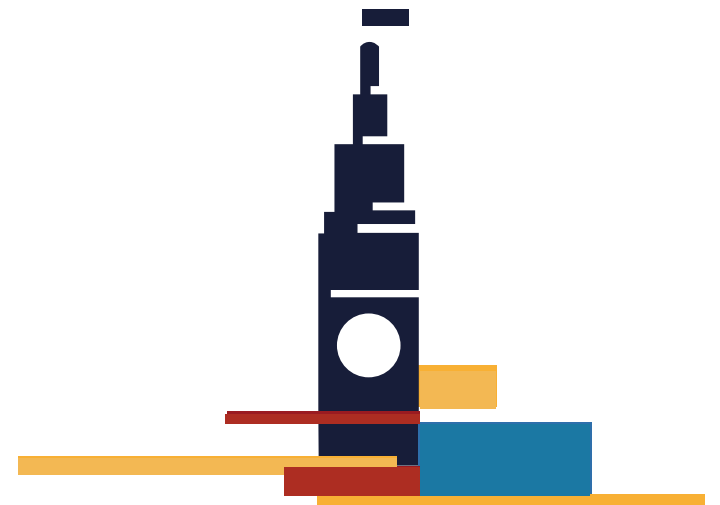


Informational Presentation: Pier 70 Shipyard – Current Status and Future Repurposing

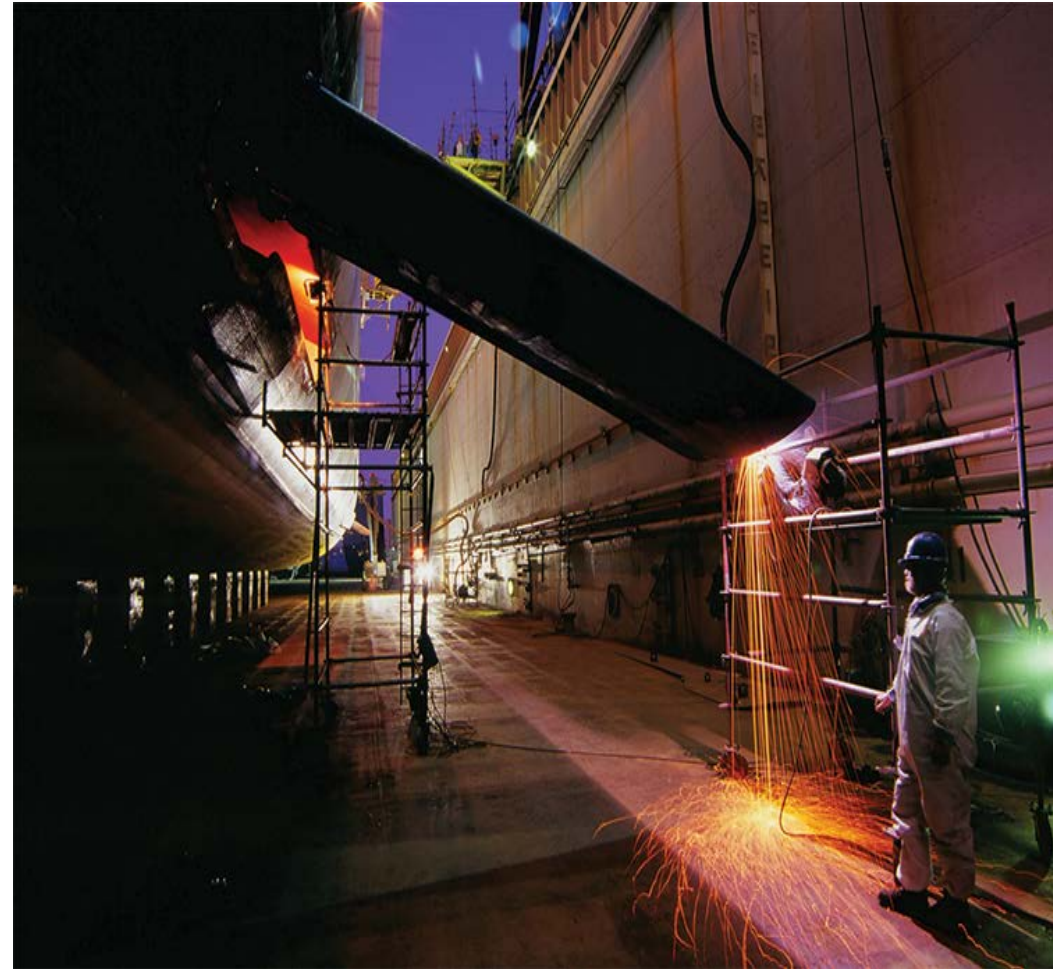
Maritime Commerce Advisory
Committee Meeting
November 19, 2020

