

PORT COMMISSION ITEM 13B - ATTACHMENT 1

Embarcadero Historic District Development and Leasing Land Use Subcommittee Recommendations Summary

Issues to Address


- Continued rehabilitation, repair and reuse of Embarcadero Historic District properties are a public priority and primary trust purpose; people value historic rehabilitation projects completed to date.
- Costs to repair and rehabilitate Historic District properties have grown substantially, driving the need for longer amortization periods and lease terms beyond 10 years, the timeframe generally used by State Lands and BCDC to define “Interim Uses”.
- Lack of a clearly defined public trust objective framework adds uncertainty in the entitlement process for historic rehabilitation lease and development projects.
- There is strong public desire to promote a diversity of public-oriented uses beyond traditional visitor-oriented retail and restaurant trust uses in the Historic District, particularly in bulkhead buildings, to enhance the pedestrian experience along The Embarcadero Promenade.
- More revenue-generating uses are needed to meet financial feasibility requirements for development projects which include maritime berthing, public access and public-oriented uses, and Historic District stewardship that complies with Secretary Standards.

Recommendations

- Recognize and use the Public Trust Objectives Matrix (Attachment 1) as the framework to provide more certainty and definition of the form and type of public trust benefits to be sought in Embarcadero Historic District leases and development projects.
- Allow short-term (0-10 years), intermediate-term (11-49 years) and long-term (50-66 years) leases to provide a broader range of feasible asset management strategies that encourage capital investment to maintain the integrity of the Historic District, and support the waterfront’s evolving needs.
- Continue to allow a full range of uses in short-term leases of piers
- Allow high revenue-producing uses in intermediate and long-term leases, to support financial feasibility requirements of pier projects, and include public trust benefits described in the Public Trust Objectives Matrix and further detail below.

Appendix B-1: Public Trust Objectives for Embarcadero Historic District Finger Piers

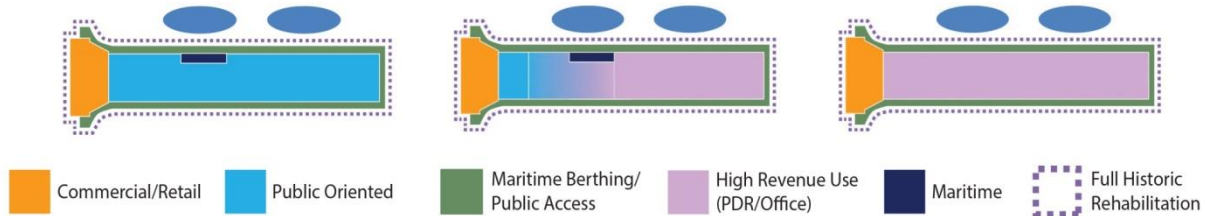
There are multiple public trust objectives for Embarcadero Historic District piers and bulkhead structures, which are described in the column headings of this matrix. Within each trust objective category, the matrix describes characteristics that are most desirable for the trust in that category, scaling down to those that are least desirable. Depending on mix of uses, level of repair, capital investment and revenue generation, projects provide different combinations of public trust benefits. This matrix provides a framework of definitions and standards to improve understanding and predictability in achieving public trust benefit objectives.

