



## **MEMORANDUM**

April 21, 2023

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberley Brandon, President  
Hon. Willie Adams, Vice President  
Hon. Gail Gilman  
Hon. Ed Harrington  
Hon. Steven Lee

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Informational Report on the Stakeholder Engagement Process and Next Steps with Respect to the Unsolicited Proposal from Fisherman's Wharf Revitalized for the Leasing and Phased Development of Portions of SWL 300/301 and Pier 45 Sheds A and C in Fisherman's Wharf.

**DIRECTOR'S RECOMMENDATION:** Information Only – No Action Required

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### **EXECUTIVE SUMMARY**

On February 15, 2023, Port staff received an unsolicited proposal (the Proposal) to lease and develop portions of SWL 300/301 (sometimes referred to as the Triangle Parking Lot) and Pier 45 Sheds A and C. Consistent with the Port's Waterfront Plan policies on the method to review and consider unsolicited proposals, the proposal was brought to the Port Commission at the February 28<sup>th</sup> meeting and subsequently reviewed through a series of community and Port Advisory Group meetings.

Since February 28<sup>th</sup>, the Port hosted three community meetings to receive input from stakeholders including two focused on the Fisherman's Wharf community and stakeholders and one at the Northern Advisory Committee (NAC) meeting.

This staff report identifies how the proposal, if advanced, addresses the Port's Strategic Plan goals; summarizes the feedback received at each of the meetings; highlights how the

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proposal is consistent with the Waterfront Plan; provides an overview of the reasons that support waiving the competitive solicitation process; outlines the content of an exclusive negotiating agreement; and outlines next steps, should the Commission direct Port staff to work with the project sponsors to advance to the Board of Supervisors to request a waiver of the City's competitive bidding procedures.

## **STRATEGIC OBJECTIVE**

Advancement of the proposed project would support six goals of the Port's Strategic Plan:

- *Productivity:* Attract and retain tenants to build an economically successful and vibrant waterfront.
- *Resilience:* Reduce seismic and climate change risks to protect the waterfront
- *Evolution:* Evolve the waterfront to respond to changing public and Port needs.
- *Engagement:* Engage constituents and the public on Port functions and activities.

## **BACKGROUND**

On February 15, 2023, the Port received an unsolicited [Proposal](#) for the lease and development of portions of SWL 300/301 (also known as the Fisherman's Wharf Triangle parking lot) and Sheds A and C on Pier 45. The Proposal was submitted by Fisherman's Wharf Revitalized LLC, consisting of Lou Giraud, Seth Hamalian, and Chris McGarry. The proposal is for a mixed-use development celebrating, highlighting, and supporting the fishing and seafood industry of Fisherman's Wharf and increasing public access to and enjoyment of the Bay. The proposal includes an experiential museum, events center, public plaza, and expanded limited vehicular access resilient waterfront promenade, a combination winery/brewery/distillery, and short-term vacation rentals.

The Port's Waterfront Plan outlines a public engagement process for unsolicited proposals prior to the consideration of a waiver of the City's competitive bidding procedures by the Board of Supervisors. The Waterfront Plan process is outlined in the February 28<sup>th</sup> meeting [staff report](#).

## **COMMUNITY ENGAGEMENT FEEDBACK**

Since the February 28<sup>th</sup> Port Commission meeting the Port hosted three public meetings to solicit feedback regarding the proposal. The meetings included a March 13<sup>th</sup> lunchtime meeting held in Fisherman's Wharf, which focused on Fishermen and Fisherwomen and Fish Processing companies; a March 15<sup>th</sup> evening meeting which focused on the larger Fisherman's Wharf community and lastly on March 22<sup>nd</sup> where the proposal was the focus of the Northern Advisory Committee (NAC) meeting. Meetings one and two were hybrid in person and Zoom, the NAC meeting was Zoom only. Meetings were noticed to Port tenants, and known key stakeholders through the use of the Port's email list for both the

Northern Waterfront and Fisherman's Wharf communities. Additional outreach was done to representatives in North Beach and Chinatown. The project sponsors presented their concept at each of the meetings and attendance and engagement at each of the meetings were robust.

