



REQUEST FOR PROPOSALS #2

LEASING OPPORTUNITY

**Lease and Operation of the Pier 70 Shipyard Located at
Piers 68/70**

CITY AND COUNTY OF SAN FRANCISCO

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The Opportunity

The Port of San Francisco (the “Port”) is proud to circulate this Request for Proposals #2 (this “RFP-2”) seeking a partner to lease a historically successful ship repair facility and its related equipment located at Piers 68/70 (“the Pier 70 Shipyard”) that collectively is undergoing an unprecedented refresh of new investment. As a public agency the Port is seeking a partner that will fulfill the critical goals of continuous operations and associated employment to achieve financial returns for both the lessee and the Port. The Port issued a prior solicitation for this opportunity in August of 2017 (the “August 2017 RFP”) but elected to reject all proposals and issue this new solicitation that builds off of lessons learned by Port staff to revise and retarget the offering. Prospective respondents who reviewed the August 2017 RFP are encouraged to review the revised financial and operational strategies set forth herein, as the Port is seeking to grow the pool of interested proposers in order to maximize its chances at reestablishing ship repair operations at the earliest practicable date.

The Shipyard Site is located at Piers 68, 70, and Seawall Lot 349 near the intersection of 20th and Illinois Streets, and includes approximately 10.1 acres of land improved with numerous buildings and 17.4 acres of submerged lands. Additionally, the Shipyard includes significant Port-owned assets, including floating Dry Dock #2, floating Dry Dock Eureka, and an 8k ampere Shoreside Power System. The Port is also offering approximately 3.6 acres of additional land containing 6 buildings, each as optional areas that can be part of the respondent’s proposal as further described under “Premises, Facilities and Equipment” below.

Further, the Opportunity includes the ability to benefit from Port investments and agreements improving the operational profile at the Shipyard, both from the recent past and currently underway. These are described in more detail under “The Shipyard” below and include:

- A \$5 million project completed in 2008 that upgraded Dry Dock #2 to post-Panamax lifting capacity.
- A significant electrical system upgrade and power grid separation project currently underway and anticipated to be completed in November, 2018.
- Construction of a new 19th Street extension off of Illinois Street to give the Shipyard a more direct access and minimize conflicts with new tenants in the area anticipated to be completed by December of 2019.
- Demolition and removal of two structurally deficient buildings, creating 20,000 additional square feet of usable land area and other improvements to Shipyard facilities and buildings, currently underway and anticipated to be completed in May, 2018.

- A dredging project to include dredging beneath Dry Dock #2 to a depth of 60 feet and Wharf 4 East to a depth of 30 feet including dredge support costs such as testing, permitting management fees along with mobilization, deployment, fees and management costs, with an anticipated completion date in December, 2018.
- A nearly-final Project Partnership Agreement with the U.S. Army Corps of Engineers for the continued dredging of the Central Basin, the access way into and out of the Shipyard, as further described under “Central Basin Navigation Channel” below.

I. Strategic & Project Objectives

A successful Respondent will demonstrate an implementable strategy to retain, modernize and operate an important Port asset for the life of the lease. The Port’s goal for RFP-2 is to select the respondent who can best contribute in a substantial way to meeting the *Stability, Renewal, Resiliency, Economic, Vitality, Engagement, Sustainability, and Livability* objectives of the Port’s Strategic Plan:

Stability

Ensure sustainable employment and business opportunities at this vital Port asset. A successful Respondent will refresh and modernize an important Port maritime asset; sustain continuous operations and employment; create and implement a feasible plan for capital improvements to the facilities including the maintenance, renewal, and possible replacement of the current dry docks.

Renewal Objectives

Deploy strong operational expertise and skill in maintaining dry docks and heavy industrial equipment to reanimate and sustain a critical maritime industrial use at the Port.

Resiliency Objectives

Successfully obtain business from the government and commercial ship repair markets; and navigate the current dynamics of these markets on the West Coast to maximize ship repair business in San Francisco in the face of increased competition and the inherently cyclical nature of the ship repair market.

Economic Vitality Objectives

Implement a business plan that provides the greatest likelihood of continuous and consistent operations in the face of periodic softness and cycles in the market for ship repair (potentially including the pursuit of ancillary maritime or industrial commercial activities to maintain steady work).

Engagement Objectives

Expand the Port’s outreach to underserved communities and implement a workforce training program to attract the next generation of shipyard workers.

Sustainability Objectives

Create and implement a feasible plan for repair, maintenance and capital improvements to the facilities including the renewal/replacement of the current dry docks, ensuring sustainable employment and business opportunities, and maintaining appropriate levels of stewardship with respect to the environment as well as all historic assets included in the leasehold.

Livability Objectives

Promote living wage jobs by providing industrial work opportunities in the City.

II. The Shipyard

A shipyard has operated at this location on Port property for nearly 150 years. Ship repair has been a foundational San Francisco industry since the Gold Rush as one of San Francisco's leading employers of skilled union crafts, in recent times employing an average of 250 highly-trained craftspersons year-round including twenty-two trades across ten local trade unions. Due to use of the Port's Dry Dock #2, the Shipyard has continued this strong maritime tradition as one of only six ship repair yards remaining on America's West Coast that can compete for the maintenance, repair and lay berthing of post-Panamax-size vessels. The Shipyard is a strategically located facility that supports the growing passenger cruise industry, government and defense fleets, the domestic oil refineries business, and regional Bay Area maritime passenger and harbor service support vessels.

Maritime commerce is a core mission of the Port, and the Port of San Francisco's 2010 Pier 70 Preferred Master Plan for the larger Pier 70 area includes ship repair as a major sanctioned land use and goal for the area. The ability to provide maintenance, alteration, repair services for cruise ships, tankers, foreign and domestic bulk carriers and container ships, military vessels and local bay passenger and ship support vessels is critical to sustaining and supporting maritime commerce in San Francisco.

Since 1987 the Shipyard has been operated by BAE Systems San Francisco Ship Repair, Inc. ("BAE SF") and its predecessor entities. In 2015, the Port and BAE SF entered into a new twenty-year Port Lease commencing on May 1, 2015. On December 1, 2016, the parent company of BAE SF, BAE Systems Ship Repair, Inc. ("BAE Systems"), and Puglia Engineering, Inc. ("Puglia") entered into a Purchase Agreement, pursuant to which BAE Systems agreed to sell Puglia 100% of the outstanding shares of its BAE SF subsidiary. The Port, by way of a tri-party agreement between BAE SF, Puglia and the Port, consented to a transfer of the lease on December 30, 2016.

Shortly after the acquisition closed, Puglia sued BAE Systems, alleging that BAE Systems had defrauded Puglia by, among other things, concealing information about the condition of the dry docks and the need for dredging at the Shipyard. See *Puglia Engineering, Inc. v. BAE Systems Ship Repair Inc., et al.*, S.F. Superior Court Case No. CGC-17-557087 (filed February 15, 2017). Puglia is seeking damages and rescission of the Purchase Agreement. Puglia named the Port as a defendant on its rescission and declaratory relief claims only. BAE Systems responded to Puglia's suit by filing its

own action against Puglia for breach of the Purchase Agreement in the United States District Court for the Southern District of New York. See *BAE Systems Ship Repair, Inc. v. Puglia Engineering, Inc.*, SDNY Case No. 17-CV-1287 RJS (filed February 21, 2017). The Port is not a party to the New York action.

On July 12, 2017, the Port and BAE Systems entered into a settlement agreement covering all their claims relating to the Shipyard. Under the settlement agreement, the Port received \$4.9 million in settlement of all claims against BAE Systems. Through this settlement agreement, the Port also extracted itself from the dispute between Puglia and BAE Systems over the validity of the Purchase Agreement. The litigation between Puglia and BAE Systems is on-going in both the San Francisco and New York cases.

The litigation documents are available through the web sites of each court. The SDNY electronic filing web site is: <https://ecf.nysd.uscourts.gov/cgi-bin/login.pl>. The San Francisco Superior court documents can be viewed by using the "on line service" / "case query" feature on the San Francisco Superior Court website, at <http://www.sfsuperiorcourt.org/>

With respect to the operation of the Shipyard, in light of the dispute between BAE Systems and Puglia, the Port entered into a Tolling and Interim Operating Agreement with Puglia in an effort to sustain continued use of the Shipyard and retain jobs. That agreement expired on May 28, 2017, and Puglia then abandoned the Shipyard. Since May 28, 2017, the Port has been paying all expenses for maintaining the Shipyard in a safe, secure, and steady-state and plans to do so for the next several months while it prepares the site for the next tenant/Shipyard operator. The Port's development agreement with Historic Pier 70, LLC ("HP70")/Orton Development, Inc. ("ODI") for the adaptive reuse for the adjacent historic buildings along 20th Street provides a mechanism for HP70 to perform Port required tasks that assist in the harmonization of utilities and other infrastructure between HP70's development and the Shipyard. Using this provision, HP70 has hired five former Shipyard employees full time plus various part-time employees to assist in such efforts and to keep the yard safe and secure during this interim period. The Port has also taken steps to remove abandoned hazardous materials from the site; inventory fixtures, equipment and personal property left behind; reassess the condition of the buildings and Port's equipment, including the dry docks; and perform other housekeeping tasks to improve the site.

Currently, the Shipyard includes approximately 10.1 acres of land improved with 12 buildings and 17.4 acres of submerged lands (see Appendix A-1, Site Proximity Map; and Appendix A-2, Site Detail Map). Appendix B, 2017 Engineering Consultants' Facilities Conditions Surveys, Structural Assessments and High-Value Equipment Inventories contains a list of reports that address conditions at the Shipyard, some of which are discussed in more detail below. An additional 6 buildings, comprising approximately 3.6 acres of land are being offered as individual options that can be incorporated into the respondent's proposal dependent upon their specific needs.

Traditionally ship repair has generated significant employment in San Francisco. A primary objective of RFP-2 is for Respondents to generate and maintain continuous job opportunities at the Shipyard. Without representation or warranty, Port provides the following information regarding labor agreements during prior operations of the Shipyard. Respondents must conduct their own diligence regarding these issues:

Prior operators of the Shipyard were signatory to collective bargaining agreements with ten trade unions, including:

- Boilermaker-Blacksmith Workers Local 549
- International Association of Machinists Local 1414
- International Brotherhood of Electrical Workers Local 6
- Laborers Local 886
- Marine Carpenters Local 2236
- Operating Engineers Local 3
- Painters Local 1176
- Sheet Metal Workers Local 104
- Teamsters Local 2785, and
- UA Plumbers & Pipefitters Local 38

Each union's collective bargaining agreement included participation in industry pension trust funds. The pension trust funds are expected to assess the prior operators for additional payments of so-called "withdrawal liability" to fund the benefits accrued while employees covered by the collective bargaining agreements worked at the Shipyard. Port understands that the total amount of withdrawal liability is currently estimated at between \$30 and \$35 million.

Under the settlement agreement between the Port and BAE Systems Repair, Inc., BAE Systems has agreed not to assert any claim for withdrawal liability against the new operator of the Shipyard, provided that the new operator does not assert any such claim against it. However, unless the new operator expressly assumes withdrawal liability, it is not expected that the new operator would be liable for past withdrawal liability.

Port Improvements

The Port is utilizing settlement funds and its own capital to fund several projects to improve the operational profile at the Shipyard. As noted, Port anticipates that these projects will be complete by the time the new operator takes possession or, in some cases, shortly thereafter. These include:

- Shipyard Power Relocation and High Voltage Redistribution:
The Port has fully funded and is executing a \$4.3 million Shipyard Power Relocation and High Voltage Redistribution project being undertaken by HP70 that will replace aged electrical infrastructure throughout the Shipyard; remove, replace, and properly dispose of all PCB oil-containing transformers and electrical equipment located at the Shipyard; and install new switch gear and power routing equipment that will allow for more efficient and effective power consumption and use. The work will extend through November, 2018 and will

result in periodic disruptions to electrical service throughout the shipyard. Electrical disruptions may last for days or weeks depending on the particular infrastructure equipment being upgraded. There may be additional intermittent shut downs lasting from 8 to 24 hours. It is anticipated that these may occur approximately six times during the project. The new Shipyard operator will need to coordinate access and operational issues with HP70 and its contractors to minimize disruption to the Shipyard operations. See (Scope of Work to be Completed in Conjunction with New Lease, Appendix C) for a detailed scope and project schedule for this work.

