

# ALCATRAZ FERRY EMBARKATION: PIER 31, 31½, 33

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**Port Commission Hearing**  
**June 12, 2018**



# **VISION:** **A NEW GATEWAY TO ALCATRAZ**

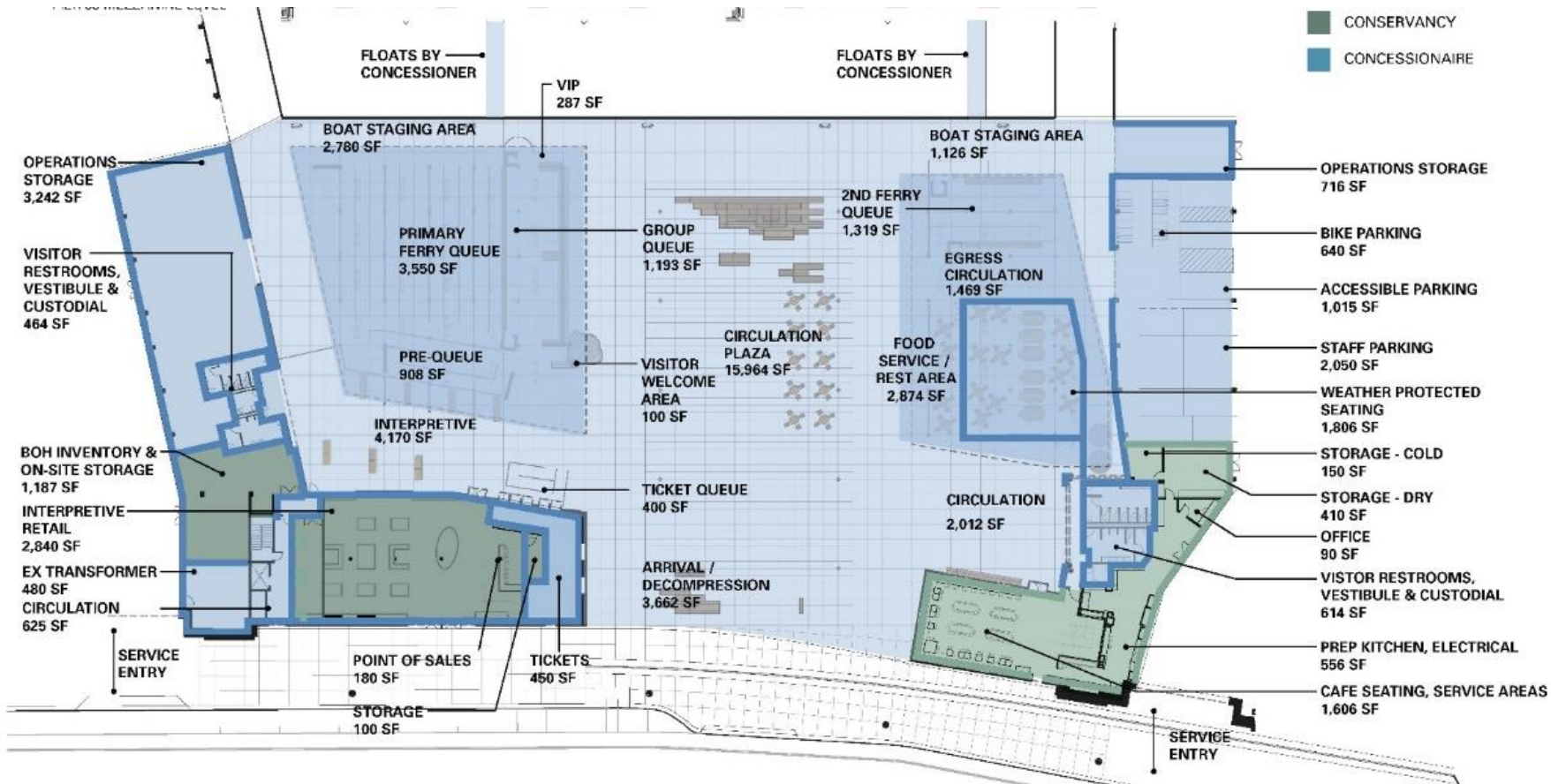


# **Alcatraz Embarkation Site**

# Presentation Outline

- I. Project
- II. Transaction Framework
- III. Environmental Review and Permitting
- IV. Financial Metrics
- V. Issues from February 2018 Meeting
- VI. Actions to Consider

