

## MEMORANDUM

January 4, 2019

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Willie Adams, Vice President  
Hon. Gail Gilman  
Hon. Victor Makras  
Hon. Doreen Woo Ho

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Project Update for the Pier 70 Historic Core Pursuant to Port's Lease Disposition and Development Agreement and Master Lease L-15814 with Historic Pier 70, LLC (aka, Orton Development, Inc.)

**DIRECTOR'S RECOMMENDATION:** No Action – Informational Only

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### **Executive Summary**

In May 2014, the Port Commission approved Resolution No. 14-33 authorizing execution of a Lease Disposition and Development Agreement ("LDDA") and Master Lease ("Lease") with Orton Development, Inc. through its affiliate, Historic Pier 70, LLC ("ODI" or "Developer") for the rehabilitation of 8 historic, former shipyard structures at Pier 70 ("Historic Core" or "Project"). Today, after nearly 4 years of construction activity, staff from Port and Developer will present an update of the following project aspects:

- 1) Project Framework
  - A. Port's Strategic Plan Objectives
  - B. Pier 70 Preferred Master Plan Overview
- 2) Historic Core
  - A. Approvals
  - B. Project Description
- 3) Construction Update
  - A. Historic Core Rehabilitation Progress
  - B. Local Hire and Contracting Commitments
- 4) Historic Core Subleases
  - A. Master Lease Subleasing Provisions
  - B. Historic Core Subleasing
- 5) Project Benefits
  - A. Project Proforma Update
  - B. Historic Core Public Benefits
- 6) Remaining Project Milestones

**THIS PRINT COVERS CALENDAR ITEM NO. 12A**

## **PROJECT FRAMEWORK**

### **A. Port's Strategic Plan Objectives**

The Project implements the following strategies and objectives of the Port of San Francisco's 2016-2021 Strategic Plan:

Renewal:	Create vibrant new neighborhoods, engage in adaptive reuse, and expand open spaces through the rehabilitation of important, nationally registered historic resources in the Union Ironworks Historic District
Engagement:	Meaningful public participation, maintain strategic partnerships
Livability:	Promote living wage jobs, fulfill Local Hire commitments, expand pedestrian and bike access, preserve light manufacturing and industrial job opportunities
Resiliency:	Improve resiliency to earthquakes
Sustainability:	The Project has included major building rehabilitation, restoration, renovation and repurposing that greatly improves energy efficiency, water efficiency and storm water treatment across the Project site
Economic Vitality:	Attract commerce to contribute to the economic vitality of the Port and the City
Stability:	Maximize external investment capital through private equity, IFD, historic tax credits and grants, and retain a diversified tenant base that will perform through economic cycles while reducing the Port's maintenance obligations and liabilities

### **B. Pier 70 Preferred Master Plan Overview**

In April 2010, the Port published the Pier 70 Preferred Master Plan ("Plan"), the result of an extensive community planning effort to define a desired vision and goals to celebrate the maritime history and revitalization of Pier 70. The need for this Plan was determined following several unsuccessful efforts to preserve and rehabilitate the Bethlehem Steel and Union Iron Works historic buildings along 20<sup>th</sup> Street, which were vacant and rapidly deteriorating.

The Waterfront Land Use Plan targeted these cherished historic buildings for mixed-use development, but early developer efforts faltered in part due to the lack of a comprehensive vision for the overall 65-acre Pier 70 area. The Plan was successful in engaging stakeholders and community members in envisioning a future for this large part of the waterfront which had largely cut off the neighborhood and public from the water for many decades.

