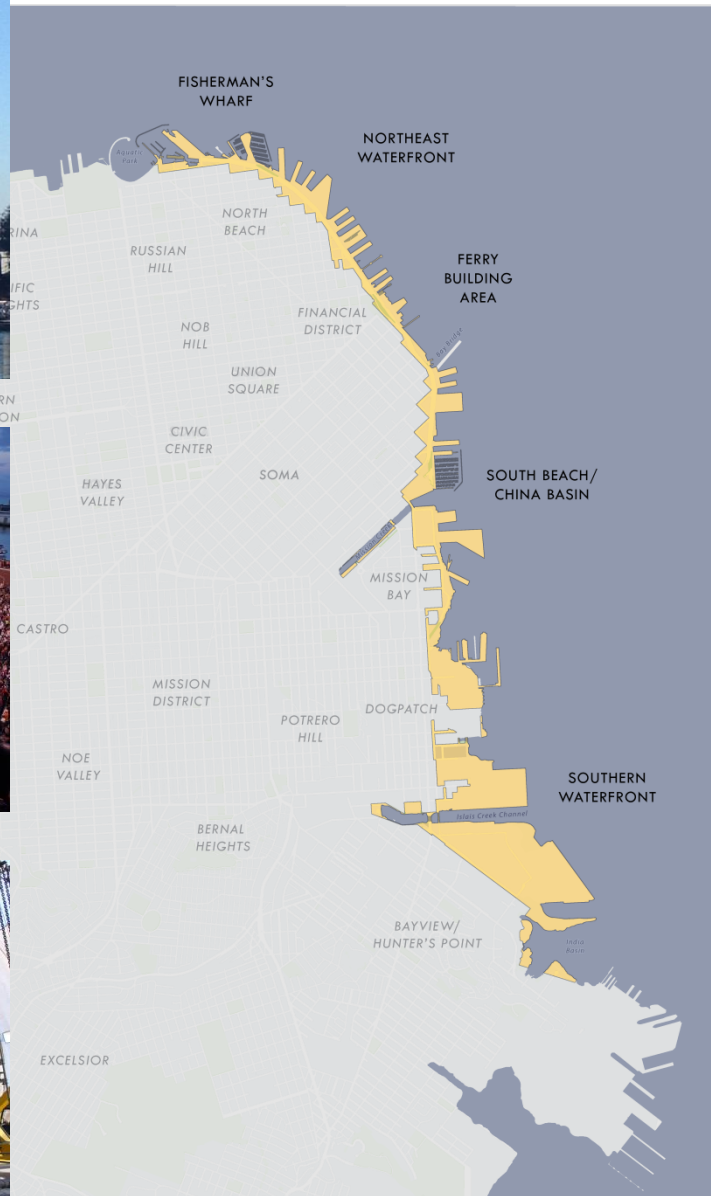
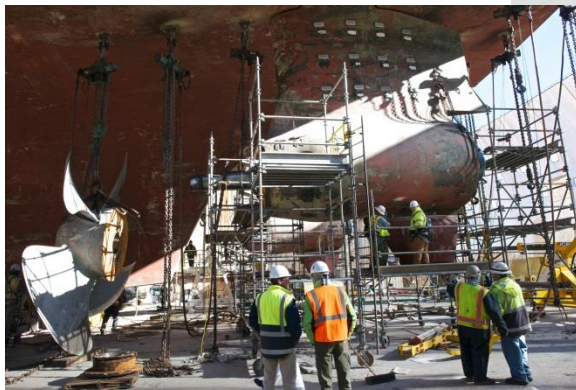


