



## MEMORANDUM

July 9, 2020

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

**FROM:** Elaine Forbes   
Executive Director

**SUBJECT:** Informational presentation on the responses received and scoring panel results for the South Beach Piers 38 & 40 Request for Proposals (RFP) within the Embarcadero National Register Historic District, for the adaptive reuse, rehabilitation, lease and operations consistent with the goals and policies of the Draft Waterfront Plan and the Port's Resilience program.

**DIRECTOR'S RECOMMENDATION:** No Action required

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### **EXECUTIVE SUMMARY**

On October 22, 2019 the Port Commission authorized Port staff to issue an RFP for the South Beach Piers 38 & 40 ("Piers 38 & 40")<sup>1</sup>. The Port is seeking a qualified respondent through the RFP to enter exclusive negotiations to develop and operate Piers 38 and 40 within the Embarcadero National Register Historic District. The offering includes approximately 176,000 sq. ft. of interior bulkhead and shed space, 56,600 sq. ft. of outdoor pier apron space, and a 20,000 sq. ft. surface parking lot that may be potentially developable.

The Embarcadero Historic Piers Program seeks development partners to invest in and rehabilitate the historic piers within the Embarcadero Historic District. The Port's goal is historic facility rehabilitation, consistent with public discussions and recommendations that have been incorporated into the Draft Waterfront Plan ("Waterfront Plan") Goals,

**THIS PRINT COVERS CALENDAR ITEM NO. 10A**

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<sup>1</sup> [https://sfport.com/sites/default/files/Documents/Item%2012A%20Piers%2038\\_40%20Authorization-F.pdf](https://sfport.com/sites/default/files/Documents/Item%2012A%20Piers%2038_40%20Authorization-F.pdf)

Embarcadero Public Trust Objectives (“Public Trust Objectives”), the Port Resilience Program and the values expressed by the community through the Port’s citizens advisory committees.

The Port issued the RFP on January 10 and conducted a pre-RFP meeting and site tour on January 24. The RFP was downloaded more than 150 times and approximately 80 people attended the pre-bid meeting and site tour, including nine prime developers and 49 subcontractors (including ten LBE firms). On March 4, the Port received two proposals, both of which met the minimum qualifications and were advanced to the five-member scoring panel. The two respondents were Orton Development Incorporated (ODI) and Pacific Waterfront Partners (PWP).

The Port convened a five-member scoring panel including community leaders, experts from key disciplines, and Port staff to review and score both the written responses and verbal interviews, based upon the criteria approved by the Port Commission and described in the RFP. The panel’s review of the written responses and interviews resulted in PWP receiving the highest score of 114 points and ODI receiving 106 points.

The Waterfront Plan RFP process provides that:

- Port staff will facilitate the RFP scoring, bring the results of the scoring to the Port Commission in an informational session (and invite respondents to present at the meeting) to receive Port Commission, Advisory Group and public comments;
- Bring the results to the applicable advisory group to promote discussion and receive any further comments, and
- Then either return to the Port Commission to:
  - Seek authorization to negotiate an Exclusive Negotiations Agreement (ENA) with the highest-scoring respondent or
  - Reject the bids and cancel the RFP.

Given the strength of the proposals and the potential for success for the highest-scoring bidder, Port staff intend to follow this process and to return to the Port Commission to seek authorization to negotiate an ENA with PWP.

This staff report provides an overview of the RFP process to date and includes the following sections:

- I. Strategic Plan Alignment
- II. Project Background
- III. Respondent Development Concepts
- IV. Technical Expert Review for Scoring Panel
- V. Scoring Panel Composition, Process, Scores and Input Received
- VI. Next Steps

## **I. STRATEGIC PLAN ALIGNMENT**

Successfully selecting a development partner and adaptively reusing the Embarcadero historic piers will provide for a range of publicly oriented uses, maritime tenants, and other revenue-generating uses to implement a financially feasible project. The project's

success will be defined by its: rehabilitation and maintenance of historic assets, implementation of resilience and adaptation strategies, curation of a mix of uses that enliven the South Beach waterfront area, and advancement the Port's stewardship of the Embarcadero Historic District, which is on the National Register of Historic Places.

