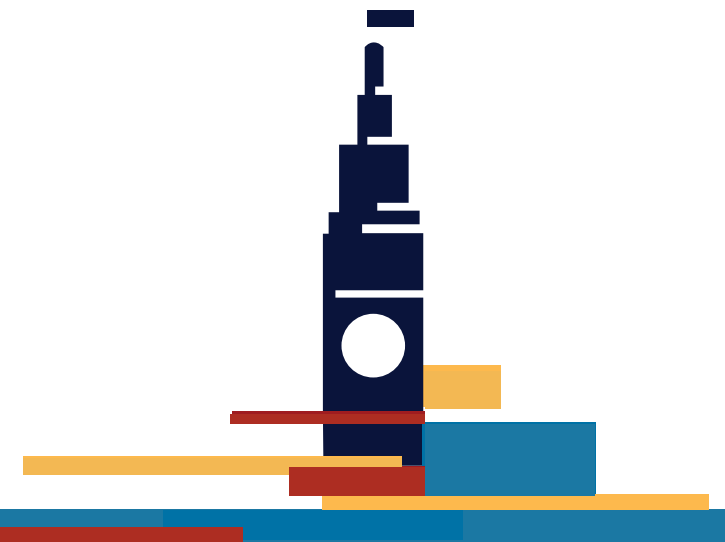


**Informational Presentation**  
to **Northern Advisory Committee** about the  
competitive solicitation strategy to lease the **Ferry**  
**Plaza East Building** behind the Ferry Building and a  
**restaurant space in Pier 33 ½ Building**

May 18, 2022

Presented By: Ricky Tijani,  
Waterfront Development Project Manager  
Real Estate and Development



# Presentation Outline

1. Solicitation Process & NAC Role
2. Background and Summary Market Conditions
3. Profiles of the Two Properties
4. Waterfront Plan Goals and Policies
5. Solicitation Values & Priorities
6. Community Values & Public Trust Uses
7. Next steps
8. Feedback / Discussion





# Offering: Two Properties





# Solicitation Process from Draft Waterfront Plan

- Port Commission Informational Item: **April 12, 2022**
- Consult with Northern Advisory Committee: **Today**
- Port Commission Authorizing Use of Broker & Offering: - **Summer '22**
- Broker Tours & Marketing- **Summer '22**
- Responses Due – **Late Summer '22**
- Staff & Panel Review – **Fall '22**
- Negotiations & Lease Execution – **Fall – Winter '22**

# Proposed Solicitation Process – Anticipated Broker Schedule



**Broker releases  
Offering  
Memorandum –  
June/July 2022**



**Port-staff/Broker  
Pre-submittal  
Meeting – July  
2022**



**Broker conducts  
Tours of the  
Properties – June  
– August 2022**



**Submittals Due  
– August 2022**



**Scoring Panel  
Review -  
October 2022**



# Today's Request

- **Review applicable Draft Waterfront Plan Goals and Sub-Area Goals**
- **Seek feedback on Values and Priorities for these specific properties based upon Waterfront Plan**
  - “Values” = the places, spaces, experiences, or other attributes of the RFP project site that are public priorities drawn from the Waterfront Plan.
  - Consider the existing assets and resources the future project should leverage.
  - Utilize the unique of locations to curate different, complementary experiences along the waterfront.



# Summary

## Retail/Restaurant Market Conditions

- Extremely difficult market conditions
  - About 1/3 office workers – remote work
  - Visitors still building up to prior levels
  - SF Hotels Occupancy decreased to 60% from 85%
  - Cost increases, worker shortages lingers
  - Some bright spots in the market
- Private landlords are using brokers and offering incentives
- Possible: Port uses broker and provides incentives





