

## MEMORANDUM

April 6, 2018

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Willie Adams, Vice President  
Hon. Leslie Katz  
Hon. Doreen Woo Ho

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Informational Presentation on Waterfront Plan Working Group Land Use Recommendations produced in Part 2 of the Waterfront Plan Update public planning process

**DIRECTOR'S RECOMMENDATION:** Informational Presentation

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### **Executive Summary**

On February 27, 2018, Port staff provided an informational presentation on the policy guidance recommendations generated from Part 2 of the Waterfront Plan Update process. The recommendations were produced by the Working Group's three subcommittees - Land Use, Transportation, and Resilience – which were accepted by the full Waterfront Plan Working Group (Working Group) on December 6, 2017. At the February 27<sup>th</sup> meeting, the Port Commission asked Port staff to schedule follow-up Port Commission briefings to allow time for more focused consideration and discussion of the recommendations. This staff report focuses on the Land Use recommendations; separate briefings on Resilience and Transportation recommendations will be scheduled for Port Commission meetings in May and June, respectively.

All Part 2 policy guidance recommendations are described in the Waterfront Plan Update Part 2 Final Summary Report.<sup>1</sup> This staff report extracts the Land Use

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<sup>1</sup> Link to the [Part 2 Final Report – Working Group Subcommittee Recommendations](#) (Part 2 Final Report) which details the Part 2 process, Working Group Guiding Principles, and the recommendations that each Subcommittee produced, which the full Working Group ultimately accepted, as revised.

recommendations from that Report, organizes them by topic, and provides further details about the thinking and discussions that led up to the recommendations. It also highlights recommendations that are departures from existing Port policies and practices. Subsequent briefings on Resilience and Transportation recommendations will follow the same approach. Appendix A provides links to documents accepted by the Land Use Subcommittee that support the Part 2 Report Land Use recommendations, as well as additional details about the Embarcadero Historic District leasing and development recommendations. Port staff welcomes the opportunity to receive comments and answer questions, and ensure the Port Commission has a full understanding of the intent of the recommendations.

As described during the February 27<sup>th</sup> Port Commission meeting, public walking tours and workshops are scheduled for Part 3 of the Waterfront Plan Update public process, which will be completed by June 2018. Port staff will report back to the Port Commission on public comments received from the Part 3 meetings. Together, the Part 2 Working Group recommendations and a summary of Part 3 public comments will document public values, goals, aspirations and needs that should be addressed in the update of the Waterfront Land Use Plan. Port staff will seek Port Commission endorsement of these recommendations and direction before producing draft Waterfront Land Use Plan amendments for Port Commission and public review and comment. Final Waterfront Plan amendments cannot be approved by the Port Commission until completion of an environmental review public process pursuant to the California Environmental Quality Act (CEQA). As authorized by the Port Commission on March 13, 2018, Port staff will be issuing a Request for Proposals in late April to hire a CEQA environmental consultant to carry out this work.

The Waterfront Land Use Plan sets forth long-term goals and policy objectives to maintain and improve Port waterfront lands. Throughout the update process, financial considerations have been included in Working Group public discussions, including the Port's 10-Year Capital Plan and capital budget process, and the Strategic Plan. They, along with the Waterfront Land Use Plan, provide the integrated policy and operational framework that guides Port staff work. Staff has emphasized to the public the importance of following future updates to the Port Strategic Plan and 10-Year Capital Plan and capital budget because they establish the shorter-term priorities and actions that will help bring the aspirations of the Waterfront Land Use Plan to fruition.

### **Strategic Plan**

The Waterfront Plan Update supports the following Strategic Plan goals and objectives:

- Port Renewal - Update the Waterfront Land Use Plan to provide long-term use policy direction, including renewed planning for the Northeast and South Beach waterfront areas.
- Public Engagement – Promote the richness the Port has to offer through education, marketing, and maintaining strong relationships with Port users and stakeholders.

- Livability – Ensure Port improvements result in advances in the environment, social equity, and quality of life for San Francisco residents and visitors.
- Resiliency - Lead the City’s efforts in addressing threats from earthquakes and flood risks through research and infrastructure improvements to the Seawall and Port property.
- Sustainability – Limit climate change impacts and employ strong environmental stewardship principles through implementation of Port-wide practices that protect the environment and promote ecological balance.
- Stability – Maintain the Port’s financial strength for future generations.
- Economic Vitality – Attract and retain maritime and non-maritime commerce to contribute to the long-term viability of the Port and the City.

