



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: Request Port Commission approve delegation of vote renewal of the Fisherman's Wharf Community Benefit District to affected tenants, consistent with part practice.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

EXECUTIVE SUMMARY

This item is a request to delegate the Port Commission's authority as landlord to vote on the Fisherman's Wharf Community Benefit District ("FWCBD") renewal to those tenants who will pay the tax assessment and are engaged in directing services and programs to improve Fisherman's Wharf, consistent with prior practice. Port staff requests authorization to delegate to Pier 39 and UCSF the right to vote on the renewal of the FWCBD. If renewed, the FWCBD will impose land assessments to pay for services and program which the tenants are responsible for paying under the terms of their leases. The process is expedited to catch-up with the schedule for Board of Supervisor consideration of the FWCBD. Port staff inadvertently neglected this timeline.

The Fisherman's Wharf Community Benefit District was formed by the City of San Francisco in November 2005 with the establishment of the Landside CBD property-based assessment (the "Landside District") to serve the business and property owners of this San Francisco neighborhood. Later, in December 2006, the City formed the Portside CBD business-based assessment (the "Portside District"), which incorporated businesses with leases from the Port of San Francisco.

THIS PRINT COVERS CALENDAR ITEM NO. 7A

While comprised of two districts, the FWCBD operates as one entity with an elected Board of Directors, Executive Committee, and an Executive Director and staff. The Office of Economic and Workforce Development (OEWD) oversees CBD formations, operations, and renewal processes.

The FWCBD's proposed annual budget for 2021 is approximately \$1,350,000 and will be funded through \$1,223,000 in Assessments and \$122,000 from other sources. FWCBD services and activities include:

- **The Clean and Safe Program supplements** City services to improve safety and cleanliness of the District. A team of CBD Ambassadors is deployed to provide visitor information, clean and remove graffiti, outreach to the City's unsheltered population and liaise with City agencies as necessary. The CBD services Committee, comprised of Board members and volunteers, oversees the staffing program and working groups such as Safety Outreach, Transportation Improvements and the Jefferson Street Working Group.
- **The Marketing and Event Program** is focused on improving the image of the FWCBD through community events, communications, outreach, marketing, advocacy and streetscape improvements. The FWCBD greatly assisted in securing approval and funding for the Jefferson Street Public Realm improvements, which increased pedestrian and bicycle safety.

The FWCBD has been actively engaged in the renewal and reformation of the Landside and the Portside District. The FWCBD formed a Steering Committee and retained a consultant firm to assist in preparing a new management plan. In early 2020, the FWCBD Board approved the proposed management plan and recommended assessments

Within the CBD Landside District, there are three Port parcels under long-term ground lease to two separate entities, Pier 39 Ltd. Partnership ("Pier 39") and the Regents of University of California ("UCSF"). When the original Landside District was formed in 2005, the Port Commission approved two resolutions delegating its vote to the current ground lessees. Under the terms of each ground lease, the lessee is responsible for all special assessments that are levied. The delegation approach recognizes the lessee as the primary beneficiary of the CBD services and as the entity responsible for payment of the assessments. This approach allows the Port lessee an official method to vote on the proposed CBD renewal.

OEWD issued petitions to authorize a vote on the CBD renewal to the Landside District property owners, including the Port. While the Port did not sign the petition, OEWD received enough positive responses to meet the percentage ownership threshold and submitted the renewal to the Board of Supervisors to initiate the special assessment proceedings. These proceedings cumulate in the balloting of property owners (or authorized representative) to be delivered to the Board of Supervisors meeting on July 14, 2020. The ballots have been sent out to property owners or their representatives and now are awaiting a vote.

Port staff recommends the Port Commission delegate its authority and authorize the two Port ground lessees, Pier 39 and UCSF, to vote on the Port's behalf as was approved by the Port Commission in the original formation of the FWCBD. To facilitate the process prior to the July 14th Board of Supervisors deadline, Port staff sent a letter to the two Port tenants delegating its authority to vote in the renewal, subject to Port Commission approval. Port staff request that the Port Commission approve the delegation of the Port vote to the ground lessees in the July 14th meeting. The delegated representative could choose to vote yes or no or to abstain from the vote.

