



## MEMORANDUM

April 22, 2022

**TO:** MEMBERS, PORT COMMISSION  
Hon. Willie Adams, President  
Hon. Doreen Woo Ho, Vice President  
Hon. Kimberly Brandon  
Hon. John Burton  
Hon. Gail Gilman

**FROM:** Elaine Forbes  
Executive Director 

**SUBJECT:** Review of Port-owned Property South of India Basin

**DIRECTOR'S RECOMMENDATION:** Information Only – No Action Required

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### EXECUTIVE SUMMARY

This staff report provides an overview of Port lands south of India Basin, issues that affect these properties, and Port staff's management strategy for these properties moving forward. It is intended to provide visibility for the Port Commission on these property holdings and to elicit any feedback on objectives for future management of this unique segment of the portfolio.

### STRATEGIC OBJECTIVE

The Port's management of these properties is being presented here to further the following objectives of the Port's Strategic Plan:

Equity:

By ensuring that activities on Port property, whether by tenants or others, do not disproportionately affect disadvantaged communities.

Sustainability:

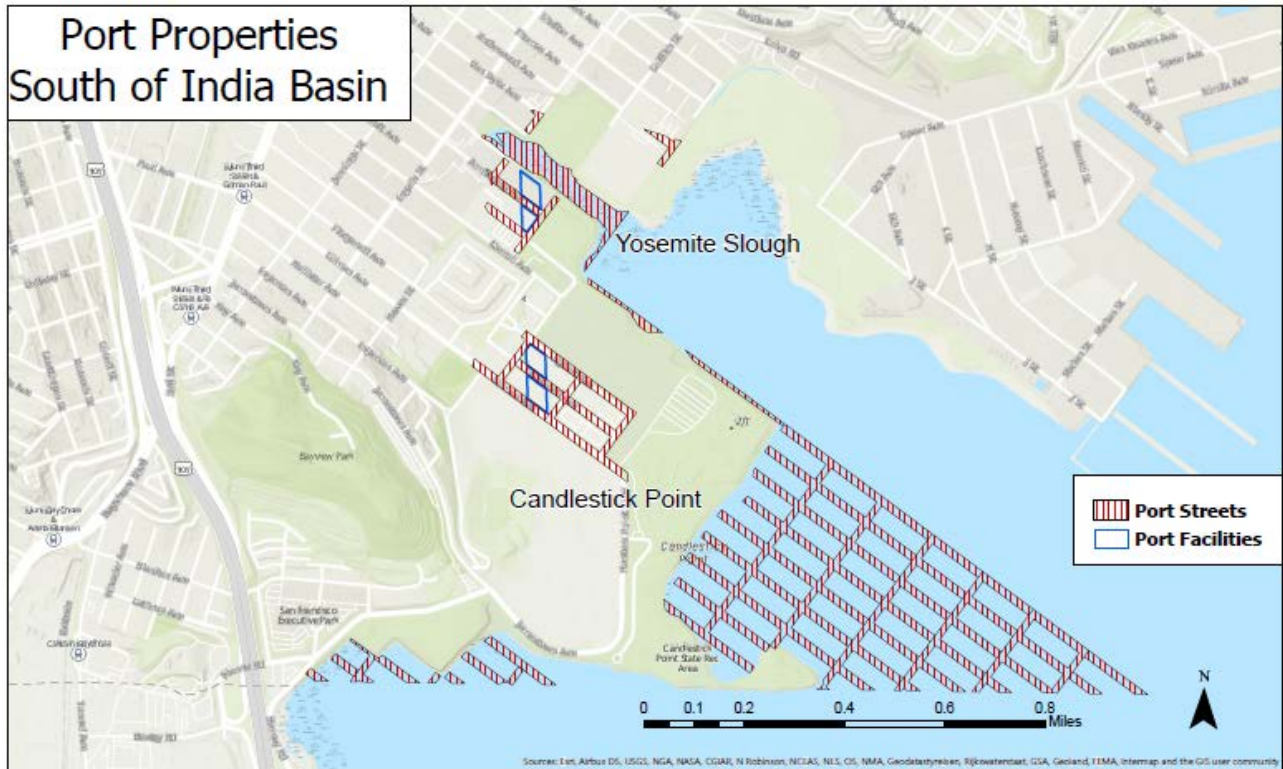
By working with Port tenants to maintain compliance with environmental laws and regulations, and support sustainability efforts for and among these tenants.