### **Land Use Recommendations**

The Working Group’s Land Use recommendations were the product of 14 Land Use Subcommittee meetings chaired by Alice Rogers, which included information and support from many public agencies, including San Francisco Planning Department (SF Planning), San Francisco Bay Conservation and Development Commission (BCDC), Association of Bay Area Governments (ABAG), and the State Lands Commission (State Lands). As described in the February 27<sup>th</sup> Port Commission report, the Land Use Subcommittee work also was supported by engineering, economic, and design consultant analyses that helped inform the Embarcadero Historic District recommendations.

The 54 Land Use recommendations accepted by the Working Group reflect their careful consideration of how best to balance the Port’s public trust responsibilities, other public values and priorities, and the financial and regulatory requirements of Port projects and improvements. The recommendations have been extracted from the Part 2 Report and organized below in eight categories to facilitate the Port Commission’s review and discussion. Staff is prepared to discuss and answer questions about all the recommendations at the Port Commission meeting; those highlighted in yellow are considered to be key issues that are addressed in this staff report.

#### **1. Water Recreation (Recommendations 1-6)**

Public interest in expanding water recreation has grown considerably over the past 20 years. Water recreation uses include facilities for human-powered kayaks and other small recreational boats, as well as swimming, paddle boarding and similar activities. Through partnerships with ABAG, BCDC, the California Coastal Conservancy and water recreation user groups, the Port has created five water recreation access facilities, including the Pier 52 public boat launch, since the Waterfront Plan was originally approved in 1997, and two additional sites are under consideration. But compared to

users of landside parks, open spaces, and public access, water-side public access users remain significantly underserved. Updates and amendments to the Waterfront Plan should formally recognize now-adopted regional Bay Area Water Trail policies, which promote water recreation uses and public access to and from the Port shoreline. Existing and new no- or low-cost water recreation facilities at the Port provide a public benefit that should be promoted in the Waterfront Plan and recognized as a form of public access in the regulatory permitting review processes of BCDC and State Lands. The Land Use recommendations promote continued partnerships to provide water recreation access to people of all ages, abilities and economic circumstances.

Water recreation facilities also include landside support facilities to enable access to and from the water, storage, equipment rental and amenities that serve multiple water recreation users and waterfront visitors. There also is a need for more overnight berths for transient water recreation boats that are secure.

Because the Port is responsible for supporting multiple maritime business lines and improving environmental quality along the shoreline and the Bay, the water recreation recommendations also call for continuing education about maritime safety, water safety, and environmental protection.

1. Provide low/no cost water recreation access to the Bay, a form of public access/benefit that should be recognized by the Port and BCDC. Recognize the San Francisco Bay Area Water Trail, related water landings and support facilities, and the need for additional transient small boat berthing.
2. Seek and maintain interagency and community partnerships with organizations that promote safe water-oriented recreation opportunities for users of all abilities and economic circumstances.
3. Plan water recreation facilities and related commercial services near desirable destinations to accommodate a broad spectrum of users and to complement existing facilities.
4. Increase opportunities for overnight, secure transient berthing.
5. Implement water recreation projects within a framework that identifies locations of greatest benefit, and solicit new funding sources and partnerships, coordinated with Port funding opportunities identified in Port capital budget planning.
6. Promote public and water recreation user understanding of water safety, maritime vessel operations and environmental protections. **Staff will coordinate with Resilience Recommendations**

## **2. Maritime Berthing and Public Access (Recommendations 7-14)**

There is strong public support for meeting the needs of the Port's diverse maritime industries, including berthing required for deep water vessels, ferries and excursion boats, harbor service and fireboats, and small recreational boats and water taxis. There is an ever-increasing need for ferry and excursion berths to meet the growing demand for water transportation, including along finger piers in the Embarcadero Historic District. The Land Use recommendations call for a more defining berth types, locations and priorities to meet these needs, including adjacent work areas on pier aprons or wharves if required.

Where maritime berthing and public access are competing for space on pier aprons, the recommendations seek to balance the needs of both uses, calling for more specific criteria to determine conditions and types of installations that can accommodate shared use, as well as maritime operations that preclude or require restricted public access. The public feels strongly that maritime work adds invaluable authenticity to our waterfront, and that public views of maritime operations and vessel berthing is an important public access benefit that may be enjoyed from properly sited viewing areas if physical public access is not compatible. The recommendations call for development of criteria to define attributes of maritime berthing and operations that provide positive visual public access.

Another deeply-debated maritime issue was how best to improve education and coordination required to successfully balance industrial truck and transportation access needed for Port maritime industrial terminals and facilities with the safety needs of pedestrians and bicyclists along waterfront streets, including Illinois Street and Cargo Way. The topic is also addressed in the Transportation recommendations.