	Historic Preservation of the Trust Asset (comply with Secretary Stds.)	Seismic/Life Safety Improvements to the Trust Asset	Exterior Public Access and/or Maritime Improvements	Facility Capital Repairs and Improvements	Revenue generation	Interior Uses Serving Trust Purposes (use types)	Interior Uses Serving Trust Purposes – (amount of area occupied)	Lease Term/ Flexibility that allows facility to accommodate changing uses
Most Desirable for Trust 	Full historic rehabilitation to Sec. Int. Standards	Full substructure and superstructure repair and seismic upgrade	Full repair and improvement of apron for public access and/or maritime use	High capital investment	High revenue generation	Traditional trust uses: maritime office, visitor-serving, retail/restaurant, water-related recreation, public access	Entire bulkhead building and pier shed	No lease – allows most flexibility to respond to trust use needs and market demand
	Partial historic rehabilitation (bulkhead only; or bulkhead + partial shed)	Superstructure repair, but no or partial substructure repair; partial seismic upgrade (e.g. seismic joint between bulkhead and shed)	Repair and improvement substantial portion of apron for public access and/or maritime use	Medium capital investment	Medium revenue generation	Public attraction uses: museum/gallery, general indoor recreation, entertainment, specialty (local/maker) retail/manufacture	Entire ground floor of bulkhead building; portions of shed and/or upper floor bulkhead	Short term lease (1-10 yrs.)
	No rehabilitation, but tenant improvements, maintenance of some/all buildings	No major repairs or seismic upgrades, but tenant improvements, maintenance of some/all buildings.	Limited public access/maritime use, as can be supported by existing condition of apron with minor repairs	Limited capital investment	Low revenue generation	General retail, institutional uses, government uses	Portion of ground floor of bulkhead.	Medium term lease (between 10 and 50 yrs.)
Least Desirable for Trust	Vacant, deterioration	Vacant, deterioration	No public access/maritime use of apron	No capital investment	No revenue generation	Private Uses (general office; R&D)	None	Long term lease (50-66 yrs) – least flexibility to meet evolving trust needs and market opportunities
	<p>The levels at which trust objectives in each category are achieved determines the amount of capital investment required in a facility, and the amount of rental revenue sufficient to finance capital improvements and generate revenue for the Port.</p>					<p>Port projects vary widely in the mix of uses and degree of facility improvement. While short-term leases are considered desirable because they afford the most flexibility to respond quickly to Port needs, long-term leases that enable a project to finance major capital investments and provide a mix of traditional trust uses, public-oriented, commercial or PDR uses also are desirable and provide high trust value.</p>		

Appendix B-2: Long-term Leases

Waterfront Plan Land Use Subcommittee

Analysis of **LONG TERM Rehabilitation Options** - Embarcadero Historic District Piers



Long-term Leases (50-66 years)

Long-term leases require outside investment sources to finance the full seismic and structural rehabilitation of historic piers and deliver other public trust benefits, described below. The high cost of capital improvements require high-revenue uses (e.g. public/visitor serving retail, general office/tech PDR) to make projects financially feasible. Public-oriented uses (e.g. cultural or recreation) are highly desirable when they provide program and design that promote access to historic structures and appreciation of Port architecture and maritime history. However, many public-oriented uses are low revenue generators, which rely on a mix with high revenue uses to be financially feasible. The long-term pier rehabilitation recommendations support public-oriented use program in some or all of the pier, but recognize that additional types funding (e.g. private fundraising, philanthropy) will likely be required to subsidize pier rehabilitation costs.

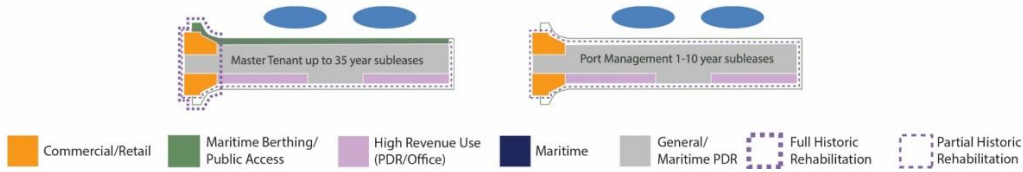
Public trust objectives are achieved, including:

1. Full historic rehabilitation of pier within the Embarcadero Historic District, consistent with Secretary of the Interior Standards
2. Full seismic and structural repairs (substructure and superstructure) as required by Building Code, including long-term maintenance by tenant
3. Full repair and improvement of pier apron for active re-use
4. Maritime berthing/operations along pier aprons and within shed, as needed
5. Maximum feasible public access along pier aprons which may be physical and/or visual access, consistent with safety and operational requirements of maritime berthing operations
6. Public-oriented uses at the pedestrian level in the bulkhead buildings, adjacent to The Embarcadero Promenade (e.g. restaurant, commercial recreation, visitor retail)
7. Additional public-oriented use within the pier shed is encouraged, where feasible, for retail, restaurant, recreation or cultural events or activities.
8. High-revenue generating uses permitted in the pier shed and upper-floor bulkhead (e.g. PDR/general office) to finance high investment/debt
9. Public-oriented uses permitted in the pier shed that, if low-revenue generating, may finance high investment with new revenue sources such as private fundraising or targeted public investment.

