



MEMORANDUM

September 4, 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 Request for Proposals (RFP) for the development, lease and operations of Piers 30-32 and SWL 330, generally located along the Embarcadero between Bryant and Brannan Streets, consistent with the goals and policies of the Draft Waterfront Plan and the Port's Resilience program.

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

EXECUTIVE SUMMARY

On December 10, 2019 the Port Commission authorized Port staff to issue an Request for Proposals ("RFP") for the development of Piers 30-32 and Seawall Lot 330 ("Piers 30-32 & SWL 330")¹. The Port's RFP invited respondents to submit proposals to develop and operate Piers 30-32 and or SWL 330. The Port offering included approximately 13 acres of undeveloped deck surface on Piers 30-32 (a portion of which is currently used for surface parking), and the 2.3-acre SWL 330 across the Embarcadero from Piers 30-32, currently used as a temporary navigation center and a parking lot.

The RFP process required the Port to screen respondents using a set of minimum qualifications, review the proposals, and recommend the high score proposals to enter into exclusive negotiations for the redevelopment of one or both of these sites. This

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¹ Item 13A; <https://sfport.com/meeting/san-francisco-port-commission-december-10-2019-supporting-documents>

strategy and the RFP are consistent with public discussions and recommendations that have been incorporated into the Draft Waterfront Plan (“Waterfront Plan”) Goals, the Port Resilience Program and the values expressed by the community through the Port’s citizens advisory committees.

The Port issued the RFP on February 3, 2020 and conducted a pre-submittal meeting on February 18, 2020. The RFP was downloaded more than 100 times and approximately 50 people, mostly developers and subcontractors, attended the pre-bid meeting. The Port received and responded to 23 written questions from potential respondents received by the February 24, 2020 deadline on April 6, 2020.

The original RFP submittal deadline of April 3, 2020 was extended to June 26, 2020 following San Francisco’s “shelter-in-place” orders issued due to the COVID-19 pandemic. The Port received five proposals by the June 26, 2020 deadline from the teams of:

- Enterprise Consortium;
- EPX2 (Earthprise & Embarcadero Piers, EP Times 2) (“Earthprise”);
- Strada TCC Partners, LLC (“Strada TCC”);
- Tishman Speyer Worldwide, LLC (“Tishman Speyer”); and
- Vornado Realty Trust (“Vornado”)

Of the five teams, the Port determined three teams met the minimum qualifications Strada TCC, Tishman Speyer and Vornado. All three teams that were deemed “responsive” proposed development on both Piers 30-32 and SWL 330. The proposals included mixed-income residential (with on-site affordable housing) on SWL 330 and a mix of commercial uses (including office and retail), some degree of dedication of the eastern end of the Piers for deep-water berthing and provisioning, and public recreation and other amenities on the Piers. Executive Summaries of the proposals are attached to this staff report.

As outlined in the RFP, the Port convened a Scoring Panel to review and score both the written responses and oral interviews for the three qualifying responses, using the criteria approved by the Port Commission. As outlined in the RFP, the panel included a development expert, Port staff person, Port advisory group member, person representing a City or regional stakeholder perspective, and a person with experience relevant to project objectives. The panel members included a diverse range of community leaders and experts in the areas of design and development.

The panel reviewed technical memoranda from engineering, real estate economics, and architectural design experts, dedicated several sessions to discussing the proposals as a group, and interviewed the three teams. The high-quality of the responses and the complexity of the project required this level of review by the panel and Port staff are very appreciative of the panel’s time and efforts. After the thorough review, the panel’s review of the written responses and interviews resulted in Strada TCC receiving the

highest score of 109.34 points, Tishman Speyer receiving a score of 89.33 points, and Vornado receiving a score of 75.33 points.

The Waterfront Plan RFP process provides that:

- Port staff conduct technical reviews of each proposal, the Scoring Panel to review all technical reports and interview the respondents, tabulate panel scores and present the score results and developer recommended for selection 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;
- Present the RFP results and developer recommendation to the applicable Port advisory committee to solicit public comments and discussion; and
- Return to the Port Commission to seek action to either:
 - Select the highest-scoring developer, as recommended by the Scoring Panel and seek authorization to negotiate an Exclusive Negotiation Agreement (ENA); or
 - Reject all proposals and terminate the RFP process.

Port staff has followed this process and, based on the score results of the Scoring Panel, intends to return to the Port Commission to seek approval to select Strada TCC as the developer for this project and authorization to negotiate an ENA.

Consistent with the direction from the Port Commission and the development objectives of the RFP, this memorandum presents a summary of the three qualifying proposals and the scoring panel selection process 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

Piers 30-32 and SWL 330 are major unimproved sites in the heart of the South Beach waterfront. The Port seeks an experienced development partner with a vision to enhance this spectacular waterfront location with a financially-feasible development program that includes a range of publicly oriented activities with equitable access, maritime facilities and public access, which complements the Embarcadero Historic District and South Beach neighborhood. A successful project advances seven of the Port's Strategic Plan objectives (from the 2019-2023 Strategic Plan):

Evolution: Contribute to Port's ongoing transformation to better address the needs of the public and the Waterfront.

