

MEMORANDUM

December 3, 2008

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

FROM: Monique Moyer
Executive Director

SUBJECT: Information Presentation on a Ten-Year Review of the Waterfront Land Use Plan

DIRECTOR'S RECOMMENDATION: No Action Required; Informational Presentation

BACKGROUND

At the August 12, 2008 Port Commission meeting, Port staff made a presentation on the Waterfront Land Use Plan ("Waterfront Plan") and accompanying staff report, dated August 7, 2008. That presentation reviewed the history of the development of the Waterfront Plan in response to Proposition H, approved in 1990. It included a discussion of the scope and content of the Plan and key issues and perspectives that informed it, and the seven-year public planning process through which it was developed. The Waterfront Plan and its companion Waterfront Design & Access Element are posted on the Port's website, www.sfport.com.

The August 2008 staff report is incorporated by reference into this report. The purpose of this December 2008 staff report is to review the many implementation efforts and achievements that have taken place since the Port Commission approved the Waterfront Plan in 1997 as the Port's official planning policy document.

OVERVIEW

Over the past 10 years, the City has seen a transformation along the waterfront. There have been many different projects and proposals, large and small. The Waterfront Plan has provided a comprehensive, sound policy framework to evaluate the land use, urban design, historic preservation and public access issues that need to be considered when new projects emerge, along with the Port Commission's fiduciary responsibilities. In fact, this is what was anticipated by the Waterfront Plan Advisory Board, the community-based body which developed and recommended the Waterfront Plan to the Port Commission. They recognized that the Waterfront Plan should not be prescriptive, that it should be designed to embrace discussions of different ideas and ways in which its policies could be achieved, based on the give and take of rigorous public review and debate that San Francisco is known for.

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As such, the Waterfront Plan has provided the Port and City with a laboratory of sorts, where many different types of projects have been proposed and considered, and a good number of them successfully implemented. This staff report chronicles waterfront development, planning, public improvement, infrastructure, regulatory and other key implementation projects and initiatives in two ways:

- A comprehensive summary of those efforts, organized by geographic subarea as defined in the Waterfront Plan, is presented in Appendix A.
- The staff report discussion which follows highlights selected projects and actions that reflect the Port's accomplishments or dedication to realize the Waterfront Plan. These experiences also highlight the opportunities and challenges of improving the waterfront, and how they triggered responses by the Port, City and State agencies to create new avenues in support of the Waterfront Plan.

This staff report includes Port staff observations and discussion of some of the unexpected challenges encountered, which provide insights about how to pursue projects in the future. The intent is to help inform the Port Commission and public on its assessment of the Waterfront Plan, and to invite public review and comment. Such public exchange will ensure that the Waterfront Plan remains a living document that continues to provide sound policy direction to improve the San Francisco waterfront for the benefit of the public.

WATERFRONT LAND USE PLAN

As indicated above, the August 2008 Port staff report provides a detailed discussion about the scope and content of the Waterfront Plan. In sum, the Plan responded to, and then went beyond the requirements of Proposition H to chart broad goals, general land use policies, and list unacceptable uses which apply Port-wide, with the overarching objective of "Reuniting San Francisco with its Waterfront". It divides the 7.5 miles of Port jurisdiction into five waterfront subareas (as identified in Appendix A), for which the Plan also defines objectives and development standards particular to each area.

Within each subarea, the Plan identifies acceptable maritime and non-maritime uses, locations for public open spaces, and "Waterfront Mixed Use Opportunity Areas". Here, the Plan intends to create a series of places along the waterfront which bring together new development that extends the City out to the piers, incorporating public access and open spaces, and compatible maritime uses. In so doing, these new developments are to be unique, distinct from mixed use development elsewhere, while also responding to the Port's mission and Proposition H priority of protecting and promoting maritime industry along San Francisco's waterfront.

PROMOTING MARITIME INDUSTRY

One of the main issues that gave birth to Proposition H was the concern that the Port was not doing enough to retain maritime industries in San Francisco. Accordingly, the planning process was designed to give first consideration to the current and future land needs of the maritime industry. With 10 different maritime industry categories defined in the Waterfront Plan, the Port of San Francisco is one of the most diverse maritime ports in the nation, where each industry has its own unique set of issues and needs.

Since the Waterfront Plan was approved, the Port has worked tirelessly to sustain and expand maritime business opportunities throughout the Port. The Waterfront Plan has provided important direction to help move the City and Port forward to realistically assess and define its

strategic opportunities, and address the issue of reusing its historic breakbulk piers in the northern half of the waterfront. Below is a summary of 18 such efforts:

Fishing Industry

- Hyde Street Harbor (2001) – The Port sponsored the design and construction of a new \$7 million Hyde Street Commercial Fishing Harbor, providing 62 new berths, immediately adjacent to Pier 45, Sheds B & D. The Harbor project followed up a \$14 million Port capital program to make seismic repairs to the entirety of Pier 45, and then to create 108,000 s.f. of modern fish processing space. Together, the Pier 45, Sheds B & D, and Hyde Street Harbor improvements put San Francisco back on the map as a fishing industry center. The Port has 13 fish processor tenants and no vacancies, and most are anticipated to renew their leases in 2008, or creating lease opportunities for other fish processing businesses.
- Waterfront Plan Amendments - Fish Alley (2001) – Waterfront Plan policies for Fish Alley, as approved in 1997, allowed interim, adaptive reuse of Fish Alley buildings for maritime and non-maritime uses other than the fishing industry. In response to public comments and concerns by Fisherman's Wharf area stakeholders, the Port Commission approved amendments in 2001 to restrict uses to primarily fishing industry and maritime related uses.

Cargo Shipping

- Transitional Maritime Facilities - The Waterfront Plan identifies Pier 15-17, 19-23 and 27-29 as "Transitional Maritime Facilities" acknowledging that land uses changes in adjacent neighborhoods, along with The Embarcadero transportation improvements, would eventually sunset cargo shipping in the northeastern waterfront. The Port continued to market and monitor these cargo facilities and, after careful study, has terminated cargo operations in the northeastern waterfront. However, these piers continue to be important resources for other maritime, berthing and harbor services. To accommodate this change to its cargo portfolio, the Port's Maritime Division has devoted significant time to retool its focus on cargo shipping in the Southern Waterfront.
- Piers 80 and 94-96 Terminals - The Port has expanded its marketing efforts to assess realistic business opportunities for its cargo facilities from Pier 80 to Pier 94-96. As a result, Pier 80 has been converted from container use to a general cargo facility to attract a broad array of customers. Also, the Port launched a new business model by opening Pier 94-96 to bulk cargo, which provides a logical long-term center for the construction industry in San Francisco and a competitive advantage for the Port.
- Illinois Street Bridge (2008) - In support of its maritime cargo center, the Port also has made major improvements to the industrial transportation network, with the completion of the Illinois Street Bridge. This bridge provides direct freight rail access to Pier 80 and a connection to Pier 94-96 via the Port's existing freight rail yard along Cargo Way. It serves all types of cargo and industrial operations, and can provide disaster assistance transportation services for the City. The Port has a tenant, San Francisco Bay Rail, which conducts freight train operations between its terminals and the Union Pacific Mainline. SF Bay Rail has retrofitted its train engines, which run on biodiesel, and recently received a Green Business award.