If approved and implemented, these projects will achieve five of the Port's Strategic Plan objectives:

Productivity: Completed pier rehabilitation projects will make progress on the Productivity objective to restore Embarcadero Historic District piers with developer-funded improvements, including identifying at least six historic piers within the District to be leased and rehabilitated by 2024.

Stability: Maintain the Port's financial strength by addressing deferred maintenance at the subject piers using private capital and project-generated revenues, leaving the Port with more capital funds to address deficiencies at other facilities.

Resiliency: Completed projects will prepare the Port for natural and human-made risks and hazards through seismic strengthening of the adjacent seawall and providing flood protection for the piers.

Engagement: Through the course of the project, we will increase the Public's awareness of the purpose and benefits of Port functions and activities.

## **II. BACKGROUND**

The Embarcadero Historic Piers Program was developed based on guidance from the Port Commission, the public, and the Waterfront Plan Working Group during the Draft Waterfront Plan ("Waterfront Plan") planning process and has strong public support. The Embarcadero Historic Piers Program seeks to secure development partners to invest in and rehabilitate the historic piers within the Embarcadero Historic District consistent with public discussions and recommendations that have been incorporated into the Waterfront Plan Goals, Embarcadero Public Trust Objectives ("Public Trust Objectives"), the Port Resilience Program, and the values expressed by the community through the Port's citizens advisory committee. (see *Exhibit 1: Excerpts from RFP and Waterfront Plan*). Exhibit 1 is a full description of the Waterfront Plan Goals, Public Trust Objectives, sub- area objectives, acceptable land uses, and the values expressed by the community.

In summary, the Waterfront Plan promotes the seismic upgrade and historic rehabilitation of Embarcadero Historic District piers to improve public access and public enjoyment. It also recognizes that financially feasible projects will require a mix of revenue-generating uses and/or philanthropic funding to support the costs of seismic and historic rehabilitation, flood protection, sea level rise adaptation, and seawall repair.

A key objective of the Historic Piers Program is to foster activities that draw the public to the waterfront for recreation and enjoyment, and to experience San Francisco's

maritime history and architecture, especially within Embarcadero Historic District pier facilities. In 2018, prior to issuing an RFP, the Port first issued a Request for Interest (“RFI”) to provide the Port with market-based input on public-oriented concepts which can activate and, either on their own or in combination with high-revenue generating uses, provide a financial engine for rehabilitation of facilities in the Embarcadero Historic District. The 52 responses to the RFI informed the Port Commission’s strategy for subsequent RFPs and provided a forum to engage the development community with the marketplace for public oriented uses. Port staff built upon the network of businesses who indicated interest in the piers during the RFI phase to keep up communications about this RFP and the subsequently issued Piers 30-32 and Seawall Lot 330 RFP.

### **III. RESPONDENT DEVELOPMENT CONCEPTS**

On March 4, the Port received two proposals, each of which met the minimum qualifications as approved by the Port Commission and outlined in the RFP. The two respondents were Orton Development Incorporated (ODI) and Pacific Waterfront Partners (PWP). The RFP required respondents to submit executive summaries to include in this staff report; *Exhibit 2* is the PWP executive summary and *Exhibit 3* is the ODI executive summary.

The following is an overview of each respondent’s concepts. Both submittals met the goals, objectives, and values described in the Port’s RFP. Additionally, each Respondent recognized the need to further the discussion with the Port and the stakeholders to refine the concepts while still achieving the goals and objectives established in the Port’s plans and programs. It is essential to recognize that the proposals received are initial concepts that will likely evolve through community dialogue, additional site due diligence, policy direction, and lease negotiations. Ultimately a successful project will have an appropriate balance of uses and improvements that meet the goals and objectives of the Port’s plans and programs.

#### **Pacific Waterfront Partners**

PWP is a real estate development and investment management firm focused on urban infill and portfolio management. PWP has successfully completed projects requiring complex entitlements, including urban infill, mixed-use development, waterfront, and historic rehabilitation projects. PWP developed the Port’s Historic Piers 1.5, 3, and 5 project.