Resiliency: Better prepare the Port for natural and human made risks and hazards through seismic strengthening of the adjacent Seawall and the construction of flood protection for the Piers.

Engagement: Throughout the project development process, represent the values of the Waterfront communities and provide amenities that increase the public's awareness of the sites' remarkable history and setting.

Equity: Completed Piers 30-32 and SWL 330 projects will be accessible, attractive and beneficial to a diverse group of people who live, work and/or use the recreational assets along the Waterfront.

Sustainability: Represent environmental stewardship in protecting the Bay, reducing emissions and waste and prioritizing environmentally-sustainable transportation.

Productivity: Attract tenants who contribute to an economically-viable Port and capitalize on the Port's unique assets, including use of the deep-water berth on Piers 30-32.

Stability: Contribute to the Port's financial strength by (a) using investor capital to address the Port's deferred maintenance backlog and/or (b) generating revenues for the Port to sustain ongoing operations and address deferred maintenance at other Port facilities.

II. BACKGROUND

The Waterfront Plan recommendations developed through a 30-member stakeholder working group and public meetings between 2017 and 2019 produced Port-wide and Subarea Goals, Policies, Objectives, and Acceptable Uses. These provisions of the Waterfront Plan helped guide the Port's discussions with Port Advisory Groups and members of the public in 2019 regarding the development of RFPs for the adaptive rehabilitation of Piers 38 & 40 in South Beach and for the redevelopment of Piers 30-32 and SWL 330. These community discussions resulted in a consensus of site-specific "Community Values" that emphasize maritime, urban design, quality-of-life, sustainability, and equity benefits that are incorporated in the RFPs for rehabilitating or developing such sites.

In Summer and Fall of 2019, Port staff also provided the Port Commission with an update on retrofitting and redeveloping Piers 30-32, including a Port Engineering estimate that the costs of upgrading Piers 30-32 to development standards that accommodate the Seawall Program, seismic retrofit and sea level rise could range between \$264M and \$369M, and that demolishing the Piers' deck and substructure for altogether removal could range between \$45M-\$55M in 2019 dollars.

The Port Commission directed staff to issue an RFP for Piers 30-32 and SWL 330 with these specific directions to:

- Consider developer responses with a proposal at both Piers 30-32 and SWL 330, or with a proposal at only one of the two sites,
- Include a deep-water berthing facility and related facility access at Piers 30-32
- Consider proposals for Piers 30-32 that might include a plan to only partially rebuild the Piers rather than propose to recover the entire 13-acre site, and
- Include the summary of “Community Values” reflecting Advisory Group and neighborhood input to guide the RFP development, and
- Work expeditiously to develop and release the RFP.

III. RESPONDENT DEVELOPMENT CONCEPTS

On June 26, the Port received proposals from five teams. All proposals were conceptual in nature as permitted by the RFP, and each team indicated that further refinement in collaboration with the Port would be expected should it be selected for exclusive negotiations. Earthprise was the only team to propose on Piers 30-32 only. Their proposal included a mixed-use public open space and enclosed workspace development on the Piers. Proposals from Enterprise Consortium, Strada TCC, Tishman Speyer and Vornado developed both Piers 30-32 and the SWL 330, with mixed use office/retail/public open space on the Piers with residential development on SWL 330. Enterprise Consortium also included a hotel on a portion of SWL 330.

The Port determined two teams did not demonstrate meeting minimum qualifications and also submitted incomplete proposals. Minimum qualifications required team evidence of (i) obtaining \$40M in committed funding for a development project, (ii) entitling and completing a single project valued at \$40M, (iii) experience building over water (e.g., on a pier). The RFP also required teams to submit a signed agreement restricting communication between team members and Port staff. These teams were notified of the Port determination of non-responsiveness on July 7, 2020. Both teams subsequently protested such determination. After consideration of both protests, Port affirmed the initial determination that the proposals from both teams was “non-responsive” and notified them of this determination on July 17, 2020.

Three teams (Strada TCC, Tishman Speyer and Vornado) were advanced to the scoring process. Below is an overview of the three proposal concepts that were deemed responsive and reviewed by the Scoring Panel. All three teams have been invited and plan to present at the September 8, 2020 Port Commission meeting.

Strada TCC

The Strada TCC team proposal includes market-rate and affordable housing on SWL 330. They propose to demolish Piers 30-32 and construct two new finger piers which would support a mix of waterfront public spaces and recreational uses (including a floating swimming pool and access points for personal watercraft), retail, maritime uses (including a deep water berth with a vehicle access path, and 376,000 gross square feet (GSF) of office space. The proposal also includes financing through the creation of an Infrastructure Finance District (“IFD”) subarea for the site and the creation of a Community Facilities District to impose and use special taxes. The respondent entity is a joint venture of Strada Investment Group and Trammell Crow Company.