- **Building Demolition and Other Improvements to Facilities and Buildings:**
The Port intends to work with HP70 to demolish Buildings 38 and 119 to open up approximately 20,000 sq. ft. of paved land that is centrally located within the Shipyard for the operator's future use. The Port expects this work to be completed by May, 2018.
- **Dredging**
The Port intends to perform an initial dredging event, valued at over \$3 million, to remove sediment below Dry Dock #2 to an anticipated depth of 60' MLLW and under Wharf 4 East to an anticipated depth of 30' MLLW to further aid in the restoration of ship repair activities. Planning for a pre-dredge sediment characterization event commenced in March 2018 and the Port anticipates performing actual sampling work in the 2-3 months thereafter. Although Pier 3 East, Pier 3 West, and Dry Dock #1 are not scheduled to be dredged during this initial dredge event, the Port may consider dredging those locations in the future and is amending its existing maintenance dredging permits to include dredging at all berths and both dry docks. The Port is also testing sediment at all of these locations during the 2018 sampling event to provide future dredging program flexibility for the next operator. The Port intends to complete work at these two dredging locations after a proposer is selected for exclusive negotiations under this Request for Proposals process and confirms the proposer's need for the dredging activity as described in the Port's regulatory applications. The actual dredging locations and volumes will be collaboratively finalized with input from the selected operator with respect to its business plan and proposed operations during exclusive negotiations for the lease, but could be completed by December 2018 if appropriate agreement to the extent of dredging is reached.

The Port may also perform maintenance dredging at some or all locations going forward up to \$1 million, depending on the operational depth requirements of the future operator.

The Port in its sole discretion may undertake other projects as well that are smaller in nature and scope; such projects would be coordinated with the selected operator.

III. Site Setting

The Shipyard is located in the Southern Waterfront area of the Port of San Francisco, which is the waterfront area extending from Central Basin to India Basin, or roughly between Mariposa Street and Hunters Point Boulevard. The Southern Waterfront has undergone great change in the last 20 years, most notably in creating the current mix of high density housing, commercial, and heavy industrial uses. The Port has worked extensively with the surrounding neighborhoods, community groups, and its development partners to protect the heavy industrial uses of the Shipyard and respect its need for 24-hour-a-day utilization in order to retain jobs for skilled labor. Retention of the shipyard business and related employment opportunities are supported and embraced by the adjacent communities.

IV. The Port of San Francisco

The Port of San Francisco is an enterprise department of the City and County of San Francisco California. The five-member Port Commission, appointed by the Mayor and approved by the Board of Supervisors, oversees the operation of the port's land and facilities by Port staff. The Port Commission, acting in its proprietary capacity as landlord, has authority to approve an agreement to enter a lease with the selected Respondent and must approve any final lease and related documents for the lease of the Site and any improvements thereto.

The port area under the Commission's control comprises nearly eight miles of waterfront lands, commercial real estate and maritime piers from Hyde Street on the north to India Basin in the southeast. The list of landmarks under Port control include Fisherman's Wharf, Pier 39, the Ferry Building, AT&T Park (formerly SBC Park and Pacific Bell Park and the home of the San Francisco Giants), and Pier 70 at Potrero Point.

V. Site and Equipment Condition and Related Due Diligence

The Port will disclose all known building conditions, environmental conditions, and general facility conditions to all potential bidders. In an effort to accurately describe conditions at the Shipyard to prospective Respondents, the Port retained GHD-Telamon Engineering Consultants, Inc. and Collins Engineers Inc. to perform a thorough engineering assessment of both Dry Dock #2 and Dry Dock Eureka. The resulting reports are attached as (Appendix D) and provide an in-depth analysis of the operating condition of both dry docks including underwater analysis of the hull components and ultrasound thickness gauge measurement results. These inspections were performed by a four-person team consisting of one professional engineer diver and three supporting engineer divers. Additionally the Port retained Moffatt & Nichol|AGS Joint Venture to complete a facility condition inspection and inventory of the current buildings, utilities and equipment of the Shipyard, attached as (Appendix B). In terms of dredging, the Port has received final dredge reports and bathymetric soundings from Anchor Q.E.A that show water depth under the two dry docks as well as the other working berths within the shipyard, 3-West, 3-East, and 4-East, as of April 2017. These reports are attached as (Appendix E).

To ensure adequate time and opportunity for complete due diligence the Shipyard will be open for inspection to any and all potential Respondents on multiple dates during the

week of May 7 through 11, 2018. These opportunities will include access to all areas open for lease under RFP-2: buildings, cranes, piers, substructures and both dry docks. Regarding the dry docks specifically, the interior areas including wing walls, ballast tanks, and pump house will be available for inspection on each of the dates offered during that week.

VI. Key Lease Terms

The actual terms of the lease will be negotiated with Port Staff and are subject to final approval by the Port Commission. To inform respondents and provide a first step in exclusive negotiations a proposed form lease including expected provisions based on the terms of RFP-2 is attached as (Proposed Form of Lease Appendix F).

Premises, Facilities and Equipment

The Shipyard is located at Piers 68, 70, and Seawall Lot 349 near 20th and Illinois Street. The Port is offering the basic footprint of approximately 10.1 acres that include 10 buildings denoted in brown shading within the red border set forth in Appendices A-1 and A-2. The Port recognizes that certain buildings previously associated with the Shipyard operation are in a condition where the cost of maintenance and historic preservation may outweigh the operational benefits of leasing the buildings. Therefore 6 buildings that comprise approximately 3.6 acres of land are denoted with green striping in Appendix A-2, are optional additions to the leased premises, and can be individually incorporated into the respondent's proposal as desired.

The optional buildings include the following:

- Building 6: This building is currently subject to access limitations and other restrictions on use due to its structural condition. The building is 512' long by 72' wide by 52' high (on structural concrete floors) – a tall metal warehouse with a covered loading dock on its west side, the area footprint is 41,742 square feet. It has corrugated steel siding and roofing, steel sash windows, and a large, rolling metal door on its north end. The concrete floor slab rests on creosote-treated, 12" diameter Douglas fir piles, over the water.
- Building 36: This building is currently used as the machine shop. Built in 1941, it is a corrugated steel building, 200' long by 60'9" wide by 47' high and was formerly used for welding operations. It has an east-west axis and contains 12,050 square feet. Both the walls and the gable roof are clad in corrugated, galvanized iron. A 17'-9" high shed extension runs along the entire south elevation. Windows are multi-lite steel sash, with operable central ventilators, and consist of 16- or 20-lite panels arranged in rows of three or four. At the shed extension, windows are tall, 28-lite units in groups of three. Some windows at the north elevation are now covered with metal sheeting, and others, at the shed-roofed extension, have been altered as doorways. The main roof structure is a series of compound fan trusses overlaid with corrugated metal cladding. The floor is concrete and in good condition. Four swing-out, one-ton cranes extend from the north wall, and two mount to the south. Double tracks for working 10-ton cranes run along both the east and west ends. Sliding metal freight doors in the

east wall and double metal doors in the south extension access the space. A personnel door and a soldered-shut freight door penetrate the west wall. An office occupies the southeast corner. During the Port's caretaking of the property, staff discovered that prior operators had disconnected the water service to this building and were using a large hose for supply. New trenching and piping will be required to reinstate the plumbing services to this building.

- Building 103: This is a tall, one-story rectangular steel frame powerhouse, with a gabled monitor roof. Built in 1937, it measures 62'-8" long, by 38'-2" wide, by 45'-6" tall, and contains 2,258 square feet. This building has a brick-clad base over a concrete foundation, and corrugated steel cladding and roofing. It is glazed with two rows of multi-lite steel sash windows on all but the east elevation, giving an appearance of a two story building. A black-painted steel smokestack ascends from the southeast corner and a large, sheet-metal funnel-shaped chimney, likely associated with the boilers, stands adjacent to the east wall; metal ducting emerges from it and runs eastward, above Building 107. Sliding double metal doors, with square panels, penetrate the north elevation. The bottom row of windows, consists of two, triple 30-lite units. Four, fixed multi-lite steel sash windows glaze the west façade. There are no openings along the east elevation. The interior is a single space filled with steam generating equipment, including a control panel at its center. Two rectangular boilers dominate the eastern mass. Constructed from brick masonry and steel, they tower almost to the ceiling. Metal walkways wrap the boilers at the upper window level. Flooring is checkered steel and walls are corrugated metal over brick masonry. Fink trusses support the corrugated metal roofing. Ducts, entering from the west wall, run along the entire northern length of the building to the boilers. Three air compressors with a combined capacity of 1700 cubic feet of free air per minute are installed in this power house.
- Building 107: Constructed in 1937, Building 107 is a 3,461 square-foot rectangular plan, narrow steel frame shed measuring 124' long, 33' wide, and 20' 8" tall. It is clad and roofed with corrugated sheet metal, and has a 4' tall brick base at the western and southern elevations. The eastern portion attaches to Building 108 and infills the southwest corner of Building 108's rectangular floor plan. Approximately 50 feet of Building 107 extends westward from Building 108. Portions of the north elevation are open. Metal ducting runs east/west on triangular truss supports approximately 8 feet above the roof. A compressor room with three compressors lies near the western end of the building; it is enclosed by corrugated sheet metal and has a metal door facing north. Building 107 shares its northern wall with Building 108, and multi-lite windows and doorways currently connect the two buildings. Building 107 also includes a gate that provides access between the east and west portions of the yard. Other than housing the compressors, Building 107 was most recently used mainly for storage.
- Building 108: Built in 1911 and expanded in 1913, Building 108 stands within a cluster of buildings including Building 111, Building 38 and Building 105. This two-story industrial building measures 155' long, by 149' wide. It is 50' tall, and contains 40,846 square feet. The building incorporates two distinct masses, each under its own north-south oriented gable roof. The western half was constructed

in 1911 and the eastern half was constructed two years later. There is a monitor along the western gable. Skylights also penetrate the slopes of both gables. The building is clad in corrugated metal panels (CMP). The eastern side has eight-over-eight wood double-hung windows, while continuous bands of multi-lite steel sash windows cross the north, west, and south elevations of the western mass. Doors include one roll-up metal loading door at the north elevation and two (surviving out of five) unique guillotine type vertical lift doors on the west elevation. In addition there are two personnel doors at the north end of the west elevation. The 20,423 square-foot first floor contains a shop, a bathroom/locker room, and a storage area. Atop the concrete floor slab, the floor is wood tongue and groove, worn and covered with plywood and steel plates in some areas. The interior walls are the back side of the exterior cladding with exposed structural steel framing. The exposed ceiling structure of wood joists and cross-bracing supports the 4" tongue and groove wood flooring above. Riveted steel members support the joists at regular intervals. The second floor has the same square footage as the ground floor, and contains an open shop space with two, narrow rooms at the north and south ends. The second floor flooring is wood, and the walls are corrugated metal over exposed steel framing, as below. Steel Fink trusses support the roof at both gables. Skylights on the west face are exposed and those on the east have been covered. Building 108 has historically been used for woodworking on different scales. From 1911 to 1945, the output of this building ranged from fine cabinetmaking for fitted ship interiors, to the cutting of heavy timbers for ship shoring and launchings. Today, the first floor is used primarily as storage, and as needed miscellaneous use. The second floor retains its original use as a woodworking facility. It also retains many of the original machines installed during World War II, many of which are still usable.

Important Note: The Port is in discussions with the developer of the adjacent Pier 70 site and the San Francisco Public Utilities Commission regarding the possible future need for Building 108 to house a public utility and water treatment plant. Should these discussions and this plan finalize, the option to this building may expire, or only a portion of it may be available. There may also be a temporary need to rehabilitate the foundation of Building 108 and possibly reconstruct new floors, structurally stabilize the building, that would require access to large maintenance vehicles (most likely from the blank eastern façade). The temporary nature of the work would begin no earlier than two years from the issuance of this RFP and last for approximately one year thereafter. There will also be a need for ground improvements around the structure to keep it from sliding in an earthquake induced event and raise the grades by about one foot to guard against sea level rise.