# Project



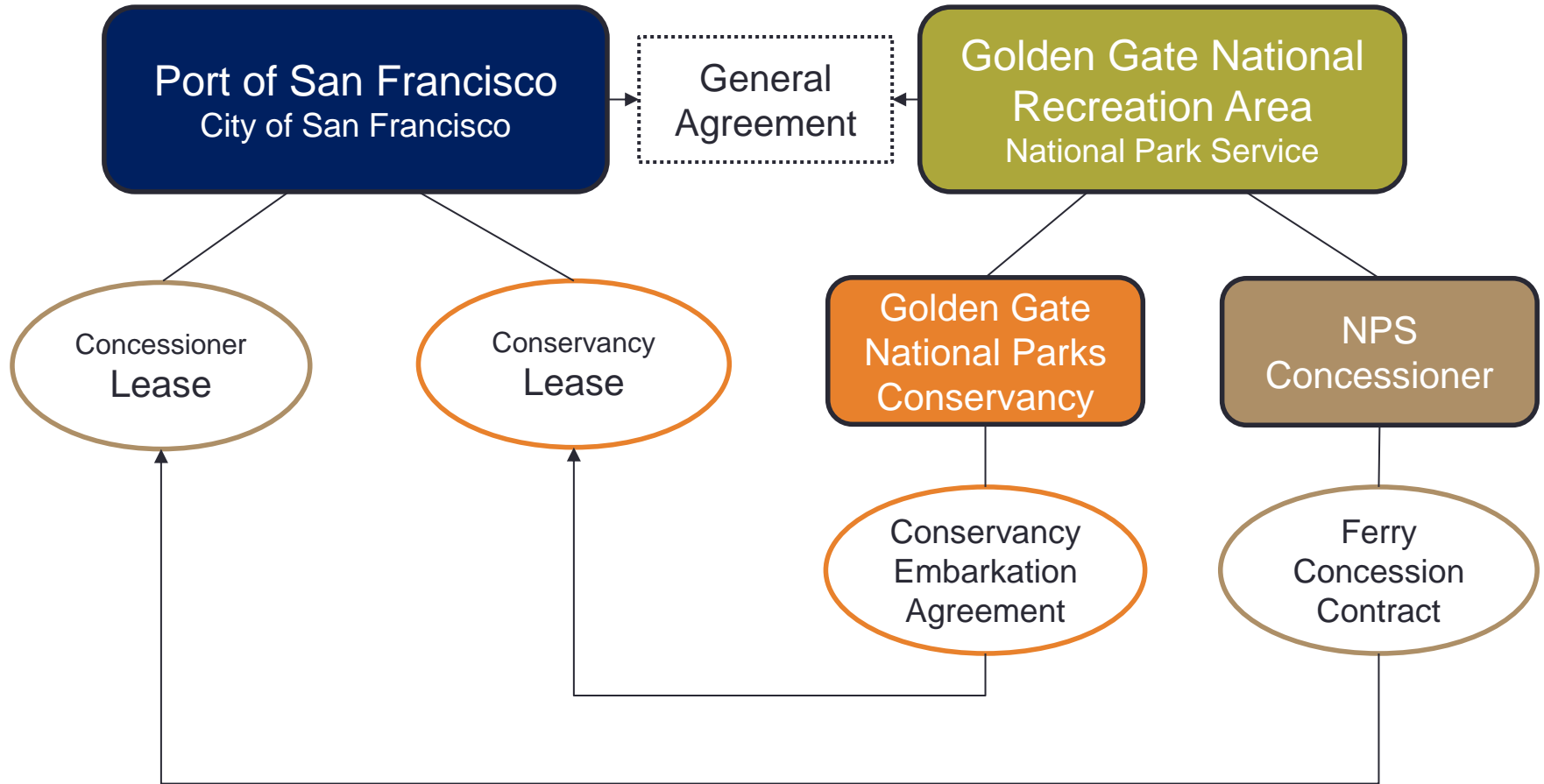
## Ferry Concessioner

19,000 s.f. building space    43,000 s.f. wharf    60,000 s.f. water basin

## Conservancy

- 6,200 s.f. building space

# Transaction Framework



# Transaction Documents

## General Agreement

### **PORT & NPS**

up to 50-year term (30 years plus two 10 year options)

## Ferry Concession Lease

### **PORT & FERRY CONCESSIONER**

- ferry operator to be selected by the Park Service
- term coterminous with the initial, 15-year ferry concession contract between Park Service and ferry concessioner