The Port led community workshops and public discussions over the period of 2007-2010, which coincided with a major economic and real estate downturn and highlighted significant financial feasibility challenges for historic rehabilitation and development despite Pier 70's location and economic opportunities. The Plan set forth a "preferred" vision and framework of goals and implementation strategies to support an orchestrated approach to:

- Maintain Pier 70 ship repair operations
- Create a Pier 70 National Register Historic District and pursue rehabilitation of the Union Iron Works and significant historic resources
- Create waterfront open spaces including Crane Cove Park major waterfront park which would serve as a development catalyst and anchor for extending the Blue Greenway through Pier 70
- Promote sustainable mixed-use infill office, research, emerging technologies, light industry, commercial, cultural, and recreational uses to expand San Francisco's economic base and generate revenues
- Create a pedestrian-oriented district that accesses sustainable transportation modes
- Achieve environmental remediation and incorporate sustainable principles into the design

The land use program of the Plan estimated 3 million square feet of new, mostly non-residential development, and more than 700,000 square feet of potential adaptive rehabilitation. The Port included economic and financial model analysis which, even with a substantial development program, highlighted financial feasibility gaps to fully realize the community vision. This was particularly relevant for the 20<sup>th</sup> Street historic buildings, where it was not immediately evident that there would be developer interest or capability to invest in their rehabilitation. The Plan included options to first stabilize the Union Iron Works buildings to buy time for later historic rehabilitation. The Plan also openly recognized the need to work collaboratively with development partners who might bring different market and development program perspectives to the discussion of how to achieve the Plan's goals and objectives.

The Preferred Master Plan's vision and objectives were endorsed by the Port Commission on May 11, 2010 in Resolution 10-27.<sup>[1]</sup> The Plan provided the intended foundation to discuss and negotiate with the Port's development partners, Orton Development Inc. and Brookfield (formerly Forest City), as well as the community. These efforts led to specific development approaches and land use modifications from concepts outlined in the Plan. These changes were incorporated into various approvals

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<sup>[1]</sup> See informational staff report here:

[https://sfport.com/ftp/meetingarchive/commission/38.106.4.220/ftp/uploadedfiles/meetings/supporting/2010/Item%2011A%20Pier%2070%20Preferred%20Master%20Plan\\_Solicitation-fulldraftv6.pdf](https://sfport.com/ftp/meetingarchive/commission/38.106.4.220/ftp/uploadedfiles/meetings/supporting/2010/Item%2011A%20Pier%2070%20Preferred%20Master%20Plan_Solicitation-fulldraftv6.pdf) and staff report and resolution here :  
[https://sfport.com/ftp/meetingarchive/commission/38.106.4.220/ftp/uploadedfiles/meetings/supporting/2010/Item%2010B%20P70%20RFQ\(1\).pdf](https://sfport.com/ftp/meetingarchive/commission/38.106.4.220/ftp/uploadedfiles/meetings/supporting/2010/Item%2010B%20P70%20RFQ(1).pdf)

and now chart the direction for Pier 70:

- **Waterfront Site.** While the Plan specifically envisioned mostly non-residential uses at the site to avoid land use conflicts with ship repair, Brookfield’s vision was predicated on use and activation of the 28-acre waterfront site by residents, workers and visitors to create a complete neighborhood. Brookfield’s neighborhood visions received solid support from the San Francisco voters in 2014 and from City policy bodies who granted all required entitlements for the project.
- **Crane Cove Park.** To complement the relatively large Crane Cove Park concept and to support Pier 70 wide feasibility, the Plan included two development “pads” along Illinois Street. The Crane Cove Park design review and permitting process led to community requests to modify the site plan to eliminate the development pads and revise the park design to include additional open space along Illinois Street. Port staff ultimately supported the request to remove the development pads.
- **Orton Development.** Following a competitive solicitation process, the Port Commission selected Orton to apply a seasoned strategy for full historic rehabilitation of the 20<sup>th</sup> Street Bethlehem Steel and Union Iron Works buildings. The staff report that accompanied the Port Commission’s approval of the lease and associated agreements on May 9, 2014 summarized anticipated uses for each building (described below in greater detail, see **Table 1** and related text). As set forth in that staff report, and consequently in the lease, this flexibility for the approximately 325,000 square feet of building space was and is essential in order to ensure that the building spaces may be marketed to different tenant-types in order to achieve a feasible rehabilitation of as many of these historic structures as possible, in the face of variability in the economic and real estate markets and more recent headwinds such as high construction costs.

See **Figures 1 and 2** below for illustration of Preferred Master Plan program and current anticipated program.