PORT OF SAN FRANCISCO

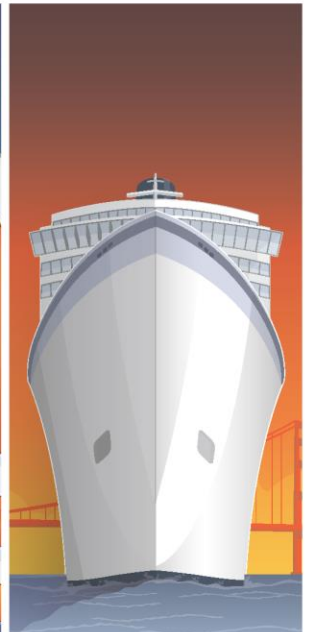




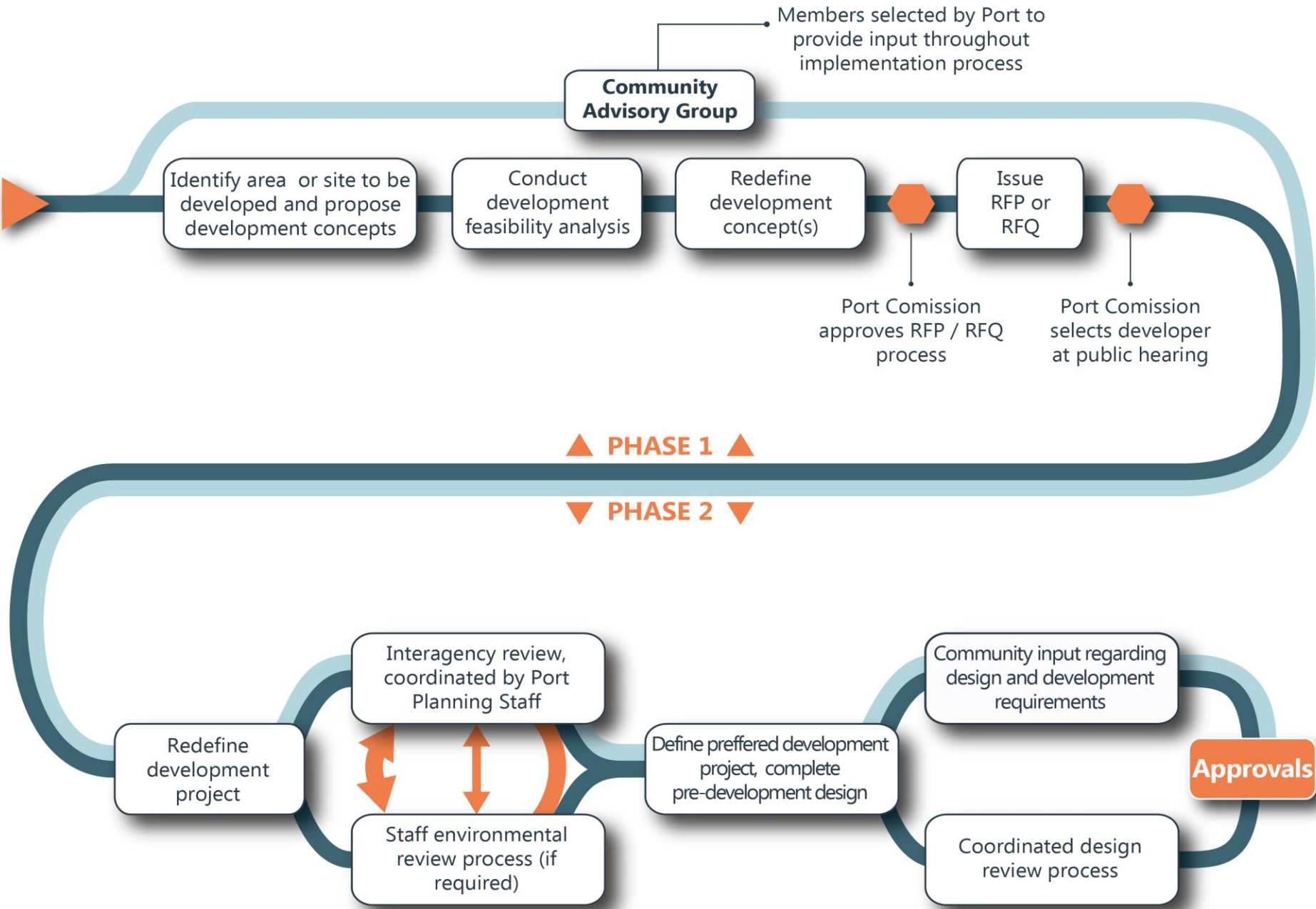
PORT OF SAN FRANCISCO WATERFRONT LAND USE PLAN 1997 – 2014 REVIEW



June 2015
www.sfport.com/WLUP



WATERFRONT PLAN IMPLEMENTATION PROCESS





Port Real Estate Leasing

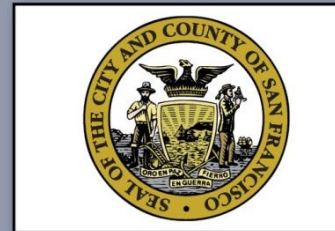
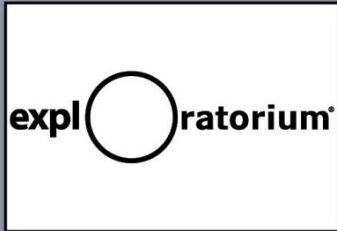
Diverse Portfolio

- 834 acres: 205 acres on waterside, 629 upland properties
- One of the City's largest industrial landlords (sheds, warehouses, open land)
- Restaurants, retail, office and surface parking lots
 - North of China Basin: Maritime, light industrial, and commercial
 - South of China Basin: Primarily maritime, heavy and light industrial & PDR

Over 500 Port leases

- Maritime & non-maritime, trust and non-trust tenants
- Large & small businesses, including incubator opportunities
- Local, non-profit, public and private tenancies
- State Lands policy and Waterfront Plan recognize that interim non-trust leasing can generate revenues for the Harbor Fund
- Non-trust interim lease provisions allowing replacement by trust uses — including long-term development (Section 4.2)
- Non-maritime leases over \$1 million in revenue or 10+ years subject to Board of Supervisors approval