#### PWP’s Vision

Exhibit 4 illustrates the PWP land use and program proposal, which is set forth below. PWP describes its vision for Piers 38 & 40 as:

- A waterfront public "playground" where families can engage in water-oriented recreation, welcoming and accessible for a diverse Bay Area population and its visitors;
- Expansion and improvement of maritime facilities and related production distribution and repair (PDR) requirements (Maritime support) for a water-oriented transportation hub accommodating water taxis, ferries, and tour boats;

- Public-serving facilities supporting community functions and outdoor areas for picnics, fishing, or just promenading along a contiguous Port Walk by the Bay;
- History Walks that engage visitors in the history of the Southern Waterfront, of the cultural heritage of the South Beach and of the shed and bulkhead buildings;
- A large-covered public area in the current parking lot in front of Pier 40, which will be usable night and day, year-round for such activities as a Latin food market, night markets, and affordable eating and entertainment venues;
- People Places created with thoughtful planning and design that both meet the Secretary of the Interior's Standards for Historic Rehabilitation and adapt the assets to maximize the Public's accessibility to all areas of the project; and
- A seismically strengthened seawall to become the first public/private project for answering the immediate need to accomplish seismic stability along the Waterfront while addressing the needs for resiliency and the impacts of sea level rise on historic assets.
- Swimming areas at east end of Pier 40

#### PWP's Uses and Community Benefits

The public-oriented uses offered in the PWP program are maritime recreational and the flexible, covered market and entertainment space in front of Pier 40. Public access to historic pier interiors, and along the Bay shoreline around the piers. Another community benefit offered is free space for an active nonprofit. The use program also includes general office within each of the sheds.

#### Maritime and Water Recreation Uses

The land use program PWP proposes include a variety of maritime uses, such as

- A youth sailing center and marina area on the north side of Pier 38 that would help activate the Brannan Street Wharf.
- A small human-powered craft center between Piers 38 and 40 and protected swim areas on the east end of Pier 40. The improvements include new docks and an extension of the Pier 40 breakwater, which would support water recreation and help with wave attenuation to address sea level rise and project resilience.
- A water-borne transportation hub accommodating water taxis and ferries would be created between Piers 38-40.
- A landing for other ticketed public vessels would be located at the Western half of the North side of Pier 40, affording faster on and offboarding.
- A waterfront Promenade that would walk around and through the Piers and incorporated into the public spaces.

#### "People Places"

Support for community functions would be created on the expanded aprons between the Piers and in the area of Pier 40 used for parking. A large covered public plaza area, which would be available night and day, year-round for such activities as a food market, night markets, affordable eating and entertainment, would be created in the place of existing parking as well as in the Pier 38 Bulkhead along the Embarcadero. Tenants would be subsidized by the project in that all the infrastructure needed for "Plug and

Play” food vendors and a food court would be included in the event or in tenant support areas with no minimum rent.

### Nonprofit Space

The project would include new office space on the second level of the bulkhead building and within the pier sheds to generate revenue and provide public benefits. The proposed nonprofit space consists of free offices and learning space for Cornerstone Institute for Anointing (CIA), a sister company to Cornerstone Facilities Consulting (CFC), both of which are a Local Business Enterprise (LBE) and Disadvantaged Business Enterprise (DBE). CIA’s mission is to provide training to produce the most optimum workforce to meet the current industry demand for the most relevant skills available worldwide. The Pier 38-40 Project would provide them with permanent space for learning facilities to pursue their mission. The project also proposes to integrate and maintain existing tenants on Pier 40 such as the nonprofit BAADS, support facilities for local enterprises such as South Beach Yacht Club or uses that serve a public purpose. Restaurant space would be on the ground level of the Pier 38 bulkhead and extending into the shed.

The project’s proposed community benefits are to:

- Provide affordable rents, and in some areas, no minimum rents for public-serving entertainment such as restaurants, cafés, and food markets that strive to reduce menu pricing;
- Provide construction assistance by investing more in base building improvements to reduce tenant construction costs and enable emerging chefs to get a start toward ownership;
- Provide new areas of indoor and outdoor public access and to appreciate the historic resources;
- Provide free facilities for children and boaters;
- Provide free facilities for disadvantaged young people seeking skills training; and
- Encourage participation and inclusion of all public stakeholders as we work together in developing preliminary designs and uses.

