

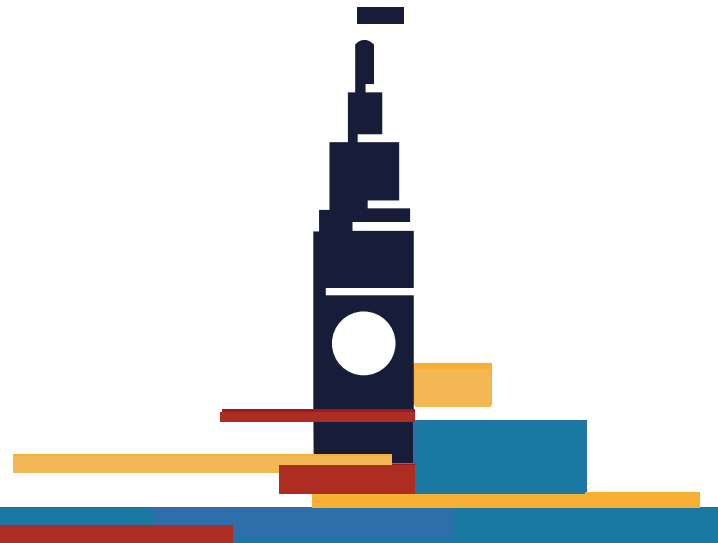
Action Item – 11A, Resolution 22-26

Piers 38 & 40

Request Endorsement of Term Sheet

July 12, 2022

David Beaupre, Joshua Keene, & Rebecca Benassini



Presentation Outline

1. Project Process and Overview
2. Project Status Update
3. Term Sheet Deal Points