3. Affirm Port's maritime mission and Maritime Preservation Policy to support diverse maritime and water-dependent industries; identify valuable pier-apron berthing and shed facilities in northern waterfront and deep water berths for various maritime operations all along the waterfront, and centrally located Harbor Services operations.
4. Respond to need for additional, shallower-draft maritime berths for ferries, excursion boats and water taxis.
5. Maintain water depth of 12-feet+ for berthing shallower-draft vessels in northern waterfront. North of Pier 27, provide priority consideration for maritime berthing along south (or east) sides of piers for less exposure to prevailing tides.
6. Promote shared public access on pier aprons where it is: a) safe and compatible with maritime berthing; and b) economically feasible for maritime tenant to maintain public access.
7. Identify the types of maritime operations that preclude or restrict shared public access, due to operational, security or safety issues.
8. Recognize that maritime operations maintain an authentic working waterfront, a purpose that is of interest to the public, even if not compatible with public access.
9. Reflect the positive value that views of maritime operations add to visual public access along the waterfront, and establish criteria that determine when maritime berthing and public access are expected to be compatible and when not; and when views of maritime operations or vessels are valued as positive features of working waterfronts and may fulfill public access objectives. (This issue to be further addressed by Port and BCDC in coordinating amendments to the Waterfront Plan and Special Area Plan)
10. Determine how conflicts between competing maritime/industrial trucks and non-maritime bicycle and pedestrian access along the Bay Trail in the Southern Waterfront can be managed in serve multiple modes of transportation, in a safe manner. **Staff will coordinate with Transportation Recommendations.**

### **3. Parks and Open Space (Recommendations 15-22)**

The public wants a broader range of activities in waterfront parks and open spaces. The recommendations include new ideas to activate these spaces compatible with the public trust that serve a broader range of local and regional visitors of all ages and backgrounds. Ideas include children's playgrounds, public art displays, free or low cost

events such as the annual SF Symphony performance at Pier 27 Cruise Terminal Park, and pilot programs to experiment with other activities that can deliver new recreational opportunities. The enjoyment of Port parks and open spaces also should be enhanced with more public restrooms and amenities, and food, recreational equipment, and other concessionaires that can support open space users.

15. Provide more recreational uses in Port open spaces that are appropriately sited and designed to serve a balance of local and state public trust needs; improvements should benefit a full spectrum of users --locals, regional visitors, and all ages.
16. Communicate to the City of San Francisco that the mission of providing municipal park and recreation services for San Francisco residents should not rely upon Port lands subject to public trust requirements, as a substitute for non-trust properties.
17. Promote park/open space designs that are unique, authentic, and reflect our waterfront story; encourage art and spaces that relate to characteristics of nearby neighborhoods; and connect the public of all ages with nature.
18. Promote water-dependent recreation in landside open spaces, where feasible. Support active water recreation programs (e.g. Kayaks unlimited, UCSF on Mission Creek).
19. Include interest points and designs in parks and open space that attract use by youth and teens. Consider how technology and socialization patterns influence their use and enjoyment of outdoor spaces.
20. Try pilot programs to explore how recreational opportunities can be expanded or diversified. Learn from successfully programmed events that attract diverse populations to the waterfront, while mitigating impacts on affected neighborhoods.
21. Consider concessionaires that can support active enjoyment of Port parks (e.g. providing recreation equipment, refreshments, and restrooms).
22. Seek ways to draw attention to underutilized public open space and water recreation areas that are not located along the public access network adjacent to Port streets (e.g. The Embarcadero, Terry Francois Boulevard). **Staff will coordinate with Resilience (Emergency Response, Sustainability) Recommendations.**

#### **4. Public-oriented Uses (Recommendations 23-27)**

The public wants a diverse array of activities and attractions in Port piers and facilities that appeal to people of all ages, backgrounds and economic levels. This is an existing goal of the 1997 Waterfront Plan, which allows arts, museums/cultural facilities, education and academic institutions, recreational enterprises, assembly and entertainment and other “Acceptable Uses” to increase public use and enjoyment along the waterfront. However, State Lands public trust consistency reviews in early pier development projects soon after approval of the Waterfront Plan in 1997 challenged this policy objective. While there was strong statewide precedent for and acceptance of maritime businesses, public access, waterfront restaurants and visitor-serving retail businesses as trust-consistent uses, museum and cultural facilities and other public-oriented uses allowed in the Waterfront Plan were not viewed in the same light by State Lands. But over time, and through dedicated efforts, State Lands, BCDC, the Port and its development partners worked together and developed a deeper and more-nuanced understanding of the how historic pier facilities in the Embarcadero Historic District could create unique public trust benefit opportunities along the San Francisco waterfront.