Appendix B-3: Intermediate-term Leases

Waterfront Plan Land Use Subcommittee

Analysis of **INTERMEDIATE TERM Rehabilitation Options** - Embarcadero Historic District Piers



Intermediate-term leases (11-49 years)	
<p>Intermediate-term leases are needed to continue productive use of historic piers for a mix of lower occupancy maritime, light industrial and commercial uses that don't require full seismic rehabilitation of the pier. Lease terms of longer than 10 years are needed to enable tenants to amortize the high and growing cost of preservation and repairs. Intermediate-term leases may be provided through a master lease for an entire pier ("moderate historic rehabilitation"), or for a significant investment in a very limited portion of a pier ("limited historic rehabilitation"). Each achieves important public trust objectives, described below.</p>	
<p><u>Moderate Historic Rehabilitation</u></p> <p>For intermediate-term master leases (for an entire pier or majority of the facility), which may include seismic repairs for a portion of facility (e.g. bulkhead building), and other structural repairs to the pier.</p>	<p><u>Limited Historic Rehabilitation</u></p> <p>For intermediate-term leases in multi-tenant facilities managed by the Port, where a high-revenue tenant invests more for repairs, or historic rehabilitation in a discrete portion of the pier, with no seismic upgrades. (Port manages the overall tenant lease mix, including short-term leases, to optimize utilization of the pier facility.) Deteriorated pier aprons would not be repaired unless needed for tenant operation or Fire Code requirements</p>
<p><u>Public trust objectives</u> can be achieved, including:</p> <ol style="list-style-type: none"> 1. <u>Partial historic rehabilitation</u> of pier within the Embarcadero Historic District, consistent with Secretary of the Interior Standards 2. <u>Partial seismic and structural repairs</u> (substructure and superstructure) as required by Building Code; arrest physical deterioration; transfer some maintenance responsibilities to tenant 3. <u>Limited repair and improvement of pier apron</u> for active re-use 4. <u>Maritime berthing/operations</u> along operable pier aprons and within shed, as needed 5. Maximum feasible* <u>public access</u> along <i>operable</i> pier aprons which may be physical and/or visual access, consistent with safety and operational requirements of maritime berthing operations 6. <u>Public/visitor serving uses</u> at the pedestrian level in the bulkhead buildings, adjacent to The 	<p><u>Public trust objectives</u> can be achieved, including:</p> <ol style="list-style-type: none"> 1) <u>Rehabilitation</u> undertaken by tenant will be consistent with Secretary of the Interior Standards 2) <u>Limited structural repairs</u> (superstructure) as required by Building Code; arrest physical deterioration; transfer some maintenance responsibilities to tenant 3) <u>Maritime berthing/operations</u> along operable pier aprons and within shed, as needed 4) <u>Public/visitor serving uses</u> at the pedestrian level in the bulkhead buildings, adjacent to The Embarcadero promenade (e.g. restaurant, commercial recreation, visitor retail) 5) <u>Additional public oriented uses</u> within the pier will be encouraged, where feasible, such as temporary and changing pilot or pop-up opportunities for retail, restaurant, recreation or cultural events or activities

<p>Embarcadero promenade (e.g. restaurant, commercial recreation, visitor retail)</p> <p>7. <u>Additional public oriented use</u> within the pier is encouraged, where feasible, such as temporary and changing pilot or pop-up opportunities for retail, restaurant, recreation or cultural events or activities consistent with Building Code</p> <p>8. <u>High-revenue generating uses permitted in limited portion of the pier shed and upper-floor bulkhead</u> (e.g. PDR/general office) consistent with Building Code, to finance investment/debt</p>	<p>6) <u>High-revenue generating uses permitted in limited portion of the pier shed and upper-floor bulkhead</u> (e.g. PDR/general office) consistent with Building Code, to finance investment/debt</p>
--	--



