

MEMORANDUM

May 23, 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: Informational presentation regarding the proposed terms of a new 15-year lease with two 5-year options to extend with Golden Gate Scenic Steamship Corporation located at Pier 43½ in Fisherman's Wharf

DIRECTOR'S RECOMMENDATION: Informational Only - No Action Required

Executive Summary

Golden Gate Scenic Steamship Corporation, more commonly known as Red and White Fleet ("RWF"), is a 124-year old San Francisco excursion tour boat business that now seeks a long term lease renewal with the Port. Within the lease area, RWF proposes to construct modifications and improvements to its water and shoreside operations. The proposed improvements will enhance the business efficiency of the operations, increase ridership capacity, beautify the site and improve the public and visitor experience. The parties expect that this will improve the financial performance of the tenant's operation, with revenue benefits from these improved operations flowing to the Port through the terms of the lease.

At the February 25, 2017 Port Commission hearing, Port staff made an informational presentation regarding RWF's proposed investment of approximately \$4.6 million into the renovation and expansion of its shoreside and waterside premises at its sole cost. In return for this investment, RWF requests a lease term sufficient to amortize the cost of the improvements. The proposed project and tenant's ongoing financial performance falls within the parameters of the Maritime Excursion Lease Renewal Policy. This item provides an updated summary of the proposal reflecting further project development and negotiations with Port staff since the February 2017 item, in anticipation of Port Commission action at a future meeting. A detailed list of the project development steps that occurred since the last information presentation is outlined in the staff report.

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The renewal lease would provide for the greater of guaranteed monthly base rent or percentage rent on gross sales, whichever is higher. In recent years annual gross sales and corresponding revenue to the Port have consistently grown which forms the basis for Port staff's recommendation to support a reinvestment into the site with additional lease term. RWF has received numerous awards for its environmental management practices and is actively pursuing alternative renewable fuels and electric-drive vessels in an effort to lead the way towards the future Bay excursion fleet. These fleet and fuel expansion efforts fall in line with the Port's own sustainability objectives and represent a secondary argument in favor of Port staff's recommendation supporting the proposed lease renewal.

Strategic Objective

The proposed Term Sheet is expected to contribute in a substantial way to meeting the following objectives of the Port's Strategic Plan:

- The proposed lease renewal will further the *Productive* objective by helping to grow the Port's maritime business lines.
- The proposed lease renewal will further the *Stability* objective by retaining a diversified tenant base and allowing this tenant to better perform through economic cycles.

Background

The predecessor to RWF was founded in San Francisco in 1892. The Crowley and Escher families, residents of San Francisco, have continuously owned and operated the company located at Pier 43½ in the heart of Fisherman's Wharf. RWF provides educational and recreational access to San Francisco Bay, offering historical tours narrated in 16 languages. RWF carries approximately 500,000 passengers on over 5000 trips per year under the Golden Gate Bridge and around the San Francisco Bay.

RWF has received the following noteworthy awards for its environmental management and stewardship:

- State of California's WRAP (Waste Reduction Award Program) for 14 years (every year the program was offered 1999-2012).
- Multi-year recipient of the Bay Area Air Quality Management District's Carl Moyer Program, surpassing all compliance dates for USEPA Tier- rated emission standards.
- A forerunner with the use of alternative fuels, e.g. emulsified fuels, biodiesel, CNG and LH2 applications and studies.
- Member of the Passenger Vessel Association's GreenWaters program.
- San Francisco Certified Green Business

RWF operates a fleet of four vessels for daily bay excursions to the public on a schedule that varies seasonally and is also available for private parties. To serve San Francisco's international visitors, RWF offers an audio tour of the San Francisco Bay in 16 different languages. Outlined below is the current fleet:

Red & White Fleet Vessel Summary			
Vessel Name	Length	Sightseeing	Seated Buffet Cruise
M/V Zalophus	124'	600	170
M/V Royal Prince	83'	400	120
M/V Harbor Queen	82'	300	80
M/V Harbor Princess	82'	300	80
M/V Enhydra	128'	600	170