This led to a rationale to enable a broader range of uses to be considered in Embarcadero Historic District rehabilitation projects, including new types of public-oriented uses that activate the waterfront and showcase the architectural and historic maritime character of the facilities. The Ferry Building and Exploratorium projects are successful examples of these efforts, which have dramatically increased public use and enjoyment of the waterfront. The Port also has enjoyed similar success on a smaller scale at Pier 24 Photography, where the Pilara Foundation has developed and operates a non-profit fine art photography museum that is open to the public free of charge.

These past successes spawned public discussions with State Lands staff, Working Group and general public which led to recommendations that affirm the desirability of allowing an expanded band of public-oriented uses, in addition to traditional trust maritime, restaurant and visitor retail uses, in Embarcadero Historic District historic rehabilitation projects. Such projects would still require careful review by State Lands and BCDC to determine appropriate design and public accessibility during the project entitlement process. The recommendations include ideas as further direction to take a creative approach to achieving well-designed projects that attract a diverse mix of users and visitors along the waterfront.

23. Support a diversity of uses that 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. include lower cost take-out/happy hour offerings from restaurants; more creative public access/public realm design amenities; lobbies open to the public). Focus on creating visitor experiences and a sense of place that is oriented to San Francisco Bay.
24. Prioritize water-oriented and water-dependent uses that are open to the public.
25. Include tenant improvements that invite and enhance visitors' enjoyment of the historic architecture within bulkhead buildings and pier sheds.
26. Balance commercial revenue generation with public-oriented uses and benefits.
27. Provide waterfront views, shoreline public access or direct access to/from the Bay for visitors' enjoyment of the natural environment. **Staff will coordinate with Resilience Recommendations (re Sustainability).**

## **5. Embarcadero Historic District (Recommendations 28-34)**

The collection of historic piers, bulkheads and iconic buildings that comprise the Embarcadero Historic District is unique in California, and reflects San Francisco's rich maritime history and one-of-a-kind built form. Preserving the integrity of the Historic District is a primary public trust purpose recognized by State Lands. The review and public discussion by the Land Use Subcommittee, State Lands and Port staff of a detailed financial model analysis of various leasing and development scenarios for historic bulkhead and piers provided the rationale for defining a unique Public Trust Objective framework for the Historic District. The Public Trust Objectives are described below, with further detail about these objectives and leasing strategies provided in Appendix A. In sum, this Public Trust Objective framework recognizes the need to provide new tools to support the stewardship of the Embarcadero Historic District. They allow more flexibility in lease terms and inclusion of high revenue-generating uses in leases to provide tools to finance repairs and seismic improvements to facilities, to achieve trust benefits of historic rehabilitation, maritime, public access and public-

oriented uses that attract the public to enjoy the waterfront. The Port, State Land and public's mutual understanding of these trust values and needs is an important milestone that will improve clarity and predictability for leasing and rehabilitation of historic piers.

### *Public Trust Objectives for the Embarcadero Historic District*


The Public Trust Objectives for the Embarcadero Historic District Matrix developed in the planning process and accepted in the Working Group recommendations is shown in **Figure 1**. More detail is provided in Appendix A. For each Objective, a sliding scale is defined that describes attributes that would deliver the highest level of public trust benefit, scaling down to conditions that would generate low public trust value; the high and low end of the scale for each Objective is described below. Any given lease or development project will offer a mix of these different public trust attributes. The Public Trust Objective Framework is intended to provide a stable set of criteria to evaluate projects in the Embarcadero Historic District to determine public trust consistency.

- Historic Preservation of the Trust Asset (compliance with Secretary of Interior Historic Preservation Standards): The highest or most desirable project outcome in this category would be to achieve historic rehabilitation of an entire pier facility. The least desirable outcome would be for the pier facility to remain vacant, unimproved and deteriorated.



**Figure 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
<b>Most Desirable for Trust</b> 	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.)
<b>Least Desirable for Trust</b>	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
	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.					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.		