## BACKGROUND

As depicted in Figure 1 below, Port-owned property south of India Basin is comprised of parcels that are former rail-rights-of-way as well as streets and submerged lands that were transferred to the Port pursuant to the enactment of the 1968 legislation known as the Burton Act.

The majority of streets are ‘paper streets’, i.e., they have a legal existence and appear on maps, but have not been developed. Of these, most are located on submerged lands in the Bay. The paper streets located on land are largely unpaved and are not City-accepted streets, which means the Port remains responsible for them. Much of Port property is clustered in two areas, one in the vicinity of the Candlestick Point-Hunters Point Shipyard 2 Development (Candlestick Point Development), and the other around Yosemite Slough. There are also four parcels that were historic rail-rights-of-way, two in the vicinity of Yosemite Slough and two near the Candlestick Point Development.

**Figure 1: Port Properties South of India Basin**



Maps show approximate location of Port's property.

## DISCUSSION

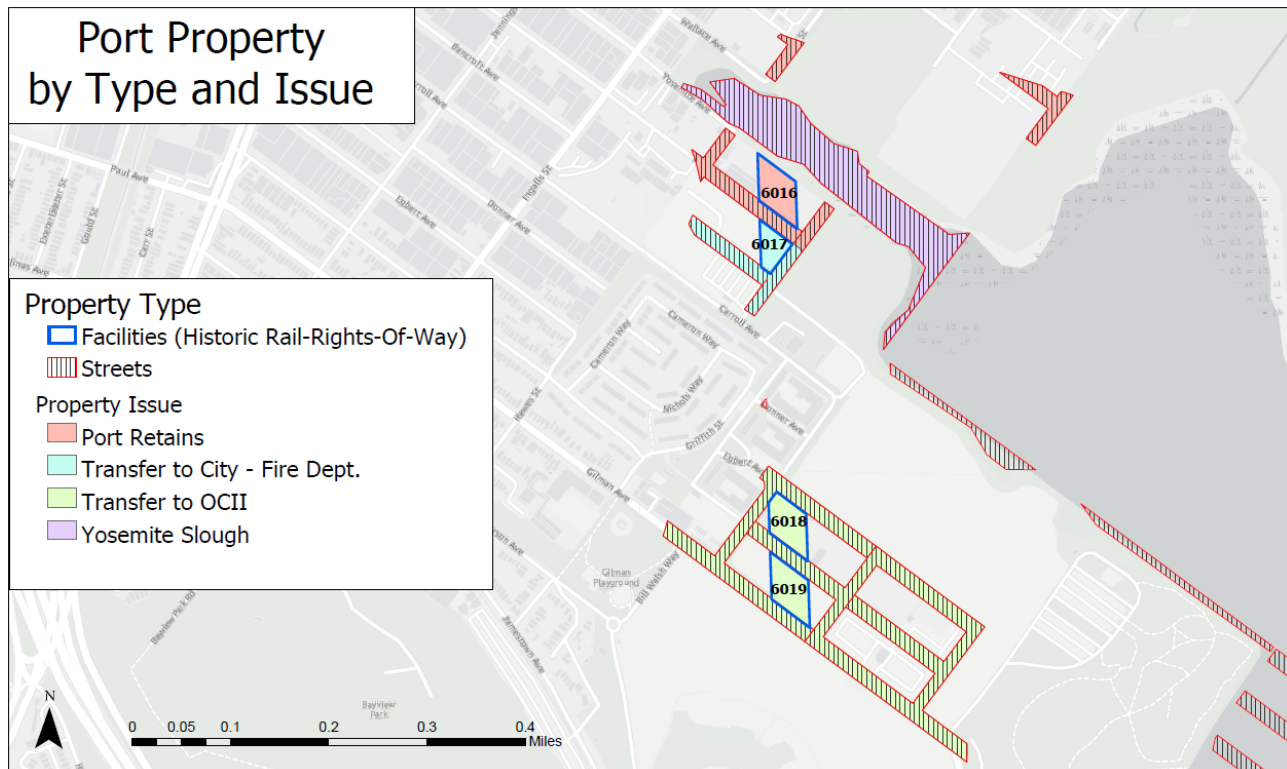
This report divides the Port's landside property holdings into four categories, as depicted in greater detail in Figure 2 below:

