



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




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MIXED-USE DEVELOPMENT & HISTORIC REHABILITATION

Background

The Waterfront Plan designates locations for “Waterfront Mixed Use Development”, where historic rehabilitation, improved maritime services, and commercial and recreational development is targeted to complement the Port’s planned parks and public access network. The Waterfront Plan’s goals convey the desire to create an urban waterfront edge that knits into the colorful mix and character of the surrounding neighborhoods. While ship repair and cargo shipping require large tracts of exclusively dedicated land, the Port’s other maritime industries are smaller scale and can be mixed with other uses. Indeed, the continuing effort to support these industries plays a strong role in expressing San Francisco’s rich history, as well as to imbue a waterfront character in Port developments that differentiates them from mixed use projects elsewhere. Fishing, excursions, passenger cruise, harbor services, recreational boating and vessel berthing require less dedicated space and, with careful management, can compatibly co-exist with commercial, recreational and institutional uses, as well as upland residential development.

The Waterfront Plan contemplated public-private development partnerships as a significant element to revitalize the Port. Even before development of the Port’s 10 Year Capital Plan in 2006, it was clear that the Port did not have the financial resources to improve the waterfront on its own. Public-private development partnerships have provided a means to access other capital resources to upgrade and improve maritime facilities and rehabilitate aging piers and bulkhead buildings, as part of developing a new mix of public-oriented uses that have transformed the waterfront over the past 17 years.

Recognizing the many voices and perspectives that must be considered in waterfront development projects, the Waterfront Plan sets forth a site-specific development review process, described in Chapter 2. It involves consulting with Port advisory committees and the public about the objectives and public values that should be sought before the Port Commission authorizes competitive development requests for qualifications or proposals.

This section summarizes the Port’s completed mixed use development projects that have gone through the Waterfront Plan pre-development community review processes during the past 17 years. Projects such as Pier 39 preceded this review period. Other projects discussed in section 4I – Unique Development



Opportunities, such as the Giants Ballpark, the International Museum of Women, the Exploratorium, the 34th America's Cup and the Golden State Warriors pavilion were unique development opportunities that could not, by their nature, be the subject of the competitive bidding process envisioned by the Waterfront Plan. As indicated, not all

development proposals are successful. The discussion below includes Port staff analysis and lessons learned from terminated projects to assist public understanding and consideration for future development opportunities.

PROJECTS APPROVED FOLLOWING TO THE WATERFRONT PLAN BIDDING AND REVIEW PROCESS:

H1 - Pier 1 Historic Rehabilitation



Pier 1 was the Port's first historic pier rehabilitation project, initiated to provide a new home for the Port's headquarters in order to make way for the subsequent Ferry Building historic rehabilitation. The Pier 1 substructure was repaired by the Port after the Loma Prieta earthquake allowing the project to focus on rehabilitation of the pier shed for office space to house the Port's headquarters and other office tenants. The project includes a retail/café space, public access that encircles the full perimeter of the pier and limited maritime berthing along the pier aprons. The pier was rehabilitated consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties and nominated and listed on the National Register of Historic Places. The project accessed Federal Rehabilitation Tax Credits and was later listed as a contributing structure to the Embarcadero Historic District. The project set a high bar for standards of historic rehabilitation projects that followed, earning AMB Property Corp. (now Prologis) and the Port numerous awards including recognition from the Urban Land Institute and American Institute of Architects.

COMPLETED: 2001

COST: \$54.8 MILLION

H2 - Ferry Building Historic Rehabilitation



Photo credit: RBarnes

In 1998, after a public competition, the Port selected a joint venture of Equity Office Properties and Wilson Meany Sullivan to rehabilitate the Ferry Building. San Franciscans passed a special ballot measure to jump start this \$90 million development project in advance of the Waterfront Plan approval. The project includes a ground-floor public market hall totaling approximately 100,000 square feet, with retail shops, restaurants, transportation and public uses. The two upper floors, totaling approximately 170,000 square feet, include office uses, and the Port Commission Hearing Room. With the market hall's variety of local businesses, foods and artisan vendors, the development team created a destination that truly captures San Francisco's unique character achieving international renown. With the addition of the weekly farmers markets and education programs sponsored by Center for Urban Education about Sustainable Agriculture (CUESA), the Ferry Building has again become a community and civic gathering place, and the heart of the Port waterfront.

The restoration and historic rehabilitation of this National Register and City Landmark recreated lost portions of the 600 foot long Nave and restored the historic facades, met Secretary of the Interior's Standards for the Treatment of Historic Properties and utilized Federal Rehabilitation Tax Credits. The project was awarded the National Trust for Historic Preservation National Award and the State of California Governor's Award from the California Heritage Council.

COMPLETED: 2003

COST: \$109 MILLION



H3 - The Watermark



The Watermark is a 22-story, 136-unit luxury condominium tower located across from Piers 30-32 at Bryant Street and The Embarcadero that was completed in 2006. The one-half acre project site was removed from the public trust through State legislation authorizing a trust exchange and was then sold to the Port's development partner, Lend Lease, for total payments to the Port (including a share of sales proceeds of each condominium) of approximately \$30 million. The Watermark was initially conceived as Phase 1 of the larger "Bryant Street Pier" project that was also to include the construction of a new cruise terminal and mixed-use pavilion located across the street on Piers 30-32, as well as the construction of a new public park. The park, Brannan Street Wharf, opened in 2013. The cruise terminal and mixed-use project on Piers 30-32 proved to be financially infeasible and was abandoned by the developer. The new James R. Herman Cruise Terminal at Pier 27, subsequently completed by the Port and set to open in September 2014, owes a good deal of credit to the momentum and planning of the Bryant Street Pier project and seed funding from the proceeds for the sale of The Watermark site.

H4 - Pier 1½-3-5 Historic Rehabilitation



Pacific Waterfront Partners rehabilitated the historic but condemned bulkhead buildings at Piers 1½ & 3 and added a new office building on a portion of Pier 3, a generous Bayside History Walk public access that meanders through Piers 1½-3-5, and recreational berthing facilities, including a public gangway for water taxi service and visiting motorized and hand-powered vessels. The project includes 60,000 square-feet of office space and 18,000 square-feet of retail space housing restaurants La Mar Cebicheria, Hard Water, Plant Café, and Coqueta. The Piers 1½-3-5 Historic Rehabilitation project was recognized with the California Preservation Award and San Francisco Architectural Heritage's Excellence in Architectural Heritage.