- Seismic/Life Safety Improvements to the Trust Asset: The highest or most desirable project outcome in this category would be to achieve full substructure and superstructure repair and seismic upgrade. The least desirable outcome would be for the pier facility to remain vacant, unimproved and seismically deteriorated.
- Exterior Public Access and/or Maritime Improvements: The highest or most desirable project outcome in this category would be full repair and improvement of the apron for public access and/or maritime use. The least desirable outcome would be to have no public access or maritime use of the apron.
- Facility Capital Repairs and Improvements: The highest or most desirable outcome in this category would be for a project to include a high level of capital investment in the facility. The least desirable outcome would be no project capital investment.
- Revenue Generation: The highest or most desirable outcome in this category would be for a project to produce a high level of revenue for the Port Harbor Fund. The least desirable outcome would be to general no revenue.
- Interior Uses Serving Trust Purposes (Use Types): The highest or most desirable outcome in this category would be for a projects that deliver traditional trust uses, such as maritime operation and maritime office, visitor-serving retail, restaurants, water-related recreation, and public access uses. The second highest ranking is the creation of public-oriented uses that attract people to the waterfront, as discussed above for Public-oriented Uses. The least desirable outcome would be private uses that are closed the public, such as general office and R&D businesses.
- Interior Uses Serving Trust Purposes (Amount of Area Occupied): The highest or most desirable project outcome in this category would be to have traditional and public-oriented uses occupy the entire pier facility. The least desirable outcome would be for no traditional trust or public-oriented uses to be provided in the facility.
- Lease Term/Flexibility that Allows Facility to Accommodate Changing Uses: The highest or most desirable outcome in this category would be no lease term, which allows the most flexibility for the Port to use a facility to respond to trust use needs and market demand. The least desirable outcome is long-term lease (50-66 years) which affords the least flexibility to meet evolving trust needs and market demands.

Given the context of the Embarcadero Historic District, it is not viable to expect that a lease or development project could achieve the top marks in all of these Public Trust Objective categories. It is recognized that more deteriorated pier condition and higher pier and historic rehabilitation costs will require more investment and longer

amortization periods that then require longer lease terms. Dedicating space to trust uses may not generate high revenues, and may require high revenue-generating uses in other portions of the facility to make a project feasible. The Public Trust Objectives provide a standard set of criteria for the Port to weigh and balance the variables in Embarcadero Historic District lease and development proposals to make public trust consistency determinations. Similar to its collaboration with State Lands Commission staff, Port staff will pursue further discussions regarding these Public Trust Objectives with BCDC, which also has public trust authority responsibilities, as part of coordinating amendments to the Waterfront Plan and BCDC San Francisco Waterfront Special Area Plan.

From this work, the Working Group recommendations:

- Recognize the need for longer lease terms, subject to enhanced public review process (see Item 8, Public Engagement below ), to amortize high pier construction costs, allowing “Intermediate-term” leases (10-49 years), in addition to short-term uses (10 years or less) and long-term development (50-66 years), to meet the high cost of pier repairs, capital improvements and historic preservation;
- Recognize and allow high revenue uses in portions of the pier sheds to achieve financially viable intermediate-term leases and long-term developments;
- Prioritize bulkhead buildings for diverse public-oriented uses in intermediate and long-term leases to enhance the pedestrian experience along The Embarcadero Promenade. Public-oriented uses are desirable throughout pier sheds as well, however other sources of funding (e.g. private fundraising, targeted public investment) would likely be required to meet financial feasibility requirements;
- Prioritize pier aprons for maritime berthing and public access;
- Provide that both intermediate- and long-term non-maritime leases be subject to enhanced public engagement procedures that include clear direction for Port Advisory Committee and community comment and input (see Item 8, Public Engagement, below);
- Include pier condition reports as part of the Port’s capital planning process, and assess the outcomes and effectiveness of intermediate term lease projects in reducing Port capital backlog and optimizing utilization of pier facilities.

28. In the Embarcadero Historic District, increase certainty and coordinated inter-agency review of public trust consistency of leases and development projects by using the Public Trust Objectives Matrix. (See Appendix B.)

29. Establish a new framework to support Port leases for short-term (0-10 years), intermediate-term (11-49 years) and long-term (50-66 years) periods, and criteria for pier repairs, uses and public trust benefits to provide feasible asset management strategies needed to

- maintain the integrity of the Embarcadero Historic District and support the waterfront's evolving needs.
30. Allow intermediate-term (11-49 years) leases to amortize capital repair costs of Embarcadero Historic District facilities, prioritize bulkhead buildings for public-oriented uses to enhance the pedestrian environment along The Embarcadero, and generate Port rental revenue. Intermediate-term leases may occur as a master lease for an entire/most of pier, which may allow seismic improvement to support higher occupancy in limited parts of the facility; Intermediate-term leases managed by the Port within multi-tenant piers are needed to finance repairs but would not likely support seismic improvements. Consistent with Port Building Code standards, allow intermediate-term leases for high revenue, higher occupancy uses (e.g. Production/Distribution/Repair (PDR) or office) in limited areas to finance pier repairs and improvements, without changing the overall industrial, maritime or low/limited occupancy of the pier facility.
  31. Allow long-term (50-66 year) leases to support full seismic and structural rehabilitation of the historic piers, sea level rise adaptation, public-oriented uses in bulkhead buildings, maritime and/or public access on pier aprons. Long-term leases require high-revenue generating uses (e.g. public/visitor serving retail, general office/PDR) to finance seismic upgrade and facility improvements and generate Port rental revenue. Promote development of piers for public-oriented uses but recognize that this will likely require new sources of revenue and/or investment including private fundraising, targeted public investment, or other financially feasible uses to ensure financial feasibility.
  32. Support intermediate-term leases which meet revenue needs, support businesses and job opportunities, and support public-oriented uses that front on The Embarcadero Promenade. Piers that offer limited public-oriented uses should be distributed among other developments and attractions and, if feasible, provide areas that may be made available for community or public use as a public benefit.
  33. Encourage pilot and pop-up public-oriented uses that promote a dynamic waterfront and small business opportunities.
  34. Assess and report successes and outcomes from intermediate-term leases. Monitor and report on pier condition as an integrated part of the Port capital planning cycle and capital budget process.

