



Waterfront Plan Working Group
Land Use Subcommittee Meeting
Final Meeting Notes: July 20, 2017

Present: Alice Rogers (chair), Dee Dee Workman, Jon Golinger, Stewart Morton, Jane Connors, Corinne Woods, Kirk Bennett, Ron Miguel, Larry Beard

Not Present: Jasper Rubin, Karen Pierce, Ellen Johnck

Other Working Group and Advisory Team Members Present: Amy Patrick

Port Staff: Diane Oshima, Kari Kilstrom, Phil Williamson, Anne Cook

Agency Staff: Reid Boggiano (State Lands via conference call)

1. Introductions
2. Consideration and acceptance of June 21, 2017 meeting notes – no changes
3. Consideration and acceptance of July 12, 2017 meeting notes – no changes
4. Consideration and acceptance of July 20, 2017 Final Seawall Lot Recommendations, (see attachment, below)

Note: Subcommittee's preference for visitor parking vs commuter parking; that idea is likely to be part of the Transportation Subcommittee recommendations.

5. Discussion/Recommendations about Public Process for Port Leasing and Development
 - A. Final Recommendations for Port Advisory Groups/Committees – The recommendations were accepted with edits to Items 2 and 4 following subcommittee discussion (as shown in attachment, below)

Discussion

- New item #5 improves Port Advisory Committee awareness and advance notice of projects and items of interest scheduled in Port Commission's forward calendar of future meetings. This enables people to prepare and engage on items regardless of whether they are scheduled for an Advisory Group meeting – e.g. a special event, or something happening in another part of the waterfront, etc. Advance information about special events is now provided to the Central Waterfront Advisory Group, which has been positively received.
- Airport Commission has a Commission member on their Advisory Committee, a model that could be considered by the Port. This could be challenging for the Port, given the number of advisory committees at the Port, and the number and complexity of projects that require substantial time of Port Commissioners.

- Always have an agenda item so any advisory group can report at Port Commission. This could be too unpredictable, if all 6 Advisory Groups report with no time limit.
- Maybe when there's an item of interest to the Advisory Group – a report from that Advisory Group can be calendared. If an individual has an issue, use the public comment period and write a letter.
- Would like protocol developed around this, but don't want to add a bunch of time to the meeting for an open-ended venting session.
- Calendared items are for something specific, written items are provided to Commission secretary in advance, etc.
- Is it better to have an "Advisory Group Report" whenever there is a particular topic that is of interest? It's like a staff report, followed by an "experts" report; in this case, Commission calls up the Advisory Group.
- An individual can talk to all 5 members of the Commission if they have their contact information. Jasper had suggested reaching out to Commissioners, as needed. Is there a way for Port Commission to pose questions to the Advisory Group? Yes, during or after public comment, the Commission can ask the speaker questions and question/response time does not count against the speaker's time.

B. Final Recommendations on Community Input Process for Competitive Solicitation of Leases and Sole Source Proposals were accepted with edits based on July 20, 2017 subcommittee discussion (as shown in attachment, below).

Diane Oshima, Deputy Director of Planning and Environment, described revisions to the community input process proposal based on July 12, 2017 Land Use Subcommittee comments and discussion. The following types of competitive solicitation lease opportunities would follow the community input process:

- Long-term development leases for non-maritime uses for Port facilities, including Embarcadero Historic District facilities, seawall lots and properties south of China Basin;
- Intermediate-term master lease opportunity (no or limited seismic upgrade) for majority or entire piers, including bulkheads in Embarcadero Historic District
- Intermediate-term leases in Southern Waterfront per Southern Waterfront leasing guidelines
- Lease opportunity to convert industrial space to new retail, restaurant or public-oriented use in bulkhead buildings, piers or other Port facilities [Solicitations to re-tenant existing retail/restaurants spaces are not subject to this process].

Diane described that all lease competitive solicitation opportunities require authorization and public comment in Port Commission meetings. Competitive solicitations that are not covered in the above categories still have a public process, one that is already defined and in use. Further, non-maritime leases of 10 years or longer, and \$1 million or more in annual revenue

require approval by the Board of Supervisors in addition to the Port Commission, and so trigger public comment opportunities.