The following provides a summary of the key themes we heard from the outreach conducted to date; these are organized into three categories, including: 1) Pier 45; 2) the Triangle Lot (SWL 300/301), and 3) Other.

### Triangle Lot

- Concerns were raised that development on the lot would turn its back on existing Jefferson Street business/activity between Powell and Taylor Streets (south side) and direct visitors to Pier 45
- Observation that the Little Embarcadero will be needed at times for vehicular access for the fishing industry uses on Pier 45
- Do the Short-Term residential units proposed to violate the 1990 Proposition H, banning hotels within 100' of the waterfront
- The overall reception for the uses for the Triangle Lot was positive

### Pier 45

- The fishing industry (Fisherman/woman and fish processing) must be prioritized, without them there is no Fisherman's Wharf
- The visitor attraction to the Wharf is the ability to watch the activity of the fishing industry
- Shed A and the former Shed C area are used for fishing gear storage and staging areas, and parking to support the fishing industry; there is not sufficient space for the fishing industry's storage needs today; this storage is critical to the success of the fishing industry
- The fishing industry in the wharf would benefit from cold storage space on Pier 45
- Concerns were raised about the impacts that the proposed use of Pier 45 may have on the valley, which is already congested by fishing industry uses

### Other

- Is it appropriate to consider new development with so many existing vacancies
- Should the sponsors look at the vacant properties on Taylor or Jefferson Streets for the uses proposed on Pier 45
- It is important not to lose the industrial character of the Wharf;
- Would the area benefit from an area-wide plan
- Consider activities and uses that focus on the Inner Lagoon – people are interested in the boats
- Open space attracts uses that are problematic (illegal vendors)
- Excitement about the potential for new investment into Fisherman's Wharf

## ALIGNMENT WITH WATERFRONT PLAN

On April 11<sup>th</sup> the Port Commission adopted the Waterfront Plan. The Waterfront Plan is the long-range plan that sets forth policies for the use and improvement of properties owned and managed by the Port of San Francisco. The Waterfront Plan includes nine Port-wide goals and policies; sub-area goals and policies and identifies allowable land uses.

The Fisherman's Wharf Revitalized proposal was reviewed against both the Port-wide goals and the Fisherman's Wharf sub-area goals. The following is a summary of which Waterfront Plan goals the proposal aligns with:

### Port-wide Goals:

- *A Maritime Port:* Preserve and enhance the Port of San Francisco's diverse maritime and water-dependent uses by providing for the current and future needs of cargo and cruise ships, cruise, ferries, water taxis, excursion boats, fishing, ship repair, berthing, harbor services, recreational boating, swimming, kayaking, and other human-powered water recreation activities.
- *Diversity of Activities and People:* Host a diverse and rich array of commercial, entertainment, civic, cultural, open space, and recreational activities that complement a working waterfront, provide economic opportunity, and create waterfront destinations for all San Franciscans and visitors to enjoy.
- *Public Access and Open Space Along the Waterfront:* Complete, enhance, and enliven the network of parks, public access, and natural areas along the San Francisco waterfront and Bay shoreline for everyone to use and enjoy.
- *Urban Design and Historic Preservation:* Design new developments of exemplary quality, highlighting visual and physical connections to the City and San Francisco Bay while respecting and preserving the waterfront's rich historical context and the character of adjacent neighborhoods.
- *A Financially Strong Port with Economic Access for All:* Ensure that new investment stimulates the revitalization of the waterfront and supports a financially secure Port enterprise, equitably providing new jobs, revenues, public amenities, and other benefits to the Port and the diverse residents of San Francisco and California.
- *Transportation and Mobility for People and Goods:* Ensure that the waterfront is accessible and safe for all through sustainable transportation that serves the needs of workers, neighbors, visitors, and Port maritime and tenant operations.
- *An Environmentally Sustainable Port:* Limit the impacts of climate change, improve the ecology of the Bay and its environs, and ensure healthy waterfront neighborhoods by meeting the highest standards for environmental sustainability, stewardship, and justice.
- *A Resilient Port:* Strengthen Port resilience to hazards and climate change effects while protecting the community, ecological, and economic assets and services, with a focus on the Port's unique historic, maritime, and cultural assets.

- *Partnering for Success:* Strengthen Port partnerships and community engagement to increase public understanding of Port and community needs and opportunities and to help complete improvements that achieve Waterfront Plan goals.