ATTACHMENT 2

WATERFRONT PLAN WORKING GROUP LAND USE SUBCOMMITTEE

Accepted at June 21, 2017 Land Use Subcommittee meeting

The March 22, April 12 and May 10 Subcommittee meetings on Embarcadero Historic District leasing and development strategies included discussions about public-oriented uses. This document provides background, summarizes meeting discussions and recommended criteria for Public-Oriented Uses based on Subcommittee discussions on May 24th and May 31st.

Improved Definition and Criteria for Public-Oriented Uses

A key public trust objective is to foster activities that draw the public to the waterfront and into San Francisco's historic piers to enjoy the maritime history and architecture of the Embarcadero Historic District. Visitor-serving retail, restaurant, and public plazas/promenade are public-oriented uses that have been found to comply with the trust. The Waterfront Plan also promotes additional activities that offer different ways to attract public use and enjoyment of the waterfront. The following categories of uses are not traditional public trust consistent uses but, depending on the specific proposal and using the Public Trust Objectives Matrix, may be found to not interfere with public trust needs and in fact further public trust purposes and values:

- Assembly and Entertainment
- Recreational enterprises
- Artist/Designer Studios and Galleries
- Academic Education and Cultural Institutions

Public –Oriented Uses – Recommended criteria:

- Equitably serve and attract visitors of all ages, income levels and abilities from California and the world. Design public oriented uses to be inclusive (e.g. lower cost take-out, happy hour offerings from restaurants; more creative public access/public realm design amenities; public lobbies)
- Plan for diversity—of uses and of users
- Include tenant improvements that invite and enhance (rather than impede) visitors' enjoyment of the historic architecture within the bulkhead building and pier shed
- Focus on visitor experience and sense of place that is oriented to San Francisco Bay
- Balance - commercial revenue generation with public-oriented uses and benefits
- Provide waterfront views, shoreline public access or direct access to/from the Bay for visitors' enjoyment of the natural environment
- Prioritize water-oriented and water-dependent uses

**Request for Interest Concept
Publicly-Oriented Uses and Development Qualifications for
Embarcadero Historic District Pier Properties
(Draft 10/25/17)**

Objective	<p>Rehabilitate Embarcadero Historic District bulkhead and pier structures, and maximize opportunities for maritime and publicly-oriented uses and other public trust objectives through financially feasible asset management and development models that support project repair, seismic upgrade and/or historic preservation capital requirements.</p>
Proposed Approach	<p>Solicit market-based interest on two tracks:</p> <ol style="list-style-type: none"> 1) Request for Information/Interest (RFI) for Public-oriented Uses – identify market interest /focus, and types of uses and operators of maritime and public-oriented uses, including information about rental and capital capacity for improvements, for piers in Embarcadero Historic District 2) Request for Qualifications (RFQ) from Interested Developers – develop a list of qualified developers (private or non-profit) interested in rehabilitating Embarcadero Historic District piers that include maritime and public-oriented uses <p>The Port has several piers that are vacant and others with near-term capital needs that could benefit from this proposed solicitation process. Public comments and recommendations coming from the Waterfront Plan Update process include priority attention to increase public-oriented uses along the waterfront, and new strategies to support maritime and Embarcadero Historic District pier leasing and development. The 2-track RFI/Q process would allow the Port and public to: 1) understand market-based interest and opportunities for public-oriented use businesses, 2) test Waterfront Plan Working Group’s recommended strategies for the Embarcadero Historic District; and 3) understand developer interest in implementing trust-consistent projects that are financially feasible.</p>
Why:	<p>This 2-track approach is proposed in light of real estate market research analysis that indicates lower/moderate rental rates for many public-oriented uses and operations, which present challenges to meeting financial requirements for pier leasing and development projects. Historic bulkhead and pier repairs are expensive, and public-oriented uses may trigger required seismic upgrades that increase project costs substantially. Furthermore, all repairs and improvements must meet Secretary of Interior historic preservation standards which add to project cost. Many maritime and public-oriented use operators do not have sufficient capital resources of their own to meet these requirements. The proposed approach provides for identifying interested, qualified, and capitalized developers that may provide partnering opportunities with public-oriented use sponsors to support projects that are financially feasible and respond to public trust objectives.</p> <p>The capital repair needs of the Embarcadero Historic District exceed Port resources. Recommendations developed to date in the Waterfront Plan Update process include</p>