Maritime Support and Harbor Services

- Pier 50 Port Maintenance Center (1999) - In concert with the development of AT&T Ballpark at China Basin, the Port established a new central base for its maintenance operations at Pier 50, Shed D.
- Harbor Services – The Port has been protective of maintaining a base of harbor services, which can co-exist with new, publicly-oriented mixed use development. In 2008, the Port signed a new 10-year lease with Westar Marine Services at Pier 50. The Port is working with the Exploratorium to ensure the proposed science museum complex also provides for retention and improvement of facilities for Baydelta Maritime, a tug and tow maritime operator.

Ferries

- Downtown Ferry Terminal, Phase I (2003) - The Port secured \$17 million to design and construct the Gates B and E, the Pier 14 breakwater, and the eastern promenade along the Bay side of the Ferry Building, as a coordinated, shared public access element of the Ferry Building Historic Rehabilitation project.
- Water Emergency Transit Authority (WETA) - WETA has become a Port tenant, with anchor offices and planned layover berthing facilities at Pier 9. The Port is working with WETA to plan Phase II of the Downtown Ferry Terminal in the Ferry Building area.
- China Basin Ferry Landing (2000) – In coordination with the development of AT&T Ballpark, the Port secured funding and sponsored the construction of this landing facility for ferries and excursion boats to provide a new alternative transportation mode to the area.

Recreational Boating and Water Use

- Pier 52 Boat Launch (2008) - The Port worked diligently with the boating community and California Department of Boating and Waterways to complete the long-awaited \$2.4 million Pier 52 public boat launch and parking lot in the Mission Bay area.
- Islais Landing (2000) – The Port worked with the Friends of Islais Creek to support the construction of a launch facility for kayaks and non-motorized craft, and landscaping and shoreline public access improvements.
- Pier 1½, 3, 5 Recreational Berths (2007) – As part of the historic rehabilitation of Piers 1½, 3 & 5 by San Francisco Waterfront Partners, the project includes a boat dock to provide direct waterside access to San Francisco for water taxis and recreational boats, free of charge. A kayak launch will be added soon. The project also provides berths for “mediterranean-style” berthing of ships at Pier 5.
- South Beach Harbor Repairs and Dock Improvements & Community Facility (2007) – The San Francisco Redevelopment Agency has implemented capital improvements to the South Beach Harbor berths, docks and Pier 40 shed, including new public access, and support of kayak and hand-powered recreational draft and Bike Hut. In 2007 the Agency completed construction of major new facility to serve the boating community, the South Beach Harbormaster staff, and the South Beach Yacht Club.

Passenger Cruise and Ship Repair

- Pier 35 Cruise Terminal Improvements (2005) – New Federal security requirements imposed in the aftermath of September 11, 2001 led to a \$4 million capital improvement project to bring Pier 35 into compliance, as well as providing significant passenger amenities, and incorporating new public access to meet BCDC objectives.
- Cruise Terminal Advisory Panel (2007) – Following the termination of negotiations for development of a new cruise terminal as part of the Bryant Street Pier development project (discussed further below, under “Waterfront Improvement Projects”), the Port appointed a Cruise Terminal Advisory Panel to produce recommendations to the Port Commission regarding the siting and operational requirements for a modern cruise terminal. The Panel recommended Pier 27 as the most cost-effective alternative.
- Pier 27 Cruise Terminal Concept Study (2008) – Following up on the work of the Cruise Terminal Advisory Panel, the Port Commission has authorized Port staff to proceed with consultant studies to develop cost estimates and evaluate preliminary design concepts for the conversion of the Pier 27 shed to a modern cruise terminal facility, designed to also integrate the Northeast Wharf public plaza, consistent with the Waterfront Plan and BCDC’s Special Area Plan policies.
- Princess Cruise and BAE Systems Ship Repair Partnership (2008) – The Port, cruise industry and ship repair industry created a unique partnership that will benefit both maritime industries.

Princess Cruises invested \$3 million in alterations to Drydock #2, owned by the Port, to accommodate the largest new passenger ships operated by Princess Cruises and other cruise companies, creating a cost-effective west coast repair facility for the cruise industry, and expanding business opportunities for BAE Systems, the Port's ship repair and drydock operator and employer of hundreds of blue-collar maritime employees.

ALIGNING PLANS WITH THE CITY AND BCDC

Through the planning process for the Waterfront Plan, the Port worked closely with the San Francisco Planning Department and San Francisco Bay Conservation and Development Commission (BCDC). At the time, both agencies recognized that many of their approved policies for Port lands were outdated. And, while it was not always apparent where the Waterfront Plan policies might end up or whether they would be acceptable to either or both of these agencies, the Port's planning process offered the opportunity for these two agencies to gauge how they might update their plans.

With respect to urban design concerns, Planning Department staff worked side-by-side with Port staff to produce the Waterfront Design & Access element, under the advice and direction of a design technical advisory committee, with architects and design professionals and staff from the Planning Department, BCDC and Save San Francisco Bay. The Design & Access element emerged from that effort, and was adopted as part of the Waterfront Plan in 1997.

With respect to land use policies, all three agencies recognized the need for a collective, consistent policy framework in order for any of them to respond effectively to their respective mandates and responsibilities. The Port's decision to take a comprehensive approach to developing the Waterfront Plan fostered a cooperative spirit amongst the agencies, which led to the successful resolution and alignment of land use and planning policies, described below.

- ***San Francisco General Plan, Planning Code and Zoning Map Amendments (1998)*** - Work with the San Francisco Planning Department staff started in 1994 and continued through the finalization of the Waterfront Plan. As a result, the Waterfront Plan's goals and policies were shaped along the way to incorporate a broader City context and perspective, consistent with the overall objective to "Reunite San Francisco with its Waterfront". This work facilitated the Port and Planning Department effort to draft amendments to the San Francisco General Plan (including the Northeastern Waterfront and Central Waterfront Area Plans, and the Recreation and Open Space Element). Further, the San Francisco Planning Code and Zoning Map also were amended to introduce interagency coordination between the Port, Planning Department, and Mayor's Office to streamline the review of Port waterfront projects. There were no changes to use or building height zoning designations. However, Port properties north of China Basin were placed in a special use district, where the design of new mixed use development projects is reviewed by a Waterfront Design Advisory Committee (WDAC). The General Plan, Planning Code and Zoning Map amendments were unanimously approved by the Planning Commission and Board of Supervisors in 1998.
- ***BCDC San Francisco Special Area Plan (2000)*** – In 1996, the Port, BCDC and Save San Francisco Bay signed a Draft Concept Agreement which provided the foundation for conforming amendments to BCDC and Port plans. Those amendments served to allow the range of land uses promoted in the Waterfront Plan, and commit the Port to fill removal and public access objectives of BCDC. Previously, BCDC and the Port had endured long-standing conflicts between BCDC's mandate to reduce Bay fill, and the Port's need to make major repairs of its historic piers. Under BCDC's previous rules, any seismic or major structural repairs to the piers were considered new bay fill, which triggered prohibitions on many of the types of uses promoted in the Waterfront Plan. Moreover, those old policies were hostile to preservation of the Port's historic piers.