### PWP Proposed Investment in Port’s Assets

The project would deliver seismically upgraded facilities, an innovative perimeter barrier in the form of a 2’-0” upturned beam to address sea level rise, extending along the entire perimeter of the project from the Brannan Street Wharf Park (which is 140 feet north of the project, a potential offsite flooding risk reduction project) to South Beach Harbor. The project also proposes necessary upgrades as required to address the seismic needs of the seawall.

PWP is committed to meet or exceed the LBE goals to be set by the City’s Contract Monitoring Division. PWP will partner in the project management with an LBE, Cornerstone Facilities Consulting (CFC) a Disadvantaged Business Enterprise (DBE).

The total estimated development cost of the proposed development is \$383 million, including all cost associated with the marina and new breakwater. PWP will work with the Port to explore funding mechanisms, such as Community Financing Districts

(CFDs), Infrastructure Financing Districts (IFDs), historic tax credits, and boating grants or loans for certain capital improvements. The project commits to a minimum rent and a participation rent, ensuring the Port has a steady revenue stream and participation in any project upside.

### **Orton Development Inc.**

ODI specializes in large-scale rehabilitation and redevelopment projects, with subspecialties in environmental remediation, historic preservation, and public-private partnerships. Over the last thirty years, ODI has developed over twenty million square feet spanning over eighty projects, including, most recently, a public-private partnership with the Port of San Francisco to rehabilitate eight historic buildings at Pier 70.

### ODI Vision

Exhibit 5 illustrates the ODI land use and program proposal and is described below. ODI's vision is for fully rehabilitated Piers 38 and 40 with a mix of visitor-serving retail, maritime, and commercial uses all designed around a central aquatic park that invites the public to play, work, and study the Bay and its meaning to our city, community, and ecology.

### Maritime Uses

The central aquatic park creating would create a natural cove that is ideal for swimming and human-powered craft. A free, publicly accessible floating dock along the north side of Pier 40 would be designated primarily for watersports and human-powered craft and a launching point for kayaks, oar boats, paddleboards, windsurfers, swimmers, and scuba divers. Additional support for watersport activities would be provided onshore—for example, equipment storage, washdown areas, and bathrooms. Access for vessels would be designated along the north side of Pier 38 on a day-to-day basis, a place for water taxis, ferries, and guest berthing. From time-to-time, this apron could be used as a place for temporary berthing and special events. The promontory end of Pier 40 would be reopened to the public, as a walking area and fishing pier.

### ODI Uses and Public Amenities

In front of Pier 40, the existing parking lot would be repurposed as a flexible area with kiosks and temporary structures programmed to promote retail, recreation, and entertainment. Uses such as kayak storage, bicycle rental, food and beverage, performances, and special events would occur in this area, depending on the time of day and season. Public restrooms, bicycle parking and ADA parking would also be provided.

The ground floor of the Pier 38 Bulkhead would be returned to life with visitor-serving retail, including restaurants, cafes, bars, and marine-related recreation companies like those currently at Pier 40. A thriving community of local small businesses would create a place for the community to eat, drink, play, and shop. Within the buildings, view corridors are maintained, and historical interpretation is incorporated throughout. The Pier 38 bulkhead would be designed with indoor and outdoor spaces so that uses in the buildings flow onto the sidewalk and become a part of the pedestrian experience on the Embarcadero, easily accessible from the Bay Trail.

The second floor of the Pier 38 Bulkhead building would be refurbished for office uses to attract companies focusing on maritime and resiliency projects. Within the shed buildings of Piers 38 and 40, structural mezzanines would be introduced, consistent with the Secretary's Standards for Historic Preservation. The shed spaces would be leased at market rates to commercial tenants and would help finance the rehabilitation cost and provide an economic return to the Port.

#### ODI Proposed Investment in Port's Assets

Foundations and structural elements of the Piers would be strengthened and repaired to address sea level rise and seismic risks and the sea wall would be fixed within the project area.

During construction, ODI has committed that the project would meet or exceed to be established LBE and Local Hire goals and focus on creating opportunities for the local community, including LBEs, small, minority- and women-owned local businesses and local workers.

ODI expects to invest over \$150 million in Piers 38 and 40. ODI would work with the Port to explore funding mechanisms, such as CFDs, IFDs, and tax credits, for certain capital improvements (including the sea wall) and ongoing project costs. The project commits to a minimum rent and a participation rent, ensuring the Port has a steady revenue stream and participation in any project upside.

