9%	\$293.63	-	\$258.10	-
YTD Nov '17	966,277	3.2%	833,897	1.3%	86.3%	\$288.27	-1.8%	\$248.78	-3.6%

Source: CBRE Hotels, Consulting

- Supply for the competitive market has increased at a compound annual growth rate (“CAGR”) of 3.4 percent between 2011 and 2016. Several of the hotels comprising the competitive market underwent extensive renovations and were repositioned within the local market over the past few years, causing supply to fluctuate. These properties were AXIOM Hotel (formerly Powell Hotel), Hotel Zetta (formerly Milano Hotel), and Hotel Zelos (formerly Hotel Palomar). Additionally, three new hotels were added to the market: the 59-room Holiday Inn Express Union Square (January 2016), the 166-room Courtyard Union Square (September 2015), the 174-room Hampton Inn & Suites Downtown (August 2015). The net supply changes noted from 2011 through 2016 reflect temporary closings of hotels in the competitive market for renovation/conversions as well as the new hotel openings.

One new hotel was added to the competitive market in 2017, the 159-room Hotel Via which opened in June. The annualized addition of this 2017 opening is included in the YTD November 2017 supply.

- Demand for room nights, as measured by occupied rooms, increased at a CAGR of 4.9 percent from 2011 to 2016. Occupancy during this historical period averaged 85.3 percent, ranging from a low of 81.4 percent in 2011 to a high of 87.7 percent in 2014. As noted in 2016, the increase in accommodated demand of 17.5 percent nearly matched the 17.8 percent increase in supply during this time, indicating that unsatisfied demand exists within the market. Through YTD November 2017, accommodated demand increased more moderately by 1.3 percent.
- With hotels operating at such high occupancy levels, operators have been successful in their ability to significantly increase ADR. As shown, ADR has increased at a CAGR of 7.1 percent

since 2011, well above the growth increase in ADR recorded by the national hotel market during this time frame. Between 2011 and 2016, ADR for the competitive market increased nearly \$84. Through YTD November 2017, ADR declined 1.8 percent over prior year levels as hotel operators offered discounted rates to build occupancy in an effort to offset the decrease in convention room nights generated by the Moscone Center.

- RevPAR for the competitive market increased at a CAGR of 7.1 percent over the past six years, increasing by approximately \$85 during the six-year period. Through YTD November 2017, RevPAR declined approximately 3.6 percent over prior year levels due to the aforementioned disruptions from the Moscone Center renovation/expansion.
- The majority of the properties comprising the competitive market receive most of their demand from the transient commercial and leisure market segment. We estimate the demand segmentation of the competitive market is comprised of approximately 75 percent transient commercial and leisure demand and 25 percent group demand. These hotels generally attract travelers who seek convenient access to the SoMa, Union Square, and Mid-Market submarkets of San Francisco.
- As illustrated in the following table, occupancy in the competitive market does exhibit seasonal patterns, albeit modestly. Focusing on the three-year average, the strongest months are the months of June through October when occupancy is in the low 90 percent range. March, April, May and November are shoulder months with occupancy in the mid to high 80 percent range. January, February and December are the slowest months with occupancy in the high 70 to low 80 percent range.

COMPETITIVE MARKET SEASONALITY (MONTHLY)				
Monthly Occupancy	2014	2015	2016	3-Year Avg.
January	75%	82%	81%	79%
February	84%	88%	82%	85%
March	83%	87%	84%	85%
April	91%	89%	86%	89%
May	88%	90%	88%	89%
June	92%	93%	94%	93%
July	92%	92%	90%	91%
August	95%	93%	92%	93%
September	91%	86%	93%	90%
October	91%	90%	92%	91%
November	84%	81%	84%	83%
December	85%	80%	82%	82%
Average	88%	87%	87%	88%

- The chart below illustrates the demand in the competitive market by day of the week. Corporate travel drives demand from Monday through Thursday, with the peak nights achieving occupancy in the 90 percent range. Leisure travel drives demand on Fridays and

Saturdays, with occupancy in the mid to high 80 percent range. Sundays are the slowest day of the week, albeit still very strong with occupancy in the mid to high 70 percent range.

COMPETITIVE MARKET SEASONALITY (WEEKLY)				
Day of Week	TTM 11/15	TTM 11/16	TTM 11/17	3-Year Avg.
Sunday	77%	76%	76%	76%
Monday	88%	87%	85%	86%
Tuesday	92%	92%	90%	91%
Wednesday	92%	93%	91%	92%
Thursday	89%	89%	88%	89%
Friday	87%	85%	84%	85%
Saturday	91%	89%	88%	89%
Average	88%	87%	86%	87%

9. PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET

Presented in the following table is a summary of our occupancy and ADR projections for the competitive market for the years 2017 through 2025, coinciding with the proposed Subject's first five full years of operation. As discussed, we have assumed that the proposed Hotel would be open and available for occupancy by July 1, 2020 and will include 294 guestrooms.

PROPOSED HOTEL - 350 2ND STREET PROJECTED PERFORMANCE OF THE COMPETITIVE MARKET									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2016	1,021,635	17.8%	891,887	17.5%	87%	\$287.67	-2.0%	\$251.14	-2.2%
2017	1,054,120	3.2%	906,500	1.6%	86%	\$282.00	-2.0%	\$242.51	-3.4%
2018	1,135,515	7.7%	966,200	6.6%	85%	\$288.00	2.0%	\$245.06	1.1%
2019	1,242,095	9.4%	1,050,200	8.7%	85%	\$297.00	3.0%	\$251.12	2.5%
2020	1,302,685	4.9%	1,101,700	4.9%	85%	\$306.00	3.0%	\$258.79	3.1%
2021	1,356,340	4.1%	1,159,700	5.3%	86%	\$315.00	3.0%	\$269.33	4.1%
2022	1,356,340	0.0%	1,166,500	0.6%	86%	\$324.00	3.0%	\$278.65	3.5%
2023	1,356,340	0.0%	1,166,500	0.0%	86%	\$334.00	3.0%	\$287.25	3.1%
2024	1,356,340	0.0%	1,166,500	0.0%	86%	\$344.00	3.0%	\$295.85	3.0%
2025	1,356,340	0.0%	1,166,500	0.0%	86%	\$354.00	3.0%	\$304.45	2.9%
CAGR	3.2%	-	3.2%	-	-	2.9%	-	2.9%	-

Note: The annual supply inventory as of 2016 assumes 2,799 available guestrooms. The projected annual supply from 2017 onward assumes the June 2017 opening of the Hotel Via, the May 2018 opening of the Virgin San Francisco, the September 2018 opening of the Hyatt Place SoMa, the October 2018 addition of 14 rooms at the Courtyard Downtown, the April 2019 opening of the AC Hotel Union Square, and the July 2020 opening of the proposed 294-room Subject.

Source: CBRE Hotels, Consulting

- Over time, supply is expected to increase at a moderate growth rate of 3.2 percent from 2017 to 2025 with the largest increases in supply to occur during 2018 and 2019. In 2017, the Hotel Via (150 rooms) entered the market; in 2018, the 215-room Virgin San Francisco and the 228-room Hyatt Place are expected to open along with the addition of 14-rooms to the Courtyard Downtown. The 77-room AC Hotel Union Square is expected

to open in April of 2019. The proposed 294-room Subject has an anticipated opening date of July 2020 which is reflected in 2020 and 2021.

- As noted in the historical performance table, the competitive market has consistently achieved occupancy levels in the low to high 80 percent range. Consistent with projections for the overall San Francisco MSA based on historical averages, new supply additions, and current market conditions, we project occupancy will continue to range and stabilize in the mid-80 percent range through 2025.
- ADR for the competitive market decreased by 2.0 percent in 2016 and further decreased by 1.8 percent through YTD November 2017. Due to the temporary closing of the Moscone Center for the renovation and expansion, approximately 490,000 room nights have been cancelled, many of which were booked in 2017. While there is high demand in San Francisco for hotel room nights outside of room nights emanating from the Moscone Center, it is anticipated that rates have been discounted and will continue to be discounted in an attempt to attract a fair share of demand from other sources. In line with year-to-date trends, we project ADR to decrease 2.0 percent through year-end 2017. In 2018, ADR is projected to increase 2.0 percent. Beginning in 2019, we project ADR to increase by 3.0 percent per annum, in line with our long-term outlook for inflation.

F. PROJECTED PERFORMANCE OF THE SUBJECT

Based upon our analysis contained herein, including a review of the overall competitive market and of each identified hotel, we have provided our occupancy and ADR projections for the proposed Subject's first five years of operation, as stated in calendar years.

Assuming that the Subject will be a 294-room nationally-affiliated, upscale hotel, we assume that it will be able to achieve its fair share of demand after an initial ramp up period. We believe that it could achieve an occupancy of 78 percent as it is introduced into the market in July 2020. As it gains recognition, we project occupancy to increase to 84 percent in 2021, and further increase to 87 percent in 2022. It is at this level we project the proposed Subject to stabilize. Our stabilized occupancy for the proposed Hotel is in line with our stabilized occupancy for the competitive market, which we believe is reasonable given the proposed Hotel's location and affiliation with a well-recognized brand.

Based on the individual attributes and performance levels of the individual competitive hotels, we believe that the proposed Subject could achieve an ADR of \$280 under the hypothetical condition that it was open and stabilized in 2017. This ADR positions the Subject in line with the most comparable hotels within the competitive market.

We project ADR to grow at rates in line with our projections for the competitive market, such that the Subject is projected to open with an ADR of **\$304** in **2020**. Projections for both occupancy and ADR for the proposed Subject's first five full years of operation are presented in the following table.

PROPOSED HOTEL - 350 2ND STREET PROJECTED PERFORMANCE						
Year	Hypothetical ADR	Market Growth	Subject Occupancy	Subject Penetration	RevPAR	Percent Change
2017	\$280.00	-	-	-	-	-
2018	\$286.00	2.0%	-	-	-	-
2019	\$295.00	3.0%	-	-	-	-
2020	\$304.00	3.0%	78%	92%	\$236.27	-
2021	\$313.00	3.0%	84%	98%	\$262.22	11.0%
2022	\$322.00	3.0%	87%	101%	\$279.66	6.7%
2023	\$332.00	3.0%	87%	101%	\$288.35	3.1%
2024	\$342.00	3.0%	87%	101%	\$297.03	3.0%
2025	\$352.00	3.0%	87%	101%	\$305.72	2.9%

Source: CBRE Hotels, Consulting

As noted, the proposed Hotel is assumed to open on July 1, 2020. Accordingly, we must convert the calendar year forecast into fiscal year periods. To accomplish this for the fiscal year 2020/21, we have taken a weighted average of six months of the calendar year 2020 and six months of the calendar year 2021 to derive the fiscal year projection. We have then performed this analysis for each subsequent fiscal year. In doing so, it is our calculation that for the first fiscal year, the proposed Subject will achieve an ADR of \$309 with a corresponding occupancy of 81 percent. We project a long-term stabilized occupancy of 87 percent beginning in 2022/23.

PROPOSED HOTEL - 350 2ND STREET PROJECTED FUTURE PERFORMANCE							
Calendar Year Projections				Fiscal Year Conversion			
Year	Occupancy	ADR	Percent Change	Fiscal Year	Occupancy	ADR	Percent Change
2020	78.0%	\$304.00	-	2020/21	81.0%	\$309.00	-
2021	84.0%	\$313.00	3%	2021/22	86.0%	\$318.00	3%
2022	87.0%	\$322.00	3%	2022/23	87.0%	\$327.00	3%
2023	87.0%	\$332.00	3%	2023/24	87.0%	\$337.00	3%
2024	87.0%	\$342.00	3%	2024/25	87.0%	\$347.00	3%
2025	87.0%	\$352.00	3%	2025/26	87.0%	\$358.00	3%

Note: Average daily rates rounded to the whole dollar

Source: CBRE Hotels, Consulting

Of particular note is that, given the previously discussed strong fundamentals of the greater San Francisco lodging market, and the proposed Hotel's competitive market, along with the proposed Subject's assumed quality new improvements, the new 294-room Hotel will open with very strong levels of performance and with minimal impact on the greater competitive San Francisco lodging market.

While it is possible that the proposed Hotel will experience growth in occupancy and ADR above those estimated in the report, it is also possible that sudden economic downturns, unexpected

additions to the room supply, or other external factors will force the property below the selected point of stability. Consequently, the estimated occupancy and ADR levels are representative of the most likely potential operations of the proposed Subject over the projection period based on our analysis of the market as of the date of the report.

This completes our analysis of the potential market demand for a proposed new Hotel at 350 2nd Street in San Francisco. After you have had an opportunity to review this report, please feel free to contact us with any questions or comments. Thank you for this opportunity to work with you on this engagement. Please let us know should you have any questions or should you require any further information.

Yours sincerely,

CBRE Hotels, Consulting



By: Julie Purnell
Managing Director
julie.purnell@cbre.com | 415.772.0262



By: Catherine Bolstad
Director
catherine.bolstad@cbre.com | 415.772.0357

ADDENDA

ADDENDUM A

CERTIFICATION

Certification

We, Julie Purnell and Catherine Bolstad, certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. We have performed no (or the specified) services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
7. We have made a personal inspection of the identified hotel site.
8. No one has provided significant professional assistance to the persons signing this report.



Julie Purnell
Managing Director
julie.purnell@cbre.com
415.772.0262



Catherine Bolstad
Director
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415.772.0357

Addendum B

ASSUMPTIONS AND LIMITING CONDITIONS

Assumptions and Limiting Conditions

1. CBRE, Inc. through its consultant (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this consulting report and, therefore, makes no representations relative to the condition of improvements. CBRE consultants are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other consultants may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate consulting report profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.

12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or consulting report and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own consultants, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

Public Comment

Large Project Authorization &
Conditional Use Authorization Hearing

Case Nos. 2018-000497CUAENX

350 2nd Street

July 19, 2018

Esmeralda Jardines
San Francisco Planning Commission
1650 Mission Street
San Francisco, California 94103

RE: 350-02nd St./ 2018-000497

Dear Ms. Jardines,

This letter is in support of the proposed hotel project at 350 02nd St. As a union representing hospitality employees, we are concerned with whether new jobs created in this industry will serve to lift up the community by providing leading wages and working conditions for the hardworking people who work in our city's hotels.

Hotel developers have historically supported the creation of good quality jobs by agreeing to remain neutral and present no encumbrances to efforts by their employees to form a union. These agreements represent a double win for our community – they ensure that jobs created are good quality jobs, and they also guarantee that hotel developments are free from costly labor disputes.

The developer of this project reached out to us early on in the entitlement process and worked with our union to sign such an agreement. They have also signed an agreement which covers the building trades for the construction of the hotel, and they are in talks with equitable employment advocates who work to improve employment access for underserved San Franciscans.

We support this project for its guarantees of good quality jobs in this critical industry for San Francisco.

Please feel free to contact me if you have further questions.

Sincerely,

Cynthia Gómez
Research Analyst
UNITE HERE, Local 2

cc: Richard Sucre, Acting Planning Commission Secretary

INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL AND TRANSPORTATION WORKERS
SHEET METAL WORKERS' LOCAL UNION No. 104
WEST BAY DISPATCH OFFICE

PHONE (415) 621-2930



FAX (415) 621-2554

1939 MARKET STREET, SUITE A, SAN FRANCISCO, CA 94103

July 18, 2018

Ms. Esmeralda Jardines
San Francisco Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Sent via email: Esmeralda.jardines@sfgov.org

RE: 350 2nd Street, San Francisco (Case #2018-000497CUA)

Dear Ms. Jardines:

The Sheet Metal Workers' Local Union No. 104 supports KCG SF Hotel, LLC's proposed hotel project at 350 2nd Street, San Francisco. We believe this project will be a benefit to the local community and the City of San Francisco for the following reasons:

- Stimulate the local economy by providing middle-class union construction jobs with living wages, health and retirement benefits, for San Francisco residents
- Ensure sustainable career pathways into union construction apprenticeship and training programs for local youth and United States military veterans
- Developer was open to discuss our concerns and has committed to partner with our local union construction community

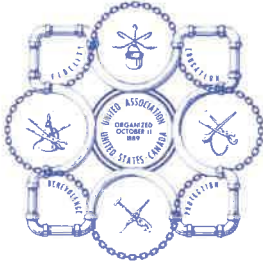
For all of the aforementioned reasons, we urge the Planning Commission to approve this project as proposed.

Respectfully,

A handwritten signature in blue ink, appearing to read "Danny Campbell".

Danny Campbell
Business Development Representative

DC:lr opei29



**UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES
OF THE PLUMBING AND PIPE FITTING INDUSTRY**

LOCAL UNION NO. 38

1621 MARKET STREET • SAN FRANCISCO, CA 94103

July 19, 2018

Ms. Esmeralda Jardines
San Francisco Planning Department
1650 Mission Street, Ste 400
San Francisco, CA 94103

Sent via email: Esmeralda.jardines@sfgov.org

RE: 350 2ND Street, San Francisco (Case #2018-000497CUA)

Dear Ms. Jardines:

The Plumbers and Pipefitters Local Union 38 support KCG SF Hotel, LLC's proposed hotel project at 350 2nd Street, San Francisco. We believe this project will be a benefit to the local community and the City of San Francisco for the following reasons:

- Stimulate the local economy by providing middle-class union construction jobs with living wages, health and retirement benefits, for San Francisco residents
- Ensure sustainable career pathways into union construction apprenticeship and training programs for local youth and United States military veterans
- Developer was open to discuss our concerns and has committed to partner with our local union construction community

For all of the aforementioned reasons, we urge the Planning Commission to approve this project as proposed.

Respectfully,

LARRY MAZZOLA, JR.
Bus.Mgr. & Fin.Secty-Treas.

LMJR/mm
opeiu29/afl-cio

SPRINKLER FITTERS AND APPRENTICES

LOCAL 483

OF THE UNITED ASSOCIATION OF PLUMBERS,
PIPEFITTERS AND SPRINKLER FITTERS OF THE
UNITED STATES AND CANADA AFL-CIO



Stanley M. Smith
Business Manager

Jeffrey M. Dixon
John Medina
Organizers

Dylan M. Boldt
Tony Rodriguez
Dan Torres
Business Agents

Bill Bourgeois
*Market Development
Representative*

July 26, 2018

Sent via email: Esmeralda.jardines@sfgov.org

Ms. Esmeralda Jardines
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, California 94103

Reference: 350 – 2nd Street, San Francisco (Case #2018-000497CUA)

Dear Ms. Jardines:


Sprinkler Fitters, UA Local 483 supports KCG SF Hotel, LLC's proposed hotel project at 350 – 2nd Street, San Francisco. We believe this project will be a benefit to the local community and the City of San Francisco for the following reasons:

- Stimulate the local economy by providing middle-class union construction jobs with living wages, health and retirement benefits, for San Francisco residents
- Ensure sustainable career pathways into union construction apprenticeship and training programs for local youth and United States military veterans
- Developer was open to discuss our concerns and has committed to partner with our local union construction community

For all of the aforementioned reasons, we urge the Planning Commission to approve this project as proposed.

Respectfully,

SPRINKLER FITTERS & APPRENTICES


STANLEY M. SMITH
Business Manager/Financial Secretary

SPRINKLER FITTERS AND APPRENTICES

LOCAL 483

OF THE UNITED ASSOCIATION OF PLUMBERS,
PIPEFITTERS AND SPRINKLER FITTERS OF THE
UNITED STATES AND CANADA AFL-CIO



July 24, 2018

Stanley M. Smith
Business Manager

Jeffrey M. Dixon
John Medina
Organizers

Dylan M. Boldt
Tony Rodriguez
Dan Torres
Business Agents

Bill Bourgeois
*Market Development
Representative*

Ms. Esmeralda Jardines
San Francisco Planning Dept.
1650 Mission Street, Ste. 400
San Francisco, CA 94103

RE: 350 2nd Street, San Francisco (Case #2018-000497CUA)

Dear Ms. Jardines:


The Sprinkler Fitters & Apprentices Local Union No. 483 supports KCG SF Hotel, LLC's proposed hotel project at 350 2nd Street, San Francisco. We believe this project will be a benefit to the local community and the City of San Francisco for the following reasons:

- Stimulate the local economy by providing middle-class union construction jobs with living wages, health and retirement benefits, for San Francisco residents
- Ensure sustainable career pathways into union construction apprenticeship and training programs for local youth and United States military veterans
- Developer was open to discuss our concerns and has committed to partner with our local union construction community

For all of the aforementioned reasons, we urge the Planning Commission to approve this project as proposed.

Respectfully,

SPRINKLER FITTERS & APPRENTICES


STANLEY M. SMITH

Business Manager/Financial Secretary

SMS/dk
OPEIU-29-AFL-CIO



SAN FRANCISCO PLANNING DEPARTMENT

Certificate of Determination Community Plan Evaluation

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Case No.: 2016-012031ENV
Project Address: 350 Second Street
Zoning: Mixed-Use Office (MUO)
130-E Height and Bulk District
Block/Lot: 3750/003
Lot Size: 24,700 square feet
Plan Area: Eastern Neighborhoods Area Plan (East SoMa)
Project Sponsor: KCG SF Hotel, LLC
(301) 961-1976, ken.finkelstein@englewoodllc.com
Staff Contact: Elizabeth White
(415) 575-6813, elizabeth.white@sfgov.org

PROJECT DESCRIPTION

The 350 Second Street project site is an approximately 24,700-square-foot lot in San Francisco's South of Market District. The lot is located at the corner of the Second Street and Dow Place (a mid-block alley that runs parallel to the project site), between Folsom and Harrison streets. The project site currently serves as a public parking lot with 130 vehicle spaces and is accessible by a 22-foot-wide curb cut on Second Street. The proposed project would construct a 130-foot-tall hotel (up to approximately 145-feet tall with rooftop appurtenances). The building would feature a seven-story, 65-foot-tall podium with a 14-story, 130-foot-tall tower located on Second Street. The proposed approximately 164,000 gross-square-foot building would include 158,600 gross square feet for 297 hotel rooms, 3,000 gross square feet of ground floor space for restaurant use ancillary to the hotel, 2,400 gross square feet of usable ground floor interior open space, and 9,100 square feet in the basement for vehicle and bicycle parking.


(Continued on next page.)

CEQA DETERMINATION

The project is eligible for streamlined environmental review per section 21083.3 of the California Environmental Quality Act (CEQA) and section 15183 of the CEQA Guidelines.

DETERMINATION

I do hereby certify that the above determination has been made pursuant to state and local requirements.



Lisa M. Gibson
Environmental Review Officer

8/16/18

Date

cc: Ken Finkelstein, Project Sponsor; Supervisor Jane Kim, District 6; Esmeralda Jardines, Current Planning Division; Virna Byrd, M.D.F.; Exemption/Exclusion File

PROJECT DESCRIPTION (continued)

The immediate area surrounding the 350 Second Street project site consists of office and residential use. To the west and south of 350 Second Street are office buildings and two residential towers (one located on Folsom Street and another on Hawthorne Street). To the north and east, the land use is primarily office. Marathon Plaza, a privately-owned public open space (POPOS) located at 303 Second Street, is directly across Second Street from the 350 Second Street project site.

Circulation, Parking, and Loading

The proposed project would establish an on-site driveway accessible from Dow Place that would provide adequate space to allow a vehicle to pass a parked or loading vehicle side-by-side. The proposed project would remove the existing 22-foot-wide curb cut on Second Street and create two new curb cuts including an approximate 25-foot ingress and 16-foot egress function on Dow Place. The proposed project would provide 17 off-street valet parking spaces, one car-share space, and 26 bicycle spaces (11 class 1 spaces and 15 class 2 spaces) in the basement level of the building.

Vehicle entry and exit from the hotel drop-off area, the interior loading and trash areas, and the basement vehicle and bicycle parking area would all be accessed via Dow Place. Garbage and recycling receptacles would be stored on the ground floor level of the proposed building.

Transportation Demand Management

The proposed project would result in more than 10,000 occupied square feet of a use other than residential; therefore, the proposed project would be required to comply with San Francisco Planning Code section 169, Transportation Demand Management Program (TDM). The project sponsor is required to develop a TDM plan describing strategies the project sponsor would adopt to reduce single-occupancy driving to and from the project site, promote car-sharing, and promote use of nearby transit, bicycle, and pedestrian facilities to access the project site. Compliance with the project's TDM plan would be included as a condition of approval for the proposed project and would be monitored by San Francisco Planning Department staff for the life of the project.¹

The project sponsor has agreed to implement a TDM plan that would provide the following measures:

- ACTIVE-2: Bicycle parking, Option A (class 1 and 2 bicycle parking spaces as required by the Planning Code)
- ACTIVE-3: Showers and Lockers (showers and lockers as required by the Planning Code)
- PARKING-1: Unbundle Parking, Location D (non-residential neighborhood parking rate is greater than 0.2 and less than or equal to 0.6)
- PARKING-4: Parking Supply, Option I (providing less than or equal to 20 percent and greater than 10 percent of the neighborhood parking rate)

¹ San Francisco Planning Code section 169 requires, prior to issuance of a certificate of occupancy, that a property owner facilitate a site inspection by the planning department and document implementation of applicable aspects of the TDM plan, maintain a TDM coordinator, allow for department inspections, and submit periodic compliance reports throughout the life of the project.