The Port/BCDC planning process extended after the Port Commission's 1997 approval of the Waterfront Plan, and led to further amendments to the Waterfront Plan and BCDC's Bay Plan and San Francisco Special Area Plan in 2000. Those amendments applied to the area between Pier 35 (in the Northeastern Waterfront subarea) to China Basin Channel (just south of AT&T Ballpark).

In addition to designating specific piers and locations for removing bay fill and creating major new public open space, these plan amendments resulted in a commitment by both agencies to nominate San Francisco's historic finger piers and structures from Fisherman's Wharf to China Basin as a National Register Historic District. The amendments to the Waterfront Plan and BCDC Plans were unanimously approved by the Port and BCDC Commissions in 2000.

- ***Waterfront Design Advisory Committee (1998)*** – Pursuant to the Planning Code amendments approved by the City, the Port established the Waterfront Design Advisory Committee (WDAC) to review the design of major development projects for consistency with the Waterfront Design & Access element of the Waterfront Plan. The participation of the Planning Department, Mayor's Office and Port through their respective appointees to the WDAC also afforded an effective conduit through which to integrate the City's design review process with that of BCDC's Design Review Board (DRB). Accordingly, Port and BCDC staff now schedule joint WDAC/DRB meetings, to provide project sponsors with interactive review and cross-informed insights by members of both review panels.

COMMUNITY REVIEW AND PARTICIPATION

In developing the Waterfront Plan, the Waterfront Plan Advisory Board (WPAB) recognized the fundamental importance of public participation to shape and monitor the implementation of individual projects promoted under the Plan. Despite the broad reach of the Waterfront Plan goals and policies, the Plan was never intended to pre-define development programs or outcomes. Its policies were intended to allow for different ideas and approaches to achieve the desired goal(s). After reviewing a long history of prior planning and development efforts (many of which were unsuccessful), the WPAB concluded that each individual project occurs in its own time and place, defined by the public and other government agencies in addition to current and future Port Commissions. Thus, the WPAB rejected the idea of producing a plan that assigned specific development programs or criteria for individual sites. Instead, they focused on building a policy framework that supported future stakeholder discussion and debate to define acceptable waterfront improvement projects.

Absent a meaningful process through which to receive public input and build consensus, the WPAB felt it risked creating yet another plan that would not yield actual results. The WPAB therefore recommended a site-specific development process for major projects. This process included creation of an advisory group to provide input and guidance on a project, and criteria for inclusion in Development Requests for Proposals (RFP), prior to starting the developer solicitation process.

Accordingly, when the Port began to initiate development project opportunities, it set up community advisory committees which provided input on the particular development project concept. Once the developer selection process was completed, the committee was excused. This was carried out for the Ferry Building, Embarcadero Hotel, and Bryant Street Pier/Cruise Terminal development projects. However, the creation of advisory committees on a single project basis became cumbersome and frustrated the ability for the Port to develop and maintain ongoing discussions and relationships with stakeholders for the different areas of the waterfront. Over time, Port staff evolved to create standing advisory groups, which generally meet every two to three months. When development project concepts are identified, the Port is now able to take advantage of the advisory groups' advanced understanding of the Port, as a major element of its public outreach efforts. The Port advisory groups are identified below:

- *Fisherman's Wharf Waterfront Advisory Group (FWWAG)* - covering from Hyde Street Pier to Pier 39
- *Northeast Waterfront Advisory Group (NEWAG)* - covering the Northeast Waterfront and Ferry Building subareas as defined in the Waterfront Plan, from Pier 35 to Pier 22 ½ Fire Station 35
- *Central Waterfront Advisory Group (CWAG)* - covering from China Basin Channel to Pier 80 (including Pier 70)
- *Southern Waterfront Advisory Committee (SWAC)* - covering from Pier 80 to India Basin
- *Maritime Commerce Advisory Committee (MCAC)* - Port maritime tenant industries
- The Port coordinates with the San Francisco Redevelopment Agency to present projects and information to the *Rincon Point-South Beach Citizens Advisory Committee (CAC)*, *Mission Bay CAC*, and *Bayview Hunters Point Project Area Committee (PAC)* regarding Port activities in those segments of the waterfront.

The advisory groups play a critical role in helping the Port to understand land use, development, design and operational opportunities and concerns of its stakeholders. These relationships are central to helping the Port to be a good neighbor with the surrounding community in the conceptualization and implementation of waterfront projects.

WATERFRONT IMPROVEMENT PROJECTS

As indicated above, the Waterfront Plan identifies Waterfront Mixed Use Opportunity Areas where new development, public open space and maritime facilities are targeted to preserve and improve the Port's piers, and attract the public to the waterfront. During the planning process, the Port and WPAB consulted with developers and reviewed economic studies. They believed that the revenue-generating potential of the extraordinary location and setting of the Port's piers and properties would support successful public-private development partnerships. Those developments were expected to deliver the maritime, open space and public benefits sought in the Plan, along with new mixed use development programs.

To accomplish these goals, these Port development projects require very long lease terms to amortize the enormous capital investments required. Under the Burton Act, which defines how the Port must manage its properties to comply with the public trust doctrine, the Port may approve leases for up to 66 years for development projects that meet the public trust, with oversight provided by the California State Lands Commission.

The WPAB understood that the Port's financial condition at that time precluded the option of the Port underwriting waterfront improvement projects on its own. And, while it was recognized that the Port would still have to pursue other funding and financing tools, public-private development partnerships were considered key to spurring waterfront revitalization, and producing surplus revenues to fund other public improvements.

Over the past 10 years, the Port, City, development community and public have logged considerable mileage in learning about what it takes to successfully implement maritime mixed use developments, as envisioned in the Waterfront Plan. The Port has seen several different project proposals; some have succeeded, some have not. Fortunately for the City, those which have been realized have delivered benefits that far exceed the boundaries of the individual project. They have launched transformative change which have introduced or reconnected San Franciscans to their waterfront, and welcomed visitors from all over the world.

However, it has not been easy. The interplay of land use choices, community expectations, volatile maritime industry conditions, market and economic realities, regulatory objectives, and the physical constraints of the Port's aging historic piers are complex and dynamic. On the whole, completed projects have not yet generated significant surplus revenues to the Port envisioned by the Waterfront Plan. Port staff has found that there is no one approach or formula to managing or negotiating public-private waterfront development projects. Each project has revealed opportunities and attributes, challenges and surprises that are unique, where solutions often have required the Port Commission, developer and regulators to weave together a strategy tailored to the particulars of the given project.

Below is a summary review of 11 of those experiences.

- ***Embarcadero Transportation Projects (2000)*** – This enormous \$700 million infrastructure improvement program was not an outcome of the Waterfront Plan, but a prerequisite. It involved a multi-faceted, whole-City effort launched under the watch of the office of Chief Administrative Officer Rudy Nothenberg. No discussion about the transformation of the waterfront would be complete without crediting the cooperative effort of the many Federal, State and City agencies and the public in recasting The Embarcadero, introducing the F-line historic streetcar and Muni Metro light rail service, Herb Caen Way promenade, bicycle lanes and public art, from Fisherman's Wharf to China Basin. These improvements set the stage for the Port's development efforts under the Waterfront Plan.
- ***Pacific Bell/AT&T Park (2000)*** - The passage of Proposition D in 1997 provided a public mandate to allow the China Basin Ballpark Company to pursue development of a new home for the San Francisco Giants. The ballpark's design and embrace of the waterfront as a focal point, accompanied by generous new public access, China Basin Park, and the opening of China Basin Ferry Landing, were key elements in securing State Lands Commission approval.