Project Description

Current Pier 43½ Site

The current site consists of a portion of the Pier 43½ marginal wharf with berths extending into the Bay. The site is highly visible with an iconic sign depicting a Red and White Ferry. The site is adjacent to the Franciscan Restaurant on the south and the USS Pampanito berthed to the west along the north apron of Pier 45. The current landside area of the existing lease is approximately 4,430 sq. ft. of primarily open wharf with a small ticket pavilion (430 sq. ft.) and passenger queuing area to board the vessels. The existing lease line conflicts with the additional public access area that was created by the recently completed Pier 43 Promenade; the proposed lease renewal represents an opportunity to reconcile these property designations and allowed uses. Per the Port's Rapid Structural Assessment Report in September 2016 the substructure was rated Green - which is unrestricted use and generally in good condition.

The waterside leased space currently covers 15,274 sq. ft., comprised of berths for three vessels with two ramps and floats used to board vessels. Since there are only three berths currently on site, the fourth vessel is kept in a temporary lay berth nearby on Pier 45 south apron. ("Existing Site" shown on **Exhibit A**)

Proposed Redeveloped Pier 43½ Site:

Over the period of 2009-2018, RWF has benefitted from the increased volume of public visitation to Fisherman's Wharf, its location near the new Pier 43 public promenade and the growing bay excursion market to show strong ridership performance, as depicted in the following graph.

This growth in demand has prompted RWF to add a new large-capacity vessel to its fleet, which has focused the parties' attention on the limitations of RWF's capacity to serve its customers efficiently within its current leased footprint. Under the subject lease renewal proposal, RWF proposes to expand both its landside and waterside premises. The expansion in the landside premises will improve queuing, public access and provide for a slightly larger ticket pavilion. The expansion of the waterside premises and related improvements would allow the Fleet to be kept at one location, improve passenger loading efficiency and provide for long term ridership growth.

To further refine this vision, RWF engaged an architect, MK Think, and Designer Todd Barbee, who developed plans for shore side improvements and a Marine Engineer, CLE, for studies and plans for the waterside improvements. Based on the initial plans, RWF has prepared preliminary cost estimates for its proposed improvements divided into waterside

improvements of approximately \$3 million and shore side improvements of approximately \$1.6 million (not inclusive of contingencies) for a total investment of \$4.6 million. The proposed improvements would be undertaken at RWF's expense and without rent credits.

Capital Project Phasing Strategy

The San Francisco Bay Regional Water Quality Control Board ("RWQCB"), Pacific Gas & Electric ("PG&E"), and the Port have identified the need for a remediation plan for the sediment in the area of the RWF lease as further described under "Pier 39-45 Sediment Investigation and Remedial Plans" below.

In order to bring the operational benefits forward as quickly as possible while prudently managing around the expected remedial action, RWF and Port staff has developed a phasing strategy for the capital project. Phase I would include the landside improvements (to begin following lease renewal and permit approval), and Phase II would include the waterside improvements (to follow the completion of the remediation plan).

Phase II waterside improvements will be conducted in accordance with the RWQCB final remediation plan and all required permitting and approvals. The original scope of Phase II has been reduced to eliminate dredging, which PG&E is expected to conduct as an element of its remediation plan and reduce the number of necessary new piles that were previously required to keep vessels out of a debris field that PG&E is expected to remove as part of its remediation. The Phase II improvement description is included below as it informs the queuing and boarding gate arrangements of Phase I.

The proposed improvements generally include the following:

Shoreside:

- Replace the current ticket booth facility with a new ticket booth which will include a four-window ticket counter, a cash handling office/staff support room and an ADA compliant restroom and break room for employees.
- Public access: Redesign circulation and queuing for tour boat riding public and general pedestrian public.