#### **IV. TECHNICAL EXPERT REVIEW FOR SCORING PANEL**

To supplement the expertise of the scoring panel, the Port prepared three technical memos reviewing the RFP responses, including: 1) a real estate and finance memo drafted by Economic Planning Systems (EPS), a real estate development and finance consultant firm; (2) an engineering review memo evaluating engineering, resilience and costs in the proposals, prepared by Port engineering staff; and (3) a review of the historic preservation approach, which was prepared by the Port's historic preservation planner. Port staff provided each memo to the scoring panel. The following provides an overview of the content of each technical memo:

##### Real Estate Finances and Market

As noted in the October 2019 Port Commission staff report referenced earlier, the Port's economic benefits for the Piers 38 and 40 RFP include significant investment in Port assets, minimum revenues (rent and/or special taxes), and participation in upside revenues.

These piers are among the oldest along the Waterfront and are in moderate to poor condition, creating financial feasibility challenges for pier rehabilitation and intensification of use. Port staff worked with real estate economics consultants to analyze the factors creating feasibility challenges. Combining Pier 38 with Pier 40 into a single development opportunity within the RFP is intended to improve the likelihood of a successful project.

The Port received \$181,000 in rent from Pier 40 and \$6,000 in rent from Pier 38 in the fiscal year ending June 30, 2019.

### *Rent to Port*

Both ODI and PWP propose to pay the Port minimum rent. Except for the alternative minimum rent offered by PWP, both proposals indicate that revenues to the Port will be negotiated.

The PWP proposal is more specific in its proposal for revenues to the Port but seeks a negotiation of rent credits in exchange for higher minimum rent. PWP proposes minimum rental payments of \$950,000 per year, with 3 percent increases triggered every five years. In addition, the Port will receive a rent payment in the amount by which 12 percent of net revenue exceeds the minimum rent.<sup>2</sup> In their financial data, PWP presents a stabilized-year rent payment to the Port of roughly \$2.4 million, but this figure does not reflect rent credits and may be overstated. Specifically, the high minimum rent offer is contingent on the Port providing PWP rent credits toward substructure costs.

ODI does not commit to a specific minimum rent or participation level. ODI agrees to pay a minimum rent once the project is complete and stabilized to provide the Port with a reliable revenue stream over the term of the lease. However, their proposal does not specify that rent level. ODI also proposes a participation rent that makes the Port a partner in the project's net cash flow. While not explicit in the proposal or guaranteed in any way, ODI financials show payment of 40 percent of net operating income after debt service to the Port, about \$1.6 million per year (in 2020 dollars).

Given the uncertainty associated with the development budget for the proposed projects, as evidenced by the range in costs presented in the proposals, neither financial proposal is definitively superior. Both developers are reputable, have highly relevant project experience, and offer a reasonable preliminary economic perspective based on current market conditions and cost uncertainties. While the respondents have differing views on revenue and cost factors, each proposal's financial viability is comparable, with high-value office use anchoring the project and retail generating additional revenue. Both proposals anticipate using public financing tools to fill funding gaps and pay for community benefits.

### *Market and Lease Rates*

Both proposals present lease rate assumptions for the primary revenue drivers of the project. Both ODI and PWP indicate that office will be the most significant revenue source for the piers. Retail also is an essential contributor to project revenue. In addition, maritime and PDR uses may generate lease revenue.

PWP targets \$90 NNN<sup>3</sup> per square foot per year for office and assumes retail leasing at \$65 NNN. Within the Pier 40 shed, a modest amount of PDR space (10,100 square feet) would rent for \$20 NNN. In addition, berthing activity within the project would

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<sup>2</sup> PWP financials calculate Port participation as 12 percent of gross revenue, which is inconsistent with their stated proposal.

<sup>3</sup> NNN refers to a "triple net" lease structure in which the tenant pays for building maintenance, insurance, and property tax over and above the rental rate.

generate revenue on a percentage rent basis, though the details are not specified. The ODI proposal assumes that the office will lease at \$65 NNN per square foot per year on average, while retail and restaurant will achieve \$50 NNN. Retail uses might include maritime or recreation-oriented businesses. In addition, the ODI proposal includes 2nd floor office space in the bulkhead of Pier 38 for a maritime or a resiliency-focused user that would pay a lower rent than other office users, about \$55 NNN.