	<p>new strategies to facilitate improvement and active use of the Port’s aging but beloved finger piers and bulkhead buildings. The RFI/Q process allows the Port and public to receive market-based responses and answers to questions such as:</p> <ul style="list-style-type: none"> • What types of maritime and public-oriented uses can effectively utilize Embarcadero Historic District piers and enhance the maritime and public experience on the waterfront? • What rental rates and capital funding can publicly-oriented uses contribute to the overall project? • What are comparable public-oriented projects and business plans that have been successfully implemented in other locations? • Which piers are more or less desired for different types of uses? 	
Who:	<p><u>Track 1</u> (further details below): Public-oriented uses, with particular focus on opportunities for Arts, Museums/Cultural, Education, Academic Institutions, Maritime, Recreational Enterprise, Assembly & Entertainment Tenants/Operators, to expand diversity of waterfront uses, in addition to Retail and Restaurants and</p> <p><u>Track 2</u> (further details below): Experienced Waterfront and/or Historic Rehabilitation Development Partners (including for-profit and non-profit entities)</p>	
What:	<p>Identify lease, development and partnering opportunities to promote public-oriented use and support maritime business in projects that achieve the following goals:</p> <ol style="list-style-type: none"> 1. Significant capital repairs to Embarcadero Historic District bulkhead buildings and piers, which may include seismic improvement and pier substructure repair 2. Historic rehabilitation work that meets Secretary of Interior Standards 3. Pedestrian-friendly frontage in bulkhead buildings along the Embarcadero Promenade, and activities and points of interest that appeal to diverse populations (e.g. arts, cultural, institutional, recreational) 4. Maritime berthing, public access or other public trust improvements 5. Mix of uses that support the financial requirements of the project and generate fair market rent revenue for the Port 	
Where:	<p>Invite ideas for vacant, underutilized Embarcadero Historic District piers, including those with near-term capital repair needs: Piers 45 Shed A, Pier 35 (maintaining 2nd cruise ship berth operations), Pier 33 (pier shed only), Pier 31 (pier shed only), Pier 29 ¹/₂, Pier 29 (pier shed only), Pier 23, Pier 19½, Pier 19, Pier 26, Pier 28, Pier 38, Pier 40 (maintaining water recreation uses)</p>	
How:	<p>Track 1 – Public Oriented Uses</p> <p>Arts, Museums/Cultural, Education, Academic Institutions, Maritime, Recreational Enterprise, Assembly &</p>	<p>Track 2 – Developer</p> <p>Experienced developers (waterfront development and/or historic rehabilitation of Port piers requiring significant capital</p>