COMPLETED: 2006
COST: \$65 million

H5 - Rincon Restaurants



The Rincon Point-South Beach Redevelopment Plan included a 20,000 square-foot restaurant development site as part of designating Port land to create Rincon Park. The restaurant site is at the south end of Rincon Park along The Embarcadero between Folsom and Harrison Streets. To create restaurant experiences that responded to the market, the site was broken up into two restaurant venues, both operated by Pat Kuleto Restaurant Development & Management Co. EPIC Roasthouse features steak and other grilled meats, and Waterbar features primarily seafood. Each has decks and outdoor space that overlook the Embarcadero promenade and the Bay. The project was developed at a cost of \$12.6 million, much higher than originally scoped due to the pile-supported construction required for these two-story structures. The project underwent extensive architectural design review to integrate it into Rincon Park, and includes an 8,000 square foot outdoor dining piazza that opens onto Rincon Park and the Embarcadero promenade, with spectacular views of the Bay and Bay Bridge. **COMPLETED:** 2008 **COST:** \$12.6 million

H6 - Pier 70 20th Street Historic Buildings



After a competitive bid process in 2010, the Port selected Orton Development Inc. (ODI) to lease, rehabilitate and operate six historic buildings in the Pier 70 Master Plan area, all contributing resources to the newly created Union Iron

Works Historic District. These buildings are in a severe state of dilapidation and require \$90 million of investment to return them to a state-of-good-repair. This immense investment will be funded by ODI and assisted by a \$24 million loan from the City's Seismic Safety loan program and \$14 million of federal Historic Tax credits. The project includes 267,000 square feet of existing buildings. The project proposes to add up to approximately 70,000 square feet of new space, primarily in mezzanines, created as part of the seismic bracing needed for rehabilitation.

The Port Commission and the Board of Supervisors have approved the lease and project construction is expected to commence in Spring 2015. Once rehabilitated, these historic office and industrial buildings will be used for a range of businesses, including light industrial, technology, life science, office, artisan/artist studios and showrooms, and restaurant uses. The proposed project would also create an indoor lobby/atrium in Building 113, and an outdoor courtyard/venue, both of which would be made accessible to the public.

H7 - Broadway Hotel Project (1998 – 2005)



In November 1998, the Port issued a request for proposals for development of a first-class, full-service hotel on Seawall Lots 323, 324 and 322-1, plus a City-owned parcel, at the corner of Broadway and The Embarcadero. Three respondents submitted qualifications. In March 1999 the Port Commission invited two respondents to submit proposals for the hotel. Stanford Hospitality, Inc. was the only respondent to submit a proposal, which was for a 410-room hotel.

In August 1999, the Port Commission authorized exclusive negotiations with Stanford Hospitality. Over the course of the next several years, the Port and Stanford Hospitality worked with the Northeast Waterfront Advisory Group and local neighborhood organizations to address community objections to the project as initially proposed. Challenges the project faced included:

- Local residents were concerned about the size of Stanford Hospitality's initial hotel proposal and preferred a smaller, boutique hotel.
- The initial proposal to build to 65 feet on Seawall Lot 324 was viewed by many residents as incompatible with surrounding development and the Northeast Waterfront Historic District, designated in Article 10 of the Planning Code. Residents believed that the then-existing 84 foot zoning

was a remnant of The Embarcadero Freeway and no longer relevant. The Waterfront Design and Access Element recommended building massing on Seawall Lot 324 at 40 feet stepping up to higher heights at the intersection of Broadway and The Embarcadero; there were differing views as to whether the project appropriately responded to this recommendation.

- The effort to assemble multiple parcels separated by Davis Street in a large development created unique challenges. For a period of time, there was a discussion of a pedestrian bridge over Davis Street designed to connect two parts of the hotel. The proposal for a pedestrian bridge over a public street was not endorsed by the Planning Department.
- Assembling Seawall Lot 324 and Seawall Lot 323 to build along this entire stretch of The Embarcadero required vacating the Vallejo Street right-of-way, which was not supported by the Planning Department.

In August 2002 Stanford Hospitality submitted a new, smaller design concept with a hotel on Seawall Lot 324 and a free-standing parking structure with 390 parking spaces on four levels on SWL 322-1, with retail shops on the first floor along Broadway. The hotel included approximately 255 rooms, two restaurants, a lobby bar, gift shop, meeting rooms, a banquet room, a fitness center, a business center and administrative offices. The maximum height of the hotel building was planned at 65 feet. The project also included a waterfront garden on SWL 323 and adjacent land located at the end of Vallejo Street at The Embarcadero.

In 2005, in the final stages of project consideration, the height of the proposed building on The Embarcadero was 58 feet, a height supported by the Planning Commission. The Waterfront Design Advisory Committee had reviewed the project several times and expressed its support of the design. The project had been presented to the Landmarks Preservation Advisory Board Architectural Review Committee and to San Francisco Heritage. A project environmental impact report was completed. While the revised project at this height won some neighborhood support, it failed to achieve broad community consensus. Nego-

tiations between Stanford Hospitality and the Board of Supervisors fell apart as the project headed to the Board of Supervisors. In June 2005, the Board of Supervisors passed legislation rezoning Seawall Lot 322-1 to 65 feet and Seawall Lots 324 and 323 to 40 feet. Stanford Hospitality withdrew from the project.

ANALYSIS

The effort to develop a project that extended across so many parcels and across two public rights-of-way was too complicated. The pedestrian bridge connecting Seawall Lot 324 and Seawall Lot 322-1 across Davis Street was not supported by the Planning Department. The overall size and scale of the early development concepts presented urban design challenges and concerns about incompatibility with the Northeast Waterfront Historic District. These collective planning, design and ensuing community issues challenged Stanford Hospitality's original development expectations. The iterative process to respond to and revise the project, though supported by an accomplished architectural team, occurred over an extended period of time.

Stanford Hospitality's last iteration of the project – with a hotel on Seawall Lot 324 at 58 feet that incorporated a Vallejo Street view corridor – had the potential to be approved. Had the developer fully committed to this iteration of the project earlier in the public process, it may have been embraced by the public and led to successful project completion.

LESSONS LEARNED AND RECOMMENDATIONS

Port staff offers the following high level lessons learned and recommendations based on the Port's experience with the Broadway Hotel project. The site-specific lessons learned by Port staff from this project and recommendations for this area going forward, are presented in Chapter 3, Northeast Waterfront Subarea.

- The duration of the Broadway Hotel project process was exhausting for everyone involved. Port projects that fail to win public trust and support within the first several years have difficulty obtaining required approvals.
- The Port's seawall lots north of Broadway should be developed separately, in a manner consistent with Article 10 of the Planning Code (where applicable) and within height limits that can gain public support. Port staff recommendations for a number of these lots can be found in Chapter 3, in the discussion about the Northeast Waterfront Subarea.

H8 - Pier 45 Shed A (2000-2001)



In 2000, the Port Commission authorized a request for proposals seeking a qualified for-profit or non-profit firm or group to propose, develop and operate a San Francisco Bay/Maritime-Oriented Public Attraction at historic Pier 45 Shed A in the heart of Fisherman's Wharf.

Based on the analysis and recommendations of Port staff, the Port Commission selected The Malrite Company, who proposed a museum and entertainment space focusing on the history of San Francisco, over a competing respondent – the Bay Center, a proposed non-profit education center focused on the ecology of San Francisco Bay. Both respondents proposed investing more than \$30 million to rehabilitate Pier 45 Shed A. Port staff recommended Malrite as the more financially-feasible proposal, in large part because the Bay Center proposal relied on future fundraising by a non-profit that had yet to be created.