The consultants noted the significant difference in assumed rental rates from each proposal. The PWP proposal assumes that the South Beach location can be a “market maker” achieving office rates at the very top of those found nearby while the ODI proposal assumes moderate and achievable rental rates. The differences in rental rates are mirrored in the cost estimates, with PWP’s all in investment in the piers and the many in-water improvements summing to \$383 million while ODI’s estimated investment is \$150 million.

Engineering & Resilience

Port engineering staff reviewed each proposal and identified the strengths and issues of concern for each proposal. In general, and as expected, the proposals lack enough detail to conduct a thorough analysis. However, each respondent described their design intent. The following summarizes strengths and issues raised for each Respondent.

*PWP*

<b><i>Soundness of concept</i></b>	<b><i>Additional information or concerns</i></b>
<ul style="list-style-type: none"> <li>• The respondent team is comprehensive, complete and has the skills and experience to complete the project;</li> <li>• The proposed extension of breakwaters around Pier 38 provides the benefits of allowing a wider range of safe water activities, providing for some sea level rise protection, protecting floating berths from damage, and slowing the rate of deterioration of all structures inside the breakwater; and</li> <li>• The approach to addressing sea level rise is appropriate and comprehensive</li> </ul>	<ul style="list-style-type: none"> <li>• The seawall repair proposal was taken from the Port's Seawall Assessment study, but does not apply to this portion of the waterfront; the Respondent will need to understand the Pier 38/40 seawall conditions;</li> <li>• The proposal does not provide details to determine if the respondent understands the structural conditions of the piers;</li> <li>• The cost for the sea level rise and seawall repair appears low based upon previous Port analysis; and</li> <li>• The type of breakwater is not specified nor is the timing on its installation, which will have an impact on project cost and schedule.</li> </ul>

ODI

<b><i>Soundness of concept</i></b>	<b><i>Additional information or concerns</i></b>
<ul style="list-style-type: none"> <li>The proposal correctly identifies seismic vulnerabilities affecting the project and states the team's intent to improve the facility seismically.</li> </ul>	<ul style="list-style-type: none"> <li>The structural engineering consultant is an established engineering firm, but their history of designing over/in water projects is limited;</li> <li>The proposal does not provide details to determine if the respondent understands the structural conditions of the piers;</li> <li>The team has not identified a coastal or marine engineer but have indicated they would retain one;</li> <li>The team presented is not complete to conduct the project as described;</li> <li>The proposal suggests adding 24” of an unspecified material on top of the existing pier deck to address sea level rise, which raises several concerns;</li> <li>The proposal does not provide any conceptual thinking for how to address the seawall;</li> <li>There is no breakwater or other wave attenuation proposed. This raises concerns about the feasibility of the public amenities such as swimming, kayaks, and floating docks;</li> <li>The proposed schedule seems aggressive, particularly in the context of completing the necessary condition assessments of the piers and buildings; and</li> <li>The cost estimates lack detail and seem low compared to the Port's cost estimates prepared by Moffatt and Nichol to support the Waterfront Plan in 2017.</li> </ul>

Historic Preservation

Port preservation staff reviewed each proposal and identified the strengths and issues of concern for each proposal. In general, and as expected, the proposals provide a conceptual level of project information and lack details to conduct a thorough evaluation. However, each respondent described their intent to meet the Secretary's Standards. the summary below highlights: 1) where their approach as described appears to be consistent with the Secretary's Standards; and 2) where there is a need for additional information or concepts appear inconsistent with the Secretary's Standards.

PWP

<b><i>Consistent with Standards</i></b>	<b><i>Need for more information or concern</i></b>
<ul style="list-style-type: none"> <li>Amount of infill of shed with mezzanines as described appears consistent with Secretary Standards;</li> </ul>	<ul style="list-style-type: none"> <li>Need for additional information about the design and function of mezzanines and material and enclosures;</li> </ul>

<ul style="list-style-type: none"> <li>Proposed extensive interpretation program Port Walk and Port History walk, PWP team has demonstrated experience with interpretation at Piers 1-1/2 &amp; 3;</li> <li>Team has a qualified team of preservation consultants.</li> </ul>	<ul style="list-style-type: none"> <li>Design of improvements on Pier 40 (current parking lot) need more information to determine if consistent with the Secretary's Standards; and</li> <li>Design of apron flood barrier and types of materials need to be analyzed.</li> </ul>
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**ODI**