Public Open Space/Public Right-of-Way

The proposed project would include approximately 2,400-square-feet of usable open space on the ground floor of the site at the intersection of Second Street and Dow Place. The proposed project would construct a new approximately 8-foot-wide sidewalk with a 5-foot-wide walkway along Dow Place. The proposed project would remove two existing street trees on Second Street and would plant approximately five new street trees on Second Street, along with seven new street trees and a vertical landscaping element incorporated into the building's façade along Dow Place.

Green Building Requirements

The buildings would be designed to achieve a minimum Leadership in Energy and Environmental Design (LEED) Silver or Green Point rating per San Francisco Green Building Requirements. The building design, including envelope, lighting, and mechanical systems, shall meet or exceed the requirements of CalGreen, City Ordinances, and California Title 24 Part 6 for code compliance.

Construction Activities

Construction of the proposed project would occur over an approximately 21-month period. The sidewalk along Second Street would be closed for construction use and a dedicated pedestrian walkway in the parking lane would be provided, which would be covered overhead during the construction of the building superstructure. Approximately 12 feet of Dow Place would be closed periodically on the south side during construction with approximately 17 feet remaining open at all times, subject to intermittent temporary roadway modifications to facilitate construction.

Construction is anticipated to occur Monday through Saturday, from 7 a.m. to 5 p.m. and occasionally to 8 p.m., as permitted by the local noise ordinance. The number of construction workers on site would range from 8 to 80 workers per day, with a maximum of 90 workers expected on site during the construction of the building interior.

The project sponsor would construct the proposed building on spread footing foundation. The proposed project would require excavation to a maximum depth of approximately 15 feet to construct the basement level. Approximately 13,500 cubic yards of dirt would be removed from the project site during construction activities. The project sponsor is not proposing pile driving.

APPROVAL ACTION

The Approval Action for the proposed project is the Conditional Use Authorization from the Planning Commission. The Approval Action date establishes the start of the 30-day appeal period for this CEQA determination pursuant to section 31.04(h) of the San Francisco Administrative Code².

COMMUNITY PLAN EVALUATION OVERVIEW

CEQA section 21083.3 and CEQA Guidelines section 15183 provide that projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an environmental impact report (EIR) was certified, shall not be subject to additional environmental review except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. Section 15183 specifies that examination of

² The project will also require a Large Project Authorization, however, the Condition Use Authorization is the first approval of the project in reliance on the exemption by the San Francisco Planning Commission.

environmental effects shall be limited to those effects that: a) are peculiar to the project or parcel on which the project would be located; b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent; c) are potentially significant off-site and cumulative impacts that were not discussed in the underlying EIR; or d) are previously identified in the EIR, but which, as a result of substantial new information that was not known at the time that the EIR was certified, are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for the project solely on the basis of that impact.

Eastern Neighborhoods

This determination evaluates the potential project-specific environmental effects of the 350 Second Street proposed project described above, and incorporates by reference information contained in the Programmatic EIR for the Eastern Neighborhoods Rezoning and Area Plans (PEIR)³. Project-specific studies were prepared for the proposed project to determine if either would result in any significant environmental impacts that were not identified in the Eastern Neighborhoods PEIR.

After several years of analysis, community outreach, and public review, the Eastern Neighborhoods PEIR was adopted in December 2008. The Eastern Neighborhoods PEIR was adopted in part to support housing development in some areas previously zoned to allow industrial uses, while preserving an adequate supply of space for existing and future production, distribution, and repair (PDR)⁴ employment and businesses. The Eastern Neighborhoods PEIR also included changes to existing height and bulk districts in some areas, including the project site at the 350 Second Street.

The Planning Commission held public hearings to consider the various aspects of the proposed Eastern Neighborhoods Rezoning and Area Plans and related Planning Code and Zoning Map amendments. On August 7, 2008, the Planning Commission certified the Eastern Neighborhoods PEIR by Motion 17659 and adopted the Preferred Project for final recommendation to the Board of Supervisors.^{5,6}

In December 2008, after further public hearings, the Board of Supervisors approved and the Mayor signed the Eastern Neighborhoods Rezoning and Planning Code amendments. New zoning districts include districts that would permit PDR uses in combination with commercial uses; districts mixing residential and commercial uses and residential and PDR uses; and new residential-only districts. The districts replaced existing industrial, commercial, residential single-use, and mixed-use districts.

The Eastern Neighborhoods PEIR is a comprehensive programmatic document that presents an analysis of the environmental effects of implementation of the Eastern Neighborhoods Rezoning and Area Plans, as well as the potential impacts under several proposed alternative scenarios. The Eastern Neighborhoods Draft EIR evaluated three rezoning alternatives, two community-proposed alternatives which focused largely on the Mission District, and a "No Project" alternative. The alternative selected, or the Preferred Project, represents a combination of Options B and C. The Planning Commission adopted the Preferred

³ Planning Department Case No. 2004.0160E and State Clearinghouse No. 2005032048

⁴ PDR use is a grouping of uses that includes, but is not limited to all Industrial and Agricultural Uses, Ambulance Services, Animal Hospital, Automotive Service Station, Automotive Repair, Automotive Wash, Arts Activities, Business Services, Cat Boarding, Catering Service, Commercial Storage, Kennel, Motor Vehicle Tow Service, Livery Stable, Parcel Delivery Service, Public Utilities Yard, Storage Yard, Trade Office, Trade Shop, Wholesale Sales, and Wholesale Storage.

⁵ San Francisco Planning Department. Eastern Neighborhoods Rezoning and Area Plans Final Environmental Impact Report (FEIR), Planning Department Case No. 2004.0160E, certified August 7, 2008. Available online at: <http://www.sf-planning.org/index.aspx?page=1893>, accessed August 17, 2012.

⁶ San Francisco Planning Department. San Francisco Planning Commission Motion 17659, August 7, 2008. Available online at: <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=1268>, accessed August 17, 2012.

Project after fully considering the environmental effects of the Preferred Project and the various scenarios discussed in the PEIR. The Eastern Neighborhoods PEIR estimated that implementation of the Eastern Neighborhoods Plan could result in approximately 7,400 to 9,900 net dwelling units and 3,200,000 to 6,600,000 square feet of net non-residential space (excluding PDR loss) built in the Plan Area throughout the lifetime of the Plan (year 2025). The Eastern Neighborhoods PEIR projected that this level of development would result in a total population increase of approximately 23,900 to 33,000 people throughout the lifetime of the plan.⁷

A major issue of discussion in the Eastern Neighborhoods rezoning process was the degree to which existing industrially-zoned land would be rezoned to primarily residential and mixed-use districts, thus reducing the availability of land traditionally used for PDR employment and businesses. Among other topics, the Eastern Neighborhoods PEIR assesses the significance of the cumulative land use effects of the rezoning by analyzing its effects on the City's ability to meet its future PDR space needs as well as its ability to meet its housing needs as expressed in the City's General Plan.

As a result of the Eastern Neighborhoods rezoning process, the 350 Second Street project site was rezoned to a MUO District. Mixed-Use Office Districts are designed to encourage office uses and housing, as well as small-scale, light industrial and arts activities. Large tourist hotels are permitted as a conditional use in certain height districts. Prior to the Eastern Neighborhoods Plan, the project site was zoned as a Service/Secondary Office (SSO) District.⁸ Service/Secondary office Districts are designed to accommodate small scale light industrial, home and business service, arts activities, live/work uses, and small scale, professional office space and large-floor-plate "back office" space for sales and clerical work forces. Nighttime entertainment is permitted as a conditional use. The 350 Second Street Project site, which is located in the East SoMa Plan Area of the Eastern Neighborhoods, was designated as a site allowing buildings up to 130 feet in height.

Individual projects that could occur in the future under the Eastern Neighborhoods Rezoning and Area Plans will undergo project-level environmental evaluation to determine if they would result in further impacts specific to the development proposal, the site, and the time of development and to assess whether additional environmental review would be required. This determination concludes that the proposed project at 350 Second Street is consistent with and is encompassed within the analysis in the Eastern Neighborhoods PEIR, including the Eastern Neighborhoods PEIR development projections. This determination also finds that the Eastern Neighborhoods PEIR adequately anticipated and described the impacts of the proposed 350 Second Street project, and identified the mitigation measures applicable to the 350 Second Street project. The proposed project is also consistent with the zoning controls and the provisions of the Planning Code applicable to the project site.^{9,10} Therefore, no further CEQA evaluation for the 350 Second Street proposed project is required. In sum, the Eastern Neighborhoods PEIR and this

⁷ Table 2 Forecast Growth by Rezoning Option Chapter IV of the Eastern Neighborhoods Draft EIR shows projected net growth based on proposed rezoning scenarios. A baseline for existing conditions in the year 2000 was included to provide context for the scenario figures for parcels affected by the rezoning.

⁸ San Francisco Planning Department. Amendments to the Zoning Map. Block Number/Lot Number 3591/024, Case No. 2004.0160EMTZUUU. Available at: http://sf-planning.org/sites/default/files/FileCenter/Documents/1383-Map_amendments_height%26zoning_by_BlockLot_Initiation.pdf

⁹ Steve Wertheim, San Francisco Planning Department, Community Plan Evaluation Eligibility Determination, Citywide Planning and Policy Analysis, 350 2nd Street, February 21, 2018. This document (and all other documents cited in this report, unless otherwise noted), is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, as part of Case File No. 2016-012031ENV.

¹⁰ Jeff Joslin, San Francisco Planning Department, Community Plan Evaluation Eligibility Determination, Current Planning Analysis, 350 2nd Street, February 23, 2018

certificate of determination and accompanying project-specific initial study comprise the full and complete CEQA evaluation necessary for the proposed project.

Central South of Market (SoMa) Area Plan

The project site is also located within the Central SoMa Plan Area, a comprehensive plan for an area within the boundaries of the Eastern Neighborhoods Area Plan. It is bounded by Second Street on the east, Sixth Street on the west, Townsend Street on the south, and by an irregular border that generally jogs along Folsom, Howard and Stevenson Streets to the north.

The need for the plan became apparent during the Eastern Neighborhoods planning process, which was initiated in the early 2000s. In 2008, the City and County of San Francisco approved the Eastern Neighborhoods Rezoning and Area Plans project, which covered 2,300 acres on the city's eastern flank and introduced new land use controls and area plans for the eastern part of SoMa, the Central Waterfront, the Mission, and Showplace Square/Potrero Hill neighborhoods.

The Eastern Neighborhoods planning effort had two primary objectives: to address and ensure a stable future for light industrial businesses in the city, mainly through zoning restrictions; and to plan for a substantial amount of new housing, particularly housing affordable to low-, moderate-, and middle-income families and individuals. New housing would be developed in the context of "complete neighborhoods," which would provide sufficient amenities for new residents of these areas.

At that time, the City determined that the pending development of the Central Subway transit project and the development potential of the surrounding area necessitated a separate, focused planning process that took into account for the City's growth needs as well as the opportunity to link transportation and land use planning.

The Planning Department initiated the Central SoMa Planning Process in earnest in early 2011 with funding from the California Department of Transportation and the San Francisco Municipal Transportation Agency.

The plan's sponsor, the San Francisco Planning Department, endeavors to address the social, economic, and environmental aspects of sustainability through a planning strategy that accommodates anticipated population and job growth, provides public benefits, and respects and enhances neighborhood character. The Plan seeks to encourage and accommodate housing and employment growth by (1) removing land use restrictions to support a greater mix of uses while also emphasizing office uses in portions of the Plan Area; (2) amending height and bulk districts to allow for taller buildings; (3) modifying the system of streets and circulation within and adjacent to the Plan Area to meet the needs and goals of a dense, transit-oriented, mixed use district; and (4) creating new, and improving existing, open spaces.

On May 10, 2018, the Planning Commission certified the Central SoMa Plan EIR, however, the Plan is not yet in effect. This project is not reliant upon any of the provisions of the plan or associated planning code changes. This project would not contribute to any significant effects identified in the Central SoMa EIR that were not already identified in the Eastern Neighborhoods PEIR (refer to the Potential Environmental Effects section below).

PROJECT SETTING

The 350 Second Street project site is an approximately 24,700-square-foot lot in San Francisco's South of Market District. The parcel is located at the corner of the Second Street and Dow Place intersection; Dow Place is a mid-block alley that runs parallel to the 350 Second Street project site. Both the AT&T and SFBlu

buildings (located on Folsom Street) have loading docks at the rear of the buildings, which are accessed by way of Dow Place. The project site currently serves as a public parking lot with 130 vehicle spaces and is accessible by a 22-foot-wide curb cut on Second Street. The immediate area surrounding the 350 Second Street project site consists of office and residential use. To the west and south of 350 Second Street are office buildings and two residential towers (one located on Folsom Street and another on Hawthorne Street). To the north and east, the land use is primarily office. Marathon Plaza, a privately owned, public open space located at 303 Second Street, is directly across Second Street from the 350 Second Street project site.

POTENTIAL ENVIRONMENTAL EFFECTS

The Eastern Neighborhoods PEIR included analyses of environmental issues including: land use; plans and policies; visual quality and urban design; population, housing, business activity, and employment (growth inducement); transportation; noise; air quality; parks, recreation and open space; shadow; archeological resources; historic architectural resources; hazards; and other issues not addressed in the previously issued initial study for the Eastern Neighborhoods Rezoning and Area Plans.

Significant and unavoidable impacts were identified in the Eastern Neighborhoods PEIR for the following topics: land use, historic architectural resources, transportation and circulation, and shadow. As a result of the adoption of the Plan, the project site was rezoned from a Service/Secondary Office (SSO) District to a Mixed-Use Office (MUO) District. The proposed project would not remove any existing PDR uses and therefore, proposed project would contribute to significant and unavoidable impacts on land use with respect to PDR land supply. Therefore, the proposed project would not contribute to any impact related to PDR uses in the PEIR. The proposed project would not contribute to the impact on historic architectural resources because no resources are located at the project site and the project site is not located in a designated state or local historic district. The proposed project would increase the volume of transit ridership, but would not contribute considerably to the transit impacts identified in the Eastern Neighborhoods PEIR. The proposed project would increase shadow, but would not contribute considerably to the shadow impact on project area parks. Four mitigation measures identified in the Eastern Neighborhoods PEIR are necessary to reduce the proposed project’s impacts to less than significant. These mitigation measures address the potential to impact archaeological resources as a result of ground disturbing activities, address potential air quality impacts during the building’s construction and operation, and the development and implementation of a set of noise attenuation measures during construction.

The Eastern Neighborhoods PEIR identified feasible mitigation measures to address significant impacts related to noise, air quality, archeological resources, historical resources, hazardous materials, and transportation. **Table 2** below lists the mitigation measures identified in the Eastern Neighborhoods PEIR and states whether each measure would apply to the proposed project.

Table 2 – Eastern Neighborhoods PEIR Mitigation Measures

Mitigation Measure	Applicability	Compliance
F. Noise		
F-1: Construction Noise (Pile Driving)	Not Applicable: pile driving is not proposed.	Not Applicable
F-2: Construction Noise	Applicable: temporary construction noise from the use	The project sponsor has agreed to implement Project

Mitigation Measure	Applicability	Compliance
	of heavy equipment would occur in proximity to noise-sensitive receptors.	Mitigation Measure 2, which includes the development and implementation of a set of noise attenuation measures during construction.
F-3: Interior Noise Levels	Not Applicable: CEQA no longer requires the consideration of the effects of the existing environment on a proposed project's future users or residents where that project would not exacerbate existing noise levels.	Not Applicable
F-4: Siting of Noise-Sensitive Uses	Not Applicable: CEQA no longer requires the consideration of the effects of the existing environment on a proposed project's future users or residents where that project would not exacerbate existing noise levels.	Not Applicable
F-5: Siting of Noise-Generating Uses	Not Applicable: the proposed project would not include noise-generating uses.	Not Applicable
F-6: Open Space in Noisy Environments	Not Applicable: CEQA no longer requires the consideration of the effects of the existing environment on a proposed project's future users or residents where that project would not exacerbate existing noise levels.	Not Applicable
G. Air Quality		
G-1: Construction Air Quality	Applicable: the project site is located within the Air Pollutant Exposure Zone. Project construction could exacerbate poor air quality.	The project sponsor has agreed to implement Project Mitigation Measure 3. Construction Emissions Minimization Plan to reduce construction emissions.
G-2: Air Quality for Sensitive Land Uses	Not Applicable: the proposed project would not include any	Not Applicable

Mitigation Measure	Applicability	Compliance
	sensitive land uses	
G-3: Siting of Uses that Emit Diesel Particulate Matter (DPM)	Not Applicable: the hotel and restaurant uses associated with the proposed project are not expected to emit substantial levels of DPMs.	Not Applicable
G-4: Siting of Uses that Emit other Toxic Air Contaminants (TACs)	Applicable: the proposed project would include a backup diesel generator.	The project sponsor has agreed to implement Project Mitigation Measure 4. Best Available Control Technology for Diesel Generators.
J. Archeological Resources		
J-1: Properties with Previous Studies	Not Applicable: the proposed project is within Archeological Mitigation Zone J2: Properties with no Previous Studies.	Not Applicable
J-2: Properties with no Previous Studies	Applicable: the proposed project is within Archaeological Mitigation Zone J2: Properties with no Previous Studies.	The project sponsor has agreed to implement Project Mitigation Measure 1, which includes archeological testing.
J-3: Mission Dolores Archeological District	Not Applicable: the proposed project is within Archeological Mitigation Zone J2: Properties with no Previous Studies.	Not Applicable
K. Historical Resources		
K-1: Interim Procedures for Permit Review in the Eastern Neighborhoods Plan area	Not Applicable: plan-level mitigation completed by Planning Department	Not Applicable
K-2: Amendments to Article 10 of the Planning Code Pertaining to Vertical Additions in the South End Historic District (East SoMa)	Not Applicable: plan-level mitigation completed by Planning Commission.	Not Applicable
K-3: Amendments to Article 10 of the Planning Code Pertaining to Alterations and Infill Development in the Dogpatch Historic District (Central Waterfront)	Not Applicable: plan-level mitigation completed by Planning Commission.	Not Applicable

Mitigation Measure	Applicability	Compliance
L. Hazardous Materials		
L-1: Hazardous Building Materials	Not Applicable: the proposed project does not involve the demolition of building structures.	Not Applicable
E. Transportation		
E-1: Traffic Signal Installation	Not Applicable: automobile delay removed from CEQA analysis.	Not Applicable
E-2: Intelligent Traffic Management	Not Applicable: automobile delay removed from CEQA analysis.	Not Applicable
E-3: Enhanced Funding	Not Applicable: automobile delay removed from CEQA analysis.	Not Applicable
E-4: Intelligent Traffic Management	Not Applicable: automobile delay removed from CEQA analysis.	Not Applicable
E-5: Enhanced Transit Funding	Not Applicable: plan level mitigation by SFMTA.	Not Applicable
E-6: Transit Corridor Improvements	Not Applicable: plan level mitigation by SFMTA.	Not Applicable
E-7: Transit Accessibility	Not Applicable: plan level mitigation by SFMTA.	Not Applicable
E-8: Muni Storage and Maintenance	Not Applicable: plan level mitigation by SFMTA.	Not Applicable
E-9: Rider Improvements	Not Applicable: plan level mitigation by SFMTA.	Not Applicable
E-10: Transit Enhancement	Not Applicable: plan level mitigation by SFMTA.	Not Applicable
E-11: Transportation Demand Management	Not Applicable: plan level mitigation by SFMTA.	Not Applicable

Please see the attached Mitigation Monitoring and Reporting Program (MMRP) for the complete text of the applicable mitigation measures. With implementation of these mitigation measures, the proposed project would not result in significant impacts beyond those analyzed in the Eastern Neighborhoods PEIR.

PUBLIC NOTICE AND COMMENT

A “Notification of Project Receiving Environmental Review” was mailed on February 6, 2018 to adjacent occupants and owners of properties within 300 feet of the 350 Second Street project site as well as community organizations in District 6. The Planning Department received comments from six parties/individuals on the proposed project. One of the commenters inquired about the proposed 350 Second Street site plan design and configuration of the hotel entrance and exit on Dow Place and requested the transportation study upon completion. Another commenter requested that the CPE evaluate the project’s noise, shadow, and transportation impacts. The TransBay Joint Powers Authority submitted a comment letter regarding future coordination and timing of the 350 Second Street Project with the Transbay Transit Center/Caltrain Downtown Extension Project. Three of the six parties/individuals solely requested that the Planning Department send them the final environmental documentation for the project. Relevant comments were taken into consideration and incorporated in the environmental review as appropriate for CEQA analysis. The proposed project would not result in significant adverse environmental impacts associated with the issues identified by the public beyond those identified in the Eastern Neighborhoods PEIR.

CONCLUSION

As summarized above and further discussed in the project-specific initial study:¹¹

1. The proposed project is consistent with the development density established for the project site in the Eastern Neighborhoods Rezoning and Area Plans;
2. The proposed project would not result in effects on the environment that are peculiar to the project or the project site that were not identified as significant effects in the Eastern Neighborhoods PEIR;
3. The proposed project would not result in potentially significant off-site or cumulative impacts that were not identified in the Eastern Neighborhoods PEIR;
4. The proposed project would not result in significant effects, which, as a result of substantial new information that was not known at the time the Eastern Neighborhoods PEIR was certified, would be more severe than were already analyzed and disclosed in the PEIR; and
5. The project sponsor will undertake feasible mitigation measures specified in the Eastern Neighborhoods PEIR to mitigate project-related significant impacts.

Therefore, no further environmental review shall be required for the proposed project pursuant to CEQA section 21083.3 and CEQA Guidelines section 15183.

¹¹ The initial study is available for review at the Planning Department, 1650 Mission Street, Suite 400, San Francisco, in Case File No. 2016-012031ENV.

MITIGATION MONITORING AND REPORTING PROGRAM

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
MITIGATION MEASURES AGREED TO BY PROJECT SPONSOR				
<i>HISTORIC ARCHITECTURAL/CULTURAL RESOURCES</i>				
<p>Project Mitigation Measure 1 – Archeological Resources, Properties with No Previous Study (Implementing Eastern Neighborhoods PEIR Mitigation Measure J-2)</p> <p>The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered, buried, or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a) and (c), on tribal cultural resources as defined in CEQA Statute Section 21074, and on human remains and associated or unassociated funerary objects. The project sponsor shall distribute the Planning Department archeological resource “ALERT” sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken each contractor is responsible for ensuring that the “ALERT” sheet is circulated to all field personnel including, machine operators, field crew, pile drivers, supervisory personnel, etc. A preconstruction training shall be provided to all construction personnel performing or managing soils disturbing activities by a qualified archaeologist prior to the start of soils disturbing activities on the project. The training may be provided in person or using a video and include a handout prepared by the qualified archaeologist. The video and materials will be reviewed and approved by the ERO. The purpose of the training is to enable personnel to identify archaeological resources that may be encountered and to instruct them on what to do if a potential discovery occurs. Images of expected archeological resource types and archeological testing and data recovery methods should be included in the training. The project</p>	Project sponsor and project contractor	During construction	Project sponsor and project sponsor’s contractor	Considered complete upon completion of construction.