## **6. Pier Hotel Use (Recommendation 35)**

The financial model analysis found that hotels are a physically and financially feasible trust use that can support pier rehabilitation, including seismic upgrade. The Land Use Subcommittee recognized that hotels are prohibited in the Waterfront Plan and by Proposition H. While the majority of Land Use Subcommittee members were open to “further consideration” of this use by the Port for one or two locations, there was no recommendation to reverse the hotel ban. Ultimately, the Working Group did not reach consensus on recommending that the Port Commission pursue any efforts to change the voter-passed initiative that prohibits hotels on piers.

35. To assist the Working Group in its deliberations, the Port engaged economic consultants to determine the economic feasibility of adapting and rehabilitating an Embarcadero Historic District finger pier for hotel use, consistent with Secretary of Interior Standards for historic rehabilitation. Such a conversion is currently prohibited by law. The economic analyses showed that such a conversion could be economically feasible, however the Working Group did not reach consensus on recommending that the Port Commission pursue any efforts to change the voter passed initiative that prohibits such conversions.

**7. Seawall Lots (Recommendations 36-44)**

The Working Group recognizes the revenue importance of the Port’s remaining undeveloped seawall lots, whether used as parking lots serving visitors and Port businesses or for long-term development. The recommendations promote seawall lot developments that integrate with the surrounding neighborhood and serve diverse populations, including activating ground floor uses that enhance the pedestrian experience along The Embarcadero. To that end, the recommendations also include allowing State legislation on a case-by-case basis, as needed, to lift trust use restrictions, allowing a wider range of uses on the cityside of The Embarcadero. The recommendations also describe how surface parking lots should be managed to support public trust needs, consistent with the Transportation recommendations.

**Seawall Lot Design and Development**

- 36. Continue Waterfront Plan policies which encourage uses on seawall lots that integrate and connect with the surrounding neighborhood and waterfront.
- 37. Seawall Lot developments should achieve two desirable goals:
  - a. Incorporate public-oriented uses that enliven the pedestrian/ground level experience in a variety of ways and promote ground floor pedestrian activation
  - b. Provide land uses that support and attract diverse populations (whether oriented to residents, visitors or workers) to the waterfront. **Staff will coordinate with Resilience Recommendations (re Social Equity).**
- 38. Promote Seawall Lot development design that provides physical and visual access between west and east sides of The Embarcadero, historic piers and bulkhead buildings, and the Bay, and access to a diverse range of users. **Staff will coordinate with Transportation Recommendations.**
- 39. Activate and clean-up underutilized Seawall Lot areas, and promote new uses/design that enhances the public realm on the west side of The Embarcadero. **Staff will coordinate with Transportation Recommendations.**

**Acceptable Uses and Legislation to Lift Trust Restrictions**

- 40. Seek State legislation to lift trust restrictions on the remaining Seawall Lots north of Market Street on a case-by-case basis, if necessary, and ensure that development includes public-oriented use(s) to activate/enhance the public realm.
- 41. Generate revenue from a broad range of uses, including non-trust uses if needed (e.g. office, residential, general retail) to support Port capital improvements, and invite new ideas to enhance surrounding neighborhoods and connections across The Embarcadero; support development if it advances public goals and is accompanied by robust urban design.
- 42. Pursue significant financial benefits from Seawall Lot developments that rely on State legislation to support historic rehabilitation of piers, waterfront parks and public access.
- 43. Parking on Seawall Lots is a trust use which furthers trust objectives by:
  - a. Accommodating Port visitors from the region/state who drive, especially families with children, seniors, those with disabilities, and tour buses.
  - b. Supporting Port businesses, their service needs, and their employees who are currently underserved by transit (i.e. maritime operators, Fisherman’s Wharf businesses, Ferry Building Marketplace, Exploratorium).
  - c. Providing revenue stream for Port capital needs on an interim basis, until other uses are approved. **Staff will coordinate with Transportation Policies**
- 44. Seawall Lot parking uses should be consistent with Transportation Subcommittee recommendations, and informed by further studies of people visiting waterfront, delivery and loading needs, transit and bike use. **Staff will coordinate with Transportation Policies**