Waterside:

- Adjust the site's capacity from the current three vessel berths to four by relocating one of its floats 40 ft. east of its current location.
- Remove float guide pilings and reinstall them at the floats adjusted positions.
- Install new fender pilings.
- Install two gangway landings over the water.
- Install two cantilevered walkways, one north of the ticket booth and one walkway east of the eastern passenger gate.
- Replace existing gangways with new gangways.

Lease Summary

RWF has been operating under the existing lease since May 1975. The lease expired in July 2015 and RWF is currently operating on a month-to-month basis. The lease provides for the Port to receive the greater of guaranteed monthly base rent or percentage rent. Current monthly Base Rent is approximately \$25,000 and is adjusted for increases in the CPI every 5 years per the terms of the lease. Percentage rent is currently set at 7.5% of Gross Sales for ferry excursions and a schedule for ancillary retail sales ranging from 8.5%

to 10%. The current agreement permits the Port to adjust these percentages once every five years to reflect percentages paid by like uses at other Port maritime excursion sites. The current rates under the most recent adjustment are set forth in the table below:

Use / Category of Gross Sales	Percentage
Vessels Landing at Premises	7.5%
Food & beverage on vessels	8.5%
Land tours originating at Premises	10%
Display of historic vessels berthed at Premises	7.5%
Retail sales of merchandise on Premises	8.5 %
Photo services on Premises	8.5%
Revenue on ticket sales sold not originating from Premises	10%
Audio revenue	8.5%

As part of the proposed lease renewal, certain of these categories have been eliminated to better reflect current business activities of RWF and simplify lease reporting. See “Draft Lease Terms” below.

Recent and Projected Financial Performance

As shown on the Annual Gross Sales and Percentage Rent Revenue table below, RWF has consistently increased its Annual Gross Sales over the past 5 years and the resulting percentage rent payable to the Port. Percentage Rent has exceeded Base Rent by a significant amount in each year.

Red & White Fleet Sales & Rent FY13-Present				
Year	Reported Gross Sales	Base Rent	% Rent	Total Rent Paid
2013	8,680,960	216,859	381,565	598,424
2014	9,237,969	251,970	374,487	626,457
2015	11,451,640	290,670	517,341	808,011
2016**	11,911,503	295,694	590,565	886,259
2017	12,164,924	295,694	627,065	922,759
2018	12,464,042	295,694	626,968	922,662
Total	\$ 65,911,038.22	\$ 1,646,580.62	\$ 3,117,991.00	\$ 4,764,571.62

As noted above, while RWF ridership steadily grew from 2009 to 2015, it has declined in 2017 and 2018. The recent ridership decline appears to be consistent with San Francisco (and US) tourism trends more broadly over the past year. This is most acutely felt in RWF’s basic, most commoditized tours (Bay Cruise). It is notable that in the face of these ridership trends revenue continues to grow as RWF has successfully marketed its higher margin products like special events cruises and charters. RWF is poised to capitalize on future general ridership growth as the overall visitorship rebounds in San Francisco due to operating efficiency provided in the proposed new landside improvements and increased carrying capacity on the water side.

Based on anticipated uptick in ridership trends, focus on higher margin lines of business, the updated lease metrics and the expected improvements to efficiency and capacity

associated with the capital project, RWF projects lease revenues to increase as shown below over the first five years should the lease renewal be approved.

Red & White Fleet Projected Sales & Rent FY 19-23				
Year	Projected Gross Sales	New Base Rent	% Rent	Total Rent Paid
2019	\$ 12,719,125	513,218	440,716	953,934
2020	\$ 13,355,081	513,218	488,413	1,001,631
2021	\$ 14,022,835	513,218	538,495	1,051,713
2022	\$ 14,583,748	513,218	580,563	1,093,781
2023	\$ 15,021,261	513,218	613,377	1,126,595
Total	\$ 69,702,049.28	\$ 2,566,090.00	\$ 2,661,563.70	\$ 5,227,653.70

RWF believes and Port staff concurs that the proposed waterside improvements combined with the recent purchase of its new hybrid vessel, will allow for vastly improved passenger loading efficiency and carrying capacity that will facilitate the long term performance trend.