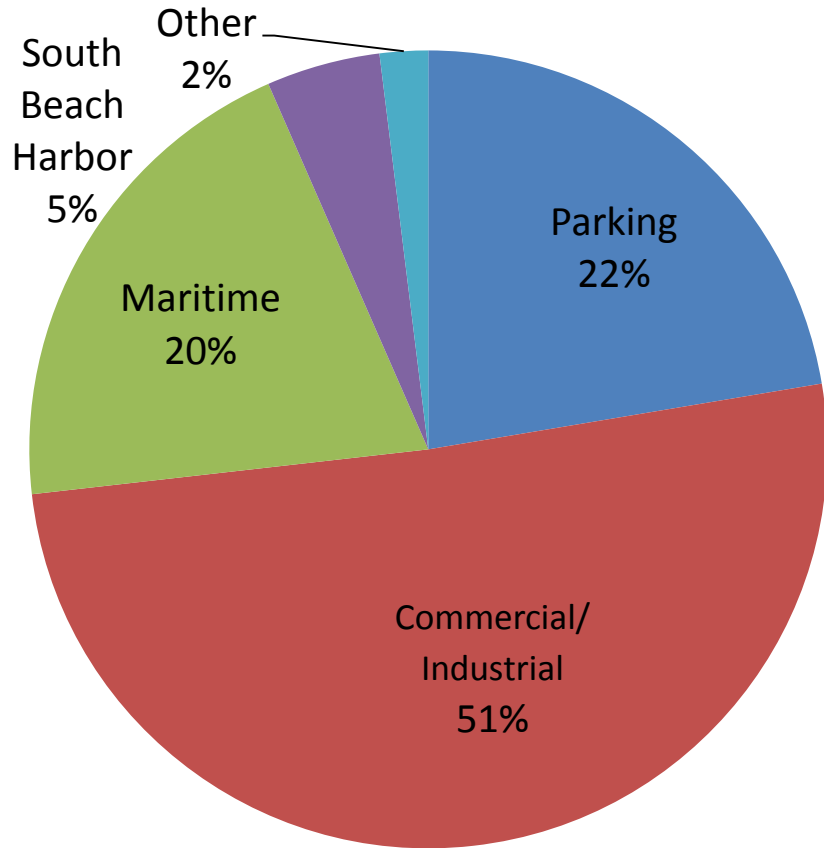
Top 20 Tenants



Leasing Parameters

- Competitive RFP required for retail & restaurant leases
(except high-performing existing tenants who invest in Port property)
- Port Commission sets Fair Market Value (FMV) parameters, based on market research
- Historic building repairs and improvements comply with Secretary Standards for historic rehabilitation
- Comply with all applicable Port Building Code, regulatory and environmental requirements
- Generally 5 -10 years for interim leases in Northern Waterfront; community engagement for longer terms
- Up to 30 years in Southern Waterfront

Real Estate — Port's Financial Engine



Diverse lease portfolio yields a stable revenue base, even during economic downturns

Public Process

- Bread & butter 5 year interim leases typically executed for FMV administratively — most leases
- Port Commission & BOS process for non-maritime leases over \$1M annual revenues or 10 year terms
- CEQA for change of use, physical changes to the environment
- Advisory group consultation for longer term interim leases (but not required for trust uses permitted by Waterfront Plan)
- Design review for new buildings, or notable new features
- BCDC permitting for substantial change in uses

“Bread & Butter” Industrial Leasing



Pier 9: Organic Maritime/Industrial/Office Mix



Investing in Port Assets

- Port sheds ideal for “maker” uses and new manufacturing technologies
- Piloting new PDR business opportunities

*Pier 9 Autodesk
Tech shop*

SITE SIZE:	30,590 square feet
TERM:	10 years
COST:	\$16.5 Million
COMPLETION:	2014

Retail and Restaurants Require RFPs



Unique Investors



SITE SIZE: 29,987 square feet
TERM: 5 years w/ 5 year option
COST: \$900,000
COMPLETION: 2011



SITE SIZE: 27,624 square feet
TERM: 10 years
COST: \$12.5 Million
COMPLETION: 2007

Real Estate Leases w/ New Construction



SITE SIZE: 151,700 square feet
TERM: 10 years with 3 five year options
COST: \$6 Million
COMPLETION: 2006



SITE SIZE: 19,891 square feet
TERM: 40 years
COST: \$21.3 Million
COMPLETION: 2005

Investing in Port Assets: Pier 29 Bulkhead Lease

A “Curated” Approach

- Not a Bread & Butter lease: Seek public-friendly uses to front along The Embarcadero Promenade
- Complement, do not duplicate other waterfront developments
- Community engagement prior to RFP



Pier 29 Fire Repair Project
2012



Challenge: Capital Repair & Improvements

Increasing Costs are Driving Need for Longer Lease Terms in Northern Waterfront than current Waterfront Plan policies:

- **Basic repairs for aging structures**
- **Port Building Code compliance**
- **Historic rehabilitation & public access requirements**

Long-Term Development

Overview: Port Development

- **What** are long-term development projects?
- **Why** does the Port pursue development projects, i.e. what are the benefits?
- **Key factors** for a successful public-private partnership.
- **Lessons learned** and **Issues** to consider going forward.



What distinguishes **Development Projects** from other leases at the Port?