MITIGATION MONITORING AND REPORTING PROGRAM

MONITORING AND REPORTING PROGRAM

Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
<p>sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet and have taken the preconstruction training. Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken. If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor. The ERO may also determine that the archeological resources is a tribal cultural resource and will consultant with affiliated Native Americans tribal representatives, if warranted. Measures might include: preservation in situ of the archeological resource; an archaeological monitoring program; an archeological testing program; and an interpretative program. If an archeological monitoring program, archeological testing program, or interpretative program is required, it shall be consistent with the Environmental Planning (EP) division guidelines for such programs and reviewed</p>				

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Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
<p>and approved by the ERO. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource may be at risk from vandalism, looting, or other damaging actions.</p> <p>If human remains and associated or unassociated funerary objects are discovered during any soils disturbing activity, all applicable State and Federal Laws shall be followed, including immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner’s determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The ERO shall also be immediately notified upon discovery of human remains. The archeological consultant, project sponsor, ERO, and MLD shall have up to but not beyond six days after the discovery to make all reasonable efforts to develop an agreement for the treatment of human remains and associated or unassociated funerary objects with appropriate dignity (CEQA Guidelines. Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, curation, possession, and final disposition of the human remains and associated or unassociated funerary objects. Nothing in existing State regulations or in this mitigation measure compels the project sponsor and the ERO to accept recommendations of an MLD. The archeological consultant shall retain possession of any Native American human remains and associated or unassociated burial objects until completion of any scientific analyses of the human remains or objects as specified in the treatment agreement if such as agreement has been made or, otherwise, as determined by the archeological consultant and the ERO. If no agreement is reached State regulations shall be followed</p>				

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Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
<p>including the reinternment of the human remains and associated burial objects with appropriate dignity on the property in a location not subject to further subsurface disturbance (Pub. Res. Code Sec. 5097.98). The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s) undertaken. The Draft FARR shall include a curation and deaccession plan for all recovered cultural materials. The Draft FARR shall also include an Interpretation Plan for public interpretation of all significant archeological features. Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, the consultant shall also prepare a public distribution version of the FARR. Copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of public interest in or the high interpretive value of the resource, the ERO may require a different or additional final report content, format, and distribution than that presented above.</p>				

MITIGATION MONITORING AND REPORTING PROGRAM

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Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
<i>NOISE</i>				
<p>Project Mitigation Measure 2- Construction Noise (Implementing Eastern Neighborhoods PEIR Mitigation Measure F-2)</p> <p>The project sponsor is required to develop a set of site-specific noise attenuation measures under the supervision of a qualified acoustical consultant. The Planning Director shall require that the sponsors of the subsequent development project develop a set of site-specific noise attenuation measures under the supervision of a qualified acoustical consultant. Prior to commencing construction, a plan for such measures shall be submitted to the Department of Building Inspection to ensure that maximum feasible noise attenuation will be achieved. These attenuation measures shall include as many of the following control strategies as feasible:</p> <ul style="list-style-type: none"> • Erect temporary plywood noise barriers around a construction site, particularly where a site adjoins noise-sensitive uses; • Utilize noise control blankets on a building structure as the building is erected to reduce noise emission from the site; • Evaluate the feasibility of noise control at the receivers by temporarily improving the noise reduction capability of adjacent buildings housing sensitive uses; • Monitor the effectiveness of noise attenuation measures by taking noise measurements; and • Post signs on-site pertaining to permitted construction days and hours and complaint procedures and who to notify in the event of a problem, with telephone numbers listed. 	Project sponsor and project contractor	During construction	Project sponsor to provide Planning Department with monthly reports during the construction period.	Considered complete upon receipt of final monitoring report at completion of construction.

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Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
AIR QUALITY				
<p>Project Mitigation Measure 3- Construction Air Quality (Implementing Eastern Neighborhoods PEIR Mitigation Measure G-1)</p> <p>The project sponsor or the project sponsor's Contractor shall comply with the following:</p> <p>A. <i>Engine Requirements.</i></p> <ol style="list-style-type: none"> 1. All off-road equipment greater than 25 hp and operating for more than 20 total hours over the entire duration of construction activities shall have engines that meet or exceed either U.S. Environmental Protection Agency (USEPA) or California Air Resources Board (ARB) Tier 2 offroad emission standards, and have been retrofitted with an ARB Level 3 Verified Diesel Emissions Control Strategy. Equipment with engines meeting Tier 4 Interim or Tier 4 Final offroad emission standards automatically meet this requirement. 2. Where access to alternative sources of power are available, portable diesel engines shall be prohibited. 3. Diesel engines, whether for off-road or on-road equipment, shall not be left idling for more than two minutes, at any location, except as provided in exceptions to the applicable state regulations regarding idling for off-road and on-road equipment (e.g., traffic conditions, safe operating conditions). The Contractor shall post legible and visible signs in English, Spanish, and Chinese, in designated queuing areas and at the construction site to remind operators of the two minute idling limit. 4. The Contractor shall instruct construction workers and 	Project Sponsor and project contractor	During construction	Project Sponsor to provide Planning Department with monthly reports during construction period	Considered complete upon receipt of final monitoring report at completion of construction.

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equipment operators on the maintenance and tuning of construction equipment, and require that such workers and operators properly maintain and tune equipment in accordance with manufacturer specifications.				

B. Waivers.

1. The Planning Department’s Environmental Review Officer or designee (ERO) may waive the alternative source of power requirement of Subsection (A)(2) if an alternative source of power is limited or infeasible at the project site. If the ERO grants the waiver, the Contractor must submit documentation that the equipment used for onsite power generation meets the requirements of Subsection (A)(1).
2. The ERO may waive the equipment requirements of Subsection (A)(1) if: a particular piece of off-road equipment with an ARB Level 3 VDECS is technically not feasible; the equipment would not produce desired emissions reduction due to expected operating modes; installation of the equipment would create a safety hazard or impaired visibility for the operator; or, there is a compelling emergency need to use off-road equipment that is not retrofitted with an ARB Level 3 VDECS. If the ERO grants the waiver, the Contractor must use the next cleanest piece of equipment available, according to the table below:

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Off-Road Equipment Compliance Step-Down Schedule				

Compliance Alternative	Engine Emission Standard	Emissions Control
1	Tier 2	ARB Level 2 VDECS
2	Tier 2	ARB Level 1 VDECS
3	Tier 2	Alternative Fuel*

How to use the table: If the ERO determines that the equipment requirements cannot be met, then the project sponsor would need to meet Compliance Alternative 1. If the ERO determines that the Contractor cannot supply off-road equipment meeting Compliance Alternative 1, then the Contractor must meet Compliance Alternative 2. If the ERO determines that the Contractor cannot supply off-road equipment meeting Compliance Alternative 2, then the Contractor must meet Compliance Alternative 3.

** Alternative fuels are not a VDECS.

- C. *Construction Emissions Minimization Plan.* Before starting on-site construction activities, the Contractor shall submit a Construction Emissions Minimization Plan (Plan) to the ERO for review and approval. The Plan shall state, in reasonable detail, how the Contractor will meet the requirements of

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Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
Section A.				
1. The Plan shall include estimates of the construction timeline by phase, with a description of each piece of off-road equipment required for every construction phase. The description may include, but is not limited to: equipment type, equipment manufacturer, equipment identification number, engine model year, engine certification (Tier rating), horsepower, engine serial number, and expected fuel usage and hours of operation. For VDECS installed, the description may include: technology type, serial number, make, model, manufacturer, ARB verification number level, and installation date and hour meter reading on installation date. For off-road equipment using alternative fuels, the description shall also specify the type of alternative fuel being used.				
2. The project sponsor shall ensure that all applicable requirements of the Plan have been incorporated into the contract specifications. The Plan shall include a certification statement that the Contractor agrees to comply fully with the Plan.				
3. The Contractor shall make the Plan available to the public for review on-site during working hours. The Contractor shall post at the construction site a legible and visible sign summarizing the Plan. The sign shall also state that the public may ask to inspect the Plan for the project at any time during working hours and shall explain how to request to inspect the Plan. The Contractor shall post at least one copy of the sign in a visible location on each side of the construction site facing a public right-of-way.				

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Adopted Mitigation Measures	Implementation Responsibility	Mitigation Schedule	Monitoring/ Reporting Responsibility	Monitoring Actions/ Schedule and Verification of Compliance
<p><i>D. Monitoring.</i> After start of Construction Activities, the Contractor shall submit quarterly reports to the ERO documenting compliance with the Plan. After completion of construction activities and prior to receiving a final certificate of occupancy, the project sponsor shall submit to the ERO a final report summarizing construction activities, including the start and end dates and duration of each construction phase, and the specific information required in the Plan.</p>				
<p>Project Mitigation Measure 4 - Best Available Control Technology (Implementing Eastern Neighborhoods PEIR Mitigation Measure G-4)</p> <p>The project sponsor shall ensure that the backup diesel generator meet or exceed one of the following emission standards for particulate matter: (1) Tier 4 certified engine, or (2) Tier 2 or Tier 3 certified engine that is equipped with a California Air Resources Board (ARB) Level 3 Verified Diesel Emissions Control Strategy (VDECS). A non-verified diesel emission control strategy may be used if the filter has the same particulate matter reduction as the identical ARB verified model and if the Bay Area Air Quality Management District (BAAQMD) approves of its use. The project sponsor shall submit documentation of compliance with the BAAQMD New Source Review permitting process (Regulation 2, Rule 2, and Regulation 2, Rule 5) and the emission standard requirement of this mitigation measure to the Planning Department for review and approval prior to issuance of a permit for a backup diesel generator from any City agency.</p>	Project sponsor	Prior to issuance of permit for backup diesel generator from City agency	Project Sponsor to provide Planning Department with plans detailing compliance and documentation of compliance with BAAQMD Regulation 2, Rules 2 and 5.	Considered complete approval of plans detailing compliance.

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IMPROVEMENT MEASURES				
<p>Project Improvement Measure 1 – Driveway Loading and Operations Plan</p> <p>The Project Sponsor will implement a <i>Driveway and Loading Operations Plan (DLOP)</i> that will include the following components:</p> <ul style="list-style-type: none"> • Loading Dock Management. To ensure that off-street loading facilities are efficiently used, and that trucks that are longer than can be safely accommodated are not permitted to use a building’s loading dock, the project sponsor of a development project in the Plan Area will develop a plan for management of the building’s loading dock and will ensure that tenants in the building are informed of limitations and conditions on loading schedules and truck size. The management plan could include strategies such as the use of an attendant to direct and guide trucks, installing a “Full” sign at the garage/loading dock driveway, limiting activity during peak hours, installation of audible and/or visual warning devices, and other features. Additionally, as part of the project application process, the project sponsor will consult with the SFMTA concerning the design of loading and parking facilities. • Garage/Loading Dock Attendant. If warranted by project-specific conditions, the project sponsor of a development project in the Plan Area will ensure that building management employs attendant(s) for the project’s parking garage and/or loading dock, as applicable. The attendant would be stationed as determined by the project-specific review analysis, typically at the project’s driveway to direct vehicles entering and exiting the building and avoid any safety-related conflicts with pedestrians on the sidewalk during the a.m. and p.m. peak periods of traffic, bicycle, and pedestrian activity, with extended hours as dictated by traffic, bicycle and pedestrian conditions and by activity in the project garage and loading dock. Each project will also install 	Project sponsor	Prior to the approval of any building permit.	SFMTA and Planning Department	Considered complete upon approval of a DLOP.

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<p>audible and/or visible warning devices, or comparably effective warning devices as approved by the Planning Department and/or the SFMTA, to alert pedestrians of the outbound vehicles from the parking garage and/or loading dock, as applicable.</p> <ul style="list-style-type: none"> Trash/Recycling/Compost Collection Design and Management. When designs for buildings are being developed, the project sponsor or representative will meet with the appropriate representative from Recology (or other trash collection firm) to determine the location and type of trash/recycling/compost bins, frequency of collections, and procedures for collection activities, including the location of Recology trucks during collection. The location of the trash/recycling/compost storage room(s) for each building will be indicated on the building plans prior to submittal of plans to the Building Department. Procedures for collection will ensure that the collection bins are not placed within any sidewalk, bicycle facility, parking lane or travel lane adjacent to the project site at any time. <p>Project Improvement Measure 2 - Construction Management Plan Upon review and approval by the SFMTA and Public Works, the project sponsor will implement a Construction Management Plan, addressing transportation-related circulation, access, staging and hours of delivery. The Construction Management Plan would disseminate appropriate information to contractors and affected agencies with respect to coordination construction activities to minimize overall disruption and ensure that overall circulation in the project area is maintained to the extent possible, with particular focus on ensuring transit, pedestrian, and bicycle connectivity. If construction of the proposed project is determined to overlap with nearby adjacent project(s) as to result in transportation-related impacts, the project sponsor or its contractor(s) will consult with various City departments such as SFMTA and Public Works, and</p>	Project sponsor and project sponsor's construction contractor	Prior to issuance of construction permits and throughout the construction period	Planning Department	Considered complete after construction activities are completed

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<p>other interdepartmental meetings as deemed necessary by the SFMTA, Public Works, and Planning Department, to develop a Coordinated Construction Management Plan. There are no development projects in the immediate vicinity of the proposed project that are likely to overlap in location or schedule. Further, the construction contractor for the proposed project would meet the Blue Book requirements.</p>				



SAN FRANCISCO PLANNING DEPARTMENT

Initial Study – Community Plan Evaluation

Case No.: 2016-012031ENV
Project Address: 350 Second Street
Zoning: Mixed-Use Office (MUO)
130-E Height and Bulk District
Block/Lot: 3750/003
Lot Size: 24,700 square feet
Plan Area: Eastern Neighborhoods Area Plan (East SoMa)
Project Sponsor: KCG SF Hotel, LLC
(301) 961-1976, ken.finkelstein@englewoodllc.com
Staff Contact: Elizabeth White
(415) 575-6813, elizabeth.white@sfgov.org

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PROJECT DESCRIPTION

The 350 Second Street project site is an approximately 24,700-square-foot lot in San Francisco's South of Market District (refer to **Figure 1** in Attachment A). The lot is located on the south side of Dow Place at the corner of the Second Street and Dow Place (a mid-block alley that runs parallel to the project site), between Folsom and Harrison streets. The project site currently serves as a public parking lot with 130 vehicle spaces and is accessible by a 22-foot-wide curb cut on Second Street (refer to **Figure 2** in Attachment A). The immediate area surrounding the 350 Second Street project site consists of office and residential use. To the west and south of 350 Second Street are office buildings and two residential towers (one located on Folsom Street and another on Hawthorne Street). To the north and east, the land use is primarily office. Marathon Plaza, a privately-owned public open space (POPOS) at 303 Second Street, is directly across Second Street from the 350 Second Street project site.

The proposed project would construct a 130-foot-tall hotel (up to approximately 145-feet tall with rooftop appurtenances). The building would feature a seven-story, 65-foot-tall podium with a 14-story, 130-foot-tall tower located on Second Street. The proposed approximately 164,000 gross-square-foot building would include approximately 158,600 gross square feet for 297 hotel rooms, 3,000 gross square feet of ground floor space for restaurant use ancillary to the hotel, 2,400 gross square feet of usable ground floor interior open space, and 16,700 square feet in the basement for vehicle and bicycle parking.

Refer to **Table 1** for a summary of the 350 Second Street project and **Figures 3-13** for floor plans and elevations of the proposed project (located in Attachment A).

Table 1. 350 Second Street Project Summary

	Proposed Project
Building height	130 feet (approximately 145-feet tall with rooftop appurtenances)
Total building area	164,000 square feet (gross floor area)
Hotel	158,600 square feet
Restaurant	3,000 square feet
Ground floor interior open space	2,400 square feet
Basement	16,700 square feet
Vehicle parking	18 spaces
Car share	1
Valet spaces	17
On-site Bicycle Parking	26 spaces
Class 1	11
Class 2	15

Circulation, Parking, and Loading

The proposed project would establish an on-site driveway accessible from Dow Place that would provide adequate space to allow a vehicle to pass a parked or loading vehicle side-by-side. The proposed project would remove the existing 22-foot-wide curb cut on Second Street and create two new curb cuts including an approximate 25-foot ingress and 16-foot egress function on Dow Place. The proposed project would provide 17 off-street valet parking spaces, one car-share space, and 26 bicycle parking spaces in the basement level of the building.

Vehicle entry and exit from the hotel drop-off area, the interior loading and trash areas, and the basement vehicle and bicycle parking area would all be accessed via Dow Place. Garbage and recycling receptacles would be stored on the ground floor level of the proposed building.

Transportation Demand Management

The proposed project would result in more than 10,000 occupied square feet of a use other than residential; therefore, the proposed project would be required to comply with San Francisco Planning Code section 169, Transportation Demand Management Program (TDM). The project sponsor is required to develop a TDM plan describing strategies the project sponsor would adopt to reduce single-occupancy driving to and from the project site, promote car-sharing, and promote use of nearby transit, bicycle, and pedestrian facilities to access the project site. Compliance with the project’s TDM plan would be included as a condition of approval for the proposed project and would be monitored by San Francisco Planning Department staff for the life of the project.¹

The project sponsor has agreed to implement a TDM plan that would provide the following measures:

- ACTIVE-2: Bicycle parking, Option A (class 1 and 2 bicycle parking spaces as required by the Planning Code)

¹ San Francisco Planning Code section 169 requires, prior to issuance of a certificate of occupancy, that a property owner facilitate a site inspection by the planning department and document implementation of applicable aspects of the TDM plan, maintain a TDM coordinator, allow for department inspections, and submit periodic compliance reports throughout the life of the project.

- ACTIVE-3: Showers and Lockers (showers and lockers as required by the Planning Code)
- PARKING-1: Unbundle Parking, Location D (non-residential neighborhood parking rate is greater than 0.2 and less than or equal to 0.6)
- PARKING-4: Parking Supply, Option I (providing less than or equal to 20 percent and greater than 10 percent of the neighborhood parking rate)

Public Open Space/Public Right-of-Way

The proposed project would include an approximately 2,400-square-foot of usable open space on the ground floor of the site at the intersection of Second Street and Dow Place. The proposed project would construct a new approximately 8-foot-wide sidewalk with a 5-foot-wide walkway along Dow Place. The proposed project would remove two existing street trees on Second Street and would plant approximately five new street trees on Second Street, along with seven new street trees and a vertical landscaping element incorporated into the building's façade along Dow Place.

Green Building Requirements

The buildings would be designed to achieve a minimum Leadership in Energy and Environmental Design (LEED) Silver or Green Point rating per San Francisco Green Building Requirements. The building design, including envelope, lighting, and mechanical systems, shall meet or exceed the requirements of CalGreen, City Ordinances, and California Title 24 Part 6 for code compliance.

Construction Activities

Construction of the proposed project would occur over an approximately 21-month period. The sidewalk along Second Street would be closed for construction use and a dedicated pedestrian walkway in the parking lane would be provided, which would be covered overhead during the construction of the building superstructure. Approximately 12 feet of Dow Place would be closed periodically on the south side during construction with approximately 17 feet remaining open at all times, subject to intermittent temporary roadway modifications to facilitate construction.

Construction is anticipated to occur Monday through Saturday, from 7 a.m. to 5 p.m. and occasionally to 8 p.m., as permitted by the local noise ordinance. The number of construction workers on site would range from 8 to 80 workers per day, with a maximum of 90 workers expected on site during the construction of the building interior.

The project sponsor would construct the proposed building on spread footing foundation. The proposed project would require excavation to a maximum depth of approximately 15 feet to construct the basement level. Approximately 13,500 cubic yards of dirt would be removed from the project site during construction activities. The project sponsor is not proposing pile driving.

PROJECT APPROVALS

The proposed project at 350 Second Street would require the following approvals:

Actions by the Planning Commission

- Conditional Use Authorization
- Large Project Authorization

Actions by other City Departments

- Building Permits for new construction at 350 Second Street (Department of Building Inspection)
- New color curbs or changes to existing color curbs, if required (Municipal Transportation Agency)
- Change of sidewalk width to alter official sidewalk widths on Second Street and Dow Place, if required (Board of Supervisors and Public Works)
- Major Encroachment Permit to install special paving on publicly maintained streets and alleys, if required (Board of Supervisors and Public Works)
- Approval of any necessary construction permits for work within roadways (SF Municipal Transportation Agency and Public Works)

Actions by other Agencies

- Approval of a permit to operate proposed backup emergency generator (Bay Area Air Quality Management District)

EVALUATION OF ENVIRONMENTAL EFFECTS

This initial study evaluates whether the environmental impacts of the proposed project are addressed in the programmatic environmental impact report for the Eastern Neighborhoods Rezoning and Area Plans (Eastern Neighborhoods PEIR).² The initial study considers whether the proposed project would result in significant impacts that: (1) are peculiar to the project or project site; (2) were not identified as significant project-level, cumulative, or off-site effects in the PEIR; or (3) are previously identified significant effects, which as a result of substantial new information that was not known at the time that the Eastern Neighborhoods PEIR was certified, are determined to have a more severe adverse impact than discussed in the PEIR. Such impacts, if any, will be evaluated in a project-specific, focused mitigated negative declaration or environmental impact report. If no such impacts are identified, no additional environmental review shall be required for the project beyond that provided in the Eastern Neighborhoods PEIR and this project-specific initial study in accordance with CEQA section 21083.3 and CEQA Guidelines section 15183.

Mitigation measures identified in the PEIR are discussed under each topic area, and measures that are applicable to the proposed project are provided under the Mitigation Measures section at the end of this checklist.

² San Francisco Planning Department, Eastern Neighborhoods Rezoning and Area Plans Final Environmental Impact Report (PEIR), Planning Department Case No. 2004.0160E, State Clearinghouse No. 2005032048, certified August 7, 2008. Available online at: <http://www.sf-planning.org/index.aspx?page=1893>, accessed August 17, 2012.

The Eastern Neighborhoods PEIR identified significant impacts related to land use, transportation, cultural resources, shadow, noise, air quality, and hazardous materials. Additionally, the PEIR identified significant cumulative impacts related to land use, transportation, and cultural resources. Mitigation measures were identified for the above impacts and reduced all impacts to less than significant except for those related to land use (cumulative impacts on Production, Distribution, and Repair (PDR) use³), transportation (program-level and cumulative traffic impacts at nine intersections; program-level and cumulative transit impacts on seven Muni lines), cultural resources (cumulative impacts from demolition of historical resources), and shadow (program-level impacts on parks).

The proposed project would construct a 130-foot-tall structure, mainly consisting of 297 hotel rooms. The environmental effects of the proposed project are analyzed in this document. As discussed below in this initial study, the proposed project would not result in new, significant environmental effects, or effects of greater severity than were already analyzed and disclosed in the Eastern Neighborhoods PEIR.

CHANGES IN THE REGULATORY ENVIRONMENT

Since the certification of the Eastern Neighborhoods PEIR in 2008, several new policies, regulations, statutes, and funding measures have been adopted, passed, or are underway that affect the physical environment and/or environmental review methodology for projects in the Eastern Neighborhoods plan areas. As discussed in each topic area referenced below, these policies, regulations, statutes, and funding measures have implemented or will implement mitigation measures or further reduce less-than-significant impacts identified in the PEIR. These include:

- State legislation amending CEQA to eliminate consideration of aesthetics and parking impacts for infill projects in transit priority areas, effective January 2014.
- State legislation amending CEQA and San Francisco Planning Commission resolution replacing level of service (LOS) analysis of automobile delay with vehicle miles traveled (VMT) analysis, effective March 2016 (see “CEQA Section 21099” heading below).
- San Francisco Bicycle Plan update adoption in June 2009, Better Streets Plan adoption in 2010, Transit Effectiveness Project (aka “Muni Forward”) adoption in March 2014, Vision Zero adoption by various City agencies in 2014, Proposition A and B passage in November 2014, and the Transportation Sustainability Program (see initial study Transportation section).
- San Francisco ordinance establishing Noise Regulations Related to Residential Uses near Places of Entertainment effective June 2015 (see initial study Noise section).
- San Francisco ordinances establishing Construction Dust Control, effective July 2008, and Enhanced Ventilation Required for Urban Infill Sensitive Use Developments, amended December 2014 (see initial study Air Quality section).
- San Francisco Clean and Safe Parks Bond passage in November 2012 and San Francisco Recreation and Open Space Element of the General Plan adoption in April 2014 (see initial study Recreation section).

³ PDR use is a grouping of uses that includes, but is not limited to all Industrial and Agricultural Uses, Ambulance Services, Animal Hospital, Automotive Service Station, Automotive Repair, Automotive Wash, Arts Activities, Business Services, Cat Boarding, Catering Service, Commercial Storage, Kennel, Motor Vehicle Tow Service, Livery Stable, Parcel Delivery Service, Public Utilities Yard, Storage Yard, Trade Office, Trade Shop, Wholesale Sales, and Wholesale Storage.

- 2015 Urban Water Management Plan adoption in June 2016 and Sewer System Improvement Program process (see initial study Utilities and Service Systems section).
- Article 22A of the Health Code amendments effective August 2013 (see initial study Hazardous Materials section).

Aesthetics and Parking

In accordance with CEQA section 21099 – Modernization of Transportation Analysis for Transit Oriented Projects – aesthetics and parking shall not be considered in determining if a project has the potential to result in significant environmental effects, provided the project meets all of the following three criteria:

- a) The project is in a transit priority area;
- b) The project is on an infill site; and
- c) The project is residential, mixed-use residential, or an employment center.

The proposed project meets each of the above three criteria and thus, this checklist does not consider aesthetics or parking in determining the significance of project impacts under CEQA.⁴ Project elevations are included in the project description.

Automobile Delay and Vehicle Miles Traveled

In addition, CEQA section 21099(b)(1) requires that the State Office of Planning and Research (OPR) develop revisions to the CEQA Guidelines establishing criteria for determining the significance of transportation impacts of projects that “promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses.” CEQA section 21099(b)(2) states that upon certification of the revised guidelines for determining transportation impacts pursuant to section 21099(b)(1), automobile delay, as described solely by level of service or similar measures of vehicular capacity or traffic congestion shall not be considered a significant impact on the environment under CEQA.

In January 2016, OPR published for public review and comment a [Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA](#)⁵ recommending that transportation impacts for projects be measured using a vehicle miles traveled (VMT) metric. On March 3, 2016, in anticipation of the future certification of the revised CEQA Guidelines, the San Francisco Planning Commission adopted OPR’s recommendation to use the VMT metric instead of automobile delay to evaluate the transportation impacts of projects (Resolution 19579). (Note: the VMT metric does not apply to the analysis of project impacts on non-automobile modes of travel such as transit, walking, and bicycling.) Therefore, impacts and mitigation measures from the Eastern Neighborhoods PEIR associated with automobile delay are not discussed in this checklist, including PEIR Mitigation Measures E-1: Traffic Signal Installation, E-2: Intelligent Traffic Management, E-3: Enhanced Funding, and E-4: Intelligent Traffic Management. Instead, a VMT analysis is provided in the Transportation section.