# Ferry Plaza East Building

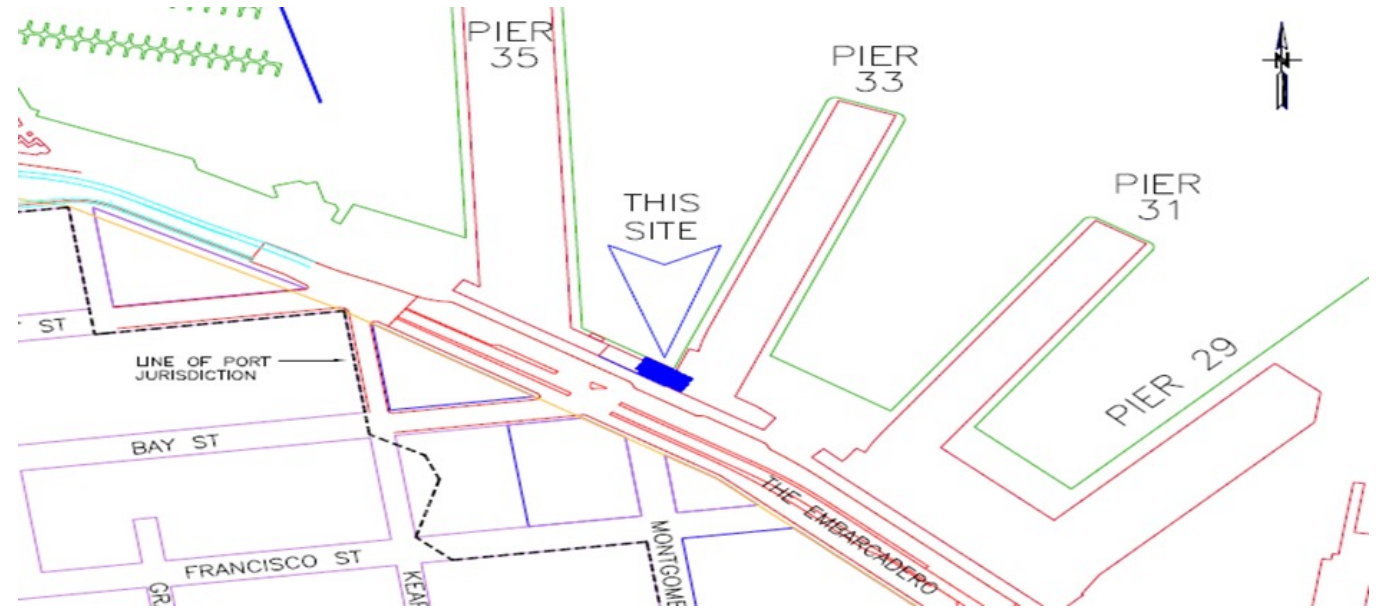
- Two-story Building with over 18,000 SF interior floor area
- Located Eastern Edge of Ferry Plaza Pier
- Near Ferry Building – 8 Million visitors per year before COVID-19
- Spectacular 360% View of the Bay, Bay Bridge, TI, City Skyline, etc.
- Easily Accessible by all transportation modes
- Challenges
  - Needs Interior/Exterior Upgrading
  - Large floor area – appeal to Special Tenants
  - Complementary uses to take up the full Space
  - Lack of Visibility from Embarcadero





# Pier 33 ½ Restaurant Space

- Interior Floor Area – 4,615 SF
- Frontage on The Embarcadero
- Near Alcatraz Landing – Over 1.3 Million visitors in 2019
- Great View of the Bay
- Easily Accessible by all transportation modes





## Waterfront Plan Goals

- 1. Maritime*
- 2. Diverse Uses and People*
- 3. Parks and Open Space*
- 4. Quality Urban Design*
- 5. Financially Strong Port*
- 6. Sustainable Transportation*
- 7. Environmental Sustainability*
- 8. A Resilient Port*
- 9. Partnering for Success*



# Northeast Sub-Area Objectives Applicable to the two sites

- 1. Protect and enhance the historic maritime character of the Northeast Waterfront.**
- 2. Activate the Northeast Waterfront with an array of uses that establish a daytime and nighttime presence but are not primarily tourist-oriented.**
- 3. Provide public access amenities that highlight newly created points of interest, more diverse recreational options and events to activate the Pier 27 Cruise Terminal Park, and wayfinding systems to enhance public enjoyment of the Northeast Waterfront open space and public access network.**
- 4. Provide a mix of uses in the Northeast Waterfront that emphasizes the civic importance of the Ferry Building area, generates waterfront activity, and serves San Franciscans and visitors alike**
- 5. Provide efficiently planned parking and loading facilities to serve new activities in the Northeast Waterfront.**
- 6. Coordinate closely with resilience proposals produced through The Waterfront Resilience Program to build understanding and support for innovations required to adapt to the impacts of climate change while respecting the history, character, and authenticity of the Northeast Waterfront.**

# Waterfront Plan Acceptable Uses & Port Objectives

## Pier 33 1/2

- Assembly & Entertainment,
- Museum Cultural
- Retail
- Visitor Services

## Ferry Plaza East Building

- Artist/Designers
- Assembly Entertainment
- Museum Cultural
- Retail
- Visitor Services
- General Office
- PDR