4. Requested Action & Next Steps

Development Site

Pier 38

35,000 SF Vacant Retail/Office

95,000 SF Shed

28,000 SF Apron

950 Linear Feet

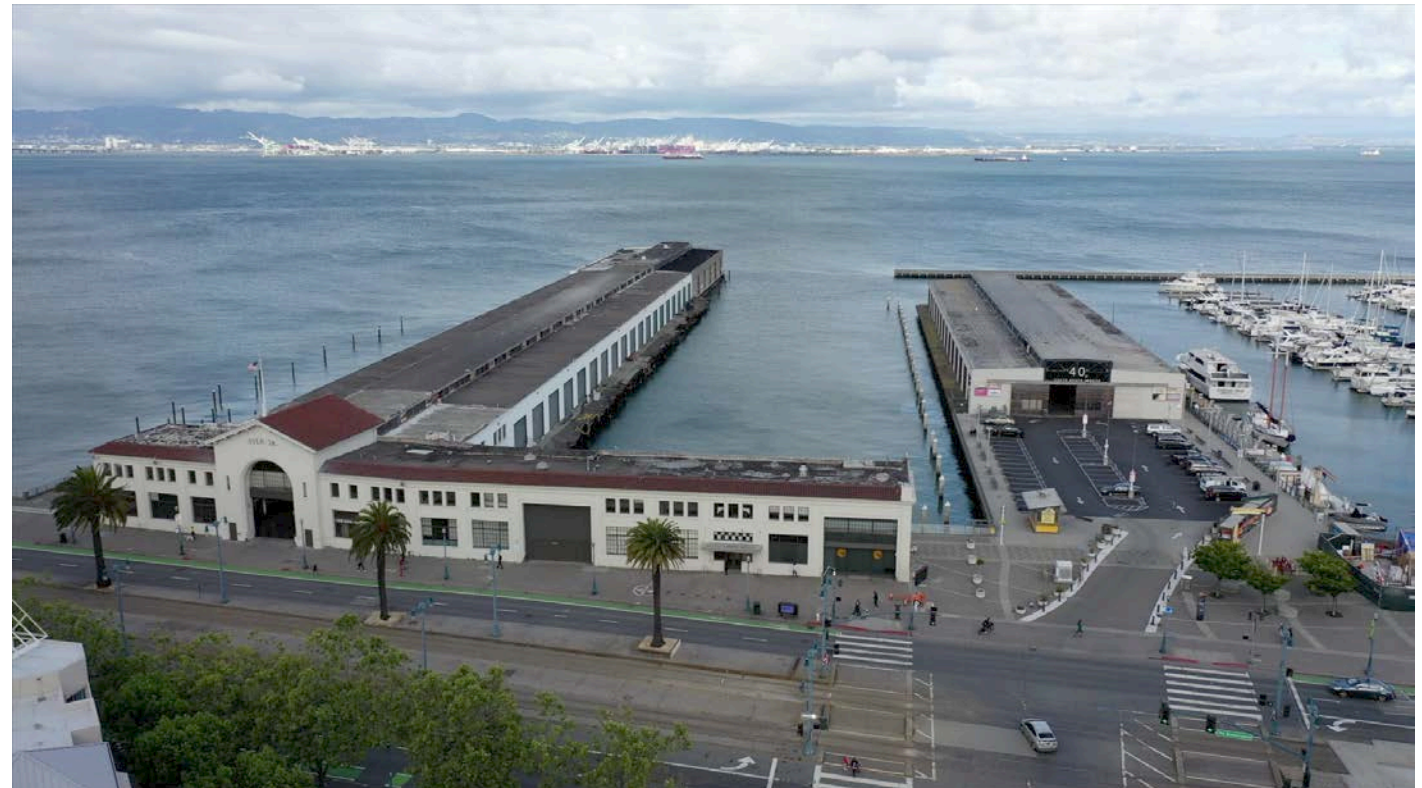
Pier 40

20,000 SF parking

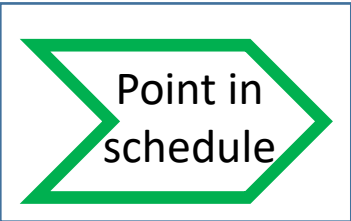
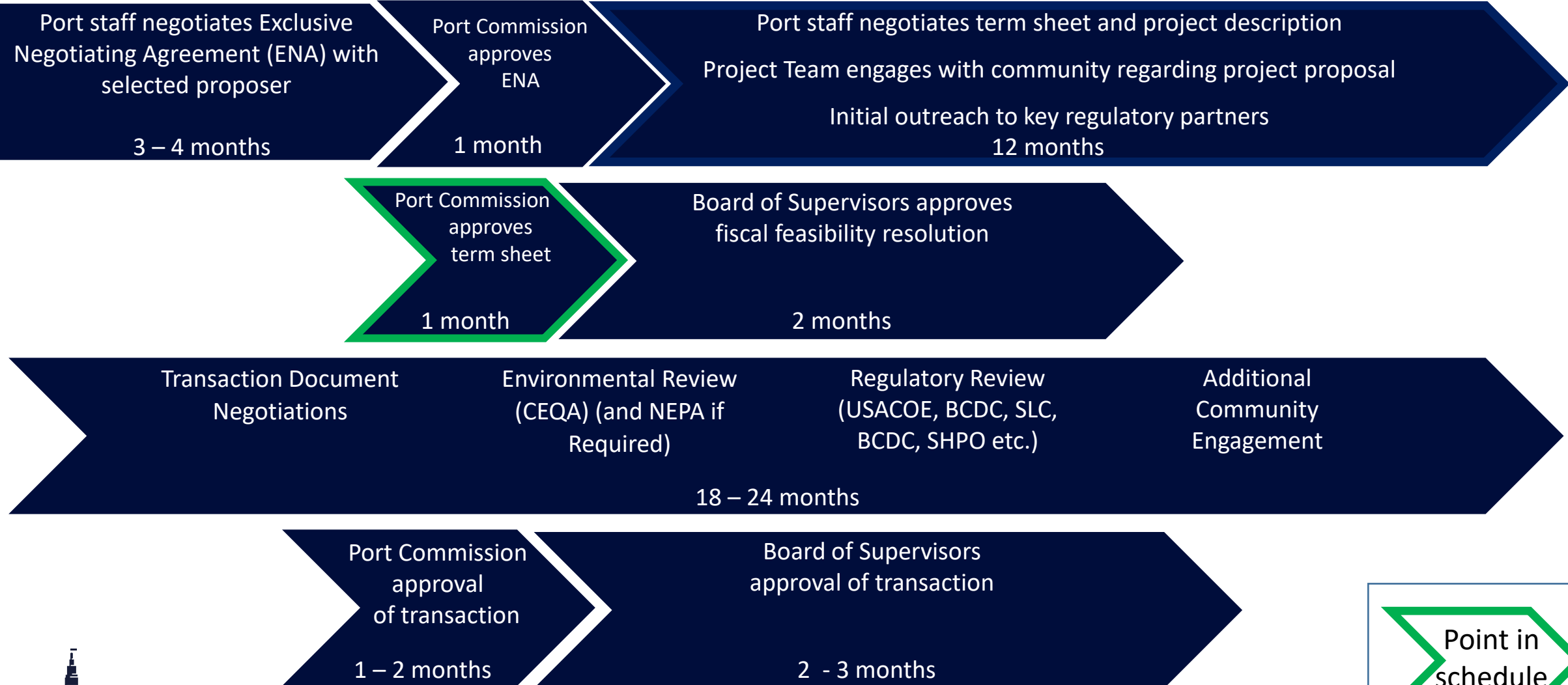
46,000 SF Shed