Gerry Roybal
Maritime Marketing Manager



Shipyard History of Piers 68/70

- Ground leases with viable ship repair operators since 1982
- Last successive operator (Puglia Engineering) declares bankruptcy May 27, 2017
- Port-negotiated settlement agreement for \$5.7 million reserved for capital improvements that ensure sustainability
- Port entered into Benefits Task Agreement with Orton Development, Inc. for caretaking and full operation of the yard – Port Cost of **\$2.2m/year**



The Shipyard at Piers 68/70

- Port Commission authorizes 2 RFP(s) to find a continued use tenant/operator: All proposals rejected. (Aug. 2017 thru Nov. 2018)
- Meanwhile, Port staff works with Orton Development on maintaining a steady state and 2 major capital projects:
 - \$4.3 million electrification project replacing critical high voltage transmission gear and disposing of all known PCB-oil containing equipment
 - Disposal of two red-tagged buildings creating 25,000 sq.ft. of new flexible space strategically central to the facility [\$765k Capital Cost from Settlement Agreement]



The Shipyard at Piers 68/70

- Port Commission advised in Nov. 2018 that staff would continue to investigate possible market opportunities for other industrial marine uses
- Staff engaged consultant to:
 - Review/evaluate two proposals (1 withdrawn/1 rejected)
 - Analyze West Coast & national market for traditional ship repair
 - Analyses result in decision to —
Stop Pursuing Continued Use and focus on re-purposing

Interim Uses

- Staff takes full control of Shipyard May 2019
- Begins seeking interim rent tenants
- Reduces operating expenses by limiting utilities and services to isolated areas



Interim Uses

- Interim rent development & expense austerity programs result in positive **net revenue status of \$459,989** in FY-19/20
- Interim tenants include:
 - Anderson Enterprises/Royal Motors
 - The Dutra Group
 - Matson navigation
 - Marine Express
- Office & storage space for Port staff



Additional Interim Income:

Temporary Power MOU with SFPUC

- Allocates 5.1 MW of power out of total 6.2 MW from Shipyard
- Temporary agreement for 1-3 years
- SFPUC pays Port minimum \$1.15 million annually for first year use — \$1.7m/year for up to two years thereafter [end of 2023]
- Approved by Port Commission November 10, 2020

Temporary Power MOU with SFPUC

- Allows SFPUC to provide power to these development projects under City's Interagency Cooperation Agreement for Development of Pier 70 that are beneficial to Port:
 - Phase I construction of Brookfield Properties' Pier 70 development
 - SFPUC's 20th Street sewage pump station
 - Artists currently residing at Port's Noonan Building
 - Phase I construction of Mission Rock development
 - SFPUC's Mariposa St. sewage pump station

Next Steps

- Selective pruning/disposition of Shipyard's vast inventory through the City's surplus property and auction process
- Explore opportunities and build alliances with state & local educational institutions to create job training/maritime education programs
- Explore maritime opportunities to include a marine exploration vessel builder, the centralization of harbor services, maritime fleet management companies, and marine salvage companies



THANK YOU