⁴ San Francisco Planning Department. Eligibility Checklist: CEQA section 21099 – Modernization of Transportation Analysis for 350 Second Street, July 24, 2018. This document (and all other documents cited in this report, unless otherwise noted), is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400 as part of Case File No. 2016-012031ENV.

⁵ This document is available online at: https://www.opr.ca.gov/s_sb743.php.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
1. LAND USE AND LAND USE PLANNING—Would the project:				
a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have a substantial impact upon the existing character of the vicinity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR determined that adoption of the rezoning and area plans would result in an unavoidable significant impact on land use due to the cumulative loss of PDR. The proposed project would not remove any existing PDR uses and would therefore not contribute to any impact related to loss of PDR uses that was identified in the Eastern Neighborhoods PEIR.

The Eastern Neighborhoods PEIR determined that implementation of the area plans would not create any new physical barriers in the Eastern Neighborhoods because the rezoning and area plans do not provide for any new major roadways, such as freeways that would disrupt or divide the plan area or individual neighborhoods or subareas.

The Citywide Planning and Current Planning divisions of the planning department have determined that the proposed project is permitted in the Mixed-Use Office (MUO) District and is consistent with the land uses as envisioned in the East SoMa Area Plan. Mixed-Use Office zoning districts are designed to encourage office uses and housing, as well as small-scale, light industrial and arts activities. Large tourist hotels are permitted as a conditional use in certain height districts. As a hotel use, the proposed project is consistent with this designation. The proposed project’s bulk and density is permitted within MUO generalized zoning district. ^{6,7}

As proposed, the project is permitted with the development density established in the Eastern Neighborhoods Rezoning and Area Plans. Implementation of the proposed project would not result in significant impacts that were not identified in the Eastern Neighborhoods PEIR related to land use and land use planning, and no mitigation measures are necessary.

⁶ Steve Wertheim, San Francisco Planning Department, Community Plan Evaluation Eligibility Determination, Citywide Planning and Policy Analysis, 350 Second Street, February 21, 2018.

⁷ Jeff Joslin, San Francisco Planning Department, Community Plan Evaluation Eligibility Determination, Current Planning Analysis, 350 Second Street, February 23, 2018.

Topics:	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
2. POPULATION AND HOUSING—				
Would the project:				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing housing units or create demand for additional housing, necessitating the construction of replacement housing?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

One of the objectives of the Eastern Neighborhoods area plans is to identify appropriate locations for housing in the City’s industrially zoned land to meet the citywide demand for additional housing. The PEIR assessed how the rezoning actions would affect housing supply and location options for businesses in the Eastern Neighborhoods and compared these outcomes to what would otherwise be expected without the rezoning, assuming a continuation of development trends and ad hoc land use changes (such as allowing housing within industrial zones through conditional use authorization on a case-by-case basis, site-specific rezoning to permit housing, and other similar case-by-case approaches). The PEIR concluded that adoption of the rezoning and area plans: “would induce substantial growth and concentration of population in San Francisco.” The PEIR states that the increase in population expected to occur as a result of the proposed rezoning and adoption of the area plans would not, in itself, result in adverse physical effects, and would serve to advance key City policy objectives, such as providing housing in appropriate locations next to Downtown and other employment generators and furthering the City’s transit first policies. It was anticipated that the rezoning would result in an increase in both housing development and population in all of the area plan neighborhoods. The Eastern Neighborhoods PEIR determined that the anticipated increase in population and density would not directly result in significant adverse physical effects on the environment. However, the PEIR identified significant cumulative impacts on the physical environment that would result indirectly from growth afforded under the rezoning and area plans, including impacts on land use, transportation, air quality, and noise. The PEIR contains detailed analyses of these secondary effects under each of the relevant resource topics, and identifies mitigation measures to address significant impacts where feasible.

The PEIR determined that implementation of the rezoning and area plans would not have a significant impact from the direct displacement of existing residents, and that each of the rezoning options considered in the PEIR would result in less displacement as a result of unmet housing demand than would be expected under the No-Project scenario because the addition of new housing would provide some relief to housing market pressure without directly displacing existing residents. However, the PEIR also noted that residential displacement is not solely a function of housing supply, and that adoption of the rezoning and area plans could result in indirect, secondary effects on neighborhood character through gentrification that could displace some residents. The PEIR discloses that the rezoned districts could transition to higher-value housing, which could result in gentrification and displacement of lower-income households, and states moreover that lower-income residents of the Eastern Neighborhoods, who also

disproportionally live in crowded conditions and in rental units, are among the most vulnerable to displacement resulting from neighborhood change.

Pursuant to CEQA Guidelines sections 15131 and 15064(e), economic and social effects such as gentrification and displacement are only considered under CEQA where these effects would cause substantial adverse physical impacts on the environment. Only where economic or social effects have resulted in adverse physical changes in the environment, such as “blight” or “urban decay” have courts upheld environmental analysis that consider such effects. But without such a connection to an adverse physical change, consideration of social or economic impacts “shall not be considered a significant effect” per CEQA Guidelines section 15382. While the Eastern Neighborhoods PEIR disclosed that adoption of the Eastern Neighborhoods Rezoning and Area Plans could contribute to gentrification and displacement, it did not determine that these potential socio-economic effects would result in significant adverse physical impacts on the environment.

The proposed project would construct a 130-foot-tall building that would include approximately 158,600 gross square feet for 297 hotel rooms, 3,000 gross square feet of ground floor space for restaurant use ancillary to the hotel, 2,400 gross square feet of usable ground floor interior open space, and 16,700 square feet in the basement for 17 off-street valet parking spaces for the hotel and one car share space. It is anticipated that the hotel land use would have approximately 265 employees and the restaurant land use would have approximately 12 employees, resulting in an addition of 277 employees to the East SoMa Area.⁸ These direct effects of the proposed project on population and housing would not result in new or substantially more severe significant impacts on the physical environment beyond those identified in the Eastern Neighborhoods PEIR. The project’s contribution to indirect effects on the physical environment attributable to population growth are evaluated in this initial study under land use, transportation and circulation, noise, air quality, greenhouse gas emissions, recreation, utilities and service systems, and public services.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
3. CULTURAL AND PALEONTOLOGICAL RESOURCES—Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5, including those resources listed in Article 10 or Article 11 of the San Francisco Planning Code?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁸ Kittelson and Associates, 350 Second Street Transportation Circulation Memorandum, July 20, 2018.

Historic Architectural Resources

Pursuant to CEQA Guidelines sections 15064.5(a)(1) and 15064.5(a)(2), historical resources are buildings or structures that are listed, or are eligible for listing, in the California Register of Historical Resources or are identified in a local register of historical resources, such as Articles 10 and 11 of the San Francisco Planning Code. The Eastern Neighborhoods PEIR determined that future development facilitated through the changes in use districts and height limits under the Eastern Neighborhoods Area Plans could have substantial adverse changes on the significance of both individual historical resources and on historical districts within the Plan Areas. The PEIR determined that approximately 32 percent of the known or potential historical resources in the Plan Areas could potentially be affected under the preferred alternative. The Eastern Neighborhoods PEIR found this impact to be significant and unavoidable. This impact was addressed in a Statement of Overriding Considerations with findings and adopted as part of the Eastern Neighborhoods Rezoning and Area Plans approval on January 19, 2009.

The 350 Second Street project site is a 130-space vehicle public parking lot and does not have any physical structures on the site. Therefore, the proposed project would not contribute to the significant historic resource impact identified in the Eastern Neighborhoods PEIR, and no historic resource mitigation measures would apply to the proposed project.

For these reasons, the proposed project would not result in significant impacts on historic architectural resources that were not identified in the Eastern Neighborhoods PEIR.

Archeological Resources

The Eastern Neighborhoods PEIR determined that implementation of the Area Plan could result in significant impacts on archeological resources and identified three mitigation measures that would reduce these potential impacts to a less-than-significant level. Eastern Neighborhoods PEIR Mitigation Measure J-1 applies to properties for which a final archeological research design and treatment plan is on file at the Northwest Information Center and the Planning Department. Mitigation Measure J-2 applies to properties for which no archeological assessment report has been prepared or for which the archeological documentation is incomplete or inadequate to serve as an evaluation of potential effects on archeological resources under CEQA. Mitigation Measure J-3, which applies to properties in the Mission Dolores Archeological District, requires that a specific archeological testing program be conducted by a qualified archeological consultant with expertise in California prehistoric and urban historical archeology.

The proposed building would be constructed on spread footing foundation and would require excavation to a maximum depth of approximately 15 feet to construct the basement level. Approximately 13,500 cubic yards of dirt/soil would be removed from the project site during construction activities in an area. The project site is located in Archeological Mitigation Zone J-2: Properties with No Previous Studies of the Eastern Neighborhoods PEIR, so PEIR Mitigation Measure J-2 is applicable to the proposed project. Eastern Neighborhoods PEIR Mitigation Measure J-2 states that any project resulting in soil disturbance, for which no archeological assessment has been prepared or for which the archeological document is incomplete or inadequate, shall be required to conduct a preliminary archeological sensitivity study prepared by a qualified archeological consultant having expertise in California prehistoric and urban historical archeology. Based on the study, a determination shall be made to determine if additional measures are needed to reduce potential effects of a project on archeological resources to a less-than-significant level. In accordance with Eastern Neighborhoods PEIR Mitigation Measure J-2, Planning

Department staff archeologists performed a Preliminary Archeological Review of the project site. Based on this evaluation, it appears unlikely that archaeological resources would be present within the project site and implementation of Project Mitigation Measure Number 1: Accidental Discovery, as described in the Mitigation Measures section at the end of this document, applies to this project.⁹

For these reasons, the proposed project would not result in significant impacts on archeological resources that were not identified in the Eastern Neighborhoods PEIR.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
4. TRANSPORTATION AND CIRCULATION—Would the project:				
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with an applicable congestion management program, including but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a change in air traffic patterns, including either an increase in traffic levels, obstructions to flight, or a change in location, that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR anticipated that growth resulting from the zoning changes would not result in significant impacts related to pedestrians, bicyclists, loading, or construction traffic. The PEIR states that in general, the analyses of pedestrian, bicycle, loading, emergency access, and construction transportation impacts are specific to individual development projects, and that project-specific analyses would need to be conducted for future development projects under the Eastern Neighborhoods Rezoning and Area Plans.

⁹ San Francisco Planning Department, *Preliminary Archaeological Review for 350 Second Street*, February 9, 2018.

Accordingly, the planning department conducted project-level analysis of the pedestrian, bicycle, loading, emergency access, and construction transportation impacts of the proposed project.¹⁰ Based on this project-level review, the department determined that the proposed project would not have significant impacts that are peculiar to the project or the project site.

The Eastern Neighborhoods PEIR anticipated that growth resulting from the zoning changes could result in significant impacts on transit ridership, and identified seven transportation mitigation measures, which are described further below in the Transit sub-section. Even with mitigation, however, it was anticipated that the significant adverse cumulative impacts on transit lines could not be reduced to a less-than-significant level. Thus, these impacts were found to be significant and unavoidable.

As discussed above under “SB 743”, in response to state legislation that called for removing automobile delay from CEQA analysis, the Planning Commission adopted resolution 19579 replacing automobile delay with a VMT metric for analyzing transportation impacts of a project. Therefore, impacts and mitigation measures from the Eastern Neighborhoods PEIR associated with automobile delay are not discussed in this checklist.

The Eastern Neighborhoods PEIR did not evaluate vehicle miles traveled or the potential for induced automobile travel. The VMT Analysis presented below evaluates the project’s transportation effects using the VMT metric.

The project site is not located within an airport land use plan area, or in the vicinity of a private airstrip. Therefore, the Initial Study Checklist topic 4c is not applicable.

Vehicle Miles Traveled (VMT) Analysis

Many factors affect travel behavior. These factors include density, diversity of land uses, design of the transportation network, access to regional destinations, distance to high-quality transit, development scale, demographics, and transportation demand management. Typically, low-density development at great distance from other land uses, located in areas with poor access to non-private vehicular modes of travel, generate more automobile travel compared to development located in urban areas, where a higher density, mix of land uses, and travel options other than private vehicles are available.

Given these travel behavior factors, San Francisco has a lower VMT ratio than the nine-county San Francisco Bay Area region. In addition, some areas of the City have lower VMT ratios than other areas of the City. These areas of the City can be expressed geographically through transportation analysis zones (TAZ). Transportation analysis zones are used in transportation planning models for transportation analysis and other planning purposes. The zones vary in size from single city blocks in the downtown core, multiple blocks in outer neighborhoods, to even larger zones in historically industrial areas like the Hunters Point Shipyard.

The San Francisco Transportation Authority uses the San Francisco Chained Activity Model Process (SF-CHAMP) to estimate VMT by private automobiles and taxis for different land use types. Travel behavior in SF-CHAMP is calibrated based on observed behavior from the California Household Travel Survey 2010-2012, Census data regarding automobile ownership rates and county-to-county worker flows, and observed vehicle counts and transit boardings. SF-CHAMP uses a synthetic population, which is a set of individual actors that represents the Bay Area’s actual population, who make simulated travel decisions for a complete day. The Transportation Authority uses tour-based analysis for office and residential uses,

¹⁰ Kittleson and Associates, *Transportation Circulation Memorandum for 350 Second Street*, July 2018.

which examines the entire chain of trips over the course of a day, not just trips to and from the project. For retail uses, the Transportation Authority uses trip-based analysis, which counts VMT from individual trips to and from the project (as opposed to entire chain of trips). A trip-based approach, as opposed to a tour-based approach, is necessary for retail projects because a tour is likely to consist of trips stopping in multiple locations, and the summarizing of tour VMT to each location would over-estimate VMT.^{11,12}

For office development (used as a proxy to calculate hotel worker VMT), regional average daily work-related VMT per employee is 19.1. For residential (used as a proxy to calculate hotel tourist trips), regional average daily work-related VMT per employee is 17.2. For retail development (used as a proxy for to calculate restaurant use trips), regional average daily retail VMT per employee is 14.9.¹³ Average daily VMT for these land uses is projected to decrease in future 2040 cumulative conditions. Regional average daily VMT for these land uses is projected to decrease in future 2040 cumulative conditions. Refer to **Table 2. Daily Vehicle Miles Traveled**, which includes the TAZ in which the project site is located, 691.

Table 2. Daily Vehicle Miles Traveled

<u>Land Use</u>	<u>Existing</u>			<u>Cumulative 2040</u>		
	<u>Bay Area Regional Average</u>	<u>Bay Area Regional Average minus 15%</u>	<u>TAZ 691</u>	<u>Bay Area Regional Average</u>	<u>Bay Area Regional Average minus 15%</u>	<u>TAZ 691</u>
Hotel Use- Tourists (Residential)	17.2	14.6	8.2	16.1	13.7	6.5
Hotel Use -Workers (Office)	19.1	16.2	3.2	17.0	14.5	2.2
Restaurant (Retail)	14.9	12.6	8.3	14.6	12.4	8.0

A project would have a significant effect on the environment if it would cause substantial additional VMT. The State Office of Planning and Research’s (OPR) *Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA* (“proposed transportation impact guidelines”) recommends screening criteria to identify types, characteristics, or locations of projects that would not result in significant impacts to VMT. If a project meets one of the three screening criteria provided (Map-

¹¹ To state another way: a tour-based assessment of VMT at a retail site would consider the VMT for all trips in the tour, for any tour with a stop at the retail site. If a single tour stops at two retail locations, for example, a coffee shop on the way to work and a restaurant on the way back home, then both retail locations would be allotted the total tour VMT. A trip-based approach allows us to apportion all retail-related VMT to retail sites without double-counting.

¹² San Francisco Planning Department, Executive Summary: Resolution Modifying Transportation Impact Analysis, Appendix F, Attachment A, March 3, 2016.

¹³ Retail travel is not explicitly captured in SF-CHAMP, rather, there is a generic "Other" purpose which includes retail shopping, medical appointments, visiting friends or family, and all other non-work, non-school tours. The retail efficiency metric captures all of the "Other" purpose travel generated by Bay Area households. The denominator of employment (including retail; cultural, institutional, and educational; and medical employment; school enrollment, and number of households) represents the size, or attraction, of the zone for this type of "Other" purpose travel.

Based Screening, Small Projects, and Proximity to Transit Stations), then it is presumed that VMT impacts would be less than significant for the project and a detailed VMT analysis is not required. Map-Based Screening is used to determine if a project site is located within a TAZ that exhibits low levels of VMT; Small Projects are projects that would generate fewer than 100 vehicle trips per day; and the Proximity to Transit Stations criterion includes projects that are within a half mile of an existing major transit stop, have a floor area ratio of greater than or equal to 0.75, vehicle parking that is less than or equal to that required or allowed by the Planning Code without conditional use authorization, and are consistent with the applicable Sustainable Communities Strategy.

The proposed project would include hotel and restaurant use. As shown in **Table 2**, the existing office average daily VMT (used as a proxy for hotel worker VMT) in TAZ 691 per capita is 3.2. The existing office average VMT per capita is 83 percent below the existing regional average daily VMT per capita of 19.1. The future 2040 office average daily VMT per capita is estimated to be 2.2 in TAZ 691, which is 87 percent below the future 2040 regional average daily VMT per capita of 17.0. The existing average daily retail VMT per capita (used as a proxy for restaurant VMT) is 8.3 in TAZ 691. The existing average daily retail VMT per capita is 44 percent below the existing regional average daily VMT per capita for retail of 14.9. The future 2040 retail average daily VMT per capita is estimated to be 8.0, which is 45 percent below the future 2040 average daily retail VMT per capita of 14.6. The existing average daily residential VMT per capita (used as a proxy for hotel tourist VMT) is 52 percent below the existing regional average daily VMT per capita for residential of 17.2. The future 2040 retail average daily VMT per capita is estimated to be 6.5, which is 60 percent below the future 2040 average daily retail VMT per capita of 16.1. Given that the project site is located in area in which the existing future 2040 hotel and restaurant VMT would be below the existing and future 2040 regional averages, the proposed project's hotel and restaurant uses would not result in substantial additional VMT, and impacts would be less than significant. Furthermore, the project site meets the Proximity to Transit Stations screening criterion, which also indicates the proposed project's hotel and restaurant uses would not cause substantial additional VMT.¹⁴ Therefore, the proposed project would not cause substantial additional VMT and impacts would be less than significant.

Trip Generation

The proposed project would construct a 130-foot-tall hotel. The proposed 164,000 gross-square-foot building would include approximately 158,600 gross square feet for 297 hotel rooms, 3,000 gross square feet of ground floor space for restaurant use ancillary to the hotel, 2,400 gross square feet of usable ground floor interior open space, and 16,700 square feet in the basement for 17 off-street valet parking spaces for the hotel and one car share space.

Localized trip generation of the proposed project was calculated using a trip-based analysis and information in the *2002 Transportation Impacts Analysis Guidelines for Environmental Review* (SF Guidelines) developed by the San Francisco Planning Department.¹⁵ Refer to **Table 3** for the proposed project trip generation.

¹⁴ San Francisco Planning Department. Eligibility Checklist: CEQA section 21099 – Modernization of Transportation Analysis for 350 Second Street, July 24, 2018.

¹⁵ Kittelson and Associates. *Transportation Circulation Memorandum for 350 2nd Street*, July 20, 2018.

Table 3. Estimated New Daily and p.m. Peak Hour Project Trips by Mode

	Auto	Transit	Walk	Other modes	Total person trips (inbound and outbound)
New Daily Project Trip Generation	1,264	906	1,378	331	3,879
Estimated p.m. peak hour trips	147 ^a	127	140	37	451

Notes

^a 84 vehicle trips accounting for vehicle occupancy data for Census Tract 691

Transit

Mitigation Measures E-5 through E-11 in the Eastern Neighborhoods PEIR were adopted as part of the Plan with uncertain feasibility to address significant transit impacts. These measures are not applicable to the proposed project, as they are plan-level mitigations to be implemented by City and County agencies. In compliance with a portion of Mitigation Measure E-5: Enhanced Transit Funding, the City adopted impact fees for development in Eastern Neighborhoods that goes towards funding transit and complete streets. In addition, San Francisco Board of Supervisors approved amendments to the San Francisco Planning Code, referred to as the Transportation Sustainability Fee (Ordinance 200-154, effective December 25, 2015).¹⁶ The fee updated, expanded, and replaced the prior Transit Impact Development Fee, which is in compliance with portions of Mitigation Measure E-5: Enhanced Transit Funding. In compliance with a portion of Mitigation Measure E-11: Transportation Demand Management, the city adopted a comprehensive Transportation Demand Management Program for most new development citywide (Ordinance 34-17, effective March 19, 2017). The proposed project would be subject to the fee. Both the Transportation Sustainability Fee and the transportation demand management efforts are part of the Transportation Sustainability Program.¹⁷ In compliance with all or portions of Mitigation Measure E-6: Transit Corridor Improvements, Mitigation Measure E-7: Transit Accessibility, Mitigation Measure E-9: Rider Improvements, and Mitigation Measure E-10: Transit Enhancement, the SFMTA is implementing the Transit Effectiveness Project (TEP), which was approved by the SFMTA Board of Directors in March 2014. The TEP (now called Muni Forward) includes system-wide review, evaluation, and recommendations to improve service and increase transportation efficiency. Examples of transit priority and pedestrian safety improvements within the Eastern Neighborhoods Plan area as part of Muni Forward include the 14 Mission Rapid Transit Project, the 22 Fillmore Extension along 16th Street to Mission Bay (as of November 2017, the 22 Fillmore Extension is part of the 16th Street Improvement Project, which is anticipated to begin construction in fall of 2018), and the Travel Time Reduction Project on Route 9 San Bruno (completed in 2017). In addition, Muni Forward includes service improvements to various routes with the Eastern Neighborhoods Plan area; for instance, Muni line 55-16th Street on 16th Street.

¹⁶ Two additional files were created at the Board of Supervisors for Transportation Sustainability Fee regarding hospitals and health services, grandfathering, and additional fees for larger projects: see Board file nos. 151121 and 151257.

¹⁷ San Francisco Planning. Transportation Sustainability Program. Accessed July 24, 2018. <http://tsp.sfplanning.org>

Mitigation Measure E-7 also identifies implementing recommendations of the Bicycle Plan and Better Streets Plan. As part of the San Francisco Bicycle Plan, adopted in 2009, a series of minor, near-term, and long-term bicycle facility improvements are planned within the Eastern Neighborhoods, including along Second Street, 5th Street, 17th Street, Townsend Street, Illinois Street, and Cesar Chavez Boulevard. The San Francisco Better Streets Plan, adopted in 2010, describes a vision for the future of San Francisco's pedestrian realm and calls for streets that work for all users. The Better Streets Plan requirements were codified in section 138.1 of the Planning Code and new projects constructed in the Eastern Neighborhoods Plan area are subject to varying requirements, dependent on project size. Another effort which addresses transit accessibility, Vision Zero, was adopted by various City agencies in 2014. Vision Zero focuses on building better and safer streets through education, evaluation, enforcement, and engineering. The goal is to eliminate all traffic fatalities by 2024. Vision Zero projects within the Eastern Neighborhoods Plan area include pedestrian intersection treatments along Mission Street from 18th to 23rd streets, the Potrero Avenue Streetscape Project from Division to Cesar Chavez streets, and the Howard Street Pilot Project, which includes pedestrian intersection treatments from 4th to 6th streets.

The project site is located within a quarter mile of several local transit lines including Muni lines 10-Townsend, 12-Folsom/Pacific, 25-Treasure Island, 30-Stockton, 41-Union, 45-Union/Stockton, 8-Bayshore, 81X-Caltrain Express, 8AX-Bayshore A Express, and 8BX-Bayshore B Express. The proposed project would be expected to generate 906 daily transit trips, including 127 during the p.m. peak hour. Given the wide availability of nearby transit, the addition of 127 p.m. peak hour transit trips would be accommodated by existing capacity. As such, the proposed project would not result in unacceptable levels of transit service or cause a substantial increase in delays or operating costs such that significant adverse impacts in transit service could result.

Each of the rezoning options in the Eastern Neighborhoods PEIR identified significant and unavoidable cumulative impacts relating to increases in transit ridership on Muni lines, with the Preferred Project having significant impacts on seven lines. The project site is not located within a quarter-mile of any of these seven Muni lines. The proposed project would not contribute considerably to these conditions as the minor contribution of 127 p.m. peak hour transit trips would not be a substantial proportion of the overall additional transit volume generated by Eastern Neighborhood projects. The proposed project would also not contribute considerably to 2025 cumulative transit conditions and thus would not result in any significant cumulative transit impacts.

