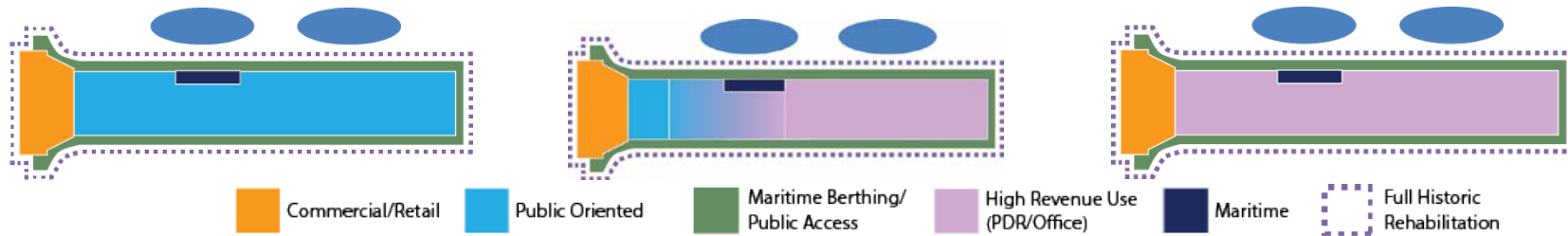






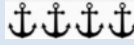
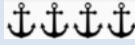
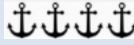











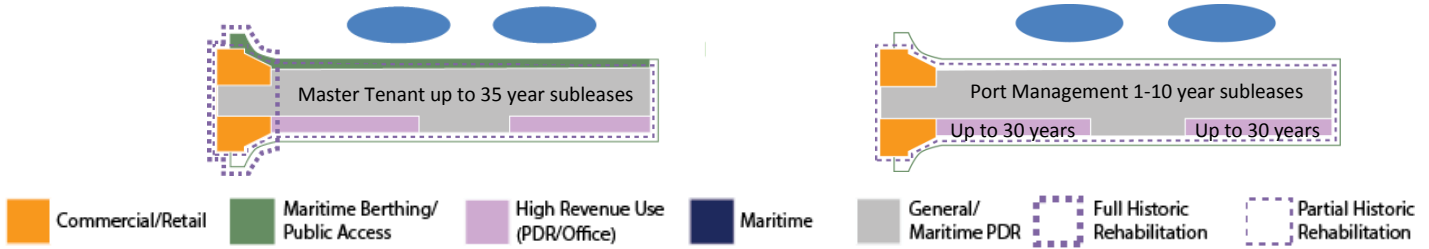


Analysis of **LONG TERM Rehabilitation Options - Embarcadero Historic District Piers – April 12, 2017**



Long-term pier lease/development		
Scenario 1	Scenario 2	Scenario 3
Maximum public oriented interior uses & maximum historic rehabilitation/repair	Minimum Port rent with maximum public oriented interior uses & maximum historic rehabilitation/repair	Maximum high-revenue interior uses & maximum historic rehabilitation/repair
Estimated cost: \$90-\$135 million	Estimated cost: \$90-\$150 million	Estimated cost: \$100-\$150 million
Occupancy 	Occupancy 	Occupancy 
Trust characteristics Bulkhead commercial/retail Apron repair for berths/public access Complete Historic Rehabilitation Full Sub/super-structure repair Maritime berthing and operations Maximum public/low-revenue use in shed	Trust characteristics Bulkhead commercial/retail Apron repair for berths/public access Complete Historic Rehabilitation Full Sub/super-structure repair Maritime berthing and operations Maximum public/low-revenue use in shed (est. 15% - 55% depending on revenue capability)	Trust characteristics Bulkhead commercial/retail Apron repair for berths/public access Complete Historic Rehabilitation Full Sub/super-structure repair Maritime berthing and operations Maximum revenue generation use in shed; varies depending on pier condition
Historic Preservation 	Historic Preservation 	Historic Preservation 
Seismic Repair 	Seismic Repair 	Seismic Repair 
Maritime berthing/public access 	Maritime berthing/public access 	Maritime berthing/public access 
Interior trust uses 	Interior trust uses 	Interior trust uses 
Lease Term 	Lease Term 	Lease Term 
Port Revenue N/A: \$30-\$60M subsidy required	Port Revenue Minimum Rent \$100K/yr 	Port Revenue Range: \$350K-\$2M/yr 