**Figure 2. Pier 70 Current Land Use Program**



In addition to successfully completing the Orton and Brookfield developer selections, negotiating master leases, and securing entitlements, the Port has completed other key implementation steps set forth in the Plan:

- Created and listed Union Iron Works Historic District on the National Register, which provided Orton’s project access to federal historic tax credits.
- Established the legal framework for Pier 70 Infrastructure Financial District tax increment, and Community Facilities District and other financial tools described in the Plan.
- Began construction of Crane Cove Park.
- Through partnership with Orton, saved very significant historic structures within the Union Iron Works Historic District.
- Through partnership with Brookfield, entitled a new neighborhood at Waterfront Site and broke ground in May 2018.

## **HISTORIC CORE**

### **A. Approvals**

Following the approval of the Pier 70 Preferred Master Plan, the Port issued a Request for Proposals in 2011 for the 20<sup>th</sup> Street Historic Buildings to ten parties selected through a Request for Interest process. Four parties responded to the RFP and staff presented the responses to the Port Commission in January 2012. In February of that year the Port Commission awarded the opportunity to Developer and directed staff to negotiate an Exclusive Negotiating Agreement (“ENA”) for the Project. The Developer proceeded through project approvals over the following two years, including key milestones as follows:

- In April 2012, the Port Commission approved the ENA.
- In July 2012, the Developer presented its project concept to the Port Commission and received supportive feedback on its approach to this site.
- In October 2012, the Port Commission endorsed the Term Sheet establishing the conceptual agreement between the parties to realize the Project. In December 2012, the Board of Supervisors also endorsed the term sheet.
- In May 2014 the Port Commission adopted findings under the California Environmental Quality Act (“CEQA”), adopted the Mitigation Monitoring and Reporting Program, and approved the LDDA and Lease with Developer.<sup>1</sup>
- The lease was approved by the Board of Supervisors and fully executed by the Port in July 2015 thereby providing site control to the Developer with construction commencing thereafter.

### **B. Project Description**

The purpose of the Project is to rehabilitate the “Historic Core” buildings of Pier 70 and make them once again a vibrant, integral part of the surrounding community. The Historic Core is made up of six of the most important historic buildings at Pier 70 and two outbuildings associated with the six core facilities.

The Project is located along northern and southern portions of 20th Street between Illinois Street in San Francisco’s Central Waterfront. The Project Site spans several parcels and contains eight buildings ranging in size from approximately 535 square feet to 93,330 sq. ft.

In general, the Project rehabilitates the 20th Street Historic Buildings to satisfy seismic,

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<sup>1</sup> See staff report here:

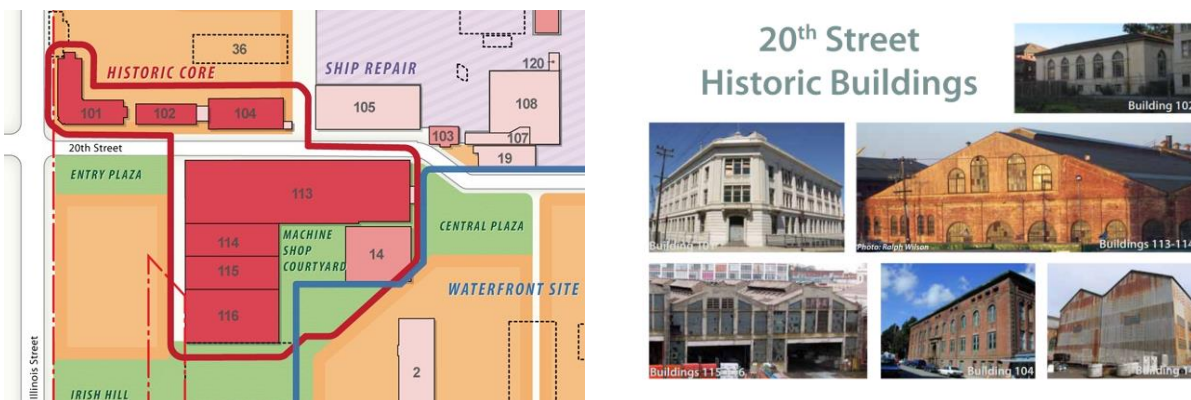
<https://sfport.com/ftp/meetingarchive/commission/38.106.4.220/modules/Item%2012A%20ODI%20Lease%20Approval%205-9-14%20FINAL-documentid=8085.pdf>



structural, and code requirements, implement security measures to combat an atmosphere of neglect and criminal opportunity, and abate hazardous environmental conditions. The Project meets the Secretary of the Interior Standards for Treatment of Historic Buildings, other codes, and all other applicable requirements. The Project adds almost 69,000 GSF of new space, primarily in interior mezzanines for a total of 338,160 GSF onsite.

