



PORT OF SAN FRANCISCO WATERFRONT PLAN UPDATE



9/1/2016

Part 2 Public Process
and Proposed Guiding Principles

MEMORANDUM

September 1, 2016

TO: Members, Waterfront Plan Working Group and Advisory Teams

FROM: Diane Oshima, Assistant Director, Waterfront Planning

RE: September 15, 2016 Working Group Meeting – Part 2 Waterfront Plan Update Public Process and Proposed Guiding Principles

The next Waterfront Plan Working Group meeting is on **September 15, 2016, 6 – 8 pm at Pier 1**. We are sending these background materials earlier than usual to provide you with extra time to consider them before the Working Group meeting. I will be away from the office until September 14th. In my absence, please contact Anne Cook (415-274-0545; Anne.Cook@sfport.com) if you have any questions or would like any additional materials from Part 1 to refresh your memory and help you prepare for the September 15th meeting.

KICKOFF OF PART 2 OF THE WATERFRONT PLAN UPDATE PUBLIC PLANNING PROCESS

The Waterfront Plan Working Group (Working Group) last met in July 2016, completing Part 1 of the public process which had focused on a comprehensive review of land use issues facing the Port. On August 9, 2016, Port staff briefed the Port Commission on the proposed Part 2 process and the policy issues identified that will be addressed in Part 2 of the public process.

The Part 2 process will involve Working Group subcommittees assisted by members of the Waterfront Plan Advisory Teams (Advisory Teams). Subcommittees will focus on: 1) Land Use, 2) Resilience (and Sustainability), and 3) Transportation policy issues. The subcommittees will allow Working Group members to delve more deeply and nimbly into policy discussions and tradeoffs, in meetings that will continue to be open to the public. The subcommittees will include participation from each of the seven Advisory Teams to ensure that their core knowledge and expertise is included in the discussions. There will be at least two meetings of the Working Group during the subcommittee process to hear from subcommittee chairs and to provide additional guidance as needed. We are in the process of finalizing subcommittee rosters with co-chairs Rudy Nothenberg and Janice Li and will send or provide them to you no later than the September 15th meeting.

The [attached flowchart](#) provides an overview for Part 2 and the subcommittees, which we will discuss in further detail at the September 15th meeting. As noted in the Part 2 flowchart, all subcommittee recommendations and information will come back for discussions in meetings of the full Working Group, so everyone will be able to weigh in on all topics at some level. In addition, certain issues will be deliberated by the Working Group as a whole, including, for example, public engagement, regulatory review, financial demands, and enforcement. Finally, all meetings will be open to the public and Working Group and Advisory Team members are encouraged to attend subcommittee meetings other than the one they serve, if desired.

In order to focus subcommittee discourse and to assure that those issues most in need of being revised (or newly addressed) in the updated Waterfront Plan are dealt with, we have developed a proposed set of “Guiding Principles” to provide a framework for the Part 2 discussions. At the meeting of September 15

and (if necessary) October 5, the Working Group will be asked to discuss and, where desirable, to amend and then to “accept” these “Guiding Principles” whereupon the work of the subcommittees can begin.

We are providing the proposed “Guiding Principles” now so that Working Group members will have ample time to consider them prior to our meeting(s). We also will welcome comments from members of the Advisory Teams and the public at the meeting(s).

As preparation for the September 15th meeting, please read [this staff report](#) prepared for the August 9th Port Commission meeting. It summarizes the Part 1 process and outcomes and provides an overview of where we are heading in Part 2; it is essential background for your consideration of the proposed Guiding Principles which will be the focus of the September 15th meeting. Here also is a link to the SFGovTV recording of the [August 9th Port Commission hearing](#), for those interested in hearing the staff presentation and Port Commission and public comments.