The ballpark itself has been a grand slam for San Francisco, thoughtfully designed and executed to attract diehard and casual fans alike to watch the game up close, take in the waterfront scenery, peek through the "Porthole" outfield fences free of charge, or catch a splash home run into McCovey Cove. In these and many other ways, the ballpark already has become an endearing and defining element of the San Francisco waterfront. Beyond its brick walls, it has spurred the activation and public enjoyment of the waterfront by the masses, awoken people to the walkability of The Embarcadero, and triggered expanded discussions of how public trust principles should be interpreted and applied to the unique circumstances of San Francisco's urban waterfront.

Ferry Building Historic Rehabilitation (2003) - Wilson Meany, Springwater Associates, SMWM, Page & Turnbull. For this icon of the Port waterfront, the biggest challenge was starting the Port's revitalization efforts with its highest-profile, beloved City landmark -- and getting it right. San Franciscans passed a special ballot measure to jump start this \$90 million development project even before the Waterfront Plan was approved. That public support was important to motivate the development team, regulators, preservation community and the public to boldly propose, and accept, the major alterations necessary to open up the three story central nave, and still get the project approved under the Federal Historic Tax Credit program. This commitment to historic preservation also was fundamental to securing approvals from BCDC and the State Lands Commission.

But the success of this project is not solely architectural. Its thoughtful and inspired leasing plan, oriented to San Francisco's food culture, has re-established the Ferry Building as a center for City life. With its eclectic variety of mostly local businesses, foods and artisan vendors, the development team created a chemistry and village environment that truly captures San Francisco's unique character. As a result, the Ferry Building has enjoyed a homecoming of sorts, by San Franciscans and commuters, while also achieving international renown. With the addition of the weekly farmers markets and education programs sponsored by Center for Urban Education about Sustainable Agriculture (CUESA), the Ferry Building has again become a community and

civic gathering place, and the heart of the Port waterfront. Add to this the Port's development of the Downtown Ferry Terminal facilities, which also recall the Ferry Building's historic roots, to re-establish this area as one of the City's prime regional inter-modal transportation centers.

- ***Pier 1 Historic Rehabilitation (2001)*** – AMB Property Corp, SMWM, Page & Turnbull. In some ways, the success of the Ferry Building was directly dependent on the Pier 1 project. Pier 1 was the Port's first historic pier rehabilitation project, which was necessitated by the need to find a new home for the Port's headquarters in order for the agency to vacate its former Ferry Building offices. In addition, it was very important that this project be executed well, because this facility was an important element of the historic context for the Ferry Building's rehabilitation.

While the bar was set high, the Pier 1 project proved that a cargo warehouse could be converted to maritime and general office space and undergo major seismic retrofit, and still meet the highest historic preservation standards of the nation. The high cost of preservation and substructure repairs necessitated the financing support of the Federal Historic Preservation Tax Credit program to keep the project financially viable. This required AMB and the Port to nominate Pier 1 for listing on the National Register of Historic Places, in advance of the Embarcadero Waterfront Historic District. The historic designation also was required to secure BCDC and the State Lands Commission approvals. Similar to the Ferry Building, the success of this effort is reflected in the numerous architectural, design and historic preservation awards that have been bestowed upon the Pier 1 rehabilitation project since its completion.

- ***Pier 1½, 3, 5 Historic Rehabilitation (2006)*** - San Francisco Waterfront Partners LLC, CalSTRS, Hannum Associates, Page & Turnbull. Within the Port, this project is considered to be somewhat of a miracle. In 2000, Pier 1½ and 3 bulkhead structures were red-tagged as unsafe. Despite their special value as an important architectural companion to the Ferry Building, these facilities offer a limited amount of office and commercial space to generate the revenue necessary to pay the high cost of major pier substructure repairs and historic rehabilitation. Nevertheless, the development team was passionate about the civic character of the Ferry Building area, and invested much of themselves in restoring the grandeur of the historic bulkhead and connector buildings and the Ferry Building area overall. This they accomplished while also tastefully integrating a new office structure bayward of the Pier 3 bulkhead (recently designated a LEED Gold standard facility). The project also delivered extraordinary Bayfront History Walk public access, an exciting new waterfront restaurant venue, and floating berths to invite recreational mariners to San Francisco's shore and the heart of downtown.
- ***Embarcadero Waterfront National Register Historic District (2006)*** – Pursuant to the plan amendments adopted by the BCDC and Port Commissions, the Port and BCDC worked with the historic preservation community, the California State Office of Historic Preservation, and the National Park Service to nominate and ultimately list the Embarcadero Waterfront Historic District on the National Register of Historic Places. The Historic District extends from Pier 45 in Fisherman's Wharf to Pier 48 at China Basin. The comprehensive nomination report, prepared by Architectural Historian Michael Corbett and Dr. Marjorie Dobkin, provides a rich and fascinating account of how the waterfront was built and managed, and how it adapted to changing times, a phenomenon which continues today. The National Register status of the Historic District has become a critical element to making historic pier rehabilitation projects financially feasible, by affording developers access to the Federal Historic Tax Credit program.
- ***Bryant Street Pier Project/Pier 30-32 and SWL 330 (2006)*** – San Francisco Cruise Terminal LLC. This early development project, which proposed a 100,000 s.f. modern cruise terminal, and almost 600,000 s. f. of office, visitor and neighborhood supporting retail, and commercial uses on Pier 30-32, with hotel and retail development across The Embarcadero on Seawall Lot (SWL) 330, had all the right ingredients for success: a very experienced, creative and engaged developer, highly supportive and involved neighborhood stakeholders, a major new maritime cruise terminal facility, and generous and varied public access and open spaces. Still, the development program presented public trust consistency issues which required the Port to produce, on very short notice, special State legislation to secure the state's blessing that the project met public trust requirements.

The project ran into trouble when detailed engineering studies revealed much greater and more costly repair and seismic requirements than expected for the Pier 30-32 substructure, and soaring construction costs. To close the gap, the developer revised its plans for a portion of SWL 330 to construct condominiums, which triggered the need for the Port to follow a lengthy process to swap the public trust requirements of the housing site to another location, to meet its public trust obligations. While the Watermark condominiums were successfully built and sold at the top of the housing market cycle, they did not generate enough revenue to make the Pier 30-32 development financially feasible. With great disappointment, the developer terminated its contract with the Port. The Port still retains proceeds from the sale of the Watermark site and sales of the condominium units, although these funds are slated for investment in a Brannan Street Wharf park, which was supposed to accompany the Pier 30-32 development, and a new cruise terminal facility which is now being evaluated by the Port at Pier 27.