Malrite's proposed project involved the historic rehabilitation of Pier 45 Shed A to provide a public attraction consisting of approximately 25,000 gross square feet of museum/commercial assembly and entertainment space, with ancillary restaurant and retail space, support space for the U.S.S. Pampanito berthed at Pier 45, 3,000 square feet of museum space in Shed A to be

occupied by either the Bay Center Coalition, the California Academy of Sciences or another non-profit entity, and significant new public access.

In November 2000, prior to finalizing lease negotiations between Malrite and the Port, voters approved Proposition R, a non-binding statement of policy of the City and County of San Francisco to create a public educational and interpretive facility at Pier 45, operated by an independent 501(c)(3) non-profit organization, not subsidized by San Francisco taxes. In response to the passage of Proposition R, Malrite terminated its negotiations with the Port Commission in April 2001.

ANALYSIS

The Bay Center assembled a broad coalition of political support from elected officials, environmental organizations, Fisherman's Wharf businesses and other stakeholders which made it very difficult to negotiate a successful agreement with a for-profit entity proposing a tourist attraction with ancillary uses.

The vision of a Bay Center dedicated to the study of San Francisco Bay prompted Proposition R. The measure's passage signaled there was no real chance of winning approval of a lease between the Port and Malrite at the Board of Supervisors, thus prompting Malrite to terminate its negotiating agreement with the Port.

LESSONS LEARNED & RECOMMENDATIONS

Port staff offers the following high level lessons learned and recommendations based on the Port's experience with the Pier 45 Shed A project.

- The original request for proposals — which contemplated a proposal by either a for-profit or a non-profit entity — may have sown the seeds of the controversy that later occurred, by setting up a competition between a non-profit and a for-profit entity.
- Port development solicitations that invite proposals from non-profit organizations should establish as a minimum bid requirement a verifiable endowment or fundraising track record as evidence of financial capacity.

H9 - Piers 27-31 Mixed Use Recreation Project (2000-2005)



After concluding a public process at its Northeast Waterfront Advisory Group consistent with the Waterfront Plan, the Port issued an amended request for proposals for a mixed use recreation project on Piers 27-31 in 2000. The public planning for the site indicated that the clear-span construction of Pier 27 was suitable for a variety of indoor recreation purposes.

The Port Commission selected Mills Corporation, a retail developer who teamed with the YMCA, over Chelsea Piers, an indoor recreation and entertainment provider. The Port negotiated with Mills Corporation over a five-year period, during which the project was reviewed multiple times each by the Northeast Waterfront Advisory Group, BCDC and State Lands. State Lands provided a public trust consistency determination for the project in 2005. The project never garnered sufficient public support to be approved, despite some public support for the YMCA and outdoor recreation components of the project.

The final project included:

- Demolition of the non-historic Pier 27 Annex building, the non-historic addition to the Belt Railroad Office Building, and the entire non-historic Pier 27 shed;

- Historic rehabilitation of the Belt Railroad Office Building and Piers 29, 29½ and 31, with a combination of approximately 165,000 square feet of office space, 125,000 square feet of retail space, 36,000 square feet of restaurants and cafes, and 415 parking spaces;
- A 2.4 acre Northeast Wharf Plaza, consistent with the requirements of the BCDC Special Area Plan;
- A 110,000 square foot indoor “YMCA on the Bay” including an aquatic center, a climbing center, multi-court gymnasium, child play area, simulators to learn windsurfing and sailing, a health and wellness center, conference rooms and locker rooms;
- 116,000 square feet of outdoor recreation, including a skateplaza/BMX Track, recreational courts and fields, an ice rink, a jogging/exercise track, and additional playing areas; and
- A 161,000 square foot marine sports basin with a wave attenuator between Piers 29 and 31, a water taxi landing and a restored berth at Pier 31.

The Board of Supervisors rejected the Port’s Chapter 29 fiscal feasibility analysis in 2005 by a 9-1 vote. The project was subsequently assigned to Shorenstein Properties LLC and Farallon Capital Management, which investigated potential project alternatives for several years, but never sought project approvals from the Port.

ANALYSIS

The Port’s selection of Mills Corporation over Chelsea Piers was viewed by members of the northeast waterfront community as a politically-influenced selection. Some members of the public also felt that the initial Mills proposal relied primarily on office and retail as the primary uses, in conflict with the recreation objectives of the Port’s request for proposals. Local residents and interest groups who preferred Chelsea Piers joined forces with local business leaders who were concerned about competition from the retail component of the project, creating an entrenched opposition to the Mills Project that endured throughout project planning.

The final Mills proposal included a strong active recreation component

that responded to the requirements of the Port's amended request for proposals. The YMCA, the broad range of outdoor recreation opportunities and the marine sports basin would have created a unique mix of uses at this site, enlivening the northeast waterfront area. Retail uses in the bulkhead building would have created strong connections to Herb Caen Way and allowed the public to appreciate the architecture of these facilities.

Removal of the non-historic Pier 27 shed would have opened up views of the Bay (as has in fact occurred in connection with the construction of the James R. Herman Cruise Terminal). This combination of shed removal, the planned construction of the Northeast Waterfront Plaza (now Cruise Terminal Plaza) and the outdoor recreation components of the project earned strong staff support from BCDC. The original planning observation – that Pier 27's clear span design afforded an opportunity for a broad array of indoor recreation purposes – did not consider the potential policy benefits of removing the non-historic portion of the Pier 27 shed altogether, or the viability of the Pier 27 berth for cruise ship berthing.

The State Lands public trust consistency determination process was a long, extremely detailed and contentious process. The determination included a core finding that active indoor recreation (within the new building proposed for the YMCA) was not, in and of itself, consistent with the public trust for commerce, navigation and fisheries. The State Lands public trust determination found that the final negotiated project included an array of trust uses that made the project as a whole consistent with the trust.

The final negotiated business terms for the project were among the best ever negotiated by Port staff. The combination of base and percentage rent would have significantly strengthened the Port's balance sheet.

Confronted with a coordinated, funded campaign against the project,

Port staff worked with the developer to create a financially-feasible project that substantially met the objectives of the request for proposals, earned a trust-consistency finding from State Lands and could have been permitted by BCDC. Despite this effort, the project never gained sufficient political support to earn local approvals.

LESSONS LEARNED & RECOMMENDATIONS

Port staff offers the following high level lessons learned and recommendations based on the Port's experience with the Piers 27-31 Mixed Use Recreation project.

- The columns that typically support historic sheds make locating courts and playing fields in these sheds infeasible. The high costs of seismic improvements and rehabilitation of historic sheds require other uses – such as office and retail – to support a financially feasible use program that might include some indoor, active recreation. Other indoor recreation uses that do not require a large, open area could be a part of an overall use program in an historic shed.
- The Port should consult with the Recreation and Parks Department to identify other indoor and outdoor active recreation opportunities in the northeast waterfront for the benefit of the public.
- The Port should work with the current leadership of State Lands to re-examine whether active indoor recreation can further the purposes of the public trust. Indoor recreation facilities can attract people to the waterfront and be designed in a manner that provides Bay views. The National Park Service has successfully reused several buildings along Crissy Field by allowing indoor recreation activities such as rock climbing and trampoline jumping.