## Café and Visitor Center Lease

### **PORT & CONSERVANCY**

- with the Golden Gate National Parks Conservancy
- thirty (30) year term with two (2) ten (10) year options

# Environmental & Regulatory Review

**NEPA:** final EIS released by NPS in January 2017

**CEQA:** Preliminary Mitigated Negative Declaration (MND)

- Appeal Filed by City of Sausalito related to Fort Baker on December 27, 2017
- MND upheld at Planning Commission Hearing on February 22, 2018
- Final MND signed on February 23, 2018

**Permits** are required from:

- the Bay Conservation and Development Commission (BCDC)
- the U.S. Army Corps of Engineers (USACE)
- the Regional Water Quality Control Board (RWQCB)

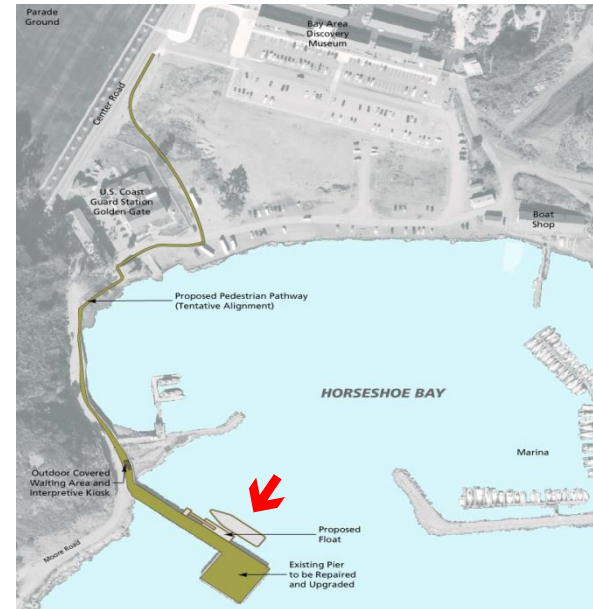
# Key Financial Metrics

## *Ferry Operator Perspective*

Item	Annual Projection Included in NPS's Alcatraz Prospectus
Annual Estimated Ridership/ Service	
Alcatraz	1,700,000 to 1,800,000
Angel Island Hop	36,000 to 44,000
Park Cruise	80,000 to 90,000
Charters	20 to 40
Annual Projected Revenue	\$44,000,000 to \$52,000,000
Other <b>Potential</b> Services	40,000 potential to Ft. Baker, TBD to Rosie the Riveter



# Fort Baker Limited Ferry Service



- Limited opportunity to visit Fort Baker without a car
  - 2 boats Saturdays & Sundays
  - Approx. 200 passengers per boat
- NEPA EIS and CEQA MND determined no significant impacts
- Pier infrastructure improvements required prior to implementation
  - NPS agrees to engaged all stakeholders in required NEPA analysis for that work
- NPS and City Planning believe this is the right project as designed and analyzed.

# Key Financial Metrics

## *Port's Perspective*

Item	Perc Rents/ Annual Office Rent/ Rent Credit	Est. 2020 Rent to Port
Ferry Operations	7.50%	\$2,350,000
Ferry Retail	8.00%	\$137,000
Ferry F&B	7.25%	\$76,000
Pier 31 Café	7.50%	\$300,000
Pier 33 Retail	7.50%	\$225,000
Pier 33 Office	\$162,000	<u>\$162,000</u>
<i>Total</i>		\$3,250,000
Rent Credits (\$Ms)	\$3.074	(\$768,500)
<i>Ferry Concessioner / Conservancy</i>	Rent credits amortized over initial 4yrs	