The design for Piers 30-32 is a pair of newly-constructed finger piers with two-story shed buildings with high ceilings, conforming to the 40-foot height limit. The proposal would demolish the entire existing pier slab and piles and to rebuild new Piers and piles with a 45% smaller footprint, thereby reducing the amount of Bay fill. The resulting pier would be a total of 7.2 acres in size, of which about three acres would be public open space. It includes approximately 376,000 gross square feet (“GSF”) of office space in buildings with green roofs, 30,000 GSF retail, and the restoration of the deep draft berth on the eastern edge as an active maritime use. Two spaces are slated for gathering and dining: one facing the Embarcadero, and the other facing the Bay. The plan calls for the location/re-location of the existing Red’s Java House. The floating pool is located between the two new piers and is adjacent to a central open-water basin with floating wetlands and public water access.

The proposal to rebuild the Piers substructure and deck includes \$369M investment in infrastructure that includes strengthening the Seawall, developing new, seismically-sound Piers, resiliency and sea level rise protection along the waterfront.

On SWL 330, the Strada TCC team proposes 850 units of housing, 207 (25%) of which will be affordable to a range of income levels, paid for by the project and using the State Density Bonus Law. The proposal notes that the Density Bonus may allow for an increase above the existing zoned height – which allows buildings up to 105 feet - to proposal of two towers of 218 feet in height. The ground floor includes community and retail space in the buildings which form a triangle flanking the streets and framing an open space at the interior which opens toward the Embarcadero, and access to an on-site garage serving the residences. Strada TCC indicated in its proposal that it would be willing to proceed with only SWL 330.

Tishman Speyer

Tishman Speyer proposes to rebuild/rehabilitate the Piers through ground and pier improvements that include seismic strengthening, with the recognition that an ongoing analysis of the weight and necessary bracing of the proposal might lead to a pier reconstruction vision that thinks “differently about their number, length and foundation.” The development concept includes a mix of recreation, workplace, cultural, and maritime uses for Piers 30-32, with 520,000 GSF of office in seven stand-alone 3-story buildings (conforming to the 40-foot height limit), and includes 70,000 GSF of retail/restaurant/café, 57,000 GSF of “maker” space and 41,000 GSF for cultural uses. Along the northern edge of Piers 30-32, a marina is proposed east of a potentially relocated Red’s Java House, and along the south edge, floating islands and water access for personal watercraft are proposed.

The eastern edge is designated as an area for deep-water berthing. Public open spaces are provided throughout the access paths that are modeled after the “typical fabric of San Francisco neighborhoods” and focuses on two major nodes: the South Beach Plaza facing the Embarcadero on the southwest corner of Piers 30-32 and the Bay Bridge Plaza facing the Bay on the northwest corner. A central Garden Promenade runs east-west through the center of the Pier.

The Tishman Speyer proposal features a residential development of 449 units on SWL 330, with 50% affordable. The design works within the current SB-DTR height and density base zoning and proposes two “V” shaped buildings ranging in height from 65 to 95 feet (six to nine stories) along the edges of the triangular lot, surrounding an open space that opens to the Embarcadero. The ground floor land use is primarily residential, with individual stoop access to units to provide visual interest. An on-site garage is located beneath the building.

Vornado

The Vornado proposal includes a residential/retail development on SWL 330 and development on the Piers that includes open space, a mix of revenue-generating uses, a deep water and pier-side berths and a marina at Piers 30-32. The Vornado team proposes to use no public funds to finance the development and proposes to be the long-term operator of the project as well.

The proposal for Piers 30-32 includes 12 acres of public space comprising four acres at grade and eight acres on landscaped green-roofs atop the three-story office buildings (conforming to the 40-foot height limit). The resulting program features approximately 85% of the Piers site footprint developed for public recreation, on the rooftop as well as along pier-level promenades on the north and south edge of the rebuilt pier, and a central pedestrian spine anchored by a retail/exhibition space along the Embarcadero and a landscaped plaza on the east end of Piers 30-32.

The proposal includes approximately 850,000 square feet of Class A office use and approximately 150,000 square feet of retail and services space, as well as potential exhibition space, with the intent not only to provide for active uses at the site, but also for the economic support for the substantial costs of rehabilitating (or rebuilding) the Piers, including the seismic retrofitting and measures to accomplish resiliency goals.

SWL 330 would include approximately 360 new residential units (25% affordable) and approximately 26,000 square feet of neighborhood serving retail uses across from the Piers. A garage designed to accommodate parking for the residential development on the SWL 330 and for the Piers would be constructed at grade and screened from the Embarcadero by the retail component, which is designed to provide street-facing activation. Above the first floor of the SWL 330 building would rise a “W”-shaped residential building of five stories that frames the rooftop garden of the base podium, with three two-story structures rising along the building points that face the Embarcadero. Vornado indicated that it would be willing to proceed with only Piers 30-32.

