

May 10, 2011

**Pier 70 Request for Interest in Rehabilitation Opportunity – Six Historic Buildings
Answers to Questions received by May 6, 2011**

Please register on the website so you get all announcements regarding the RFI.

ADMINISTRATIVE QUESTIONS

1. Will the pre-submittal conferences sign-in sheets be made available?

Yes. A list of everyone who signed in attendees is on the website at www.sfport.com/pier70RFI

2. Is there any kind of forum for further questions (other than the pre-submittal conferences) on this offering?

Yes. Email questions to Lynda.Swanson@sfport.com. She will gather questions and post the questions and answers on the website. Email notifications will be sent when new information is posted.

3. Will the pre-bid presentation be online?

Yes, we will post it.

4. Are design or engineering firms or other service providers that have worked for the Port on Pier 70 prohibited from responding to the RFI?

The RFI is seeking users and developers to lease a building and invest their funds to undertake rehabilitation. It is not a public works project nor are respondents required to identify their design or engineering teams. Neither the Port nor the City Attorney gives advice on what would constitute a conflict of interest.

5. In subsequent stages of the development of Pier 70, will the developer or the City/Port be hiring and working with environmental firms to comply with environmental regulations once the rehabilitation plans are in place?

Yes.

6. How do we find out about tours?

Email Lynda Swanson at Lynda.Swanson@sfport.com. She will be in touch about tour scheduling. All offered buildings, except the Union Iron Works Machine Shop are available to tour. Access is limited to portions of some buildings. The Union Iron Works Machine Shop cannot be toured but extensive information and a video is on the RFI website.

7. If I am an architect or consultant not affiliated with a developer, is there a way my firm's name can be listed to be available to any selected developer?

The Port does not recommend consultant firms or maintain a list for referrals.

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RFI RESPONSE AND EVALUATION

8. *Has anyone submitted anything to date?*

No.

9. *Is a description of the intended uses and building improvements supposed to be provided in the RFI Submittal?*

Yes.

10. *I'm not politically-connected; does that mean that a developer with more political connections in San Francisco will trump me?*

The evaluation criteria are stated at page 27 of the RFI and include the project concept, organizational capacity and the fit of your use with the 20th Street revitalization effort. The Port specifically seeks a broad range of users and uses.

The Port's leasing and policy making processes are transparent, including many community presentations, Port Commission meetings and presentations. Respondents are also subject to the San Francisco Campaign and Governmental Conduct Code as discussed on page 34 of the RFI.

11. *How will Port decide which ideas to accept? Can my specific idea be kept "private"? I don't want it stolen by another developer?*

Submittals for a specific building offered in the RFI will not be made public until after the Port has entered into a contract or lease for that specific building. When evaluating which developers to recommend for submitting specific proposals, staff may summarize project concepts or ideas for Port Commission, advisory group, or public consideration.

Specific design or engineering ideas that may have some proprietary value are not expected in the RFI application. The proposed user will need to be identified publicly. Respondents can indicate a general use – e.g. restaurant – rather than the name of a specific tenant or business opportunity if they have concerns about confidentiality.

12. *Industrial uses belong in these industrial buildings otherwise they seem "inauthentic" or "inappropriate." But these uses may conflict with non-industrial uses in buildings north of 20th. How will you decide?*

The mix of uses in the 20th Street Buildings and at Pier 70 as whole will be considered together. The RFI process is designed to allow the Port to balance the uses across the site. The Master Plan was structured around continuing heavy industrial use at shipyard portion. Ideas for industrial uses that can fund the building rehabilitation costs and fit with the overall future plans for Pier 70 are encouraged. Industrial buildings have often been adaptively reused for non-industrial uses.

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TRANSACTION QUESTIONS

13. Will the successful respondent be granted a long-term ground lease or building lease?

Yes.

14. Does the Port have funds available for the extraordinary rehabilitation costs of these buildings?

At page 8, the RFI states,

“The Port expects, at a minimum, the Developer(s) will fund use-specific capital costs and on-going operating costs. If warranted by the building condition or nature of the future use program, public funding sources could potentially provide capital for costs related to remediation, seismic retrofit, and core building improvements. Because the timing and amount of possible public investments are not certain, the Port cannot commit, at this time, to funding any specific projects at Pier 70.

