


MEMORANDUM

February 7, 2020

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

FROM: Elaine Forbes
Executive Director 

SUBJECT: Request authorization to issue a Request for Qualifications to identify qualified operators to activate Port open space

DIRECTOR'S RECOMMENDATION: Approve attached resolution

EXECUTIVE SUMMARY

On August 1, 2018, the Port of San Francisco released a Request for Information (the RFI) seeking concepts for public-oriented uses for facilities in the Embarcadero Historic District. The Port received more than 50 diverse responses to the RFI which fell into nine categories:

- Active Recreation
- Art, Makers, and Associated Retail
- Education, Training, Incubator, Innovation Hub
- Food and Beverage
- Live Performance, Entertainment, Attractions
- Maritime Excursion, Charter, and Transportation
- Mixed Use with Hotel Concept
- Museum and Cultural Exhibition
- Waterfront-wide Concept and Interest in Partnerships

While the RFI was intended to be the first step in the rehabilitation and preservation of the historic waterfront facilities, the response to the RFI and the Port Commission dialogue about its results illuminated the opportunity for short-term activation and programming along the waterfront.

THIS PRINT COVERS CALENDAR ITEM NO. 12D

The Port envisions creating a pool of qualified operators interested in implementing interim activations that will encourage additional foot traffic and complement neighboring retail and open space uses along the waterfront. The Port desires to activate several locations including, but not limited to:

- Pier 29 Open Space
- Pier 30-32
- Bayfront Park
- Crane Cove Park
- Heron's Head Park

Staff now proposes to issue a Request for Qualifications (RFQ) which sets minimum qualifications that respondents must meet in order to be placed within the pool of qualified candidates capable of activating Port open space. Once the pool is formed, Port staff would negotiate license agreements with qualified respondents to activate the agreed Port location(s). Should staff determine that there is competitive interest in a particular site that cannot be reconciled through scheduling or other similar strategies, staff will consider whether a competitive solicitation is warranted, and if so, staff will conduct a solicitation for such sites.

STRATEGIC PLAN ALIGNMENT

This RFQ supports the goals of the Port's Strategic Plan as follows:

Evolution:

3. Improve Port open spaces to provide publicly desired amenities and activities.
 - c. Work with the community and stakeholders to identify Port-wide programming and park activation uses, and an implementation plan by 2020

COMMUNITY OUTREACH

Port staff presented the proposed RFQ at a joint Central Waterfront Advisory Group (CWAG) and Southern Waterfront Advisory Committee (SWAC) meeting on December 5, 2019. The presentation provided an overview of the goals, values, opportunity areas, sample activations, minimum qualifications, and process. Committee members from both groups were supportive. Some commenters expressed a desire to ensure activation in the southern waterfront but also cautioned that activations should take into consideration environmental concerns (i.e. wildlife habitats at Herons Head).

REQUEST FOR QUALIFICATIONS

The goal of the RFQ is to activate Port open spaces and to enhance the experience of visitors to San Francisco's Waterfront. The following values have been identified and proposed to be highlighted during the RFQ process:

- Providing public-oriented and diverse uses
- Promoting equitable access to the waterfront for all to enjoy

- Addressing and mitigating transportation impacts associated with the event and its location
- Fostering opportunities for LBE participation
- Partnering with operators who are equally committed to engaging stakeholders

The Port will review and consider all proposed activations. Based on the RFI dialogue and subsequent community discussions, Port staff anticipates that the opportunities for activations will fall into one or more of the following categories: cultural Events and activations, food and beverage activations, retail markets, athletic showcases, and art exhibitions and performances.

To identify qualified operators, staff proposes to issue an RFQ as detailed below.

QUALIFICATION CRITERIA

To be included in the pool, respondents to the RFQ (Respondents) will need to demonstrate qualifications associated with implementing a successful event. These include event planning and execution, as well as sufficient financial capacity for the proposed activation. Port staff has selected these qualifications as they are the baseline expectation for a special event project sponsor, but do not set such a high bar as to discourage broad participation.

The Port will require Respondents to identify all team members with their submittal. Joint venture or multiple-entity teams will be considered to satisfy qualification criteria if each criterion is met by at least one team member. The Port also encourages Respondents to consider the value of including Local Business Enterprise firms (LBEs) as team members; an LBE is a business that is certified under Section 14B.3 of the San Francisco Administrative Code.