Beyond the initial forecast above, each 5 years thereafter, the Base Rent will adjust to the monthly average of the 1st Quarter's reported percentage rent average over the last three years of the prior period. In addition, Percentage Rent will be reset to fair market value in year 10 of the lease renewal base term, and every five years thereafter (though it will not be reset to less than the Percentage Rent in the preceding year).

Maritime Excursion Lease Renewal Policy

In April 2010, in its Resolution 10-16, the Port Commission adopted the Maritime Excursion Lease Renewal Policy as a strategy to protect maritime and excursion uses as valuable mission-advancing use at the Port. The policy is intended to ensure that maritime excursion leases are equitably administered, are fairly valued, generate revenues to the Port and serve San Francisco residents and visitors. There are a number of requirements, conditions and obligations outlined in the policy; the full policy is attached for reference as **Exhibit B**.

Port staff believes that the proposed lease renewal meets the policy's Conditions to Consideration for Lease Renewals, which are summarized as follows:

1. The Port will consider proposals to renew Maritime Excursion Leases in the last five years of the lease.
2. The Port will not consider modifications to use provisions for a current lease, including expansion of retail uses, if the modifications exceed the existing proportion and character of current uses.
3. The Port reserves the right to approve in its discretion the use of any specific Port location for excursion service.
4. The Tenant must be in "Good Standing".
5. Proposed Capital Improvements will be completed at Tenant's expense.
6. The Tenant must demonstrate the financial capacity to undertake and complete the proposed improvements.
7. Any lease renewals will be reviewed and approved by the Port Commission.

If a proposal is approved, the policy requires that Obligations of Renewed Leases include:

1. Tenant must be the excursion operator.
2. Market rent will be established at the execution of the Renewed Lease.
3. The Port will charge a participation rent on all concession revenue.
4. The Port will charge a participation rent on all retail sales.
5. Tenant will disclose all gross revenue.
6. Port may participate appropriately in proceeds from sale, transfer, assignment and refinancing. Port will retain the right to approve all ownership and capital changes.
7. Tenant will adhere to CEQA and will comply with all other laws including SF City laws and regulations.
8. Upon completion of an existing lease, the Port reserves the right not to renew the lease due to a proposed project at the location, existing area considerations and other land use considerations.

Port staff believes all of the obligations as outlined above will be met in the proposed terms outlined in the staff report and the renewed lease. See “Draft Lease Terms” below.

Climate Action

As noted above, RWF is very mindful of mitigating the effects of its business on the environment. However, it cannot mitigate those effects on its own. Accordingly the project design anticipates effects of future rising sea levels and provides capacity for on-site adaptation measures as reasonably needed to protect from flooding.

Emergency Response Capability

RWF’s equipment and site serve as a resource for WETA’s Emergency Plan. RWF supports the Coast Guard’s water based catastrophe mutual assistance program through providing significant evacuation capacity to supplement First Responder vessels. RWF participates in annual drills on the San Francisco Bay in conjunction with local, state and federal agencies to bolster its ability to serve in these critical roles.

Key Milestones Achieved

Since the February 2017 Port Commission informational presentation, RWF and the Port have achieved the following:

- CEQA determination as of April 23, 2018 that the proposed project has received a Categorical Exemption.
- Historic Resource Evaluation completed in conjunction with its CEQA determination.
- Bay Conservation and Development Commission (“BCDC”) Permit Amended as of September 13, 2018 approving the construction of shore side improvements.
- Draft Term Sheet negotiated as of November 14, 2018 subject to Port Commission approval of the lease.
- Revised Draft Term Sheet negotiated May 17, 2019 subject to Port Commission approval of the lease.