- Property subject to transfer to the Office of Community Investment and Infrastructure (OCII) in connection with the Candlestick Point Development (OCII

Transfer Property)

- Property subject to transfer to the City in connection with the development of a Fire Training Facility (City Transfer Property)
- Property in the vicinity of Yosemite Slough, marked in Figure 2 as “Port Retains” (Yosemite Slough Properties)
- Port-owned streets

**Figure 2: Port Property by Type and Issue**



This report discusses each of these in turn. Note that submerged properties are only addressed as relates to specific recent management activities.

### OCII Transfer Property

The Port owns a cluster of streets and railway parcels southeast of the Alice Griffith Public Housing Development, depicted in green in Figure 2. These streets are:

- **Egbert Avenue, Fitzgerald Avenue, and Gilman Avenue** (all between Arelious Walker Drive and Donahue Street), and
- **Arelious Walker Drive, Earl Street, and Donahue Street**, (all between **Egbert Avenue** and **Gilman Avenue**).

Two Port facilities are rail-rights-of-way and appear in Figure 1 as parallelograms. These are located between Arelious Walker Drive and Earl Street; Facility 6018 lies north of

Fitzgerald Avenue, Facility 6019 lies to the south. Properties nearby and adjacent to the Port's property are privately owned. The Port owns and has regulatory authority over its property but does not regulate activities that occur on the privately-owned parcels.

As part of the package of agreements executed in connection with the phased redevelopment of the area under the Candlestick Point Development, the Port property described above would be transferred to the San Francisco Redevelopment Agency as part of an overall realignment of trust property associated with the phased development plan. However, redevelopment agencies were dissolved statewide in 2012 and the agency currently responsible for pursuing the Candlestick Point Development is OCII. Progress towards the consummation of these transactions has stalled along with development activity at the site.

The Port has one tenant in this area. Detail General operates on a portion of Port parcel 6018 at the southeast corner of Arelious Walker Drive and Egbert Avenue. Detail General is authorized to store construction equipment, such as pipe, lumber, and vehicles, consistent with the zoning provisions in the Port's Waterfront Land Use Plan. As with all Port property agreements, this lease was reviewed and approved with attention to numerous environmental laws, regulations, and best practices. Routine inspections indicate that the tenant has remained in compliance with the terms of the lease, including environmental laws and regulations.

Staff is unaware of any noncompliance activities from any authorized use of Port property in this area. In February, staff observed two of the neighboring lessees encroaching on Port streets. Port staff issued verbal and written communications to these companies to remove the encroachments and the encroachments have stopped.

Recently Port staff engaged with OCII and other City agencies to address concerns voiced by nearby residents who have experienced diminished air quality in the last year. These impacts were largely traced to operations on the adjacent privately-owned parcels owned by Murphy Properties, Inc. Since that time the City Attorney's Office and OCII issued three cease and desist orders to the operators on private land and the underlying land owner and subsequently denied two requests for interim uses from operators who wanted to continue some of their activities. In the wake of those orders Port staff has met with City Attorney and OCII staff to understand the considerations driving those orders and the plan for next steps. Based on those discussions Port staff has informed Detail General that their lease at this location will not be renewed past its current expiration in May, to alleviate resident concerns regarding heavy trucks and equipment traveling on unpaved roads in the vicinity.