H10 - Bryant Street Pier/ Piers 30-32 James R. Herman Cruise Terminal (2000 – 2006)



Photo credit: Jerde Partnership

Following a 1998 Port report that found that both Piers 27-29 and Piers 30-32 were strong candidates for a new cruise terminal, the Port Commission authorized a request for proposals for a mixed-use development at Piers 30-32 and Seawall Lot 330 in which the Port's primary objective was to develop a state-of-the-art James R. Herman cruise terminal facility, with a hotel on Seawall Lot 330. In May 1999, the Port issued a request for proposals and in January 2000, the Port Commission approved the recommendation by Port staff to enter into exclusive negotiations with San Francisco Cruise Terminal, Inc. ("SFCT"), a subsidiary of Bovis Lend Lease.

For a period of time, Bovis Lend Lease contemplated building a project on Piers 30-32 without developing a hotel on Seawall Lot 330. When Piers 30-32 project costs exceeded initial estimates, the developer proposed building a condominium project on Seawall Lot 330 instead of a hotel, necessitating a public trust exchange to relocate the public trust from Seawall Lot 330 to other Port-owned land in the Southern Waterfront. In 2001, the State Legislature passed AB 1389 finding that the development of the proposed mixed use cruise terminal project is consistent with the public trust doctrine and authorizing 325,000 square feet of office and a limited amount of non-trust (e.g., neighborhood-serving) retail to finance the project. The legislation accelerated the required removal date for Pier

36 and the required completion date of the Brannan Street Wharf (adjacent to Piers 30-32 and identified in the BCDC Special Area Plan), and authorized the trust exchange to allow residential development on Seawall Lot 330.

Port staff and SFCT negotiated a three-phase, \$347 million, 16-acre project at Piers 30-32 and Seawall Lot 330 featuring:

- a 22-story condominium tower known as the Watermark with 136 units (16 of which are below market rate units) on Seawall Lot 330, intended to generate proceeds to fund later project phases;
- demolition of Pier 36 and construction of the Brannan Street Wharf, utilizing funds generated from the Watermark and development of Piers 30-32;
- a 100,000 square foot, state-of-the-art international cruise terminal served by an 850 foot long berth along the pier's northern edge and a 1,000 foot long berth along the eastern edge, approximately 325,000 square feet of office space and 195,000 square feet of retail space, and 425 parking spaces, with 35% of Piers 30-32 dedicated to public access.

The Planning Department certified a project environmental impact report in 2002. On March 25, 2003 and July 15, 2003, respectively, the Port Commission and the Board of Supervisors approved the Lease Disposition and Development Agreement (LDDA) and the Purchase and Sale Agreement with SFCT for a portion of Seawall Lot 330. BCDC approved Major Permit No. 5-03 for the project in 2003.

The Watermark was constructed in 2004, which generated \$30 million in proceeds for the Port, which were later used to construct the James R. Herman Cruise Terminal at Pier 27 and the Brannan Street Wharf.

The final, detailed construction cost estimate provided by SFCT in 2006 indicated that the total substructure cost for Piers 30-32, estimated at \$57 million in 2003, had escalated to \$82 million, an increase of 45%. Similarly, the cruise terminal cost, based on the schematic design, was estimated to cost \$42 million in 2003. By 2006, SFCT projected the cost to be \$53 million, an increase of 24%. Brannan Street Wharf costs rose by approximately 37% as well.

Though the revenues to the Port from the sale of condominium units exceeded 2003 projections, they did not cover the increases in project costs. Consequently, the anticipated return from the project fell short of the threshold that SFCT required to initiate phases 2 and 3 of the project. As a result, SFCT did not pay fees required to extend its option rights under the LDDA. During a brief site exploration, DeBartolo Development also found that the project was financially infeasible. The LDDA expired in 2006.

In response, the Mayor Gavin Newsom directed formation of the Cruise Terminal Advisory Panel, which recommended Pier 27 as the preferred location for the James R. Herman Cruise Terminal, which the Port proceeded to construct as a public works project using funding from The Watermark and other Port funds.

ANALYSIS

The Bryant Street Pier project was a successful project entitlement effort that resulted in the construction of The Watermark, which ultimately provided partial funding for the Brannan Street Wharf and a new cruise terminal at Pier 27 – but more than 20 years after the Port first embarked on the effort to build a new cruise terminal. In this respect, the project largely succeeded in achieving the Port's initial goals, albeit at a different site. The Port's Cruise Terminal Environmental Advisory Committee (formed on behalf of the Bovis Lend Lease project) initiated an industry discussion of environmental best practices and led the Port to install a shoreside power system at Pier 27, and later at the Port's Pier 70 shipyard.

The South Beach neighborhood engaged well with Port project planners throughout the process and embraced the notion of responsible development as a means of delivering desired public benefits, such as the

Brannan Street Wharf. State Lands and BCDC collaborated to help the Port deliver on its vision of a new cruise facility.

The failure to identify the final substructure costs until after LDDA approval was a major oversight: creating certainty about project financial feasibility is an early obligation. While higher than expected costs are a frequent occurrence along the waterfront, and construction costs inflate over time, effective project planning should build in sufficient contingencies so that projects do not fail a financial feasibility test after project approval.

LESSONS LEARNED AND RECOMMENDATIONS

Port staff offers the following high level lessons learned and recommendations based on the Port's experience with the Bryant Street Piers project.

- Port exclusive negotiating agreements should require detailed engineering analysis of project costs to support a Chapter 29 finding of fiscal feasibility. This will help ensure that major program changes are not required to ensure project financial feasibility after project environmental review has commenced.
- There is broad support for Port development that supports core maritime functions.
- The South Beach/Mission Bay neighborhood has historically been supportive of Port efforts to implement the Waterfront Plan. Continuing to foster this relationship will assist the Port in finding solutions to Piers 30-32 and other challenging piers – such as Piers 26 and 28 – in the area.

H11 - Pier 70 Mixed Use Opportunity Area (2001 – 2002)



In March 2001, the Port issued two requests for proposals (“RFPs”) for development projects within an approximately 16-acre Mixed Use Opportunity Area at Pier 70 in the Southern Waterfront near Illinois and 20th Streets (the entire Pier 70 area is 68 acres). Under the Waterfront Plan, the Pier 70 Mixed Use Opportunity Area was focused on preserving and rehabilitating the Bethlehem Steel Administration Building (Building 101) and the Union Iron Works buildings (including Buildings 102, 104 and 113-114) along 20th Street.

Port staff worked closely with the Pier 70 Community Advisory Group (the “Advisory Group”) to develop Goals and Objectives for each project RFP, which followed previous community-generated vision and land use study of Pier 70. The two development opportunities recognized that revenue-generating uses were necessary to support the economic investment required for historic rehabilitation, and a desire to incorporate arts-related non-profit organization and enterprise. This led the Port Commission to authorize the “Arts Project RFP,” which called for a non-profit arts project of at least 150,000 square feet on 1.5 acres; and the “Mixed Use RFP,” which called for a mixed-use development project on the remaining 12-acres.