Large Scale/Entire Facility
Exploratorium

Characteristics of Development Projects

Public Private Partnerships



Characteristics of Development Projects

Public Private Partnerships



Characteristics of Development Projects

Long Lease Terms 50+ years



Pier 1.5 Before



Pier 1.5 After

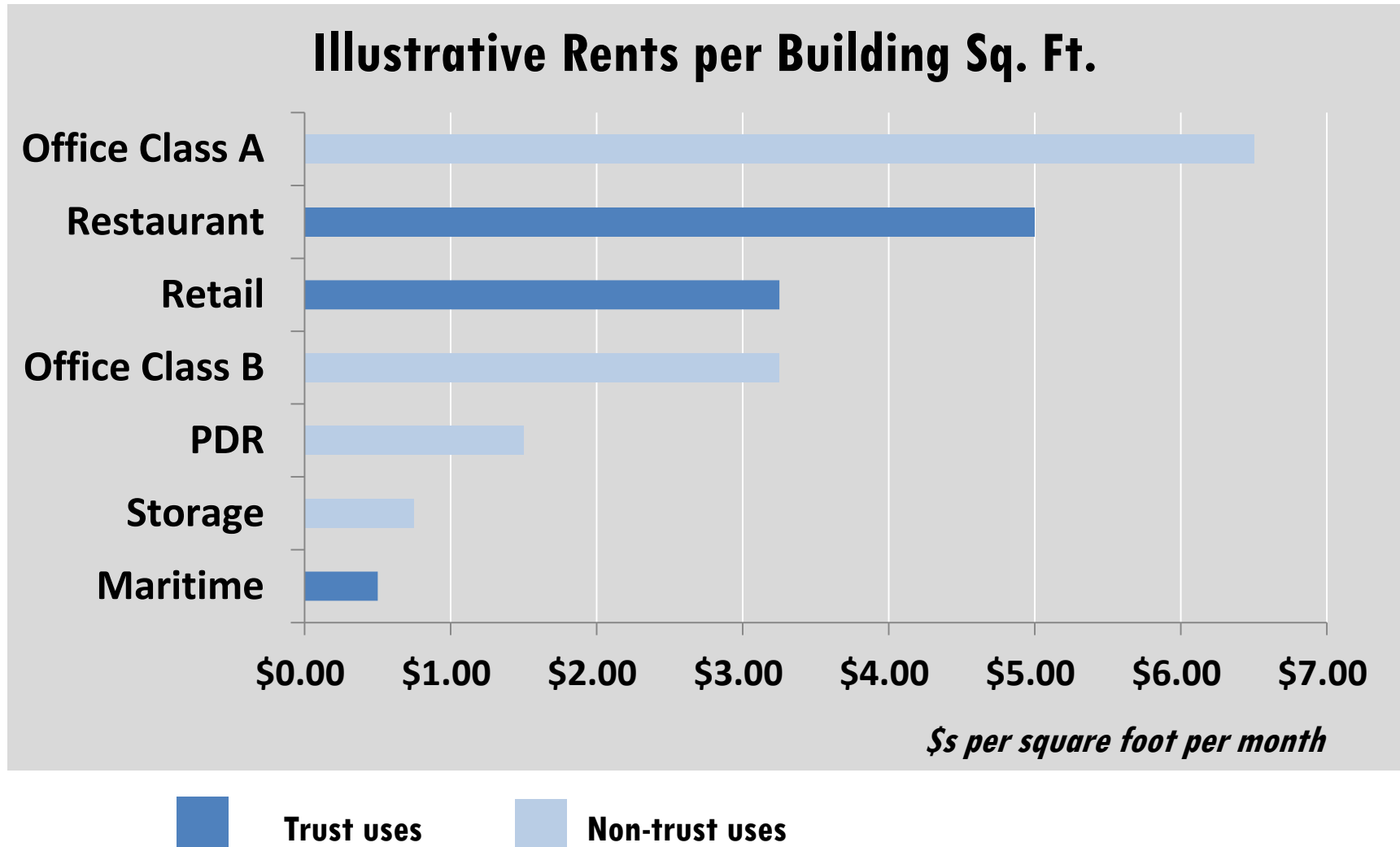
Characteristics of Development Projects



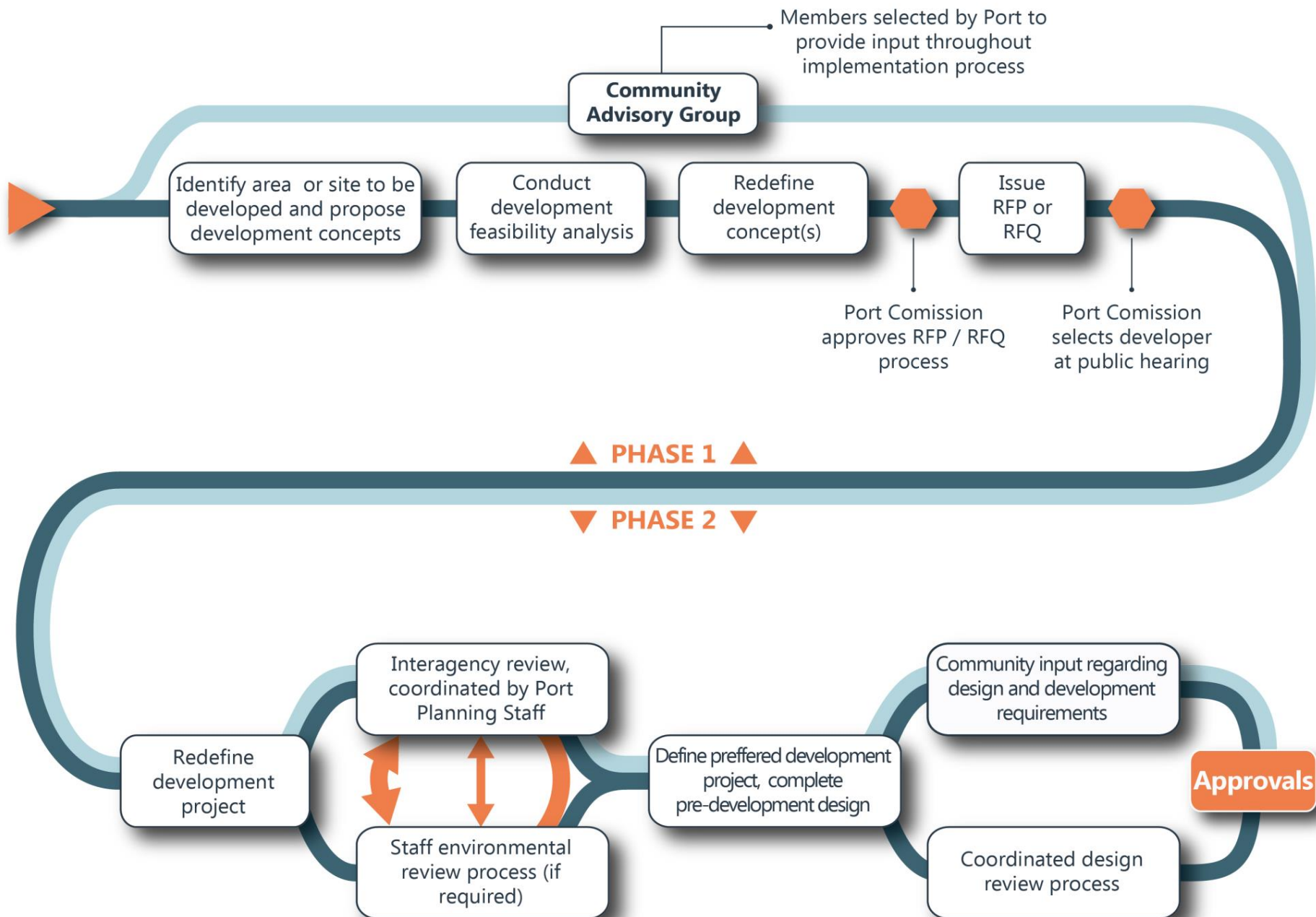
4. Mixed-use / Cross-use subsidies

Characteristics of Development Projects

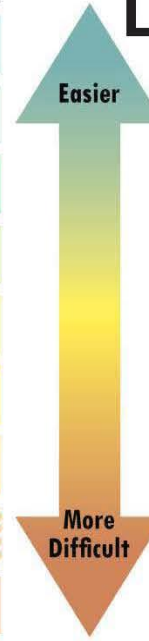
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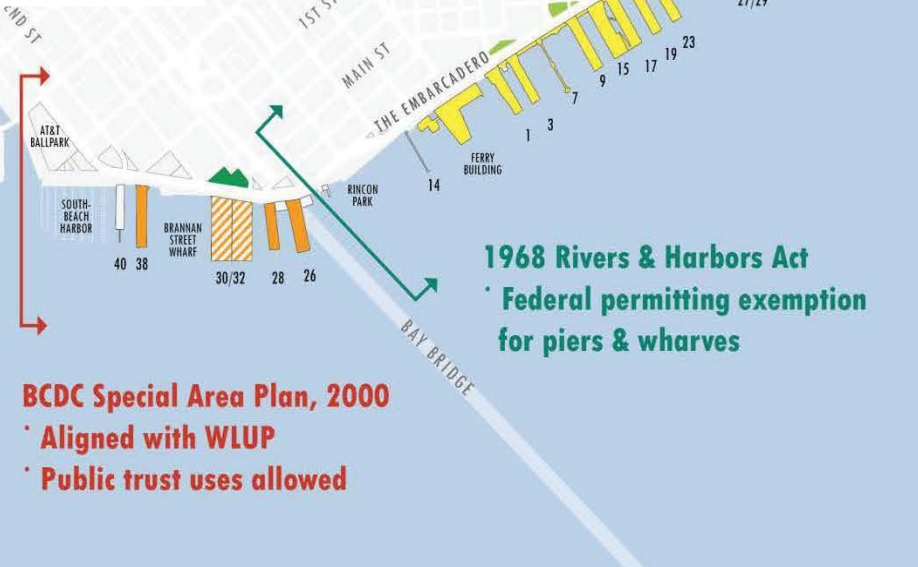
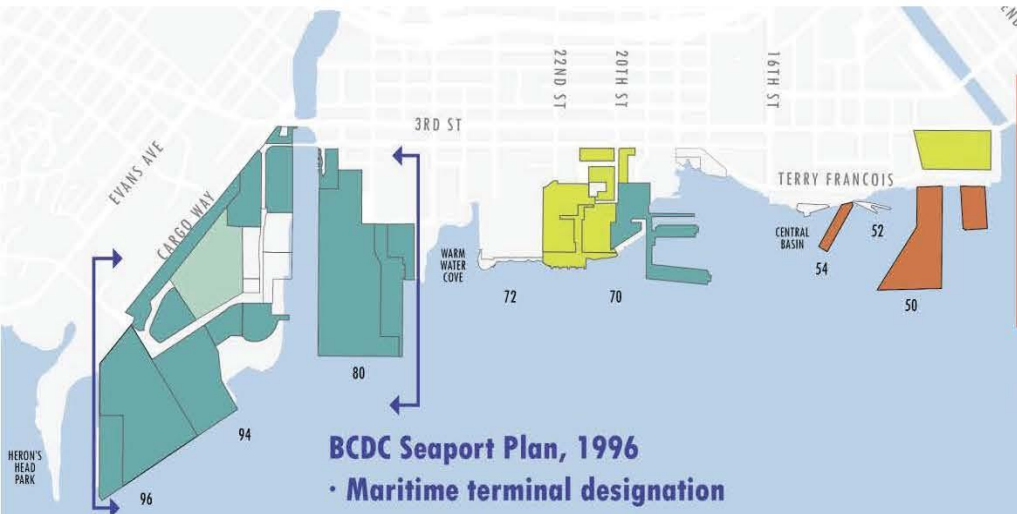
WATERFRONT PLAN IMPLEMENTATION PROCESS



PROJECT APPROVAL LEVEL OF DIFFICULTY



Port Leases & maritime leases	City CEQA, zoning, leases	BCDC Bay fill & public access	Water Board Bay fill, piles, & stormwater	State Lands Public Trust & Mavrket Value	Army Corps Bay fill & piles
✓	✓	✓			
✓	✓		✓		
✓	✓			✓	
✓	✓			✓	
✓	✓	✓	✓	✓	* Requires Ballot Measure
✓	✓	✓	✓	✓	* Requires Resource Agency Consultation
✓	✓	✓	✓	✓	* BCDC Plan Amendment
✓	✓	✓	✓	✓	✓ * Requires State Legislation
✓	✓	✓	✓	✓	✓ * BCDC Plan Amendment



1968 Rivers & Harbors Act
• Federal permitting exemption for piers & wharves

Where are Port Development Projects?



Existing Projects

Pier 45 Sheds B&C
Pier 39
Pier 27 James R Herman Cruise Terminal
Pier 15-17 The Exploratorium*
Pier 1
Piers 1.5, 3, & 5
Ferry Building
Rincon Restaurants
AT&T Park*
Seawall Lot 330 Watermark



Projects in the Planning Phase

Seawall Lot 322-1 Affordable Housing Project
Seawall Lot 337 & Pier 48, Mission Rock
Pier 70 Forest City
Seawall Lots 323 & 324 Teatro Zinzanni

*Sole-source projects



Projects Under Construction

Orton 20th St. Historic Rehabilitation



Potential Development Planning Subareas



Why do we undertake development projects?

