

MEMORANDUM

September 2, 2015

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Doreen Woo Ho

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of Amended Maritime Industry Preservation Policy

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

The Port of San Francisco, California's oldest public port, continues to have one of the most varied maritime business portfolios in the nation. Its 7½-mile waterfront is home to cruise and cargo shipping; ferries, excursion boats, and water taxis; tugs, barges, and harbor services; commercial fishing and recreational marinas; ship repair and railroad service; ready-reserve ships and labor union hiring halls, to name just a few.

In 2011, the Port Commission approved a Maritime Industry Preservation Policy, which formalizes a policy for prioritizing maritime activities and assets, including objectives and strategies to foster and protect the Port's valuable yet limited deep-water berths, waterborne connections, and maritime facilities. This policy acknowledges the ongoing evolution of the Port in response to industry changes and City needs. A major focus of the initial policy was the need for specific protections of deep-water berths for ocean-going vessels, as well as sufficient upland areas and buffer zones for ship repair and traditional cargo shipping.

Major tenets of the original policy include:

- Future development of Port property shall include proportional equitable investment by parties to enhance and protect maritime facilities and uses at development sites that have maritime access.
- The Port will prioritize dredging in its annual capital spending plan.

THIS PRINT COVERS CALENDAR ITEM NO. 13A

In the four years since the policy was adopted, the Port's maritime inventory has changed significantly, including improvements related to the 2013 America's Cup Regatta, construction of the James R. Herman Cruise Terminal at Pier 27, and initiation of water taxi service at Hyde Street Harbor, Pier 1½ and South Beach Harbor; in addition, the Port has assumed management of South Beach Harbor.

This policy amendment does not alter the main tenets of the initial policy; rather it updates the inventory of Port piers, wharfs, and terminals to reflect the noteworthy changes that have taken place in the last four years. Additions to the policy are identified by double-underline. The amendment is a comprehensive review of not only the Port's deep-water berths but all maritime assets. This update was crafted in collaboration with the Port's Maritime Commerce Advisory Committee.

Waterfront Land Use Plan Update

The Port is now updating its Waterfront Land Use Plan, initially issued in 1997. This amended Maritime Industry Preservation Policy will be a useful and collaborative tool in identifying and acknowledging the Port's maritime inventory to ensure the protections of the plan extend to a more detailed inventory of maritime assets.

Summary / Conclusion

The amended Maritime Industry Preservation Policy is necessary to incorporate changes to the inventory of maritime assets over the past four years. It has been prepared by Maritime staff with input from Port stakeholders including the Maritime Commerce Advisory Committee. This document will provide useful guidance in the Port's efforts to update the Waterfront Land Use Plan.

Recommendation

Port staff requests Port Commission approval of the attached resolution.

Prepared by: Peter Dailey
Deputy Director, Maritime

Attachments:

- Maritime Industry Preservation Policy (amended September 8, 2015)
- Maps of Port of San Francisco deep-water berths

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

RESOLUTION NO. 15-30

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct operate, maintain, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, the Port of San Francisco, California's oldest public port, continues to have one of the most varied maritime business portfolios in the nation. Its 7½-mile waterfront is home to cruise and cargo shipping; ferries, excursion boats, and water taxis; tugs, barges, and harbor services; commercial fishing and recreational marinas; ship repair and railroad service; ready-reserve ships and labor union hiring halls; and
- WHEREAS, the Port of San Francisco's maritime assets include 39 pile-supported pier structures, 80 substructures including marginal wharfs that connect these piers, 15 deep water berths, 245 commercial and industrial buildings, 9 seawall lots, over three miles of street and sidewalks and other assets such as dry docks, cargo cranes and railroad tracks and locomotives; and
- WHEREAS, the Port Commission seeks to promote, expand and enhance the Port's maritime facilities and uses; and
- WHEREAS, due to concern for the protection of these maritime assets and industrial uses in accordance with ever changing City and land use needs, in 2011 the Port Commission requested that Port staff consider the creation of a Maritime Industry Preservation Policy; and
- WHEREAS, the Port Commission on September 13, 2011 approved the initial Maritime Preservation Policy which formalized a Port policy for prioritizing maritime activities and assets, citing objectives and strategies to foster and protect the Port's valuable yet limited deep-water berths, waterborne connections, and maritime facilities; and
- WHEREAS, in the four years since the Policy was adopted, the Port's maritime inventory has changed significantly, including improvements related to the 2013 America's Cup Regatta, construction of the James R. Herman Cruise Terminal at Pier 27, and initiation of water taxi service at Hyde Street Harbor, Pier 1½ and South Beach Harbor; in addition, the Port has assumed management of South Beach Harbor; and