Pier 39-45 Sediment Investigation and Remedial Plans

In 2011 and 2013, elevated polycyclic aromatic hydrocarbon (“PAH”) concentrations were measured in sediment characterization samples collected from the Pier 39 Marina East and West Basins. As a result, the RWQCB required additional studies and, in August 2017, formally required PG&E (as the former operator of the nearby Beach St. manufactured gas plant (MGP) suspected to be the source of the PAH contamination) and the Port (as the property owner) to develop and perform offshore sediment investigation and characterization studies (“the RWQCB Water Code Section 13267 Directive letter”).

PG&E has been responding to the RWQCB Water Code Section 13267 Directive letter with Port cooperation and oversight. During the course of the investigation, the “Investigation Area” was expanded to encompass the intertidal and subtidal areas between Pier 39 East Basin and Pier 45 East extending from the shoreline to approximately 1,000 feet offshore. PG&E completed the Pier 35 to Pier 45 investigation in August 2018 and is currently working to finalize and submit to the RWQCB the Remedial Investigation Report presenting this comprehensive data set and documenting the extent of PAH-impacted sediment in the Investigation Area. PG&E has identified five areas that may warrant remediation including a portion of the Pier 43½ offshore area, within the water area of the proposed RWF leasehold.

PG&E is preparing a Feasibility Study and Remedial Action Plan (FS/RAP) for submittal to the RWQCB in early 2020 that will propose the remediation plans for each area. In addition, the RWQCB is preparing a CEQA Initial Study (IS) also scheduled for completion in the first quarter of 2020. Port staff expects the remediation plan will include dredging to remove contaminated sediment and post-dredge capping in some areas requiring erosion protection. The Port anticipates the remediation of the Pier 43½ offshore sediments would be permitted in 2020 and completed by 2021. Phase II of the RWF improvements is planned to follow the completion of the sediment remediation.

Port staff anticipates returning to the Port Commission in fall 2019 to provide further information once details of the FS/RAP and RWQCB IS have come into greater focus. As noted above, RWF and the Port have proposed a two-phase capital project schedule which if approved would allow the landside work (and the updated lease financial provisions) to proceed immediately while the waterside work is delayed to avoid conflicts with the remedial action.

Draft Lease Terms

Port staff worked through the City’s Director of Property to retain R. Blum and Associates, a real estate appraisal and consulting firm (“RBA”). RBA previously provided a similar excursion market analysis relating to the Alcatraz Embarkation Site to the Port and staff believes that the firm has excellent experience and expertise for this assignment.

RBA evaluated comparable financial terms for maritime excursions and other operations considered to be relevant for the various revenue components considered in its analysis. The comparable maritime (yacht, ferry and excursion) operations were located at the following California locations: the Port of San Francisco; the Port of San Diego; and the Port of Los Angeles. RBA also reviewed maritime operations in Seattle, New York City

and Chicago IL, plus other concessions at Coit Tower in North Beach and three operations (Stow Lake Boathouse, the Japanese Tea Garden and the San Francisco Electric Tour Company) in Golden Gate Park. Port staff requested that RBA evaluate not only the financial terms, but also the lease term length relative to capital improvements. Upon receipt of RBA's report, Port staff engaged in further negotiations with RWF and has reached agreement on all fair market value recommendations from the report.

As to the term of the lease renewal in particular, RWF advises that it plans to finance the landside and waterside improvements through debt financing that requires at least 20 years of term on the lease for amortization purposes. Accordingly, Port staff has negotiated a base 15 year term with two five-year tenant options which will allow RWF to secure the loans as needed to implement the desired improvements.