# Investment in Site

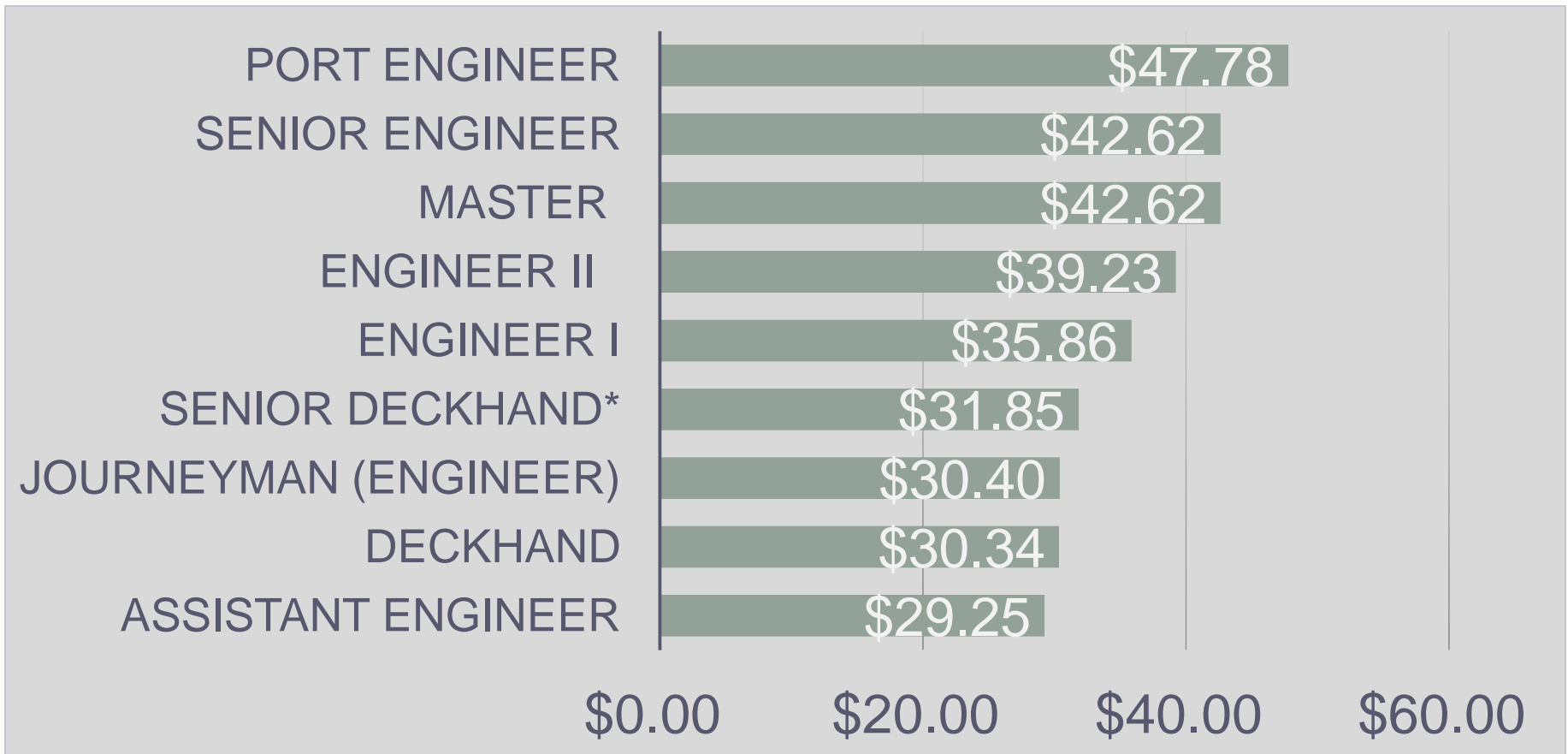
Item	Phase 1 (2019)	Phase 2 (2020)	Phase 3 (2021)	Total
Ferry Concessioner	\$4,897,000	\$12,286,000	\$12,837,000	\$30,020,000
(less) Rent Credit				(\$2,520,000)
Parks Conservancy	\$2,253,000	\$ -	\$1,439,000	\$3,692,000
(less) Rent Credit				(\$554,000)
<b>Total</b>	<b>\$7,150,000</b>	<b>\$12,286,000</b>	<b>\$14,276,000</b>	<b>\$33,712,000</b>
<b>(less) Rent Credit</b>				<b>(\$3,074,000)</b>

