

MEMORANDUM

February 3, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon
Hon. Sue Bierman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of Historic Vessel Policy

DIRECTOR'S RECOMMENDATION: APPROVE HISTORIC VESSEL POLICY

BACKGROUND

San Francisco, a city proud of its maritime tradition and origins, is home to a number of historic ships and the San Francisco Maritime National Historic Park. Thus people have the opportunity to experience the vessels that helped mold the San Francisco of today. The Port's Waterfront Plan states "the evolution of the waterfront from its beginning to the present reflects San Francisco's colorful history. The waterfront should continue to serve as a repository for memories of past events, while also providing a stage for new experiences." The Port therefore seeks "to preserve the past and allow for future waterfront memories."

In recent years, the Port has received numerous inquiries from groups looking to berth additional historic vessels on the San Francisco waterfront. These vessels range from tugboats, ferryboats, and icebreakers, to passenger liners, battleships, and aircraft carriers. This Historic Vessel Policy is an attempt to outline the issues and conditions under which the Port would consider adding more historic vessels to the waterfront. This policy is intended to assist those persons or groups looking to bring a ship to San Francisco by providing the specific steps they must follow for their proposal to be endorsed by the Port Commission.

Current Inventory of Port's Historic Vessels

Many of the Port's historic ships are berthed at the San Francisco Maritime National Historical Park on Hyde Street Pier at Fisherman's Wharf. Operating since 1963, this floating national park, which features six vessels built between 1886 and 1914, most notably the square-rigger *Balclutha*, attracts approximately 150,000 visitors each year.

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The World War II submarine, *USS Pampanito*, berthed at Pier 45 East since 1982, draws over 100,000 visitors annually. Also at Pier 45 East, astern of the sub, is the *SS Jeremiah O'Brien*, one of the last operational Liberty Ships, a dynamic reminder of the significant role of the merchant marines in World War II.

Additionally, the 1927-built ferry *Santa Rosa* is moored at Pier 3 and serves as the Executive Offices of Hornblower Dining Yachts. Its public open space offers visitors a glimpse of regional bay transit before the bridges and BART.

Other Bay Area Historic Vessels

Beyond the Port of San Francisco, there are several historical vessels in the Bay Area region. These include:

- Historic aircraft carrier *USS Hornet* at Alameda
Designated as a National Historic Landmark. Distinguished service record in World War II and recovered Apollo 11 and 12 space capsules.
- Presidential yacht *USS Potomac* at Port of Oakland (Jack London Square)
Designated as a National Historic Landmark. Yacht of President Franklin Roosevelt during World War II.
- Victory Ship *SS Red Oak Victory* at Port of Richmond
This merchant cargo vessel is one of the last remaining Victory ships and one of the last ships produced at Kaiser Shipyard in Richmond, California.
- Coast Guard lightship *Relief* at Port of Oakland (Jack London Square)
Designated as a National Historic Landmark. One of six all-welded lightships constructed for the US Coast Guard.
- Patrol Boat Riverine PBR Mark II at Vallejo (Mare Island)
Utilized in Vietnam War, this 31-foot vessel could operate in less than two feet of water and run at speeds in excess of 35 knots.
- Coast Guard lighthouse tender *Fir* at Rio Vista
Designated as a National Historic Landmark. Last working member of the US lighthouse fleet.

National Historic Vessels

According to the Historic Naval Ships Association, there are 119 naval ships in the country that are currently open to the public as museums. The average number of visitors is 118,057 per year, as stated in the most recent economic impact report. From a sample of reporting organizations, the average annual operating income was \$1,874,206 and the average annual operating expense was \$1,929,597.

Financial Arrangements

The financial terms of current Port leases and berthing agreements with historic vessels are based on rental of the pier apron and shed against a percentage of ticket and merchandise gross sales, (between 6-9 %), whichever is greater.

Hyde Street Pier: Operated by the National Park Service. Month-to-month permit since April 1997. Annual revenue to the Port is \$43,000. The National Park Service is responsible for all maintenance, including pier substructure.

USS Pampanito (Pier 45): Preliminary four-year lease term, 2004-2008, construction period for new museum and classroom. Subsequent 20-year lease term to 2028 upon completion of construction. Annual rental revenue to the Port during preliminary term is \$50,400, plus approximately \$4,000 based on percentage of ticket and gift shop sales. Annual rental revenue increases to \$66,000 in subsequent term estimated to begin in 2008.

SS Jeremiah O'Brien (Pier 45): Ten year lease, 2004-2014. Annual guaranteed revenue to the Port is \$30,000 against a percentage of gross receipts. Tenant, National Liberty Ship Memorial, is responsible for fendering and dredging. Port is responsible for common areas, pier substructure, shed roof, walls, and doors.