Staff will review the submittals and determine whether a Respondent is qualified based on the following minimum criteria:

- A minimum experience of successfully executing at least one similar activation within the past 3 years
- Demonstrated financial capacity and willingness to fully finance the proposed activation

Those Respondents who meet the minimum criteria will be placed in a pool of qualified operators (Qualified Operators). Staff believes that a Qualified Operators pool might have sufficiently diverse locational preferences that there will not be competition for most sites or, perhaps, any of the sites. If this is the case, staff believes that it may be possible to directly negotiate lease terms based on the RFQ alone and the delegated authority from the Port Commission to enter special event licenses and other property agreements, subject to parameter rental rates and fees and the Retail Leasing Policy, if applicable. Staff, therefore, proposes to negotiate with the Qualified Operators with the goal of reconciling conflicts and executing license agreements. If staff determines that there is competitive interest at one or more sites, staff will consider several strategies to address the conflict. For example, the Port could look for ways to schedule around or otherwise reconcile the competing proposals. If the requests cannot be reconciled Port staff may

determine that a targeted competitive solicitation between the Qualified Operators is warranted, and if so, staff will conduct a competitive solicitation for such sites.

KEY BUSINESS TERMS FOR ACTIVATIONS

Term: Up to one (1) year, subject to code requirements and other limitations on and considerations for the length of temporary activations at different sites. Port staff anticipates the vast majority of events will last for less than three months or will include periodic activation of the space over a longer term.

Premises: The Port is targeting activations at one or more of the following Port locations, though the Port will entertain proposals of other open space sites not listed below:

- Pier 29 Open Space
- Pier 30-32
- Bayfront Park
- Crane Cove Park
- Heron's Head Park

Use: Interim activations may include, but are not limited to events and programming such as:

- Cultural events and activations
- Food and beverage activations
- Athletic showcases
- Art exhibitions and performances
- Retail markets

Potential Fees and Rents: The Port will negotiate appropriate fees and rents for each activation. As a baseline, special event fees will conform to the Port Commission-approved parameter rental rates in effect at the time of approval. For revenue-generating ticketed events, the fees and rents will likely include a base rent and a percentage rent for the period of activation, each based on fair market value.

Capital Investment: The Operator will be fully responsible for the cost of all utilities, infrastructure, and improvements to develop, operate, and maintain the premises over the term of the license.

Public Access: All events and programming must be accessible to the public. Events may be free or paid ticketed.

Form of License and Standard Terms and Conditions: Qualified Operators will be required to sign the Port's standard form License, including indemnity, insurance, hazardous materials, financial guarantees, operations plan, maintenance and repair provisions, and current City requirements including payment of prevailing wages and local hiring for tenant improvements. The applicable Qualified Operator will be responsible to comply with any applicable regulations relating to design, construction and operation

including but not limited to the Port Code and the Port Building Code. Operator will comply with all City Requirements (as defined in the form License).

NEXT STEPS

If authorized by the Port Commission, staff proposes an eight-week response period for the RFQ to maximize participation in the process. Responses to the RFQ will not trigger any commitment from either the Port or the respondents. After evaluating submittals to the RFQ, staff will initiate negotiations with the Qualified Operators with the goal of executing licenses and targeting the first set of activations in Summer 2020. Though it is not expected, depending on the terms of any license, approval by the Port Commission and/or the Board of Supervisors may also be required.

RECOMMENDATION

Port staff recommends that the Port Commission approve the attached resolution.

Prepared by: Crezia Tano-Lee
Manager, Business Strategy
Real Estate and Development

For: Michael Martin
Deputy Director
Real Estate and Development

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 20-08**

- WHEREAS, the Port aims to activate Port open spaces and to enhance the experience of visitors to San Francisco's Waterfront; and
- WHEREAS, there is strong interest and community support for activating Port open space; and
- WHEREAS, the Port envisions interim activations that will encourage additional foot traffic and complement neighboring retail uses along the waterfront; and
- WHEREAS, the Port of San Francisco's 2019-2023 Strategic Plan includes an objective to improve Port open spaces to provide publicly desired amenities and activations; and
- WHEREAS, staff proposes to issue a Request for Qualifications (RFQ) to create a pool of qualified operators capable of planning and executing events or activations at Port open spaces, and, absent evidence that there is competition among the qualified operators for any Port site, to negotiate with the qualified operators with the goal of executing licenses with one or more qualified operators; and
- WHEREAS, should staff determine that there is competitive interest at one or more of the proposed sites, staff will consider whether a competitive solicitation is warranted, and if so, staff will conduct a competitive solicitation for such sites, now therefore be it
- RESOLVED, that the Port Commission hereby authorizes the Executive Director to issue a Request for Qualifications (RFQ) from potential operators capable of planning and executing events or activations on Port open space with the minimum qualifications described in the Memorandum of February 11, 2020 and to qualify operators; and be it further
- RESOLVED, that the Port Commission hereby authorizes the Executive Director to determine whether all qualified operators can be accommodated at the available sites, and if so, to negotiate license terms with the qualified operators based on the key business terms as described in the Memorandum of February 11, 2020, and to execute licenses with one or more qualified operators; and be it further

RESOLVED, that the RFQ would not obligate the Port to any further actions, and the Port cannot approve any license until after review has been completed in compliance with applicable codes and policies.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 11, 2020.

Secretary