At the time of the release of these RFPs, San Francisco was in a period of heightened economic activity and the Port expected a substantial response from the development community, particularly for office uses. However, by the time the Port received responses in June 2001 only two developers submitted proposals, reflecting the comparatively sudden change in the local economic conditions from the fall of the dot-com industry. In August 2001, the Port Commission authorized staff to enter into an exclusive negotiating agreement with AMB Property, L.P. (“AMB”) for development of a Mixed Use Project and with the San Francisco Arts Future Consortium (“SFAFC”) for development of an Arts Project. The AMB proposal included restoration of Building 101, a high priority for the Port, plus preservation of several other valuable historic elements of this unique site. A six-acre shoreline public access area was also designed into the AMB response. The SFAFC proposal focused on a new building with an industrial design in the location proposed in the RFP.

Pursuant to the terms of the negotiating agreements, the parties commenced a 90-day site planning process to achieve optimal development plans for both projects within the Opportunity Area. Due to the complexity of the project, the parties agreed to extend this process for an additional 90 days, until June 12, 2002. At the conclusion of this process, neither Developer submitted a modified proposal.

SFAFC developed two other alternatives to its original proposals, including the full rehabilitation of the historic Building 113 Machine Shop. However, in late May 2002 the SFAFC notified the Port that it elected to terminate its negotiating agreement due to the withdrawal of the largest participant in the consortium entity, the San Francisco Arts Institute.

AMB, which also pursued several months of study and development of alternatives, finally elected not to submit a modified proposal on based on the high cost of developing the shoreline public access area and related amenities. AMB concluded that the limited land area available for development prevented the development of the existing Mixed Use Opportunity Area in

a manner that would satisfy the Port's Conditions of Approval, the Pier 70 Goals and Objectives for the Project and AMB's own development criteria. AMB indicated it would be willing to extend the site planning process if significant additional land were added to the Opportunity Area.

Port staff recommended against adding significant new land to the Opportunity Area and extending the site planning process in order to complete negotiations with San Francisco Drydock, the Port's shipyard operator, and to undertake further study of the entire Pier 70 area. Staff believed that the Port would be in a better position to achieve a successful development partnership for this property if such efforts were taken prior to offering a larger mixed use opportunity area, given the then-market downturn. The Port Commission accepted staff's recommendation, which ultimately led to public planning for the entire Pier 70 area and the publication of the Pier 70 Preferred Master Plan.

ANALYSIS

The economic downturn of the dot-com bust coincided with the Port's first Pier 70 offering. While the AMB and SFAFC proposals represented interesting opportunities for the Port and the public, the AMB and staff concluded that the original offering was too small. The financial and economic requirements of the desired public benefits exceeded the development financial opportunity, especially during a time when the market and general public were generally unfamiliar with this part of the waterfront. Moreover, there were many unanswered questions

about the future of the rest of Pier 70 that made development planning difficult. As a result, Port staff recommended that the Port carry out more planning to produce a vision and comprehensive framework for improvements within the full 68 acre Pier 70 area. See Chapter 4A for a description of the Pier 70 Preferred Master Plan and public planning process.

LESSONS LEARNED AND RECOMMENDATIONS

The patience of the Port Commission and staff in waiting to develop Pier 70 was rewarded by the broad public consensus generated during the Pier 70 Preferred Master Plan process, and the subsequent strong development interest in the site as evidenced by the agreement with Orton Development, Inc. to develop the 20th Street Historic Core and the Port's negotiating agreement with Forest City California, Inc. to develop the 28 acre Pier 70 Waterfront Site in 2010 (details in Chapter 5).

Table 4-8 Development & Historic Rehabilitation Projects

Project Number	Project Name - Location	Size (Square Feet)	Cost	Date Finished	Web
H1	Pier 1 Historic Rehabilitation	127,692	\$54,800,000	2001	
H2	Ferry Building Historic Rehabilitation	270,000	\$109,000,000	2003	http://sfport.com/index.aspx?page=196
H3	The Watermark	134 Units	\$100,000,000	2006	
H4	Pier 1½, 3, 5 Historic Rehabilitation	78,000	\$65,000,000	2006	http://sfport.com/index.aspx?page=259
H5	Rincon Restaurants	20,000	\$12,600,000	2007	http://www.sfport.com/index.aspx?page=1584
H6	Pier 70 20th Street Historic Buildings	337,000	\$76,000,000	on-going	http://sfport.com/index.aspx?page=2130
Total		832,692	\$417,400,000		



UNIQUE DEVELOPMENT OPPORTUNITIES

Photo credit: Amy Snyder © Exploratorium

Background

The Waterfront Plan contemplated that the Port would pursue public-private development partnerships through competitive, public processes. The Waterfront Plan Advisory Board did not envision the frequency with which unique, desirable proposals for the use of Port property would present themselves. These opportunities – starting with Pacific Bell/AT&T Ballpark – do not allow for competitive bidding in the way imagined by the Waterfront Plan, and so City staff and the public have had to develop new public processes to allow for project review, sometimes with success, and sometimes without success. Sometimes a project that started with one set of assumptions – such as the 34th America's Cup – ended up occurring differently.



11 - Pacific Bell/AT&T Ballpark



Photo credit: Dave Rauenbuehler

After conducting a site selection process to evaluate sites both on and off of Port property, the San Francisco Giants (“Giants”) negotiated with the City to build a new ballpark on Port property north of China Basin. Through those negotiations, the Giants drafted and won passage of Proposition D in 1997. Subsequently, the China Basin Ballpark Company developed this \$357 million privately financed baseball stadium for the San Francisco Giants. The ballpark has made the waterfront a center of attention, attracting 4 million attendees per year to the games, plus concerts, college football and other sports, and community benefit events. The project includes a Portwalk that connects from

South Beach Harbor along the north bank of China Basin Channel, and China Basin Park on the southern shore of China Basin Channel. China Basin Channel (McCovey Cove) is extremely popular with boaters and kayakers on game days. To improve transportation, the Port led development of the China Basin Ferry Terminal, which has become a popular mode of transportation to/from the ballpark from Marin County and Oakland/Alameda.

COMPLETED: 2000

COST: \$357 Million

12 - International Museum of Women (2000 – 2004)



In 2002, the non-profit International Museum of Women (“IMOW”) approached the Port with an unsolicited proposal to rehabilitate historic Pier 26 and convert it into a state-of-art museum honoring women all over the world. After the Board of Supervisors adopted a resolution urging the Port to enter negotiations with IMOW, the Port Commission authorized Port staff to enter negotiations in November, 2002. Pier 26 is an approximately 157,000 square foot finger pier located directly beneath the Bay Bridge between Harrison and Bryant Streets on The Embarcadero, including a 121,000 square foot historic pier shed and bulkhead building currently leased to a number of small tenants for maritime and non-maritime warehouse use.

After performing due diligence on the Pier 26 substructure, IMOW estimated a total project cost of \$138 million to seismically strengthen the pier and to construct a 45,000 square foot museum and other museum related uses that could have included a teen center, an auditorium and office space to generate revenue to support project costs. Port staff and IMOW never agreed on market rate financial terms for the project. IMOW was not successful in raising sufficient funding to address the pier substructure requirements, and the negotiating agreement between the parties lapsed.