Approval of the attached resolution will allow those tenants responsible for paying the CBD assessment to vote in the CBD renewal, and further delegates to the Port's Executive Director the ability to delegate the Port's vote when the CBD is up for renewal at the expiration of the renewal term, so long as (i) the leases in place at that time continue to obligate the lessee(s) to pay the CBD assessments and (ii) State and local law continue to allow the Port to delegate its vote to its tenants.

STRATEGIC PLAN

This action item aligns with the Port's Engagement, Resiliency, and Sustainability Strategic Plan goals as follows:

- **Engagement:** The FWCBD promotes waterfront projects, activities and special events through its Marketing and Event Program.
- **Resiliency:** The FWCBD Safety Outreach committee ensures safety and security for the District by improving preparedness and response for natural and human made risks.
- **Sustainability:** The FWCBD through the Clean and Safe Program supports and enhances the visitor experience throughout the District for the long-term financial benefit of the Port and its tenants.

BACKGROUND

Within the Landside District there are three Port parcels under long-term ground lease to two separate entities. Two parcels are under lease L-9707 to Pier 39 Ltd. Partnership, which expires December 31, 2042. The third parcel is under lease L-0973 to the Regents of University of California which expires November 13, 2038. The Landside District renewal term will expire in 2035.

In June and July 2005, the Port Commission approved two actions:

1. Delegate its voting rights for Port parcels 0015 001 (Seawall Lot 311), known as the Pier 39 Garage and Port parcel 0016 001 (Seawall Lot 312), the driveway into the Pier 39 Garage, to Pier 39 Ltd. Partnership through Resolution 05-36.
2. Delegate its voting rights for parcel 0017 002 (Seawall Lot 313), an office building at 2 North Point, to Embarcadero Triangle through Resolution 05-50. This ground lease has subsequently been assigned to the Regents of California.

The FWCBD renewal requires two separate renewals as the districts were formed independently and the methods of assessment differ between the Landside and Portside Districts. The Landside District is due to expire in 2020 and the Portside expires in 2021. Since the Portside District is a business-based assessment to Port tenants within the district, the Port does not vote and therefore no action by the Commission is required at this time.

The FWCBD recently adopted a new Management District Plan (“MDP”), dedicated to improving the Fisherman’s Wharf area for the benefit of business owners and the community. This MDP focuses on proposed activities and improvements within the boundaries of the Landside CBD only and includes a boundary, annual budget, assessment methodology, and district management guidelines.¹ Note that there is a separate management plan that contains information on the proposed Portside CBD, which is not the subject of this staff memorandum.

FWCBD RENEWAL: PORT PARCELS AND PROPOSED SPECIAL ASSESSMENTS

The FWCBC renewal and reestablishment contain the following assessments:

Assessor’s Parcel 0015 001:

Seawall Lot 311, the proposed assessment is \$29,274 annually and represents 2.39% of the total assessments.

Assessor’s Parcel 0016 001:

Seawall Lot 312, the proposed assessment is \$9,165 annually and represents 0.75% of the total assessments.

Assessor’s Parcel 0017 002:

Seawall Lot 313, the proposed assessment for this parcel is \$20,993 annually and represents 1.72% of the total assessments.

Per the terms of both ground leases, the lessee is responsible for all special assessment taxes. For the past 15 years, the ground lessees have paid the special assessments annually.

FWCBD OUTREACH EFFORTS / PORT STAFF ACTION

The FWCBD Executive Director contacted representatives of Pier 39 to discuss the benefits of supporting the renewal of the FWCBD. The discussion included the various vote options and made clear that, should the Landside CDB be approved by the BOS, then each parcel is assessed regardless of how the individual parcel holder voted. It is the Port understanding that Pier 39 highly supports the renewal of Landside District and will vote accordingly. The FWCBD has engaged multiple outreach efforts to UCSF, however, at this time, has not received a response. The FWCBD will continue to reach out to UCSF.

¹ Definitions, descriptions, and calculations of special benefits can be found in the MDP attached, in Appendix D.