- Fulfill public trust obligations
- Achieve Waterfront Plan goals
- Historic restoration
- Public access
- Maritime



Diverse Uses - Cruise Terminal



Diverse Uses - Science Museum



Diverse Uses

**Regional
Marketplace**



**Farmers
Market**

Diverse Uses - Restaurants



Diverse Uses - Ballpark





Ferry Building



Piers 1.5 — 3 - 5

Photography by Tim Griffith



Pier 70

Historic Rehabilitation



Pier 1



Water taxi and guest dock — Pier 1.5



James R. Herman Cruise Terminal -- Pier 27

Maritime Commerce Improvements



**China Basin Ferry Landing
AT&T Ballpark**



Bay Delta Tug and Tow — Pier 17 /



Public Access and Open Space



Why do we undertake development projects?

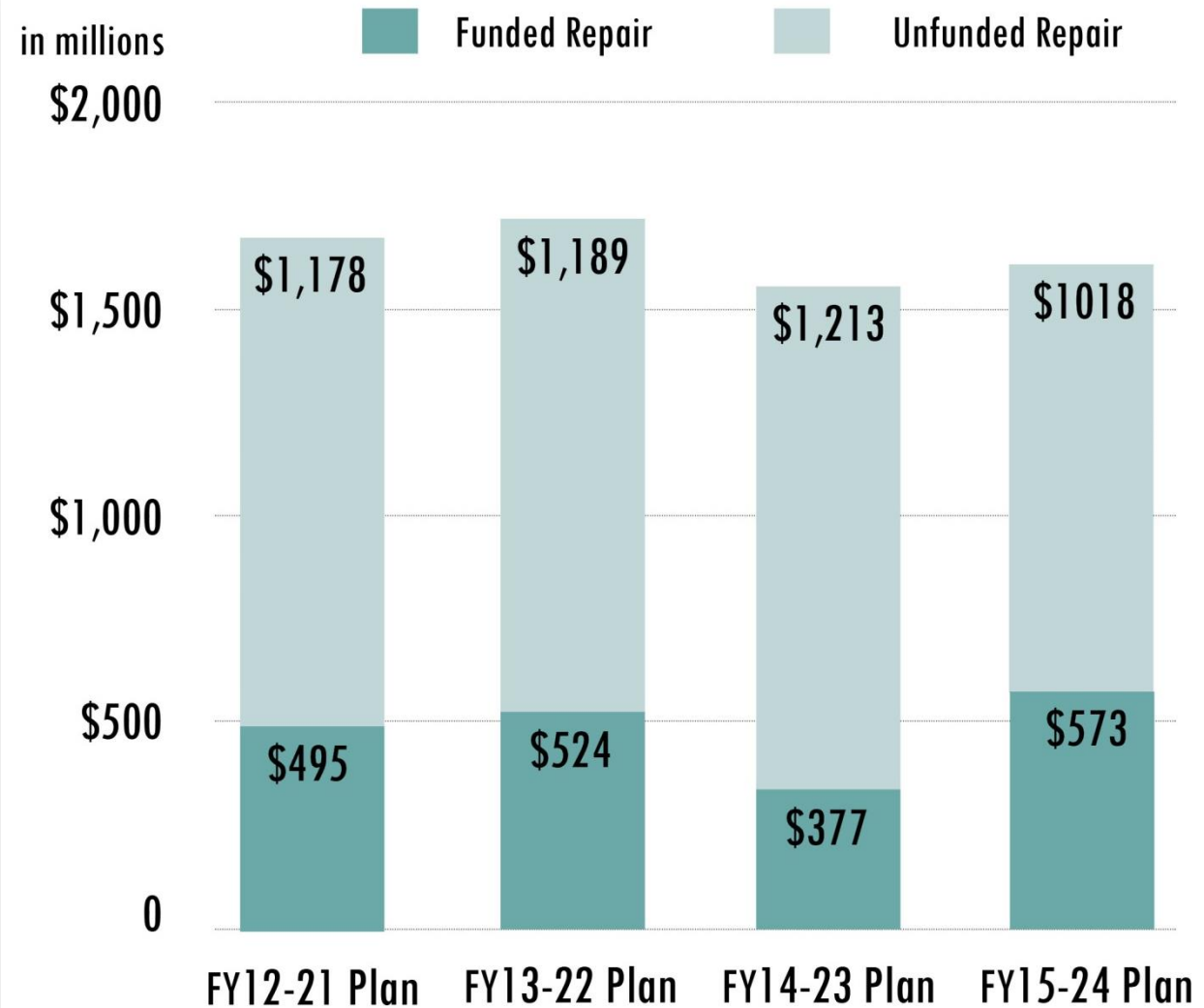
- **Key funding source available to strengthen and rehabilitate historic resources**