ANALYSIS

This project received a waiver to the Port’s competitive development solicitation process, but museum organizers were unable to mount a capital campaign sufficient to fund pier rehabilitation costs.



LESSONS LEARNED & RECOMMENDATIONS

Port staff offers the following high level lessons learned and recommendations based on the International Women’s Museum effort:

- Before entering negotiations with a non-profit entity, the Port should require a verifiable endowment or fundraising track record as evidence of financial capacity.
- Pier 26 — and the adjacent Pier 28 — both have a unique pier substructure construction type involving caissons. Port engineers estimate that the substructures of these piers have an estimated remaining life of 10-15 years. Redeveloping these piers with existing sources of public subsidy may not be financially-feasible.

13 - The Exploratorium



Photo © Exploratorium

After examining a number of Port sites including Pier 70, the Exploratorium, the museum of science, art and human perception, selected Piers 15 and 17 on The Embarcadero at Green Street as its preferred new waterfront home. The Port Commission and the Board of Supervisors authorized sole source negotiations in June 2005. After a project entitlement, design and negotiation period of 5 years and a 3 year construction period, the Exploratorium relocated from the Palace of Fine Arts in San Francisco to Piers 15 and 17. Piers 15 and 17 are contributing resources within the Embarcadero Historic District.

The Exploratorium is a \$205 million historic rehabilitation LEED Gold, net-zero-energy facility which opened in Spring 2013. The Exploratorium created a 200,000 square foot museum in Pier 15 including a total of 600 exhibits, indoors and out, office space, class room, event spaces and two cafes. In its first year, the museum enjoyed more than 1 million visitors in its new waterfront home.

Pier 15 enjoys full perimeter public access with a functioning 400-foot long deep water maritime berth on the eastern edge. A boat dock will be constructed on the south apron to provide water taxi service, and Baydelta Maritime, a tug & tow operator, was relocated to Pier 17. Pier 17 provides the Exploratorium with space for industrial functions including fabricating exhibits and future expansion area for the museum. In the interim, the Exploratorium subleases some of the space at Pier 17 on a short-term basis.

COMPLETED: 2013

COST: \$205 Million

14 - 34th Americas Cup



Photo credit: Gilles Martin-Raget © ACEA

In February 2010, BMW Oracle Racing, sailing for the Golden Gate Yacht Club (“GGYC” and together, the “Team”), won the 33rd America’s Cup in Valencia, Spain and, as Defender of the America’s Cup, organized the 34th America’s Cup and related activities. The team created the America’s Cup Event Authority, LLC (the “Event Authority”) for purposes of organizing the event and the America’s Cup Race Management (“Race Management”) to adjudicate the event.

The Event Authority conducted a bidding process to host the event, which largely centered on negotiations with the City to hold races in San Francisco Bay, but later included discussions with Newport, Rhode Island. Newport hosted America’s Cup races from 1930 to 1983.

City negotiations, led by the Office of Economic and Workforce Development, but later including the Port, focused on an offer of development rights as a means to reimburse the Event Authority for improvements required and services the City would provide to enable the event in exchange for commitments to hold preliminary AC World Series races, Louis Vuitton Cup races (to determine the Challenger to Oracle Racing), and the 34th America’s Cup in San Francisco.

From late 2010 until the Event Authority’s recent decision not to host the 35th America’s Cup, negotiations and preparations for the event have consumed much of the Port’s attention. In the end, Oracle’s come-from-behind win over Team Emirates New Zealand on September 25, 2013 to capture the 34th America’s Cup was among the great comebacks in sports history. The event justified the hard work and effort of so many Port and City staff.

Given how much has been written about the America’s Cup, this report is not intended to be an exhaustive analysis of the City’s planning for the event, nor is it intended to draw conclusions about whether the City should seek to host international sporting events and under what circumstances the City should spend money as host to such events. Those decisions belong to the Mayor and the Board of Supervisors. Instead, this analysis is intended to briefly examine the impact of the proposed development deal (which did not go forward) and the event itself on the Port. It is clear that the event helped produce or accelerate major changes along the Port’s waterfront.

HOST AND VENUE AGREEMENT NEGOTIATIONS

The City and the Event Authority initially agreed on a plan to offer Pier 28, Piers 30-32, Seawall Lot 330, and Pier 50 as sites to host the event, with a grant of long-term development rights at Piers 30-32, Seawall Lot 330, and Pier 50 with no base rent or option consideration as a means of repaying an estimated \$150 million in waterfront improvements required to prepare the waterfront for the event. The Board of Supervisors endorsed a Term Sheet based on this plan in October 2010.

City analysis of the Term Sheet proposal indicated significant financial impacts of this plan to the Port, as well as a need to relocate numerous Port tenants, including major maritime tenants and the Port's maintenance facility at Pier 50. The City developed another plan focused in the northern waterfront – the location of most existing foot traffic on The Embarcadero, and ultimately closer to planned racing – which located the America's Cup Village at Piers 27-29 and accommodated the Port's plan to build the James R. Herman Cruise Terminal prior to the event. The publication of the City's northern waterfront plan almost caused event organizers to move the event to Newport, but ultimately became the basis of the Host and Venue Agreement ("Host Agreement") signed by the Event Authority and Mayor Gavin Newsom, and approved by the Board of Supervisors in December 2010.

The Host Agreement also provided for use of Piers 30-32 for team bases and other event-related uses at Piers 19, 19½, 23, 29½ and portions of Pier 80. The Host Agreement assumed that the Event Authority would spend at least \$55 million on waterfront improvements, and provided a formula for long-term development rights at Piers 30-32, Seawall Lot 330, Piers 26 and 28, depending on final Event Authority investment, and marina rights in open water basins next to Rincon Park and the future Brannan Street Wharf park. In late stages of negotiation to secure

the event, the City agreed to offer additional long-term development rights if needed to repay Event Authority investment, including Pier 29 and potentially Piers 19, 19½ and 23.

The final negotiated Lease Disposition and Development Agreement ("LDDA") concluded in early 2012, provided long-term development rights at Piers 30-32 and Seawall Lot 330 rent free in exchange for the Event Authority's initial \$55 million investment. If investment exceeded that amount, the LDDA allowed rent credits against 10 year lease rights to Piers 26 and 28 and a long-term development right to Pier 29, along with potential marina rights. The LDDA included a City pledge to form an infrastructure financing district to fund public improvements associated with future development at long-term development sites. There was no proposed development program for these sites articulated in the LDDA.