Intermediate term	
Scenario # 1 Moderate historic rehabilitation & tenant investment	Scenario # 2 Limited historic rehabilitation & tenant investment
<ul style="list-style-type: none"> Master tenant/developer for entire pier undertakes seismic repair/historic restoration of Bulkhead building Master tenant responsible for pier maintenance Predominantly low-revenue PDR (e.g. maritime/non-maritime warehouse) in shed, per occupancy limitations Subtenant lease term may align with master tenant's, or shorter-term, depending upon improvements undertaken by subtenant 	<ul style="list-style-type: none"> Port undertakes limited structural repairs (e.g. roof repair, primary utilities) Port responsible for pier maintenance Predominantly low-revenue PDR (e.g. maritime/non-maritime warehouse) in shed, per occupancy limitations Low-revenue PDR (lease terms MTM – 10 yrs) High-revenue PDR for intermediate lease terms, depending upon improvements undertaken
Estimated cost: \$25-\$30 million	Estimated cost: \$5-15 million
Occupancy	Occupancy
Trust characteristics Bulkhead commercial/retail Limited apron repair/reuse Repairs (arrest deterioration) & bulkhead rehabilitation Bulkhead sub-structure repair, limited superstructure repair Maritime/non-maritime warehouse and PDR uses (keep shed occupied)	Trust characteristics Bulkhead commercial/retail No apron repair/reuse Repairs (arrest deterioration) Limited superstructure repair Maritime/non-maritime warehouse and PDR uses (keep shed occupied)
Historic Preservation:	Historic Preservation
Seismic Repair	Seismic Repair
Maritime berthing/public access	Maritime berthing/public access
Interior trust uses	Interior trust uses
Lease Term Up to 35 years	Lease Term 0-10 years Up to 30 years, limited to 20-40,000 sf
Port Revenue	Port Revenue

Project Example for EPS Long-Term Lease Scenario 1 (Public-oriented use development)

Exploratorium @ Pier 15 – Public Trust Benefits


The Exploratorium science museum at Pier 15 is a successful public-oriented use development that has enlivened the use and enjoyment of the waterfront. The Exploratorium Board and organization was able to deploy its significant fundraising capability to raise the funding and financing require to pay for the rehabilitation and improvements.

	Historic Preservation of the Trust Asset	Seismic/Life Safety Improvements to the Trust Asset	Exterior Public Access and/or Maritime	Trust revenue/investment	Interior Uses Serving Trust Purposes - Quality	Interior Uses Serving Trust Purposes – Quantity	Lease Term
 Most Desirable	Full historic rehabilitation to Sec. Int. Standards	Full substructure and superstructure repair and seismic upgrade	Full repair and improvement of apron for public access and/or maritime use	High revenue uses	Traditional trust uses: maritime office, visitor-serving retail/restaurant, water-related recreation, public access	Entire bulkhead building and pier shed	Public use, no lease – most flexibility
	Partial historic rehabilitation (bulkhead only; or bulkhead + partial shed)	Superstructure repair, but no or partial substructure repair; partial seismic upgrade (joint at shed)	Repair and improvement substantial portion of apron for public access and/or maritime use	Medium revenue uses	Public attraction uses: museum/gallery, general indoor recreation, entertainment, specialty (local/maker) retail/manufacture	Entire ground floor of bulkhead building; portions of shed and/or upper floor bulkhead	Short term lease (1-10 yrs)
	No rehabilitation, but tenant improvements, maintenance of some/all buildings	No major repairs or seismic upgrades, but tenant S3 improvements, maintenance of some/all buildings	Limited public access/maritime use, as can be supported by existing condition of apron with minor repairs	Low revenue uses	General retail, institutional uses, government uses	Portion of ground floor of bulkhead.	Medium term lease (11-30 yrs)
Least Desirable	Vacant, deterioration	Vacant, deterioration	No public access/maritime use of apron	Non-revenue generating uses	Private Uses (general office; R&D)	None	Long term lease (31-66 yrs) – least flexibility
	 The level at which these objectives are set determines the required level of trust revenue/investment				 The required level of trust revenue/investment will allow Port to solve for the quality and quantity of uses serving trust purposes, for each category of lease term		

Project Example for EPS Long-Term Lease Scenario 2 and 3

Pier 1 – Public Trust Benefits




The Pier 1 Rehabilitation illustrates how a Port development project can provide a mix of maritime and revenue-generating office uses along with public access and historic rehabilitation (EPS development Scenario 2), where the Port’s office headquarters provide the anchor maritime trust benefit. If Port offices were not located here and instead leased to non-maritime office tenants, Pier 1 historic rehabilitation project would also illustrate a high revenue-generating lease (EPS development Scenario 3). Both include pier apron and Bayside History Walk public access and bulkhead public-oriented use.

