MEMORANDUM

January 13, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Ann Lazarus, Vice President
Hon. Francis X. Crowley
Hon. Doreen Woo Ho
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Update on Engineering Investigation to Bring Pier 38 into Code Compliance

DIRECTOR'S RECOMMENDATION: Informational Only; No Action Required

The purpose of this item is to provide the Port Commission and the public with an update on the engineering investigation to bring Pier 38 into code compliance.

BACKGROUND

As a result of the legal action taken by the Port, the master lessee, Mr. Carl Ernst lost control of the Pier 38 Facility and was evicted from the premises on August 1st, 2011. Since then, Port Engineering Division Staff, with the assistance of Port's as-needed consultant, Creegan + D'Angelo/F.E. Jordan Joint Venture(C+D) has performed a number of rapid assessments and discovered a number of unsafe conditions related to egress, accessibility, and the electrical, plumbing, mechanical and structural systems of the facility. To protect the health and safety of the occupants and the public, Port's Chief Harbor Engineer declared the Pier 38 Shed and Office spaces and North Apron Dock area unsuitable for any occupancy and occupants were asked to vacate the premises.

Following the vacancy, Port Engineering retained C+D to perform a detailed investigation and make field measurements and develop plans of the existing construction and develop alternatives for the future use of the facility. The investigations required demolition of selected walls and flooring to expose hidden electrical, plumbing and structural installations to determine whether construction methods were proper and conform to Code requirements.

C+D's scope of work was to fully investigate the following items:

Item 1:	Repair alternatives for the core and shell of the 1st story bulkhead structure (includes built out portion of the shed)
Item 2:	Repair alternatives for the core and shell of the 2nd story bulkhead structure (includes built out portion of the shed)
Item 3:	Modifications required to allow maximum amount of shed parking
Item 4:	Modifications needed to satisfy BCDC's Public Access requirements and cost
Item 5:	Marina evaluation including estimates for marina repairs as well as complete demolition

BUILDING OCCUPANCY OPTIONS

With consideration of these items, C+D and its sub-consultants, Michael Tauber Architecture, YEI Engineers, and M. Lee Corporation have prepared a study of options for Pier 38. The options were developed after considering the existing conditions of the building including accessibility, additions and alterations constructed without building permits or inspections, and occupancy.

Port staff and C+D established the maximum occupant load allowed for each option noted below based upon not triggering a seismic upgrade, then studied and determined the occupant load for the improved, built out office space areas, again based on the options noted below, and then determined the remaining allowed occupant load to establish how much parking could be included within the shed. Additional occupant load that could be achieved from a seismic retrofit was not considered as an option due to the high cost.

Two options were developed which satisfy the goals noted in Items 1 through 4 listed above. Item 5 regarding the marina evaluation is addressed in a separate section below.

Option 1 includes creating office occupancy space (without any assembly occupancy space) within the improved areas of the first and second floor. Option 2 includes creating office space and an assembly area on the second floor within the improved areas. Please refer to the attached Exhibit #1.

Each option includes construction of two new elevators and elevator machine rooms at two separate locations, and repair and improvement of the north and south aprons on each side of the improved shed area for exiting and public access. A new pedestrian walkway will also be constructed at the eastern extent of the building for public access. New sprinklers will be added to the building. The non-code compliant spiral stair will be removed.

Option 1 includes estimates for two phases. The two phases include repair/ improvement of the first floor during the first phase followed by repair/improvement of the second floor in the second phase. Option 2 was estimated using a single

repair/improvement phase. The costs for providing BCDC public access are included in each option.

COST AND EXPECTED RETURN

Below is a summary table of the various options studied showing the cost, expected yearly rental return, and expected return period.