Pursuant to the Host Agreement, the City was responsible for managing and securing all regulatory approvals. The land and water improvements triggered required permits from numerous federal, state and local regulatory and policy agencies. The required environmental review of the 34th America's Cup races and the James R. Herman Cruise Terminal at Pier 27 had to be completed in an amazingly short time frame. The level of collaboration, strategic alignment and regulatory solutions that emerged from the public agency review of the project was itself an extraordinary accomplishment. The interagency coordination efforts would not have been possible without the work of additional dedicated staff loaned by the SFPUC and Planning Department. All project permitting, including federal environmental review necessary to support permitting by the U.S. Army Corps of Engineers and the U.S. Coast Guard, as well as use of Golden Gate National Recreational Area lands were completed on time. BCDC approved permits and a Special Area Plan amendment for the event requiring a broad range of improvements to the waterfront. City staff prepared a range of plans for the event



Photo credit: Gilles Martin-Raget © ACEA

including the People Plan (the transportation plan for the event), the Security Plan, the Zero Waste Plan, the Youth Involvement Plan, the Workforce Development Plan, the Ambush Marketing Plan, the Water and Air Traffic Plan, and the Sustainability Plan. There was significant public involvement in all of the project planning and entitlement efforts.

After extremely challenging negotiations yielded one positive vote at the Board of Supervisors, the Event Authority announced its withdrawal from LDDA negotiations, giving up on the proposition of long-term development as a means of financing waterfront improvements. The Port and OEWD subsequently negotiated a plan with the Event Authority whereby the City would fund all necessary waterfront improvements for the event and provide venues rent-free, without long-term development rights. The Port Commission and the Board of Supervisors approved this plan, which the Event Authority executed, and the focus shifted to preparations for the event and racing on San Francisco Bay.

The following improvements were made to Port property or the immediate vicinity:

- The Port and the Department of Public Works managed construction of the cruise terminal on an accelerated basis, including removing the Pier 27 shed and finishing core and shell improvements in time to allow the Event Authority to use the space in early 2013
- The Port and America's Cup Race Management oversaw minor, marginal wharf upgrades to Piers 30-32 to enable strategic placement of tent structures for team industrial bases and cranes to lift AC72 vessels out of the water
- The Event Authority and Race Management designed, and Port staff permitted, the America's Cup Village at Piers 27-29 – including pop-up retail along The Embarcadero, a 9,000 seat venue for concerts and a unique mix of uses open to the public in Pier 29, including the America's Cup museum and a café in the open end of Pier 29 facing the Bay
- Port Real Estate staff relocated 75 Port tenants to other locations (primarily) on Port property, to enable use of northern waterfront venues
- Port Finance staff negotiated a quick insurance settlement and Port Engineering oversaw an emergency rebuild of the Pier 29 Bulkhead building consistent with original building plans after a fire destroyed the bulkhead; the project met Secretary of the Interior Standards and received an historic rehabilitation award
- The Army Corps of Engineers removed Pier 36 utilizing federal and Port funding

- Port Engineering staff oversaw timely construction of the Pier 43 Bay Trail Promenade and the Brannan Street Wharf public open space projects
- Port Maintenance staff prepared the northern waterfront sheds for occupancy by the Event Authority and Race Management, including shed repairs, ADA improvements, exiting, asbestos and lead remediation, painting and new lighting
- Port Maintenance staff rebuilt the Pier 19 south apron as BCDC permitted public access
- The Port managed dredging south of Piers 30-32 to facilitate mooring of AC72s
- The Department of Public Works improved Jefferson Street, between Hyde and Jones Streets to transform it in advance of the event to create expand pedestrian sidewalks and incorporate new bicycle access through Fisherman's Wharf
- Port staff negotiated a funding plan and lease amendments with the Port's ship repair operator to install shoreside power at Pier 70 to enable ships in drydock to turn off their engines while undergoing repair; environmental analysis showed this action fully offset all event-related air emissions
- Port Engineering staff oversaw the removal of Pier ½ consistent with BCDC requirements
- Port Planning staff oversaw the development of pocket parks along The Embarcadero
- San Francisco Municipal Transportation Agency staff oversaw implementation of the People Plan, which afforded excellent public access to the waterfront
- Port and Department of Public Works staff kept the waterfront clean during the event
- Port environmental staff drafted a Port Commission-approved Zero Waste Event Policy for large events on Port property prohibiting the use of single use plastic water bottles and balloons and promoting the use of compostable food ware; Recology helped the Event Authority recycle and compost in accordance with the Zero Waste Event Policy
- The Port and City spent a total of \$31.6 million on capital improvements in advance of the racing; all of this preparation enabled the public to watch the amazing AC72 catamarans racing on San Francisco Bay, hydrofoiling above the waves in the final match

LESSONS LEARNED AND RECOMMENDATIONS

Port staff offers the following high level lessons learned and recommendations based on the Port's experience with the 34th America's Cup.

- Race preparations, including building the James R. Herman Cruise Terminal, constructing several Port parks and new public access areas, rebuilding the Pier 29 Bulkhead building, and removal of Pier ½ and the remnants of Pier 64 (currently underway) substantially improved the Port.
- The acceleration of the James R. Herman Cruise Terminal through the CEQA process, BCDC permitting and associated Special Area Plan amendments and construction allowed the Port to bid the project in 2011 — early in the economic recovery and at a time when the Port received a very favorable bid for the project. As a normal public works project, CEQA and BCDC permitting could have collectively taken several years longer than it did, resulting in added project costs.
- BCDC permit requirements for the James R. Herman Cruise Terminal created substantial new — and costly — public access requirements at Piers 19, 23 and 29 that the Port is required to complete within 5-10 years. For the first time, BCDC included more flexible time lines to allow the Port to develop funding sources to pay for these improvements.
- In hindsight, undefined long-term development rights did not seem like the correct way to fund improvements needed to ready the waterfront for racing, and the public was relieved when the long-term development rights were eliminated from the arrangement. It is also conceivable that without the initial offer of development rights, the City would not have been selected to host the event.
- The Port's offer of marina rights in the Rincon Point Open Water Basin and the Brannan Street Wharf Open Water Basin in the Host Agreement was a major conflict with the BCDC Special Area Plan. The Port struggled to correct this problem in negotiations with the Event Authority over the subsequent 13 months.
- For future waterfront events, the City should consider hiring independent firms to produce independent analysis of required event-related improvements and associated costs.
- Working in advance with the community stakeholders, the appropriate city and regional agencies and with strategic marketing has proven, through the People Plan example, that the transportation needs for large special events can be accommodated effectively, with results that meet or exceed the sustainability targets set by the Port.
- The San Francisco Planning Department and the Port's regulatory partners, including State Lands, BCDC, the San Francisco Bay Regional Water Quality Control Board, the U.S. Coast Guard, the U.S. Army Corps of Engineers, and the National Marine Fisheries Service collectively stepped up to deliver needed project approvals on time — exceeding everyone's expectations.

15 - Golden State Warriors Piers 30-32 Multi-Purpose Pavilion



existing facilities. The cost of repairing and seismically upgrading Piers 30-32 for these uses was estimated at \$165 million. The City's contribution to project pier substructure costs was capped at \$120 million, with funding to come from project-generated Infrastructure Financing District (IFD) tax increment proceeds, rent credits against the fair market value rent of Piers 30-32 and the fair market land value of Seawall Lot 330. In response to permitting challenges and the expected need for voter approval of the project, in Spring 2014 GSW dropped plans to build at Piers 30-32 and purchased the Salesforce.com site in Mission Bay for their new facility.