These rehabilitated, historic office and industrial buildings have been subleased to a range of businesses, including PDR, office, showrooms and restaurant uses. The Project has also created an indoor lobby/atrium in Building 113 and an outdoor plaza, both of which are accessible to the public. The Plaza is a multi-use space available for public plaza uses, loading, tenant yard uses (including loading docks, cooling towers and other outdoor equipment) and special events as further described below in Section 5.B of this report. With site construction about 75% complete, the Developer has begun activating the atrium and plaza with events. Developer is preparing further activation plans while also coordinating with ongoing construction at the Waterfront Site, including the planned partial closure of 20<sup>th</sup> street for much of 2019 and 2020.

**Figure 3. Historic Core Location and Key Buildings**



As referenced above, the May 2014 Port Commission staff report described the manner in which uses would be allowed in each building subject to rehabilitation. Notably for certain buildings the staff report and lease outlined a use definition that includes production, distribution and repair (“PDR”) but also expands this definition to include additional industrial uses such as food, technology, life science, biotech, and education and arts production centers similar to the high quality “maker” type businesses existing in the adjacent Dogpatch neighborhood. This expanded set of activities was referred to as a “New American Workplace” and was defined to allow ancillary office, showroom and retail space so that all business activities (i.e. design, prototyping, manufacturing, wholesaling, office and sales/retail) could be consolidated under one roof. As noted above, this flexibility was critical to project feasibility in an uncertain leasing environment.



Table 1 below describes each building, the prior use, the use summarized in May 2014 in approving the Master Lease, and the current sublease use:

**Table 1. Summary of Prior and New Uses and Square Feet by Building**





Building	Year Built	Prior Use	Prior Sq. Ft.	Use Summarized at Approvals*	Current Use	Sq. Ft. after Rehabilitation
Building 101- Bethlehem Steel Office Building	1917	Vacant– formerly office use and one residential unit	61,311	New residential unit and new office use	PDR	60,525
New construction behind Building 101	--	n/a	n/a	n/a	Restaurant	9,000
Building 102 – Power House	1912	PDR/ Industrial, shipyard electrical	11,266	New restaurant or new other commercial	Office	15,331
Building 104 – UIW Headquarters	1896	Vacant– formerly office	45,237	New medical and office	PDR and office	45,237
Building 14	1941	Storage – formerly warehouse	16,315	PDR/”New American Workplace”	PDR	25,215
Building 113/114- Union Iron Works Machine Shop	1885/ 1886	Vacant, formerly PDR/ industrial	95,157	PDR/”New American Workplace”	Office and PDR	129,228
Building 115/116	1916/ 1917	Storage – formerly warehouse	<u>38,694</u>	PDR/”New American Workplace”	PDR	<u>53,625</u>
<b>Total Building</b>			<b>264,069</b>			<b>338,161</b>
Plaza	N/A	Industrial yard & storage	45,000		Publicly accessible open space, loading	45,000



\*As summarized in the May 9, 2014 Port Commission staff report approving the Lease.

## CONSTRUCTION UPDATE

### A. Historic Core Rehabilitation Progress

The Port's 66-year master lease with the Developer includes the six buildings described below and two smaller outbuildings adjacent to Building 104 (Buildings 122 and 123). Since gaining site control in 2015, Developer has completed work on six of the eight buildings. Two buildings (Building 101 and Building 102) remain under construction, with anticipated completion of one in 2019 and one in 2020. Two small retail spaces in Building 113 also remain available for lease and will be built out when tenants are secured, which is anticipated in the next 12 months.