Option #	Option	Cost	Expected Yearly Return
1a	First Floor Only 12,334 s.f. office space	$1.7 Million	$370,000
1b	First Floor with Parking 12,334 s.f. office space 70,200 s.f. parking inside shed with estimated 228 parking spaces	$4.6 Million	$730,000
1c	First and Second Floor Office 27,929 s.f. office space	$3.6 Million	$840,000
1d	First and Second Floor Office with Parking 27,929 s.f. office space 70,200 s.f. parking inside shed with estimated 228 parking spaces	$6.5 Million	$1,200,000
2a	First and Second Floor Office and Assembly 4,478 s.f. assembly occupancy space on second floor 23,451 s.f. office space combined on first and second floors	$3.7 Million	$840,000
2b	First and Second Floor Office and Assembly with Parking 4,478 s.f. assembly occupancy space on second floor 23,451 s.f. office space combined on first floor and second floor. 19,000 s.f. parking inside shed with estimated 40 parking spaces	$4.5 Million	$900,000

MARINA OPTIONS

In 1997, the California Department of Boating and Waterways (“DBW”) loaned $1.465 million to Pier 38 Maritime Recreation Center to make marina improvements to Pier 38.

This loan may have been the primary source of funding for the marina float to the North of Pier 38 as well as other maritime equipment used by the previous leaseholder. DBW retains the right to request the Port enter into a new maritime lease with DBW (or its nominee). Therefore it is unknown if the Port can make changes at this time to the maritime equipment financed by DBW's loan.

The existing marina float mentioned above was not designed for the wave exposure it is subjected to at its current location nor the large ships it has been handling. The marina floats are also in very poor condition. If DBW's loan issue is able to be resolved and the Port is able to make changes, the floats must either be demolished or repaired and modified to increase their durability and accomplish an acceptable level of performance for any future use to be allowed.

C+D developed two options for the marina: 1) completely remove the existing marina or 2) upgrade the marina to allow for temporary berthing of small vessels during non-storm events.

The second option would result in an improved float system that allows for short term berthing for up to twelve small (under 80 ft.) motorboats or sailboats. Power and utilities would not be provided as the berths would be designed for short term docking.

The cost for the marina options are:

Option	Option	$
1	Demolish existing marina	$338,704
2	Demolish existing marina and build temporary berthing	$768,858

FURTHER STEPS

Port staff will further evaluate the options discussed above and confirm anticipated revenues and costs. Based on feedback, options may be adjusted slightly. Port staff will return to the Commission with a recommendation of a preferred option for approval.

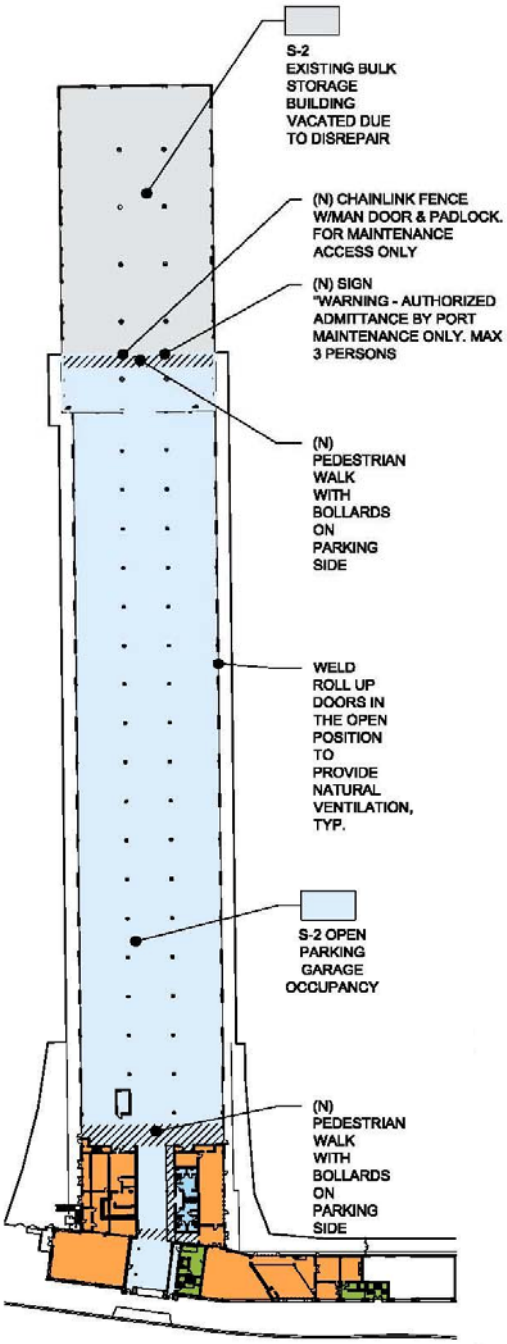
Prepared by: Peter Luong, Associate Civil Engineer