Impacts to People Walking

The proposed project would add approximately 267 people walking trips (127 transit trips and 140 walk trips) during the weekday p.m. peak hour. Trips generated by people walking to the project site would be distributed to the ground-floor entrances/exits on Dow Place and Second Street. People driving to and from the project site would need to cross the west crosswalk at the intersection of Second Street/Dow Place, which has high volumes of people walking. A raised crosswalk across the west leg of the Second Street/Dow Place intersection, installed as part of the Second Street Improvement Project, would discourage fast turning travel speeds of vehicles turning into and out of Dow Place. Furthermore, based on a review of the Second Street Improvement Project plans for the intersection of Second Street/Dow Place, adequate sight distance would be provided for vehicles traveling eastbound on Dow Place to visibly recognize and stop for pedestrians crossing the west crosswalk. Vehicles traveling southbound on Second Street turning into Dow Place would also have increased visibility to recognize people walking crossing the west crosswalk of the intersection due to the removal of parking on the west side of Second Street. Although the raised crosswalk across the west leg of the Second Street/Dow Place intersection

would discourage fast turning travel speeds of vehicles turning into and out of Dow Place, the addition of vehicle traffic generated by the proposed project could disrupt the flow of people walking along and across Dow Place.

The use of valet service to manage vehicle parking in the 350 Second Street building would help to organize the flow of vehicles to and from the site and increase the predictability of vehicle movements due to valet operation logistics limiting the number of vehicles that can exit Dow Place in a given timeframe (i.e., parking and retrieving parked vehicles). The proposed project would not introduce any potentially hazardous conditions that would adversely affect accessibility for people walking. Given the location of the freight loading space away from the main entrances to the building, the addition of freight traffic generated by the proposed project would not be expected to disrupt the flow of people walking to and from the project site. The proposed project would not result in overcrowding, potentially hazardous conditions, or interfere with accessibility to the site and adjoining areas. Therefore, the proposed project would result in a less-than-significant impact on people walking.

Impacts to People Bicycling

The proposed project is located adjacent to a designated citywide bicycle route on Second Street and is located near several other streets that provide designated bicycle facilities, including Folsom Street and Howard Street. The Second Street Improvement Project enhancements include construction of class IV protected bike lanes.

People driving to and from the project site would need to cross the bike lanes on Second Street to turn into or out of Dow Place. Based on a review of the Second Street Improvement Project plans for the intersection of Second Street/Dow Place, adequate sight distance would be provided for vehicles traveling eastbound on Dow Place to visibly recognize and stop for people bicycling traveling southbound on Second Street. Due to the traffic control of the Second Street/Dow Place intersection functioning as a right-in/right-out intersection, drivers would only be required to look to their left to determine if their turning movement would be clear of people bicycling traveling southbound on Second Street. Furthermore, vehicles traveling southbound on Second Street turning into Dow Place would also have increased visibility to recognize people bicycling as a result of the class IV bicycle facilities proposed as part of the Second Street Improvement Project.

The addition of vehicle traffic generated by the proposed project could disrupt the flow of people bicycling on Second Street, although the raised crosswalk across the west leg of the Second Street/Dow Place intersection would discourage fast turning travel speeds of vehicles turning into and out of Dow Place. Vehicles turning into or out of Dow Place may cause minor disruptions to bicycle circulation along Second Street. As described in the Project Description, the proposed project would establish a new on-site driveway accessible from Dow Place, which would help to manage passenger and freight loading activities generated by the project and generally minimize disruptions to vehicle traffic and bicycle circulation along Dow Place and Second Street. The proposed project would not result in potentially hazardous conditions, or interfere with accessibility to the site and adjoining areas. Therefore, the proposed project would result in a less-than-significant impact on people bicycling.

Commercial Loading

The proposed project would generate a demand for approximately 26 delivery/service freight loading-trips per day with about 15 freight loading trips resulting from hotel-use and about 11 loading trips resulting from restaurant use. The estimated demand is approximately two loading spaces during the average and peak hours of loading activity.

The proposed project would provide one 10-foot by 25-foot off-street freight loading space within the proposed building and accessible through the new on-site driveway accessible from Dow Place. If the off-street space is unavailable, freight loading activities may be conducted along the approximately 60 feet of linear curb space available within the newly established driveway accessible from Dow Place. The supply of freight loading spaces would meet estimated demand and therefore, would not result in any significant commercial loading impacts. Impacts to commercial loading would be further reduced through the implementation of Improvement Measure 1: Driveway Loading and Operations Plan.

Passenger Loading

The proposed project would generate 37 passenger drop-off/pick-up trips (17 drop-off, 20 pick-up) during the weekday p.m. peak hour. About 19 vehicles would be anticipated to arrive during the peak 15-minute period resulting in a peak demand for passenger loading equivalent to about two vehicles, equivalent to about 40 linear feet of curb. Approximately 60-feet of linear curb space would be available within the on-site driveway for loading activity. Passenger loading, including pick-up and drop-off activity, would be conducted within the proposed on-site driveway. The on-site driveway accessible from Dow Place would provide two new curb-cuts including an approximate 25-foot ingress and 16-foot egress function as well as adequate space to allow a vehicle to pass a parked or loading vehicle side-by-side. This space may be used to accommodate passenger loading including pick-up and drop-off activity. Based on the analysis, the proposed supply of passenger loading space would meet estimated demand. If the off-street passenger loading space is unavailable, passenger loading activities may occur on Dow Place or within the passenger loading (white curb zone) provided on the east side of Second Street, across from the project site. Based on this analysis, the supply of passenger loading spaces would meet estimated demand and therefore, impacts would be less than significant. Similar to commercial loading, the already less-than-significant passenger loading impacts would be further reduced through the implementation of Improvement Measure 1: Driveway Loading and Operations Plan.

Emergency Vehicle Access

Emergency vehicle access to the project site would be provided on Second Street (southbound) requiring emergency vehicles to access the site by executing a right-turn onto Dow Place from Second Street. The closest fire station is located on Folsom Street, approximately 0.7 miles west of the 350 Second Street project site. Folsom Street is a one-way, arterial street, with three travel lanes, parking on both sides, and a 16-foot buffered bike lane on the south side of the roadway. In the chance of an emergency, the buffered bike lane could provide adequate space to allow passenger vehicles to pull over to allow an emergency vehicle to pass. The buffered bike lane could also provide adequate width to allow an emergency vehicle to pass stopped or idling vehicles on Folsom Street to alleviate potential delay caused by congestion on Folsom Street. Some emergency vehicles, such as ladder trucks, may experience some challenges negotiating the cul-de-sac on Dow Place. The project proposes to construct a turn-around area at the western terminus of Dow Place that would allow a ladder truck to execute a multiple-point turn to

sufficiently turn around. Alternatively, the emergency vehicle could reverse out of Dow Place after resolving the emergency issue.

For the reasons discussed above, the proposed 350 Second Street project would not result in delay or interfere with accessibility to the site. Therefore, the proposed project would not result in any significant emergency vehicle access impacts.

Transportation-Related Construction Impacts

Construction staging would occur primarily within the confines of the project site and using portions of the frontage along both Second Street and Dow Place. Parking lane, bike lanes, and sidewalk closure may be needed on Second Street during construction. For sidewalks along these closed frontage portions, signage and pedestrian protection would be erected, as appropriate. Closures would be coordinated with the City to minimize the impacts on local traffic. The construction logistics plan, to be prepared by the contractor, would be reviewed by the SFMTA and would address issues of circulation (traffic, pedestrians, transit, and bicycle), safety, parking and other project construction in the area.

Throughout the construction period, there would be a flow of construction-related traffic into and out of the site. Construction trucks would be required to use designated freight traffic routes to access the construction site. The San Francisco General Plan identifies several freight traffic routes in the vicinity of the construction site, including I-80 and major arterials (Howard Street, Folsom Street, Fremont Street, First Street, Second Street, and Third Street).

The impact of construction truck traffic would be a temporary lessening of the capacities on surrounding roadways and truck routes, as well as connecting local streets, due to the slower movement and larger turning radii of trucks. Construction truck traffic could result in minor congestion and conflicts with vehicles, transit, pedestrians and bicyclists. Potential impacts would be considered less than significant due to their temporary and limited duration and due to the fact that the majority of construction activity would occur during off-peak hours when traffic volumes are minimal and potential for conflicts is low. Parking demand generated by construction workers’ personal vehicles could be accommodated by off-street public parking facilities in the area. The project’s construction impacts would be further reduced through the implementation of Improvement Measure 2: Construction Management Plan.

Conclusion

For the above reasons, the proposed project would not result in significant impacts that were not identified in the Eastern Neighborhoods PEIR related to transportation and circulation and would not contribute considerably to cumulative transportation and circulation impacts that were identified in the Eastern Neighborhoods PEIR.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
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5. NOISE—Would the project:

- a) Result in exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
b) Result in exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan area, or, where such a plan has not been adopted, in an area within two miles of a public airport or public use airport, would the project expose people residing or working in the area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project located in the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Be substantially affected by existing noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR determined that implementation of the Eastern Neighborhoods Area Plans and Rezoning would result in significant noise impacts during construction activities and due to conflicts between noise-sensitive uses in proximity to noisy uses such as PDR, retail, entertainment, cultural/institutional/educational uses, and office uses. The Eastern Neighborhoods PEIR also determined that incremental increases in traffic-related noise attributable to implementation of the Eastern Neighborhoods Area Plans and Rezoning would be less than significant. The Eastern Neighborhoods PEIR identified six noise mitigation measures, three of which may be applicable to subsequent development projects.¹⁸ These mitigation measures would reduce noise impacts from construction and noisy land uses to less than significant levels.

Construction Noise

Eastern Neighborhoods PEIR Mitigation Measures F-1 and F-2 relate to construction noise. Mitigation Measure F-1 addresses individual projects that include pile-driving, and Mitigation Measure F-2 addresses individual projects that include particularly noisy construction procedures (including pile-

¹⁸ Eastern Neighborhoods PEIR Mitigation Measures F-3, F-4, and F-6 address the siting of sensitive land uses in noisy environments. In a decision issued on December 17, 2015, the California Supreme Court held that CEQA does not generally require an agency to consider the effects of existing environmental conditions on a proposed project's future users or residents except where a project or its residents may exacerbate existing environmental hazards (*California Building Industry Association v. Bay Area Air Quality Management District*, December 17, 2015, Case No. S213478. Available at: <http://www.courts.ca.gov/opinions/documents/S213478.PDF>). As noted above, the *Eastern Neighborhoods PEIR* determined that incremental increases in traffic-related noise attributable to implementation of the Eastern Neighborhoods Area Plans and Rezoning would be less than significant, and thus would not exacerbate the existing noise environment. Therefore, Eastern Neighborhoods Mitigation Measures F-3, F-4, and F-6 are not applicable. Nonetheless, for all noise sensitive uses, the general requirements for adequate interior noise levels of Mitigation Measures F-3 and F-4 are met by compliance with the acoustical standards required under the California Building Standards Code (California Code of Regulations Title 24).

driving). The proposed project would be constructed on a spread footing foundation; no pile driving activities are proposed. Since construction would not require pile driving, Mitigation Measure F-1 is not applicable. However, because construction activities would require heavy equipment, PEIR Mitigation Measure F-2 is applicable to the proposed project, and is included in the Mitigation Measures section as Project Mitigation Measure 2. Project Mitigation Measure 2 would reduce construction noise by requiring the sponsor to develop and implement a set of noise attenuation measures under the supervision of a qualified acoustical consultant.

In addition, all construction activities for the proposed project (approximately 21 months) would be subject to the San Francisco Noise Ordinance (Article 29 of the San Francisco Police Code) (Noise Ordinance). Construction noise is regulated by the Noise Ordinance. The Noise Ordinance requires construction work to be conducted in the following manner: (1) noise levels of construction equipment, other than impact tools, must not exceed 80 dBA at a distance of 100 feet from the source (the equipment generating the noise); (2) impact tools must have intake and exhaust mufflers that are approved by the Director of Public Works (PW) or the Director of the Department of Building Inspection (DBI) to best accomplish maximum noise reduction; and (3) if the noise from the construction work would exceed the ambient noise levels at the site property line by 5 dBA, the work must not be conducted between 8:00 p.m. and 7:00 a.m. unless the Director of PW authorizes a special permit for conducting the work during that period.

DBI is responsible for enforcing the Noise Ordinance for private construction projects during normal business hours (8:00 a.m. to 5:00 p.m.). The Police Department is responsible for enforcing the Noise Ordinance during all other hours. Nonetheless, during the construction period for the proposed project of approximately 21 months, occupants of the nearby properties could be disturbed by construction noise. Times may occur when noise could interfere with indoor activities in nearby residences and other businesses near the project site. The increase in noise in the project area during project construction would not be considered a significant impact of the proposed project, because the construction noise would be temporary, intermittent, and restricted in occurrence and level, as the contractor would be required to comply with the Noise Ordinance and Eastern Neighborhoods PEIR Mitigation Measure F-2, which would reduce construction noise impacts to a less-than-significant level.

Operational Noise

Eastern Neighborhoods PEIR Mitigation Measure F-5 addresses impacts related to individual projects that include uses that would be expected to generate noise levels in excess of ambient noise in the project vicinity. The proposed project would construct a building featuring a seven-story, 65-foot-tall podium with a 14-story, 130-foot-tall tower located on Second Street. The proposed 164,000 gross-square-foot building would include approximately 158,600 gross square feet for 297 hotel rooms, 3,000 gross square feet of ground floor space for restaurant use ancillary to the hotel, 2,400 gross square feet of usable ground floor interior open space, and 16,700 square feet in the basement for 17 off-street valet parking spaces for the hotel and one car share space. The proposed project's hotel and restaurant uses would be similar to surrounding uses and are not expected to be in excess of existing ambient noise levels as documented in the preliminary noise analysis prepared for the project.¹⁹ Therefore, PEIR Mitigation Measure F-5 is not applicable.

¹⁹ Charles M. Salter. 350 Second Street Preliminary Mechanical Equipment Noise Levels at 77 Dow Place. April 11, 2018.

It is estimated that ambient noise levels at 350 Second Street’s west property plane would be approximately 55 to 60 dB during nighttime hours (typically the quietest hours of the day). Based on the preliminary locations, quantities, and sound levels of the equipment for the proposed building, it is anticipated that the individual noise levels for the above equipment would be below the estimated ambient noise levels at the west property plane of 350 Second Street.

Table 4 includes the preliminary mechanical equipment noise levels as well as preliminary estimated noise levels at the west property plane.

Table 4. Provided Noise Levels and Preliminary Estimated Noise Levels at 350 Second Street West Property Plane

Equipment	Provided Noise Level ¹		Estimated Noise Level at West Property Plane
	Noise Level	Distance	
Supply air units (tower)	59 dB	50 feet	54 dB
Supply air units (low-rise)	59 dB	50 feet	56 dB
Toilet riser fans (tower)	29 dB	50 feet	<25 dB
Toilet riser fans (low-rise)	29 dB	50 feet	36 dB
Corridor exhaust fan (tower)	35 dB	50 feet	26 dB
Corridor exhaust fan (low-rise)	35 dB	50 feet	39 dB
Kitchen exhaust	36 dB	50 feet	44 dB
Cooling towers	76 dB	5 feet	50 dB

¹This assumes that each piece of equipment is operating at full capacity.

Furthermore, section 2909 of the San Francisco Police Code generally prohibits fixed mechanical equipment noise and music in excess of five dBA more than ambient noise from residential sources. Section 2909(d) establishes maximum noise levels for fixed noise sources (e.g. mechanical equipment such as diesel generators) of 55 dBA (7:00 a.m. to 10 p.m.) and 45 dBA (10 p.m. to 7:00 a.m.) inside any sleeping or living room in any dwelling unit located on residential property to prevent sleep disturbance. Given the 350 Second Street’s proximity to residential sources at 77 Dow Place and 631 Folsom Street, all mechanical equipment associated with the project shall comply with section 2909 of the San Francisco Police Code.

The proposed project would be subject to the following interior noise standards, which are described for informational purposes. The California Building Standards Code (Title 24) establishes uniform noise insulation standards. The Title 24 acoustical requirement for residential structures (including hotels) is incorporated into section 1207 of the San Francisco Building Code and requires these structures be designed to prevent the intrusion of exterior noise so that the noise level with windows closed, attributable to exterior sources, shall not exceed 45 dBA in any habitable room. Title 24 allows the project sponsor to choose between a prescriptive or performance-based acoustical requirement for non-residential uses. Both compliance methods require wall, floor/ceiling, and window assemblies to meet certain sound transmission class or outdoor-indoor sound transmission class ratings to ensure that

adequate interior noise standards are achieved. In compliance with Title 24, DBI would review the final building plans to ensure that the building wall, floor/ceiling, and window assemblies meet Title 24 acoustical requirements. If determined necessary by DBI, a detailed acoustical analysis of the exterior wall and window assemblies may be required.

The project site is not located within an airport land use plan area, within two miles of a public airport, or in the vicinity of a private airstrip. Therefore, topic 12e and f from the CEQA Guidelines, Appendix G is not applicable.

For the above reasons, the proposed project would not result in significant noise impacts that were not identified in the Eastern Neighborhoods PEIR.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
6. AIR QUALITY—Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal, state, or regional ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR identified potentially significant air quality impacts resulting from construction activities and impacts to sensitive land uses²⁰ as a result of exposure to elevated levels of diesel particulate matter (DPM) and other toxic air contaminants (TACs). The Eastern Neighborhoods PEIR identified four mitigation measures that would reduce these air quality impacts to less-than-significant levels and stated that with implementation of identified mitigation measures, the Area Plan would be consistent with the Bay Area 2005 Ozone Strategy, the applicable air quality plan at that time. All other air quality impacts were found to be less than significant.

²⁰ The Bay Area Air Quality Management District (BAAQMD) considers sensitive receptors as: children, adults or seniors occupying or residing in: 1) residential dwellings, including apartments, houses, condominiums, 2) schools, colleges, and universities, 3) daycares, 4) hospitals, and 5) senior care facilities. BAAQMD, Recommended Methods for Screening and Modeling Local Risks and Hazards, May 2011, page 12.

Eastern Neighborhoods PEIR Mitigation Measure G-1 addresses air quality impacts during construction, and PEIR Mitigation Measures G-3 and G-4 address proposed uses that would emit DPM and other TACs.²¹

Construction Dust Control

Eastern Neighborhoods PEIR Mitigation Measure G-1 Construction Air Quality requires individual projects involving construction activities to include dust control measures and to maintain and operate construction equipment so as to minimize exhaust emissions of particulates and other pollutants. The San Francisco Board of Supervisors subsequently approved a series of amendments to the San Francisco Building and Health Codes, generally referred to as the Construction Dust Control Ordinance (Ordinance 176-08, effective July 30, 2008). The intent of the Construction Dust Control Ordinance is to reduce the quantity of fugitive dust generated during site preparation, demolition, and construction work in order to protect the health of the general public and of on-site workers, minimize public nuisance complaints, and to avoid orders to stop work by DBI. Project-related construction activities would result in construction dust, primarily from ground-disturbing activities.

For projects over one half-acre, such as the proposed 350 Second Street project, the Dust Control Ordinance requires that the project sponsor submit a Dust Control Plan for approval by the San Francisco Department of Public Health. DBI will not issue a building permit without written notification from the Director of Public Health that the applicant has a site-specific Dust Control Plan, unless the Director waives the requirement. The site-specific Dust Control Plan would require the project sponsor to implement additional dust control measures such as installation of dust curtains and windbreaks and to provide independent third-party inspections and monitoring, provide a public complaint hotline, and suspend construction during high wind conditions.

The regulations and procedures set forth by the San Francisco Dust Control Ordinance would ensure that construction dust impacts would not be significant. These requirements supersede the dust control provisions of PEIR Mitigation Measure G-1. Therefore, the portion of PEIR Mitigation Measure G-1 Construction Air Quality that addresses dust control is no longer applicable to the proposed project.

Criteria Air Pollutants

In accordance with the state and federal Clean Air Acts, air pollutant standards are identified for the following six criteria air pollutants: ozone, carbon monoxide (CO), particulate matter (PM), nitrogen dioxide (NO₂), sulfur dioxide (SO₂), and lead. These air pollutants are termed criteria air pollutants because they are regulated by developing specific public health- and welfare-based criteria as the basis for setting permissible levels. In general, the San Francisco Bay Area Air Basin (SFBAAB) experiences low concentrations of most pollutants when compared to federal or state standards. The SFBAAB is designated as either in attainment or unclassified for most criteria pollutants with the exception of ozone, PM_{2.5}, and PM₁₀, for which these pollutants are designated as non-attainment for either the state or federal standards. By its very nature, regional air pollution is largely a cumulative impact in that no single project is sufficient in size to, by itself, result in non-attainment of air quality standards. Instead, a project's individual emissions contribute to existing cumulative air quality impacts. If a project's contribution to cumulative air quality impacts is considerable, then the project's impact on air quality would be considered significant.

²¹ The Eastern Neighborhoods PEIR also includes Mitigation Measure G-2, which has been superseded by Health Code Article 38, as discussed below, and is no longer applicable.

While the Eastern Neighborhoods PEIR determined that at a program-level the Eastern Neighborhoods Rezoning and Area Plans would not result in significant regional air quality impacts, the PEIR states that “Individual development projects undertaken in the future pursuant to the new zoning and area plans would be subject to a significance determination based on the BAAQMD’s quantitative thresholds for individual projects.”²² The Bay Area Air Quality Management District (BAAQMD) prepared updated *2011 BAAQMD CEQA Air Quality Guidelines* (Air Quality Guidelines),²³ which provided new methodologies for analyzing air quality impacts. The Air Quality Guidelines also provide thresholds of significance for those criteria air pollutants that the SFBAAB is in non-attainment. These thresholds of significance are used by the City.

Construction

Construction activities from the proposed project would result in the emission of criteria air pollutants from equipment exhaust, construction-related vehicular activity, and construction worker automobile trips. Construction of the proposed project would occur over an approximately 21-month period. Construction-related criteria air pollutants generated by the proposed project were quantified using the California Emissions Estimator Model (CalEEMod).²⁴ The model was developed, including default data (e.g., emission factors, meteorology, etc.) in collaboration with California air districts’ staff. Default assumptions were used where project-specific information was unknown. Emissions were converted from tons/year to lbs/day using the estimated construction duration. As shown in **Table 5**, unmitigated project construction emissions would be below the threshold of significance for ROG, NO_x, PM₁₀, and PM 2.5. Therefore, emissions of criteria air pollutants during the construction phase would not exceed BAAQMD significance thresholds, and impacts would be less than significant.

Table 5: Daily Project Construction Emissions

	Pollutant Emissions (Average Pounds per Day)			
	ROG	NO _x	Exhaust PM ₁₀	Exhaust PM _{2.5}
Unmitigated Project Emissions ^a	10.4	12.2	0.6	0.6
Significance Threshold	54.0	54.0	82.0	54.0

Notes:

a. CalEEMod outputs of tons/year were multiplied by 2,000 lbs/year and divided by 425 working days

Source: BAAQMD, 2011; San Francisco Planning Department, 2018

Operation

The proposed project would generate criteria pollutant emissions associated with vehicle traffic (mobile sources), on-site area sources (i.e., natural gas combustion for space and water heating, and combustion of other fuels by building and grounds maintenance equipment), energy usage, and potentially, the testing of a backup diesel generator. Operational-related criteria air pollutants generated by the proposed project were also quantified using CalEEMod.²⁵ Default assumptions were used where project-specific information was unknown.

The daily and annual emissions associated with operation of the proposed project are shown in **Table 6**. **Table 6** also includes the thresholds of significance the City utilizes.

²² San Francisco Planning Department, Eastern Neighborhood’s Rezoning and Area Plans Final Environmental Impact Report. See page 346. Available online at: <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=4003>. Accessed June 4, 2014.

²³ Bay Area Air Quality Management District, CEQA Air Quality Guidelines, updated May 2011. See pp. 3-2 to 3-3.

²⁴ San Francisco Planning Department, 2018. *CalEEMod Run: 350 2nd Street Project*. July 26, 2018.

²⁵ Ibid.

Table 6: Summary of Operational Criteria Air Pollutant Emissions

	ROG	NOx	PM ₁₀	PM _{2.5}
Project Average Daily Emissions (lbs/day) ^a	9.3	11.0	0.3	0.3
Significance Threshold (lbs/day)	54	54	82	54
Project Maximum Annual Emissions (tpy)	1.7	2.0	0.05	0.05
Significance Threshold (tpy)	10.0	10.0	10.0	10.0

Notes:

a. CalEEMod outputs of tons/year were multiplied by 2,000 lbs/year and divided by 365 days

lbs/day = pounds per day

tpy = tons per year

Source: BAAQMD, 2011; San Francisco Planning Department, 2018

As shown in **Table 6**, the proposed project would not exceed the threshold of significance for operational criteria air pollutant emissions. For these reasons, implementation of the proposed project would not result in either project-level or cumulative significant impacts that were not identified in the Eastern Neighborhoods PEIR related to contribution to violations of air quality standards or substantial increases in non-attainment criteria air pollutants.