Tenant:	Golden Gate Scenic, a California corporation.
Proposed Project:	Golden Gate Scenic Steamship Corporation dba Red and White Fleet seeks a new long term lease at its existing location at Pier 43½ with the Port of San Francisco. Within the lease area, RWF proposes to construct modifications to its water and shore side operations to enhance the business efficiency and the public experience. Upon execution of a new lease, RWF's currently expired lease will be terminated.
Premises:	<p>Parcel A will consist of approximately 6,220 square feet of Pier 43½ as identified on the attached drawing (hereinafter referred to as the "Shore side Area").</p> <p>Parcel B will consist of approximately 31,467 square feet of submerged land to accommodate berthing as identified on the attached drawing (hereinafter referred to as the "Water side Area").</p> <p>All square footage is subject to final measurement by the Port and shall consist of all square footage required for RWF's operations.</p> <p>All business operations including ticketing, customer queuing, vessel berthing or any other activity including any required public access or regulatory requirements shall be provided for and conducted within the Premises.</p>
Use:	<p>Parcel A: Ticket sales to the public for vessel excursions and charters. Queuing and boarding customers to vessels doing business under RWF. Public access as required by any regulatory agency.</p> <p>Parcel B: Operations directly related to RWF vessel excursions and charters.</p> <p>All parcels: Retail sales that directly relate to RWF operations only such as food and beverage sales, photos and apparel.</p>

Term:	<p>Lease term shall be fifteen (15) years with two (5) years options to extend at fair market value, exercised at RWF's option.</p> <p>The parties acknowledge that prior to the expiration of the term RWF may seek an extension of the term to facilitate additional financing activities in support of its business and its obligations to maintain the property as set forth herein. The timing of such a request would be dependent on the specifics of the request and tenant's business strategy, lender relationship and financial situation. Port agrees to consider in good faith such a request under the then-current laws and policies governing such lease extensions for the proposed use, subject to the approval of the Port Commission in its sole discretion.</p>
Commencement Date	<p>The term and rent shall commence 30 days after full execution of the lease.</p>
Rent:	<p>Rent shall be the greater of Guaranteed Monthly Base Rent or monthly Percentage Rent due.</p> <p>Initial Guaranteed Monthly Base Rent ("Base Rent") shall be \$42,768 which is the monthly average of the 1st Quarter Percentage Rent reported in each of calendar years 2016-18. On the fifth anniversary date, Base Rent shall be adjusted to the monthly average of the 1st Quarter's reported percentage rent during the last three years of the prior five year period. Monthly Base rent shall be adjusted at the end of each subsequent five-year period per the same methodology, however, in no event shall it be less the preceding 5-year period.</p> <p>In addition to the monthly Base Rent specified above, Tenant shall pay monthly Percentage Rent in an amount equal to the difference between (i) the percentage rent for such calendar month and (ii) the Base Rent for such calendar month for all Parcels, in any month in which the percentage rent exceeds the Base Rent.</p> <p>Percentage rent shall be equal to the total monthly:</p> <ul style="list-style-type: none"> (i) 7.50% of Gross Ticket Revenue; Plus (ii) 8.00% of Gross Food and Beverage Revenue; Plus (iii) 8.00% of Gross Ancillary Revenue. <p>Percentage Rent shall be fixed for the initial 10 years of the term. Every 5 years thereafter, Percentage Rent shall be reviewed for fair market value but in no event shall it be less than the percentage rent for the prior period.</p>
Utilities and Services:	<p>RWF shall install and pay for all utility services, whether on or off the premises, including but not limited to electrical, water, sewer, garbage and trash collection, janitorial, extermination, telephone, and telecommunication and environmental services. Port shall</p>