# Issues from February 2018 Meeting



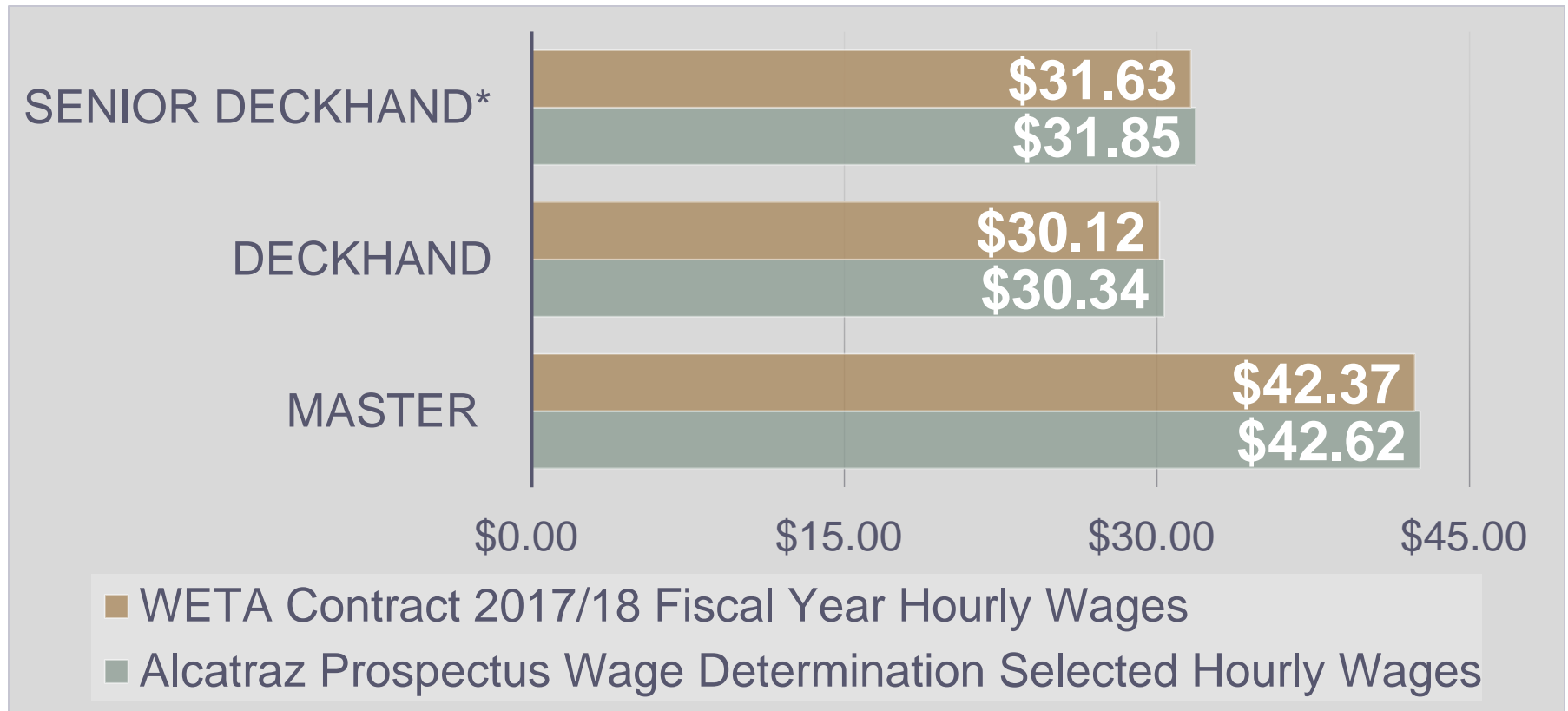
# DOL Wage Determination

- Ferry passenger occupations in amended WD
- Newly-added hourly wages include:



\* Wage changed from \$30.95 to \$31.85 since staff report published.

# WETA B&G Contract v. Alcatraz Wages



\* Wage changed from \$30.95 to \$31.85 since staff report published.



# Interpretive Park Cruises

## **Park Cruise concept**

- Cruise beginning and ending at Pier 31 ½ without stopping/disembarking
- Focused exclusively on GGNRA sites
- The service will be available to visitors to the Embarkation Site who are unable to obtain a ticket to Alcatraz due to demand exceeding supply, as often occurs during peak season
- Substantive on-board interpretive program for a minimum of 45 minutes
- Park Cruise passengers capped at 90,000 per year