10,000 SF Apron

650 Linear Feet



DEVELOPMENT PROCESS TIMELINE



RFP Process & Schedule



2020 (RFP & Selection)

- *January 10th Issued RFP*
- *March 4th received two proposals*
- *April – June Review Panel Scoring*
- *July 14 Present to Port Commission*
- *July 29 Present to NAC*
- *August 11 – Port Commission*

Authorizes ENA negotiations with PWP

2021/22 (ENA, DEI, Term Sheet)

- *February 24, 2021 - Seek Port Commission Approval of ENA*
- *Prepare DEI Plan*
- *Stakeholder Outreach*
- *Project Development and Negotiations*
- ***Term Sheet Endorsement***

Background



Waterfront Plan Update

- Emphasis on Bringing Diverse Users to the Waterfront
- Mix of Publicly Oriented/Revenue Generating Uses
- RFP Shaped by Waterfront Plan's 9 Portwide Goals
- South Beach Subarea Goals and Acceptable Land Uses

Waterfront Resilience Program

- Seawall Program
- USACOE Flood Study

Community Values to Guide RFP

- CWAG, NEWAG, MCAC
- South Beach/Rincon/Mission Bay

Land Use Program

215,000 RSF Class "A" Office
Ground & Mezzanine Levels

21,000 RSF Market Rate Restaurants

20,000 RSF Affordable Restaurants

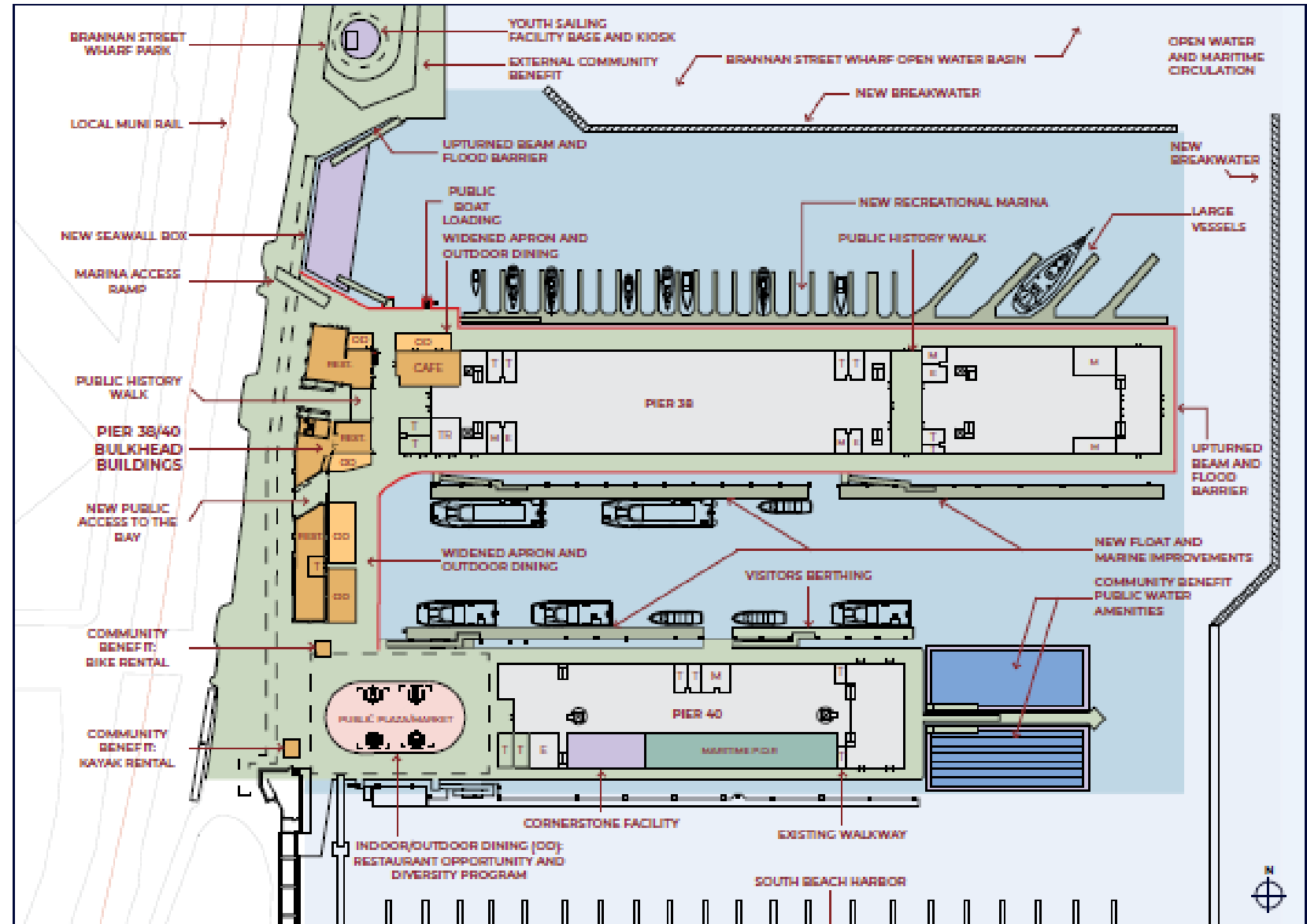
10,000 RSF Maritime PDR/Retail