- Building 111: An Industrial/Renaissance Revival style building that dates back to 1917, this four-story, rectangular, and finely-detailed brick building has a flat roof and extensive glazing. It measures 212' long, 50' wide and 65' tall, and contains 46,272 square feet. The first floor is high, and topped by a wide, cast belt course. Openings on this floor have arched heads, with terra cotta keystones and impost blocks. At the northern end, a mezzanine creates a second story. This area

contains office space, with wood, two-over-two double-hung windows and paneled spandrels between the two levels. The second bay has a personnel door in a profiled surround. An open, north/south loading bay runs through the building from west to east. The seventh bay of the west elevation has a metal rolling door. At the southern end, the arched window openings contain steel sash panels with some operable awning sash. The three floors above are uniform, with wide rectangular steel sash windows. Windows on the second and third floors along the north elevation have been replaced with aluminum units. A machicolated cornice tops the building. The brick masonry is of a very high quality. In addition to the cornice detailing, header courses run vertically up both sides of each pier. Rowlock courses run at the top of each window. The approximately 40,000 square-foot interior consists primarily of open storage space, with some offices and partitions on each floor. The open warehouse space has board-formed square concrete columns with angled tops. Floors and ceilings are painted concrete and exterior walls are painted brick. Board- formed poured concrete walls form the elevator shaft. Poured concrete stairs are surrounded by concrete walls, with metal pipe handrails at the upper floors. Plaster and marble wainscoting clad the stairwell between the first and second floors, along with decorative cast iron and wood handrail assemblies. Notable features include a counter-weighted metal fire door at the south end and original wood shelves and work benches. The northern end of the first floor and the mezzanine that sits half a floor above it contain finely detailed, richly-finished offices. Marble wainscoting lines the foyer and oak trim includes door-height picture moldings. Doors are paneled wood, with wire-glazed upper panels and original hardware. Building 111 was built to be multifunctional, and principally provided support for outfitting activities at the shipyard. Within its walls were offices, warehouse space, and power generation facilities. It was most recently used for inactive storage.

See Appendix G for Rapid Condition Surveys of all Shipyard buildings referenced above.

The Port's priority is to establish a functional and efficient shipyard operation, so respondents are requested to indicate if they wish any or all of the optional buildings to be included in the premises if they are selected for lease negotiations. Except as otherwise provided, all buildings included within the premises must be maintained by the successful Respondent. Accordingly, Respondent must include funding and repair strategies in its Facility Renewal Plan as needed to place each such included building into productive use.

Additionally, the Port-owned equipment, including the dry docks and Shoreside Power System will be leased and maintained by the new tenant.

Capital Investment and Facility Renewal

Respondents and Port will agree on a Shipyard Facility Renewal Plan that will detail the strategies by which the selected respondent will finance and implement renewal and, potentially, replacement of Shipyard facilities, buildings and equipment as needed to

maintain successful operating conditions over the life of the lease and beyond. In support of the reestablishment of a competitive ship repair operation, the Port is also offering future maintenance dredging with a value of up to \$1 million annually dependent upon the business plan and projected needs of the shipyard operator as well as the availability of projected Port capital funding in relation to its other dredging program needs. Respondents seeking the Port's performance of such maintenance dredging activities for one or more years of the lease should include a specific proposal in its Shipyard Facility Renewal Plan for the Port's evaluation.

Potential Dry Dock Equipment Asset Transfer to Improve Project Financing

In acknowledgement of the capital financing requirements for the successful reestablishment of ship repair operations the Port is offering to negotiate the potential transfer of one or both dry docks for use as security for an asset-backed borrowing or similar financial support to the operation. Respondents seeking to negotiate such an arrangement must include in their proposals a description of their proposal that at a minimum includes the following:

- A robust minimum business requirement, structured to ensure and demonstrate that the transaction supports continued operations at the shipyard through the term of the lease.
- Dry Dock 2 (or replacement equipment financed by the operator) must remain at the site and engaged in ship repair operations throughout the term of the lease, subject to appropriate lender rights as negotiated between the parties.
- Dry Dock Eureka transfer can be immediate, with any resale or scrap value to benefit the operation.
- Analysis of the potential financial benefit of utilizing Respondent's preferred asset transfer structure instead of alternative sources of capital available to Respondent.

Minimum Rent

The Port will require a minimum annual rent under the Lease. This amount may vary over time depending on the specific terms of the selected proposal. Accordingly, each Respondent will propose a minimum annual rent as incorporated in and demonstrated as feasible by its proposed Business Plan.

Participation Rent

The Port also expects to participate in gross revenues and sales of the business through participation rent. Participation rent will be payable at a rate to be proposed. For context, participation rent under the prior lease was set at 3.3% of gross revenues to the extent it exceeded an annual minimum rent of \$1.26 million. Proposers are invited to bid a higher or lower percentage as appropriate. Further, Proposals may include a tiered schedule that increases the participation percentage over time and/or as revenue thresholds are reached. Respondents may also propose the recovery of costs for capital improvements to the leased premises or equipment that will benefit the Port beyond the term of the lease through a rent credit mechanism.

Term

Proposals must include no less than a ten-year initial term. Respondents may propose a longer term or lease extension options as appropriate in relation to amortization of investment under their associated Business Plan and Facility Renewal Plan.

Proposed Form of Lease

The successful Respondent will be required to enter into a lease to be negotiated by and between the Port and Respondent and approved by the Port Commission. A proposed form lease is attached hereto as Appendix F (the "Proposed Form of Lease") and reflects the business terms of RFP-2 that the Port expects to negotiate with the selected respondent. However, the final lease may be substantially different to: a) reflect the business terms negotiated between the successful Respondent and the Port; b) incorporate any City requirements adopted after the drafting of the proposed form of lease; and c) incorporate any other provisions desired by the Port Commission or negotiated by the parties.

Ancillary Lines of Business

The cyclical nature of the ship repair industry creates peaks and valleys for the Shipyard in terms of need for skilled workers making retention and training of new workers difficult. RFP-2 takes this into account and seeks responses that may address ancillary and complementing additional lines of business such as:

- related industrial fabrication
- other fabrication consistent with marine repair/construction operations
- small craft/vessel repairs
- ship/vessel husbandry and lay berthing
- fleet maintenance support, repairs, and management
- harbor services and support vessel repairs and fleet management
- ferry or excursion vessel repairs
- small to medium size vessel assembly or shipbuilding

all with the goal of expanding opportunities for a new generation of shipyard workers. Though the Minimum Qualifications listed immediately below require experience operating a shipyard and dry dock facility, respondents are encouraged to propose other ancillary industrial activities and to seek partnerships that will yield more multi-faceted responses that can better maintain operations through fluctuations in the ship repair market.

VII. Evaluation of Proposals

Scoring Criteria

The Port Commission will select a Respondent for award of the opportunity with whom to enter into exclusive negotiations. The Respondent must have the demonstrated ability to deliver a project that meets the Port's Project Objectives. The Port intends to use the following criteria in evaluating the responses to this Request for Proposals:

The table below summarizes the selection criteria and scoring the written submittals and the oral interviews. This process is described in greater detail in the next Section (Evaluation and Determination) below.

Minimum Qualifications.

Respondents must provide verifiable evidence that they satisfy the following minimum qualifications:

- Verifiable ten years of experience operating a shipyard and dry dock facility similar in size and capacity to the Pier 70 Shipyard.
- Verifiable experience operating a shipyard and dry dock facility within the past seven years similar in size and capacity to the Pier 70 Shipyard.
- Verifiable experience repairing ships for markets that include Cruise, Federal fleets, commercial cargo and tugs/ barges.

Scoring Criteria

The following criteria and the related submittals described below will be used in the evaluation of each Respondent that meets the Minimum Qualifications.

A. Restoring Ship Repair Operations, Dry Dock Certification, Continuous Operations and Employment, Business Plan, and Capital Investment Plan

40 points

- The successful Respondent will propose a Facility Renewal Plan that: sets forth the strategies by which it will finance and implement renewal and, potentially, replace of Shipyard facilities, buildings and equipment as needed to maintain successful operating conditions over the life of the lease, subject to any requested dredging assistance by the Port as described under “Capital Investment and Facility Renewal” above.
- The successful Respondent will propose a sustainable Business Plan that explicitly details its strategy for achieving continual and sustainable operations and employment at the site including any ancillary shipbuilding or industrial fabrication business lines to address periodic softness in the ship repair market, and any alternative financing strategies proposed under “Potential Dry Dock Equipment Asset Transfer to Improve Project Financing” above.
- Verifiable five years of experience demonstrating the Respondent possesses the knowledge and expertise operating a shipyard and dry dock facility for at least one port, municipality or government client.

B. Qualifications/Experience of Respondent and Financial Strength

25 points

- The successful Respondent will detail demonstrated and verifiable experience of operating a full-service shipyard including sound management and marketing plans that demonstrates a strategy for the promotion of shipyard business at the Pier 70 Shipyard.
- Each Respondent must provide annual gross revenue for the last 10 years of operation.

- Each Respondent must provide verifiable source of funds for the initial capital investment and ongoing capital needs (cash, loan types).
- The successful Respondent must demonstrate the ability to provide adequate financial assurances to guarantee performance (through minimum net worth requirements or a corporate guarantee or similar mechanism(s)) to ensure its ability to implement and sustain its business plan over the term of the lease. In addition, the standard Port financial deposits will be required to cover rent and environmental risks.
- Demonstrate economic and financial capacity to undertake the operation and lease of the Pier 70 Shipyard by providing the following documents to the Port for evaluation: 1. Original of three (3) commercial recommendation letters, including one (1) from a banking institution. 2. Audited by a Certified Public Account (CPA) financial statements for the last five (5) years. 3. Federal and State Income tax returns for the last five (5) years.

C. Workforce Local Business Obligation and Community Engagement

20 points

- The successful Respondent will propose a Workforce Development Plan detailing its proposed strategies, including staffing levels and a detailed program for providing effective on-the-job training for San Francisco residents, to grow the supply of skilled workers needed to support and sustain the Shipyard facility going forward.
- The successful Respondent will describe its Local Business Utilization Plan, including Local Business Enterprise (LBE) professional and service providers hired by Respondent for the design, permitting and construction phases and/or maintenance, janitorial, suppliers and vendors.
- The successful Respondent will propose a community engagement plan and demonstrate experience in participation or active involvement with adjacent neighborhoods or interest groups.
- The successful Respondent will describe employment strategies and levels to ensure a stable and skilled workforce that supports its Business Plan and maintains labor-management peace at the Shipyard.

D. Proposed Minimum Rent and Participation Rent Net of Port Capital Investment Support

- 15 points
- The successful Respondent will propose an annual minimum and participation rent that reflects the fair market value of the operation and results in a fair return to both parties.
- The Port will evaluate proposed Minimum Rent and Participation rent amounts net of the projected value of any Respondent-proposed dredging assistance by the Port as described under “Capital Investment and Facility Renewal” above and/or any Respondent proposed rent credits as described under “Percentage Rent” above.

Criteria	Written Submittal	Oral Interview
A. Restoring Ship Repair Operations, Dry Dock Certification, Continuous Operations and Employment, Business Plan, and Capital Investment Plan	40	40
B. Qualifications/Experience of Respondent and Financial Strength	25	25
C. Workforce Local Business Obligation and Community Engagement	20	20
D: Proposed Minimum Rent and Participation Rent	15	15
Total Points (200 maximum points combined)	100 Points	100 Points

Evaluation and Determination

The Port will review each Proposal for an initial determination of responsiveness in an Initial Screening Process. The following elements will be reviewed during the Initial Screening Process: Proposal completeness, compliance with format requirements; and meeting the Minimum Qualifications. Proposals are not scored during the Initial Screening Process. Initial Screening is a pass/fail determination as to whether a Proposal meets the threshold requirements described above. A proposal that fails to meet these requirements will not be eligible for consideration in the Evaluation Process described below. The Port reserves the right to request clarification from a Respondent prior to rejecting a Proposal for failure to meet the Initial Submittal requirements. Clarifications will be limited exchanges between the Port and the Respondent for the purposes of clarifying certain aspects of the Proposal, and will not give the Respondent the opportunity to revise or modify its Proposal. Proposals that meet the Initial Submittal requirements shall continue to the Evaluation Process described below.

At any stage of the process, Port staff and/or Port's consultants, may contact references and industry sources, investigate previous projects and current commitments, and perform other due diligence in order to confirm the qualifications of the Respondents. The written submittals will be reviewed and evaluated by a panel selected by Port staff, consisting of up to five individuals with collective experience in Shipyard operation, real estate development and construction, and workforce training (as so constituted, the Advisory Panel). In addition, one of the members of the Advisory Panel may be a member of the community such as a member of the Central Waterfront Advisory Group (CWAG). The Advisory Panel will be advised by Port staff and/or Port's independent consultants who will independently analyze the business plans, financial submittals and other related financial qualifications of Respondents.