Discussion

- Concern expressed about not requiring renewal or re-leasing of a bulkhead building that has been improved for public-oriented uses for an intermediate lease term to go through the extra community input process, where the use program might change.
- Where the use is not changing, it would be very difficult to have a big community process to simply replace a closed business with a new one of similar type
- Should the full process apply to bulkhead re-tenanting if the new lease is 25 yrs+?
This might work with some wordsmithing
- If restaurants or retail are required to go through a lengthy Advisory Group process, it will discourage operators from doing business with Port.
- Anything longer than 10 years and more than \$1 million goes to Board of Supervisors – this provides plenty of public review.
- At Ferry Building, new tenants are required to follow certain project-wide design guidelines of the master tenant. Master ground lease supports the original ideas.
- Conditions of master lease and requirements to come to Port Commission are adequate – provides adequate opportunity for public comment.
- All but one agree that the recommendations adequately address the categories of leases that public should address

Diane Oshima explained each step in the Competitive Solicitation process. Key/newly standardized features of the process include:

- a) Community review/discussion of values and priorities before the competitive solicitation is authorized;
- b) An Advisory Group/Committee member and a member representing City/regional perspective should be part of the panel that interviews and scores respondents;
- c) Port Commission public informational presentation and public comments on qualified respondents during the proposal review/evaluation process, before Port Commission selects and awards lease opportunity.

Discussion

- Comments: Seems odd to have panel review proposals before public informational presentation of proposals; consider switching steps 4 and 5, so that the review panel evaluation occurs after the public informational presentation
- The goal is to protect the Review Panel interviews and scoring from political influence; the interviews may be more impartial if done in advance of public review and comment

- The evaluation process involves work by the Review Panel and Port staff. Port will evaluate minimum qualifications, financial capacity and references of respondents. Some submittals may be deemed unqualified. Time required to complete evaluation may extend beyond the Review Panel interviews.
- Sometimes there's an RFQ, RFQ/P, RFP. Wherever you have a panel that reviews respondents, it should be protected from bias and political influence.
- Public hearing shouldn't affect the Review Panel; the concern is that a panel has already come to a conclusion before the public informational presentation. Do we want public enamored with a project that is not going forward?
- Make these steps 4a and 4b, to reflect that interview/evaluation process may still be in process when Port Commission receives informational presentations from respondents.

C) Final Recommendations for Sole Source Public Process were accepted with edits based on July 20, 2017 subcommittee discussion (as shown in attachment, below)

Discussion

- Can we add a Community Review step between Port Commission and Board?
- If Advisory Groups are at the table at the Port Commission meeting, the Community will be able to provide comments.
- Developer should provide information to the Port Commission about what type of community outreach they have completed and to which organizations
- Once the Board of Supervisors waives the competitive solicitation policy, then the developer is allowed to pursue its project and must begin the community engagement process.
- If it's a sole source proposal, we expect it to be very special, so the community outreach to establish that they are special is much broader than the 'usual' outreach – because they are asking for special treatment. The developer should include information in written submittal describing why they believe the Board of Supervisors should waive the competitive solicitation policy.

D) Southern Waterfront Lease Guidelines were accepted with edits based on July 20, 2017 subcommittee discussion (as shown in attachment, below)

E) Other Leasing guidelines were accepted with edits based on July 20, 2017 subcommittee discussion (as shown in attachment, below)

6) Next Step

- Distilled summary of all Land use Recommendations will be emailed to this Subcommittee with a deadline for any comments prior to consolidating with recommendations from other Subcommittees in a Part 2 report to the full Working Group.