## **8. Public Engagement (Recommendations 45-54)**

The Working Group recommendations call for meaningful engagement between Port Commission, Port staff and Port Advisory Committees and public, to strengthen and maintain public understanding and support of the Port's responsibilities and waterfront improvement efforts. As described above, the Working Group understands the need and basis for longer lease terms and high revenue uses for Embarcadero Historic District projects. At the same time, the public expects increased public engagement and review of Intermediate- and Long-term non-maritime leases and development proposals which will commit Port facilities to dedicated uses for a long time. Existing review and approval processes for short-term (0-10 year) or lease renewals that continue the prior use are considered to be reasonable and appropriate.

The recommendations also describe procedures and steps to create or improve public input and transparency in review of proposals that emerge through Competitive Solicitations for development, master leases and conversion of maritime and industrial facilities to retail, restaurant and public-oriented uses.

The recommendations also include a new public review process for unsolicited, Sole Source projects. The Working Group received one Alternative Recommendation, presented below, from Working Group member Tom Radulovich which would prohibit Sole Source proposals and limit the Port to consider only development proposals that result from a required Request for Qualifications process. The Working Group considered this Alternative Recommendation, but a majority accepted the Sole Source procedures in Recommendation 51.

For Southern Waterfront projects, there are recommended refinements to improve public process and review guidelines of the Central Waterfront Advisory Group (CWAG) and Southern Waterfront Advisory Committee (SWAC). All the public engagement recommendations highlight the interest of finding more ways to improve information exchange between Port Advisory Groups, Port staff and the Port Commission, to increase public understanding and collaboration on Port improvements.

Some recommended procedures have already been put into practice, and Port staff intends to pilot public process improvements derived from these recommendations to improve public engagement and transparency, and to assess whether further refinements are needed. Procedural changes to improve communications and operational efficiency that do not result in a physical change on the environment are not subject to review under CEQA.

### **Improving Community Engagement and Port Advisory Groups/Committees (PACs) process**

45. PACs should continue to operate on a consensus-building basis.
46. Enhance communication between PACs and Port Commission, including periodic reports, as needed, and encourage Commissioner attendance of Advisory Group meetings.
47. Ensure timely Port staff updates to PAC during project design-development process before final decisions are made.
48. Promote efforts by Port staff and PAC members to engage broader City-wide and, when appropriate, regional citizen participation and input.

49. Provide advance information to keep PACs informed about Port activities and projects, including notice of Port Commission informational presentations and forward calendar items, and special events in PAC area.

**Competitive Solicitation**

50. Port staff should provide Community Input Process for Competitive Solicitation for:

- Long-term, non-maritime development opportunities for Embarcadero Historic District piers (including bulkhead buildings), Seawall Lots, and other Port properties.
- Intermediate-term master lease opportunities for majority or entire Embarcadero Historic District piers (including bulkhead buildings) except for intermediate-term leases for maritime only businesses in the Embarcadero Historic District and other Port facilities.
- Lease opportunities that would convert maritime/industrial/PDR space to new retail, restaurant or other public-oriented use in bulkhead buildings, piers or other Port facilities. (*Solicitations to re-tenant existing retail/restaurant spaces are not subject to this request*)

Recommended steps for competitive solicitation opportunities should include:

- a. Port Commission meeting and public comments to consider preparation of a competitive lease/development solicitation opportunity after review of Port staff report describing competitive solicitation opportunity, including requirements and key Waterfront Plan and public trust goals and objectives;
- b. Community review and input by PAC, city and regional stakeholders to determine community and public trust values and priorities to be reflected in the lease/development solicitation opportunity;
- c. Port Commission meeting and public comments, and authorization to issue the competitive lease/development solicitation opportunity, and establish a Review Panel process to evaluate and score response submittals consistent with City Contract Monitoring Division rules and standards. Review Panel should include a development expert, Port staff member, a PAC member, and a member providing city or regional stakeholder perspective. PAC representatives and public should attend Port Commission meeting to provide public comments prior to Port Commission authorization of competitive solicitation opportunity.
- d. Evaluation of responding lease/development proposals by Port staff for compliance with minimum qualifications, financial capability, and references; and by Review Panel for scoring developer interviews and responses.
- e. Port Commission informational public meeting to receive presentations from qualified developer respondents, receive Port Commission, PAC and public comments.
- f. Port Commission consideration of developer selection, after review of Port staff report of Review Panel and Port staff scores and recommendation.