Health Risk

Since certification of the PEIR, San Francisco Board of Supervisors approved a series of amendments to the San Francisco Building and Health Codes, generally referred to as the Enhanced Ventilation Required for Urban Infill Sensitive Use Developments or Health Code, Article 38 (Ordinance 224-14, amended December 8, 2014)(Article 38). The Air Pollutant Exposure Zone as defined in Article 38 are areas that, based on modeling of all known air pollutant sources, exceed health protective standards for cumulative PM_{2.5} concentration, cumulative excess cancer risk, and incorporates health vulnerability factors and proximity to freeways. For sensitive use projects within the Air Pollutant Exposure Zone, the ordinance requires that the project sponsor submit an Enhanced Ventilation Proposal for approval by the Department of Public Health (DPH) that achieves protection from PM_{2.5} (fine particulate matter) equivalent to that associated with a Minimum Efficiency Reporting Value 13 filtration. DBI will not issue a building permit without written notification from the Director of Public Health that the applicant has an approved Enhanced Ventilation Proposal. The proposed project is not considered to be a sensitive use project and as such, does not require an approved Enhanced Ventilation Proposal from the Department of Public Health.

Construction

The project site is located within an identified Air Pollutant Exposure Zone; therefore, the ambient health risk to sensitive receptors from air pollutants is considered substantial. The proposed project would require heavy-duty off-road diesel vehicles and equipment during the anticipated 21-month construction period. Thus, Project Mitigation Measure 3: Construction Air Quality has been identified to implement the portions of Eastern Neighborhoods PEIR Mitigation Measure G-1 related to emissions exhaust by requiring engines with higher emissions standards on construction equipment. Project Mitigation Measure 3: Construction Air Quality would reduce DPM exhaust from construction equipment by 89 to

94 percent compared to uncontrolled construction equipment.²⁶ Therefore, impacts related to construction health risks would be less than significant through implementation of Project Mitigation Measure 3: Construction Air Quality. The full text of Project Mitigation Measure 3: Construction Air Quality is provided in the Mitigation Measures Section below.

Siting New Sources

The proposed project would not be expected to generate 100 trucks per day or 40 refrigerated trucks per day. Therefore, Eastern Neighborhoods PEIR Mitigation Measure G-3 is not applicable. However, the proposed project would include a backup diesel generator, which would emit DPM, a TAC. Therefore, Project Mitigation Measure 4: Best Available Control Technology for Diesel Generators has been identified to implement the portions of Eastern Neighborhoods PEIR Mitigation Measure G-4 related to siting of uses that emit TACs by requiring the engine to meet higher emission standards. Project Mitigation Measure 4: Best Available Control Technology for Diesel Generators would reduce DPM exhaust from stationary sources by 89 to 94 percent compared to uncontrolled stationary sources. Impacts related to new sources of health risk would be less than significant through implementation of Project Mitigation Measure 4: Best Available Control Technology for Diesel Generators. The full text of Project Mitigation Measure 4: Best Available Control Technology for Diesel Generators is provided in the Mitigation Measures Section below.

Conclusion

For the above reasons, none of the Eastern Neighborhoods PEIR air quality mitigation measures are applicable to the proposed project and the proposed project would not result in significant air quality impacts that were not identified in the PEIR.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
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**7. GREENHOUSE GAS EMISSIONS—
Would the project:**

- a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?

²⁶ PM emissions benefits are estimated by comparing off-road PM emission standards for Tier 2 with Tier 1 and 0. Tier 0 off-road engines do not have PM emission standards, but the United States Environmental Protection Agency’s *Exhaust and Crankcase Emissions Factors for Nonroad Engine Modeling – Compression Ignition* has estimated Tier 0 engines between 50 hp and 100 hp to have a PM emission factor of 0.72 g/hp-hr and greater than 100 hp to have a PM emission factor of 0.40 g/hp-hr. Therefore, requiring off-road equipment to have at least a Tier 2 engine would result in between a 25 percent and 63 percent reduction in PM emissions, as compared to off-road equipment with Tier 0 or Tier 1 engines. The 25 percent reduction comes from comparing the PM emission standards for off-road engines between 25 hp and 50 hp for Tier 2 (0.45 g/bhp-hr) and Tier 1 (0.60 g/bhp-hr). The 63 percent reduction comes from comparing the PM emission standards for off-road engines above 175 hp for Tier 2 (0.15 g/bhp-hr) and Tier 0 (0.40 g/bhp-hr). In addition to the Tier 2 requirement, ARB Level 3 VDECSs are required and would reduce PM by an additional 85 percent. Therefore, the mitigation measure would result in between an 89 percent (0.0675 g/bhp-hr) and 94 percent (0.0225 g/bhp-hr) reduction in PM emissions, as compared to equipment with Tier 1 (0.60 g/bhp-hr) or Tier 0 engines (0.40 g/bhp-hr).

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
b) Conflict with any applicable plan, policy, or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR assessed the GHG emissions that could result from rezoning of the East SoMa Area Plan under the three rezoning options. The Eastern Neighborhoods Rezoning Options A, B, and C are anticipated to result in GHG emissions on the order of 4.2, 4.3 and 4.5 metric tons of CO₂E²⁷ per service population,²⁸ respectively. The Eastern Neighborhoods PEIR concluded that the resulting GHG emissions from the three options analyzed in the Eastern Neighborhoods Area Plans would be less than significant. No mitigation measures were identified in the PEIR.

The BAAQMD has prepared guidelines and methodologies for analyzing GHGs. These guidelines are consistent with CEQA Guidelines sections 15064.4 and 15183.5 which address the analysis and determination of significant impacts from a proposed project’s GHG emissions and allow for projects that are consistent with an adopted GHG reduction strategy to conclude that the proposed project’s GHG impact is less than significant. San Francisco’s *Strategies to Address Greenhouse Gas Emissions*²⁹ presents a comprehensive assessment of policies, programs, and ordinances that collectively represent San Francisco’s GHG reduction strategy in compliance with the BAAQMD and CEQA guidelines. These GHG reduction actions have resulted in a 23.3 percent reduction in GHG emissions in 2012 compared to 1990 levels,³⁰ exceeding the year 2020 reduction goals outlined in the BAAQMD’s *2010 Clean Air Plan*,³¹ Executive Order S-3-05³², and Assembly Bill 32 (also known as the Global Warming Solutions Act).^{33,34} In addition, San Francisco’s GHG reduction goals are consistent with, or more aggressive than, the long-term goals established under Executive Orders S-3-0535 and B-30-15.36,37 Therefore, projects that are

²⁷ CO₂E, defined as equivalent Carbon Dioxide, is a quantity that describes other greenhouse gases in terms of the amount of Carbon Dioxide that would have an equal global warming potential.

²⁸ Memorandum from Jessica Range to Environmental Planning staff, Greenhouse Gas Analyses for Community Plan Exemptions in Eastern Neighborhoods, April 20, 2010. This memorandum provides an overview of the GHG analysis conducted for the Eastern Neighborhoods PEIR and provides an analysis of the emissions using a service population (equivalent of total number of residents and employees) metric.

²⁹ San Francisco Planning Department, *Strategies to Address Greenhouse Gas Emissions in San Francisco*, November 2010. Available at http://sfmea.sfplanning.org/GHG_Reduction_Strategy.pdf, accessed March 3, 2016.

³⁰ ICF International, *Technical Review of the 2012 Community-wide Inventory for the City and County of San Francisco*, January 21, 2015.

³¹ Bay Area Air Quality Management District, *Clean Air Plan*, September 2010. Available at <http://www.baaqmd.gov/plans-and-climate/air-quality-plans/current-plans>, accessed March 3, 2016.

³² Office of the Governor, *Executive Order S-3-05*, June 1, 2005. Available at <https://www.gov.ca.gov/news.php?id=1861>, accessed March 3, 2016.

³³ California Legislative Information, *Assembly Bill 32*, September 27, 2006. Available at http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_0001-0050/ab_32_bill_20060927_chaptered.pdf, accessed March 3, 2016.

³⁴ Executive Order S-3-05, Assembly Bill 32, and the Bay Area 2010 Clean Air Plan set a target of reducing GHG emissions to below 1990 levels by year 2020.

³⁵ Executive Order S-3-05 sets forth a series of target dates by which statewide emissions of GHGs need to be progressively reduced, as follows: by 2010, reduce GHG emissions to 2000 levels (approximately 457 million MTCO₂E); by 2020, reduce emissions to 1990 levels (approximately 427 million MTCO₂E); and by 2050 reduce emissions to 80 percent below 1990 levels (approximately 85 million MTCO₂E).

³⁶ Office of the Governor, *Executive Order B-30-15*, April 29, 2015. Available at <https://www.gov.ca.gov/news.php?id=18938>, accessed March 3, 2016. Executive Order B-30-15 sets a state GHG emissions reduction goal of 40 percent below 1990 levels by the year 2030.

consistent with San Francisco's GHG Reduction Strategy would not result in GHG emissions that would have a significant effect on the environment and would not conflict with state, regional, and local GHG reduction plans and regulations.

The proposed project would increase the intensity of use of the existing 130-vehicle space surface parking lot by constructing a 164,000 gross-square-foot building that would include approximately 158,600 gross square feet for 297 hotel rooms, 3,000 gross square feet of ground floor space for restaurant use ancillary to the hotel, and 17 vehicle spaces (18 including one car share space) in a below grade, basement parking. The addition of the hotel and restaurant uses would result in annual increased GHG emissions through added vehicle trips (mobile sources) to the site and an increase from operational uses – such as energy consumption and increased waste and wastewater, and solid waste disposal. Therefore, the proposed project would contribute to annual long-term increases in GHGs as a result of increased vehicle trips (mobile sources) and commercial operations that result in an increase in energy use, water use, wastewater treatment, and solid waste disposal. Construction activities would also result in temporary increases in GHG emissions.

The proposed project would be subject to regulations adopted to reduce GHG emissions as identified in the GHG reduction strategy. As discussed below, compliance with the applicable regulations would reduce the proposed project's GHG emissions related to transportation, energy use, waste disposal, wood burning, and use of refrigerants.

Compliance with the City's Commuter Benefits Ordinance, Transportation Demand Management Program, Transportation Sustainability Fee, bicycle parking requirements, and car sharing requirements would reduce the proposed project's transportation-related emissions. These regulations reduce GHG emissions from single-occupancy vehicles by promoting the use of alternative transportation modes with zero or lower GHG emissions on a per capita basis.

The proposed project would be required to comply with the energy efficiency requirements of the City's Green Building Code, Stormwater Management Ordinance, Water Conservation and Irrigation ordinances, and Energy Conservation Ordinance, which would promote energy and water efficiency, thereby reducing the proposed project's energy-related GHG emissions.³⁸

The proposed project's waste-related emissions would be reduced through compliance with the City's Recycling and Composting Ordinance, Construction and Demolition Debris Recovery Ordinance, and Green Building Code requirements. These regulations reduce the amount of materials sent to a landfill, reducing GHGs emitted by landfill operations. These regulations also promote reuse of materials, conserving their embodied energy³⁹ and reducing the energy required to produce new materials.

Compliance with the City's Street Tree Planting requirements would serve to increase carbon sequestration. Other regulations, including the Wood Burning Fireplace Ordinance would reduce emissions of GHGs and black carbon, respectively. Regulations requiring low-emitting finishes would

³⁷ San Francisco's GHG reduction goals are codified in Section 902 of the Environment Code and include: (i) by 2008, determine City GHG emissions for year 1990; (ii) by 2017, reduce GHG emissions by 25 percent below 1990 levels; (iii) by 2025, reduce GHG emissions by 40 percent below 1990 levels; and by 2050, reduce GHG emissions by 80 percent below 1990 levels.

³⁸ Compliance with water conservation measures reduce the energy (and GHG emissions) required to convey, pump and treat water required for the project.

³⁹ Embodied energy is the total energy required for the extraction, processing, manufacture and delivery of building materials to the building site.

reduce volatile organic compounds (VOCs).⁴⁰ Thus, the proposed project was determined to be consistent with San Francisco’s GHG reduction strategy.⁴¹

Therefore, the proposed project’s GHG emissions would not conflict with state, regional, and local GHG reduction plans and regulations. Furthermore, the proposed project is within the scope of the development evaluated in the PEIR and would not result in impacts associated with GHG emissions beyond those disclosed in the PEIR. For the above reasons, the proposed project would not result in significant GHG emissions that were not identified in the Eastern Neighborhoods PEIR and no mitigation measures are necessary.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
8. WIND AND SHADOW—Would the project:				
a) Alter wind in a manner that substantially affects public areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Wind

Based on the height and location of the approximately 130-foot-tall building, a pedestrian wind assessment (“Wind Assessment”) was prepared by a qualified wind consultant for the proposed project.⁴² The objective of the Wind Assessment was to provide a qualitative evaluation of the potential wind impacts of the proposed development, which provides a screening-level estimation of the potential wind impact. The Wind Assessment found that the existing wind conditions on the adjacent streets do not exceed the 26-mile-per-hour wind hazard criterion for a single full hour, or approximately 0.0114 percent of the time, as outlined in the San Francisco Planning Code Section 148. The Wind Assessment also found that the proposed building would not cause winds that would reach or exceed the 26-mile-per-hour wind hazard criterion at all pedestrian areas on and around the proposed development and that wind speeds at building entrances and public sidewalks would be suitable for the intended pedestrian usage. Accelerated wind speeds and potentially uncomfortable conditions are anticipated at the north building corner and at localized areas along Second Street, however, wind speeds at all areas surrounding the project site would comply with the wind hazard criterion. Therefore, impacts are less than significant. The proposed project would include several design features, such as recessed east entrances, canopies along the eastern building façade and two-story massing of the building lobby on the west side, to further reduce the project’s less-than-significant wind impact.

⁴⁰ While not a GHG, VOCs are precursor pollutants that form ground level ozone. Increased ground level ozone is an anticipated effect of future global warming that would result in added health effects locally. Reducing VOC emissions would reduce the anticipated local effects of global warming.

⁴¹ San Francisco Planning Department, *Greenhouse Gas Analysis: Compliance Checklist for 350 2nd Street*, April 4, 2018.

⁴² RWDI, 350 2nd Street Screening-Level Wind Analysis, July 30, 2018

Shadow

Planning Code section 295 generally prohibits new structures above 40 feet in height that would cast additional shadows on open space that is under the jurisdiction of the San Francisco Recreation and Park Commission between one hour after sunrise and one hour before sunset, at any time of the year, unless that shadow would not result in a significant adverse effect on the use of the open space. Under the Eastern Neighborhoods Rezoning and Area Plans, sites surrounding parks could be redeveloped with taller buildings without triggering section 295 of the Planning Code because certain parks are not subject to section 295 of the Planning Code (i.e., under jurisdiction of departments other than the Recreation and Parks Department or privately owned). The Eastern Neighborhoods PEIR could not conclude if the rezoning and community plans would result in less-than-significant shadow impacts because the feasibility of complete mitigation for potential new shadow impacts of unknown proposals could not be determined at that time. Therefore, the PEIR determined shadow impacts to be significant and unavoidable. No mitigation measures were identified in the PEIR.

The proposed project would construct a 130-foot-tall building (up to 145-feet tall including rooftop appurtenances); therefore, the Planning Department prepared a preliminary shadow fan analysis to determine whether the proposed project would have the potential to cast new shadow on nearby parks and public open spaces.⁴³ The shadow fan analysis showed that the proposed project would not cast new shadow on any public open space subject to Section 295 of the Planning Code. However, the proposed project would cast new shadow on two private, publically-accessible open spaces: the 611 Folsom Street Plaza and Marathon Plaza (also known as 303 Second Street).

611 Folsom Street Plaza. The brick-paved 611 Folsom Street Plaza is approximately 250 feet to the north-northwest of the 350 Second Street Project and contains three rows of brick benches. The plaza is currently shaded for 80% of the time, annually. New shadow from the 350 Second Street Project would occur between October 14 and February 26 during the morning hours, on the west corner of the plaza. Net new shadow, approximately 2,318 square foot hours (sfh), would not negatively affect the use or enjoyment of this open space as this plaza is primarily shaded by other structures in the area and mainly serves as a thoroughfare for pedestrians.

Marathon Plaza: Marathon Plaza, or the 303 Second Street, is directly across the street from the proposed 350 Second Street project. The plaza is currently shaded for approximately 57% of the time, annually. The proposed project would result in 6,989,524 sfh of net new shadow on the plaza, which is approximately 8% above existing levels. The proposed project would result in net new shadow on every day of the year between 10:26 am and 5:04 p.m. From June through August, the plaza would be shaded between 12:49 pm and 4:13 pm. The duration of the net new shadow will be the greatest on January 31, in which the net new shadow would last for 335 minutes, appearing at 10:58 a.m. and disappearing at 4:34 p.m.⁴⁴ Marathon Plaza is one of the most heavily used POPOS in the area because of its ample seating, landscaping, fountain, and the presence of restaurants in the adjacent office building that face the plaza; use of the plaza is particularly heavy at lunchtime. The net new shadow impacts from the 303 Second Street Project are within the parameters of the Central SoMa Plan EIR's shadow impact analysis, which identified less-than-significant shadow impacts as a result of the Central SoMa Plan. The proposed project net new shadow would not negatively affect the use or enjoyment of this open

⁴³ SF Planning, Shadow Fan for 350 2nd Street, December 2, 2016

⁴⁴ RWDI, 350 Second Street Shadow Analysis Report, July 30, 2018.

space as the plaza would remain largely sunny at lunchtime except in late fall and early winter and thus would be anticipated to remain heavily used. As a result, the proposed project would not contribute to the significant and unavoidable shadow impact identified in the Eastern Neighborhoods PEIR, nor would the 350 Second Street Project result in a peculiar shadow impact under the Central SoMa Plan EIR.

For informational purposes, Essex Street Hillside, a proposed park in the vicinity of 350 Second Street, was studied under cumulative conditions. Although the park does not currently exist, there would be a total of 27,697,590 sfh of new shadow on the park under the cumulative scenario; this is approximately 32% of the theoretically available annual sunlight (TAAS) available at the proposed park.

The proposed project would also shade portions of nearby streets and sidewalks and private property at times within the project vicinity, including the outdoor space located in front of the 77 Dow Place building. Shadows upon streets and sidewalks would not exceed levels commonly expected in urban areas and would be considered a less-than-significant effect under CEQA. Although occupants of nearby property may regard the increase in shadow as undesirable, the limited increase in shading of private properties as a result of the proposed project would not be considered a significant impact under CEQA.

For the above reasons, the proposed project would contribute to the significant and unavoidable shadow impact that was identified in the Eastern Neighborhoods PEIR.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
9. RECREATION—Would the project:				
a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facilities would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Physically degrade existing recreational resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR concluded that implementation of the Eastern Neighborhoods Rezoning and Area Plans would not result in substantial or accelerated deterioration of existing recreational resources or require the construction or expansion of recreational facilities that may have an adverse effect on the environment. No mitigation measures related to recreational resources were identified in the Eastern Neighborhoods PEIR. However, the PEIR identified Improvement Measure H-1: Support for Upgrades to Existing Recreation Facilities. This improvement measure calls for the City to implement funding mechanisms for an ongoing program to repair, upgrade and adequately maintain park and recreation facilities to ensure the safety of users.

As part of the Eastern Neighborhoods adoption, the City adopted impact fees for development in Eastern Neighborhoods that goes towards funding recreation and open space. Since certification of the PEIR, the voters of San Francisco passed the 2012 San Francisco Clean and Safe Neighborhood Parks Bond

providing the Recreation and Parks Department an additional \$195 million to continue capital projects for the renovation and repair of parks, recreation, and open space assets. This funding is being utilized for improvements and expansion to Garfield Square, South Park, Potrero Hill Recreation Center, Warm Water Cove Park, and Pier 70 Parks Shoreline within the Eastern Neighborhoods Plan area. The impact fees and the 2012 San Francisco Clean and Safe Neighborhood Parks Bond are funding measures similar to that described in PEIR Improvement Measure H-1: Support for Upgrades to Existing Recreation Facilities.

An update of the Recreation and Open Space Element (ROSE) of the General Plan was adopted in April 2014. The amended ROSE provides a 20-year vision for open spaces in the City. It includes information and policies about accessing, acquiring, funding, and managing open spaces in San Francisco. The amended ROSE identifies areas within the Eastern Neighborhoods Plan area for acquisition and the locations where new open spaces and open space connections should be built, consistent with PEIR Improvement Measure H-2: Support for New Open Space. Daggett Park opened on April 19, 2017 and Folsom Park at 17th and Folsom opened on June 23, 2017. In addition, the amended ROSE identifies the role of both the Better Streets Plan (refer to “Transportation” section for description) and the Green Connections Network in open space and recreation. Green Connections are special streets and paths that connect people to parks, open spaces, and the waterfront, while enhancing the ecology of the street environment. Six routes identified within the Green Connections Network cross the Eastern Neighborhoods Plan area: Mission to Peaks (Route 6); Noe Valley to Central Waterfront (Route 8), a portion of which has been conceptually designed; Tenderloin to Potrero (Route 18); Downtown to Mission Bay (Route 19); Folsom, Mission Creek to McLaren (Route 20); and Shoreline (Route 24).

Furthermore, the Planning Code requires a specified amount of new usable open space (either private or common) for each new residential unit. Some developments are also required to provide privately owned, publicly accessible open spaces. The Planning Code open space requirements would help offset some of the additional open space needs generated by increased residential population to the project area. Although the proposed project is not a residential use, the proposed project would provide 2,400 gross square feet of usable ground floor interior open space .

As the proposed project would not degrade recreational facilities and is consistent with the development density established under the Eastern Neighborhoods Rezoning and Area Plans, there would be no additional impacts on recreation beyond those analyzed in the Eastern Neighborhoods PEIR.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
10. UTILITIES AND SERVICE SYSTEMS—Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Have sufficient water supply available to serve the project from existing entitlements and resources, or require new or expanded water supply resources or entitlements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in a determination by the wastewater treatment provider that would serve the project that it has inadequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Comply with federal, state, and local statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR determined that the anticipated increase in population would not result in a significant impact to the provision of water, wastewater collection and treatment, and solid waste collection and disposal. No mitigation measures were identified in the PEIR.

Since certification of the PEIR, the San Francisco Public Utilities Commission (SFPUC) adopted the 2015 Urban Water Management Plan (UWMP) in June 2016. The UWMP update includes city-wide demand projections to the year 2040, compares available water supplies to meet demand and presents water demand management measures to reduce long-term water demand. Additionally, the UWMP update includes a discussion of the conservation requirement set forth in Senate Bill 7 passed in November 2009 mandating a statewide 20% reduction in per capita water use by 2020. The UWMP includes a quantification of the SFPUC's water use reduction targets and plan for meeting these objectives. The UWMP projects sufficient water supply in normal years and a supply shortfall during prolonged droughts. Plans are in place to institute varying degrees of water conservation and rationing as needed in response to severe droughts.

In addition, the SFPUC is in the process of implementing the Sewer System Improvement Program, which is a 20-year, multi-billion dollar citywide upgrade to the City's sewer and stormwater infrastructure to ensure a reliable and seismically safe system. The program includes planned improvements that will serve development in the Eastern Neighborhoods Plan area including at the Southeast Treatment Plant, the Central Bayside System, and green infrastructure projects, such as the Mission and Valencia Green Gateway.

As the proposed project is consistent with the development density established under the Eastern Neighborhoods Rezoning and Area Plans, there would be no additional impacts on utilities and service systems beyond those analyzed in the Eastern Neighborhoods PEIR.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
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11. PUBLIC SERVICES—Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Result in substantial adverse physical impacts associated with the provision of, or the need for, new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any public services such as fire protection, police protection, schools, parks, or other services? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|

The Eastern Neighborhoods PEIR determined that the anticipated increase in population would not result in a substantial adverse physical impacts associated with the provision of or need for new or physically altered public services, including fire protection, police protection, and public schools. No mitigation measures were identified in the PEIR.

As the proposed project is consistent with the development density established under the Eastern Neighborhoods Rezoning and Area Plans, the proposed project would not result in new or substantially more severe impacts on the physical environment associated with the provision of public services beyond those analyzed in the Eastern Neighborhoods PEIR.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
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12. BIOLOGICAL RESOURCES—Would the project:

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

As discussed in the Eastern Neighborhoods PEIR, the Eastern Neighborhoods Plan area is in a developed urban environment that does not provide native natural habitat for any rare or endangered plant or animal species. There are no riparian corridors, estuaries, marshes, or wetlands in the Plan Area that could be affected by the development anticipated under the Area Plan. In addition, development envisioned under the Eastern Neighborhoods Area Plan would not substantially interfere with the movement of any resident or migratory wildlife species. For these reasons, the PEIR concluded that implementation of the Area Plan would not result in significant impacts on biological resources, and no mitigation measures were identified.

The project site is located within East SoMa Plan area of the Eastern Neighborhoods Area Plan and therefore, does not support habitat for any candidate, sensitive or special status species. As such, implementation of the proposed project would not result in significant impacts to biological resources not identified in the Eastern Neighborhoods PEIR.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
13. GEOLOGY AND SOILS—Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? (Refer to Division of Mines and Geology Special Publication 42.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii) Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv) Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
c) Be located on geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Change substantially the topography or any unique geologic or physical features of the site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR concluded that implementation of the Plan would indirectly increase the population that would be subject to an earthquake, including seismically induced ground-shaking, liquefaction, and landslides. The PEIR also noted that new development is generally safer than comparable older development due to improvements in building codes and construction techniques. Compliance with applicable codes and recommendations made in project-specific geotechnical analyses would not eliminate earthquake risks, but would reduce them to an acceptable level, given the seismically active characteristics of the Bay Area. Thus, the PEIR concluded that implementation of the Plan would not result in significant impacts with regard to geology, and no mitigation measures were identified in the Eastern Neighborhoods PEIR.