The Advisory Panel will review, evaluate and score all of the written proposals that meet the Initial Submittal requirements. The Advisory Panel's scoring of the written proposals will be worth 100 points as described above.

Following the evaluation of the written proposals, up to five of the highest scoring Respondents may be invited to interviews with the Advisory Panel. Interviews will consist of standard questions asked of selected Respondents, and specific questions regarding individual proposals. Interviews will be worth 100 points. Points awarded for interviews will be separate from the points awarded from the written submittal process and will be of equal weight as the written scores. The lead staff of the Respondent should be present for the interview as well as the lead staff of any partners, including Local Business Enterprise firms.

Following the Advisory Panel interviews, selected Respondents will be invited to make an additional presentation before a public meeting of the Port Commission. Subsequent to such Commission meeting, Port staff will select the most qualified Respondent and make a final recommendation to the Port Commission. The Port Commission in its sole discretion will make the final selection to award the opportunity and enter exclusive negotiations with a selected Respondent and, ultimately, decide whether to enter into a lease and the terms of any lease.

VIII. Submittal Requirements

Six (6) numbered sets of the information requested below shall be submitted to the Port, with the exception of Financial Capacity materials (Item B below), two (2) copies of which are to be submitted to the Port under separate cover. In accordance with the Sunshine Ordinance (Section 67.24(e) of the San Francisco Administrative Code), all responses and other communications from interested parties shall be open to inspection by the public upon request, immediately after a contract is awarded. Net worth and other financial data materials submitted by a Respondent will be kept confidential until and unless that Respondent is awarded the opportunity.

A. Restoring Ship Repair Operations, Dry Dock Certification, Continuous Operations and Employment, Business Plan, and Capital Investment Plan

A.1 Describe the intended role of each partner in the implementation of the operation of a shipyard and dry dock and the responsible entity in the organizational structure. Provide a detailed schedule of proposed capital investment for improvements called for under the Facility Renewal Plan.

A.2 Identify, describe, and provide photographs of other shipyard and dry docks you have operated.

A.3 Provide a proposed Business Plan reflecting marketing and operational strategies, a financial pro forma with projected sales, revenue to the Port, expenses and net income, with a demonstrated outcome of fully satisfying all lease requirements and supporting the Facility Renewal Plan through the cash

flow from the operation, proposed rent credits, if any, and/or other identified and available sources. Include any plans for ancillary uses and/or industrial fabrication that would enhance operations and revenues during periodic slow-downs in the ship repair business. Include a detailed description of any asset-transfer financing strategies, including the conditions described under “Potential Dry Dock Equipment Asset Transfer to Improve Project Financing” above. The Business Plan should address all relevant aspects of RFP-2, including the provisions of “City and Port Requirements” below.

A.4 Provide a Facility Renewal Plan setting forth the strategies by which Respondent will finance and implement renewal and, potentially, replacement of Shipyard facilities, buildings and equipment as needed to maintain successful operating conditions over the life of the lease and leases the site in good operable condition at the Lease’s expiration date. These strategies should optimize use of the site facilities, both dry docks, all overhead and landside cranes and the shore side power system, and their contribution to the Business Plan. Each Respondent’s Facility Renewal Plan shall indicate which of the optional buildings described under Premises, Facilities and Equipment” above would be included in its proposed leasehold and operation. For any such building so included, such Respondent’s Facility Renewal Plan must provide detailed discussion of the Respondent’s plan to rehabilitate and maintain such buildings.

A.5 Continuous Operations – The successful Respondent will demonstrate a Business Plan for continued, uninterrupted Shipyard operations that may include ancillary and complementing additional lines of business such as related industrial fabrication; other fabrication consistent with marine repair/construction operations; small craft/vessel repairs; ship/vessel husbandry and lay berthing; fleet maintenance support, repairs, and management; harbor services and support vessel repairs and fleet management; ferry or excursion vessel repairs and construction; small to medium size vessel assembly or construction, all with the goal of expanding opportunities for a new generation of shipyard workers.

B. Qualifications/Experience of Respondent and Financial Strength

B.1 Provide evidence of access to equity capital and financing resources to carry out the sustainable operation of the Shipyard.

B.2 Identify the type of legal entity that would contract with the Port, including any and all joint venture/limited partners and percentage interests and capital/equity committed to the entity. Identify all entities that are LBEs. Provide Articles of incorporation, certificate of formation, partnership agreement, or other formation documents; By-laws, operating or joint venture agreement or any other governing documents; and a Resolution of the Board of Directors or governing organization, as the case may be, authorizing the participation in the RFP

process. Income Tax Return Submission Certificate issued by the Internal Revenue Service.

B.3 Provide the most recent available credit report and audited financial statements for the past five (5) years.

B.4 Provide recent history (last 5 years) in obtaining financing commitments.

B.5 Provide source of capital for funding the proposed Shipyard capital investment as described in Facility Renewal Plan, including any asset-transfer financing strategy described under “Potential Dry Dock Equipment Asset Transfer to Improve Project Financing” above.

B.6 Provide a summary of the organizational and capital structure for the proposed tenant entity.

B.7 Describe sources of financing for the initial physical improvements to be installed at the Site and for activities set forth under the Facility Renewal Plan.

B.8 Describe sources of working capital to cover operating costs and to adequately maintain operations at a high level from the start-up period and through cyclical variations in revenue production.

B.9 Provide pro forma cash flow projections showing revenue by type, operating expenses, net operating income, use of capital, debt service and net cash flow.

B.10. Provide information regarding any environmental violations and or citations (along with any resulting fines) Respondent has received in the past five (5) years, including third party environmental lawsuits. Response should include the dates the violations occurred, an explanation of the causes and duration of the violation, whether the violation is ongoing, a summary of actions that were taken to address the violation, and steps taken to prevent reoccurrence.

B.11 Describe the role and provide resumes describing the relevant experience and qualifications of the project manager and key members of Respondent's team identified that would implement this project. Give the name, telephone number and address for at least three (3) business references. Do not list the Port. The Port may, but is not obligated to, contact any or all of these references.

B.12 Describe the key consultants and relevant experience, including but not limited to financial, marketing, engineering, and architectural/design consultants. Describe engagement of LBEs as participants in the project.

C. Workforce Plan Training and Strategies & Community Engagement

C.1 Respondent's Workforce Plan and Strategies and Community Engagement must describe in detail a program for Workforce Development and training. Respondent must expand the Port's outreach to underserved communities and implement a workforce training program to attract the next generation of shipyard workers.

C.2 Respondent's Local Business Utilization Plan, including Local Business Enterprises (LBE) professional and service providers hired by Respondent for the design, permitting and construction phases and/or maintenance, janitorial, suppliers and vendors.

C.3 Proposal must include a community engagement plan and demonstrate experience in participation or active involvement with adjacent neighborhoods or interest groups.

C.4 The Port Commission encourages the participation of Local Business Enterprises ("LBEs") and CMD-Certified Small and Local Economically Disadvantaged Business entities in this RFP opportunity. Respondents are encouraged to include a Local Business Enterprise as a partner either in providing specific goods or services such as community outreach engagement and development, operations, maintenance, security or managing the retail or other operations as an actively participating partner of the Respondent as it relate to this opportunity.

D. Proposed Minimum Rent and Participation Rent

D.1 Propose a minimum and participation rent arrangement, including rent escalations and adjustments to market, along with rent credits or other requested Port financial, capital or maintenance support.

Each Proposer must submit an Earnest Money Deposit in the amount of Twenty Five Thousand Dollars (\$25,000.00) payable to the Port in the form of a cashier's or certified check. This deposit shall be returned to all Respondents except the Respondent with whom the Port enters into exclusive negotiations.

Each Proposer must submit an executed original of the Statement of Ability to Comply with City and Other Governmental Requirements and Agreement to Conditions, the form of which is attached as Statement of Ability to Comply with City and Other Governmental Requirements and Agreement to Conditions (Appendix H), signed by an authorized representative of the Respondent.

Submittal Format

Information provided must be submitted with the following format detailed above, identifying each item by letter and number. A Proposal submitted with incomplete or

missing forms, or received after the submittal deadline will be deemed non-responsive and will be rejected. After a Proposal has been submitted, no modifications to the Proposal will be allowed.

List of Reports and Acknowledgement of Receipt

Each Respondent is required to submit a completed List of Reports and Acknowledgement of Receipt, See Appendix I: List of Reports and Acknowledgement of Receipt.

Port Leasing Application

Each Respondent is required to submit a completed Port Leasing Application, see Appendix J: Port Leasing Application.

Submittal Deadline

Submittals must be delivered by hand to the Port of San Francisco, Pier 1, San Francisco CA 94111, no later than 2:00 P.M. PST on Friday, July 20, 2018.

All responses must be addressed to the attention of Jeffrey A. Bauer, Project Manager, and marked "Request for Proposals: Pier 70 Shipyard."

IX. Project Approvals

The Respondent's specific plans for the Site will require various regulatory permits and approvals, and each Respondent is solely responsible for determining permits and approvals that will be required for the operations proposed at the Site and for obtaining such permits and approvals. The following information is intended to help Respondents in this determination, but is not a complete summary of all required permits or approvals or a representation that any required permits or approvals will be required or can be obtained. Respondents must conduct their own diligence regarding these issues.

State of California Stormwater Pollution Prevention Permits

A successful respondent will be solely responsible for obtaining permit coverage for stormwater pollution prevention, including coverage under the California State Water Resources Control Board National Pollutant Discharge Elimination System ("NPDES") Industrial General Stormwater Permit (IGP) Order No. CAS000001, 2014-0057-DWQ and NPDES Permit No.CAG032012, Order No.R2-2017-0027, General Waste Discharge Requirements for Discharges from Dry Dock Operations in the San Francisco Bay Region. A successful respondent will be solely responsible for implementing permit requirements, including but not limited to, implementation of structural and non-structural (administrative) best management practices (BMPs), and development and implementation of a Stormwater Pollution Prevention Plan (SWPPP). A SWPPP has been previously written for the Pier 70 Shipyard and may be modified to address the requirements of the successful respondent's business model. Accordingly, each respondent's Business Plan should acknowledge and address these requirements.

Respondent is advised that the Shipyard was designated an IGP Level 1 status facility during previous ship repair operations at the facility. The IGP sets numeric action levels

that serve as limits for pollutants at industrial facilities; if a facility's stormwater samples exceed those limits, the facility's status is elevated from Baseline to Level 1 status under the permit. A Level 1 status facility is required to have a Qualified Industrial Stormwater Practitioner prepare a Level 1 Exceedance Response Action Report specifying best management practices to be implemented to reduce pollutant levels at the facility. Respondent is advised that BAE Systems considered construction and implementation of structural BMPs at the Shipyard and commissioned the design of a stormwater collection system for portions of the facility. The proposed stormwater collection system has not been constructed at the facility. Final detailed drawings for system construction are available. A successful respondent may determine that a stormwater collection system is not technologically or economically feasible and may explore other structural or non-structural BMPs to reduce pollutant load in facility stormwater effluent to below NALs.

The Shipyard will be initially designated as a Baseline status facility when the successful respondent obtains IGP coverage as the new Shipyard operator. The successful respondent will be solely responsible for collecting stormwater samples and preparing an Annual Monitoring Report for submission to the State Water Resources Control Board each July. The Annual Monitoring Report will include an evaluation of stormwater sample results to determine if the facility is in violation of stormwater NALs. Should the Shipyard facility be elevated from Baseline to Level 1 status, as determined by the successful respondent's environmental sampling, the successful respondent, as IGP permittee, will be solely responsible for evaluating, selecting, and constructing, as applicable, additional facility BMPs as required by the IGP, which may or may not include structural site improvements. Any and all site alterations are subject to review and approval by the Port, acting in its regulatory capacity, through the Port Building and/or Encroachment permit process.

State Lands Commission and the Public Trust

The majority of Port properties was historically composed of tide and submerged lands owned by the State and subject to the common law public trust doctrine. Public trust lands are held in trust on behalf of the people of the State for purposes of navigation, fisheries and commerce. Tide and submerged lands remain subject to the trust even after they have been filled, unless the trust is terminated by the Legislature. The State Lands Commission ("SLC") manages the States trust lands, and has oversight authority over trust lands granted by statute to local agencies.