Prepared for: Ed Byrne, Chief Harbor Engineer

Exhibit #1 – Option 1 and Option 2 Layouts

Option 1

First Floor

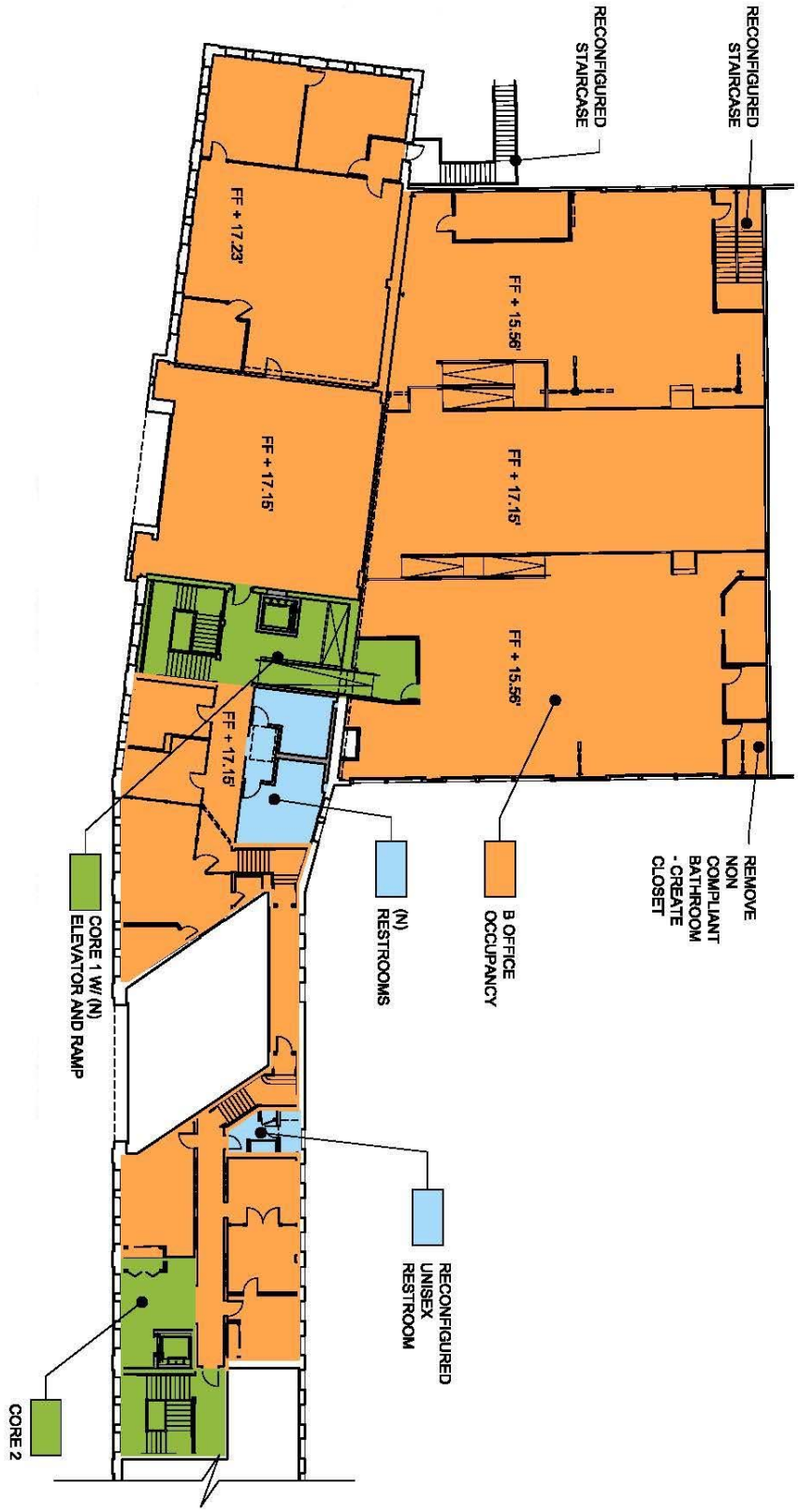


Option 1