IV. TECHNICAL EXPERT REVIEW FOR SCORING PANEL

To supplement the expertise of the five-person scoring panel, the Port prepared four technical memos for the Scoring Panel’s review. These memos included:

1. Financial assessment feasibility memo prepared by Keyser Marston Associates (“KMA”), a real estate development and finance consultant firm;

2. Architectural assessment of basic design quality prepared by the architectural office of Van Meter William Pollack (“VMWP”), a subcontractor to KMA;
3. Transportation demand overview by the transportation consultation services of CHS Transportation, a subcontractor to KMA; and
4. Engineering review memo evaluating engineering, resilience and costs primarily for the Piers 30-32 aspects of the proposals, prepared by Port engineering staff with support from Port staff reviewing architectural and historic preservation concerns.

The following provides an overview of the content of each technical memo:

Keyser Marston Associates: Technical Review of Proposals Relative to Real Estate Finance Considerations

KMA provided a summary of the real estate economics and financing elements of the three proposals for the panel’s consideration. **Table 1** provides a summary of the building square footage proposed by the three respondent teams.

Table 1. Development Program Summary

| | Strada TCC | Tishman Speyer | Vornado |
|---------------------------------------------|------------------|----------------|------------------|
| Office Rentable Square Feet (RSF) | 376,000 | 520,187 | 850,000 |
| Retail/Restaurant/Exhibition Space RSF | 30,700 | 70,000 | 176,000 |
| Maker Space RSF | 0 | 57,700 | 0 |
| Building for Port | 0 | 41,000 | 0 |
| Residential SF | 610,079 | 304,522 | 270,000 |
| <i>Total SF</i> | <i>1,016,779</i> | <i>993,409</i> | <i>1,296,000</i> |
| Public Realm/Open Space (Piers 30-32) | 161,200 | 328,100 | 532,222 |
| Deep-water berth designated on Piers 30-32 | Y | Y | Y |
| SWL 330 Market Rate Units | 643 | 230 | 270 |
| SWL 330 Inclusionary Affordable Units | 57 | 230 | 90 |
| SWL 330 100% Affordable Housing Bldg. Units | 150 | 0 | 0 |
| Total Residential Units | 850 | 460 | 360 |

Proposed Financial Benefits for Port

Base Rent

The proposers offered different types of base rent, as follows:

- Strada TCC offered a base rent for the combined sites of \$1.5M per year, following issuance of a certificate of occupancy with escalations. Strada TCC also offered to pay a reduced base rent of \$350,000 per year during the construction period. If Strada were to lease only SWL 330, the base rent would be \$3M per year.
- Tishman Speyer offered to prepay a base ground rent based on the fair market value of the leasehold interest in the property, which it has estimated at \$105M. However, Tishman Speyer is requesting that \$92 million of the prepaid ground rent be dedicated to fund repairs to the piers and seawall and that \$13M be dedicated to subsidize the cost of providing affordable housing on SWL 330.

- Vornado offered a base rent for the combined sites of \$1.5 million per year, with escalations. If Vornado were to lease only the piers, the base rent would be \$1M per year.

Participation Rent

All three proposals offer participation rent.

- Strada TCC proposed to pay the Port 20% of the project's net cash flow after debt service after the project generates a threshold 18% leveraged IRR. Strada's cashflow estimates this revenue stream would sum to \$13.8M (nominal dollars) over the lease term.
- Tishman Speyer proposed to provide the Port with two forms of participation rent. The first is 100% of the net operating income to be generated from leasing a 41,000 square foot building to be built by Tishman Speyer and transferred to the Port for the Port's use; assuming a cultural lease rate, this would generate about \$730,000 per year for the Port. The Port would be responsible for leasing and maintaining the building.

The second form of participation rent is sharing 1.5% of net leasehold sales/refinance proceeds beyond the cost of the pier improvements which could generate \$4.9M of revenue to the Port.

- Vornado offered to pay a percentage rent equivalent to 6% of the net operating income generated by the piers, which is estimated provide \$4.5M per year to the Port. This revenue stream is projected to begin in about year 33 of the lease in the proposal, as proposal requests that any participation rent due be credited towards the piers and seawall rebuild. Vornado also proposed to pay the Port a transfer fee of 1% of the total sales price above basis of the leasehold interest in the piers which KMA estimates to generate \$4.0M of total revenue to the Port.

Financing Plans, including Use of Public Funds

The three respondents provided project financing plans including mixes of equity, debt, and, for two respondents, public financing sources. **Table 2** summarizes the sources of funds.

Strada TCC and Tishman Speyer propose to use developer equity and debt as key sources. In addition, both respondents propose use of public financing through the formation of Community Facilities Special Tax district (charges special taxes on Piers 30-32 and SWL 330), the formation of an Infrastructure Financing District (redirects property tax increment from General Fund to infrastructure for project), and dedicating affordable housing impact fees paid by the project to fund the project's affordable housing component. Vornado proposes to only use developer equity and debt as the key project sources.