Looking forward, Port staff does not believe the unimproved, unpaved lands in this area are likely to be leasable for uses that would avoid these external impacts to nearby residents. While OCII advises that it will not be able to complete the transfer of property noted above until the phased private development moves ahead, the Port has informed OCII staff that its priority is to see the transfer happen at the earliest possible date and will continue to seek opportunities to do so.

#### City Transfer Property

Facility 6017, Bancroft Avenue west of Griffith Street, and Griffith Street south of Armstrong Avenue will all be transferred to the City, pending approval by the State of California. This property is undeveloped and unpaved land that has ceased to be useful for the promotion of the Public Trust and the Burton Act Trust.

At its April 12, 2022 hearing, the Port Commission approved a resolution and associated agreements laying out the process by which the Port would transfer this parcel along with ownership of the adjoining paper streets to the City as part of a site assembly effort for the development of a new fire training facility for the San Francisco Fire Department.<sup>1</sup>

The transfer is subject to a number of conditions precedent, including the enactment of state legislation, and is expected to be completed within 12 months. In light of the Port's commitment to deliver the site when the conditions have been satisfied, Port staff do not intend to lease the site to any private operators as that may complicate that conveyance.

### Yosemite Slough Properties

Yosemite Slough is a shallow water channel that lies north of the Candlestick Point Development. The slough is approximately 1,600 feet long and 400 feet wide, and is at various times a mudflat or covered with three to six feet of water as the tide fluctuates. (See Figure 2.)

The sediments in the slough are contaminated and are subject to a cleanup plan under the U.S. Environmental Protection Agency (EPA) Superfund program. The primary contaminants are lead and poly-chlorinated biphenyls (PCBs), which are hazardous to the plants and animals that live in the slough. People can be at risk if they eat contaminated fish or shellfish.

The contamination is believed to have originated in the urban watershed that drains to the slough. Likely sources include:

- Bay Area Drum Company (defunct)
- Other historic industrial activities
- Non-native fill material placed along the banks of the slough during the 1940s and 1950s

The Bay Area Drum Company and its customers were responsible parties in a land-based cleanup overseen by the California Department of Toxic Substances Control (DTSC) from the 1990's to 2003. Bay Area Drum was located in the Yosemite Slough watershed where it cleaned, refurbished, and sold industrial drums from the 1940's until it ceased operations in 1987. The used drums contained a variety of chemicals including oils, solvents, paints, petroleum products, and PCBs. In the 1980's, the site was found to be contaminated. Beginning in 1987, DTSC conducted an investigation and oversaw cleanup until it was certified as complete in July of 2003.

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<sup>1</sup> The April 12 staff report can be found here:

[https://sfport.com/files/2022-04/04122022%20Item%207D%201236%20Carroll%20Ave%20SFFD%20action\\_final.pdf](https://sfport.com/files/2022-04/04122022%20Item%207D%201236%20Carroll%20Ave%20SFFD%20action_final.pdf)

Several years later the sediments of Yosemite Slough were found to be contaminated by a similar suite of chemicals. EPA initiated an investigation that implicated several responsible parties, including the Bay Area Drum Company and its customers.

The City and County of San Francisco was also implicated as a responsible party. This stems from the Port of San Francisco's ownership of the submerged lands, i.e., the sediments in the slough, and the San Francisco Public Utilities Commission's ownership of the stormwater infrastructure that is believed to have conveyed contaminants from land to the slough. Since 2009, the City has cooperated with the EPA in the investigation and development of a cleanup strategy. Port staff has worked with the SFPUC and the City Attorney's office to support this effort. Most recently and at the request of the EPA, Port staff conducted a survey of stormwater infrastructure on Port property. Staff concluded that all stormwater appears to flow towards the combined sewer system and does not pose a risk of conveying additional contaminants toward the Slough.