- Staff will be in touch about date a Working Group meeting in September to review the Part 2 Summary Report; September 20th does not work because of observance of Rosh Hashanah.
- Part 2 Report will include financial implications of/potential resources associated with the Subcommittee recommendations, and highlight any “crossover” recommendations that relate to other Subcommittee ideas
- Also collapse/combine recommendations that would need to be reconciled into a single recommendation/language for Waterfront Plan.
- Following Working Group sign off, the Part 2 report will be scheduled for Port Commission informational presentation.
- Waterfront Plan Update public process then moves to final Part 3, Subarea planning, anticipated to be completed by the end of the year. Final Working Group recommendations will then be produced which will be presented to Port Commission.
- Final recommendations and Port Commission comments will direct Port staff work in early 2018 to prepare draft amendments to update the Waterfront Plan, which will undergo further public review and comment, CEQA environmental review, and work with BCDC and State Lands Commission. Port Commission action on Waterfront Plan amendments is expected in 2019.

Questions

- When will Port Commission review/accept or reject the Working Group recommendations for Waterfront Plan Update? The Port Commission will receive Working Group recommendations after completion of Part 3, and may make comments and provide direction to Port staff prior to developing draft amendments to the Waterfront Plan, which will undergo public review and comment. After completion of CEQA environmental review, Port Commission will consider and ultimately approve amendments to the Waterfront Plan which may include policies that differ from Working Group recommendations.
- Some of the things we’ve talked about suggest changes at State level, at State Lands or BCDC. Are those talks happening now? Port is working with State Lands and BCDC to provide information and discussion about Working Group and Subcommittee recommendations to date; these agencies have also participated in a number of our public meetings thus far. Waterfront Plan amendments will need to be reflected in BCDC Special Area Plan. Port is submitting an application to BCDC for a Special Area Plan amendment to engage discussions to align Port and BCDC amended policies.

Final Policy Guidance and Recommendations for Seawall Lots, Land Use Subcommittee

July 20, 2017 Based on discussions in the June 7, June 21 and July 12, 2017 Subcommittee meetings

Design and development of seawall lots including ideas to improve integration with upland areas

- 1) The Waterfront Plan should continue to encourage SWL uses that integrate and connect with the surrounding neighborhood and waterfront.
- 2) Seek opportunities to improve connections between east and west sides of the Embarcadero.
- 3) SWL developments should achieve two desirable goals:
 - a. Incorporate public-oriented uses that can enliven the pedestrian/ground level experience in the neighborhood in a variety of ways (e.g. day/evening commercial-retail uses, pedestrian and landscape enhancements); research SF Planning Department design policies and criteria that promote ground floor pedestrian activation for inclusion in the Waterfront Plan
 - b. Generate revenue from development of a broad range of uses, including non-trust uses if needed (e.g. office, residential, general retail) to support Port capital improvements; non-trust uses would require State legislation to lift trust use restrictions for SWLs north of Market Street. Not opposed to more development if it supports public goals and is accompanied by robust urban design.
- 4) SWL developments should emphasize access - physical and visual - from the street and sidewalk - to The Embarcadero, piers, and Bay, as well as access to a diverse range of users
- 5) Activate and clean-up underutilized seawall lot areas, which may be incorporated with public realm plans for the west side of the Embarcadero.

Acceptable uses and legislation to lift trust restrictions

- 1) Legislation to lift trust restrictions on the remaining seawall lots north of Market Street should be considered on a case-by-case basis, if necessary, to realize SWL goals and objectives. Enabling legislation must ensure that SWL development opportunities include public-oriented use requirements to activate and enhance public realm experience in the neighborhood.
- 2) The Plan should allow a broad range of uses and a flexible approach that invites new ideas to enhance surrounding neighborhoods, and physical and visual connections between the west and east sides of The Embarcadero and the Bay. .
- 3) State legislation which has lifted trust use restriction and allowed SWLs to develop consistent with adjacent neighborhoods generates significant financial benefits to support historic rehabilitation of piers and BDCD-recognized waterfront parks and public access
- 4) Use of SWLs should as much as possible support the most diverse population (whether oriented to residents or visitors or workers)
- 5) Parking on SWLs is a trust use which furthers trust objectives by:
 - a. accommodating Port visitors from the region/state who drive, especially families with children, seniors, those with disabilities, and tour buses.
 - b. supporting Port businesses, their service needs, and their employees who are currently underserved by transit (i.e. maritime operators, Fisherman's Wharf businesses, Ferry Building Marketplace, Exploratorium)
 - c. providing revenue stream for Port capital needs on an interim basis, until long-term development is approved
- 6) Seawall lot parking uses should be in line with policy recommendations in the report recommended by the Transportation Subcommittee, and be informed by the results of further recommended transportation studies that develop data, including number, origin and transportation mode of people visiting waterfront, delivery needs, transit and bike use.