	<p>Entertainment Tenants/Operators, in addition to Retail and Restaurants respond under Track 1</p> <p>Information to include in responses:</p> <ul style="list-style-type: none"> • Entity and team description • Use description • Supporting narrative describing how use serves the public, types of populations served, how use is a positive addition to the Embarcadero • Identify preferred Port pier locations • Site requirements (size, dimensions, utilities, etc) • Business plan • Estimated rent and estimated capital improvements contribution to fit out space for use and a lease term needed to amortize such improvements • Financial wherewithal to construct and operate use 	<p>investment) respond under Track 2</p> <p>Information to include in responses:</p> <ul style="list-style-type: none"> • Entity and team description • Conceptual use program (compared against Waterfront Plan Update recommendations for Embarcadero Historic District leasing & development) • Approach and ability to complete historic pier rehabilitation, comply with Secretary Standards • Approach to community engagement process, demonstration of experience successfully gaining community support for high-profile projects • Demonstration of experience successfully completing complex, similar projects • Identify preferred Port pier locations • Financial wherewithal to complete entitlements, construct, and operate project
<p>Process Steps</p>	<p>Follow Land Use Subcommittee Process Recommendations</p> <ol style="list-style-type: none"> 1) Port Commission RFI informational presentation to consider RFIs 2) Public/community input on RFI objectives 3) Port Commission authorization to issue RFIs, define RFI Review Panel process 4) Implement media and outreach campaign 5) Receive RFI responses on both tracks 6) Review Panel scores both tracks 7) Port Commission hearing on responses, consideration of any short-lists for the two tracks, next steps regarding any selection or second proposal phase, including direction on partnering of public-oriented use operators and developers 	



October 11, 2017

Mr. J.K. Dineen
San Francisco Chronicle
901 Mission Street
San Francisco CA 94103

SUBJECT: Statement regarding Waterfront Land Use Plan and Request For Interest

Dear Mr. Dineen:

The SF Chronicle story on Monday, October 9, 2017 describing the intent of the Port of San Francisco to issue a request for interest excerpted certain comments from Port staff but did not provide a full summary of Port staff comments made for context. This statement is being issued to clarify that context.

Over more than a year, the Port has convened a Waterfront Plan Working Group, a volunteer group of stakeholders, to provide review and feedback on the effort to update the Port's Waterfront Land Use Plan. This effort has included a review of financial, repair and public trust needs that underpin the challenge of preserving the historic finger piers. These historic finger piers establish the Embarcadero National Register Historic District and the Port has a custodial duty to keep these resources in good repair, but does not have the capital resources to achieve this on its own. The recommendations and public feedback in Waterfront Plan meetings indicate that while historic rehabilitation of these piers and bulkhead building facilities is a priority, it is equally important to continue to promote maritime and an appropriate set of public-oriented uses in new pier lease and development projects. In particular, there is public interest in creating new opportunities including cultural, arts, recreation and maritime attractions to enhance public enjoyment of the San Francisco waterfront.

As noted in the article, the piers are aging and repairs are costly; most maritime and public-oriented uses cannot generate sufficient revenue required for improvements. Port staff has been focused on ways to advance public objectives coming out of the Waterfront Plan process, including but not limited to market-based solutions and requirements for implementation. The Waterfront Plan public meetings have forwarded new strategies intended to increase the viability of preserving the piers, and this is an opportune time to invite possible market-based solutions, which may reveal approaches to deliver more public-oriented uses than we know of, and to test what is possible.

The request for interest concept is intended to buttress staff policy discussions with real-world market feedback from two key groups of potential users. First, it would invite statements of interest from developers or operators of public-oriented uses that see a benefit to a pier location in terms of their

business or mission objectives. These statements of interest would include a high-level summary of economics in terms of whether the operations could fund tenant improvements and pay some amount of rent towards upkeep of the piers. In addition, because most public-oriented uses would trigger the need to seismically upgrade piers, Port staff would also request interest from other users or developers which may or may not include public-oriented space on their own, but which could partner with other visitor-serving uses to make a pier retrofit project feasible.

Port staff sees the two tracks as complementary: requiring all users of a pier to pay for a retrofit would crowd out the less lucrative (but in many cases more interesting) public and visitor-serving uses, while requiring all pier uses to be public-oriented may not create sufficient investment to retrofit the pier to better safeguard it against seismic and potential sea level rise impacts. Responses to the request would be invited from public, private and nonprofit organizations, and would be available to the public for review and discussion.