# Benefits Desired of these Offerings

- **Achieve Port's objectives for diverse tenants who provide opportunities for local contractors and suppliers, and provide great food and experiences welcoming to racially, culturally, and socioeconomically diverse patrons**
- **Attract visitors, spur patronage, activate Ferry Plaza platform eastern edge and Embarcadero**
- **Enhance the day, evening, and night activities of the Ferry Plaza platform and Embarcadero**
- **Generate new revenues and public benefits**
- **Renovate/activate these spaces to compliment their surroundings**

# Ferry Plaza East Building - Values & Priorities

**Values: the places, spaces, experiences, or other attributes of the asset being offered for lease that are public priorities**

1. Provide a mix of uses in the Northeast Waterfront that emphasizes the civic importance of the Ferry Building area, generates waterfront activity, and serves San Franciscans and visitors alike.
2. Provide a welcoming public space designed for fun and entertainment taking advantage of the spectacular Bay and Bay Bridge views.
3. Consider adaptation design to protect the area from flooding and sea level rise.
4. Coordinate closely with resilience proposals produced through The Waterfront Resilience Program to build understanding and support for innovations required to adapt to the impacts of climate change while respecting the history, character, and authenticity of the Northeast<sup>14</sup> Waterfront.



# Pier 33 ½ Values & Priorities

**Values: the places, spaces, experiences, or other attributes of the asset being offered for lease that are public priorities**

1. Uses that offer benefits to greatest number and broadest variety of users
2. Equitable access for all
3. Authentic and unique character defined by location and setting
4. Leverage Alcatraz Landing activities, maritime operations, and foot traffic
5. Integrate commercial revenue generation with public-oriented uses and benefits as needed to meet project financial feasibility requirements

# Next Steps & End of Presentation

## Seek Stakeholders' Input

- **NAC**
- **BCDC**
- **Incorporate NAC/BCDC inputs**

## Return to the Port Commission for

- **Review of offering terms/conditions**
- **Consider authorizing staff to pursue the offering**



Slides Moved Out of Deck

# The Northeast Acceptable Land Use Table

## Key:

A = Acceptable Use

X = Accessory Use

	<b>MARITIME</b> <sup>2</sup>				<b>OPEN SPACES/PUBLIC ACCESS</b> <sup>3</sup>				<b>PUBLIC-ORIENTED USES</b> <sup>4</sup>				<b>COMMERCIAL &amp; INDUSTRIAL</b> <sup>4</sup>				<b>OTHER USES</b> <sup>4</sup>				<b>RESIDENTIAL</b> <sup>4</sup>				<b>SHORT TERM INTERIM USES</b> <sup>4</sup>														
	Cargo Shipping	Fishing Industry	Ferry and Excursion Boats and Water Taxis	Historic Ships	Maritime Office	Harbor Services and Maritime Industrial	Passenger Cruise Industry	Recreational Boating and Water Recreation	Ship Repair	Temporary and Ceremonial Berthing	Parks/Public Open Space	Public Access/Public Realm	Natural Areas	Artists/Designers	Assembly and Entertainment	Hotels <sup>5</sup>	Museums & Cultural	Retail (includes food and beverage uses)	Recreational Enterprises	Visitor Services	Academic Organizations	General Office	Production Distribution and Repair Use (PDR)	Warehousing/Storage	General Industrial	Parking	Community Facilities	Sports Facilities	Transportation Services										
Embarcadero Historic District: Piers 35, 33½, 33, 31½, 31, 29½, 29, 23, 19½, 19, 17, 9, 9½, Agriculture Building <sup>4</sup>	A	A	A	A	A	A	A	A	A	A				A	A		A	A	A	A	A	A	A				X	A	A				A						
Seawall Lot 314										A				A	A	A	A	A	A	A	A	A	A				A						A	A					
Seawall Lots 315 – 318, 322										A							A					A						A					A	A					
Pier 27 Cruise Terminal and Park						A			A	A	A				A		A		A							X				A			A	A					
SWL 319										A							A																	A	A				
Seawall Lot 320										A																								A	A				
Piers 15 Exploratorium			A				A		A	A							A	A	A	A														A	A				
SWL 321														A	A	A	A	A	A	A		A	A				A							A	A				
SWL 322-I										A								A										X					A	A					
SWL 323,324										A	A						A	A																A	A				
Pier 7 ½ (Waterfront Rest)										A							A	A		A							X							A	A				
Pier 7										A	A																							A	A				
Seawall Lot 351										A					A		A	A	A			A					A	A						A	A				
Pier 1½, 3, 5			A	A	A		A		A	A							A					A	A				X							A	A				
Pier 1					A				A	A							A					A	A					A						A	A				
Pier ½										A																	A			A				A	A				
Ferry Building, Golden Gate/Downtown Ferry terminals, Ferry Plaza, and BART/Restaurant			A							A	A			A	A		A	A		A		A	A				X	A		A				A	A				
Pier 14										A	A																								A				
Embarcadero (Both sides)										A																													