- WHEREAS, in light of these changes and additions to the Port's inventory of maritime assets, it is appropriate and timely for the Port Commission to consider amending the original Port Maritime Industry Preservation Policy; and
- WHEREAS, Port staff have drafted and prepared for the Commission's consideration an updated and amended Port of San Francisco Maritime Industry Preservation Policy, attached hereto as Exhibit A, which reflects the Port Commission's concerns and desires; and
- WHEREAS, this proposed amendment to the Port's Maritime Industry Preservation Policy will not alter the main tenets of the initial policy; rather it will update the inventory of Port piers, wharfs, and terminals to reflect the noteworthy changes in the last four years; and
- WHEREAS, the Port is now updating its Waterfront Land Use Plan, initially issued in 1997 and this amended Maritime Industry Preservation Policy will be a useful and collaborative tool in identifying and acknowledging the Port's maritime inventory to ensure the protections of the plan extend to a more detailed inventory of maritime assets; now, therefore be it
- RESOLVED, that the Port Commission hereby adopts the updated and amended Port of San Francisco Maritime Industry Preservation Policy, attached hereto as Exhibit A, to be effective as of September 8, 2015.

I hereby certify that the forgoing resolution was adopted by the San Francisco Port Commission at its meeting of September 8, 2015.

Secretary

EXHIBIT A

Port of San Francisco Maritime Industry Preservation Policy

Amended September 8, 2015

“A Working Waterfront - Port lands should continue to be reserved to meet the current and future needs of cargo, shipping, fishing, passenger cruise ships, ship repair, ferries and excursion boats, recreational boating and other water dependent activities”.

Port of San Francisco Waterfront Land Use Plan 1997

The Port of San Francisco is one of the most diverse port jurisdictions in the nation. Port assets include 39 pile-supported pier structures that provide 15 deep-water berths, 145 acres of cargo-handling terminals, 245 commercial buildings, and nine seawall lots. The Port owns assets such as dry-docks, cargo cranes, passenger boarding bridge, three ferry docks, two marinas, railroad bridge, and intermodal rail yard. The diversity of maritime industries along the San Francisco waterfront is extensive; few other port jurisdictions in the world host the variety of inland and ocean maritime commerce including cruise, ferry, and water taxi passenger terminals, cargo terminals, harbor services, ship repair, commercial fishing, and recreational boating facilities.

It was out of concern for the protection of these maritime industries that San Franciscans called for creation of the landmark San Francisco Waterfront Land Use Plan (Waterfront Plan), the official policy document of the San Francisco Port Commission. The Waterfront Plan sets forth goals and policies to guide Port improvements that balance maritime commerce with non-maritime commerce and public access. Since its initial adoption of the Waterfront Plan in 1997, the Port Commission has approved amendments that provide more specific guidance for public access to the waterfront, development of open spaces, and architectural guidelines. The Port Commission also has formally recognized San Francisco's rich maritime heritage through the approval of the Embarcadero Waterfront National Register Historic District.

A key priority of the Waterfront Land Use Plan is to ensure that sufficient property is reserved for the existing and future land use requirements of the Port's water-dependent activities. Water-dependent activities are defined in the Waterfront Land Use Plan as “those which require access to water in order to function.” As the demand for non-maritime development of Port assets has grown, the Port has determined a need for the Maritime Industry Preservation Policy. This policy is to compliment the Waterfront Land Use Plan by identifying current and potential maritime assets. It is intended to provide direction for policy actions to ensure financial and planning strategies that the support current and long-term protection of deep-water berths and maritime facilities.