Table 2. Sources of Funds by Proposer

| | Strada/TCC | Tishman Speyer | Vornado |
|----------------------|---------------------------|-----------------------|----------------|
| Equity | \$380 million | \$410 million | \$560 million |
| Debt | \$710 million | \$523 million | \$830 million |
| Mello Roos/IFD | \$94 million | \$104 million | \$0 |
| Jobs/Hsg. Fees | \$26 million ² | \$32 million | \$0 |
| Affordable Hsg. Fees | \$25 million ³ | | |
| Pay-go Tax Inc. | \$0 | \$12 million | \$0 |
| Total Project | \$1.18 billion | \$1.08 billion | \$1.4 billion |

Investment in the Port’s Assets

Strada TCC proposed to demolish the existing piers and replace them with two finger piers. Strada has an allowance of \$321.4M to build the smaller piers and complete the seawall improvements. Total private investment (excluding the cost of the 150-unit stand-alone affordable residential project) is projected to total \$1.18 billion. Upon the expiration of the leases, the value of the land and improvements would revert to the Port.

Tishman Speyer identified funding sources for \$117M of improvements to the Piers/Seawall (\$207.5M including interest costs) which is comprised of the \$92 million of prepaid ground rent, \$115M of CFD and IFD financing. Tishman Speyer acknowledged that there may be a funding gap, but did not offer a solution to fill the gap between the Port’s estimate of costs (\$264M to \$369M) and the identified funding sources. Tishman Speyer’s total private investment would approximate \$1.0 billion.

At the time of finalizing the KMA memo, Vornado had not yet determined if it preferred to repair or rebuild the Piers and Seawall (by the time of the oral interviews, the team decided to rebuild). Vornado indicated its belief that the Port’s budget of \$288M should be sufficient for either approach. Total private investment approximates \$1.4 billion.

Van Meter Williams Pollack: Evaluation Planning/Architecture/Urban Design Review

Given the Port Commission’s recognition of the unique opportunity to propose development of both large scale and new construction, and the desire for high quality urban design proposals, the Port contracted with the architectural office of VMWP to prepare a memo that would outline the character and design quality of the development including the connectivity to the surrounding area, massing and treatment of building

² Revenues will be generated by the non-residential development on the piers and will be dedicated to funding the stand-alone 150-unit affordable apartment building.

³ Revenues will be generated by the market rate residential units on SWL 330 and will be dedicated to funding the stand-alone affordable apartment building. The cost of the building is not included in Strada’s \$1.18 billion investment because the affordable housing project will be a separately financed.

and clarity of sustainability principles, and identify key strengths and other notable design issues of the proposals submitted.

The memo contents were to be taken as points for consideration in conjunction with the design standards and goals of such adopted/relevant documents as the Waterfront Plan, the Port's Portwide Goals & South Beach Subarea Goals, and the "Community Values" related to this project as cited in the RFP.

The memo acknowledged that at this stage in the RFP process, submitted proposals should only be expected to be conceptual, and that assessing architectural design is subjective and includes a degree of personal preference. Thus, the memo did not attempt to assess or rank the individual responses, but instead to identify design features that are highlighted in each proposal presented by the proposing team for their value as distinctive, identifying qualities. The RFP included "high quality urban design" as a Community Value. The following excerpt from the VMWP memo outline key points from each proposal, in alphabetical order:

Strada TCC

- The public realm vision at Piers 30 and 32 is well developed. Water-centric uses of the Piers are brought to the forefront and emphasize the sustainability of the Bay. The Bay Bridge Pool presents a unique amenity that reflects San Francisco waterfront history. Sustainability is highlighted in carbon sequestering wood structure of the Piers. The sculpted form of towers on SWL 330 creates view corridor and interest.
- The Density Bonus program provides for SWL 330 towers to exceed "conventional" zoning, and the design for the ground floor of the SWL 330 project appears to propose about 200 feet of ground-floor garage frontage facing the Embarcadero, which would be a visual-interest challenge at the street level.

Tishman Speyer

- The proposal's open spaces and destinations are well developed and illustrated. The Bay Bridge plaza offer a unique vantage point on the bay and opportunity for public events. The floating islands and waterfront steps allow individuals to access the water casually, without having to make a purchase.
- The SWL 330 project design proposes ground-floor uses on Beale, Bryant and the Embarcadero that would appear to add visual interest at the street level. The design and massing of the SWL residential buildings fits with the zoning and neighborhood: breaks the long frontage at the Embarcadero and considers street level activation with unit entry stoops.
- It was also noted that the Pier buildings would not reflect the linear form of San Francisco's finger piers, and that the hierarchy of west to east movement should be emphasized above the north/south breaks.

Vornado

- The proposal includes generous open spaces and focus on maritime uses. The Pier design emphasizes the contemporary uses of the Piers within the historical context. The proposal was generally seen as consistent with zoning/ building heights. “Lifestyle retail” can serve both residents and visitors.
- The parking at SWL 330 appears to be only partially subgrade (a variance from the SB-DTR), raising the significant amount of retail (25,000) above the level of the street. Conditions like this have been successfully mitigated at other sites but do not generally meet City street activation goals and would need to be coordinated with the San Francisco Urban Design Guidelines and approved by Planning. Also, the SWL 330 project design appears to propose ground-floor garage parking and service access along the entire building frontages of Beale and Bryant that would not present visual-interest at the street level.