The State's lands in San Francisco, including portions of Pier 70, were transferred in 1969 to the City pursuant to the Burton Act, subject to the public trust and other requirements of the Burton Act. Other portions of Pier 70 were acquired later by the Port. Due to Pier 70's complicated title history, the trust status of much of the site is uncertain. However, a 2011 state statute (AB 418) authorizes the Port and the SLC to enter into a trust exchange to establish the location of the trust at Pier 70. As part of the exchange, most of the shipyard property will be impressed with the trust.

Ship repair is considered a use that is consistent with the purposes of the public trust and thus permitted on trust land. The Port has worked closely with SLC on numerous San Francisco waterfront projects over the years and has obtained trust consistency letters from SLC when necessary.

Historic Preservation Process

The greater Pier 70 area is the 68 acre Union Iron Works/former Bethlehem Steel Shipyard. The entire historic shipyard property (including a 15 acre active ship repair yard) was listed in the National Register of Historic Places as the Union Iron Works Historic District by the Port in 2014. The maritime history of the site qualified the historic shipyard property for national recognition as a significant historic resource. The Port works with its development partners and tenants to foster the stewardship of the historic district to ensure that its contributing resources are preserved. One of the principal ways that this is done is through its staff design review process and by the review of repair, alteration, and construction activities within the district for consistency with the Secretary of the Interior's Standards (Secretary's Standards) for the Treatment of Historic Properties. While this review is a required part of the Port's permitting process the Port encourages development partners and tenants to consult with staff early to determine the feasibility of projects at the conceptual stage in order to better integrate the principles embodied in the Secretary's Standards into the projects, thereby improving their consistency with the Secretary's Standards and facilitating their success in the planning approval process including compliance with applicable CEQA environmental review requirements.

San Francisco Bay Conservation and Development Commission ("BCDC")

The San Francisco Bay Conservation and Development Commission ("BCDC") is a state agency with jurisdiction over the San Francisco Bay and the first 100 feet inland from its shoreline. The agency regulates new bay fill, dredging and changes in use. BCDC regulates new development, as well as improvements and use of Port structures within its jurisdiction to ensure that maximum feasible public access to and along the Bay is provided and that areas are protected and reserved for water dependent uses. Landside uses and structural changes within 100' of the shoreline are governed by BCDC's plans and regulations. For major leases and most renovation of Port structures, BCDC along with its Design Review Board review these projects in conformance with the BCDC San Francisco Bay Plan and the San Francisco Waterfront Special Area Plan and issue Permits with the leaseholder and the Port as co-applicants. Currently, the Port holds a BCDC Permit for dredging outside the Shipyard premises. The new operator will be required to obtain a BCDC Permit if it wishes to make improvements at the site that involve placing new fill, extracting material (other than what is currently permitted), or making any substantial change in use of any water, land or structures within BCDC's jurisdiction.

Business Licenses

Respondent will be solely responsible for obtaining required licenses associated with its proposed use of the Site, including, but not limited to, those from the City's Department of Public Health and Treasurer/Tax Collector.

Central Basin Navigation Channel

The Port of San Francisco is currently partnering with the United States Army Corps of Engineers (USACE), in the form of a Project Partnership Agreement (“PPA”), to designate the Pier 70 Central Basin as a new Federal deep draft navigation channel to improve commercial transportation efficiencies, safety, and access to the Pier 70 Shipyard. Central Basin is the in-bay approach to the Pier 70 Shipyard. The Port, as a non-Federal project sponsor, requested assistance from the USACE to provide and maintain access for deep-draft vessels to the Pier 70 Shipyard and executed a Federal Cost Sharing Agreement dated June 21, 2013 and Project Management Plan (July 2, 2013) with USACE. Subject to USACE’s declaration that the Central Basin is a federal channel, which is based on an economic analysis of historic servicing of federally-owned vessels at the Shipyard and other related laws and the Port and USACE entering into the necessary agreements, USACE will initially dredge the Central Basin for commercial navigation to a depth of 35 feet, with a Port cost allocation. After the initial dredge, USACE will periodically dredge the Central Basin to maintain a depth of 35 feet at no cost to the Port, on a maintenance dredging schedule determined by USACE. In order to preserve and maintain this federal benefit, the shipyard operator must periodically dredge underneath Dry Dock #2 to maintain a depth to service all vessels contemplated in the federal government’s determination that the optimal depth of the Central Basin is 35 feet.

In addition, to enable continued federal maintenance dredging of the Central Basin, the shipyard operator shall market to federal vessels and maintain federal business as necessary to support the Port’s agreement with the USACE. Should failure to maintain sufficient federal business result in USACE discontinuing maintenance dredging activities, the selected operator shall assume liability for the lost federal benefit.

Environmental Review

All applicable requirements of California Environmental Quality Act (CEQA) must be met at the selected Respondent’s cost before the Port Commission approves a lease. The selected Respondent may be required to submit an Environmental Evaluation application to the San Francisco Planning Department to support any change or intensification of use. Additionally, environmental review may also be required for projects that propose to alter a structure including if it is a contributing resource within the Union Iron Works Historic District at Pier 70.

If required as a part of the Environmental Evaluation, the applicant will be responsible to retain a qualified historic preservation architect to prepare a Historic Resource Evaluation Report assessing the impact(s) of the proposed physical changes contributing historic resource and its character defining features. Additionally, permits for alteration and construction to the interior and exterior of the contributing historic resource require analysis by Port to determine whether the proposed use and associated alterations are consistent with the Planning Department’s environmental

review determination, the Port's Waterfront Land Use Plan, Secretary's Standards and applicable Port Design and Signage Criteria.

X. Projected RFP-2 Schedule

- Port Commission Approval to Issue RFP-2 March 13, 2018
- Issue RFP-2 Friday, April 13, 2018
- Pre-Proposal Conference/Site Visits at Pier 70 Shipyard: Week of May 14, 2018 (number of available dates and times to be determined)
- Deadline for Submission of RFP-2 Questions Friday, June 8, 2018 by 5:00 PM PST (for registered Respondents)
- Posting of Answers to RFP-2 Questions Friday, June 22, 2018
- Submission of proposals Friday, July 20, 2018 by 2:00 PM PST (see instructions at Section VIII beginning on Page 17)
- Evaluation of proposals Friday, July 20 through Friday, August 17, 2018
- Oral Interviews for Short-Listed Firms Wednesday, August 29, 2018
- Respondent Presentations to Port Commission (Open Session) Tuesday, September 11, 2018, 3:15 PM PST at the Port Commission Meeting Room, the Ferry Building, San Francisco, California 94111
- Port Commission selection, and award of exclusive negotiations (to be determined)
- Notice of Intent to Award (to be determined)

Contact for Information

Any questions from potential Respondents regarding this Request for Proposals must be submitted in writing to: Jeffrey A. Bauer, Project Manager, Port of San Francisco, Pier 1, San Francisco, CA 94111, or to jeff.bauer@sfport.com, by Friday, June 8, 2018. Such written questions will be responded to and posted on the Port website by Friday, June 22, 2018. For reference purposes, the questions submitted and answers provided for the 2017 Shipyard RFP are attached as Appendix L.

XI. City and Port Requirements

As shown in the Proposed Form of Lease (attached as Appendix F), a tenant must comply with all City requirements in effect as of the date of execution of the lease, including without limitation: (1) Non-Discrimination in Contracts and Property Contracts (including providing equal benefits) (SF Admin. Code Section 12B and C); (2) Tropical Hardwood and Virgin Redwood Ban (San Francisco Admin. Code Section 12I); (3) Health Care Accountability Ordinance (San Francisco Admin. Code Section 12Q); (4) MacBride Principles – Northern Ireland (San Francisco Admin. Code Section 12F); (5) Alcohol and Tobacco Products Advertising Ban (San Francisco Admin. Code Section 4.20); (6) San Francisco Integrated Pest Management Program (San Francisco Admin. Code Section 39.1); (7) Prevailing Wages for various trades and activities performing construction work; (8) Local Hiring requirements for tenant improvements of over \$750,000 (San Francisco Admin. Code Section 23.62); (9) Graffiti Removal (San Francisco Public Works Code Article 23); (9) Criminal Background Checks (San Francisco Admin. Code Chapter 12T); (10) First Source Hiring (San Francisco Admin.

Code §83.1 et seq) and (11) Limitations on Contributions (San Francisco Campaign and Governmental Conduct Code Section 1.126).

As part of the RFP-2 package, each Respondent must submit a written acknowledgement in the form attached hereto, stating that it has reviewed, understands, and can comply with the City Requirements set forth in Section 31 of the Form of Lease, and other terms and conditions set forth in Section IX hereof.

Additional information regarding Contract Monitoring Division (CMD) requirements can be found in the attached memorandum to prospective tenants of the Port, or by calling Lupe Arreola at (415) 274-0511. The Port strongly encourages small, local, woman and minority owned businesses to bid, either as a sole bidder or as a joint venture.

Prevailing Wages.

Section 23.61 of the City's Administrative Code requires the payment of prevailing wages for certain activities. As detailed by ordinance, both state and City laws require the payment of prevailing wages for certain activities and these apply independently. Under State law, a tenant and its contractors and its subcontractors performing labor in connection with a "public work" as defined under California Labor Code Section 1720 et seq., where the "public work" is paid for in whole or part out of public funds shall: (A) pay workers performing such work not less than the highest prevailing rate of wages, (B) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (C) employ apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "Prevailing Wage Requirements"). Under State law, "public work" includes certain construction, alteration, demolition, installation or repair that is "paid for in whole or part out of public funds." State law defines "paid for in whole or in part out of public funds" very broadly to include the payment of "money or the equivalent of money," and fees, costs, rents, insurance or bond premiums, loans, interest rates or other obligations that would normally be required in the execution of a contract that are paid, reduced, charged at less than fair market value, waived or forgiven.

City law requires a tenant and its contractors and subcontractors to comply with the Prevailing Wage Requirements as if the project is a "public work and improvement" under City and state law, if the work is performed qualifies as "Covered Construction." The Administrative Code defines "Covered Construction" as "Any project for any erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair, including tenant improvements, that meets the following requirements: (1) the real property on which the project is located is within the jurisdictional boundaries of the City; (2) the estimated project cost exceeds the Threshold Amount; and (3) the project is performed on (A) any real property sold to the Contracting Party under a City-as-seller contract for Housing Development; or (B) real property leased by the City as a landlord or leased to the City as a tenant, where the construction is performed before or during the term of the lease in accordance with plans, specifications, or criteria approved by the City. The City law applies regardless of

whether the project is paid for in whole or part out of public funds, but does include a threshold amount which is currently \$600,000.

City law has provisions requiring certain provisions to be in contracts and tenants to cooperate with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Prevailing Wage Requirements.

Additional information regarding the Prevailing Wage Requirements and rates may be obtained by contacting the Prevailing Wage | Office of Labor Standards Enforcement - SFGov (415) 554-6292 or www.sfgov.org/olse/mwo

Local Hire.

To promote the utilization of local residents in construction projects, the City has an additional requirement for local hiring when a tenant is performing tenant improvements of over \$750,000 per building permit. In this case, a tenant must comply with the local hiring provisions of SF Admin Code Section 23.62. For tenant improvements of \$1 million or more per building permit, a tenant is required to have an approved Local Hiring Plan as required by SF Admin Code Section 23.62. The Office of Economic and Workforce Development (OEWD) administers the Local Hiring Policy.

Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity Statement

The Port of San Francisco does not discriminate on the basis of disability in employment or in the admission and access to its programs or activities.

Wendy Proctor, Port of San Francisco, Pier 1, San Francisco, CA 94111, has been designated to coordinate and carry out the Port's compliance with the nondiscrimination requirements of Title II of the Americans with Disabilities Act (ADA). Information concerning the provisions of the ADA, and the rights provided thereunder, are available from the ADA Coordinator.

XII. Other Lease Terms

Sale/Transfer/Refinancing

The Port expects to participate in the net proceeds that the Tenant receives from the sale, transfer or refinancing of the leasehold.

Maintenance/Repairs

During the term of the lease, the Tenant shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the premises, including any non-exclusive areas such as public access areas, utilities, and general buffer areas.

Possessory Interest and Other Taxes

The Tenant will be required to pay possessory interest taxes on the assessed value of the leasehold interest. The Tenant also will be required to pay other applicable city taxes, including sales and payroll taxes.