<b>Consistent with Standards</b>	<b>Need for more information or concern</b>
<ul style="list-style-type: none"> <li>Amount of infill of shed with mezzanines as described appears consistent with Secretary Standards;</li> <li>References to an extensive Interpretation program but provides no specific information as to location or scope;</li> <li>Team has a qualified preservation consultant.</li> </ul>	<ul style="list-style-type: none"> <li>Need additional details about how mezzanines are designed and interact with the historic fabric of shed;</li> <li>Need further information about the design and function of mezzanines and material and enclosures;</li> <li>Design of improvements on Pier 40 (current parking lot) need more information to determine if the design is consistent with Secretary Standards;</li> <li>The proposed approach to addressing sea level rise by adding a new 24" thick material to the existing pier deck could impact character-defining features of resource;</li> <li>Details on interpretation program are minimal;</li> <li>Pedestrian bridge connecting the piers limits historic berthing function and some water access to the basin between Piers 38 and 40; and</li> <li>As described, the process securing the State Office of Historic Preservation and National Park Service approvals limits Port's participation in the process.</li> </ul>

**V. SCORING PANEL COMPOSITION, PROCESS AND SCORES**

Consistent with the steps outlined in the Waterfront Plan and as approved by the Port Commission, the Port selected a five-member scoring panel to review the written responses and oral interviews. The scoring criteria are in Table 1.

Table 1. Scoring Criteria

<b>Evaluation and Selection Criteria Summary</b>		<b>Written</b>	Total: 100 points
Quality of the Design and Development Submittal		35 pts	
Strength of Financial Proposal		20 pts	
Financial capacity of Respondent/economic viability of proposal		20 pts	
Experience, organization and reputation of Respondent's team		25 pts	
		<b>Oral</b>	Total 30 points
Quality of Design and Development		16 points	
Experience		7 points	
Team Organization		7 points	

The five-member panel was comprised of Sophie Maxwell, former District 10 Supervisor and SFPUC Commissioner; Ron Miguel, former Planning Commissioner, small business owner, and member of the Port's Waterfront Plan Working Group; Byron Rhett, Chief Operating Officer, Port of San Francisco; Alice Rogers, Vice President of the South Beach - Rincon - Mission Bay Neighborhood Association, and Port Waterfront Plan Working Group member and chair of Land Use sub-committee; and Jennifer Sobol, retired Port Development Project Manager.

The Port received the two proposals and reviewed and confirmed that the respondents met the minimum qualifications. Port staff and its consultant EPS reviewed the proposals and drafted technical review memoranda to assist the scoring panel with the written review and scoring of the RFP responses.

The two proposals were submitted to the Port just as the COVID pandemic outbreak hit the United States and the major impacts to daily life and to the economy were just beginning. Approximately three weeks after proposals were submitted to the Port and prior to distribution to the scoring panel, Port staff reached out to the respondents to reconfirm their interest in the project during this uncertain economic environment. Both teams reaffirmed their interest before the panel scored the written responses and again during the oral interviews.

The ethical clearance and communication blackout notice was distributed to the Port's five-member scoring panel on March 11, 2020. The technical memos, RFP responses, and written evaluation score sheets were distributed to the Port's five-member scoring panel for review on March 27, 2020. On March 31, 2020, the Port convened and moderated teleconference meeting for the five-member panel to discuss the scoring criteria and to respond to any questions before the scoring panel members reviewed the written proposals. On April 10, 2020 the scoring panel, Port contracts, development, technical expert staff, and the EPS consultant team met via video conference to review the written proposals. Port staff facilitated a conversation among the panel members, and technical experts responded to questions from panel members. Each panel member submitted their scores of the written proposals on April 13, 2020.

Port staff solicited questions from the panel members for the respondent interviews and provided the panel members with the interview questions and score sheets. Port staff conducted practice interview sessions with each respondent team and separately a practice interview session with the panel members to test ensure facility with the video conference technology. Port staff responded to all respondent questions about the virtual panel interview with a written response provided to both respondents. On June 10, the scoring panel, the Port and EPS technical experts convened for a video conference to interview each respondent team. Each respondent was given the same amount of time to introduce their team, introduce their project concept and answer seven questions, three of which were provided to respondents one hour before the interview. Each panel member turned his or her final oral interview scores to Port staff for tabulation on June 10.