#### Fisherman's Wharf Goals:

- Protect and maintain Fisherman's Wharf as a working fishing port;
- Maintain a colorful mix of maritime and water-dependent activities at Fisherman's Wharf;
- Enhance the public access experience and open space programming in Fisherman's Wharf;
- Maintain the Wharf's diverse mix of public, commercial, and maritime and recreation uses activities;
- Work closely with Fisherman's Wharf restaurants and businesses to coordinate investments in infrastructure improvements that maintain public safety and economic vitality; and
- Manage transportation flow to and through Fisherman's Wharf to maintain viable industrial and loading access for the fishing industry and commercial businesses, and reduce single-occupant vehicle use.

#### **RATIONALE FOR SOLE SOURCE**

One of the criteria outlined in the Waterfront Plan for considering an unsolicited sole source proposal is for the sponsors to identify the reasons that support waiving the competitive solicitation process. The sponsors provided three primary reasons including:

##### Urgency

There is an urgent need for fresh investment and new attractions in Fisherman's Wharf. While the public sector has made several strategic investments in the neighborhood, other than Boudin's construction in 2005, very little private sector investment of scale has occurred over the last three decades. The stress of under-investment is evident in the condition of buildings and businesses located throughout the neighborhood.

##### Unique Profile and Caliber of the Idea

The proposed project stands out in: 1) its responsiveness to the types of uses that have been identified as desirable and needed additions over the last several decades by both the Port and stakeholders throughout the Fisherman's Wharf neighborhood, 2) the unique combination and complementary nature of the project components, adding uses that are currently missing, and avoiding uses that compete with or replicate other attractions within the northern waterfront; and 3) its ability to comply with the myriad challenging regulatory frameworks and restrictions on development on San Francisco's waterfront.

##### Capabilities and Experience of the Team

The team possesses an unusual depth and breadth of relevant relationships and skills, as well as a collaborative disposition and character that makes them uniquely qualified to

implement the project in this location. The team leadership is confident in their abilities in implementing complicated projects and operations and has years of experience in projects of this caliber and recognizes that success relies on stakeholder engagement and collaboration. The extent of the team's collective commitment and involvement with the Fisherman's Wharf community, experience working with the Port of San Francisco and developing long-term projects on the waterfront in San Francisco, experience in delivering public open space and infrastructure in San Francisco, broad knowledge of public and private finance, capital markets, and the food and beverage industries, positions the team to succeed in this complex endeavor.

## **EXCLUSIVE NEGOTIATING AGREEMENT**

Depending on the feedback received from the Port Commission on April 25<sup>th</sup> and from the Board of Supervisors as part of the consideration of a waiver of the City's competitive solicitation procedures, Port staff would then begin to negotiate an Exclusive Negotiating Agreement (ENA).

The ENA sets forth the process, terms, and conditions upon which the Port and Developer will negotiate terms for the disposition of the sites and the development and operation of the proposed project and more specifically, seek to award the opportunity by completing and entering into a written disposition and development agreement, a long-term ground lease and other related agreements and documents required for the proposed project.

The ENA will address topics including but not limited to the following:

1. The requirement to develop a Diversity Equity and Inclusion Plan accompanying all phases of the project;
2. A fishing industry support plan (access to pier, gear storage, among others);
3. A design strategy for the public realm for the site;
4. An approach for resilience upgrades required for Pier 45 and Little Embarcadero;
5. A financial structure to feasibly deliver the project and provide financial return for the Port;
6. Details for the museum and public-oriented uses on Pier 45;
7. A transportation and parking strategy for tenants, workers, and the public;
8. Regulatory strategy for proposed short-term rentals; and

9. A project phasing plan and necessary coordination with future resilience capital projects and potential maintenance or modification of other Port properties in the vicinity.

## **PROPOSED NEXT STEPS & RECOMMENDATION**

Subject to Port Commission feedback, Port staff's preliminary recommendation is to work with the Fisherman's Wharf Revitalized LLC to seek a Board of Supervisors waiver of the City's competitive solicitation procedures prior to entering into negotiations towards an exclusive negotiation agreement.

Prepared by:           David Beaupre  
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