- ***International Museum of Women (2004)*** – The International Museum of Women, a non-profit organization, approached the Port with an unsolicited proposal to rehabilitate historic Pier 26 and convert it into a state-of-art museum honoring women all over the world. This project concept was received with such fanfare that the Board of Supervisors approved a resolution waiving the Port’s typical competitive development solicitation process. This organization also was governed by a Board of luminaries with impressive fundraising experience, and contracted with a seasoned, highly respected development team to manage the project. Unfortunately, the realities and requirements of waterfront redevelopment created many challenges which ultimately confounded the developer’s ability to adequately respond and still meet the project’s objectives. Similar to Pier 30-32, further engineering investigation revealed the need for major, unanticipated work to stabilize and seismically reinforce Pier 26’s pile foundation. In addition, the museum design needs did not align with the Port historic preservation requirements.
- ***Embarcadero Hotel (1998-2005)*** - Stanford Hospitality, Inc., Hornberger +Worstell. As the Waterfront Plan was being developed, there was consensus that, although Proposition H prohibited hotel development on the piers, the Plan should allow hotels on the Port’s upland “seawall lots” west of The Embarcadero. Hotels are one of the few revenue-generating uses allowed under the public trust, and the Waterfront Plan Advisory Board understood the importance of recommending revenue opportunities in the Waterfront Plan that were compatible with the community. Seawall Lots 323/324, at the corner of Broadway and The Embarcadero, was seen as a perfect place for this use. Therefore, one of the Port’s first development projects was to solicit proposals for a hotel development at this site.

In addition, the Port Commission directed that the development solicitation include SWL 322-I, across Davis Street, and that the project include parking to serve hotel guests and waterfront visitors. The Port Commission recognized the need to begin providing upland parking resources, away from the water’s edge, a principle that was included in the City, BCDC and Port plans to respond to the City’s Transit First policy, and to recognize the changes taking place along The Embarcadero to a more pedestrian-oriented environment. In anticipation of future mixed use development of nearby piers with little or no parking, the Port Commission saw these seawall lots as a good satellite parking location that could accommodate the demand of multiple users and visitors of Port developments and businesses in the Northeast Waterfront area.

As recommended in the Waterfront Plan, the Port assembled a community advisory group to discuss the development, design and other criteria they believed should be included in the development RFP, assuming a boutique-style, Class A hotel at the Broadway and Embarcadero corner. One of the development design considerations was that SWL 323/324 is located with the City’s Northeastern Waterfront City Historic District, and thus a new hotel needed to respect and be compatible with the collection of brick and concrete warehouses in this District. The RFP responded to this issue with criteria setting the building height of the hotel at 65 feet, even though the site was zoned for 84 feet.

While the advisory committee meetings were underway, the Port received direction from the Mayor’s office to allow the hotel development opportunity to include 322-I as well as SWL 323/324, to open up the range of development concepts for the Port Commission to consider.

The resulting RFP invited proposals for a larger hotel. The Port Commission selected Stanford's proposal for a hotel spanning the two sites, and a garage at SWL 322-I. The development was 40 feet tall at the SWL 332-I site, and 65 feet at SWL 324. The scale and design of the project generated strong public comment and debate about its compatibility with adjacent Golden Gateway residences, and with historic preservation supporters and Telegraph Hill residents concerning impacts on the Northeastern Waterfront Historic District.

Transit First advocates criticized the construction of a new parking garage, while area residents supported it. The project architect, Port staff and Commission made extra efforts to address public comments and evaluate revised project designs, including reducing the size of the hotel to original SWL 323/324 site. Despite efforts by the Board of Supervisors and Planning Department to broker a compromise, no agreement was reached. In response, Supervisor Peskin sponsored legislation which rezoned the height of SWL 323/324 to 40 feet. From the Port's perspective, this was a lose-lose experience. The Port lost precious land value needed to support its overwhelming capital improvement and public trust responsibilities, but more importantly, it lost the trust and cooperation of many of its neighborhood stakeholders.

- ***Pier 27-31 Recreation Mixed Use Project (2000 to 2008)*** – Mills Corporation, and Shorenstein Properties LLC, and Farallon Capital Management. Until 1998, Pier 27 was still operating as a newsprint cargo terminal. However, in anticipation of the eventual termination of cargo shipping, the Waterfront Plan recognized that the expansive footprint of Pier 27 provided an ideal site for active recreational uses (and other defined acceptable uses). After a study and determination by the Port Commission that Pier 27 no longer was viable for cargo shipping (although its 1300 foot long berth will continue in active maritime use), the Port worked with an advisory committee to develop an RFP for a mixed use recreational development project on Piers 27-31. The Port received two responses. One was from the Mills Corporation, which proposed a mixed use complex containing recreational activities including a Marine Sports Water Basin, office, restaurant, a substantial amount of retail use, and a 100,000 s.f. YMCA building, plus creation of the Northeast Wharf plaza and public access program. The other proposal was submitted by Chelsea Piers, which proposed a complex of numerous active and passive recreational facilities and activities, similar to the program they developed and manage in New York City, as well as the Northeast Wharf plaza and a program of public access improvements.

The developer selection process was heated. Opinions among the public and Port Commission members themselves were sharply divided, and vigorously argued and debated. Ultimately, the Port Commission selected the Mills team for the project. However, many community stakeholders believed the decision was politically driven and was not accountable to the RFP. Mills is a large retail developer, and thus many feared that the Pier 27-31 project would more likely turn into a shopping mall rather than a recreation-oriented development. There also has been considerable debate about the transportation impacts on The Embarcadero, with stakeholders arguing both for more public transit and more public parking. Despite legitimate and costly efforts to modify its project in response to public and Port Commission direction, the Mills team was not able to overcome concerns about the selection process and the large retail component.

To make matters even more complex, the Port, Mills and the community underwent a collective education process when the proposed development underwent review by staff of the State Lands Commission. The Port believed that the Burton Act, which defines recreational facilities as trust-consistent uses, provided the basis for soliciting the mixed use recreational development project. However, State Lands applies its review not only within the context of the Burton Act, but with knowledge and experience of how public trust principles are applied in other tidelands elsewhere in the State. State Lands took a much narrower interpretation of the types of recreational uses that complied with the public trust. In general, those recreational activities that related to public enjoyment and access to the water are trust-consistent; in contrast, soccer fields, basketball courts, skate rinks, bowling alleys and the like are not. Mills was successful in reshuffling the development program to address most of these issues; however, in the face of increasingly hostile opposition to the project, in 2006 Mills ultimately decided to transfer its development rights to the Shorenstein/Farallon team.

To address community concerns, the Shorenstein/Farallon team proposed replacing retail commercial with office space as the new economic engine. The objective of the Shorenstein/Farallon team was to develop a headquarter office for their use, and a mixed use program which still included recreational uses, retail/restaurants, public access and open space, including the Northeast Wharf plaza. Their due diligence studies revealed significant additional seismic retrofit requirements beyond what had been assumed, triggering a familiar cycle of modifying the development program to generate the revenue necessary to finance the pier substructure work. By this time, however, the amount of general office contemplated to support the cost increase exceeded the level that State Lands could approve, a concern that also was shared by some community stakeholders. In response, the developer pursued the concept of adding a Pier 27 cruise ship terminal to the development program. However, this change did not help the financial feasibility of the project. Ultimately, the developer realized the difficulty of balancing the regulatory requirements of the project and community concerns about height, density and use. The term of the exclusive negotiation contract with the Port expired, and Shorenstein/Farallon did not renew its contract.