During the review of the written responses and again upon completion of the verbal interviews, Port staff moderated a discussion with the scoring panel on the strengths and issues of each response. Panel members agreed that each team was highly qualified to undertake the project and that either team would likely deliver a successful project. Table 2 provides highlights of the panel discussions about the respondent proposals:

*Table 2. Scoring Panel Comments*

PWP

<u>Strengths</u>	<u>Issues</u>
<ul style="list-style-type: none"> <li>• Deep commitment to expanding opportunities to all and thinking about environmental justice and social justice as part of use program;</li> <li>• Balance of on pier and in-water public amenities;</li> <li>• Takes on the issue of affordability in its marketplace scheme to lower the economic barrier so a broader demographic can participate in the food and services offered;</li> <li>• A diverse and strong team that collaborates;</li> <li>• Team understands the structural, coastal and cost of the project;</li> <li>• Desire to work with the community to refine public uses;</li> <li>• Visionary and passionate about project;</li> <li>• A detailed approach to sea level rise and Seawall repairs;</li> <li>• Experience with a complex over water projects;</li> <li>• Strong design team with a vision</li> </ul>	<ul style="list-style-type: none"> <li>• Less experience with community involvement; and</li> <li>• Developer experience on recent projects is for smaller-scale projects.</li> </ul>

<ul style="list-style-type: none"> <li>• Lays out a comprehensive plan to address all Embarcadero Historic Piers Trust objectives; and</li> <li>• Demonstrated proficiency in meeting and exceeding Secretary of Interior Standards for historic preservation;</li> </ul>	
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**ODI**

<i>Strengths</i>	<i>Issues</i>
<ul style="list-style-type: none"> <li>• Vision that address the RFP objectives, goals, and values, using water recreation and the flexible public market/event plaza to create a dynamic public-serving hub;</li> <li>• Strong commitment and track record to meeting Secretary Standards</li> <li>• Self-funded project;</li> <li>• Delivering a project at a lower cost would realize lower rents, however, details on engineering approach and cost are not presented;</li> <li>• Innovative design (but unproven);</li> <li>• Proven community engagement; and</li> <li>• Commitment to historic preservation</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of Commitment to socioeconomic diversity of uses;</li> <li>• Uses presented were not developed to maximize the diversity of users;</li> <li>• Incomplete understanding of coastal conditions to support water recreation;</li> <li>• Short on detail on how they will get from vision to implementation;</li> <li>• Lack of detail on substructure repair, seawall repair, flooding/sea level rise adaptation</li> <li>• Aquatic park safety improvements and coastal/tidal protection are absent;</li> <li>• Engineering and cost estimate are not thorough; and</li> <li>• Team as listed may not be comprehensive enough for entitlement work required.</li> </ul>

Port contracts staff tallied the panelists' scores for both the written responses and oral interviews. The maximum possible score for written proposals is 100 points and up to an additional 30 points based on the oral interviews. The highest and lowest scores for each scoring criteria for each RFP respondent were discarded and the remaining three scores were averaged. The scoring results of both the written and interview responses are summarized below:

	<b>ODI</b>	<b>PWP</b>
Written Proposal	82.3	86.3
Oral Interviews	23.7	27.7
<b>Total</b>	106.0	114.0

**IV. Next Steps**

There has been no protest at any stage of the RFP. Port staff informed both respondents of the final score on June 12 and invited each to present to the Port Commission.

The Port will bring the highest scoring proposal to the Port's Northern Advisory Committee in late July for review and comment. Port staff will seek Port Commission authorization on August 11 to direct staff to negotiate an Exclusive Negotiating Agreement (ENA) with Pacific Waterfront Partners, which will be subject to Port Commission approval.

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Exhibit 1: Excerpt from RFP and Waterfront Plan  
Exhibit 2: PWP Executive Summary  
Exhibit 3: ODI Executive Summary  
Exhibit 4: PWP Proposed Site Plan  
Exhibit 5: ODI Proposed Site Plan