

**Public Process Concept for Long-term development/Lease
Final Recommendations from July 20, 2017 Land Use Subcommittee Meeting**

COMPETITIVE SOLICITATION PROCESS [Black reflects existing Waterfront Plan process. Orange indicates new provisions from Land Use Subcommittee]

Community Input Process for Competitive Solicitation for:

- Long-term, non-maritime lease opportunity (w/seismic upgrade) in entire piers, including bulkheads, plus seawall lots and other Port properties
 - Intermediate-term master lease opportunity (no or limited seismic upgrade) for majority or entire piers, including bulkheads (also see Southern Waterfront guidelines which allow intermediate-term leases)
 - Lease opportunity to convert industrial space to new retail, restaurant or public-oriented use in bulkhead buildings, piers or other Port facilities [Solicitations to re-tenant existing retail/restaurants spaces are not subject to this process]
- 1) **Port Commission.** Port staff report to describe opportunity for competitive solicitation of lease offering. Port Commission authorizes process to prepare solicitation document. Staff report describes minimum developer qualifications, and key Waterfront Plan and public trust goals and objectives (As reflected in 5/31/17 Land Use subcommittee recommendations, this includes historic rehabilitation consistent with Secretary Standards. For long-term lease or intermediate-term master tenant lease, public trust objectives also include: public-oriented use in bulkhead building and, if possible, in portion of pier; maritime berthing and public access, SLR and Seawall repair strategy, revenue uses/developer financing to support financially feasible project)
 - 2) **Community Review.** Port staff schedules Port Advisory Committee (PAC) meeting, and also invites city and regional stakeholder input, to solicit review and comment about community values and priorities to include in solicitation (e.g. related to public-oriented uses, maritime berthing and public access, historic rehabilitation, resilience, financial objectives)
 - 3) **Port Commission.** Port staff requests authorization to issue solicitation, including project objectives based on Port Commission direction and community input, developer submittal and City competitive solicitation requirements, and description of Review Panel to be created by Port staff. PAC representatives attend and provide public comments in Port Commission meeting prior to Port Commission authorization. Port Commission authorizes issuance of competitive solicitation opportunity.

Staff report also includes summary of PAC comments, and description of Review Panel that will evaluate respondent submittals, which must comply with City Contract Monitoring Division standards for relevant expertise, diversity and impartiality. Members to include

person with relevant development expertise; Port staff member; a PAC member; and a city or regional representative to incorporate community and public perspectives in review of submittals.

- 4) **A) Evaluate proposals.** Port staff will review developer submittals for compliance with minimum qualifications to determine list of qualified respondents, and evaluate qualified experience, financial capability, and references. Review Panel evaluates developer submittals, interviews project developers and scores qualified respondents.

B) Port Commission. Informational public meeting to receive presentations from all qualified developer respondents, receive Port Commission, PAC and public comments.

- 5) **Port Commission.** Public meeting to consider approval of Port staff report recommendation for developer selection, based on respondent that receives highest combined score from Review Panel and Port staff. Port Commission may approve or deny staff developer selection recommendation.

SOLE SOURCE PROCESS

Sole Source Proposals

Establish steps for Port Commission consideration of unsolicited (Sole Source) proposals (long-term or intermediate term leases for majority or entire piers), in addition to Board of Supervisors approval of resolution to waive City competitive bid leasing policy provisions.

- 1) **Written Submittal with Development Proposal.** Require any Sole Source development initiator for Port property to provide information about the proposal, any community outreach completed to date, the specific ways in which the project will achieve Waterfront Plan and public trust goals and objectives, and reasons that support waiving the competitive solicitation process.
- 2) **Port Commission.** Public meeting to receive informational presentation on sole source proposal by developer, including information described in Item 1, Port Commission and public comments. Port Commission may make findings on sole source proposal to be forwarded for consideration by Board of Supervisors.
- 3) **Board of Supervisors.** Public hearing to waive City competitive solicitation leasing policy provisions, and to consider any Port Commission findings regarding the proposal.

SOUTHERN WATERFRONT LEASE GUIDELINES

Southern Waterfront Interim Lease Guidelines were originally established in 2004, prior to Pier 70 and Blue Greenway plans, and Pier 80-96 Maritime Eco-Industrial Strategy. Proposed updated guidelines for Southern Waterfront leases are presented below.

1) Short-term leasing

- a) Limit location of heavy industrial uses away from adjacent neighborhoods. Include lease provisions to minimize external impacts on neighborhood, as applicable (i.e. hours of operation, security, hazardous materials, noise, and dust controls).
- b) Provide 10 day notice and review of information on proposed lease to Central Waterfront Advisory Group (CWAG) and Southern Waterfront Advisory Committee (SWAC) before the lease is approved, and opportunity to request review at a CWAG or SWAC meeting, to receive public input prior to lease approval.

2) Pier 80-96 Maritime Eco-Industrial Strategy Area Intermediate or long-term lease opportunities:

- a) Provide regular Port Commission and SWAC informational updates and community engagement on maritime marketing lease proposals.
- b) Port Commission informational presentation for intermediate-term or long-term lease opportunity
- c) SWAC meeting scheduled to discuss lease opportunity, solicit community input to report back to Port Commission
- d) Any opportunity for intermediate-term or long-term lease follows competitive solicitation process as proposed for piers and seawall lots.

OTHER LEASING

- 1) **Board of Supervisors.** Under current policy, Port non-maritime leases of 10 years or more and \$1 million (or more) in annual rental revenue are required to secure approval by the Board of Supervisors after Port Commission approval. Public comment opportunities are provided in Port Commission and Board of Supervisor hearings.
- 2) **No required process.** The following types of leases do not require separate public review:
 - a) Short-term (0-10yr) leases (except in Southern Waterfront) and turnover leasing for maritime, light-industrial/PDR, existing office, retail, restaurant spaces.

Intermediate lease for a limited area (i.e. not a master lease) within an industrial pier shed in the Embarcadero Historic District (consistent with industrial building occupancy limits, no seismic repairs) that supports amortization of capital repair and tenant improvement costs.