2,500 RLF Commercial & Recreational
Berthing

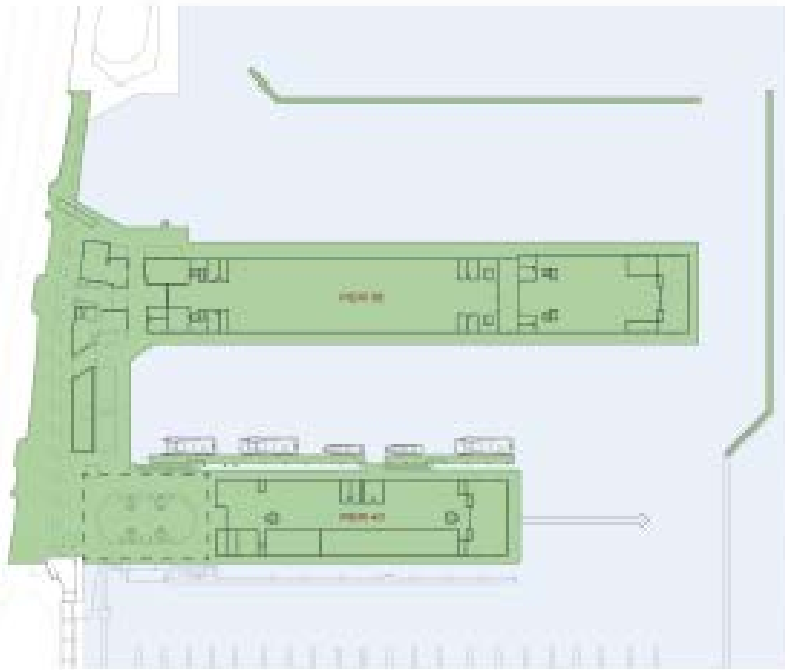
136,000 SF Public Open Space

Public plaza available for seasonal markets,
special events, and everyday programming.

Water related amenities available to tenants
and the community.



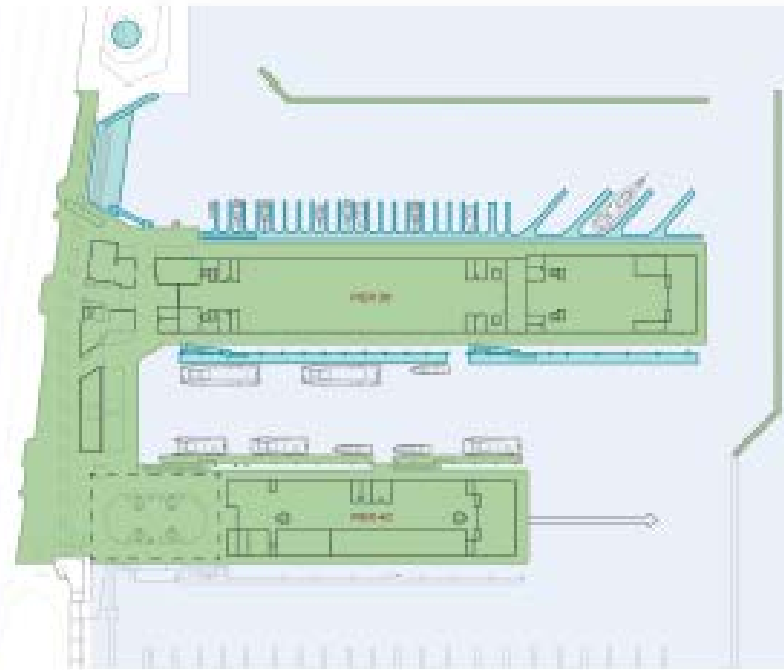
Phasing



PHASE I

Spring 2026

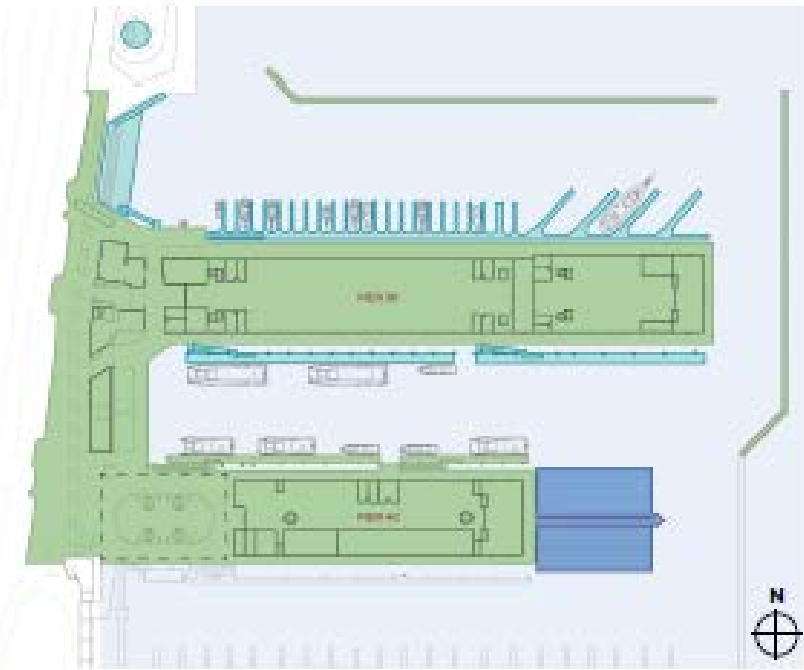
Marginal Wharf & Pier Retrofit
Bulkhead & Shed Structures
Public Plaza
Seawall Improvements & Box Culvert
Water Taxi and Visitor Dock
Breakwaters
Community Benefits: Bike & Kayak Kiosks