Excludes

Seismic Upgrades

Seawall Improvements

Sea Level Rise Improvements

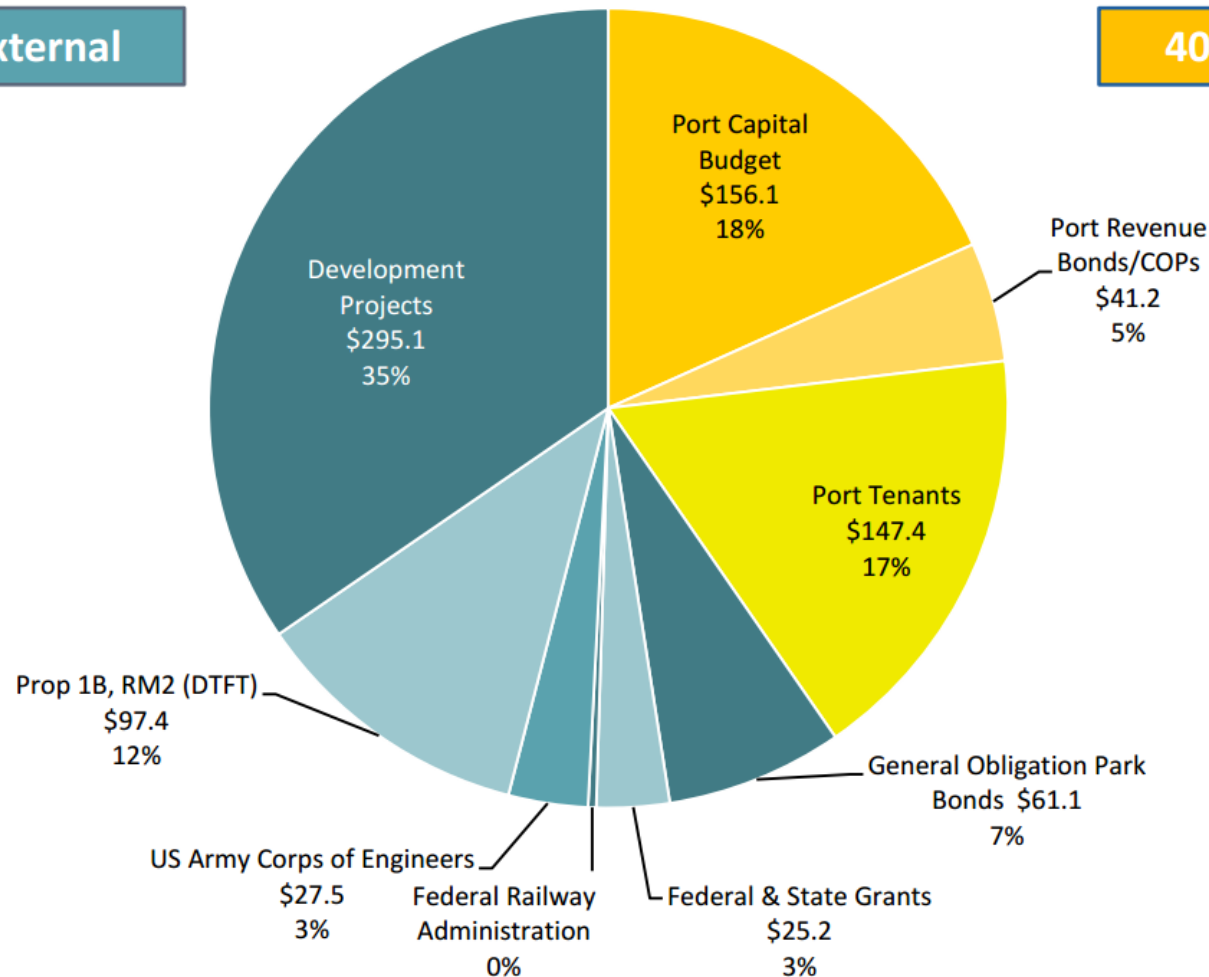


Historic Capital Funding vs. Need

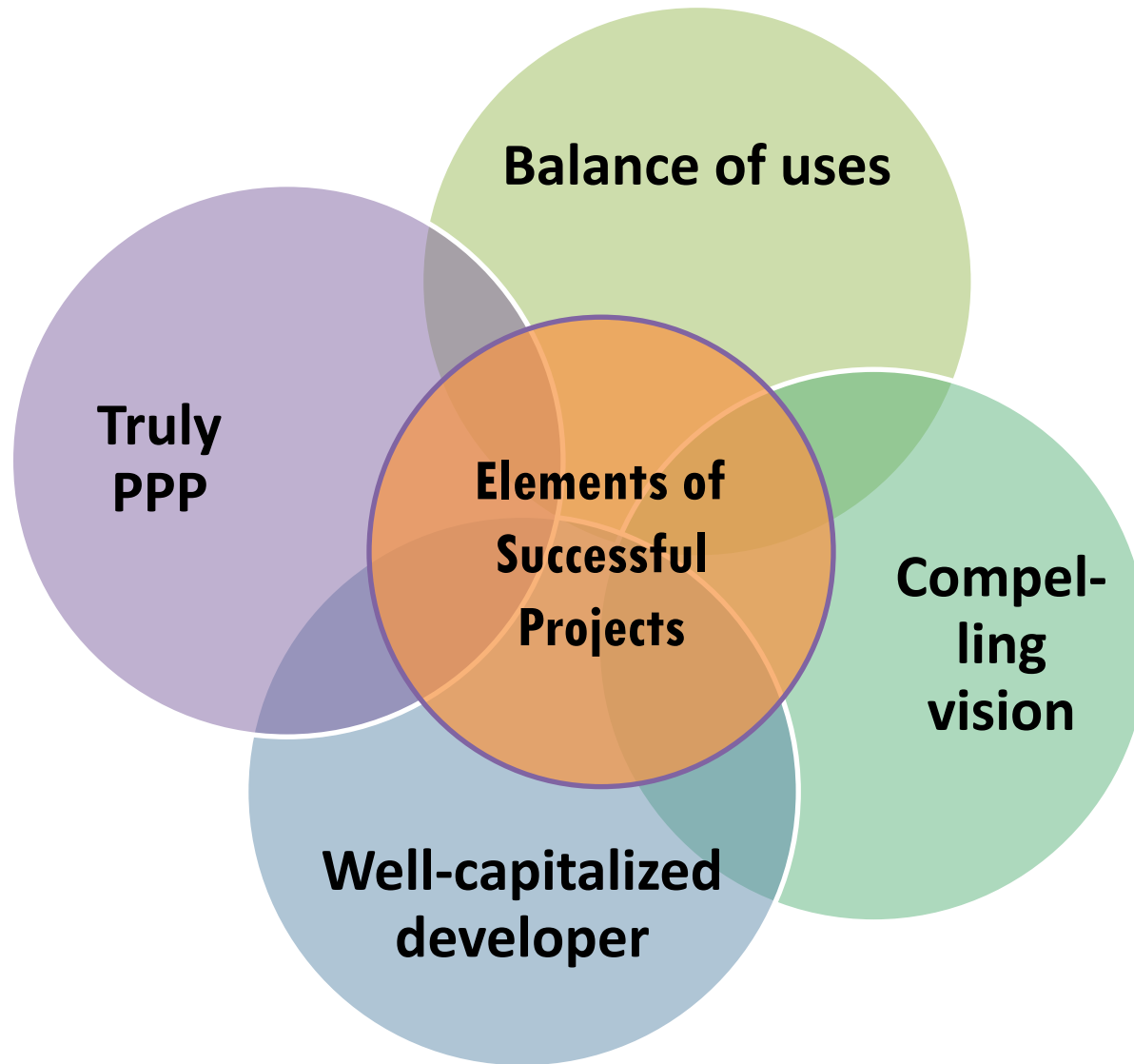
10-Year Capital Plan Identified Funding Sources