PROPOSED GUIDING PRINCIPLES

For Working Group discussion and consideration on September 15, 2016

1. **The Waterfront Plan Update should guide the Port while long-range adaptation planning, engineering, and financing studies to respond to sea level rise and strengthen the Seawall are undertaken by the Port, along with the appropriate City, State, Regional and other authorities.**
 - City and regional studies required for the Port to successfully adapt to long-term sea level rise (SLR) and repair the historic Seawall will extend beyond the timeframe for the Waterfront Plan Update process. Part 2 discussions should therefore focus on defining the public values, design criteria and/or other policy guidance that will underlie and support these longer term resiliency planning efforts, without prescribing specific solutions. The Waterfront Plan Update should include a new “Resilience” goal and related policies to guide the Port in these resilience planning processes. The Waterfront Plan Update should also address measures to deal with interim flood protection during the time that long range adaptation and improvements are being developed. Resilience goal and policy statements also should recognize the Port’s need to prioritize Seawall seismic improvements, including implementation of the first phase of these improvements within 10 years.
2. **The Waterfront Plan Update also should highlight the need for and make recommendations to guide a Plan of Finance to improve waterfront resilience.**
 - Waterfront resilience needs and adaptation strategies have become and must remain a primary consideration in waterfront improvement and investment decisions. Clear Waterfront Plan policy guidance provided in an updated WLUP should assist the Port and the City in developing inter-governmental and regional collaborations required for resilience projects, to identify and secure financial assistance from federal, state and local public and private funding sources.
3. **Where possible, the Waterfront Plan Update should provide greater land use and lease term flexibility to enhance the Port’s ability to undertake projects that rehabilitate and thus preserve the Embarcadero Historic District’s iconic finger piers and bulkhead buildings.**
 - The 1997 Waterfront Plan was founded on the principle that the unique historic profile and architecture of San Francisco’s Embarcadero waterfront should be protected and preserved. The Port’s historic resources also are valuable real estate assets that accommodate the broad range of uses promoted in the Waterfront Plan. The Waterfront Plan Update should continue to support small and large industrial, retail, parks and open space, commercial, recreational, and maritime uses and

businesses. As pier repair costs and capital improvements drive the need for longer amortization periods, trust uses are more difficult to attract, and development projects become more expensive, the line between standard Port leases and long-term development leases has become blurred. The Waterfront Plan Update should revisit and update land use policies, taking into consideration costs of historic resource repairs, environmental protection, and sea level rise adaptation. In addition, the process for public comment on interim leasing and development projects should be updated, and include policies or measures to enforce compliance with Waterfront Plan policies.

- Provisions for more land use flexibility (including non-trust uses) and longer interim lease terms than those currently allowed in the Waterfront Plan need to be considered to finance repair and improvement of those Embarcadero Historic District resources that cannot be financed under existing conditions. Part 2 discussions should identify conditions under which such flexibility within required Historical District limitations could be provided, along with recommended criteria or development standards. The Part 2 discussions also should recognize State Land's, BCDC's, and the City's land use regulatory roles; any changes to provide land use flexibility will require intergovernmental agreement and coordination to ensure consistency with public trust requirements and City land use zoning controls.

4. The Waterfront Plan Update should facilitate desired projects that comply with the Secretary of the Interior Standards for Historic Rehabilitation, bringing them to fruition with greater certainty, efficiency, and transparency.

- Since adoption of the 1997 Waterfront Plan, several well-received Port historic rehabilitation projects have been completed (Ferry Building, Piers 1, 1 ½, 3 and 5) or approved (Pier 70). As described above in Item 3, the high costs of historic rehabilitation plus additional requirements to manage for sea level rise make future preservation projects less certain. In addition to considering whether and how to increase use flexibility, Part 2 discussions should address whether such flexibility can be applied systemically within the Embarcadero Historic District rather than on a case-by-case basis. The goal should be to simplify the process, reduce time and associated costs, and increase the viability of historic rehabilitation projects and leases, while still providing all appropriate regulatory and procedural safeguards.

5. The Waterfront Plan Update should continue to reflect the Port's maritime commitment and the different maritime-related needs. The Update also should include additional focus on maritime services and berthing, water-borne transportation, and water recreation along the entire Port waterfront.

- The Port balances the demands for a variety of ship and vessel berthing needs with demand for public access along pier aprons. The Waterfront Plan Update should provide further direction on how to balance these uses in situations where maritime berthing operations preclude safe public access.
- The Update also should include new policies addressing the growth of water recreation activities, including the relationship of Port facilities to the Bay Area Water Trail. New policies also should address safe and appropriate Bay water access sites, associated landside support and amenities, and safety and environmental protocols for locations where water recreation and deep water maritime vessel and other harbor traffic may conflict (e.g. ship repair yard, ferry terminals, sensitive habitat).