The RFI process provides the ability for the Port Commission and public to understand the opportunities and requirements for further stewardship of the Embarcadero Historic District. Having real-world feedback will help Port staff identify market-based solutions that maximize public serving uses in the rehabilitation of our historic piers. Upon receiving responses from the two user groups described above, the Port Commission would be able to evaluate the level of market-based interest in pier facilities, particularly from the perspective of possible partnering opportunities between maritime and public-oriented use entities on the one hand and capitalized developers on the other prior to advancing on soliciting proposals for any pier project. The RFI process also may identify more severe feasibility issues than we realize, which may point to consideration of the trade-offs and/or public sources to achieve historic rehabilitation, before the Waterfront Plan Update process has been completed. No pier project would move forward on the basis of a response to the request for interest alone; all would require further action after further consultation with stakeholders and public hearings at the Port Commission, plus all appropriate environmental and regulatory review.

Port staff will schedule the proposed RFI for discussion at the next Waterfront Plan Working Group meeting on October 25, 2017 at 6-8pm at Pier 1. Interested members of the public are invited to attend.

Sincerely,



Elaine Forbes
Executive Director

Attachment 4.1

SF Port wants ideas floated for decaying piers

By J.K. Dineen

October 9, 2017



The Port of San Francisco has a problem it wants to turn into an opportunity — what to do with its alluring but crumbling finger piers.

The Beaux Arts bulkhead buildings along San Francisco's waterfront are the perfect backdrop for the city's revitalized waterfront, with their white stucco, red-tiled roofs and flow of cyclists, street cars and joggers passing by.

But behind the white stucco and red-tiled roofs is the Port of San Francisco's billion-dollar problem: crumbling piers, rotting aprons, pier sheds that need more than \$100 million in work to be made safe and usable.

With many of those historic piers in desperate need of repair, the port has decided to solicit ideas from developers or organizations with the resources, or even just the imagination, needed to take on the spectacular but challenging bayfront properties.

The solicitation, part of a larger ongoing waterfront plan update, will focus on eight piers that are either vacant or being used for storage or parking: 19, 23, 29, 31, 26, 28, 38 and 40. Port Chief Operating Officer Byron Rhett called the approach similar to the process used for the historic buildings at Pier 70, which resulted in interest from everything from a circus school to a winery.



SF Planning unanimously OKs Giants' huge Mission Rock project



New direction in housing for S.F.'s homeless: modular

Because the port wants to encourage creative concepts of all kinds, the ideas won't be limited to those "trust consistent" uses — those generally allowed under the state public trust rules. Those rules generally don't allow housing or hotels, and require that any project have a balance of maritime and other uses, such as restaurants, retail and some office.

"We are going to go out to the world and invite all kinds of ideas — trust consistent and others that are financially viable but aren't traditionally trust consistent," said Rhett. "We want the development community to help us understand what the opportunities might be."

Michael Martin, the port's deputy director of real estate, said the responses would help as the port works on an update of its 1997 waterfront plan.

"It doesn't serve anybody's interest to develop a plan that doesn't speak to realities of what can be done," Martin said.

Over the past 20 years the port has had a mixed record when it comes to reviving the former industrial piers, most of which have been underused since the 1960s and 1970s, when cargo business migrated to the Port of Oakland.

The successes are spectacular. The Ferry Building Market Place and AT&T Park both draw millions to the waterfront. The Justin Herman Cruise Terminal at Pier 27 has become a popular destination for cruise ships. The Exploratorium revived Pier 15, while Pier 24 was converted into a photography center. Pacific Waterfront Partners, which redeveloped Pier 24, also rehabbed Piers 1½, 3 and 5 with a collection of restaurants, office space and a water taxi terminal.

But for every hard-fought victory, there are other projects that died, some because of opposition and some because of economics.

After five years of working on a plan to convert the 25,000-square-foot bulkhead at Pier 38 into office space and retail, in August developer TMG informed the port that it would not go forward with the plan.

Pier 38 has been vacant since 2011, when the port evicted tenant Carl Ernst for violating the terms of his lease, including filling it with parking and tech startups instead of boat storage and maritime-related office space. He also failed to make safety improvements, so the port red-tagged the building.