60% External

40% Internal



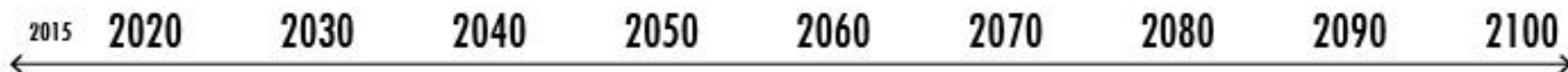
Keys to Successful Development: Past



New Realities Require Revised Approach

1. Costs are rising as deterioration continues
2. Long entitlement period means most expensive money at risk for longer periods

SEA LEVEL RISE LINE OF DEFENSE



Planning &
Conceptual
Design

CEQA,
Permitting,
Funding

Construct the
City's Line of
Defense

◀ Piers become difficult to maintain
due to work window < 6 hrs/day

Burton Act Maximum Lease Term

66 yrs

Term of Lease for Private Financing³⁶

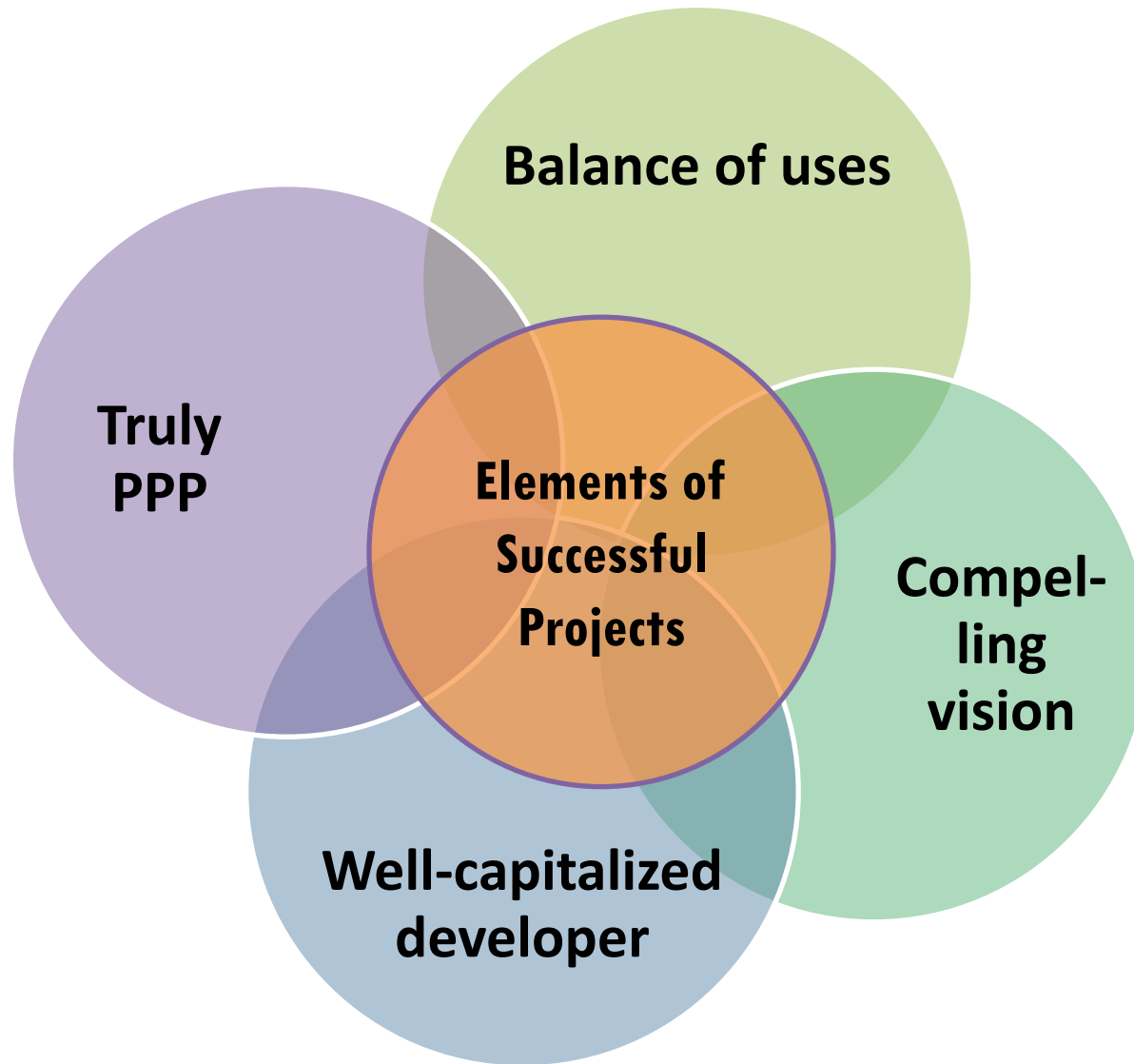
*could be shorter for smaller scale projects

50-55
yrs

**Term of Lease for
Historic Tax Credits**

39-47
yrs


Keys to Successful Development: Past



New Realities Require Revised Approach



Higher Costs,
less access to
capital & HTC



SLR reducing
lease term

New Realities Require Revised Approach