Ferryboat Santa Rosa (Pier 3): Thirty-two year lease, 1998-2030. Annual revenue to the Port is \$47,000. Tenant, Ferryboat Santa Rosa Partners, is affiliated with Hornblower Yachts, who has maintenance responsibility for the premises.

Waterfront Land Use Plan

The Port's Waterfront Land Use Plan lists specific piers, by geographic sub-area, that could be considered as possible facilities for historic ships. The Plan defines historic ship use as "primary, support and ancillary facilities for display of historic vessels including but not limited to: berthing areas, museum/exhibit and administrative space, storage maintenance and workshop space and employee and visitor parking."

Historic ship uses, as defined above, are acceptable at the following locations, per the land use table in the Waterfront Plan. (Please note, this list was compiled in 1997; several of these locations are under current lease, and some have been removed.)

Fisherman's Wharf

Hyde Street Pier; Outer Lagoon (water); Fish Alley SWL 303; SWL 302; Inner Lagoon (water); Pier 49; Pier 45 East; Pier 43½; Pier 43; Pier 41½; Pier 41; Pier 39½; Pier 39; Pier 35½

Northeast Waterfront

Pier 35; Pier 33; Pier 31½; Pier 27/29; Pier 29½; Pier 15/17

South Beach/China Basin Waterfront

Piers 26; Pier 26½; Pier 28; Piers 30-32; Pier 46B; Pier 48; Pier 48½; Pier 50; Pier 54

Southern Waterfront

Pier 70 Mixed Use Opportunity Area (Portions of Pier 68 and SWL349); Pier 70 Maritime Area (Pier 70, portions of Pier 68 and SWL 349); Islais Creek

Regulatory Requirements

The Bay Conservation and Development Commission (BCDC) require project approvals for static historic vessels; therefore historic ship proposals must be consistent with BCDC's historic ship berthing policy. BCDC can allow a wide variety of commercial uses on historic vessels that were built before 1932 and that played a significant role in the maritime history of the Bay. However, any commercial use of newer vessels and those that were not part of the Bay's history has to be minor in nature and limited to that necessary to allow visitors to understand the historical significance of the ship. Additionally, the BCDC Special Area Plan policy allows for a minor amount of fill created by the mooring of historic ships. Further the policy allows berthing to occur in some of the designated open water basins.

Projects will also need to adhere to the provisions of the California Environmental Quality Act, Regional Water Quality Control Board, and the U.S. Army Corps of Engineers.

Other Efforts to bring Historic Vessels to San Francisco

USS Missouri. In 1996 the City of San Francisco partnered with a local nonprofit group, *USS Missouri Allied Forces Memorial*, to place the battleship *USS Missouri* at Pier 30-32 to become a museum and memorial. As envisioned, the *USS Missouri* would have served as the centerpiece of a naval museum including other historic vessels and landside retail uses. The City of San Francisco, through the Mayor's Office of Community Development, offered to loan this group \$1,435,000 from the Federal Community Development Block Program. The Port also offered to furnish \$400,000 in funds to be applied to prepare the piers for the berthing of the vessel. The \$400,000 was envisioned to be repaid through a monthly rent surcharge.

The Port hired a firm to conduct a preliminary study of the potential annual visitation of the *USS Missouri* at Pier 30-32, as well as the expected yearly income and expenses. This analysis projected attendance of approximately 520,000 in the first year, leveling off to 450,000 after five years. The City and the *USS Missouri* group jointly submitted an application to the US Navy to establish the ship in San Francisco. The Navy ultimately selected Pearl Harbor, Hawaii, as the destination for the *USS Missouri*, where she is berthed today as a complement to the *USS Arizona* Memorial.

USS Iowa. Historic Ships Memorial at Pacific Square (HSMPS), whose principals are many of the individuals involved in the *USS Missouri* effort, identified another battleship, the 888-foot *USS Iowa*, as a candidate for a museum and memorial at San Francisco. This vessel is

currently being help by the Navy in mobilization status, and therefore is not currently available for donation. It is expected the Navy will reclassify the *USS Iowa* to donation status, at which time the Navy would consider proposals from qualified nonprofit organizations or public entities.

In 1998 HSMPS submitted a formal application to the Navy to acquire custodianship of the *USS Iowa*. Port Director Douglas Wong wrote a letter of support to the Secretary of Navy, expressing the Port's interest in having the *USS Iowa* as a museum at the Port of San Francisco. The ship was then in donation status, but later that year her status was changed by Congressional mandate to reserve status. The *USS Iowa* returned to the Navy's reserve fleet, where she remains today. In 1999 Mayor Willie Brown wrote a letter to the Secretary of the Navy recommending the Port of San Francisco as the berthing site for the *USS Iowa* once she becomes available as a museum.