Through this RFI, the Port seeks Developers for the 20th Street Historic Buildings that can bring together the financial resources needed for these projects – be they public, private, or philanthropic funds. The Port stands ready to negotiate lease terms that attract capital investment for these buildings and to work with future Developers to address any feasibility gaps.”

Specific proposals at the next phase will be expected to propose a financial structure and demonstrate that the terms proposed represent fair market value considering the capital investment for the rehabilitation of the historic structure. It is possible that additional funds (“gap financing”) would be needed to make a financial viable project.

15. Will the building developers be expected to fund needs for their building up front if there is no gap financing at the front end of development?

Transaction specific deal terms will be negotiated with the developers selected in the next phase.

16. It appears it will take quite some time for the entirety of Pier 70 to be developed. Is it possible that an individual building could start out being developed for a low-intensity use and then, over time, change organically into something with different or more intensive uses?

Yes.

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BUILDING SPECIFIC INFORMATION

17. *What information about the six buildings is available to review?*

Information on the Pier 70 area overall is available as well as information on the individual buildings: environmental investigations, assessment of physical conditions, historic uses and significance, photographs, video recordings, available engineering studies, architectural drawings and cost estimates for basic building systems and code-conformance. More information will be uploaded as it is generated.

18. *Can the Port identify specific historic features of these buildings (i.e. Power House machinery, cranes, equipment) that will be required to be retained?*

No, that evaluation is very building and rehabilitation project specific. The Secretary of the Interior's Standards for the Treatment of Historic Properties (Secretary's Standards) are the nationally recognized performance based guidelines used to maintain the historic materials and integrity of historic resources. The selected developer will be expected have a qualified historic preservation architect assist in designing a rehabilitation program that meets the Secretary's Standards.

19. *How many square feet total are in the 20th Street Historic Buildings? How much land area? Can additions be added to these buildings?*

As-built, these buildings contain a total of 228,201 square feet per the Carey & Co assessment. Additions of building area could be included in reuse plans. Some building area may warrant removal (e.g. Building 101 "penthouse" apartment). The extent of adjacent land areas to be included in these projects will depend on the uses proposed.

The RFI at page 11 provides that "adjacent yard areas may be included as part of the proposed project concepts." If conforming to the Secretary's Standards and appropriate for the site and uses, additions to these buildings may be possible. Additions may be in the form of increase of interior floor area or expansion of building envelopes.

20. *How were the cost estimates developed?*

As part of the Master Plan process, a team of architects and engineers assessed each building. Costs were developed for conceptual rehabilitation schemes. The website has the building by building detail of the assessments and cost estimates. The construction cost estimates were increased for hazardous materials abatement and soft costs for a project cost estimate.

21. *What are the uses proposed for the Bethlehem Steel Headquarters (Building 101)?*

Uses and activities encouraged in the RFI are listed on page 9. Other uses that meet the Master Plan goals and objectives and the Secretary's Standards can be considered for these buildings.

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22. *The Port seems to indicate other buildings could be placed between the back of the Bethlehem Steel Administration Building and the Crane Cove Park. But the views from this building are one of its major assets. Has the Port evaluated how adding a building would affect the viability of leasing Building 101?*

The Master Plan does not prescribe locations of specific buildings; rather it identifies areas appropriate for new construction. The Master Plan includes a series of design guidelines for new construction in the context of the historic district. Guidelines for this area (page 65) are below.

“Zone 1: Illinois Street, North of 20th Street, and the area behind Buildings 101, 102, and 104.

- New buildings along Illinois Street will need to establish a strong interface between the adjacent neighborhoods and the Pier 70 Historic District and should have a substantial character, using Buildings 101, 102, and 104 as models.
- Design new buildings along Illinois Street to provide cohesion between Building 101 and Crane Cove Park and to create a connection with the surrounding neighborhood.
- Align new buildings along Illinois Street to maintain the existing set-back established by Building 101.
- Design new buildings north of Buildings 101, 102, and 104 and visible from 20th Street to provide a pleasing backdrop for these historic buildings.
- Situate new buildings located north of Buildings 101, 102, and 104 to maintain access and visibility to their existing rear elevations and, to the extent possible, maintain views from these historic buildings to the Bay.
- Echo roof forms found on existing buildings adjacent to this zone, including flat, hipped, or gable with monitors.”