A geotechnical investigation was prepared for the proposed project and involved the advancement of four exploratory borings at various locations within the project site.⁴⁵ The boring logs indicated that the 350 Second Street site consists of approximately seven feet of artificial fill overlying Franciscan Complex bedrock. The artificial fill consists of mixed gravels, sands, silty sands, and clayey sands with varying amount of debris while the bedrock consists of highly sheared shale, greywacke sandstone, and shale/greywacke mixture. The bedrock encountered in the borings varied in type, strength, and hardness across the 350 Second Street site. The proposed project requires excavation to a maximum depth of 15 feet to construct the basement level of the building and will likely encounter bedrock at the foundation level. As a result, the project would be constructed on a spread footing foundation. The project site does not fall within an area of potential seismic hazards from liquefaction during seismic events. The site is not within an area designated as potentially liquefiable so the potential for liquefaction and resulting lateral spreading is negligible.

The proposed project is required to conform to the San Francisco Building Code, which ensures the safety of all new construction in the City. DBI will review the project-specific geotechnical report during its review of the building permit for the project. In addition, DBI may require additional site specific soils report(s) through the building permit application process, as needed. The DBI requirement for a geotechnical report and review of the building permit application pursuant to DBI's implementation of

⁴⁵ Langan Treadwell Rollo, *Geotechnical Investigation, 350 Second Street, San Francisco, California*, August 19, 2016

the Building Code would ensure that the proposed project would have no significant impacts related to soils, seismic or other geological hazards.

In light of the above, the proposed project would not result in a significant effect related to seismic and geologic hazards. Therefore, the proposed project would not result in significant impacts related to geology and soils that were not identified in the Eastern Neighborhoods PEIR, and no mitigation measures are necessary.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
14. HYDROLOGY AND WATER QUALITY—Would the project:				
a) Violate any water quality standards or waste discharge requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other authoritative flood hazard delineation map?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Place within a 100-year flood hazard area structures that would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j) Expose people or structures to a significant risk of loss, injury or death involving inundation by seiche, tsunami, or mudflow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR determined that the anticipated increase in population would not result in a significant impact on hydrology and water quality, including the combined sewer system and the potential for combined sewer outflows. No mitigation measures were identified in the PEIR.

The existing project site is a 130-vehicle space, impervious surface public parking lot. The proposed project would plant five new street trees, along with seven new street trees and a vertical landscaping element incorporated into the building's façade along Dow Place. Therefore, the proposed project would not substantially increase runoff from the site when compared to the site's existing condition as an impervious, 130-vehicle space surface parking lot. In accordance with the City's Stormwater Management Ordinance (Ordinance No. 83-10), the proposed project would be subject to Low Impact Design approaches. Therefore, the proposed project would not adversely affect runoff and drainage.

Groundwater is expected to be encountered at an estimated depth of 42 feet below ground surface.⁴⁶ The proposed project involves ground disturbing activities to a depth of approximately 15 feet so groundwater is not anticipated to be encountered during construction. However, in the event that groundwater is encountered during construction of the proposed project, dewatering and discharge would be subject to the requirements of the City of San Francisco's Sewer Use Ordinance (Ordinance Number 19-92, amended 116-97).

Therefore, the proposed project would not result in any significant impacts related to hydrology and water quality that were not identified in the Eastern Neighborhoods PEIR.

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
15. HAZARDS AND HAZARDOUS MATERIALS—Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁴⁶ Langan Treadwell Rollo, *Geotechnical Investigation, 350 Second Street, San Francisco, California, August 19, 2016*

<u>Topics:</u>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Expose people or structures to a significant risk of loss, injury, or death involving fires?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR noted that implementation of any of the proposed project’s rezoning options would encourage construction of new development within the project area. The PEIR found that there is a high potential to encounter hazardous materials during construction activities in many parts of the project area because of the presence of 1906 earthquake fill, previous and current land uses associated with the use of hazardous materials, and known or suspected hazardous materials cleanup cases. However, the PEIR found that existing regulations for facility closure, under storage tank closure, and investigation and cleanup of soil and groundwater would ensure implementation of measures to protect workers and the community from exposure to hazardous materials during construction.

Hazardous Building Materials

The Eastern Neighborhoods PEIR determined that future development in the Plan Area may involve demolition or renovation of existing structures containing hazardous building materials. Some building materials commonly used in older buildings could present a public health risk if disturbed during an accident or during demolition or renovation of an existing building. Hazardous building materials addressed in the PEIR include asbestos, electrical equipment such as transformers and fluorescent light ballasts that contain PCBs or di (2 ethylhexyl) phthalate (DEHP), fluorescent lights containing mercury vapors, and lead-based paints. Asbestos and lead based paint may also present a health risk to existing building occupants if they are in a deteriorated condition. If removed during demolition of a building, these materials would also require special disposal procedures. The Eastern Neighborhoods PEIR identified a significant impact associated with hazardous building materials including PCBs, DEHP, and mercury and determined that that Mitigation Measure L-1: Hazardous Building Materials, as outlined below, would reduce effects to a less-than-significant level. As the project site is a 130-space vehicle public parking lot, Mitigation Measure L-1 would not apply as the project does not involve the renovation or demolition of an existing building or structure.

Soil and Groundwater Contamination

Since certification of the PEIR, Article 22A of the Health Code, also known as the Maher Ordinance, was expanded to include properties throughout the City where there is potential to encounter hazardous materials, primarily industrial zoning districts, sites with industrial uses or underground storage tanks, sites with historic bay fill, and sites in close proximity to freeways or underground storage tanks. The

over-arching goal of the Maher Ordinance is to protect public health and safety by requiring appropriate handling, treatment, disposal and when necessary, remediation of contaminated soils that are encountered in the building construction process. Projects that disturb 50 cubic yards or more of soil that are located on sites with potentially hazardous soil or groundwater within Eastern Neighborhoods Plan area are subject to this ordinance.

The proposed project site is used as a 130-space vehicle public parking lot. The proposed project requires excavation to maximum depth of 15 feet to construct the proposed building’s basement level. Approximately 13,500 cubic yards of soil would be removed from the project site during construction activities. Therefore, the project is subject to the Maher Ordinance, which is administered and overseen by the Department of Public Health.

In compliance with the Maher Ordinance, the project sponsor has submitted a Maher Application to DPH and a Phase I Environmental Site Assessment (ESA) was prepared for the project to assess the potential for site contamination. ^{47,48} The report identified that presence of fill material most likely containing elevated concentrations of heavy metals and petroleum hydrocarbons. One of the seven soil samples exceeded the federal Class I hazardous waste criteria and all seven soil samples exceeded the State of California Class I hazardous waste criteria.

The proposed project would be required to remediate any identified potential soil contamination in accordance with Article 22A of the Health Code. Therefore, the proposed project would not result in any significant impacts related to hazardous materials that were not identified in the Eastern Neighborhoods PEIR.

Therefore, the proposed project would not result in significant impacts related to hazards or hazardous materials that were not identified in the Eastern Neighborhoods PEIR.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
16. MINERAL AND ENERGY RESOURCES—Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Encourage activities which result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

⁴⁷ Maher Ordinance Application for 350 Second Street, submitted March 20, 2018.

⁴⁸ Environmental Site Characterization, 350 Second Street, San Francisco, August 2016.

The Eastern Neighborhoods PEIR determined that the Area Plan would facilitate the construction of both new residential units and commercial buildings. Development of these uses would not result in use of large amounts of fuel, water, or energy in a wasteful manner or in the context of energy use throughout the City and region. The energy demand for individual buildings would be typical for such projects and would meet, or exceed, current state and local codes and standards concerning energy consumption, including Title 24 of the California Code of Regulations enforced by DBI. The Plan Area does not include any natural resources routinely extracted and the rezoning does not result in any natural resource extraction programs. Therefore, the Eastern Neighborhoods PEIR concluded that implementation of the Area Plan would not result in a significant impact on mineral and energy resources. No mitigation measures were identified in the PEIR.

As the proposed project is consistent with the development density established under the Eastern Neighborhoods Rezoning and Area Plans, there would be no additional impacts on mineral and energy resources beyond those analyzed in the Eastern Neighborhoods PEIR.

<i>Topics:</i>	<i>Significant Impact Peculiar to Project or Project Site</i>	<i>Significant Impact not Identified in PEIR</i>	<i>Significant Impact due to Substantial New Information</i>	<i>No Significant Impact not Previously Identified in PEIR</i>
17. AGRICULTURE AND FOREST RESOURCES:—Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code Section 12220(g)) or timberland (as defined by Public Resources Code Section 4526)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in the loss of forest land or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use or forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Eastern Neighborhoods PEIR determined that no agricultural resources exist in the Area Plan; therefore the rezoning and community plans would have no effect on agricultural resources. No mitigation measures were identified in the PEIR. The Eastern Neighborhoods PEIR did not analyze the effects on forest resources.

As the proposed project is consistent with the development density established under the Eastern Neighborhoods Rezoning and Area Plans, there would be no additional impacts on agriculture and forest resources beyond those analyzed in the Eastern Neighborhoods PEIR.

MITIGATION MEASURES

Project Mitigation Measure 1 – Archeological Resources, Properties with No Previous Study (Implementing Eastern Neighborhoods PEIR Mitigation Measure J-2)

The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered, buried, or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a) and (c), on tribal cultural resources as defined in CEQA Statute Section 21074, and on human remains and associated or unassociated funerary objects. The project sponsor shall distribute the Planning Department archeological resource “ALERT” sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken each contractor is responsible for ensuring that the “ALERT” sheet is circulated to all field personnel including, machine operators, field crew, pile drivers, supervisory personnel, etc. A preconstruction training shall be provided to all construction personnel performing or managing soils disturbing activities by a qualified archaeologist prior to the start of soils disturbing activities on the project. The training may be provided in person or using a video and include a handout prepared by the qualified archaeologist. The video and materials will be reviewed and approved by the ERO. The purpose of the training is to enable personnel to identify archaeological resources that may be encountered and to instruct them on what to do if a potential discovery occurs. Images of expected archeological resource types and archeological testing and data recovery methods should be included in the training. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet and have taken the preconstruction training. Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken. If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor. The ERO may also determine that the archeological resources is a tribal cultural resource and will consult with affiliated Native Americans tribal representatives, if warranted. Measures might include: preservation in situ of the archeological resource; an archaeological monitoring program; an archeological testing program; and an interpretative program. If an archeological monitoring program, archeological testing program, or interpretative program is required, it shall be consistent with the Environmental Planning (EP) division guidelines for such programs and reviewed and approved by the ERO. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource may be at risk from vandalism, looting, or other damaging actions.

If human remains and associated or unassociated funerary objects are discovered during any soils disturbing activity, all applicable State and Federal Laws shall be followed, including immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The ERO shall also be immediately notified upon discovery of human remains. The archeological consultant, project sponsor, ERO, and MLD shall have up to but not beyond six days after the discovery to make all reasonable efforts to develop an agreement for the treatment of human remains and associated or unassociated funerary objects with appropriate dignity (CEQA Guidelines. Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, curation, possession, and final disposition of the human remains and associated or unassociated funerary objects. Nothing in existing State regulations or in this mitigation measure compels the project sponsor and the ERO to accept recommendations of an MLD. The archeological consultant shall retain possession of any Native American human remains and associated or unassociated burial objects until completion of any scientific analyses of the human remains or objects as specified in the treatment agreement if such as agreement has been made or, otherwise, as determined by the archeological consultant and the ERO. If no agreement is reached State regulations shall be followed including the reinterment of the human remains and associated burial objects with appropriate dignity on the property in a location not subject to further subsurface disturbance (Pub. Res. Code Sec. 5097.98). The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods employed in the archeological testing/monitoring/data recovery program(s) undertaken. The Draft FARR shall include a curation and deaccession plan for all recovered cultural materials. The Draft FARR shall also include an Interpretation Plan for public interpretation of all significant archeological features. Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, the consultant shall also prepare a public distribution version of the FARR. Copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound and one unlocked, searchable PDF copy on CD of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of public interest in or the high interpretive value of the resource, the ERO may require a different or additional final report content, format, and distribution than that presented above.

Project Mitigation Measure 2 – Construction Noise (Implementing Eastern Neighborhoods PEIR Mitigation Measure F-2)

The project sponsor shall develop a set of site-specific noise attenuation measures under the supervision of a qualified acoustical consultant. Prior to commencing construction, a plan for such measures shall be submitted to the Department of Building Inspection to ensure that maximum feasible noise attenuation will be achieved. These attenuation measures shall include as many of the following control strategies as feasible:

- Erect temporary plywood noise barriers around a construction site, particularly where a site adjoins noise-sensitive uses;

- Utilize noise control blankets on a building structure as the building is erected to reduce noise emission from the site;
- Evaluate the feasibility of noise control at the receivers by temporarily improving the noise reduction capability of adjacent buildings housing sensitive uses;
- Monitor the effectiveness of noise attenuation measures by taking noise measurements; and
- Post signs on-site pertaining to permitted construction days and hours and complaint procedures and who to notify in the event of a problem, with telephone numbers listed.

Project Mitigation Measure 3 – Construction Air Quality

The project sponsor or the project sponsor's Contractor shall comply with the following:

A. Engine Requirements

1. All off-road equipment greater than 25 hp and operating for more than 20 total hours over the entire duration of construction activities shall have engines that meet or exceed either U.S. Environmental Protection Agency (USEPA) or California Air Resources Board (ARB) Tier 2 off-road emission standards, and have been retrofitted with an ARB Level 3 Verified Diesel Emissions Control Strategy. Equipment with engines meeting Tier 4 Interim or Tier 4 Final off-road emission standards automatically meet this requirement.
2. Where access to alternative sources of power are available, portable diesel engines shall be prohibited.
3. Diesel engines, whether for off-road or on-road equipment, shall not be left idling for more than two minutes, at any location, except as provided in exceptions to the applicable state regulations regarding idling for off-road and on-road equipment (e.g., traffic conditions, safe operating conditions). The Contractor shall post legible and visible signs in English, Spanish, and Chinese, in designated queuing areas and at the construction site to remind operators of the two minute idling limit.
4. The Contractor shall instruct construction workers and equipment operators on the maintenance and tuning of construction equipment, and require that such workers and operators properly maintain and tune equipment in accordance with manufacturer specifications.

B. Waivers.

1. The Planning Department's Environmental Review Officer or designee (ERO) may waive the alternative source of power requirement of Subsection (A)(2) if an alternative source of power is limited or infeasible at the project site. If the ERO grants the waiver, the Contractor must submit documentation that the equipment used for onsite power generation meets the requirements of Subsection (A)(1).
2. The ERO may waive the equipment requirements of Subsection (A)(1) if: a particular piece of off-road equipment with an ARB Level 3 VDECS is technically not feasible; the equipment would not produce desired emissions reduction due to expected operating modes; installation of the equipment would create a safety hazard or impaired visibility for the operator; or, there is a compelling emergency need to use off-road equipment that is not retrofitted with an ARB Level 3 VDECS. If the ERO grants the waiver, the Contractor must use the next cleanest piece of off-road equipment, according to the Table below.

**Off-Road Equipment Compliance Step-down
Schedule**

Compliance Alternative	Engine Emission Standard	Emissions Control
1	Tier 2	ARB Level 2 VDECS
2	Tier 2	ARB Level 1 VDECS
3	Tier 2	Alternative Fuel*

How to use the table: If the ERO determines that the equipment requirements cannot be met, then the project sponsor would need to meet Compliance Alternative 1. If the ERO determines that the Contractor cannot supply off-road equipment meeting Compliance Alternative 1, then the Contractor must meet Compliance Alternative 2. If the ERO determines that the Contractor cannot supply off-road equipment meeting Compliance Alternative 2, then the Contractor must meet Compliance Alternative 3.

** Alternative fuels are not a VDECS.

- C. *Construction Emissions Minimization Plan.* Before starting on-site construction activities, the Contractor shall submit a Construction Emissions Minimization Plan (Plan) to the ERO for review and approval. The Plan shall state, in reasonable detail, how the Contractor will meet the requirements of Section A.
1. The Plan shall include estimates of the construction timeline by phase, with a description of each piece of off-road equipment required for every construction phase. The description may include, but is not limited to: equipment type, equipment manufacturer, equipment identification number, engine model year, engine certification (Tier rating), horsepower, engine serial number, and expected fuel usage and hours of operation. For VDECS installed, the description may include: technology type, serial number, make, model, manufacturer, ARB verification number level, and installation date and hour meter reading on installation date. For off-road equipment using alternative fuels, the description shall also specify the type of alternative fuel being used.
 2. The ERO shall ensure that all applicable requirements of the Plan have been incorporated into the contract specifications. The Plan shall include a certification statement that the Contractor agrees to comply fully with the Plan.
 3. The Contractor shall make the Plan available to the public for review on-site during working hours. The Contractor shall post at the construction site a legible and visible sign summarizing the Plan. The sign shall also state that the public may ask to inspect the Plan for the project at any time during working hours and shall explain how to request to inspect the Plan. The Contractor shall post at least one copy of the sign in a visible location on each side of the construction site facing a public right-of-way.
- D. *Monitoring.* After start of Construction Activities, the Contractor shall submit quarterly reports to the ERO documenting compliance with the Plan. After completion of construction activities and prior to receiving a final certificate of occupancy, the project sponsor shall submit to the ERO a final report summarizing construction activities, including the start and end dates and duration of each construction phase, and the specific information required in the Plan.

Project Mitigation Measure 4 – Best Available Control Technology for Diesel Generators (Implementing Eastern Neighborhoods PEIR Mitigation Measure G-4)

The project sponsor shall ensure that the backup diesel generator meet or exceed one of the following emission standards for particulate matter: (1) Tier 4 certified engine, or (2) Tier 2 or Tier 3 certified engine that is equipped with a California Air Resources Board (ARB) Level 3 Verified Diesel Emissions Control Strategy (VDECS). A non-verified diesel emission control strategy may be used if the filter has the same particulate matter reduction as the identical ARB verified model and if the Bay Area Air Quality Management District (BAAQMD) approves of its use. The project sponsor shall submit documentation of compliance with the BAAQMD New Source Review permitting process (Regulation 2, Rule 2, and Regulation 2, Rule 5) and the emission standard requirement of this mitigation measure to the Planning Department for review and approval prior to issuance of a permit for a backup diesel generator from any City agency.

IMPROVEMENT MEASURES

Improvement Measure 1 – Driveway and Loading Operations Plan

The Project Sponsor will implement a *Driveway and Loading Operations Plan (DLOP)* that will include the following components:

- Loading Dock Management. To ensure that off-street loading facilities are efficiently used, and that trucks that are longer than can be safely accommodated are not permitted to use a building's loading dock, the project sponsor of a development project in the Plan Area will develop a plan for management of the building's loading dock and will ensure that tenants in the building are informed of limitations and conditions on loading schedules and truck size. The management plan could include strategies such as the use of an attendant to direct and guide trucks, installing a "Full" sign at the garage/loading dock driveway, limiting activity during peak hours, installation of audible and/or visual warning devices, and other features. Additionally, as part of the project application process, the project sponsor will consult with the SFMTA concerning the design of loading and parking facilities.
- Garage/Loading Dock Attendant. If warranted by project-specific conditions, the project sponsor of a development project in the Plan Area will ensure that building management employs attendant(s) for the project's parking garage and/or loading dock, as applicable. The attendant would be stationed as determined by the project-specific review analysis, typically at the project's driveway to direct vehicles entering and exiting the building and avoid any safety-related conflicts with pedestrians on the sidewalk during the a.m. and p.m. peak periods of traffic, bicycle, and pedestrian activity, with extended hours as dictated by traffic, bicycle and pedestrian conditions and by activity in the project garage and loading dock. Each project will also install audible and/or visible warning devices, or comparably effective warning devices as approved by the Planning Department and/or the SFMTA, to alert pedestrians of the outbound vehicles from the parking garage and/or loading dock, as applicable.
- Trash/Recycling/Compost Collection Design and Management. When designs for buildings are being developed, the project sponsor or representative will meet with the appropriate representative from Recology (or other trash collection firm) to determine the location and type of trash/recycling/compost bins, frequency of collections, and procedures for collection activities, including the location of Recology trucks during collection. The location of the trash/recycling/compost storage room(s) for each building will be indicated on the building plans

prior to submittal of plans to the Building Department. Procedures for collection will ensure that the collection bins are not placed within any sidewalk, bicycle facility, parking lane or travel lane adjacent to the project site at any time.

Improvement Measure 2 - Construction Management Plan

Upon review and approval by the SFMTA and Public Works, the project sponsor will implement a Construction Management Plan, addressing transportation-related circulation, access, staging and hours of delivery. The Construction Management Plan would disseminate appropriate information to contractors and affected agencies with respect to coordination construction activities to minimize overall disruption and ensure that overall circulation in the project area is maintained to the extent possible, with particular focus on ensuring transit, pedestrian, and bicycle connectivity. If construction of the proposed project is determined to overlap with nearby adjacent project(s) as to result in transportation-related impacts, the project sponsor or its contractor(s) will consult with various City departments such as SFMTA and Public Works, and other interdepartmental meetings as deemed necessary by the SFMTA, Public Works, and Planning Department, to develop a Coordinated Construction Management Plan. There are no development projects in the immediate vicinity of the proposed project that are likely to overlap in location or schedule. Further, the construction contractor for the proposed project would meet the Blue Book requirements.