## Table Notes:

<sup>1</sup> See Appendix E, Glossary of Terms, for definitions of uses in this table. See policies in Chapter 2 and Northeast Waterfront subarea objectives in this chapter, which apply to projects containing acceptable uses. Such projects are also subject to applicable regulatory review by the State Lands Commission, SF Planning Department and BCDC.

<sup>2</sup> See policies in Chapter 2A. This table indicates maritime and water - dependent uses best suited for the listed site. However, the Port Commission retains the authority to use Port sites for any maritime uses, subject to BCDC San Francisco Waterfront Special Area Plan policies regarding Open Water Basins.

<sup>3</sup> See policies in Chapter 2C.

<sup>4</sup> See policies in Chapter 2B.

<sup>5</sup> Pursuant to Proposition H approved by San Francisco voters in 1990, hotels are prohibited on piers and within 100 feet of the Bay shoreline.

# Stakeholder Values and Priorities



## Common to Embarcadero Historic District

1. largest diversity and offering of uses that offer benefits to greatest number and broadest variety of users
2. equitable access for all
3. authentic and unique character defined by location and setting
4. creates a sense of place, interpretive opportunities relevant to setting
5. Balances the objective of rehabilitation of the piers - with the objective of equitably serving a diverse group of neighbors and visitors



# Stakeholder Values and Priorities



## South Beach Piers

1. Enhance Pier 40 recreational boating or uses that support recreational boating
2. Opportunity to leverage excursion berthing operations at Pier 40
3. Leverage Ballpark activities and foot traffic
4. Opportunity for new uses on Pier 40 to activate The Embarcadero edge
5. Enhance use and activation of Brannan Street Wharf and South Beach Park
6. Opportunity to enhance and connect Piers 38 and 40 to the South Beach neighborhood Townsend commercial corridor

# Northeast Sub-Area Objectives Applicable to the two sites

- 1. Protect and enhance the historic maritime character of the Northeast Waterfront.**
- 2. Activate the Northeast Waterfront with an array of uses that establish a daytime and nighttime presence but are not primarily tourist-oriented.**
- 3. Provide public access amenities that highlight newly created points of interest, more diverse recreational options and events to activate the Pier 27 Cruise Terminal Park, and wayfinding systems to enhance public enjoyment of the Northeast Waterfront open space and public access network.**
- 4. Provide a mix of uses in the Northeast Waterfront that emphasizes the civic importance of the Ferry Building area, generates waterfront activity, and serves San Franciscans and visitors alike**
- 5. Provide efficiently planned parking and loading facilities to serve new activities in the Northeast Waterfront.**
- 6. Coordinate closely with resilience proposals produced through The Waterfront Resilience Program to build understanding and support for innovations required to adapt to the impacts of climate change while respecting the history, character, and authenticity of the Northeast Waterfront.**

# Background/Summary Market Conditions

- ❖ **Recent Port staff reports on recommended economic recovery initiatives including developing a long-term leasing strategy to re-lease restaurant and retail spaces**
- ❖ **A broker-assisted leasing strategy is a potent leasing strategy that we are considering subject to your feedback, to help re-lease our vacant retail spaces in a timely manner**
- ❖ **From 1993 to 2007, Port allowed the use of broker to find retail tenants**
- ❖ **Port using broker was rescinded in 2007 because the market was healthy and tenants were vying to lease the few Port properties available.**
- ❖ **Now, the market is experiencing excess supply and demand is lagging.**



# Anticipated Offering Terms

	Pier 33 1/2 Space	FPEB
<i>Interior Design</i>	Reconfigure as needed	Reconfigure as needed
<i>Exterior Design</i>	Minimal	Reconfigure to increase appeal
<i>Permitted Uses</i>	Retail, restaurant,	Restaurant, Assembly, Entertainment
<i>Lease Term</i>	Most likely: 5 to 10 Years	Most likely: 10 Years + Option to Extend
<i>Capital Investment</i>	Commensurate with Proposal	Commensurate with Proposal
<i>Capacity</i>	Team and Financial	Team and Financial
<i>Experience</i>	3 to 5 Years of relevance Experience	3 to 5 Years of relevance Experience