DRAFT-FINAL Recommendations – Port Advisory Groups/Committees

Final revisions discussed and accepted at July 20, 2017 - Land Use Subcommittee meeting

I. Port Advisory Groups/Committees

1. Consensus process. Advisory Groups should continue to operate on a consensus-building basis through public discussion, not voting. Advisory Groups should be created and managed by Port staff, to support interactive public engagement that is not limited by public comment time limits.
2. Enhanced communication. Take steps to enhance communication between Advisory Groups and Port Commission, to provide time to review and exchange ideas or concerns. Ideas include periodic written or presentation of verbal reports from Advisory Group to Port Commission, as needed, and Commissioner attendance at Advisory Group meetings, and direct communication by individuals with Commissioners.
3. Ongoing public engagement. Provide updates of project details during project design-development process, for review and discussion and input to the Port Commission, before final decisions are made.
4. Broaden community awareness. Seek broader, City-wide citizen and stakeholder input beyond the local waterfront, and regular outreach to City and Bay Area 'convener' groups, (e.g. SPUR as well as including neighborhood preservation and business associations).
5. Include additional information in standard format of all Port Advisory Committee meeting agendas and through email notices to provide advance notice of upcoming projects and events:
 - Send advance notice of Port Commission informational presentations and lease approval actions for projects in each PAC area
 - Include Port Commission forward calendars with highlighted projects located in each PAC area
 - Include forward calendar of Port special events with highlighted items located in each PAC area

Public Process Concept for Long-term development/Lease

~~Draft for~~Final Recommendations/edits from July 20, 2017 Land Use Subcommittee Meeting

COMPETITIVE SOLICITATION PROCESS [Black reflects existing Waterfront Plan process. Orange indicates new provisions for Land Use Subcommittee review.] Track changes from July 20 meeting

Community Input Process for Competitive Solicitation for:

- Long-term, non-maritime lease opportunity (w/seismic upgrade) in entire piers, including bulkheads, plus seawall lots and other Port properties.
 - Intermediate-term master lease opportunity (no or limited seismic upgrade) for majority or entire piers, including bulkheads (also see Southern Waterfront guidelines which allow intermediate-term leases)
 - Lease opportunity to convert industrial space to new retail, restaurant or public-oriented use in bulkhead buildings, piers or other Port facilities [Solicitations to re-tenant existing retail/restaurants spaces are not subject to this process].
- 1) **Port Commission.** Port staff report to describe opportunity for competitive solicitation of lease offering. Port Commission authorizes process to prepare solicitation document. Staff report describes minimum developer qualifications, and key Waterfront Plan land use and public trust goals and objectives (As reflected in 5/31/17 Land Use subcommittee recommendations, this includes historic rehabilitation consistent with Secretary Standards. For long-term lease or intermediate-term master tenant lease, public trust objectives also include: public-oriented use in bulkhead building and, if possible, in portion of pier; maritime berthing and public access, SLR and Seawall repair strategy, revenue uses/developer financing to support financially feasible project)
 - 2) **Community Review.** Port staff schedules Port Advisory Committee (PAC) meeting, and also invites city and regional stakeholder input, to solicit review and comment about community values and priorities to include in solicitation (e.g. related to public-oriented uses, maritime berthing and public access, historic rehabilitation, resilience, financial objectives)
 - 3) **Port Commission.** Port staff requests authorization to issue solicitation, including project objectives based on Port Commission direction and community input, developer submittal and City competitive solicitation requirements, and description of Review Panel to be created by Port staff. PAC representatives attend and provide public comments in Port Commission meeting prior to Port Commission authorization. Port Commission authorizes issuance of competitive solicitation opportunity.