First Source Hiring Program (FSHP)

The Port expects that the City's First Source Hiring Program (Admin. Code Chapter 83) will apply. Generally, this ordinance requires tenants to notify the First Source Hiring Program of available entry-level jobs and provide the Workforce Development System with the first opportunity to refer qualified individuals for employment. Contractors should consult the San Francisco Administrative Code to determine their compliance obligations under this chapter. Additional information regarding the FSHP is available on the web at <http://www.workforcedevelopmentsf.org/> and from the First Source Hiring Administrator, (415) 401-4960.

Security Deposit

The Lease will require a deposit as security for rent and other lease obligations. This can be provided in the form of cash or Stand By Letter of Credit.

Insurance Requirements

Successful Respondent is required to comply with all insurance requirements recommended by the City's Risk Manager based on review of the proposed lease. In addition to insurance coverage required the agreement will require the Successful Respondent to maintain primary property insurance for Port's Equipment and other properties being insured as well as an umbrella/excess insurance policy with limits of no less than \$20 million.

Environmental Deposits

The lease will require two forms of environmental financial assurance designed to protect the Port and the community from liability potentially arising out of the tenant's uses and operations at the premises:

1. Environmental Performance Deposit in a form determined by the Port and in an amount sufficient to compensate the Port for any damage it might incur as a result of the tenant's failure to perform its environmental or other obligations
2. A \$10,000 Environmental Oversight Deposit which may be used by the Port if the Tenant receives a Notice of Violation or regulatory order and such notice of violation cannot be cured or Tenant cannot comply with such regulatory order within 14 calendar days after delivery of such notice, and the Tenant is not actively working to cure such notice of violation or comply with such regulatory order.

Hazardous Materials

During the "due diligence" period following the award of the Lease, the selected Respondent may conduct environmental site assessments of the Site . The Port has made all known existing information about physical and environmental conditions at the Shipyard available to Respondents.

Operations Plan

All Operations at the Shipyard shall comply with a Port-approved Operations Plan prepared by the Shipyard operator. The Operations Plan will describe major operations at the Shipyard facility, including those requiring handling hazardous materials, applicable environmental/regulatory requirements, protocols and best management practices, and include a series of appendices that includes a consolidation of operational best management practices, pertinent Port rules and regulations, and additional supporting documents.

Assignment/Sublease

The Port will have the right to approve any assignment, sublease or transfer of the Lease, subject to any participation provisions, as described above under the heading “Sale/Transfer/Refinancing”.

Climate Change and Plan for Sea Level Rise

The Shipyard may be at risk as sea levels rise over the next decades. The lease will include provisions to address future flood mitigation measures, should these be needed to protect the property or public safety. During the term of the proposed lease, there is some risk that: (a) all or a portion of the Premises will be inundated with water due to floods or sea level rise; (b) sea level rise will increase the cost of substructure repairs and/or prevent or limit the ability to make repairs to the substructure; and (c) Port cannot guarantee that piers, decks, wharves, and aprons will be suitable for leased occupancy during the entire Term of this Lease.

Southern Waterfront Community Benefits and Beautification Policy

The Policy for Southern Waterfront Community Benefits and Beautification Projects concerns the Port’s real property located from Mariposa Street in the north to India Basin in the south as illustrated on the attached map. The Southern Waterfront is home to the Port’s industrial maritime operations and a mixture of other users. It is also home to the Pier 66 public access area, Warm Water Cove, Islais Creek, Heron’s Head Park, India Basin and the Blue Greenway. This area is more specifically defined in the “Pier 70-District Summary (see Appendix M, Pier 70-District Summary).

This Policy is intended to ensure that industrial, maritime and commercial uses on Port property are contributors to, rather than detractors from, these assets, our neighbors, community and shoreline. Some of these policies are also called out in the selection criteria.

Respondent’s Business Plan and Facility Renewal Plan must demonstrate how it proposes to address above referenced policy in the following categories:

Beautification and Neighborhood Outreach

- Improve entrance to ship repair yard lease hold at 19th and Georgia to improve appearance and fit within the larger Pier 70 Historic District
 - Creation and implementation of a Community Outreach and Good Neighbor Policy to guide interaction with the Port, its neighbors, visitors and users;
- Historic Preservation:

- Make improvements to buildings and site which are consistent with Secretary of Interior Standards
Local Hiring and Use of Local Businesses:
- Employ to the extent feasible from the surrounding neighborhood (Potrero Hill and Bayview Hunters Point)
- Use, as needed, of Local Businesses; for purposes of this Policy, “Local Businesses” means those businesses that are located within the Potrero Hill and Bayview Hunters Point Neighborhoods. Local businesses may include, but are not be limited to contractors, printers and service providers
- Use, as needed or support of job training and placement organizations serving southeast San Francisco.

Performance Benchmarks

All documents governing the approval and development of the Site will contain time and performance benchmarks, including provisions for payment of liquidated damages, with termination for non-performance for all repair and construction projects.

XIII. OTHER TERMS AND CONDITIONS

Conditional Nature of Offering

The Port’s issuance of RFP-2 is not a promise or agreement that the Port will actually enter into any lease. The Port expressly reserves the right at any time to:

1. Waive any technical defect or informality in any submittal or submittal procedure that does not affect or alter the submittal’s substantive provisions;
2. Reject any or all submittals;
3. Suspend any and all aspects of the process indicated in RFP-2;
4. Amend RFP-2;
5. Terminate RFP-2 and issue a new request for interest, qualifications or proposals;
6. Request some or all respondents to revise submittals;
7. Select a tenant by any other means;
8. Offer new leasing opportunities in the area at any time;
9. Extend deadlines for accepting submittals, or accept amendments to submittals after expiration of deadlines;
10. Decide not to pursue this offering; or
11. In awarding the opportunity and finalizing any lease, modifying, refining, and otherwise clarifying the permitted uses or other terms to reflect the selected proposal, with such changes therein as may be desired provided that such changes will not change the overall substance of the proposal.

The Port’s failure to object to an error, omission, or deviation in any submittal will in no way modify RFP-2 or excuse respondents from full compliance with the requirements of RFP-2.

The Port may modify, clarify, and change RFP-2 by issuing one or more written addenda. Addenda will be posted on the Port's website, and notice of the posting will be sent by electronic mail to each Respondent. The Port will make reasonable efforts to notify interested parties in a timely manner of modifications to RFP-2 but each respondent assumes the risk of submitting its proposal on time and obtaining all addenda and information issued by the Port. Therefore, the Port strongly encourages interested parties to register as an interested party and check the Port's web page for this RFP frequently.

Port staff and the Port Commission reserve the right to vary from the recommendation made by the Advisory Panel. The Port reserves the right to request clarification or additional information from individual respondents and to request that some or all Respondents make informational presentations, community groups, or others.

Respondent Selection Does Not Guarantee Project Approval

The Port Commission's selection of a respondent and authorization to commence exclusive negotiations shall not be construed as an approval of a proposed lease. The Port will not enter into any lease until any required environmental review under CEQA is complete. Changes to the proposed project may occur or be required during the course of public review of the proposed project, during the approval processes that will follow CEQA review, and in response to other City, Port, and public concerns that may arise, and those changes may require additional CEQA review if the changes have not already been analyzed. If a project is found to cause significant adverse impacts, the Port retains absolute discretion to require additional environmental analysis, and to: (1) modify the project to mitigate significant adverse environmental impacts; (2) select feasible alternatives that avoid significant adverse impacts of the proposed project; (3) require the implementation of specific measures to mitigate the significant adverse environmental impacts of the project, as identified upon environmental evaluation in compliance with applicable environmental law; (4) reject the project as proposed if the economic and social benefits do not outweigh otherwise unavoidable significant adverse impacts of the project; or (5) approve the project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts. The Port is issuing this RFP-2 in its capacity as a landowner with a proprietary interest, and not as a regulatory agency of the City. The Port's status as an agency of the City will not in any way limit any selected respondent's obligation to obtain requisite approvals from City departments (including the Port), boards, or commissions with jurisdiction over a proposed project. Under the San Francisco Charter, no officer or employee of the City and County of San Francisco, including the Port, has authority to commit the Port to any project until the Port Commission has approved the transaction following completion of CEQA review.

Protest of Award

Within five (5) working days of the Port's notice of the most qualified Respondent which would be recommended to the Port Commission for award of a Lease, any Respondent who submitted a responsive proposal that was evaluated during the evaluation process

and believes that the Port has unfairly selected another Respondent for recommended award may submit a written notice of protest.

The notice of protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an individual authorized to represent the Respondent, and must cite the law, rule, local ordinance, procedure or RFP provision on which the protest is based. In addition, the Respondent must specify facts and evidence sufficient for the Port to determine the validity of the protest. All protests must be received by the Port on or before the fifth (5th) working day following the Port's notice. The Respondent submitting the protest must concurrently transmit a copy of the initial protest document and any attached documentation to all other Respondents who may be adversely affected by the outcome of the protest.

The Port will provide the affected Respondents with five (5) working days from their receipt of the protest to submit a written response to the protest.

The Port, in its discretion, may make a determination regarding a protest without requesting further documents or information from the Respondent who submitted the protest. Accordingly, the initial protest must include all grounds of protest and all supporting documentation or evidence reasonably available to the prospective Respondent at the time the protest is submitted. If the Respondent later raises new grounds or evidence that were not included in the initial protest, then the Port will not consider such new grounds or new evidence.

Upon receipt of a timely and proper protest, the Port will review the protest and conduct an investigation as it deems appropriate. As part of its investigation, the Port may consider information provided by sources other than the protesting and affected Respondents. The Port may also consider supplemental correspondence or other information relating to the original ground(s) of protest submitted by a protesting Respondent and/or an affected Respondent to the extent the Port determines that such information will assist it in resolving the protest. At the completion of its investigation, the Port will provide a written determination to the Respondent who submitted the protest, with a copy to the affected Respondent(s).

Protests not received within the time and manner specified will not be considered.

A Respondent may not rely on a protest submitted by another Respondent, but must timely pursue its own protest.

The procedures and time limits set forth in this section are mandatory and are a Respondent's sole and exclusive remedy in protesting a Lease award to another Respondent. Failure to comply with these protest procedures shall constitute a complete and irrevocable waiver of the ground(s) of protest and forfeit the Respondent's right to raise such ground(s) of protest later in the RFP process, in a Government Code Claim, or in other legal proceedings.

Delivery of Objections and Protests

If an objection, protest or response to a protest is mailed, the Respondent or protested Respondent bears the risk of non-delivery within the deadlines specified above. Objections, protests and responses to protests should be transmitted by a means that will objectively establish the date the Port received the objection, protest or response. Objections, protests, notice of protests, and responses to protests made orally (e.g., by telephone) will not be considered. Objections, protests and responses to protests must be delivered to:

Port of San Francisco
Deputy Director of Real Estate and Development
Pier 1, The Embarcadero
San Francisco, CA 94111

Claims Against the Port

No Respondent will obtain by its response to RFP-2, and separately by its response each Respondent waives, any claim against the Port by reason of any or all of the following: any aspect of RFP-2, any part of the selection process, any informalities or defects in the selection process, the rejection of any or all submittals, the acceptance of any submittal, entering into exclusive negotiations, conditioning exclusive negotiations, terminating exclusive negotiations, approval or disapproval of plans or drawings, entering into any transaction documents, the failure to enter into a lease, any statements, representations, acts, or omissions of the Port, the exercise of any discretion set forth in or concerning any of the above, and any other matters arising out of all or any of the above.

Financial Obligations

Each Respondent is responsible for all costs incurred in responding to RFP-2. The Port has no financial responsibility for any costs incurred by a Respondent in responding to RFP-2. The Port will not pay a finder's or broker's fee in connection with RFP-2. Respondents will be solely responsible for the payment of all fees to any real estate broker(s) with whom the Respondent has contracted.

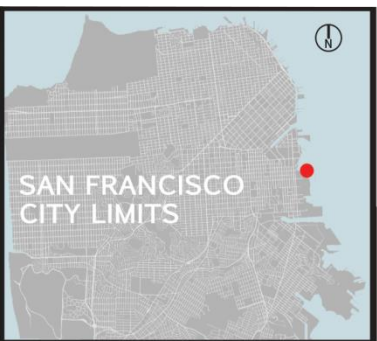
Submittals Become Port Property

All materials submitted will become the property of the Port and may be used by the Port in any way deemed appropriate.

Interpretation

For the purposes of RFP-2, the terms "include," "included" and "including" will be deemed to be followed by the words "without limitation" or "but not limited to," and, where required by the context, the singular includes the plural and vice versa, and the

feminine gender includes the masculine and vice versa. Section and paragraph headings used in RFP-2 are for reference only and are not to be used to interpret the provisions of RFP-2.