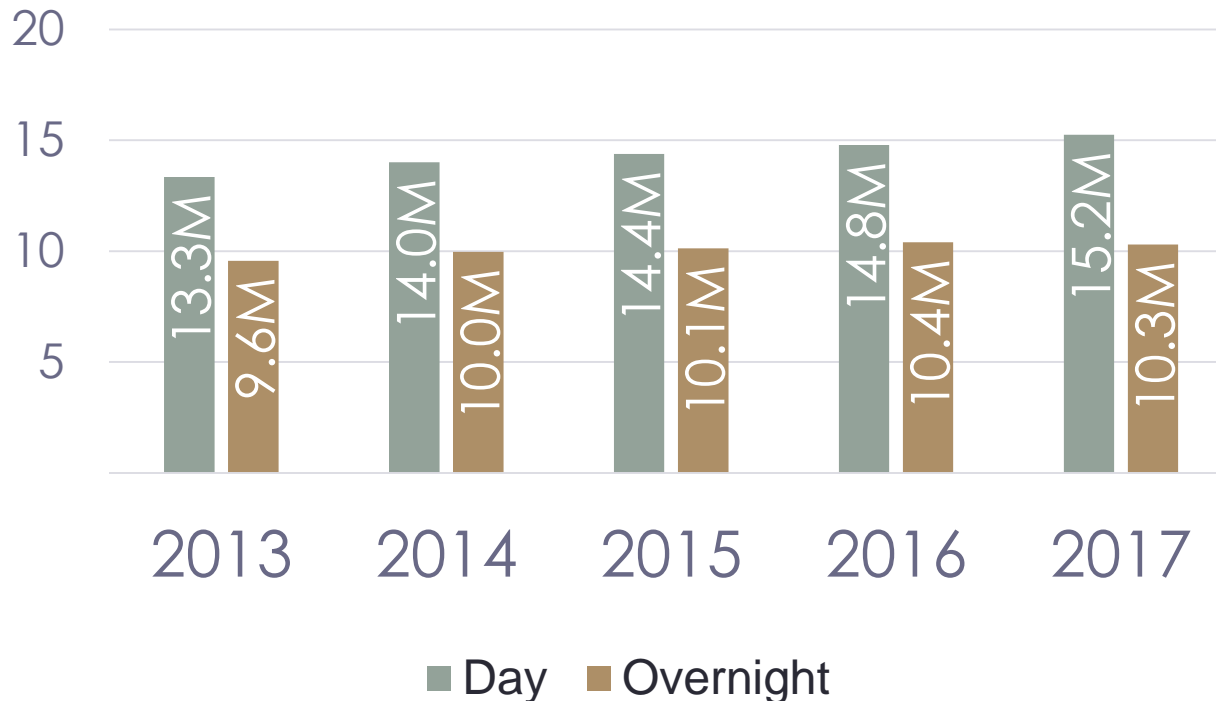
# Interpretive Park Cruises

Category	Projected Range (2019)
<b>Alcatraz Ferry Ridership</b>	1,700,000 - 1,800,000
<b>Park Cruise Ridership</b>	80,000 - 90,000
<b>Projected Park Cruise Gross Sales</b>	\$2.5M - \$3M
<b>Total Projected Annual Revenue to Port</b>	\$220,000



# Interpretive Park Cruises

- Visitation to San Francisco is growing and excursion operators are well positioned to take advantage of this growth
- Pier 39 is top visitor destination, Alcatraz is among top 5



Source: SF Travel Association, San Francisco Visitor Profile 2017

# Interpretive Park Cruises

## Staff analysis:

- The Port's maritime mission includes expanding opportunities for visitors and residents to experience the waterfront and the Bay
- Interpretive Park Cruises represent small market share of overall excursion market

Based on staff analysis of available data on excursion market, inclusion of the park cruise excursion option would not unfairly or disproportionately compete with the Port's existing tenants,

# Schedule: Business Agreements

***NOTE: Future dates are tentative and subject to change***

Jan 18, 2018	NPS releases prospectus for new ferry concession contract
Feb 22, 2018	Preliminary Mitigated Negative Declaration upheld at Planning Commission following an appeal by City of Sausalito
June 12, 2018	Seek Port Commission Approval of Transaction Documents
June/July 2018	Seek BOS Approvals
July 2018 to April 2019	NPS evaluation process, award, Congressional notification, and concession contract transition

# Schedule: Construction

***NOTE: Future dates are tentative and subject to change***

Oct 1, 2018	Conservancy takes of possession of Pier 31 premises
Mar 1, 2019	Ferry Concession Contract and Lease Effective Dates
Late 2019	Conservancy completes Phase I Pier 31 construction
Late 2019	Port completes Pier 31 ½ substructure repairs
Oct 2019 to Dec 2023	Ferry Concession Construction Period
April 2020	Conservancy commences Phase II construction
2024	Site improvements completely built out

## Recommendation (Resolution 18-37)

1. Adopt FMND and the Mitigation Monitoring and Reporting Program;
2. Approve the General Agreement (GA) between the Port and NPS;
3. Approve the form of lease with the initial ferry concessioner that NPS will select to provide initial site improvements and ferry services; and
4. Approve the lease with the Conservancy for improvements and to operate visitor amenities including a visitor contact station and café.