This Maritime Industry Preservation Policy is adopted in recognition of the evolution of maritime commerce at the Port and the need to respond to San Franciscans' desire to

engage with its waterfront. In particular, changes along the northern half of the Port waterfront have demonstrated a need for specific protections of deepwater berths for ocean-going vessels. These berths are located at Pier 45, Pier 35 (north and south), Pier 27, Pier 19, Pier 15-17 (east face) and Pier 30-32 (east face). In the southern waterfront, the Port's maritime priorities require maintenance of deep-water berths as well as sufficient upland areas and buffer zones for harbor services, ship repair and traditional cargo shipping.

The Port Maritime Industry Preservation Policy promotes the importance of the allocation of maritime activities throughout Port property in response to ever changing industry demands and community growth. This Policy provides guidance for the current and future of the Port of San Francisco's maritime commerce and history.

To enumerate the goals of this Policy, the Port shall:

- 1) Encourage development and/or rehabilitation of Port assets that enhance current water-dependent commercial uses or designated Port Priority Areas.
- 2) Protect the Port's remaining natural deep-water berths for maritime uses by requiring that such berths be utilized by vessels which are deemed by the Executive Director, in her or his sole discretion, to be seaworthy, able to leave berth under their own power, approved by the American Bureau of Shipping and certified by the U.S. Coast Guard. The *USS Pampanito*, an iconic & historical attraction, is exempted from this Policy, given its status as a previously existing Port tenant.
- 3) Promote Port development/historic rehabilitation projects that incorporate physical improvements to maritime deepwater berthing facilities, including associated needed repair or equipment requirements, and/or incorporate new or improved facilities specifically to support maritime industry activities. The Port will seek future development of Port property that includes proportional equitable investment by parties to enhance and protect maritime facilities and uses at development sites that have maritime access. The Port will also seek further development opportunities on seawall lots or other Port property without water access that include a proportionate, equitable contribution for new maritime preservation projects at facilities selected by the Port in its sole discretion.
- 4) Discourage the location of non-water dependent municipal or commercial uses/facilities, other than parks, on sites with waterfront access.
- 5) Maintain adequate water depth of current deep water berths to accommodate current and future Port maritime activities by using best efforts to prioritize funding of minimum levels of dredging in the Port's capital plan. Set an internal goal that 50% of the Port's annual operating capital expenditures (excluding bond and grant proceeds) will be expended on dredging, apron and fendering repair, shore side power/utilities upgrades, Fisherman's Wharf & Hyde Street Harbor pier repair, ferry and water taxi dock maintenance and development, rail infrastructure improvements, and cargo warehouse structural maintenance. Achievement of this

goal is subject to compliance with the Port Commission's Policy on Maintenance of Operating Reserves, current exclusive negotiation agreements, and any financial covenants imposed by outstanding bond obligations and grant awards. Additionally, from time-to-time, this goal may be waived due to significant fluctuations in the Port's financial conditions or results in operations. This goal also will be subject to budgetary approval by the Port Commission, the Mayor and the Board of Supervisors.

- 6) When promoting marine recreational uses of the Port, minimize conflicts of current and future developments between ocean-going vessels and said recreational uses.
- 7) Prioritize water-dependent uses and not allow prescriptive limits to standard operating procedures and docking periods for the purpose of accommodating adjacent non-maritime uses, public access, or view corridors, except as otherwise identified in the Port's Waterfront Land Use Plan.

The maps attached to this Maritime Industry Preservation Policy illustrate a comprehensive review of the Ports waterfront, the current use allocation, the location of the Port's deep-water berths, and identification of piers that, given a financial opportunity, could be returned to maritime commerce.

This Maritime Industry Preservation Policy is meant to guide Port staff, its tenants and developers of the importance of maintaining the Port's vital maritime assets and acknowledges the Port of San Francisco's maritime heritage and perpetual maritime mission. Port staff will use this Maritime Industry Preservation Policy to determine whether it is in the best interest of the Port to recommend to the Port Commission to grant a request from a tenant or developer to develop, rehabilitate and/or renew a Port asset.

Attachment:

- A. Maps of Port of San Francisco's deep-water berths delineated by location