TMG's decision to give up was not surprising. The cost of getting the bulkhead buildings in usable condition jumped from \$12 million in 2013 to \$20 million today, Rhett said.

Rhett said that the port looked at ways to include a portion of the adjacent pier shed to make the project more financially attractive for TMG, but that nothing came of it.

"The project just couldn't absorb the additional costs," said Rhett. "The more time we spent looking for ways to add value to the project the more costs started going up. The project just kept getting further and further away from us."

In other instances, politics have come into play.

Both Mills Corp. and Shorenstein Properties spent years, and millions of dollars, negotiating to take over 19 acres at Piers 27-31. Both plans ultimately faltered because of neighborhood opposition.

Australian developer Lend Lease and the Golden State Warriors both abandoned plans to revive Piers 30-32 — Lend Lease because of the \$155 million it would cost to fix the piers and the Warriors because of neighborhood resistance to putting a new basketball arena there.

In addition, San Francisco voters have made it clear that they don't want to see the waterfront overdeveloped.

In 2014, 59 percent of voters passed Proposition B, which restricts the height of new waterfront construction to current zoning limits unless voters approve an exception for a specific project.

Telegraph Hill neighborhood activist Jon Golinger, who led the Prop. B initiative, said he doesn't have a problem with gathering ideas for new uses for the piers, but added that he would oppose any process that "let developers drive what to build on the waterfront."

"This just sounds like deja vu all over again," Golinger said. "The port has aggressively tried to jam huge projects through and burned valuable money and valuable time with projects that failed."

Gabriel Metcalf, executive director of the urban think tank SPUR, said that he supports the port's call for pier reuse concepts.

"It's a good idea, now and then, to go out to the community and see if there are any great ideas that people have," he said. "The worst thing that could happen is nobody has anything that works. But maybe they get lucky and turn up some creative ideas that are actually viable."

Developer Simon Snellgrove of Pacific Waterfront Partners, which developed Pier 24 and Piers 1½, 3 and 5, said he "remains enthusiastic about the waterfront" and would respond to the port's call for ideas. Snellgrove said he continues to believe that one or two hotels or housing should be allowed on select piers.

"The waterfront is fantastic, but there has to be an economic engine there that will pay the bills for the public to use it," he said.

David Polatnick, who was a real estate consultant for the Exploratorium on Pier 15, said uncertainties about sea level rise and the waterfront plan update have made the port reluctant to commit to long-term leases, which makes rehabilitation projects tough to finance.

"The up-front infrastructure costs are so expensive you need a long-term lease, or the numbers don't work out," he said. "These leaky sheds are romantic but very expensive to work on. You start with less than land. You have to work under water. You have to watch the tides. You have to use scuba divers to work under the piers."

Meanwhile, the city's piers continue to decay.

At Pier 38, six years after the tech workers were ousted, the building remains eerily quiet. The green carpeting is stained with deposits from seagulls and other fowl, along with cast-off cabling and dust-covered workbenches, business cards and signage from forgotten startups. The windows on the north side of the property are boarded up to prevent squatters from getting in.

Yet the views are stunning: the water, the Bay Bridge, cargo ships passing on one side and street cars rattling by on the Embarcadero. It's easy to see why many developers will be interested — even if failure is a distinct possibility.

"What this building needs is a developer who has the experience, the money and the stomach to take on a project this big," said Elliot Riley, a senior property manager with the port.

Added to the urgency of shoring up the piers is the port's looming \$5 billion plan to upgrade the seawalls to protect against earthquakes and sea level rise, which will likely go to the ballot in 2018.

Once that work starts, there may not be an opportunity to fix individual piers for quite a while, said SPUR's Metcalf, who said the city needs to have an open mind about future occupation.

"I think if we don't open our thinking to a bigger range of uses, we will probably end up losing a lot of the piers," he added.

*J.K. Dineen is a San Francisco Chronicle staff writer. Email: jdineen@sfchronicle.com
Twitter: [@sfjkdineen](https://twitter.com/sfjkdineen)*