PHASE II

Spring 2027

Recreational Marina
Commercial Docks
Community Benefits: Sailing Float & Kiosk



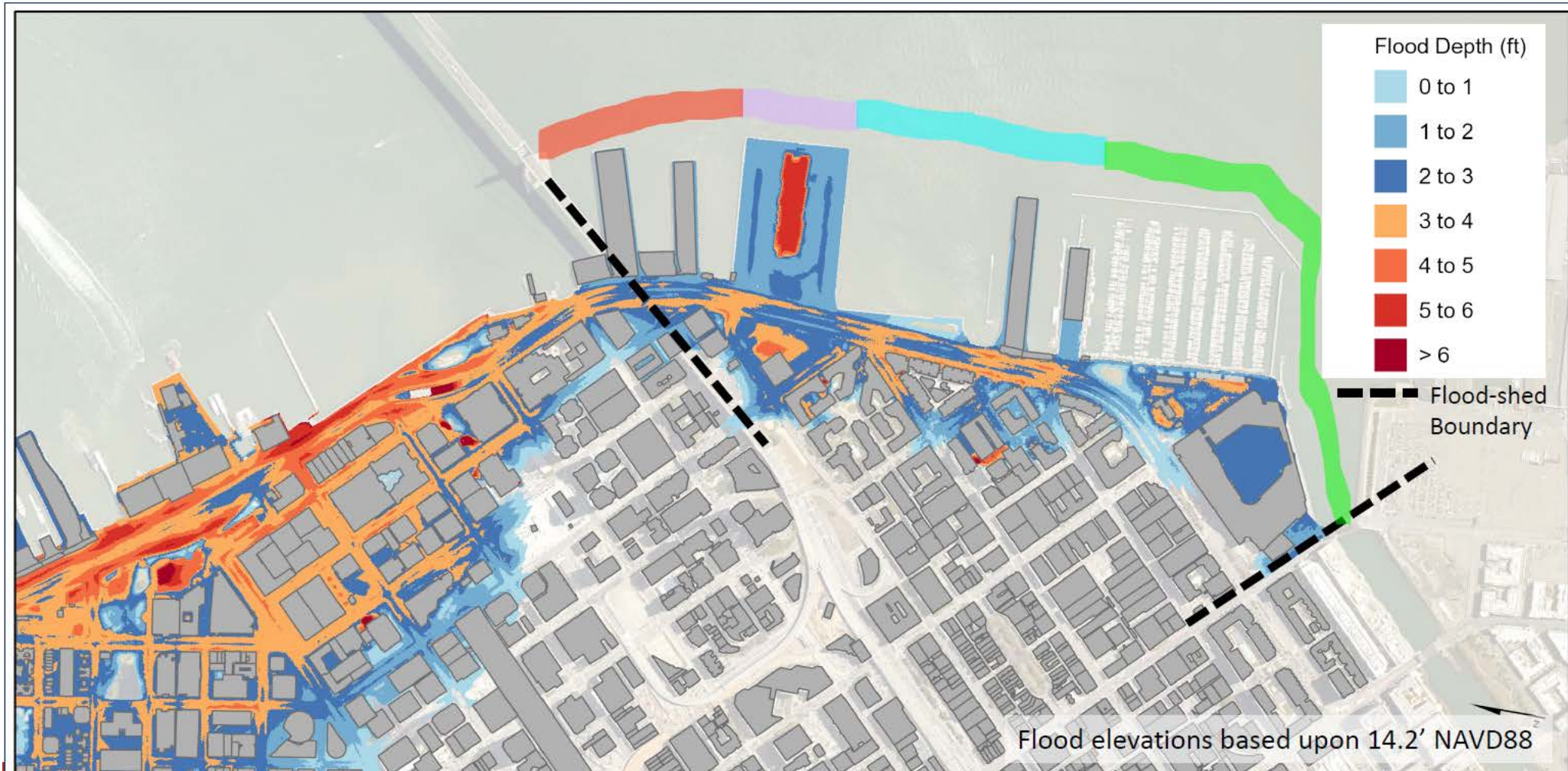
PHASE III

Spring 2028

Community Benefit: Water Amenities

Building Resilience

Projected Flood Levels at 4.5' SLR with Extreme Tidal Event



Project Benefits

Community & Equity-Focused

- **Strong commitment to equity.**
 - **Partnership with Cornerstone.**
 - **Affordable rents**, for public-serving tenants
 - **Construction assistance by investing more in base building improvements**
 - **Training space and support** for disadvantaged youth seeking training.
- **Public activations.**
 - New areas of **indoor and outdoor public access**
 - **Maritime & Water recreation opportunities**
 - Facilities for **children and boaters**;
 - Retention of **maritime-serving tenant** types in Pier 40
 - Significant increase to **berthing space** for smaller and larger vessels.

Project Benefits (continued)

Facility Improvements

- **Historic restoration** of two piers
- **Seismic upgrades** to substructure and superstructure
- **Seawall** stabilization and seismic resilience
- **Sea Level Rise** - South Beach Sea Level Rise segment protection; Bulkhead building, marginal wharf, and breakwaters to protect against 2100 sea level rise (and to improve basin for boating)
- **Deployable floodproofing** measures along aprons of for Piers 38 and 40 to retain piers

Development Cost & Sources

	Base Project	Add'l Resiliency	Deferred Maritime	Total
Approximate Sources				
A Private Capital	336,000,000			336,000,000
B Tax Increment Financing/Mello Roos	19,000,000			19,000,000
C Historical Tax Credits	65,000,000			65,000,000
D Government Funding		58,000,000		58,000,000
E Grants/Loans/CAM			50,000,000	50,000,000
Total	420,000,000	58,000,000	50,000,000	528,000,000