Staff report also includes summary of PAC comments, and description of Review Panel that will evaluate respondent submittals, which must comply with City Contract Monitoring Division standards for relevant expertise, diversity and impartiality. Members to include person with relevant development expertise; Port staff member; a PAC member; and a city or regional representative to incorporate community and public perspectives in review of submittals.

- 4) **A) Evaluate proposals.** Port staff will review developer submittals for compliance with minimum qualifications to determine list of qualified respondents, and evaluate qualified experience, financial capability, and references. Review Panel evaluates developer submittals, interviews project developers and scores qualified respondents.

B) Port Commission. Informational public meeting to receive presentations from all qualified developer respondents, receive Port Commission, PAC and public comments.

- 5) **Port Commission.** Public meeting to consider approval of Port staff report recommendation for developer selection, based on respondent that receives highest combined score from Review Panel and Port staff. Port Commission may approve or deny staff developer selection recommendation.

SOLE SOURCE PROCESS

Sole Source Proposals

Establish steps for Port Commission consideration of unsolicited (Sole Source) proposals (long-term or intermediate term leases for majority or entire piers), in addition to Board of Supervisors approval of resolution to waive City competitive bid leasing policy provisions.

- 1) **Written Submittal with Development Proposal.** Require any Sole Source development initiator for Port property to provide information about the proposal, any community outreach completed to date, and describe the specific ways in which the project will achieve Waterfront Plan and public trust goals and objectives, and reasons that support waiving the competitive solicitation process.
- 2) **Port Commission.** Public meeting to receive informational presentation on sole source proposal by developer, including information described in Item 1, Port Commission and public comments. Port Commission may make findings on sole source proposal to be forwarded for consideration by Board of Supervisors.
- 3) **Board of Supervisors.** Public hearing to waive City competitive bid-solicitation leasing policy provisions, and to consider ~~of~~ any Port Commission findings regarding the proposal.

SOUTHERN WATERFRONT LEASE GUIDELINES

Southern Waterfront Interim Lease Guidelines were originally established in 2004, prior to Pier 70 and Blue Greenway plans, and Pier 80-96 Maritime Eco-Industrial Strategy. Proposed updated guidelines for Southern Waterfront leases are presented below.

1) Short-term leasing

- a) Limit location of heavy industrial uses away from adjacent neighborhoods. Include lease provisions to minimize external impacts on neighborhood, as applicable (i.e. hours of operation, security, hazardous materials, noise, and dust controls).
- b) Provide 10 day notice and review of information on proposed lease to Central Waterfront Advisory Group (CWAG) and Southern Waterfront Advisory Committee (SWAC) before the lease is approved, and opportunity to request review at a CWAG or SWAC meeting, to receive public input prior to lease approval.

2) Pier 80-96 Maritime Eco-Industrial Strategy Area Intermediate or long-term lease opportunities:

- a) Provide regular Port Commission and SWAC informational updates and community engagement on maritime marketing lease proposals.
- b) Port Commission informational presentation for intermediate-term or long-term lease opportunity
- c) SWAC meeting scheduled to discuss lease opportunity, solicit community input to report back to Port Commission
- d) Any opportunity for intermediate-term or long-term lease follows competitive solicitation process as proposed for piers and seawall lots.

OTHER LEASING

- 1) **Board of Supervisors.** Under current policy, Port non-maritime leases of 10 years or more and \$1 million (or more) in annual rental revenue are required to secure approval by the Board of Supervisors after Port Commission approval. Public comment opportunities are provided in Port Commission and Board of Supervisor hearings.
- 2) **No required process.** The following types of leases do not require separate public review:
 - a) Short-term (0-10yr) leases (except in Southern Waterfront) and turnover leasing for maritime, light-industrial/PDR, existing office, retail, restaurant spaces.
 - Intermediate lease for a limited area (i.e. not a master lease) within an industrial pier shed in the Embarcadero Historic District (consistent with industrial building occupancy limits, no seismic repairs) that supports amortization of capital repair and tenant improvement costs.