<b>Building Rehabilitation Status as of January 2019</b>	
<p><b>Building 113/114</b> The 95,157 square foot former Union Iron Works Machine Shop consists of two masonry buildings built from 1885-1888, later joined by a concrete connector in 1914. At the outset of the project, the buildings were red-tagged and in danger of imminent collapse, but have now been fully rehabilitated and received a Certificate of Occupancy in April 2018.</p>	
<p><b>Buildings 115/116</b> The 38,694 square foot Union Iron Works Foundry &amp; Warehouse was constructed in 1916/1917 and comprises a three-bay reinforced concrete structure. The building has been fully rehabilitated and received a Certificate of Occupancy in November 2017.</p>	
<p><b>Building 101</b> The 61,311 square foot former Bethlehem Steel Office building was built in 1915 and is currently under construction with completion and occupancy anticipated in 2020. Additions will include a publicly accessible restaurant and rooftop terrace.</p>	
<p><b>Building 102</b> The 11,266 square foot former Compressor House has been abated of PCB electrical equipment and houses new shipyard electrical service which occupies a portion of the building's basement. Developer is in the process of rehabilitating the remainder of the building with completion and occupancy anticipated in 2019.</p>	

<p><b>Building 104</b>  The 45,237 square foot former Union Ironworks office building was built in 1896 and was red-tagged at the outset of the project; the building is now fully rehabilitated and received a Certificate of Occupancy in June 2017.</p>	
<p><b>Building 14</b>  Building 14 is a 16,315 square foot double-gable metal warehouse constructed in 1944; the building has been fully rehabilitated and received a Certificate of Occupancy in August 2017.</p>	

**B. Local Contracting and Hiring Commitments**

The Developer is working with the City's CityBuild program and the Contract Monitoring Division ("CMD") to ensure that local disadvantaged businesses ("LBE") and local residents participate in this Project.

Local Business Enterprises

The project goal for Local Business Enterprise participation is 17%. According to Developer's latest LBE payment data, Developer's LBE participation to date is at 18%. The City's Contract Monitoring Division ("CMD") is reviewing the latest data and has worked cooperatively with ODI to identify and confirm contractors and subcontractors that meet the LBE requirements.

Local Hire

The project goal for Local Hire is 25%. As of April 2018 (the most recent workforce compliance report), the Project's local hire percentage is 28%.

**HISTORIC CORE SUBLEASES**

**A. Master Lease Subleasing Provisions**

The Master Lease describes the Developer's rights with regard to subleasing the premises. As with Port master leases at the Ferry Building, Pier 1, and Piers 1.5 – 5, among others, the Historic Core Master Lease confers to Developer the right to enter subleases for all or portions of the premises without the Port's consent. These pre-approved subleases require that Developer be a tenant in good standing and that each proposed sublease meet and fulfill the obligations of the Master Lease with regard to being an arms-length transaction, at fair market rates and in compliance with all laws and ordinances.

The Port is aware of concerns expressed by members of the public about subleases for Buildings 102 and 104 to JUUL Labs, an e-cigarette company. Members of the public expressed negative reactions to a company with a nicotine-based product renting publicly-owned land. Port staff heard these concerns and facilitated a meeting with CWAG where representatives from JUUL Labs presented to the public. Members of the public also expressed disappointment that Building 102 is not subleased for a restaurant use, while acknowledging that a restaurant would be built at the site (behind Building 101).

The Port will continue to fulfill its role in implementing the Master Lease with Orton. Two key roles the Port will continue to play are: (1) ensuring that the terms of the lease, including subleasing requirements, are fulfilled (subleases at the site comply with City laws) and (2) providing public forums such as CWAG meetings to identify issues and discuss solutions with Port's stakeholders.

Given the extraordinary cost of rehabilitating the Port's historic assets and recognizing Developer has assumed the majority of construction, market, and financing risk to redevelop these structures, conveying broad subleasing rights incentivizes the Developer to complete the improvements in a timely manner and to professionally market buildings to identify a mix of credit tenants that determine the project's overall financial success.