CHS Transportation Memorandum

The memorandum prepared by CHS services acknowledged that at this conceptual design stage, the merits of a proposed Transportation Demand Management (TDM) program would be difficult to assess. However, the importance of emphasizing a well-managed program that emphasizes sustainable transportation and reduces negative environmental and quality-of-life impacts was a clearly-expressed priority in the Community Values, the Waterfront Plan and the Portwide Goals. To that end, the memorandum highlighted the programmatic aspect of off-street parking – its provision of supply and intended use – as an indicator of how challenging a future TDM program might be.

To this point, the Strada TCC and Tishman Speyer proposals both included garages on SWL 330 that were scaled to provide less than 1:1 parking for residents and would not be marketed to attract parking for uses on the Pier. The Vornado proposal provided a larger garage at SWL 330 that exceeded the 1:1 parking ratio provision for residential units and also included parking for the uses on the Pier. All three proposals noted the urban, transit-rich, pedestrian-oriented context of the site as a factor in developing a future, responsive TDM program.

Engineering Feasibility Review Memorandum

For each of the three responsive proposals, the engineering technical memorandum highlighted the strengths of the engineering (including the architectural, and planning feasibility of the engineering concepts) approach taken by the Respondent team, as well as areas where Port Staff identified unknowns. The memorandum summary is below.

Strada TCC

Strengths of the Proposed Approach

- The proposal demolishes Piers 30-32 and the improvements will be made atop a new pier structure. This would provide a high level of seismic performance and sea level rise resilience as opposed to re-using the existing pier structure.

- The reduced footprint of the new Piers 30-32 structure is beneficial from the perspective of bay fill and regulatory feasibility and reduces overall project costs.
- Engineering considerations for the deep-draft vessel berth at the east face of the pier are comprehensive, including provisions for vehicle access, temporary security gates, vessel mooring and berthing, and classes of ships considered.
- The proposed use of mass timber construction for the Pier buildings is a sustainable best practice.
- Costs appear to be reasonable considering the demolition of the existing pier, rebuilding a new pier: considering that the Commission Report excluded costs of sea level rise adaptation.
- Engineering and contractor team members have substantial qualifications and experience with the design and construction of marine structures, including successfully completed projects at the Port of San Francisco.

Identified Unknowns

- It is not clear if the proposal includes any land-side flood protection measures, such as raising the height of the seawall. This would benefit the Sea Wall Lot buildings while also contributing to the City's overall sea level rise resilience.
- The floating pool structure being enclosed on all sides by pile-supported decks will make maintenance dry-docking of the float infeasible.
- The open water basin will experience occasional waves or rough weather that may challenge proposed water recreation uses.
- The engineering team in this proposal does not have listed experience with mid-rise building structures such as those proposed on the Sea Wall Lot site. Note that the developer, architect, and contractor teams do have substantial experience with building design and construction.

Tishman Speyer

Strengths of the Proposed Approach

- The proposal document clearly acknowledges the engineering challenges facing the project, including sea level rise adaptation for the pier and the City shoreline and the difficulty of pier repair and seismic retrofit.
- The proposal uses three story buildings on the Piers 30-32 site to maximize leasable area. The proposal has identified the risk of a 1/3 reduction in total leasable area if the deck level is raised for sea level rise adaptation, but the zoning height limit datum remains fixed.
- The *Mission Rock* project in San Francisco and the *Pier 4* project in Boston demonstrate the Respondent Team's experience incorporating sea level rise adaptation into shoreline development projects.

Identified Unknowns

- The proposal is unclear as to whether the existing pier deck structure will be repaired and reused or demolished and replaced. The Respondent should clarify what steps they will take to make a decision on the options presented.
- It is unclear if the proposed site layout incorporates a raised deck for sea level rise adaptation. A stepped transition to the water is shown, but it appears that the pier deck is at the same elevation as the Embarcadero roadway.

- The proposal shows a collection of floats and islands on the southern face of the pier, due to southern wind and wave exposure the viability of such features needs to be analyzed and proven.
- The marina layout on the north side of Piers 30-32 does not have an appropriate layout to include gangways and floats needed to accommodate small craft berthing in fluctuating tides.
- The deep draft berth on the east side of the pier is retained, but there is no discussion of infrastructure needs such as vehicular access, security areas, or berthing equipment.
- The scale and frequency of palm trees shown throughout pile-supported portions of the pier site do not appear feasible.
- The total direct costs for the Piers 30-32 site in this proposal is significantly lower than the other responsive proposals, both on a total cost basis and on a per leasable square foot basis.
- No engineering consultants or contractors are identified as current team members.
- The only project listed as over water experience is the *Pier 4* project in Boston. It should be clarified whether the site included an existing pile supported pier structure, or if the site is filled land surrounded by bulkhead walls.