RECOMMENDATION

As the tenants are ultimately responsible for paying the land assessment, staff believe it is in the best interest of the Port and its tenants to delegate the ability to vote on the Landside District renewal to the tenants. Therefore, Port staff recommends that the Port Commission approve the attached resolution. The resolution will delegate the renewal vote to the Port tenants that are subject to the CBD assessment. In addition, the resolution further delegates to the Port Executive Director the ability to delegate the vote when the CBD is up for renewal at the expiration of the renewal term, so long as State and local law continue to allow the Port the ability to delegate its vote and so long as tenants in place at that time continue to be obligated through their leases to pay the assessment.

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ATTACHMENTS

Port Commission Resolution 05-36 / 05-50

Exhibit A: Landside Management District Plan

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 20-31

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the real property known as Seawall Lot 311, Assessor's Parcel No. 0015 001 is within the Port's jurisdiction; and

WHEREAS, the real property known as Seawall Lot 312, Assessor's Parcel No. 0016 001 is within the Port's jurisdiction; and

WHEREAS, Seawall Lot 311 serves as the Pier 39 Garage and is leased to the Pier 39 Ltd. Partnership pursuant to Lease L-9707; and

WHEREAS, Seawall Lot 312 serves as a driveway entrance to the Pier 39 Garage and is leased to the Pier 39 Ltd. Partnership pursuant to Lease L-9707; and

WHEREAS, the real property known as Seawall Lot 313 Assessor's Parcel No. 0017 002, is within the Port's jurisdiction; and

WHEREAS, Seawall Lot 313 serves as an office building and is leased to the Regents of University of California pursuant to Lease L-9073; and

WHEREAS, State law authorizes local jurisdictions to establish Property and Business Improvement Districts ("PBID") to fund improvements and activities that benefit properties and/or businesses through the levy of assessments; and

WHEREAS, local legislation augmented State law by enabling property and/or business owners to more easily initiate the formation of PBIDs, commonly referred to in the City as Community Benefit Districts (CBD); and

WHEREAS, the Fisherman's Wharf Community Benefit District has initiated the process to renew and re-establish a property-based CBD in the Fisherman's Wharf area; and

WHEREAS, the boundaries of the CBD include Seawall Lot 311, Seawall Lot 312 and Seawall Lot 313; and

WHEREAS, Port Lease L-9707 requires Pier 39 Ltd. Partnership to pay all taxes and assessments levied on the leased premises; and

WHEREAS, Port Lease L-9073 requires the Regents of University of California to pay all taxes and assessments levied on the leased premises; and

WHEREAS, Port staff recommends that the Port Commission authorize Pier 39 Ltd. Partnership to cast the assessment ballot for Parcel No. 0015 001 (Seawall Lot 311) and Parcel No. 0016 001 (Seawall Lot 312), and authorize the Regents of University of California to cast the assessment ballot for Parcel No. 0017 002 (Seawall Lot 313), as further described in the Staff Memo dated July 9th for this agenda item ("Staff Memo"); and now therefore be it

RESOLVED, that the Port Commission, based on staff's recommendation and its own review and consideration, authorizes Pier 39 Ltd. Partnership to cast the assessment ballot for Parcel No. 0015 001 (Seawall Lot 311), as described in the Staff Memo; and further be it

RESOLVED, that the Port Commission, based on staff's recommendation and its own review and consideration, authorizes Pier 39 Ltd. Partnership to cast the assessment ballot for Parcel No. 0016 001 (Seawall Lot 312), as described in the Staff Memo; and further be it

RESOLVED, that the Port Commission, based on staff's recommendation and its own review and consideration, authorizes Regents of University of California to cast the assessment ballot for Parcel No. 0017 002 (Seawall Lot 313), as described in the Staff Memo; and further be it

RESOLVED, that the Port Commission, based on staff's recommendation and its own review and consideration, authorizes the Executive Director to decide whether to continue to delegate the Port's vote to applicable tenants when the Fisherman's Wharf CBD is up for renewal at the expiration of the renewal term, so long as State and local law continue to allow the Port to delegate such vote and so long as the leases in place at that time continue to require applicable tenants to pay such assessments; and further be it

RESOLVED, the Port Commission authorizes and directs the Executive Director, or her delegee, to prepare and execute any agreement or other documentation necessary to effectuate the intent of this resolution, in a form as shall be approved by the City Attorney's Office.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 14, 2020.

Secretary