	Historic Preservation of the Trust Asset	Seismic/Life Safety Improvements to the Trust Asset	Exterior Public Access and/or Maritime	Trust revenue/ investment	Interior Uses Serving Trust Purposes - quality	Interior Uses Serving Trust Purposes – quantity	Use Flexibility/ Lease Term
Most Desirable 	Full historic rehabilitation to Sec. Int. Standards	Full substructure and superstructure repair and seismic upgrade	Full repair and improvement of apron for public access and/or maritime use	High yield uses	Traditional trust uses: maritime office, visitor-serving retail/restaurant, water-related recreation, public access	Entire bulkhead building and pier shed	Most flexibility to change uses to meet trust objectives (e.g. no lease)
	Partial historic rehabilitation (bulkhead only; or bulkhead + partial shed)	Superstructure repair, but no or partial substructure repair; partial seismic upgrade (joint at shed)	Repair and improvement substantial portion of apron for public access and/or maritime use	Medium yield uses	Public attraction uses: museum/gallery, general indoor recreation, entertainment, specialty (local/maker) retail/manufacture	Entire ground floor of bulkhead building; portions of shed and/or upper floor bulkhead	Flexibility to change uses to meet trust objectives (e.g. short term)
	No rehabilitation, but tenant improvements, maintenance of some/all buildings	No major repairs or seismic upgrades, but tenant improvements, maintenance of some/all buildings	Limited public access/maritime use, as can be supported by existing condition of apron with minor repairs	Low yield uses	General retail, institutional uses, government uses	Portion of ground floor of bulkhead.	Less flexibility (e.g. intermediate term)
Least Desirable	Vacant, deterioration	Vacant, deterioration	No public access/maritime use of apron	Non-revenue generating uses	Private Uses (general office; R&D)	None	Least flexibility (e.g. long term)
	The level at which these objectives are set determines the required level of trust revenue/investment				The required level of trust revenue/investment will allow Port to solve for the quality and quantity of uses serving trust purposes, for each category of lease term		

Project Example for EPS Intermediate-Term Lease Scenario:

Pier 9 – Public Trust Benefits

Pier 9 is somewhat illustrative of the mix of maritime and non-maritime storage/warehouse and high-revenue PDR and office use inside a pier shed, as reflected in the EPS Intermediate Lease Scenarios; the mix of pier uses is managed by Port Engineering and Real Estate within allowable Port Building Code industrial occupancy standards. However, unlike those EPS Scenarios, Pier 9 does not include public-oriented use or seismic improvement of the bulkhead or public access on pier aprons.

	Historic Preservation of the Trust Asset	Seismic/Life Safety Improvements to the Trust Asset	Exterior Public Access and/or Maritime	Trust revenue/investment	Interior Uses Serving Trust Purposes - quality	Interior Uses Serving Trust Purposes – quantity	Lease Term
 Most Desirable	Full historic rehabilitation to Sec. Int. Standards	Full substructure and superstructure repair and seismic upgrade	Full repair and improvement of apron for public access and/or maritime use	High yield uses	Traditional trust uses: maritime office, visitor-serving retail/restaurant, water-related recreation, public access	Entire bulkhead building and pier shed	Public use, No lease (Most flexibility to change uses to meet trust objectives)
	Partial historic rehabilitation (bulkhead only; or bulkhead + partial shed)	Superstructure repair, but no or partial substructure repair; partial seismic upgrade (joint at shed)	Repair and improvement substantial portion of apron for public access and/or maritime use	Medium yield uses	Public attraction uses: museum/gallery, regional-serving indoor recreation, entertainment, specialty (local/maker) retail/manufacture	Ground floor of bulkhead building; portions of shed and/or upper floor bulkhead	Short term for non-maritime (Flexibility to change uses)
	No rehabilitation, but tenant improvements, maintenance of some/all buildings	No major repairs or seismic upgrades, but tenant improvements, maintenance of some/all buildings.	Limited public access/maritime use, as can be supported by existing condition of apron with minor repairs	Low yield uses	General retail, institutional uses, government uses	Portion of ground floor of bulkhead.	Intermediate term for maritime (Less flexibility to change uses)
Least Desirable	Vacant, deterioration	Vacant, deterioration	No public access/maritime use of apron	Non-revenue generating uses	Private Uses (general office; R&D)	None	Long term (Least flexibility to change uses)
	 <p>The level at which these objectives are set determines the required level of trust revenue/investment</p>				 <p>The required level of trust revenue/investment will allow Port to solve for the quality and quantity of uses serving trust purposes, for each category of lease term</p>		