Attachment A. Figures

Figure 1. 350 2nd Street Project Location

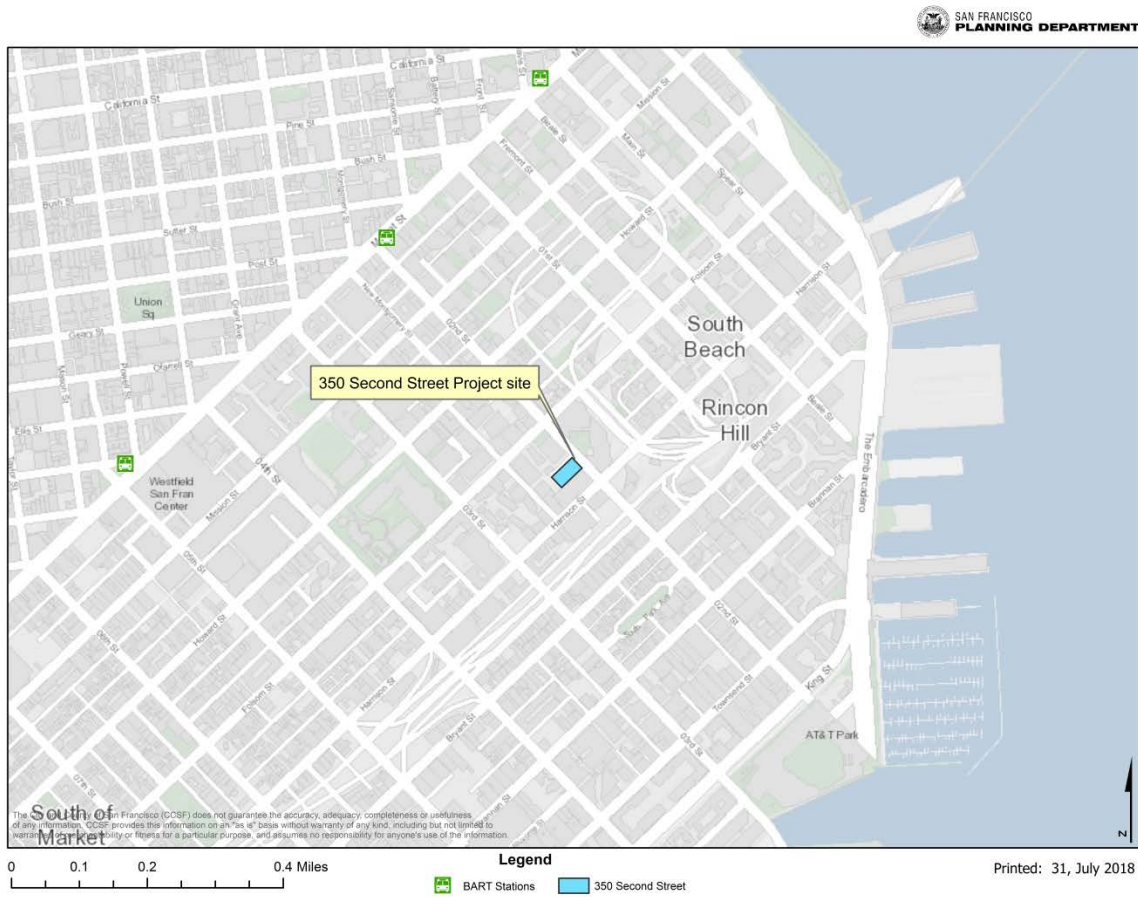


Figure 2. 350 Second Street

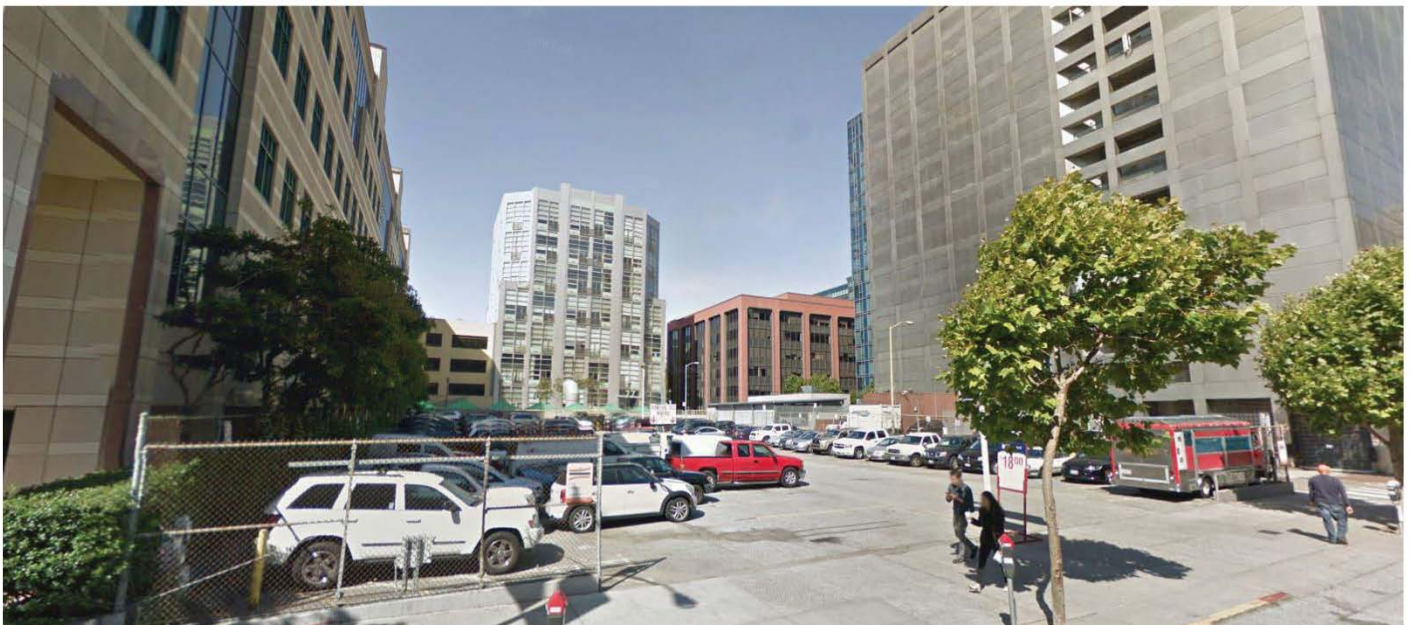


Figure 3. Proposed Project Site Plan

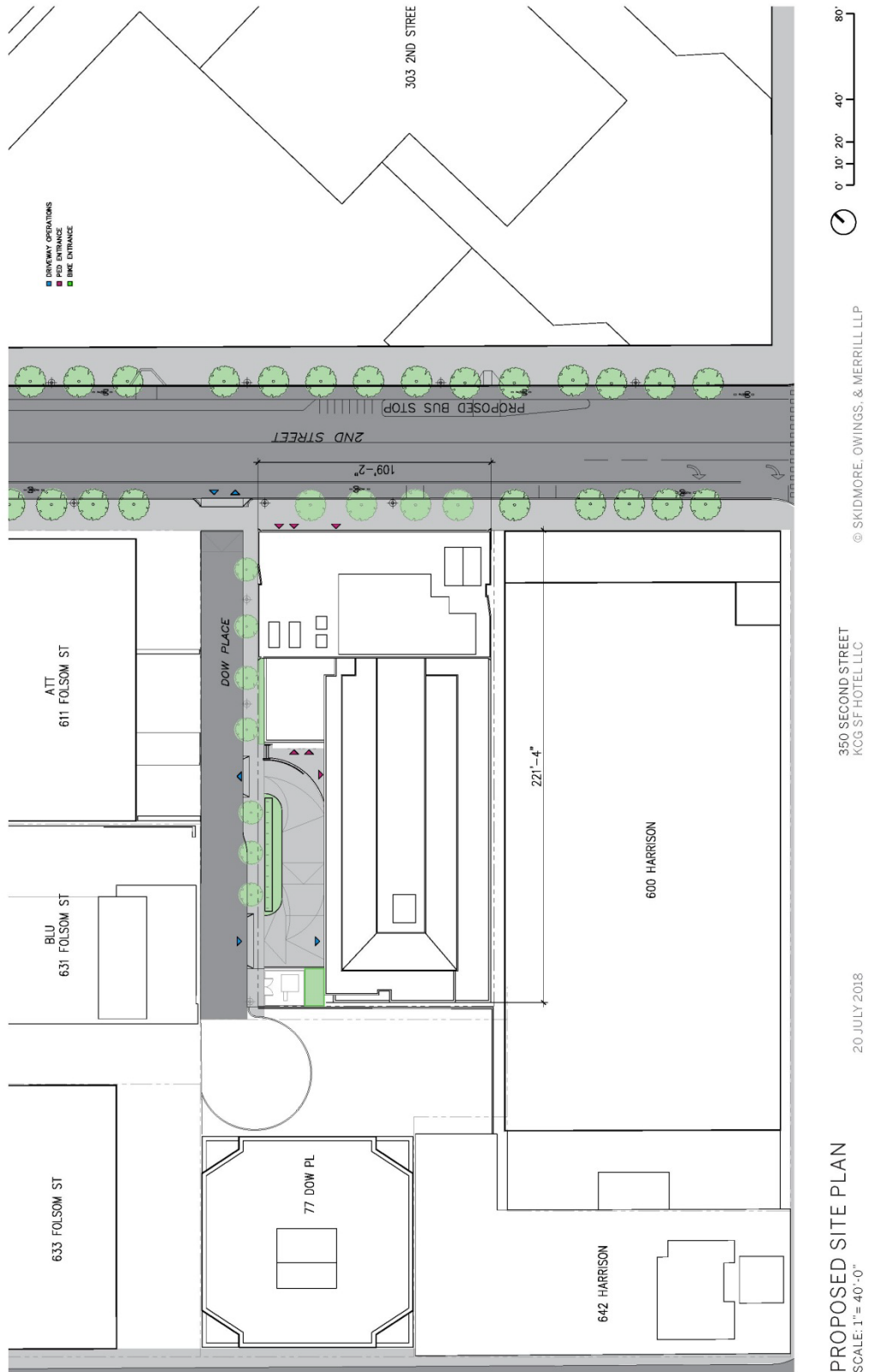


Figure 4. Basement Level 1

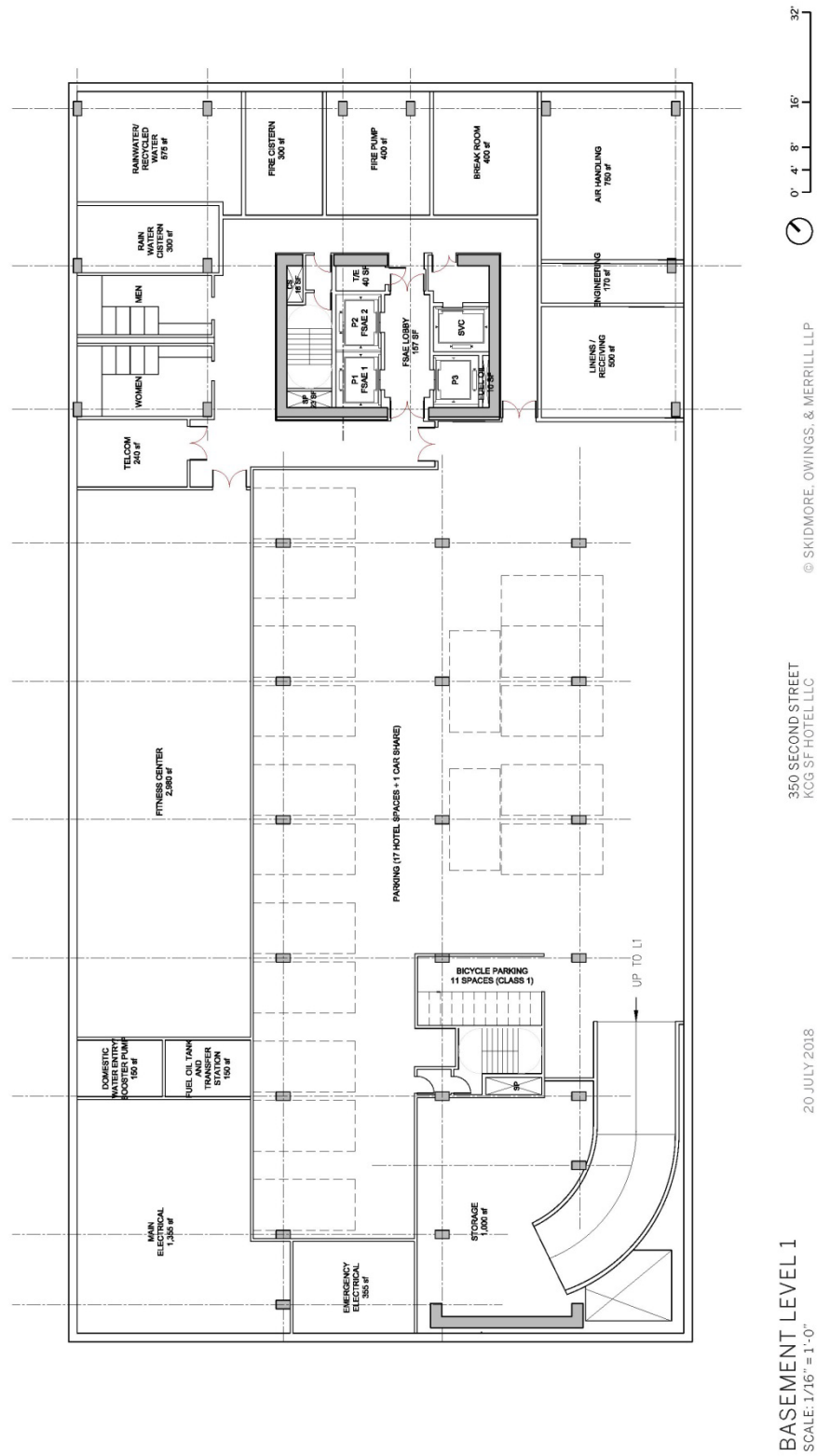
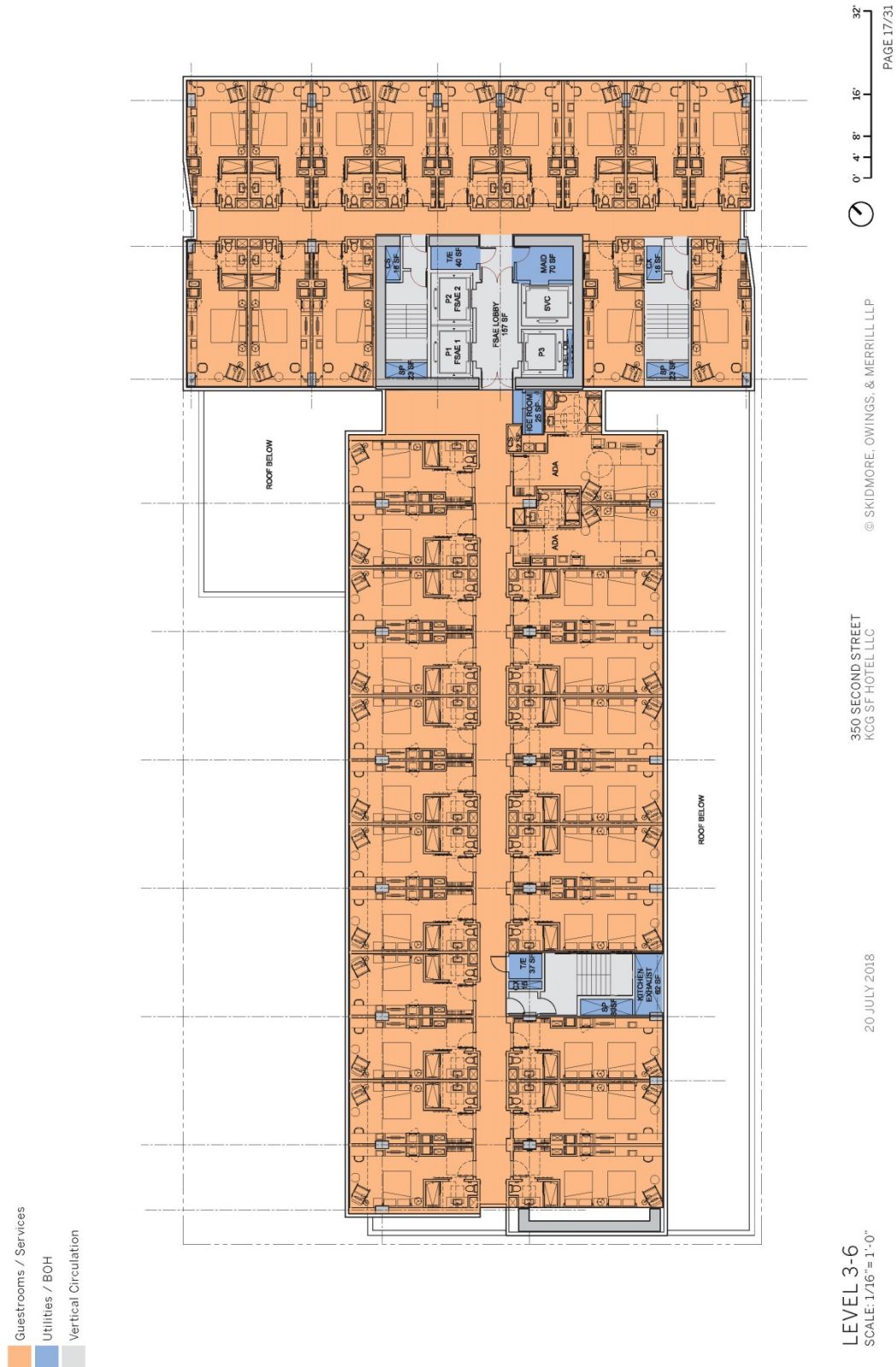


Figure 7. Proposed Project Levels 3-6



Guestrooms / Services
 Utilities / BOH
 Vertical Circulation

LEVEL 3-6
SCALE: 1/16" = 1'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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0' 4' 8' 16' 32'
PAGE 17/31

Figure 9. Proposed Project Levels 8-14

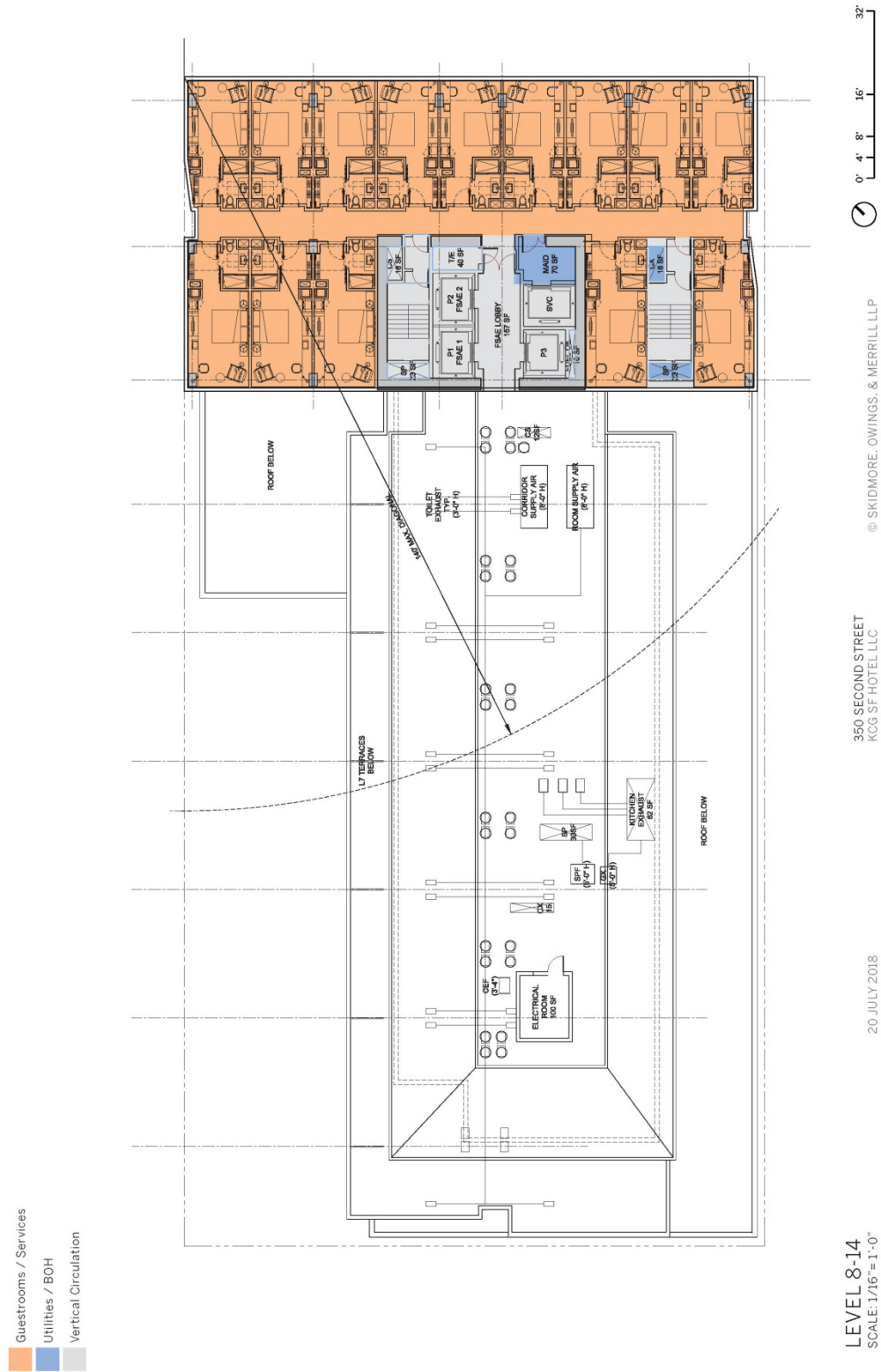


Figure 11. Proposed Project North Elevation



Figure 12. Proposed Project East Elevation



EAST ELEVATION
SCALE: 1" = 20'-0"

20 JULY 2018

350 SECOND STREET
KCG SF HOTEL LLC

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Figure 13. Proposed Project West Elevation



0' 5' 10' 20' 40'

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350 SECOND STREET
KCG SF HOTEL LLC

20 JULY 2018

WEST ELEVATION
SCALE: 1" = 20'-0"



SAN FRANCISCO
PLANNING
DEPARTMENT

AFFIDAVIT FOR FIRST SOURCE HIRING PROGRAM

Administrative Code

Chapter 83

1650 Mission Street, Suite 400 • San Francisco CA 94103-2479 • 415.559.6379 • <http://www.sfpplanning.org>

Section 1: Project Information

PROJECT ADDRESS 350 2nd Street, San Francisco, CA 94107		BLOCK/LOT(S) 3750/003	
BUILDING PERMIT APPLICATION NO.	CASE NO. (IF APPLICABLE) 2016-012031; 2018-000497	MOTION NO. (IF APPLICABLE)	
PROJECT SPONSOR KCG SF HOTEL, LLC	MAIN CONTACT Ken Finkelstein	PHONE 301-961-1976	
ADDRESS c/o Englewood LLC, 3 Bethesda Metro Center, Suite 700			
CITY, STATE, ZIP Bethesda, MD 20814		EMAIL ken.finkelstein@englewoodllc.com	
ESTIMATED RESIDENTIAL UNITS	ESTIMATED SQ FT COMMERCIAL SPACE 165,000	ESTIMATED HEIGHT/FLOORS 130 feet/14 floors	ESTIMATED CONSTRUCTION COST \$80,000,000
ANTICIPATED START DATE			

Section 2: First Source Hiring Program Verification

CHECK ALL BOXES APPLICABLE TO THIS PROJECT	
<input type="checkbox"/>	Project is wholly Residential
<input checked="" type="checkbox"/>	Project is wholly Commercial
<input type="checkbox"/>	Project is Mixed Use
<input type="checkbox"/>	A: The project consists of ten (10) or more residential units;
<input checked="" type="checkbox"/>	B: The project consists of 25,000 square feet or more gross commercial floor area.
<input type="checkbox"/>	C: Neither 1A nor 1B apply.
<p>NOTES:</p> <ul style="list-style-type: none"> If you checked C, this project is <u>NOT</u> subject to the First Source Hiring Program. Sign Section 4: Declaration of Sponsor of Project and submit to the Planning Department. If you checked A or B, your project <u>IS</u> subject to the First Source Hiring Program. Please complete the reverse of this document, sign, and submit to the Planning Department prior to any Planning Commission hearing. If principally permitted, Planning Department approval of the Site Permit is required for all projects subject to Administrative Code Chapter 83. For questions, please contact OEWD's CityBuild program at CityBuild@sfgov.org or (415) 701-4848. For more information about the First Source Hiring Program visit www.workforcedevelopmentsf.org If the project is subject to the First Source Hiring Program, you are required to execute a Memorandum of Understanding (MOU) with OEWD's CityBuild program prior to receiving construction permits from Department of Building Inspection. 	

Continued...

Section 3: First Source Hiring Program – Workforce Projection

Per Section 83.11 of Administrative Code Chapter 83, it is the developer's responsibility to complete the following information to the best of their knowledge.


Provide the estimated number of employees from each construction trade to be used on the project, indicating how many are entry and/or apprentice level as well as the anticipated wage for these positions.

Check the anticipated trade(s) and provide accompanying information (Select all that apply):

TRADE/CRAFT	ANTICIPATED JOURNEYMAN WAGE	# APPRENTICE POSITIONS	# TOTAL POSITIONS	TRADE/CRAFT	ANTICIPATED JOURNEYMAN WAGE	# APPRENTICE POSITIONS	# TOTAL POSITIONS
Abatement Laborer	N/A	0	0	Laborer	\$56	3	14
Boilermaker	N/A	0	0	Operating Engineer	\$75	2	6
Bricklayer	\$70	1	6	Painter	\$70	3	14
Carpenter	\$75	5	20	Pile Driver	\$80	1	5
Cement Mason	\$60	1	5	Plasterer	\$70	2	8
Drywall/Latherer	\$80	5	15	Plumber and Pipefitter	\$100	4	16
Electrician	\$95	2	12	Roofer/Water proofer	\$60	2	10
Elevator Constructor	\$100	2	8	Sheet Metal Worker	\$80	3	12
Floor Coverer	\$70	2	10	Sprinkler Fitter	\$85	2	8
Glazier	\$80	4	16	Taper	\$72	4	16
Heat & Frost Insulator	\$90	2	8	Tile Layer/ Finisher	\$68	4	16
Ironworker	\$80	4	12	Other:			
			TOTAL:				TOTAL:
			112				125

- | | | |
|--|-------------------------------------|--------------------------|
| | YES | NO |
| 1. Will the anticipated employee compensation by trade be consistent with area Prevailing Wage? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Will the awarded contractor(s) participate in an apprenticeship program approved by the State of California's Department of Industrial Relations? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Will hiring and retention goals for apprentices be established? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. What is the estimated number of local residents to be hired? | <u>60</u> | |

Section 4: Declaration of Sponsor of Principal Project

PRINT NAME AND TITLE OF AUTHORIZED REPRESENTATIVE <i>Ken Finkelstein Authorized Signatory</i>	EMAIL <i>ken.finkelstein@englewoodllc.com</i>	PHONE NUMBER <i>301-961-1976</i>
I HEREBY DECLARE THAT THE INFORMATION PROVIDED HEREIN IS ACCURATE TO THE BEST OF MY KNOWLEDGE AND THAT I COORDINATED WITH OEWD'S CITYBUILD PROGRAM TO SATISFY THE REQUIREMENTS OF ADMINISTRATIVE CODE CHAPTER 83.		
		<i>8/15/18</i>
(SIGNATURE OF AUTHORIZED REPRESENTATIVE)		(DATE)
FOR PLANNING DEPARTMENT STAFF ONLY: PLEASE EMAIL AN ELECTRONIC COPY OF THE COMPLETED AFFIDAVIT FOR FIRST SOURCE HIRING PROGRAM TO OEWD'S CITYBUILD PROGRAM AT CITYBUILD@SFGOV.ORG		
Cc: Office of Economic and Workforce Development, CityBuild Address: 1 South Van Ness 5th Floor San Francisco, CA 94103 Phone: 415-701-4848 Website: www.workforcedevelopmentstf.org Email: CityBuild@sfgov.org		