6. The Waterfront Plan Update should continue to include aspirational goals but also recognize the many competing needs relative to limited Port resources. Choices and trade-offs will need to be considered to determine priority improvements and investments. The Waterfront Plan Update must recognize that the Port cannot rely solely on revenues generated on Port lands to achieve all Waterfront Plan goals. The Part 2 discussions should review and, if necessary, suggest changes to the method of prioritizing the use of the Port's limited capital funds.

- The Port's current financial resources do not allow for the level of investment required to bring all deteriorating assets back to productive use, and support maritime, historic resource stewardship and public access demands. The Port's capital backlog grows every year and does not include costs of Seawall seismic improvements and long-term sea level rise adaptation.
- The Waterfront Plan Update should, to the extent possible, propose new and additional public and private revenue sources, to implement the Port's 10 year Capital Plan on an accelerated basis so that the Port can continue to optimize the revenues from its currently leased and leasable properties, and restore to states of good repair those assets currently not producing either revenues or public access. In addition, and in recognition that developing new revenue sources is a long-term process, the Waterfront Plan Update should ensure that the 10 year Capital Plan makes optimum use of those capital funds now available to the Port through its own internal sources.
- As a practical matter, the Port and City have become inseparable, notwithstanding the Port's responsibilities under the Burton Act. Port developments, parks and recreational attractions are connected into the larger City fabric, providing a variety of public benefits for residents as well as regional, state and international visitors. These wide-reaching benefits have been recognized by San Francisco voters, who approved City General Obligation bond funding for waterfront parks in 2008 and 2012. The Working Group should discuss whether some of the associated costs of operations also should be shared by the City, not borne only by the Port or its tenants. Economies of scale are likely if the City carries more operational responsibilities (e.g. street and sewer repairs, open space/park maintenance and programming), saving Port resources for maritime, pier repair and other capital projects.
- The remaining seawall lots should be prioritized for land use improvements that complement the surrounding neighborhoods and maximize revenue generation for Port improvements. Current Waterfront Plan policies support trust and non-trust revenue generating uses for seawall lots. Given the Port's limited financial resources, seawall lot developments should generate revenue and public financing benefits (e.g. IFD) that support waterfront maintenance improvement projects.

7. Waterfront Plan transportation policies should be updated to align with City transportation goals and priorities, including the City-adopted Transit First and Vision Zero policies among others, to elevate the priority for transportation investments by local and regional transportation agencies to improve access to and along the waterfront.

- The Embarcadero waterfront is currently a major City arterial that supports regional transportation connections to the City network and serves all modes of transportation. Given the magnitude of housing and economic development targeted for South of Market and along the Southern Bayfront (from Mission Bay to Hunters Point Shipyard/Candlestick Point), there is a need to prioritize transportation investments to serve new growth and communities along and near the waterfront.

- The Port plays a lead role in supporting and promoting expansion of facilities to meet the growing demand for water-borne transportation. Updated policies should address the operational and functional needs of ferry, excursion and water taxi operations, and opportunities for both public and private operators.
- City sea level rise planning and Port efforts to strengthen the Seawall have important transportation implications that should be addressed in Working Group recommendations; these improvements will be needed to protect transportation access and utilities along The Embarcadero, and subway tunnel access to Muni and BART.
- Port maritime and industrial uses continue to require truck and freight rail access, particularly south of China Basin Channel. Working Group recommendations should provide direction on how industrial transportation operational needs should be balanced with waterfront revitalization.
- Part 2 discussions should address how the Port can best position itself to optimize opportunities to secure city, state, federal and other non-Port funds for waterfront transportation improvements.

RELATIONSHIP BETWEEN THE PORT'S WATERFRONT PLAN, STRATEGIC PLAN, AND 10-YEAR CAPITAL PLAN

Also at the September 15 Working Group meeting, Interim Executive Director Elaine Forbes will briefly discuss how the [Port Commission's 2016-2021 Strategic Plan](#) is related to the Port's Waterfront Land Use Plan and the 10-year Capital Plan. As background for this presentation, we have provided this link to the [August 5, 2016 Port Commission Staff Report](#) update on the advancement of the Strategic Plan.