Vornado

Strengths of the Proposed Approach

- Relevant standards and geotechnical risks for seismic evaluation and design of marine structures are referenced. The proposal also demonstrates an understanding of the interaction between the new Pier buildings and the pile-supported structure under seismic loads.
- Sea level rise design is considered and an elevated deck has been incorporated into conceptual plans for the Pier. Some possible adaptation measures for additional sea level risk and increasing flood frequency are listed.
- Direct costs for pier repair and seismic improvements, including sea wall, are near the low end of the range presented by Port Staff in the July 3, 2019 report to the Port Commission. This indicates that current costs are within reason. However, costs for sea level rise adaptation were not included in the July 2019 Port Commission Report.
- The two proposed structural engineers on the consultant team provide extensive experience with marine structures (SGH) and building structures (Thornton Tomasetti). The proposal does not list specific staff or project examples from these proposed consultants.

Identified Unknowns

- The proposal is unclear as to whether the existing pier deck structure will be repaired and reused or demolished and replaced. (The Respondent clarified during the interview that a new pier structure would more likely be the team approach).
- As shown, the concept design for a re-used pier appears to add a large amount of weight that will increase seismic demands as well as gravity loads carried by the pier.

- A marina surrounded by breakwaters is shown to the south of the Pier. The breakwater would be beneficial for flood protection. However, the technical considerations of these features are not discussed in the text of the Proposal.
- There is no consideration for the additional bay fill resulting from the marina, which is especially important as no fill removal of the existing pier footprint is proposed.
- The deep draft berth at the east face of Piers 30-32 is retained. However, no detail is provided regarding necessary infrastructure such as vehicular access, mooring facilities, fendering, etc.
- It is not clear if the proposal includes any land-side flood protection measures, such as raising the height of the seawall. This would benefit the Sea Wall Lot buildings while also contributing to the City's overall sea level rise resilience.
- The scale and frequency of palm trees shown throughout pile-supported portions of the pier site do not appear feasible.
- The proposal omits Red's Java House from the proposed site but does not acknowledge that the Red's Java House building will be considered an eligible historic resource for CEQA environmental review purposes.
- Direct costs for pier and seawall are on the low end of the range presented to the Port Commission. The project may be financially challenged considering the additional cost of sea level rise adaptations, or if the existing Pier's improvement needs to support proposed improvements are higher than expected. The high density of proposed buildings on the Piers 30-32 at 1 million square feet heightens this concern.
- The listed Urban Waterfront project experience is not comparable to the concept presented for Piers 30-32. To date, the New York *Piers 92-94* project has not constructed substantial improvements. The Chicago *MART* project is not an over-water structure.

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 3.

Table 3. Scoring Criteria

| | | |
|-----------------------------------------------------------------|----------------|-------------------|
| Evaluation and Selection Criteria Summary | Written | 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 | |
| | Oral | Total 30 points |
| Quality of Design and Development | 12 points | |
| Experience | 11 points | |
| Team Organization | 7 points | |

The Port was very fortunate to convene a five-member Scoring Panel with extensive knowledge and experience in waterfront planning, land use, design, development and community engagement: 1) Michael Willis, architect and professor of design; 2) Jasper Rubin, San Francisco State Assistant Professor of Geography and Land Use, and former member of the San Francisco Planning Department; Kari Kilstrom, Port of San Francisco Waterfront Plan manager; Katy Liddell, Port Northern Advisory Committee Co-chair and President of the South Beach - Rincon - Mission Bay Neighborhood Association; and Kirk Bennett, retired Port Assistant Deputy Director of Development, and Port Waterfront Plan Working Group member. Port staff expresses its appreciation to the Scoring Panel members for the significant dedication of time they invested to support this development solicitation process.

Port staff established a communication blackout notice to respondents and panelists soon after the submittal due date, to protect the integrity of the Panel review and scoring process. Port staff held a panel orientation via Zoom on July 21, 2020. Panelists received the RFP responses to the panelists, the technical memos, and written evaluation score sheets. During the orientation, Port staff instructed panelists to score according to the criteria in the RFP.

Port Real Estate and Development staff worked closely with the Port Procurement and Contracts Manager throughout the Panel review process to ensure a fair, objective and accountable submittal review and selection process in accordance with the RFP. On August 6 and 10, 2020, the Port convened and moderated a videoconference meeting for the five-member panel to discuss the proposals and scoring criteria, and to ask clarifying technical questions about the proposals. The authors of the technical memoranda participated in the meetings on an as-needed basis. Panelists scores for the written proposal were due to the Port on August 11, 2020.

At the August 6-10, the Port staff also reviewed and finalized the interview questions and format with the panel. Three questions were provided to each team 24 hours in advance of their interview and one question was provided during the interview. The scored portion of the oral interview included five minutes for a Team introduction, a 15-minute presentation of the Team's proposal, and 35 minutes to answer the four questions. Each Team was asked and graded on responses to the same questions. Given the unusual nature of the virtual interview, on July 31, 2020, the Port convened a dress rehearsal with each of the qualifying Respondent teams to review Zoom meeting protocols and to test technology in preparation for the oral interviews. Port received and responded in writing to nineteen questions by the respondent teams to clarify the process for the oral interview.