	allow RWF access to off-premises utility rooms or areas within the Port's control to install its utilities or perform maintenance and repair as necessary.
Possessory Interest Taxes:	RWF shall be responsible for all Possessory Interest Taxes for its premises.
Maintenance and Repairs / Marginal Wharf and Substructure Responsibilities:	<p>RWF is responsible for performing its own due diligence regarding the condition and suitability for the permitted uses of the Premises and the substructure beneath the proposed Premises, including the marginal wharf. Tenant shall at all times during the Term of this Lease, and at its sole cost and expense, maintain and repair in good and working order, condition and repair the Premises and all improvements and alterations.</p> <p>RWF shall provide the Port annual maintenance and inspections written reports. Every 5 years Tenant will prepare a site conditions survey report prepared and certified by a licensed engineer specializing in maritime structures. The report shall include but is not limited to, the condition of the structures and improvements shore and water side, any repairs completed or any repairs or maintenance required. Within 90 days after submittal of the report, Tenant shall provide a written plan to complete any required repairs or preventative maintenance where necessary as determined by the Port Engineering Division.</p> <p>The Port shall have no maintenance and repair obligations for the Premises. Neither party shall be obligated for any dredging activities within or adjacent to the Premises; provided that the parties anticipate that RWF will perform maintenance dredging activities as required to operate its excursion business (specific terms to be further defined in the lease and the Tenant's Operation Plan and subject to all required permits and approvals).</p>
Tenant Improvements:	As material consideration for the new lease, RWF agrees, at its sole cost and expense, to make certain alterations and improvements to the Premises generally as outlined on the attached Exhibit B. Tenant shall also make any necessary repairs to the substructure and marginal wharf where necessary as determined by the Port Engineering Division. RWF may submit Engineering reports for the Port's consideration. RWF has estimated it will invest a minimum of approximately \$4.6 million dollars in hard and soft construction costs in the site and RWF acknowledges and agrees that the lease provide no rent credits for this work or any future work. RWF will permit and construct the improvements in two phases, Phase I will consist primarily of improvements to the landside structures, substructure and wharf and Phase II will consist primarily of waterside improvements to the berth, floats and ramps. Improvements are further detailed in the attached Exhibit B.

	<p>All Phase I improvements must be completed by RWF and approved by the Port no later than 2.5 years from the new lease commencement.</p> <p>All Phase II improvements will be completed by RWF and approved by the Port no later than 3.5 years from the completion of the sediment remediation activities performed and completed by PG&E and its contractors, to avoid conflicts with that remediation.</p>
Permits:	<p>RWF shall be responsible and for securing all regulatory, environmental and building permits as required. Such permits include but are not limited to, permits from: Port Building division, the Bay Conservation and Development Commission (BCDC), Regional Water Quality Control Board (RWQCB) and U.S. Army Corps of Engineers (ACE). For any permits where the Tenant and Port will be co-permittee, RWF shall pay all costs associated with the permits. RWF must secure all required permits to enter the lease.</p>
Financial Statements and Security Deposit:	<p>RWF agrees to submit the most recent three years of audited financial statements for the Port's review. Subject to satisfactory review of financial statements, RWF shall provide a cash security deposit upon lease execution in the amount equal to three months guaranteed base rent to be held as a security deposit throughout the term of the lease. Security Deposit shall be increased as necessary to equal three months of Base Rent throughout the term.</p>
Operations Plan:	<p>Prior to the Lease execution and subject to Port approval, RWF shall prepare an Operations Plan as a material part of the lease that will include the following:</p> <ul style="list-style-type: none"> • Quarterly ridership report that will provide aggregate passenger counts and vessel excursions. • On site operations including safety guidelines, fueling protocol, environmental compliance, loudspeaker or music. • Tour bus oversight and customer queuing plan. • Proposed vessel schedule peak and non-peak. • Waste removal and management <p>The Operations Plan shall be modified or updated as needed and subject to Port approval.</p>

Projected Schedule

Port staff seeks comment, input and guidance on the proposed lease renewal terms for RWF from the Port Commission at its May 28, 2019 meeting. Port staff intends to incorporate the feedback from the Port Commission in its negotiations and return to a future Port Commission meeting with a recommendation for action in approving the lease.

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ATTACHMENTS

Exhibit A: Site Plan

Exhibit B: Maritime Excursion Lease Renewal Policy

Exhibit C: Proposed Project Renderings

Exhibit D: Draft Term Sheet

Exhibit A: Site Aerial Map

Exhibit B: Maritime Excursion Lease Renewal Policy

Exhibit C: Proposed Project Renderings

Exhibit D: Draft Term Sheet