Zoomed In View of Partial Portion of First Floor

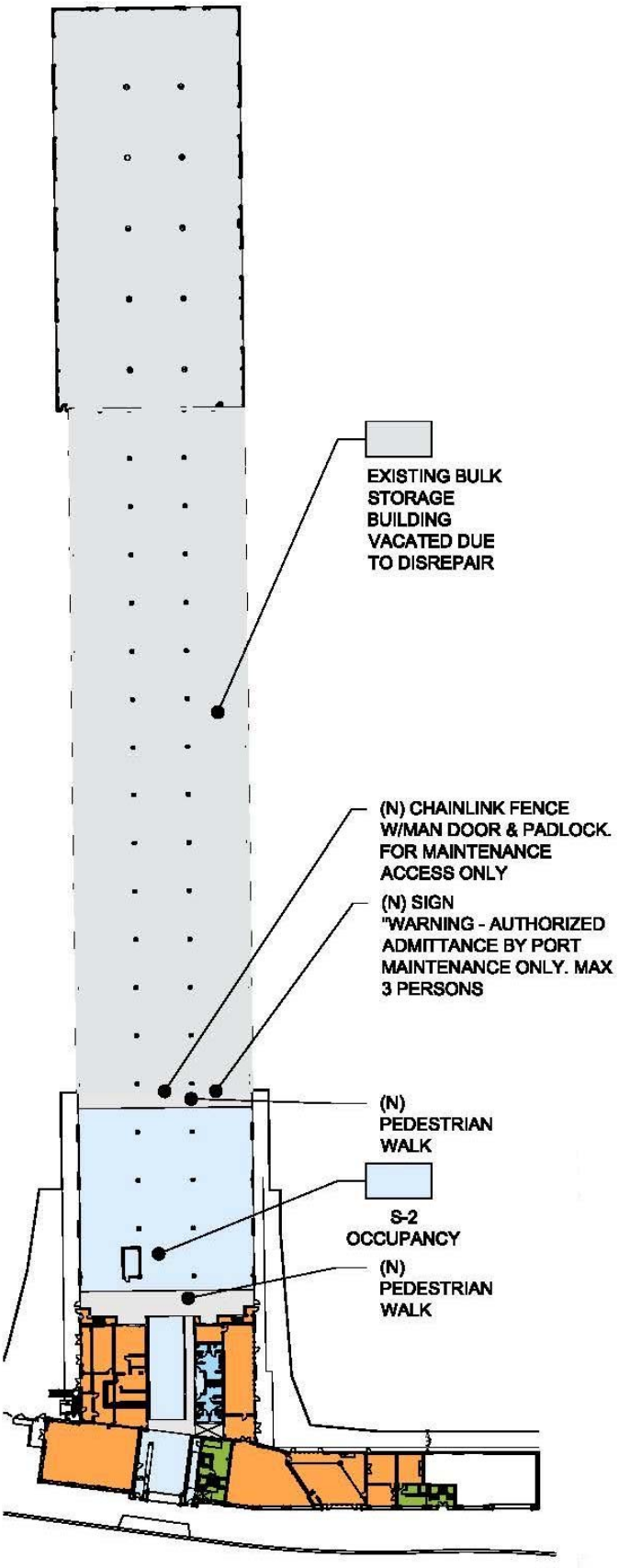
Option 1

Zoomed In View of Partial Portion of Second Floor