23. *What are the Port’s plans to stabilize the Union Iron Machine Shop (Building 113)?*

The Port will advertise for project construction bids in Summer 2011 for temporary shoring and stabilization to address gravity loads on the masonry walls to ensure public safety, and minimize the potential for wall failure and potential building collapse. The project is not a seismic upgrade.

24. *Will the Machine Shop (113-114) stabilization project reduce the rehabilitation costs of the building?*

Stabilization is the initial step in the building rehabilitation that will reduce the potential for structural failure and loss of this significant historic resource. This work will benefit the future rehabilitation project but the extent of cost savings is not known.

25. *Building 14 - Heavy Warehouse Can you add windows? Can you add doors? Can you use for parking? Can you insert floors?*

Yes, these alterations may all be possible provided that the overall rehabilitation of this resource is consistent with the Secretary’s Standards.

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27. *For Union Iron Works Foundry Buildings 115-116, why does the Master Plan call for inserted floors and parking uses?*

The Master Plan does not require parking uses or inserted floors. The planning effort included testing of potential development programs for physical and financial feasibility. One concept was office, parking, and retail. Other concepts are possible and may well be more financially viable.

PIER 70 PREFERRED MASTER PLAN AND ITS IMPLEMENTATION STRATEGY

28. *Has the Pier 70 Historic District Nomination been finalized yet?*

Not yet. The Master Plan is premised on a historic district. Prospective developers of the 20th Street Historic Buildings can assume these buildings will be placed on the National Register of Historic Places and eligible for Federal Rehabilitation Tax Credits.

29. *Are these buildings subject to limitations on their use due to the public trust or other State requirements?*

Chapter 10 of the Master Plan, pages 79 to 80, discusses the Pier 70 public trust strategy which is a comprehensive approach establishing the trust on appropriate areas and lifting on others. The 20th Street Historic Buildings are proposed to be free of public trust use restrictions. The Port has pending state legislation (AB418) to authorize a realignment of the trust within Pier 70.

These buildings are not within the Bay Conservation and Development Commission jurisdiction.

30. *What is timing of Waterfront Site project?*

In April 2011, the Port Commission selected Forest City Development California for this project. The general time horizon is: project proposal Fall 2011, negotiate terms and initial approvals in first part of 2012, initiate CEQA and other reviews in Summer 2012, and finalize approvals in 2013. The Port hopes for a 2014 ground-breaking for this effort.

31. *Does the Port expect the Waterfront Site developer to respond to the RFI?*

Submittals from all parties are welcomed and will be evaluated using the criteria in the RFI. The Waterfront Site developer will collaborate with the Port and all other relevant parties in planning and entitling Pier 70 as a whole.

32. *What is the connection between the 20th Street Historic Buildings and the Waterfront Site?*

The RFI seeks only ideas and users or developers with use proposals on six specific buildings. Developers of the 20th Street Historic Buildings will be wholly or primarily concerned with their building specifically. For this RFI phase, there is not a link between Waterfront Site and 20th street development concepts.

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That said, Pier 70 is a single place; to realize the Master Plan vision, it is necessary that the development plans consider the 20th Street Historic Buildings, Crane Cove Park, the shipyard leasehold and the Waterfront Site. To address this, the RFI evaluation criteria page 27 includes: “20th Street Revitalization: (a) Fit of proposed use with other uses identified in the Master Plan for 20th Street and other portions of Pier 70. (b) Ability to enhance “place-making” for Pier 70 through creation of a destination or cluster of activities that revitalize 20th Street.”

33. *Since the Waterfront Site RFQ talks about the need for planning the overall site, laying out an infrastructure plan, etc., for the entire site, does that mean that an individual building must await those plans before it can be leased?*

No. Individual buildings may move forward independent of the Waterfront Site development, to the extent proposals comport to existing zoning and do not require extensive environmental review. It is also possible that project planning and lease negotiations for individual buildings can proceed in parallel with the site-wide planning and approvals.

34. *What is the timing of the RFI process?*

To be given first consideration, a RFI response should be received at the Port by June 1, 2011. Submittals will be accepted after that date until all buildings are successfully leased or this RFI is superseded by a later development solicitation.