## **B. Historic Core Subleasing**

Since 2013, Developer has worked to lease the Project to a mix of PDR and office tenants. With the exception of two ancillary retail spaces in the Building 113 Atrium, the Project is 100% leased as described below.

### Building 14 – Obscura Digital/The Madison Square Garden Company

Premises: Entire building

Commencement Date: September 2017

Term: 7 years

Use: PDR

### Building 101 - Restoration Hardware

Premises: Entire building

Commencement Date: February 2017

Term: 41 years

Use: PDR showroom, restaurant

### Building 102 - JUUL Labs

Premises: Entire building, less Port's basement electrical equipment room

Commencement Date: TBD (upon completion of rehabilitation work)

Term: 10 years

Use: Office

Building 104 - JUUL Labs (currently under sublease from Tea Living)

Premises: Entire building

Commencement Date: June 2017

Term: 10 years

Use: PDR, office

Building 113West – Uber Advanced Technologies Group

Premises: 51,299 square feet

Commencement Date: February 2018

Term: 2 years

Use: Office

Building 114, 115, 116 – Uber Advanced Technologies Group

Premises: 79,771 square feet

Commencement Date: November 2017

Term: 10 years

Use: PDR

Building 113East – Gusto

Premises: 49,074 square feet

Commencement Date: April 2017

Term: 10 years

Use: Office

## **PROJECT BENEFITS TO DATE**

### **A. Project Financial Update**

#### Financial Structure

The Master Lease financial structure obligates the Developer to finance the rehabilitation costs of the buildings. The financing (debt and equity) is repaid from sublease revenues and other sources. To the extent these revenues sources exceed the debt and equity repayment, the Port receives participation rent.

Specifically, under the terms of the Lease, the Developer may invest up to \$14 million in equity and must secure loans for the remaining construction costs. Project revenues go first to pay site operating costs and debt service on the loan and then repay the Developer's equity and equity return (negotiated return on equity for this deal is 14% annual simple interest). Each year that project revenues exceed those commitments, the Port receives 50% of the remaining project revenues. In addition, the Port receives shares of net proceeds from capital events (refinancing or sale), minimum rent beginning not later than lease year 20, and the option to invest Port capital with a 4.41% return, among other financial terms.

## Estimates at Project Approvals and Actuals

As may be expected, financial projections from more than 5 years ago differ from actual expenditures and rents observed over the period. Overall, project construction was more expensive, sublease revenues are higher, and construction debt was more difficult to secure than anticipated. On balance, both cashflows for the Developer and the Port are anticipated to exceed projections. The key reasons for these results are twofold: the Developer decided to invest more heavily in the project in terms of preparing the space for potential tenants, just before a time period of high market rent growth for office and PDR space in San Francisco (see **Table 2** for details).

Key differences in project financial attributes are:

- Total square feet of project increased from 270,000 to 338,000, At project approvals, the amount of mezzanine space that could be added to the historic structures under the Secretary of Interior's Standards was uncertain and thus a conservative square footage estimate was included.
- Total project costs increased from \$81 million to an estimated \$125 million at project completion in 2020.
- Project revenues (rent plus expense reimbursements) increased from about \$29 per gross square foot to about \$44 per gross square foot.
- Port is expected to receive significant annual income from the project two years earlier than anticipated, 2022 vs 2024 at approvals, with 2022 revenues of \$1.9M as compared to \$41,000 at approvals.
- Port is expected to receive significantly higher annual rent than anticipated, including stabilized revenue of \$2.1 million as compared to the approvals-projection of \$850,000, beginning in 2024.
- Assessed value is anticipated to be higher than projected at project approvals, which will drive the amount of IFD revenue. At approvals, the projection was \$450,000 per year but the current projection is \$600,000 per year.
  - IFD tax increment will be used by the Port for important infrastructure improvements near the Historic Core, including electrical work and park and other public realm development.