**Sole Source Proposals**

51. Under the San Francisco Administrative Code and the Waterfront Plan, it is City and Port policy to competitively-bid development opportunities. If and when the Port receives unsolicited proposals for unique development opportunities, the Port may only enter a sole source lease for such opportunities if the Board of Supervisors finds that it would be impractical or impossible to follow competitive bidding procedures. These are recommended steps for Port Commission consideration of unsolicited (Sole Source) proposals:

- a. Require developer to provide written submittal that describes the proposal, any community outreach completed to date, 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.

- b. Port Advisory Committee meeting(s), for review and comment on the proposal, if not already completed and described above.
- c. Port Commission informational meeting and public comments on Sole Source proposal, including review of information in Item a above.
- d. Board of Supervisors public hearing and consideration of waiving City competitive solicitation leasing policy provisions.

**Alternative Recommendation - The Working Group reviewed the following alternative proposal for Recommendation #51 submitted by one member of the Working Group, but did not accept this language in the Final Part 2 Recommendations.**

“The development teams for all commercial developments on Port property shall be selected through a public request for qualifications (RFQ) process. The RFQ may include site-specific criteria, and that certain uses and features be included, if deemed desirable by the Waterfront Land Use plan and/or by community consultation, but no RFQ shall be written in a way that permits only one potential bidder.”

**Southern Waterfront Lease Guidelines**

52. Update Southern Waterfront Interim Lease Guidelines (originally established in 2004 prior to Pier 70 and Blue Greenway plans, and Pier 80-96 Maritime Eco-Industrial Strategy) to include the following:

**Short-term leasing:**

- a. Limit location of heavy industrial uses away from adjacent neighborhoods, and include lease provisions to minimize external impacts on neighborhood, as applicable. **Staff will coordinate with Resilience Recommendations.**
- 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.

**Pier 80-96 Maritime Eco-Industrial Strategy Area (Intermediate or Long-term leases):**

- a. Provide regular Port Commission and SWAC informational updates and community engagement on maritime marketing lease proposals.
- b. Schedule Port Commission informational presentation for intermediate-term or long-term lease opportunity
- c. Schedule SWAC meeting 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 (See Recommendation 51).

**Other Leasing**

53. 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. For any such intermediate-term, non-maritime leases that are not covered by Recommendation #50, the Port should take the following steps prior to authorization by the Port Commission and approval by the Board of Supervisors:

- a. Schedule a Port Commission informational public meeting regarding the proposed lease and related capital investment, and proposed lease term necessary to amortize cost of facility improvements;
- b. Present the proposed lease for Port Advisory Committee review and comment, including a description of the proposed capital investment in the pier to warrant the intermediate lease



term;

c. Port Commission meeting to receive Port Advisory Committee and public comments and lease authorization, prior to consideration and approval by the Board of Supervisors.

54. No additional required process - The following types of leases do not require separate public review, however intermediate leases (over 10-years) would be reviewed by Port Commission and Board of Supervisors:

a. Short-term (0-10yr) leases (except in Southern Waterfront), and turnover leasing for maritime, light-industrial/PDR, existing office, retail, restaurant spaces.

b. Intermediate lease renewal/re-lease for existing public-oriented use, including restaurant and retail, in historic bulkhead building.

Port staff welcomes the opportunity to receive comments and answer questions, and ensure the Port Commission has a full understanding of the intent of the recommendations. Port staff will provide a similar presentation on the Working Group's Resilience Recommendations at the May 8<sup>th</sup> Port Commission meeting, and Transportation Recommendations at the June 12<sup>th</sup> Port Commission meeting.

### **Next Steps**

As described during the February 27<sup>th</sup> Port Commission meeting, public walking tours and workshops are scheduled for Part 3 of the Waterfront Plan Update public process, which will be completed by June 2018. Port staff will report back to the Port Commission on public comments received from the Part 3 meetings. Together, the Part 2 Working Group recommendations and a summary of Part 3 public comments will document public values, goals, aspirations and needs that should be addressed in the update of the Waterfront Land Use Plan. Port staff will seek Port Commission endorsement of these recommendations and direction before producing draft Waterfront Land Use Plan amendments for Port Commission and public review and comment. Final Waterfront Plan amendments cannot be approved by the Port Commission until completion of an environmental review public process pursuant to the California Environmental Quality Act (CEQA); as described above, procedural or administrative improvements are not subject to CEQA and may be implemented. As authorized by the Port Commission on March 13, 2018, Port staff will be issuing a Request for Proposals in late April to hire a CEQA environmental consultant to carry out this work.

Prepared by: Kari Kilstrom, Waterfront Plan Special Project Manager  
Diane Oshima, Deputy Director, Planning & Environment