After review of this first phase, the RFI submittals, the Port may, but is not required, to issue one or more Requests for Proposals. The earliest responses to any RFP likely would be due in Fall 2011. Review of those proposals and selection of developers could occur early in 2012 so that the parameters of the 20th Street Historic Building projects can be included in the overall Pier 70 CEQA project evaluation initiated in Summer 2012.

Beginning in 2012, a developer of one of 20th Street Historic Buildings could negotiate business terms with the Port and develop rehabilitation programs, negotiate a lease, and seek needed approvals. Any given selected developer could anticipate completing rehabilitation about 2014.

35. *What is the vision for transit and transportation access?*

Chapter 9 of the Master Plan discusses transportation and transit. MUNI light rail is on 3rd Street now. A 20th Street turnaround is planned that will bring light rail one block closer to 20th Street. The Master Plan includes new streets to access the site. Three major streets: extended 19th Street, 22nd Street at south and a spur road, parallel to 20th and 22nd, is planned to be a short street. Pedestrian and bikeways will be improved as Pier 70 develops.

36. *Is a hotel use allowed?*

Yes, as appropriate to the structure, hotel would be considered.

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37. *Are there restrictions on housing uses?*

See discussion in the Master Plan at page 49:

“Pier 70 is not planned as a residential district. The continuation of heavy industrial operations for ship repair, which can involve loud, around-the-clock activities, generally conflicts with living standards and conditions conducive to significant new residential development. ... Proposals for housing would require thorough review of the design and program to demonstrate compatibility with the ship repair industry.”

38. *How and when will new infrastructure be provided to the 20th Street Historic Buildings?*

The Port has established new mechanisms specifically to address funding of infrastructure and other extraordinary costs of rehabilitating Pier 70. These are discussed generally in Chapter 10 of the Master Plan and in more detail in the Financial Feasibility study accompanying it.

An early task of the Waterfront Site developer will be to develop an infrastructure financing plan. The information from the RFI process and other research will inform the plans for the 20th Street Historic Buildings. The timing of infrastructure construction at Pier 70 will depend on the timing of the need and availability of funds. If the Port proposes formation of an infrastructure financing district that includes the 20th Street Historic Buildings, the selected Respondents will be required to cooperate with the Port in its efforts.

39. *What are the plans for the parcels in shown in the Master Plan along Illinois Street?*

The Master Plan identified these areas for new development. The initial development offerings – the Waterfront Site and 20th Street Historic Buildings – do not include these areas. The Port anticipates offering these for development at a later date.

40. *How can I learn more about the plans for Crane Cove Park?*

Below is an excerpt from the Master Plan regarding this park (page 51-53)

“The (Master) Plan envisions an open space, located at the northern edge of Pier 70, as a park that will serve existing nearby neighborhoods as well as the new activities introduced at Pier 70. The park area includes historic Slip 4 and its cranes, creating a strong relationship with the water and the active shipbuilding history of the site. It provides expansive views of the Bay and a safe public viewing area of ship repair operations.

Crane Cove Park is a feature in the Blue Greenway open space network along San Francisco’s southeast shoreline. In concert with the Pier 70 planning process, the Port and the City support a community effort to develop the Blue Greenway open space system, which will include design improvements for Crane Cove Park. In previous Pier 70 planning efforts, the Crane Cove Park site has been identified as

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a desirable location for launching or landing of human-powered watercraft. Designs for providing water access for small vessels should be incorporated into the design of the park. Recreational activities or concessions to support the open space could reuse two historic buildings, Buildings 50 and 110, that are located within the future open space.

In addition to Slip 4 and the cranes, which are the most visually prominent historic artifacts in this park area, other industrial and shipbuilding artifacts and structures are present. This rich maritime history and identity should guide park design and encourage creative use of these features. Park design should also take advantage of opportunities to highlight the visibility and importance of the slipway, including the introduction of the bay water within it.”

Information about the Blue Greenway planning process is available at the web site below.
<http://www.sfport.com/bluegreenway>

The Port is currently negotiating a contract with a design team for Crane Cove Park. The park improvements will be phased. The general time line is planning complete Spring 2012, initial phase design in 2012, construction begins in 2013 and is completed in 2014.