Shipyard Site Proximity

SITE BOUNDARIES

- — — PIER 70 DISTRICT
- - - 28-ACRE SITE BOUNDARY
- - - ILLINOIS PARCELS BOUNDARY
- SHIPYARD SITE BOUNDARY
- FUTURE DEVELOPMENT
- OPEN SPACE

PIER 70 DISTRICT LAND USE PLAN

All boundaries are approximate

April 10, 2015



PREDOMINANT PLANNED FUTURE LAND USES

- | | | | |
|--|--------------------------------|--|---|
| | COMMERCIAL OFFICE | | APPROXIMATE LOCATION OF PEDESTRIAN AND / OR SERVICE PASSAGEWAYS |
| | INNOVATION RETAIL | | LIGHT INDUSTRIAL |
| | RESIDENTIAL | | SHIP REPAIR / INDUSTRIAL |
| | OFFICE OR RESIDENTIAL | | VACANT / UNUSED – USE TBD |
| | OFFICE, RESIDENTIAL OR PARKING | | |

**SAN FRANCISCO
SHIPYARD
PIER 68 & SWL 349**

PREPARED BY: JAJ

DRAWN BY: JAJ

CONTRACT NO.

CHECKED BY: GLR

DATE: MARCH 1, 2018

PAGE: 1 of 2

**SAN FRANCISCO SHIPYARD
APRIL 2018 REQUEST FOR PROPOSALS-2
APPENDIX A-1 • SITE PROXIMITY**

SAN FRANCISCO SHIP YARD

APRIL 2018 REQUEST FOR PROPOSALS -2

SITE DETAIL MAP

APPENDIX A-2



APPENDIX B

2017 Engineering Consultants' Facilities Conditions Surveys, Structural Assessments and High-Value Equipment Inventories —

The full reports are downloadable from the Port's website: sfport.com/ShipyardRFP2

You can register at this site to download and access all of the information,
or please note that the full documentation and form is available for viewing
at any time during normal business hours from 8 am to 5 pm
at the Port offices in Pier 1, San Francisco, CA 94111.

The Available Reports Are:

- *Pier 68/70 Building Condition: 2017 Addendum to the 2015 Assessment* – Moffatt & Nichol | AGS Joint Venture (July 21st 2017)
- *Building 6, Pier 70, Port of San Francisco Update of Structural & Geotechnical Condition Assessment* – COWI | OLM Joint Venture & GTC Inc. (March 23rd, 2017)
- *Pier 70 Building Condition Assessment* – DCI+SDE Engineers (February 13th, 2015)
- *Pier 68-70 Shipyard Facility Condition Survey: Civil Site Utilities Report* – Moffatt & Nichol | AGS Joint Venture (July 21st 2017)
- *Pier 68-70 Shipyard Facility Condition Survey: Electrical Power Systems* – Moffatt & Nichol | AGS Joint Venture & HRA Consulting Engineers (August 9th 2017)
- *Pier 68-70 Shipyard Facility Condition Survey: High-Value Equipment Inventory* – Moffatt & Nichol | AGS Joint Venture (July 21st 2017)
- *Pier 68-70 Shipyard Facility Condition Survey: Marine Structures* – Moffatt & Nichol | AGS Joint Venture (July 21st 2017)
- *Pier 68-70 Shipyard Facility Condition Survey: Mechanical Site Utilities* – Moffatt & Nichol | AGS Joint Venture & HRA Consulting Engineers (July 31st 2017)

APPENDIX C

Scope of Pier 68 Area Electrification Project Work to be Funded and Completed by Port as Shipyard Site Preparation for New Operator —

Shipyard Power Relocation and High Voltage Redistribution Project —

The Port has fully funded and is executing a \$4.3 million Shipyard Power Relocation and High Voltage Redistribution project that will replace aged electrical infrastructure throughout the Shipyard; remove, replace, and properly dispose of all known PCB oil-containing transformers and electrical equipment located at the Shipyard; and install new switch gear and power routing equipment that will allow for more efficient and effective power consumption and use.

ADVICE: The work will extend through November, 2018 and will result in periodic disruptions to electrical service throughout the shipyard. Electrical disruptions may last for days or weeks depending on the particular infrastructure equipment being upgraded. There may be additional intermittent shut downs lasting from 8 to 24 hours. It is anticipated that these may occur approximately six times during the project. The new Shipyard operator will need to coordinate access and operational issues with Historic Pier 70, LLP/Orton Development, Inc. to minimize disruption to Shipyard operations.

SCOPE OF WORK – The scope of engineering services includes but is not limited to the items below:

- **Electrical Engineering Services**
 - Help develop and incorporate design elements established in the electrical performance specifications and design criteria.
 - Coordinate with appropriate code authorities and utility providers to determine the electrical and site utility requirements for the Project to satisfy the required building permits and to obtain the certificate of occupancy.
 - Analyze and develop preliminary calculations establishing electrical design requirements, electrical metering systems, electrical distribution, electrical transformation, and any other electrical systems required for the Project.
 - Establish preliminary space and power requirements for the Project electrical systems and assist Architect to incorporate such requirements into the overall Project design.
 - Prepare plans, sections, details, schedules, diagrams, notes, outline specifications, and final specifications (collectively, "Electrical Drawings and Specifications") and any other information necessary to prepare the complete electrical design for the Project.
 - Electrical Drawings and Specifications shall include the following without limitation:
 - a. Electrical Power
 - b. Single-line diagrams
 - c. Load calculations
 - d. Panel Schedules
 - e. Electrical Room and equipment layouts details
 - Electrical Drawings and Specifications will include single-line drawings, and data in sufficient detail to adequately explain the electrical concepts for the preparation of a cost analysis of the design(s) under consideration.

- Prepare all Electrical Drawings and Specifications based upon engineering calculations establishing the size, dimensions, and capacity of the electrical systems and equipment. The calculations will be based upon prudent engineering principles and practices for this type of project.
- Provide detailed layout and service requirements for electrical system for the Project.

SPECIFIC WORK WILL INCLUDE –

Building 36: Feed Building 36 from Building 102 Substation.
Provide and install a UCD Transformer outside Building 102.
Provide and install a 1200A switchboard.
Demo existing disconnects and refeed loads.

Building 68: Remove and dispose of PCB Transformers.
Provide and install new Transformers.

Building 102: Remove and Dispose of existing PCB transformers and switchgear on 2nd floor.
Install 2 new sections on existing 12kv gear on 1st floor.
Feed Building 105 & 102 from existing substation.

Building 103: Refeed building 103 with conduit overhead from building 105.

Building 105: Remove and dispose of PCB Transformer.
Remove and dispose of existing switchgear.
Install new 1500KVA Transformer.
Refeed new transformer from Building 102.
Refeed admin building and Building 109.
Reconnect existing loads in Building 105.
Provide and install a new 480v Distribution Board.

Building 108: Remove and Dispose of PCB Transformers and Capacitor. Reconnect loads to existing equipment.

Building 109: Remove and Dispose of capacitor.
Provide a new feed from Building 105.
Provide and install a new switchboard in building 109.
Refeed all loads in building 109.

These SCOPE OF WORK items are available for inspection or download by sending a request in writing to: Jeffrey A. Bauer, Project Manager, Port of San Francisco, Pier 1, San Francisco, CA 94111, or to jeff.bauer@sfport.com.

APPENDIX D

Structural Assessments, Ultrasonic Thickness Testing, and Valuation Reports for Dry Dock #2 and Dry Dock Eureka —

The full reports are downloadable from the Port's website: sfport.com/ShipyardRFP2

You can register at this site to download and access all of the information, or please note that the full documentation and form is available for viewing at any time during normal business hours from 8 am to 5 pm at the Port offices in Pier 1, San Francisco, CA 94111.

The Available Reports Are:

- *Valuation of Port of San Francisco Dry Dock #2 – Southport Atlantic (January 2018)*
- *Valuation of Port of San Francisco Dry Dock Eureka – Southport Atlantic (January 2018)*
- *Dry Dock #2 Structural Assessment Report – GHD | Telamon Joint Venture & Collins Engineers (August 2017)*
- *Dry Dock Eureka Structural Assessment Report – GHD | Telamon Joint Venture & Collins Engineers (June 2017)*
- *Dry Dock 2 Ultrasonic Thickness Inspection – DRS Marine, Inc. (July 2016)*
- *Dry Dock Eureka UT/VT Survey – International Inspection (May 2015)*
- *Dry Dock No. 2 Dolphin & Stair Tower Inspection – Triton Engineers, Inc. (August 2016)*
- *Request for Heger Certification of Dry Dock No. 2 Located at BAE San Francisco – Heger Dry Dock, Inc. (December 2016)*
- *Dry Dock No.2 Analysis of Wingwall Shell Plate as Surveyed Thicknesses – Bruce S. Rosenblatt & Associates, LLC (December 2016)*
-

APPENDIX E

Shipyard Premises' Dredging Reports – Historic Bathymetric Surveys, Consultants' Maintenance Dredging Planning and Costs Estimates, and Past Permits and Fees –

**The full reports are downloadable from the Port's website:
sfport.com/ShipyardRFP2**

You can register at this site to download and access all of the information, or please note that the full documentation and form is available for viewing at any time during normal business hours from 8 am to 5 pm at the Port offices in Pier 1, San Francisco, CA 94111.

The Available Reports Are:

- *Puglia Shipyard Facility – 2017 Maintenance Dredging Planning-Level Costs*– Anchor QEA, LLC (January 2017)
- *BAE Systems SFSR – Integrated Alternatives Analysis & 2014 Dredging Program*– Anchor QEA, LLC (March 2014)
- *SF Drydock Bathymetric Survey* – GBA Engineering (April 2017)
- *SF Drydock Bathymetric Survey* – GBA Engineering (June 2016)
- *Annual Participant Fee for the Regional Monitoring Program* – San Francisco Estuary Institute (September 2015)
- *Maintenance Dredging Episode Approval* – BCDC Permit No. M1993.013.08 (August 2014)
- *BAE Systems Maintenance Dredging Permits* – US Army Corps of Engineers File Number 400192S (June 2008)
- *Water Quality Certification, Maintenance Dredging at BAE SFSR* – San Francisco Bay Regional Water Quality Control Board (June 2008)

APPENDIX F

Proposed Form of Lease —

**The complete Form of Lease is downloadable from the Port's website:
sfport.com/ShipyardRFP2**

You can register at this site to download and access all of the information,
or please note that the full documentation and form is available for viewing
at any time during normal business hours from 8 am to 5 pm
at the Port offices in Pier 1, San Francisco, CA 94111.

APPENDIX G

Rapid Condition Surveys for Optional Buildings —

**These Rapid Condition Surveys are downloadable from the Port's website:
sfport.com/ShipyardRFP2**

You can register at this site to download and access all of the information,
or please note that the full documentation and form is available for viewing
at any time during normal business hours from 8 am to 5 pm
at the Port offices in Pier 1, San Francisco, CA 94111.

Attention is called to Buildings 6; 36; 103; 107; 108; and 111 as they are optional to the basic site plan offering. The Port recommends that particular attention is paid to understanding the conditions of these buildings.

Each Optional Building can be included or excluded individually within each proposal depending upon the Respondent's level of interest in each.

APPENDIX H

Statement of Ability to Comply with City and Other Governmental Requirements and Agreement to Conditions for the Pier 70 Shipyard —

Name of Respondent: _____

- 1) The undersigned is a Respondent for this Shipyard Leasing Opportunity.
- 2) The undersigned has reviewed the applicable Port Commission and other governmental requirements described in the Request for Proposals and the proposed form Lease attached thereto applicable to this Shipyard Leasing Opportunity ("Governmental Requirements").
- 3) Respondent has reviewed the Terms and Conditions set forth in Section XIII and Appendix F of the Request for Proposals.
- 4) The undersigned has reviewed, understands, and is ready, willing, and able to comply with all Governmental Requirements and agrees to be bound by the Terms and Conditions set forth in Section XIII and Appendix F of the Request for Proposals.
- 5) The undersigned are authorized representatives of Respondent.