The Port held three oral interviews were held on August 13, 2020 at 10 am, 1 pm and 3 pm. The Panel deliberated at the conclusion of each panel interview and after all interviews were completed. The Panel score sheets were submitted to the Port by August 14 at noon.

A tabulation of the scores is below. Port 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 attainable possible score is 130 points. The high and low scores of the Panel members for each scoring criteria for each respondent were discarded and the remaining three scores were averaged to determine the scores presented in Table 4.

Table 4. Panel Scoring Results

| Item | Strada TCC | Tishman Speyer | Vornado |
|------------------|------------|----------------|---------|
| Written Proposal | 82.67 | 67.33 | 58.00 |
| Oral Interviews | 26.67 | 22.00 | 17.33 |
| Total | 109.34 | 89.33 | 75.33 |
| Rank | 1 | 2 | 3 |

The panel comments on the proposals are summarized below:

Strada TCC

| Strengths | Issues |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Thorough, thought-out design and engineering plan. • Well-developed plan for deep-water berth and berth access. • Reflects history of finger piers in design. • Well thought-out substructure plans, with engineer to speak to strategy. • Removal of 6 acres of bay fill to create more open water • Proposes State Density Bonus scenario that adds more housing units and more affordable units • Design details, view-corridor sculpting makes building more interesting. • Convincing cost certainty of rebuild vs rehab plan. • Proposed reasonable guaranteed base rent • Team highly-experienced in SF, understands this neighborhood. • Good grasp of regulatory/permitting process (BCDC, SLC, CEQA). | <ul style="list-style-type: none"> • Debate about how dynamic, diverse, equitable and accessible pier public-oriented uses would be. • Concern about swimming basin: will it be activating, equitable use? • Proposes density bonus scenario that adds height and unit density to exceed base zoning • Concern about participation rent based on return to developer |

Tishman Speyer

| Strengths | Issues |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Pier design could entice people to water's edge. • Balances revenue-generating/public programming that allows shaping input from community. • Conforms to basic height & zoning. • High (50%) affordable rate compared to city base of (18-20%). • Team has good familiarity with SF, local neighborhood. | <ul style="list-style-type: none"> • Concern about structural financing proposal • Concern about unresolved berth and berth access issues. • Concerns about not reflecting historic finger-pier forms, but “village” concept is appealing. • Unresolved plan for deep-water berth and for berth access. • Significant concern no guaranteed base rent proposed • Does not reflect range of Port engineering cost estimates for rehabilitation. • Seems to make Port responsible for pier rehabilitation costs. • Less extensive over-water portfolio, (consider adding comment about over water engineering experience) but with good local examples of Port partnerships. |

Vornado

| Strength | Issues |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Long-term on-site presence seems reassuring for commitment to responsive programming. • Boldness of “Green Roof” concept • Demonstrated strength in securing financing. • Conforms to basic height & density, zoning. • Guaranteed base rent plus two forms of participation rent, including on transfer. • Does not rely upon public financing. • Long-term on-site presence seems reassuring for commitment to responsive programming. | <ul style="list-style-type: none"> • Design is very schematic: hard to get sense of architectural potential. • Magnitude of office-dependent land use plan is a concern • Green open space on third floor rooftop may present seismic engineering challenges • Incomplete resolution of deep-water berth and access routes. • Reliance on so much office, retail seems risky and is public access/activation challenge • Large garage (serving both pier and SWL) is traffic concern. • Team has limited SF experience, especially with entitlements for complex waterfront • Reflects low end of range of Port engineering cost estimates |

Port staff notified the responding teams of score results on August 17, 2020. The protest period ended on August 24, 2020. The Port received an inquiry from a respondent on August 25, 2020 and provided redacted score sheets on August 26, 2020 as a gesture of good faith and transparency. Port also revised a calculation error (which did not alter the rankings) and presented corrected scores to all three responsive teams.

IV. Next Steps

Port staff invited the three respondent teams to present to the Port Commission.

The Port will bring the highest scoring proposal to the Port's Northern Advisory Committee in September for review and comment. Port staff will seek Port Commission authorization at the September 22, 2020 meeting to direct staff to negotiate an Exclusive Negotiating Agreement with Strada TCC Partners, LLC.

Prepared by: Peter Albert
Development Project Manager
Real Estate and Development

Prepared for: Rebecca Benassini
Acting Deputy Director
Real Estate and Development

- Exhibit 1: Excerpt from RFP and Waterfront Plan
- Exhibit 2: Strada TCC Partners, LLC Executive Summary
- Exhibit 3: Tishman Speyer Worldwide, LLC Executive Summary
- Exhibit 4: Vornado Realty Trust Executive Summary
- Exhibit 5: Strada TCC Partners, LLC Site Plan and Perspective
- Exhibit 6: Tishman Speyer Worldwide, LLC Site Plan and Perspective
- Exhibit 7: Vornado Realty Trust Site Plan and Perspective