**Table 2. Financial Outcomes Comparison, 2013 Approvals and 2018 Actuals (millions)**

Item	Estimate at Approvals, in 2014	2018, Actual
<b>Sources and Uses</b>		
<b>Sources</b>		
Port capital	\$1.8 m	\$1.8 m
Seismic Safety Loan	\$24.0 m	\$23.6 m
Historic Tax Credit Equity	\$14.8 m	\$20.4 m
Private Debt + Equity	<u>\$41.3 m</u>	<u>\$81.2 m</u>
Total	<b>\$81.9 m</b>	<b>\$127.0 m</b>
<b>Hard Costs</b>		
Building 101	\$13.1 m	\$15.9 m
Building 102	\$3.1 m	\$6.7 m*
Building 104	\$8.6 m	\$10.6 m
Building 113	\$20.0 m	\$45.2 m
Building 114	\$4.2 m	
Building 115	\$2.4 m	\$14.5 m
Building 116	\$4.7 m	
Building 14	\$2.6 m	\$7.5 m
Site+ Plaza	<u>\$1.9 m</u>	<u>\$1.8 m</u>
Total Hard Costs	\$60.6 m	\$102.2 m
<b>Soft Costs</b>	<u>\$21.3 m</u>	<u>\$24.8 m</u>
<b>Total Costs</b>	<b>\$81.9 m</b>	<b>\$127.0 m</b>
<b>Project Attributes</b>		
Total Sq. Ft.	266,617	338,161
Total Sublease Revenues	\$7.8 m	\$14.9 m
Sublease Revenues / Sq. Ft.	\$29	\$44
Hard Costs / Sq. Ft.	\$227	\$285
Total Costs / Sq. Ft.	\$307	\$370
<b>Revenues to Port</b>		
<b>Annual Rent and Loan Repayment</b>		
2022	\$41,000	\$1,900,000
2024	\$590,000	\$2,100,000
<b>IFD</b>		
Est. annual tax increment	\$0.5 m	\$0.6 m
Est. total IFD costs funded	\$5.0 m	TBD
*Future expenditure, estimate.		



## **B. Historic Core Publicly Accessible Spaces**

The Developer is approaching the completion of this project, working to return the Pier 70 historic core to use as a vibrant part of the City. As memorialized in Master Lease Exhibit J, the benefits of enlivening these buildings with active, new uses for the enjoyment of workers, residents and visitors is an important component of the project goals. In fulfillment of the community vision expressed in the Pier 70 Master Plan, the Port's once dilapidated facilities are being rehabilitated to add vitality to the Dogpatch neighborhood and the central waterfront. The Building 113 atrium and adjacent plaza offer new opportunities for small retail establishments to create an inviting public space.

The Project's primary public benefits include the reuse of the site to support rehabilitation of Pier 70's unique and important historic resources. This has been a fundamental goal around which the Port built community consensus for the land use definitions described above and development necessary to finance historic rehabilitation, public open space, infrastructure and other amenities. Developer has rehabilitated the 20<sup>th</sup> Street Historic Buildings in accordance with the Secretary of the Interior's Standards for the Treatment of Historic Properties and has adaptively repurposed the buildings for office and PDR uses.

Additionally, as required by Master Lease Exhibit K, Developer has created visual and physical access into and around these buildings, allowing a new way for the public to experience the historic district while helping to activate the area. Specifically, spaces now open to the public (and to be open when construction is complete) include:

- Building 113-114 atrium
- The Plaza
- Building 104 lobby
- Building 102 key historic features
- All of Building 101
- New restaurant in new construction north of Building 101

While the Port and Orton are proud of the rehabilitation work, bringing this stunning collection of buildings back into use as employment centers, the Port has heard clearly from the public the desire for more varied activities and reasons to come to Pier 70. With major milestones including the achievement of permanent financing for the project reached in October 2018, the Developer is prepared to devote resources to planning and deploying activation events and will be presenting detailed activation concepts at the January 2018 Central Waterfront Advisory Group meeting.

## **REMAINING PROJECT MILESTONES**

### 2019

- Complete Building 102 rehabilitation and tenant improvements
- Lease small retail spaces in Building 113 Atrium
- Design and install site furnishings in publicly accessible areas of Project

2020

- Complete Building 101 rehabilitation and tenant improvements
- Certify tax credits

Prepared by: Phil Williamson, Senior Project Manager

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Real Estate and Development