Concurrent with the unanimous approval of sole source negotiations, the Board of Supervisors and the Port Commission initiated a public Piers 30-32 Citizen Advisory Committee ("CAC") at the outset to vet the project and make recommendations, which held many full committee and subcommittee meetings and heard from a broad cross-section of the public.

ANALYSIS

Land Use

In the wake of terminated negotiations with the America's Cup Event Authority over development of Piers 30-32, and given the success of AT&T Ballpark, Port staff welcomed the proposed use as a publicly-oriented use and believed that the project could afford to tackle the high substructure costs at Piers 30-32 – the principal cause of failure of the Bryant Street Piers Project at the site in 2006.

The design of the facility by Snøhetta was generally recognized as being world class and responded to virtually all comments from Port, Planning Department and BCDC staff. The proposed facility's maritime program included a new fire station to house the San Francisco Fire Department's marine unit, currently housed at Pier 22½ and would have preserved the deep water vessel berth at the east end of the pier. The public nature of the project, with its emphasis on

In 2012, the City and the Golden State Warriors (GSW) partnered on a proposal to develop and build a premiere sports and entertainment pavilion on the waterfront pursuant to sole source negotiations authorized unanimously by the Board of Supervisors and the Port Commission. The project was proposed at Piers 30-32, south of the Bay Bridge, between the Ferry Building and AT&T Park. GSW proposed to repair and seismically upgrade 13 acres of deteriorating piers to build a multi-purpose venue with private funds and develop Seawall Lot 330 with a mix of residential, hotel and retail uses. The project included open space for public access, while also providing enhanced amenities and maritime facilities for the San Francisco Bay. Total project costs were estimated at over \$1 billion.

The facility was designed to host the Bay Area's NBA basketball team, as well as provide a new venue for concerts, cultural events and conventions, and other prominent events that the City currently cannot accommodate with

entertainment and public open space would have enlivened this area of the waterfront. Many residents, however, see the neighborhood as a predominantly residential neighborhood that could not handle the twin pressures of baseball games at AT&T Park and events hosted at GSW's proposed pavilion. Many members of the public viewed the project – which would have required rezoning from 40 feet to approximately 128 feet – as inappropriate for the site, and not in keeping with an established consensus for waterfront heights. Others made a distinction between an open air baseball park with Bay views, and a closed basketball arena, and concluded that a basketball arena could not be a public trust use.

Site due diligence revealed that Piers 30-32 substructure costs exceeded the City's sources to repay the private investment in that public infrastructure. As a result, the project dealt with a clear capital need for the Port, but generated no future base rent.

The GSW proposal responded proactively to projected sea level rise by elevating the pier to deal with projected sea level rise of 55 inches. The GSW planned a LEED Gold facility that sought to comply with the Port's aggressive Zero Waste Event Policy.

There was controversy about the proposal to build mixed use development on Seawall Lot 330 higher than existing heights. In response, the GSW began developing a code compliant project within existing height limits.

The San Francisco Municipal Transportation Agency coordinated a Waterfront Transportation Assessment with the Transportation Subcommittee of the CAC to address transit and related improvements necessary to get people to and from the facility and to avoid seriously exacerbating traffic conditions along The Embarcadero.

The Quality of Life subcommittee of the CAC collaborated with City staff to identify a range of potential services (street cleaning, graffiti removal) and potential funding mechanisms to address impacts of crowds on the South Beach neighborhood.

Process

GSW's initial public announcement of the move to San Francisco, and to Piers 30-32 specifically, surprised members of the South Beach neighborhood.

The CAC and members of the public who attended were frustrated at their inability to discuss other potential sites for the multi-purpose venue. The CAC operated under Brown Act and Sunshine Act public meeting rules that limited CAC interaction with the public and public comment time allocations, and created a stilted format for a project planning forum. By contrast, most Port advisory committees are advisory to Port staff, and allow for an exchange of ideas between CAC members, staff and the public that is more casual and conversational.

GSW committed significant resources and time engaging the public and the Port's regulatory partners. Despite this significant investment, there was a strong sense that the project was being rushed due to the need to open a facility by 2017.

Regulatory Approvals

Early outreach by City staff to State Lands and BCDC staff indicated the need for state legislation to address the consistency of the proposal with the public trust for commerce, navigation and fisheries. The California Legislature adopted AB 1273 setting standards for the facility and making findings of project trust consistency after lengthy negotiations with both State Lands staff and BCDC. The legislative approval of AB

1273 and BCDC hearings on the topic generated significant controversy.

The project required approvals from BCDC and the Army Corps of Engineers. BCDC staff determined that its Special Area Plan would need to be amended to address the height and scale issues raised by the proposed pavilion. The Army Corps of Engineers suggested a 3 to 5 year timeline for permitting new pile installation for the pier substructure. In both cases the approach was different than anticipated based on past projects and added years to the schedule – a fundamental conflict with the project sponsor’s timeline.

LESSONS LEARNED & RECOMMENDATIONS

Port staff offers the following high level lessons learned and recommendations based on the Port’s experience with the GSW Piers 30-32 Multi-Purpose Pavilion project.

- For high profile projects such as major sports facilities, a public site selection process with clear selection criteria such as cost, availability, transportation access, infrastructure requirements & cost and compatibility with surrounding uses can help build consensus for a selected site, which can then be authorized for sole source negotiations.
- The Waterfront Plan and other adopted Port policies do not include a formal policy articulating how unique development opportunities that are not the product of a development RFP process should be handled through the public process. To address this shortcoming, the Port Commission should consider adoption of a policy articulating how the public process for such unique opportunities should be evaluated, and incorporating it into the Waterfront Plan.
- The Port and the San Francisco Municipal Transportation Agency should

continue to collaborate on the Waterfront Transportation Assessment and related efforts to address current congestion along The Embarcadero. The Port and the Department of Public Works should continue to work with the South Beach and Mission Bay neighborhoods to address quality of life concerns arising from crowds coming to and from AT&T Ballpark.

- Port staff, the public and the Port Commission should evaluate whether the Piers 30-32 designation in the Waterfront Plan as a mixed use development opportunity site is still appropriate. Development may be possible on a portion of the site near The Embarcadero, but is likely financially infeasible for the whole 13 acre site.
- Early consultation with State Lands, BCDC and the Army Corps of Engineers is a key to project success. The Port should consult with State Lands, BCDC and the Army Corps of Engineers about a project proposal before the City authorizes negotiations between the Port and a specific developer for a particular Port site. As the Port learned with the Exploratorium project, amendments to the BCDC Special Area Plan developed through a public planning process are better received than those that arise through planning for specific projects.

Table 4-9 Unique Development Opportunity Projects

Project Number	Project Name - Location	Size(Square Feet)	Cost	Date Finished	Web
I1	Pacific Bell/AT&T Ballpark		\$357,000,000	2000	
I2	Exploratorium	220,000	\$205,000,000	2013	http://sf-port.org/index.aspx?page=264
I3	34th America's Cup Regatta		\$8,816,000	2013	
Total		220,000	\$570,816,000		