41. *Are there models in other cities for what the Port intends at Pier 70?*

There is not one in particular; some that have similarities to Pier 70 include:

- Washington Navy Yard, Washington, D.C
- Granville Island, Vancouver, BC
- Distillery District, Ontario, Canada
- The Ford Building, Richmond, California
- Ghirardelli Square, San Francisco, CA

The Port’s solicitation approach – seeking interest and users prior to full development proposals– is modeled after that used by the Presidio Trust to identify partners to rehabilitate and use its historic buildings at the Main Post and Crissy Field.

SHIPYARD RELATED

Chapter 2 of the Master Plan provides the background on the ship repair use. Appendix F includes the Facility Plan developed by BAE San Francisco Ship Repair (BAE), a subsidiary of BAE Systems for their leasehold in collaboration with the Port. This plan seeks to ensure adequate space and operational latitude for compatible co-existence of ongoing ship repair operations, historic preservation, and new development at Pier 70. To realize the Master Plan and the BAE Plan there will need to be changes in the BAE lease.

42. *How many years are remaining on BAE’s lease?*

A portion of the BAE leasehold adjacent to the northern 20th Street Buildings returns to the Port on December 16, 2012. This area is shown on Exhibit 4 of the Master Plan, page 22. The remainder of the ship repair area is subject to a lease expiring on December 16, 2017.

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43. *Is BAE likely to renew its lease?*

The Port is committed to having a ship repair operation at Pier 70 and expects to renew the BAE lease or seek a new operator if BAE does not seek to renew. The Master Plan paid special attention to ship repair industry needs – identifying retention of ship repair as a goal of the Master Plan. The major equipment, including the drydocks, are Port rather than BAE assets.

44. *Is Building 6 in the BAE leasehold? Why not?*

No. It is not needed for its use.

45. *What will happen to the historic buildings in the shipyard leasehold?*

See Appendix F of the Master Plan. Some buildings are identified for removal to facilitate the reduction in leasehold area. BAE maintains the buildings within its premises, per its lease.

46. *Does the shipyard have parking rights on 20th Street or elsewhere at Pier 70 outside of the leasehold?*

No. Occasionally BAE leases additional area on a short-term basis for parking or laydown area if work load requires it.

47. *How often are military ships brought into the BAE shipyard thus triggering special security regulations?*

The specific ships repaired vary from year to year. In 2010, there were 283 days when at least one ship that required security controls was in the BAE Yard.

48. *How many ships/month come to the BAE ship repair facility? How long is the average stay of a ship in drydock for repairs?*

In 2010, 31 different ships came into the BAE leasehold. Four of these went to layberths only. Twenty-seven entered one of the drydocks. A typical "per month" estimate is 3-4 ships. The average stay in drydock is about 16 days, and this has remained fairly standard over the past 5 years. In 2010, the shortest stay in drydock was 4 days and the longest stay was 55 days.

49. *Is this the biggest drydock on the West Coast?*

Drydock #2 is the largest floating drydock on the west coast of the Americas. There is a large graving drydock in Vancouver Canada.

50. *How are the Port and BAE addressing the need to dredge to sustain ship repair operations?*

BAE dredges its premises (which includes water area as well as land and buildings). The Port and BAE are working to secure funds to dredge the central basin area adjacent to the premises.

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OTHER PIER 70 TENANTS

51. Will the Port keep the other tenants during the construction period of the 25-acre site?

The Port's practice is to lease properties to the extent possible to generate revenue to sustain its operations. These are interim leases as allowed under the Port's authorizing legislation.

52. How long is the typical lease for these tenants?

Lease terms vary from month-to-month to a five year term.

53. Will Noonan Bldg be taken down?

The Preferred Master Plan presents a set of goals and objectives for Pier 70 and includes a conceptual development plan for the site. The conceptual development plan shows removal of the Noonan Building. Plans for Pier 70 will be refined as the project moves forward. Chapter 5 of the Master Plan discusses the historic preservation strategy including ratings of each building.

54. Can I buy the Noonan Bldg if it is going to be taken down?

It is possible, but there are no specific plans or processes in place. The future plans for the Noonan Building are part of the Waterfront Site development opportunity.

55. What is happening to the 22nd Street entry to Auto-Return?

Eventually, the impound yard use will be relocated from Pier 70. The Port's agreement with the San Francisco Municipal Transportation Authority allows for reduction of the leasehold over time and anticipates future displacement.

56. Is Building 2, Paul's Warehouse, in the Waterfront Site?

Yes, it is in the Waterfront Site and not part of this RFI.