

View south along the Embarcadero Pier 43 ½ Red and White Fleet lower left next to Franciscan Restaurant and Bay Trail link promenade

NORTH



#### EXHIBIT B PORT OF SAN FRANCISCO MARITIME EXCURSION LEASE RENEWAL POLICY

#### **GENERAL PORTWIDE POLICY**

The Port of San Francisco ("Port") is a public enterprise dedicated to recreational and maritime use, transportation, public access and commercial and industrial activities on a self-supporting basis through appropriate management, use and development of the waterfront for the benefit of the people of California.

The Port fosters maritime activity and encourages public use and enjoyment of the San Francisco waterfront. The Port strives to integrate maritime uses in its waterfront projects and promotes private investment in these activities for public benefit. The Port manages its properties equitably at market value and in accordance with all laws.

#### **OVERVIEW**

The Port is home to major San Francisco visitor venues. Tourism is the City of San Francisco's leading industry and the Port is the embarkation point for waterborne tours in and around San Francisco Bay that serve millions of visitors annually. Port Excursion and ferry operators are valued tenants of the Port and provide significant transportation benefits, emergency preparedness options and substantial economic impact for the City. The Port values our long standing relationships with current excursion and ferry operators and is proud of the outstanding maritime transportation services these tenants provide.

The Maritime Excursion Lease Renewal Policy pertains to the Port's maritime leases along its Waterfront with tenants who provide waterborne excursion (including ferry excursion) activities. These activities include Bay tours, passenger ferry operations, excursions to Alcatraz and Angel Islands, and other similar water-related excursion operations. This policy is a guide for current Port excursion operators seeking long-term maritime excursion lease renewals.

This policy is intended to set internal guidelines only. It is not intended to restrict the Executive Director's authority to make any decision deemed in the Port's best interest. This Maritime Excursion Lease Renewal Policy recognizes the Port's desire to promote and protect its maritime uses and offers guidelines for renewal for such maritime excursion leases. This policy does not cover requests for changes to the use allowed under a lease. All renewals must retain at least the same proportion of maritime uses as defined in the existing lease.

This Maritime Excursion Lease Renewal Policy is intended to ensure that maritime excursion leases are equitably administered, are fairly valued, generate revenues to the Port and its business partners, and serve the San Francisco residents and visitors. It is acknowledged that Maritime excursion tenants are required to provide a high level of

private investment, such as landing facilities, vessels and other necessary equipment, in order to operate successfully.

It is intended and will be administered to support Port tenants and their investments in Port leased property and their reasonable commercial expectations. Through this Maritime Excursion Lease Renewal Policy, the Port is committed to maximizing the use of existing maritime excursion vessel facilities and realizing financial and other benefits to the Port's portfolio. For purposes of this Maritime Excursion Lease Renewal Policy, "renewal" and "renew" shall include lease renewals, extensions, and/or amendments to existing leases with maritime excursion tenants as described above.

### MARITIME EXCURSION LEASE RENEWAL POLICY

The Port has adopted the following requirements governing the review of requests for Renewal of an existing lease that includes scheduled waterborne excursions in and around San Francisco Bay and that may or may not include sales of tickets and other ancillary consumer goods and services:

#### A. Conditions to Consideration for Lease Renewal include but are not limited to:

- The Port will consider proposals to renew Maritime Excursion Leases that include term extensions only within the final five years of a current lease <u>or</u> in the event that a Tenant proposes tenant-financed, maritime use expansion or improvements (such as structural or life-safety improvements) to Port facilities that cannot be amortized within the existing lease term but can be amortized before the expiration of an extended term.
- The Port will not consider modifications to use provisions for a current lease, including expansion of retail uses, if the modifications exceed the existing proportion and character of current uses. The Port will only entertain a nonproportionate increase of retail as a part of a formal solicitation (e.g. Request for Proposals) for a new lease at the subject site.
- 3. The Port reserves the right to approve in its discretion the use of any specific Port location for excursion service.
- 4. The Tenant must be a "tenant in good standing," in accordance with Port Commission Resolution No 09-49.
- 5. Proposed capital improvements will be completed at the Tenant's expense. If a Lease is renewed based on Criterion #1 above, the Tenant must make a good faith effort to perform such improvements within 60 months of Lease Renewal and failure to do so may result in immediate termination of the Renewed Lease.
- 6. Tenant must demonstrate the financial capacity to undertake and complete the proposed improvements, including all sources of financing, which shall be reviewed independently by the Port.

7. Any lease renewals will be reviewed and approved by the Port Commission and by the City Board of Supervisors, if required each in its independent authority.