In 2000 the Navy investigated San Francisco Bay as a location for the *USS Iowa* in reserve status. The analysis showed that it would be less expensive for the ship to be berthed at Suisun Bay than in Rhode Island, where she was then located. In 2001 the vessel was relocated to the Maritime Administration Western Region Reserve Fleet in Suisun Bay, funded by a defense appropriation of \$3 million.

Recent meetings between the Port and the Navy have indicated that the *USS Iowa* will remain on reserve status for the next three to four years unless Congressional action speeds that process. The reserve status designation usually precludes any significant public access.

In addition to HSMPS, Port staff is aware that the Hunter's Point Shipyard Advisory Committee has also expressed interest in acquiring the *USS Iowa* as a museum. The Port of Stockton is developing a proposal to have the ship be berthed there to serve as a museum/memorial. Congressman Richard Pombo of California introduced legislation on February 1, 2005, to make the *USS Iowa* eligible for donation status and to lay the groundwork to designate Rough and Ready Island at the Port of Stockton as the vessel's dwelling place.

Historic Vessel Policy – Basic Criteria for Consideration

Port staff has developed the following basic criteria for considering berthing at the Port of any additional historic vessels. These criteria are based on interviews with various persons and entities involved in historic ships in the country, concurrence with local lease regulations and policies, review of the Port's Waterfront Land Use Plan and other regulatory requirements.

Historic ship proposals will be reviewed based upon the following minimum criteria:

- Financial Viability of Applicant. The party presenting the proposal must demonstrate the financial resources to be successful in developing the attraction. Non-military vessels will be required to have a vessel removal bonding plan.

- Additional historic vessels are to compliment current Port museums and attractions. Port staff will analyze whether any additional historic vessels would detract from the financial viability of other Port historic vessels and other Port commercial tenants, particularly those in meeting space and hospitality service.
- Active Port marine terminals will not be considered as berths for static museum vessels.
- Any additional historic vessels should have a connection or historical relationship to San Francisco, San Francisco Bay or Northern California.
- Vessel sponsor will be responsible for all costs of site preparation including substructure, superstructure, dredging, utilities and mooring.
- Lease agreement will be same as other current agreements (minimum annual lease guarantee with percentage of ticket revenues).
- Clear title of vessel. The Port will not entertain any historic vessel unless the project sponsor has clear title or control of the vessel. An exception will be made for military vessels being placed on donation status (see below).
- Project sponsor will be required, as part of submittal for consideration, to fund a demand and feasibility study by an independent party subject to Port approval, detailing expected attendance, expenses, and revenues.
- Project sponsors of military vessels to be placed on donation status that require City partnership must obtain a resolution from the Mayor's Office determining which City location is most desirable: Port, Hunter's Point, or Treasure Island. In the case of multiple interested parties, the Port, if selected by the Mayor's Office, will subsequently publish a Request for Qualifications to entities interested in partnering in the submittal to the military. The Port Commission will select the group that will be a part of the City's submittal.
- Project sponsor will be required to obtain, at their sole cost, approvals from, but not limited to, the Bay Conservation and Development Commission, Regional Water Quality Control Board, U.S. Army Corps of Engineers, and U.S. Coast Guard. Additionally the project sponsor will need to adhere to the provisions of the California Environmental Quality Act.
- All costs related to planning, design, regulatory approvals, development of berthing facilities and ship restoration must be borne by the sponsors.
- Berthing agreements for historic vessels will provide for insurance naming the Port as additional insured, the types and amounts of which will be determined by the City's risk manager.

The above represent the minimum criteria to be considered by the Port and in no way represent a guaranty or an obligation of the Port with respect to any proposal. Additional criteria may be required on a case-by-case basis at the Port's sole discretion. The Port Commission retains the ultimate authority, in conjunction with other relevant permitting agencies, to determine whether an additional vessel(s) will be berthed at the Port in the full scope of its legal and fiduciary duty. These criteria are only intended to guide interested persons or groups.

Prepared by: Peter Dailey, Maritime Director

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

RESOLUTION NO. 05-12

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
- WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, historic vessels are an important part of San Francisco's maritime legacy; and
- WHEREAS, the Port is home to many significant historic maritime vessels including the *USS Pampanito*, the *SS Jeremiah O'Brien* and the historic ferry boat *Santa Rosa*, and the Maritime Museum at Hyde Street Harbor; and
- WHEREAS, the Port has received numerous inquiries from parties interested in bringing additional historic vessels to San Francisco; and
- WHEREAS, the Port, in an attempt to clarify basic considerations and prerequisites for bringing additional vessels to San Francisco, drafted a series of minimal steps that historic vessel sponsors will need to consider; now therefore, be it
- RESOLVED, that the Port Commission hereby approves the Historic Vessel Policy, on terms set forth in the memorandum to the Port Commission for this item, a copy of which is on file with the Secretary of the Port Commission, and hereby authorizes the Executive Director of the Port or her designee to instruct Port staff to utilize this policy, in such form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 8, 2005.

Secretary