_____ Title _____

_____ Title _____

_____ Title _____

Date _____

APPENDIX I

List of Reports and Acknowledgement of Receipt —

By its signature below, Respondent acknowledges receipt of and represents and warrants to Port that Respondent has reviewed the following documents. Port provides the following information without representation or warranty. All documents are available for downloading from the Port's website: **sfport.com/ShipyardRFP2**

REQUIRED SUBMITTAL DOCUMENTS:

- Port Leasing Application (RFP-2 Appendix J)
- Statement of Ability to Comply with City and Other Governmental Requirements and Agreement to Conditions (RFP-2 Appendix H)

SHIPYARD SITE INFORMATION:

- Shipyard Site Proximity Map (RFP-2 Appendix A-1)
- Shipyard Site Details Map (RFP-2 Appendix A-2)
- Shipyard Site Equipment List and Locations Map
- Surrounding Pier 70 Area District Summary (RFP-2 Appendix L)
- Shoreside Power System As Built
- Scope of Pier 68/70 Area Electrification Project Work to be Funded and Completed by Port as Shipyard Site Preparation for New Operator

SHIPYARD CONDITIONS SURVEYS:

- Building 6 Update of Structural & Geotechnical Condition Assessment – COWI | OLMM Joint Venture & GTC Inc. (March 2017)
- Rapid Condition Survey for Buildings 6
- Rapid Condition Survey for Building 36
- Pier 68/70 Building Condition 2017 Addendum to the 2015 Assessment – Moffatt & Nichol | AGS Joint Venture (July 2017)
- Pier 68/70 Shipyard Condition Survey, Civil Site Utilities Report – Moffatt & Nichol | AGS Joint Venture (July 2017)
- Pier 68/70 Shipyard Condition Survey, Electrical Power Systems – Moffatt & Nichol | AGS Joint Venture & HRA Consulting Engineers (August 2017)
- Shipyard Electrical Single Line Drawing 44"x34" – Moffatt & Nichol | AGS Joint Venture & HRA Consulting Engineers
- Pier 68/70 Shipyard Condition Survey, High-Value Equipment Inventory – Moffatt & Nichol | AGS Joint Venture (July 2017)
- Pier 68/70 Shipyard Condition Survey, High-Value Equipment Inventory Excel Spreadsheet– Moffatt & Nichol | AGS Joint Venture (July 2017)
- Pier 68/70 Shipyard Condition Survey, Marine Structures – Moffatt & Nichol | AGS Joint Venture (July 2017)
- Pier 68/70 Shipyard Condition Survey, Mechanical Site Utilities – Moffatt & Nichol | AGS Joint Venture & HRA Consulting Engineers (July 2017)

DRY DOCKS SURVEYS AND REPORTS:

- Dry Dock #2 Structural Assessment Report – GHD | Telamon Joint Venture & Collins Engineers (August 2017)
- Dry Dock Eureka Structural Assessment Report – GHD | Telamon Joint Venture & Collins Engineers (June 2017)
- Dry Dock 2 Ultrasonic Thickness Inspection – DRS Marine, Inc. (July 2016)
- Dry Dock Eureka UT/VT Survey – International Inspection (May 2015)
- Dry Dock No. 2 Dolphin & Stair Tower Inspection – Triton Engineers, Inc. (August 2016)
- Request for Heger Certification of Dry Dock No. 2 Located at BAE San Francisco – Heger Dry Dock, Inc. (December 2016)
- Dry Dock No.2 Analysis of Wingwall Shell Plate as Surveyed Thicknesses – Bruce S. Rosenblatt & Associates, LLC (December 2016)

DREDGING REPORTS AND BATHYMETRIC SURVEYS:

- Puglia Shipyard Facility – 2017 Maintenance Dredging Planning-Level Costs– Anchor QEA, LLC (January 2017)
- BAE Systems SFSR – Integrated Alternatives Analysis & 2014 Dredging Program– Anchor QEA, LLC (March 2014)
- SF Drydock Bathymetric Survey – GBA Engineering (April 2017)
- SF Drydock Bathymetric Survey – GBA Engineering (June 2016)
- Annual Participant Fee for the Regional Monitoring Program – San Francisco Estuary Institute (September 2015)
- Maintenance Dredging Episode Approval – BCDC Permit No. M1993.013.08 (August 2014)
- BAE Systems Maintenance Dredging Permits – US Army Corps of Engineers File Number 400192S (June 2008)
- Water Quality Certification, Maintenance Dredging at BAE SFSR – San Francisco Bay Regional Water Quality Control Board (June 2008)

ENVIRONMENTAL DISCLOSURES:

- Generic Asbestos Notice to Employees
- The Pier 70 Shipyard Asbestos Notice to Employees
- List of Environmental Reports and Documents Regarding Hazardous Materials (August 2017)
- BAE Systems San Francisco Ship Repair, Inc. Level 1 Exceedance Response Action (ERA) Report
- Pier 70 Risk Management Plan
- Pier 70 Risk Management Plan – Appendix C
- Hazardous Materials Disclosure – List of Reports & Documents
- Federal Emergency Management Act Disclosure Notice

ADDITIONAL DOCUMENTS:

- Proposed Form of Lease (RFP-2 Appendix F)
- Inspection Tour Requirements for Pre-Proposal Conferences/Site Visits during the week of May 14, 2018 (RFP-2 Appendix K)

Respondent: _____

By: _____

Name: _____

Title: _____

Date Signed: _____

By: _____

Name: _____

Title: _____

Date Signed: _____

APPENDIX J

Port of San Francisco Leasing Application —

**The complete Leasing Application Package is downloadable from the Port's website:
sfport.com/ShipyardRFP2**

You can register at this site to download and access all of the information,
or please note that the full documentation and form is available for viewing
at any time during normal business hours from 8 am to 5 pm
at the Port offices in Pier 1, San Francisco, CA 94111.

APPENDIX K

Shipyards Site Inspection Tour Requirements (to be held the week of May 7, 2018) —

- The Port will prepare for inspection 9 ballast tanks and 1 buoyancy tank on Dry Dock #2 that represent the spectrum of tank conditions from poor to good (all buoyancy tanks are in similar condition so one tank is sufficient). The exact tanks to open are TBD. Before the site tour the Port will open each tank (and keep open), make sure it is pumped completely dry, and lit with a stringer light near the entrance/access ladder. The buoyancy tank will have forced ventilation to ensure the air quality is breathable.
- All tanks will require certification by a marine chemist the day of the inspection to ensure that they are safe for entry. There will be multiple visits by a chemist: One for each visit day offered by the Port, plus at least one a few days prior to ensure the condition is safe.
- For safety during the inspection, the Port will require 'badge boards' at each tank entrance so that we can track individual entrance to and exit from the tanks and be certain that all entrants to a tank have in fact come back out.
- For safety staff will be present throughout the tour and especially the dry dock inspections, however staff will not be allowed to acknowledge nor answer questions during the inspection tours. Questions will need to be submitted in accordance with the rules and schedule of the Request For Proposals.
- Personal Protective Equipment (PPE) is required for each individual on the tour and the tank inspections. For the general shipyard inspection:
 - Hard hat
 - Safety Glasses
 - Reflective Vest
 - Steel Toe Boots/Shoes
 - Long Pants / Long Sleeved Shirts
- For the Dry Dock tank inspection, attendees need to be aware that the tank bottoms are quite muddy and caution is required for a complete inspection. In addition to the above, they will need:
 - Rubber boots
 - Gloves
 - Flashlight and/or Headlamp
 - Coveralls ('Tyvek' coveralls are OK)

APPENDIX L

Questions and Answers from 2017 Shipyard Request For Proposals —

The complete list of questions and Port staff responses is downloadable from the Port's website: sfport.com/ShipyardRFP2

You can register at this site to download and access all of the information,
or please note that the full documentation is available for viewing
at any time during normal business hours from 8 am to 5 pm
at the Port offices in Pier 1, San Francisco, CA 94111.

APPENDIX M

Pier 70- District Summary —

The Pier 70 Shipyard is located within the Port's 65 acre Pier 70 site. The Pier 70 site was once fully occupied by ship building and ship repair uses at its peak during World War II. Since World War II the shipyard operations have consolidated into the existing 14 acre site in the northeast corner of the larger Pier 70 area. With this consolidation, the remaining 51 acres of the Pier 70 area was used for a variety of uses and functions. In 2007, the Port initiated a three year community planning process to develop a Pier 70 Master Plan. This extensive community planning process lead to the Pier 70 Preferred Master Plan, which has allowed us to secure development partners and City and Port revenues to invest in the Pier 70 site for its rehabilitation and reuse. The Plan was strongly supported and endorsed by the Port's Central Waterfront Advisory Group, the Potrero Hill Booster and Dogpatch Neighborhood Association (both of which are active neighborhood groups) and environmental and open space advocates. The five goals of the Preferred Master Plan are:

1. Retain and enhance the ship repair operations;
2. Establish a National Register Historic District and adaptively reuse the historic resources;
3. Create a system of shoreline and other open spaces;
4. Allow new infill development to bring back the historic activity level; and
5. Conduct environmental remediation, deliver new infrastructure and construct new improvements in a sustainable way.

Since 2010 when the Plan was completed, the Port has been actively implementing the Plan and has divided the site into five projects areas. Below is the status of the five project areas:

1. Historic Core - Orton Development:

In May 2014, the Port Commission and the Board of Supervisors unanimously adopted environmental findings and approved transaction documents for the rehabilitation of the Historic Core and in July 2015, Lease No. L-15814 was executed and construction activities commenced pursuant to the Master Plan vision of rehabilitation, preservation and repurposing.

Currently, ODI is actively rehabilitating Buildings 14, 101, 104, 113, 114, 115, 116 and two smaller outbuildings. Work includes seismic, structural, and code required upgrades and hazardous material remediation, all performed to the secretary of the interior standards for historic structures. These historic office and industrial buildings are being marketed and subleased to a range of businesses, including light industrial, technology, life science, office, showrooms, and restaurant uses. First occupancy is anticipated this summer in Buildings 14 and 104, with full occupancy of all buildings expected to occur in late 2018. The project creates an indoor lobby/atrium in Building 113, and an outdoor piazza, both of which will be accessible to the public.

ODI is collaborating closely with Forest City to coordinate construction phasing and infrastructure planning between the Historic Core and the Waterfront Site. ODI has made

significant progress to return the Historic Core to use as a vibrant part of the City. The benefits of enlivening these buildings with active, new uses will be enjoyed by workers, residents and visitors alike, a significant step forward in realizing the vision for the Port's Pier 70 Preferred Master Plan.

2. Pier 70 Waterfront Site Special Use District – Forest City:

South of 20th Street within the Pier 70 site includes a 28-Acre Site and the potential third party development of the “Illinois Street Parcels” that comprise the Port-owned parcel at Illinois & 20th Streets and the PG&E-owned Hoedown Yard, which is subject to a City option to purchase. The 28-Acre Site and Illinois Street Parcels are being rezoned as part of the Pier 70 Mixed Use Special Use District (“Pier 70 SUD”).

The SUD is a mixed use site that includes:

- 1 million square feet of commercial office use along an extended 20th Street with ground floor retail and light industrial retail and arts uses
- Approximately 2000 residential units
- 9 acres of open space
- Adaptive reuse of 3 historic buildings
- Approximately 400,000 square feet of ground floor light industrial, retail and arts uses
- On and off street parking
- New infrastructure and roadways to serve the site

The Port and Forest City anticipate final approvals in October 2017 with construction beginning in early 2018.

3. Crane Cove Park:

Crane Cove Park is an approximately 9 acre park in the northern area of Pier 70 generally bounded by Illinois Street on the west, 19th street on the south, the Bay on the east and Mariposa Street on the north. The first phase of the park is currently under construction and will include improvements to approximately 6 acres, including an eastward extension of 19th Street to provide access to the Pier 70 Shipyard and to the Park. The first phase improvements include creation of a new beach, restoration of slipway 4 including the cranes, Crane Plaza at 19th and Illinois Street, a multi-purpose lawn, an off leash dog run, picnic areas, site history interpretation, park restrooms and core and shell improvements for a future human powered boating center and café in building 49. The initial phase is expected to be completed in mid to late 2018.

4. 19th Street Development – Parking Site:

Located just south of the planned 19th Street extension and east of Illinois Street is an approximately 2 acre future development site. This site will undergo further planning but is currently planned to be a temporary off street for fee parking lot able to accommodate 200 vehicles.

5. Ship Repair Yard:

Within the area subject to RFP-2, it should be noted that the Ship Repair use and its continued operation was a primary goal and strongly supported by the community and stakeholders. The identity of Pier 70 and the surrounding shipyard is directly tied to ship repair and the community not only supports the function but embraces it.