### B. Obligations of Renewed Leases include but are not limited to:

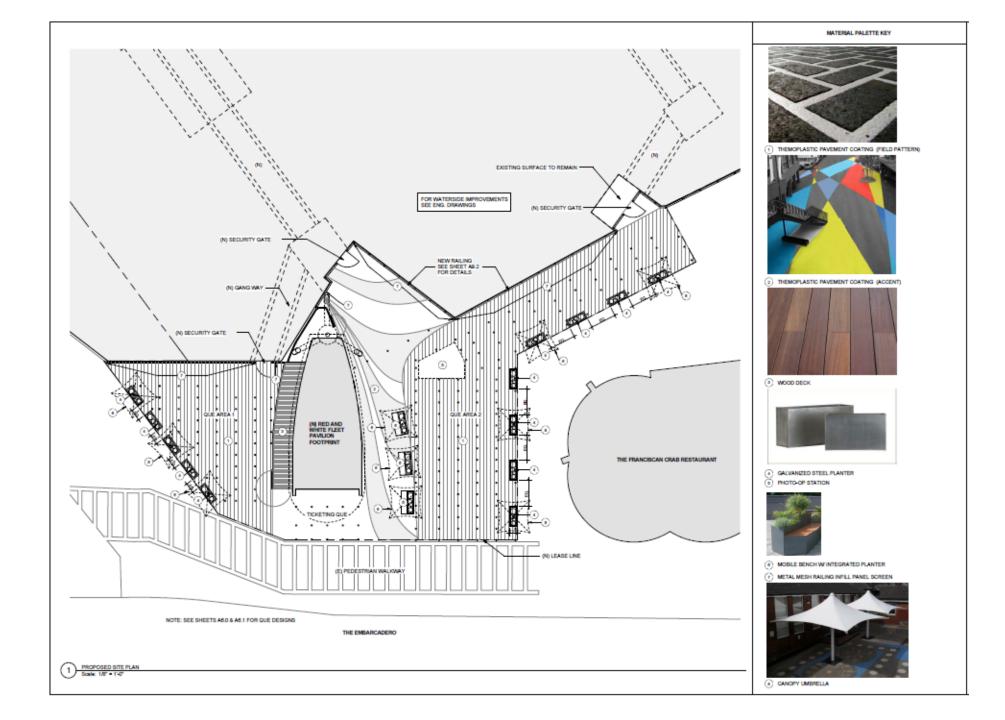
- 1. Tenant or its authorized agent (such as a wholly owned or Tenant-controlled subsidiary) must be the excursion operator. Any subtenants will be reviewed and approved by the Port in its discretion.
- 2. Market rent will be established at execution of the Renewed Lease based on available industry comparables and site history.
- 3. The Port will charge a participation rent on all concession revenues.
- 4. The Port will charge a participation rent on all retail sales, including subtenant sales.
- 5. The Tenant will disclose all gross revenues and grant the Port the right to conduct periodic audits and obtain and review related financial reports promptly following request.
- 6. The Port may participate appropriately in proceeds from the sale, transfer, assignment and refinancing of Port leaseholds as specified in the current Port Commission lease boilerplate. The Port will retain the right to approve all ownership and capital changes.
- 7. The Tenant will adhere to California Environmental Quality Act provisions and cooperate fully with the Port of San Francisco and the San Francisco Planning Department during the CEQA compliance process. The Tenant will comply with all other laws, including, without limitation, current San Francisco City laws and regulations.
- 8. Upon completion of an existing excursion lease, the Port reserves the right not to renew the lease due to proposed project(s) at a given location, existing area conditions or other land use considerations affecting the use under the lease.

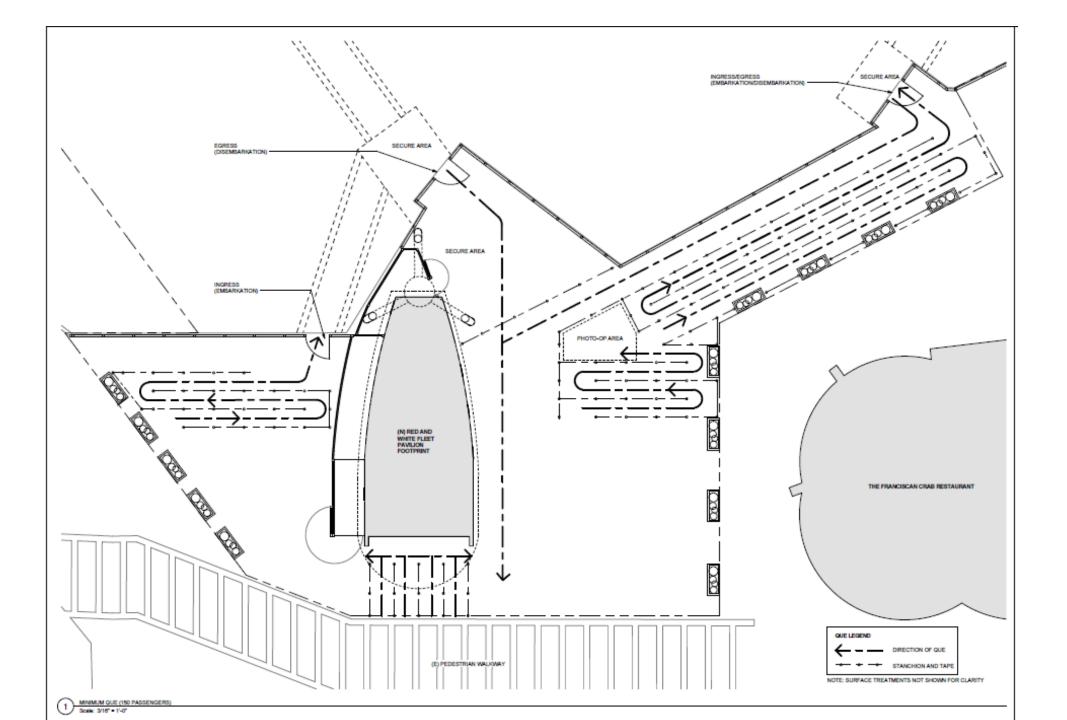
The Port Commission reserves the right, in its sole discretion, to modify or waive any portion of this policy. Additionally, this policy is not intended to apply to Port Commission Request for Proposals ("RFP") or Exclusive Right to Negotiate Agreements ("ENA"), for any lease, development, rehabilitation or use of the Port's property. Such an RFP or ENA may include some, but not all, of the considerations contained in this policy.