Note: Neither Port nor City is obligated to directly fund any Additional Resiliency or Maritime work currently unfunded outside the Base Project.

Term Sheet – Financials

Ongoing Revenues

- **Base Rent (minimum): \$120,000** per annum. The annual Base Rent amount will be increased every five years by 15.0%.
- **Participation Rent: 0.5% to 4.0%**, of modified net revenues, applied on tiers of revenue
- **Repayment or transition** of Cal Boating Loan
- **Estimated Ongoing Port Revenues \$350K/yr.** by year 5; \$450K/yr. by year 10

Revenue Events

- **Sale & Refinancing:** Between **5% and 10%** of net sales and refinancing proceeds.



Staff Analysis and Recommended Action: Approve Term Sheet

- About 20% of total Project costs depend on achieving outside funding;
- While it is unusual to have this level of “contingent” Project funding as part of a Project’s Term Sheet, Port staff believe **it is prudent to continue our partnership with SFWP** and the Project.
- **Multiple Project benefits**, Port could not achieve for the public without PPP
 - **Historic Rehabilitation**
 - **Decreases earthquake risk**
 - **Provides sea level rise resilience**
 - **Water recreation and food and beverage amenities** to waterfront visitors and economic benefits to a variety of industries including **BIPOC-owned** and operated nonprofits and businesses.
 - **Leverages private-partner capital and expertise** in delivering key infrastructure and historic preservation.
- In addition, **no public funds are at risk** while SFWP and the Port work towards entitlements and design.



NEXT STEPS

- Continued Stakeholder Outreach
- Implement DEI Plan
- Regulatory Partner Coordination & Permits
- Seek Board of Supervisors Endorsement of Term Sheet and Fiscal Feasibility
- Initiate CEQA
- Negotiate Transaction Documents
- Port Commission updates & guidance