In 2013, the EPA completed an Engineering Evaluation and Cost Analysis (EE/CA) that summarized the contamination and risks of different approaches to the cleanup. After a formal public comment process, this was finalized in 2014 by the EPA as an Action Memorandum. The Action Memorandum outlined the main cleanup approach, relying primarily on the removal of contaminated sediments and placement of clean materials. The Action Memorandum also identified pre-design technical studies to inform final design of the cleanup action. In 2016 the EPA reached two interim settlements, each with several parties, to conduct these technical studies. One settlement was with four public entities: the City and County of San Francisco, the California Department of Parks and Recreation, the California State Lands Commission, and the U.S. Defense Logistics Agency. The second settlement was with twelve private parties: Ashland, Inc., Coca-Cola North America, Exxon Mobil Corporation, InterState Oil Company, NL Industries, Inc., Occidental Chemical Corporation, Pennzoil-Quaker State Company, PPG Architectural Finishes, Inc., Redwood Oil Company, Inc., Textron, Inc., Tyco Electronic Corporation and Univer USA, Inc. These studies are expected to be completed in 2023. To date, no cleanup actions have been taken within Yosemite Slough.

The Port is expected to remain the owner of the Yosemite Slough sediments for the foreseeable future. Accordingly, staff will continue to work with the SFPUC and the City Attorney's Office and to be responsive to the EPAs oversight of the cleanup.

Landside, the historic rail-right-of-way known as Facility 6016 lies along Armstrong Avenue just south of Yosemite Slough. (See Figure 2.) This facility is approximately 50,000 square feet and includes paved and unpaved land and a shed structure. There are three private tenants leasing space on this parcel. Michael O'Shaughnessy Construction leases 5,000 square feet of shed space and 7,503 square feet of paved and unpaved land, Sheeran Pipeline leases 6,000 square feet of unpaved land, and Devaney Engineering leases 7,074 square feet of unpaved land. The remainder of the shed is being used by the Port to store an oversized physical model of the San Francisco Bay. Of the four Port former rail-rights-of-way parcels south of India Basin, this is the only one for which there are no plans to transfer title or otherwise dispose of the property.

Port staff further notes that there is property located to the northwest of Yosemite Slough that was transferred to the Port under the Burton Act but may be subject to dispute by a private party. Port staff are investigating records and developing a strategy to address the potential dispute. Port staff will return to the Port Commission with further information when it is available. In addition, the Chief Harbor Engineer has initiated a dialogue with the City Surveyor to prepare a new map of Port holdings to reflect all recent trust transfer transactions and assist in further portfolio management activities in the future.

### Port-owned Streets

The Port-owned streets shown in Figure 1 are largely unimproved, unpaved, and not accepted by Public Works as a City-maintained right of way. Nonetheless, Armstrong Avenue is used daily for parking and to access the adjacent parcels. Just north of the Slough, Hawes Street has been the subject of both homeless encampment activities and encroachment by neighboring commercial businesses. Port staff have worked with SF Public Works to clean up the homeless encampment and has secured the street from commercial encroachments.

As a general matter, the Port's objective is to see these streets improved so that they can be accepted by the City for maintenance and management as a public right of way. However, the Port does not have nor have we been successful at identifying the resources that would be needed to implement such improvements. Accordingly the Port will continue to own and manage these properties and look for ways to partner with other City agencies to address any issues that exceed the Port's current financial capacity.

### **CONCLUSION**

The Port is fully committed to being a responsible property owner and will continue to manage its properties to ensure that they are used only as authorized and that they are not the source of fugitive emissions, regulatory violations, or other poor practices that undermine the quality of the neighborhood. Port staff looks forward to the Port Commission's feedback on the management of these properties.

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For: Michael Martin, Chief Operating Officer