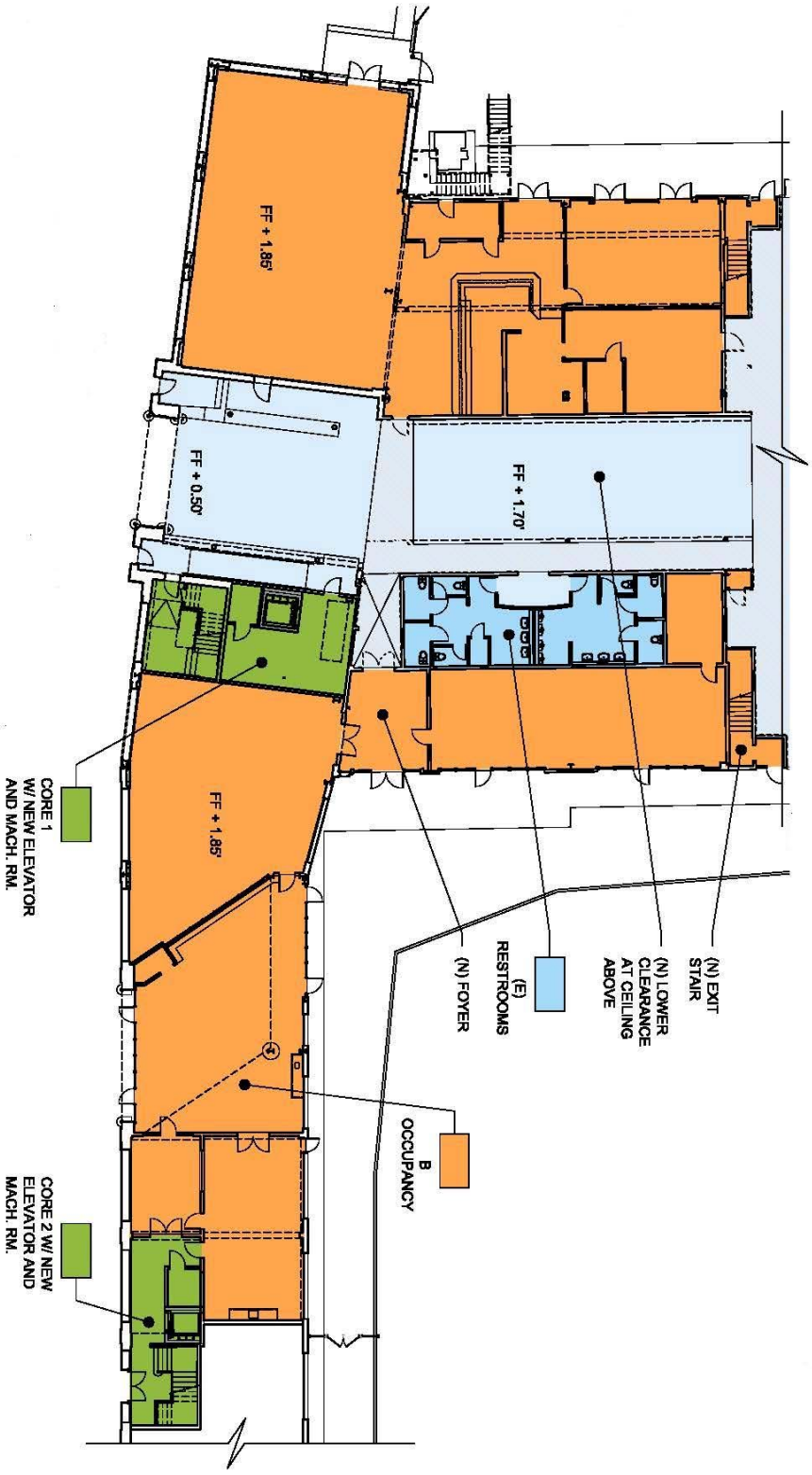
Option 2

First Floor



Option 2

Zoomed In View of Partial Portion of First Floor



Option 2

Zoomed In View of Partial Portion of Second Floor