



October 11, 2017

Mr. J.K. Dineen
San Francisco Chronicle
901 Mission Street
San Francisco CA 94103

SUBJECT: Statement regarding Waterfront Land Use Plan and Request For Interest

Dear Mr. Dineen:

The SF Chronicle story on Monday, October 9, 2017 describing the intent of the Port of San Francisco to issue a request for interest excerpted certain comments from Port staff but did not provide a full summary of Port staff comments made for context. This statement is being issued to clarify that context.

Over more than a year, the Port has convened a Waterfront Plan Working Group, a volunteer group of stakeholders, to provide review and feedback on the effort to update the Port's Waterfront Land Use Plan. This effort has included a review of financial, repair and public trust needs that underpin the challenge of preserving the historic finger piers. These historic finger piers establish the Embarcadero National Register Historic District and the Port has a custodial duty to keep these resources in good repair, but does not have the capital resources to achieve this on its own. The recommendations and public feedback in Waterfront Plan meetings indicate that while historic rehabilitation of these piers and bulkhead building facilities is a priority, it is equally important to continue to promote maritime and an appropriate set of public-oriented uses in new pier lease and development projects. In particular, there is public interest in creating new opportunities including cultural, arts, recreation and maritime attractions to enhance public enjoyment of the San Francisco waterfront.

As noted in the article, the piers are aging and repairs are costly; most maritime and public-oriented uses cannot generate sufficient revenue required for improvements. Port staff has been focused on ways to advance public objectives coming out of the Waterfront Plan process, including but not limited to market-based solutions and requirements for implementation. The Waterfront Plan public meetings have forwarded new strategies intended to increase the viability of preserving the piers, and this is an opportune time to invite possible market-based solutions, which may reveal approaches to deliver more public-oriented uses than we know of, and to test what is possible.

The request for interest concept is intended to buttress staff policy discussions with real-world market feedback from two key groups of potential users. First, it would invite statements of interest from developers or operators of public-oriented uses that see a benefit to a pier location in terms of their

business or mission objectives. These statements of interest would include a high-level summary of economics in terms of whether the operations could fund tenant improvements and pay some amount of rent towards upkeep of the piers. In addition, because most public-oriented uses would trigger the need to seismically upgrade piers, Port staff would also request interest from other users or developers which may or may not include public-oriented space on their own, but which could partner with other visitor-serving uses to make a pier retrofit project feasible.

Port staff sees the two tracks as complementary: requiring all users of a pier to pay for a retrofit would crowd out the less lucrative (but in many cases more interesting) public and visitor-serving uses, while requiring all pier uses to be public-oriented may not create sufficient investment to retrofit the pier to better safeguard it against seismic and potential sea level rise impacts. Responses to the request would be invited from public, private and nonprofit organizations, and would be available to the public for review and discussion.

The RFI process provides the ability for the Port Commission and public to understand the opportunities and requirements for further stewardship of the Embarcadero Historic District. Having real-world feedback will help Port staff identify market-based solutions that maximize public serving uses in the rehabilitation of our historic piers. Upon receiving responses from the two user groups described above, the Port Commission would be able to evaluate the level of market-based interest in pier facilities, particularly from the perspective of possible partnering opportunities between maritime and public-oriented use entities on the one hand and capitalized developers on the other prior to advancing on soliciting proposals for any pier project. The RFI process also may identify more severe feasibility issues than we realize, which may point to consideration of the trade-offs and/or public sources to achieve historic rehabilitation, before the Waterfront Plan Update process has been completed. No pier project would move forward on the basis of a response to the request for interest alone; all would require further action after further consultation with stakeholders and public hearings at the Port Commission, plus all appropriate environmental and regulatory review.

Port staff will schedule the proposed RFI for discussion at the next Waterfront Plan Working Group meeting on October 25, 2017 at 6-8pm at Pier 1. Interested members of the public are invited to attend.

Sincerely,



Elaine Forbes
Executive Director