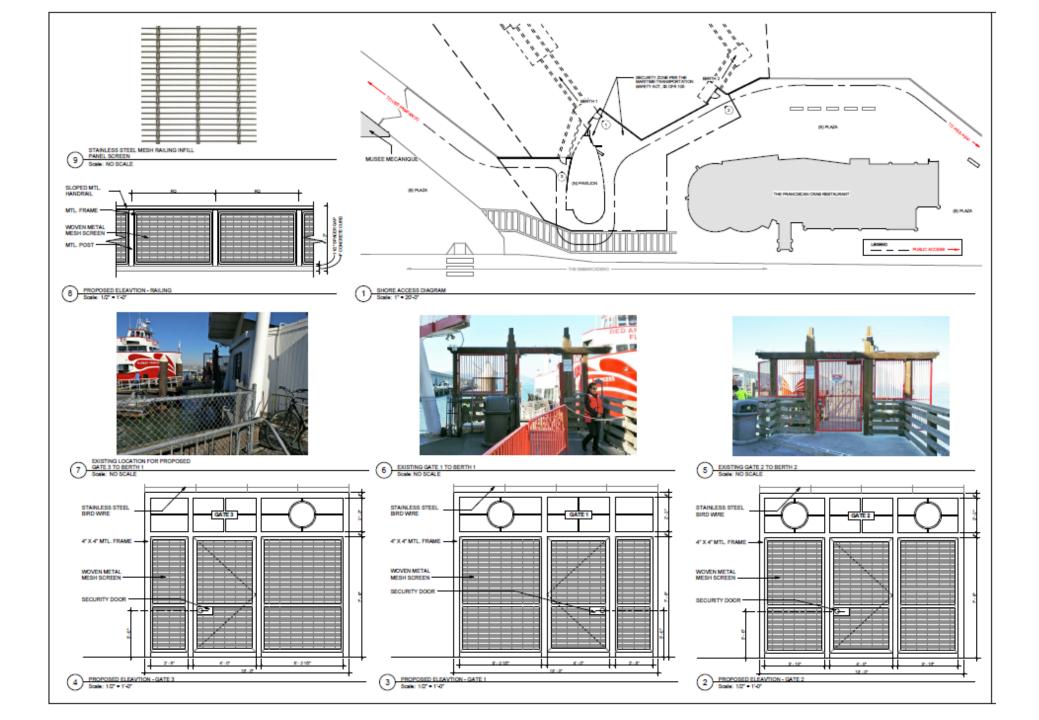
#### EFFECTIVE DATE

Upon adoption by the Port Commission, this Policy shall become effective on May 1, 2010.



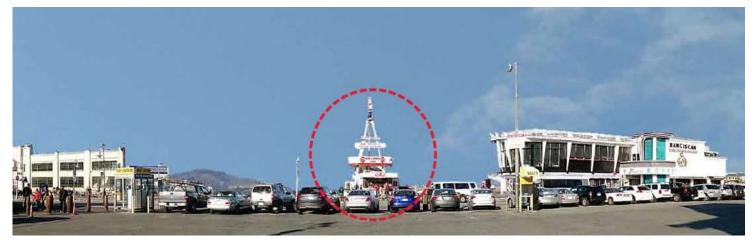






# **RED & WHITE FLEET PAVILION DESIGN**

Trading in the visual clutter of the existing Red and White Fleet sign for a slightly enlarged, sleeker ticket booth profile. The decision to incorporate the historic Red and White Fleet's sign into the new ticket booth design is a deliberate nod to the company's rich history and involvement in the development of the Fisherman's Wharf neighborhood.



**EXISTING RED & WHITE FLEET PAVILION** 



## **PROPOSED RED & WHITE FLEET PAVILION**

# **RED & WHITE FLEET PAVILION DESIGN CONCEPTS**



VIEW FROM EMBARCADERO LOOKING SOUTH

## VIEW FROM EMBARCADERO LOOKING NORTHEAST