- ***Exploratorium (current proposal)*** – Exploratorium, EHDD, Page & Turnbull. In 2005, the Port was approached by the Exploratorium, a non-profit museum of science, art and human perception, which was looking for a site to relocate the Museum. They proposed to rehabilitate historic Piers 15-17 for that purpose. The initial phase of the project will rehabilitate Pier 15 for the museum facilities and exhibit fabrication, shops, cafes, and an observatory. It will incorporate a bold and generous public access and open space program centered around the “valley” between Piers 15 and 17. This will include a removal of a substantial amount of the paving in the valley to open up views of the water, which also responds to BCDC fill removal policies. Pier 17 would initially be used for administrative support purposes and eventual expansion space for the museum. It will provide a permanent facility for harbor services by Baydelta/Maritime Inc.

A hometown and beloved institution, the Board of Supervisors approved a resolution waiving the Exploratorium from the Port’s normal development solicitation process. The project is supported by a highly active and respected Board of Directors. The vision of creating a first-class, unique, educational facility oriented to families and the Bay Area continues to enjoy a relatively high degree of public support for this move to the waterfront. The project is now undergoing CEQA environmental review and the entitlement review process.

These case studies and experiences offer much food for thought, and highlight the challenges of achieving high quality waterfront improvement projects. As evidenced, given the types of public benefit and urban design standards currently promoted in the Waterfront Plan, it is clear that public-private partnership developments do not work in all instances. On the one hand, the qualities of rehabilitated historic maritime facilities, which incorporate generous amounts of public access and a diverse mix of activities --when they work-- do produce enormous public benefits in the form of inviting public spaces that enliven the urban waterfront and the City at large, and validate the objectives of the Waterfront Plan.

On the other hand, the balancing act required to contain development costs of these types of Port projects, which have relatively low development density and relatively high public benefit and regulatory requirements, is very precarious. The Port’s recent historic rehabilitation development projects typically involve building coverage of 75% or less of the site area, compared to 100% building coverage on most commercial development sites off Port property. The ratio of building space within the Port’s historic pier sheds to the development site is less than 1.5:1, wherein the allowable floor area ratio of new commercial development elsewhere in downtown ranges from 5:1 to 9:1. Add to this the extraordinary cost of repairing or rebuilding the “land”, i.e. the pile-supported platforms upon which the historic pier sheds and bulkhead buildings rest. While developments on the waterfront do appear to command a premium in lease rates relative to inland sites, that revenue differential often may not offset the exceptional development costs of Port projects.

This 10-year historical review also underscores the value and import of communication, cooperation and authentic relationships between the Port, City, developers, waterfront regulators, citizens and other waterfront stakeholders. To the extent that the vast majority believe in and support the objective of “Reuniting San Francisco with its Waterfront”, that necessitates an acceptance and embrace of candid exchange and debate, give and take, objective and transparent decision-making and a willingness to accept change. The time and energy of drawn-out debates or conflicts that lead to divisive opposition campaigns is extremely costly and increases the risk of Port development projects. This, in turn, increases the cost of developer return premiums and project completion costs, funding that otherwise could be invested in waterfront amenities that benefit the public.

While the Port has been the subject of some high-profile development controversies, those instances have been few, and there have been many more successes than setbacks. The Port’s advisory groups and growing partnerships with other organizations and regulatory partners have fostered discussions and relationships which have enabled all parties to more readily find common ground in support of improving San Francisco’s waterfront.

In particular, these development project experiences have brought to light many challenges and opportunities for the Port and the State Lands Commission to formulate projects that meet public trust objectives. Through ongoing collaborative discussions and partnerships, the Port has worked with the State Lands Commission and BCDC to understand the intricacies of how public trust principles and issues are implicated in different types of projects, and how each entity interprets and finds solutions to address them.

To the extent that strong conflicts arise because of the high stakes of public-private development projects -- e.g. the high cost of development and entitlements; the long, 50-66 year lease term that community and regulators must accept in exchange for the public benefits sought; and the difficulty of meeting public trust along with other regulatory/policy objectives -- it is prudent to explore additional models for formulating waterfront improvement projects. Towards this end, the Port has invested significant energy to expand its financing tools (see Capital Plan discussion below), and to apply some of that financing capability towards capital improvements that avoid the need for ultra-long lease terms and expands the use options. In addition, at the November 18, 2008 Port Commission meeting, staff gave an informational presentation on a proposed Interim Leasing Policy for Historic Piers, which contemplates a retooled interim leasing of specific historic piers to preserve historic fabric and create public access, coupled with Port financing of substructure repairs. Staff will be consulting with State Lands Commission and BCDC staff on the merits of this leasing approach, which is described in detail in a staff report available on the Port’s website at: <http://www.sfgov.org/site/uploadedfiles/port/meetings/supporting/2008/Item%2010a%20Proposed%20Interim%20Leasing%20Policy%20in%20Historic%20Structures.pdf>.

Beyond meeting the nuts and bolts, the regulatory intricacies, and financial bottom line requirements, the Port has found that successful developments are products of a thoughtful approach, where developers, decision makers, and stakeholders can take the long view, are creative problem solvers, and respect San Franciscan’s active democracy.

THE PORT’S 10-YEAR CAPITAL PLAN

There have been a couple of other major breakthrough accomplishments at the Port which have helped the Port Commission, City and public better understand what’s at stake at the San Francisco waterfront. In 2002, the Port’s Engineering Department initiated a new system and set of protocols to perform rapid structural assessments of the Port’s pile-supported facilities. As a result, the Port now has an improved, current database of baseline conditions of its piers,

and the ability to better estimate its capital and maintenance needs. That information was assembled and incorporated into the Port's first 10-Year Capital Plan, published in 2006, which is updated annually.

Aside from providing an organized accounting of the Port's facilities, the Capital Plan is transparent, allowing the public to, for the first time, understand the breadth and magnitude of the Port's responsibilities, and the legitimate need to generate revenue to protect and maintain maritime businesses and jobs, protect public safety, improve the shoreline for public access, clean up the environment, and preserve as many historic resources as possible. With an estimated \$1.9 billion in capital project needs and about \$800 million in identified funding sources, clearly not all needs are covered.

However, the Port does have some public financing tools at its disposal. And, when the public has been educated about what the Port needs to improve the waterfront for certain types of public benefits, San Franciscans have responded generously. As recognized by the Waterfront Plan Advisory Board 10 years ago, the Port needs access to several different funding sources and financing tools in addition to public-private development partnerships. Much work has been done to take advantage of ongoing funding resources, as well as develop new creative financing tools to support the needs of waterfront revitalization. Below is a listing of the resources now available to the Port:

- **Port Revenue Bonds** – In 2009, the Port will retire debts on previous revenue bond projects, and be in a position to issue new revenue bonds to implement Capital Plan priority projects.
- **Grants** - The Port has been successful in securing grants for several Port public projects (e.g. Pier 14 public access breakwater, Pier 52 Public Boat Launch, Illinois Street Bridge, shoreside power for cruise ships, Pier 70 environmental investigation and clean-up), which efforts will continue.
- **General Obligation Bonds** - In February 2008, San Franciscans approved Proposition A Clean and Safe Parks, providing \$33 million to fund public open spaces on Port land, identified in the Waterfront Plan. These include: Brannan Street Wharf, Pier 43 Bay Trail Promenade, Southern Waterfront open spaces along the Blue Greenway. Proposition A marks the first time the City has allocated General Fund money investment at the Port.
- **Infrastructure Finance Districts** – In 2005, the California State Legislature approved special legislation which allows the Port to create Infrastructure Finance Districts for the purpose of capturing new property tax revenues from waterfront development projects for reinvestment in historic preservation, public open space and/or environmental clean-up improvements on Port property, subject to a formation process that requires approval from the Port Commission and the Board of Supervisors.
- **Pier 70 Proposition D** - In November 2008, San Franciscans approved Proposition D, allowing the Board of Supervisors to approve a land use plan for historic Pier 70 and authorizing a mechanism for the Board to invest up to 75% of projected new payroll and hotel tax revenues in historic preservation, environmental clean-up, infrastructure and/or public open space improvements at Pier 70 (discussed further below, under "More Waterfront Planning").
- **Senate Bill 815 – Seawall Lot Legislation** – In October 2007, Governor Arnold Schwarzenegger signed SB 815, which was supported by the State Lands Commission staff, allowing the Port to develop non-trust uses on specified seawall lot sites, for the purposes of generating increased revenues for investment in the preservation of the Port's historic piers, and public access and open space improvements included in BCDC's plans for San Francisco.