# Tenant selection Criteria – Evaluation Scoring Points

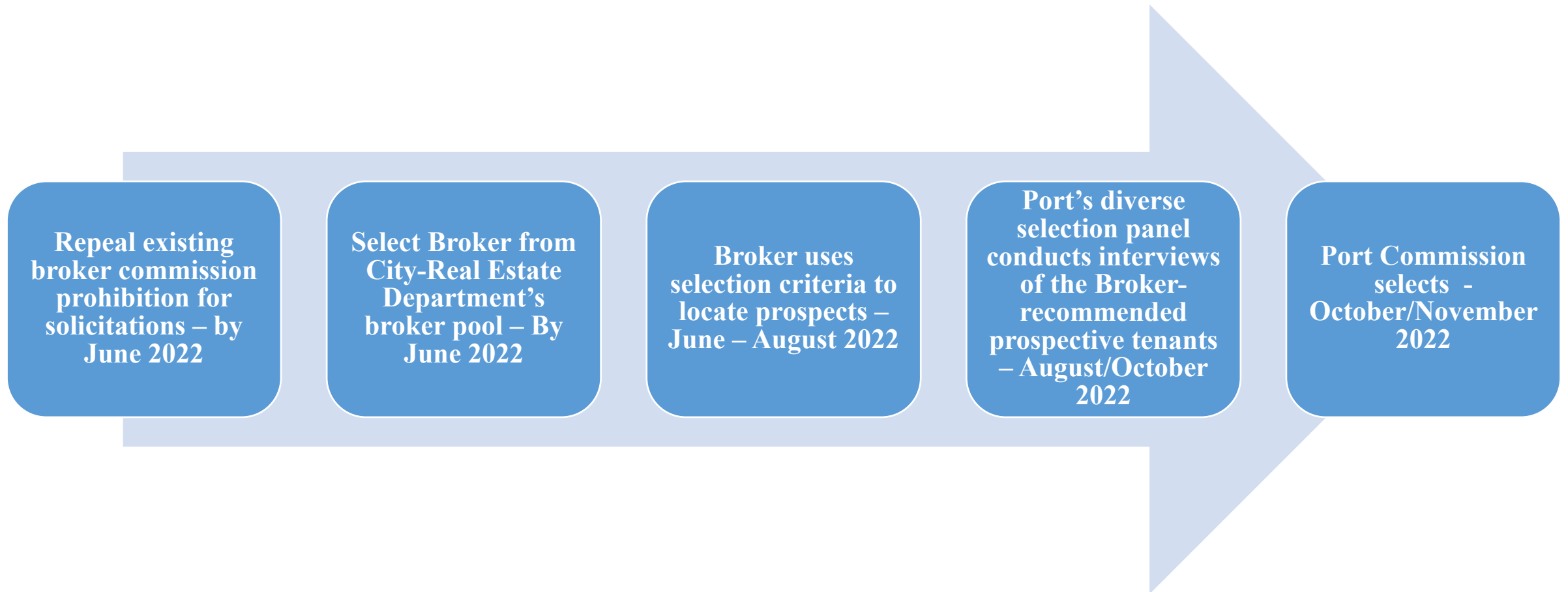
<b>Item</b>	<b>Criteria</b>	<b>Evaluation Points</b>
1.	Proposed Design Concept	20
2.	Proposed Capital Investment	25
3.	Experience and Financial Strength	20
4.	Proposed Financial Terms and Business Plan	25
5.	Community Values, DEI, and LBE Participation	20
6.	Total	120

# Conclusion on Port Retail Vacancies and the Near-Term Market Conditions

- Unique Property requires Unique Approach
- We are using a broker-assisted offering as pilot
- We may get back more Properties with similar profiles
- It is a tough market for landlords –  
Example - the near-by Embarcadero Center with many vacant retail/restaurant spaces



# Proposed Solicitation Process – Using a Broker



# Proposed Solicitation Process – Anticipated Broker Schedule



**Broker releases  
Offering  
Memorandum –  
June/July 2022**



**Port-staff/Broker  
Pre-submittal  
Meeting – July  
2022**



**Broker conducts  
Tours of the  
Properties – June  
– August 2022**



**Submittals Due  
– August 2022**



**Scoring Panel  
Review -  
October 2022**