EXPANDING WATERFRONT OPEN SPACE

As discussed previously, the Embarcadero Transportation Projects included construction of the Herb Caen Way/Embarcadero Pedestrian Promenade. Together, they singularly changed the character of the northern waterfront from an industrial service corridor to an outdoor living room for San Francisco. The public space created also establishes the spine of the Port's waterfront open space system, which is defined in the Waterfront Design & Access element of the Waterfront Plan. Those policies espouse a system of open spaces that is continuous, linking current and upcoming parks, plazas, public viewing areas and walkways that each have their own unique character and connect the City with the waterfront. In addition to the Embarcadero Promenade, in the last 10 years the public has enjoyed the expansion of waterfront open space with the 12 distinctive improvements listed below. With the passage in February 2008 of the Proposition A Clean and Safe Parks General Obligation Bond, the public can also look forward to further major expansion of public open spaces along the Port waterfront.

- Pier 43 Historic Arch Rehabilitation in Fisherman's Wharf
- Fisherman's Wharf public spaces along Jefferson, Powell, PortWalk and pedestrian sign programs
- PortWalk/Bayside History Walk public access at the Ferry Building; Downtown Ferry Terminal; Pier 1; Pier 1½, 3, 5; and AT&T Ballpark
- Pier 14 Public Access atop the Downtown Ferry Terminal Breakwater
- Rincon Park
- Bay fill removal of Pier 24
- Bayfill removal of Pier 34
- South Beach Park Children's Play Area
- Islais Landing/Third and Cargo
- Heron's Head Park, wetlands, and environmental education programs
- Pier 94 wetlands at Islais Creek
- China Basin Park

MORE WATERFRONT PLANNING

Section 2e of Proposition H states: *"The 'Waterfront Land Use Plan' shall be reviewed by the agency which prepared it . . . at a minimum of every five years, with a view toward making any necessary amendments consistent with this initiative."*

The waterfront has experienced a coming of age of sorts, and it has done so under the guidance, and with ongoing review of the Waterfront Plan. In carrying out the 18 maritime, 11 waterfront improvement, and 12 public open space projects described above, as well as those listed in Appendix A, the Port Commission and its staff have consulted, relied upon, and reaffirmed its policy goals and objectives. In this way, the Waterfront Plan has been a living document for the Port and the City. On occasion, the Port has found the need to amend the Waterfront Plan. To date, the Port Commission has amended it eight times, which are listed on the Plan's title page.

As new opportunities and issues arise, the Port does conduct additional planning work with the community, and some of this work may result in further amendments to the Waterfront Plan. But in fact, often times, this "planning" work is a series of discussions with citizens and waterfront stakeholders, supplemented by staff analysis, to decide how the Waterfront Plan's policies could be interpreted and applied to a particular situation or project opportunity. Below is a list of eight of the larger planning studies and discussions that have occurred or are underway, from north to south. While some of these efforts ultimately may lead to proposed amendments to the Waterfront Plan, Port staff has no specific recommendations for Plan amendments at this time.

- ***Fisherman’s Wharf Planning Committee Recommendations (2004)*** – A joint BCDC and Port Committee conducted a series of public workshops to examine whether consensus could be built to support a framework of linked open spaces and public improvements within Fisherman’s Wharf. Both Commissions were open to considering further reconciling amendments to the Port and BCDC plans. Many elements of this study received broad support, including fill removal and shoreline open space along Pier 43½, but certain open space and transportation improvement issues were not resolved. Further work is needed to address the outstanding issues and to identify funding to support the public access improvements. The Fisherman’s Wharf Planning Committee Recommendations are available on the Port’s website at: http://www.sfgov.org/site/port_page.asp?id=31767
- ***Embarcadero Transportation Task Force*** – Created at the direction of Supervisor Aaron Peskin, this Task Force includes members from the San Francisco Planning Department, Municipal Transportation Agency (includes Muni and City parking facilities, San Francisco Transportation Authority, Mayor’s Office of Economic Development, Port and community stakeholders. The focus is to define and address transportation constraints and opportunities within the Embarcadero/waterfront transportation corridor, consistent with the City’s Transit-First policy, from Fisherman’s Wharf through Mission Bay, to Pier 70. The Port and Planning Department worked with transportation consultants to produce the Embarcadero Parking and Transportation Study in 2005 which provides background and context for many of the issues, problems and possible solution options addressed by the Task Force. This study also is available on the Port’s website at: http://www.sfgov.org/site/port_page.asp?id=36202
- ***Seawall Lot 337 Pre-development Planning*** – A year-long public planning process headed by a committee of the Port Commission to identify land use, open space, public benefit, public trust and financial objectives for SWL 337 (16 acres) and Pier 48, located within the northeast area of the Mission Bay neighborhood. These planning objectives were incorporated into a Development Request for Proposals for SWL 337 and Pier 48, and the development selection process is currently in process. Numerous and extensive reports from this effort are available at www.sfport.com/swl337. Ultimately, this integrated planning and development effort will lead to future amendments to the Waterfront Plan, after developer selection and upon review of the development concept.
- ***Pier 70 Master Plan*** – A major public planning process now underway to set forth a land use and development framework for the entire 65 acre Pier 70 area, located south of Mission Bay, east of Illinois Street, and north of 23th Street and the Mirant/Potrero Power Plant. The impetus for developing a Preferred Master Plan for Pier 70 is to save and rehabilitate as many of the site’s extraordinary historic structures as possible. The collection of historic resources chart the evolution of the ship building and repair, and steel industries, and Pier 70’s importance during World Wars I and II. The Master Plan also will have to integrate a significant economic development program and public open space system in a manner that does not undermine Pier 70’s eligibility as a National Register Historic District, nor the continued operation of BAE Systems ship repair and drydock operations. Ultimately, this master plan effort will lead to some amendments to the Waterfront Plan, which would be informed and integrated with a development solicitation and development proposal review process. Extensive information on this planning effort is available at on the Port’s website at www.sfport.com/pier70.
- ***Southern Waterfront Planning and Management*** – The Port has dedicated substantial resources to address leasing, maritime and community planning needs in the portion of the Southern Waterfront south of Pier 70. Here, the Port’s focus is to market and secure cargo businesses and customers, and other business activities centered around the Port’s major terminals at Pier 80 and 94-96. At the same time, these efforts must help bring about environmental clean-up, community beautification, jobs, and new public open space venues along the waterfront. Port staff reported on these coordinated efforts to the Port Commission in August 2008. The staff report is available on the Port’s website at: <http://www.sfgov.org/site/uploadedfiles/port/meetings/supporting/2008/Item%2011b%20Southern%20Waterfront%20Leasing%20and%20Planning%20Update.pdf>

- **Maritime Cargo & Industrial Land Use Study (2001 & 2008)** – Comprehensive review of all Port maritime industries to ensure the Port continues to dedicate sufficient land area and resources for these purposes, and to address other operational and financial needs.
- **Pier 90-94 Backlands Planning Study (2001-2007)** – Community planning process, coordinated with efforts by the Redevelopment Agency to plan for adjacent lands, to define interim and long-term land uses and public improvements, including public access, open space and environmental justice improvements. It is anticipated that the implementation of some of these improvements may trigger the need to amend the Waterfront Plan in the future. Further information and reports regarding the Pier 90-94 Backlands are available on the Port's website at: http://www.sfgov.org/site/port_page.asp?id=31783
- **Southern Waterfront Final Supplemental Environmental Impact Report (1999.377E)** – Analyzed the environmental effects of proposed new maritime and industrial uses in the Pier 80 to 96 area, including the Illinois Street Intermodal Bridge. Engagement with the environmental community during this process launched the Port's efforts to develop a natural stormwater management program.

CONCLUSIONS

As reflected in this report, the projects and implementation efforts since the Port Commission adopted the Waterfront Plan have been numerous and varied. In many ways, it has been a journey to take a vision to reality. AT&T Park and the Ferry Building Historic Rehabilitation are star examples of projects that have signaled to residents, workers and visitors from beyond that San Francisco's waterfront truly welcomes and is accessible to the public. The San Francisco Giants draw about two million fans each year, and the Ferry Building and Farmer's Market attracts 25,000 shoppers and foodies weekly. Such volumes of people frequenting the shore, interacting, recreating and taking in the beauty of San Francisco Bay have created the revitalized, urban waterfront that is envisioned in the Waterfront Plan.

Along the way, the Port has learned that waterfront projects, no matter how desirable, are complex and require creative thinking to arrive at solutions that balance numerous needs and expectations. It also requires persistence, patience and good will to work towards the types of waterfront successes that the City witnessed these past 10 years. These are the same attributes that also were instrumental in the Waterfront Plan Advisory Board's work to develop the Waterfront Plan. In producing a document which recognizes that policies should allow projects to take shape in different forms that respond to active public exchange and discourse, the Waterfront Plan has provided such visionary guidance for the Port.

Time and again, the Waterfront Plan's goals and design policies have provided sound footing for the many improvements realized. When projects have failed, as reviewed in this report, it was not due to outdated Waterfront Plan policies. It resulted from a lack of sufficient funding required to support the proposed program, lack of balance in mix of uses, and/or because a political consensus regarding the balance of the project economics and the public benefits could not be achieved. The one question which has been raised regarding land use has been whether Port development projects include an excessive amount of office space. This issue is as much a financial question as it is a land use policy issue, for in many cases office uses have been necessary to generate revenues required to help finance historic rehabilitation, pier substructure repair and other project costs.

The evaluation of unsuccessful projects in this report have revealed to the Port and public the exceptional demands put upon development on publicly-owned lands, and the limitations of the private market to meet them. In addition, the Port's Capital Plan process also has enlightened the public about the magnitude of need to maintain the waterfront and the public's responsibility

to contribute to the effort. There appears to be a public reckoning of the gap between the type of vital urban waterfront that people want, as currently expressed in the Waterfront Plan, and the requirements to realize it. The passage of both Propositions A and D in 2008 to benefit waterfront parks and Pier 70, respectively, reflects that the majority of San Franciscans are beginning to understand this.

However, more such efforts and initiatives will be required just to make basic repairs to keep the waterfront safe, let alone meet high standards of historic preservation, create generous public access and open space, and keep maritime industry in San Francisco. The Port must make wise use of its funding tools and strategies, and continue to open up new funding or implementation innovations to the extent possible. As described in this report, pursuant to direction from the Port Commission, Port staff is commencing public outreach to discuss an Interim Leasing Policy for Historic Structures, the Port's latest response to address this challenge.

To the degree that resources continue to fall short of the Port's capital improvement needs, there will be a need to revisit the Waterfront Plan to prioritize and perhaps revise policies about how historic preservation, open space, maritime and environmental improvements can be achieved. Such a review would likely require an assessment of which piers and facilities should get first attention, and which might have to be sacrificed.

In addition to land use and financial issues, there also is a very real need to directly address transportation and parking needs and priorities for the waterfront. Any large waterfront projects generate demand for transportation and parking. While the City has an adopted "Transit-First" policy, it is not clear how it is interpreted and applied to the waterfront. This has generated much public concern and controversy which has increased the risk of Port development projects.

The Embarcadero is a major City transportation system and thus the City, not just the Port, must engage in discussions of any proposed changes to public transit, roadway, parking, bicycle or pedestrian facilities. However, to the extent there is consensus around increasing public transit service along The Embarcadero or into Mission Bay, the resources fall short of the demand. The Embarcadero Transportation Task Force provides an appropriate forum to focus specifically on these issues, and to recommend solutions. This Task Force brings together representatives from the City's transportation agencies, the Port and community stakeholders, those who have great knowledge and experience of transportation patterns and needs along the waterfront.

In addition to the community work required to address transportation issues, the Port also recognizes the need to continue to improve its own understanding and communications with community stakeholders. This is a particular need within the Northeast Waterfront subarea, between Piers 9 and 35, from Broadway to Bay Street. The Northeast Waterfront has the most underdeveloped seawall lots north of China Basin, and the collection of historic finger piers within this area are the heart of the Embarcadero National Register Historic District. This area at the same time presents one of the Port's greatest opportunities and challenges. While the Exploratorium project at Pier 15-17 and Port cruise terminal planning efforts at Pier 27 are positive changes, the difficulties and strained relations that ensued from past development efforts have had their lingering effects. That loss of trust resulted in the exclusion of Northeast Waterfront seawall lots from SB 815, the State legislation designed to increase revenues from inland development, to help underwrite the costs of historic pier rehabilitation and expanded public access. The Port recognizes that before any major new public-private development efforts can be considered, there is a need to reconvene with community stakeholders to review the Waterfront Plan policies for the Northeast Waterfront subarea against current ideas and desires, to determine whether changes are needed.

As discussed in this report, the Port has other planning efforts underway, including those for Pier 70, Seawall Lot 337 and within the Southern Waterfront. Each will follow its own course in defining whether amendments to the Waterfront Plan will be needed. In the meantime, Port staff has no recommendation to amend the Waterfront Plan at this time. In fact, in conducting this review, Port staff has found that the Waterfront Plan has remained remarkably cogent, a true tribute to the vision and dedication of its citizen authors, listed below. The Port and City are indebted to the great work of the Waterfront Plan Advisory Board, and are committed to continuing efforts to provide a great urban waterfront for San Francisco.

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The Port welcomes public comments on this review and assessment of the Waterfront Plan.

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