



## MEMORANDUM

August 5, 2022

**TO:** MEMBERS, PORT COMMISSION  
Hon. Willie Adams, President  
Hon. Kimberly Brandon, Vice President  
Hon. John Burton  
Hon. Gail Gilman  
Hon. Steven Lee

**FROM:** Elaine Forbes   
Executive Director

**SUBJECT:** Proposed Fiscal Year 2022-23 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event Rates (Parameter Rates)

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution 22-41

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*This item was presented as an informational item at the July 12, 2022 Port Commission meeting and is now before the Port Commission for approval of the proposed Fiscal Year 2022-23 Monthly Rental Rate Schedule, Monthly Parking Stall Rates and Special Events Rates. The only changes from the informational staff memorandum are to correct typographical errors and make clarifications for consistency; no substantive changes to the text, proposed rates, delegated authorities or other items have been made.*

### EXECUTIVE SUMMARY

As an enterprise department, the Port relies on revenue generated from use of its property to operate and maintain all 7.5 miles of the waterfront. The Port typically updates its rental rates for its properties annually in order to keep such rental rates at market. To establish this rate structure, Port staff surveys a variety of third-party real estate firms to obtain comparable market data for its portfolio. Such rates are compiled into the proposed Rental Rate Schedule (see **Exhibit A** hereto) for Port Commission and public review and discussion.

The overall San Francisco and regional commercial real estate markets continue to be significantly and negatively impacted by the COVID-19 pandemic. Key economic

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metrics include: weekly office attendance at 40% of pre-pandemic levels; Downtown BART exits at 27% of pre-pandemic levels; and approximately 35,000 leisure and hospitality jobs lost since the start of the pandemic. Key real estate metrics include: a direct office vacancy rate of 14.9% and an overall vacancy rate of 21.9%, including vacant sublease space. With office workers slowly returning to the office, metrics are improving. Office asking rents have stabilized; leasing volume has improved; and San Francisco experienced positive absorption for the first time since Q4 2019.

The Port's portfolio performance is closely tied to regional and San Francisco real estate trends in many respects, as evidenced by office vacancy rates similar to the City's (14.5%). In other metrics, the Port's portfolio diverges from these trends – for example, Port's shed vacancy rate is well above the City-average for industrial spaces (25% versus less than 5% Citywide) due to the physical limitations of these sheds in terms of accommodating much of the industrial tenant demands (weight, clearance, convenient power, water, drainage hook-ups, loading docks, among others). Port staff worked closely with a third-party real estate consulting team as well as across divisions (Real Estate, Development, and Maritime staff) to review market trends and our own leasing activity (which has fallen in square feet since COVID) in order to craft appropriate rental rates and leasing incentives.

More than 115 rental rates are listed on the Rental Rate Schedule (**Exhibit A**). Port staff proposes to raise the majority of the rates, keep about 40% of the rates the same as current rates, and lower about 10% of the rates (for locations with continued vacancy). In addition, staff propose adjustments to the existing leasing incentives offered (expanding incentives for office tenants, no longer offering shed incentives, and keeping maritime leasing incentives). Staff also propose a variety of clarifications to implementing staff's delegated authority, for example, proposing to clarify outdoor dining license are not "retail opportunities" which require bidding and treatment of utilities in new streets in Port's new neighborhood developments, among others. Finally, the rate schedule includes new annual Port-sponsored special events with fee waivers and fee reductions for nonprofit and equity-focused event types.

This staff report is organized as follows:

- I. Strategic Plan Alignment
- II. Background
- III. Port's Rental Portfolio
- IV. Rate Setting Methodology & New Rates
- V. Recommended Rates and Key Implementation Clarifications
- VI. Strategic Leasing Incentives

## **I. STRATEGIC PLAN ALIGNMENT**

A successful portfolio management strategy will support key Strategic Plan objectives (2021-2025 Strategic Plan):

Productivity: Attract and retain tenants that build an economically viable Port.

Stability: Maintain the Port's financial strength by maximizing the value of Port

property and increasing revenue.

## II. BACKGROUND

### Policy Background

The Rental Rate Schedule is one of several Port Commission directives and policies to address real property agreements in accordance with the Port's mission to manage and steward the Port's diverse real estate portfolio. Embedded in the Port's management of its portfolio is the obligation to charge market rates for its property. Generally, the leases, licenses and MOUs that Port staff executes under this delegation include agreements for use of buildings, structures, and land involving limited or no expansion or change of use. A synopsis of Port Leasing Policies that allow for leasing within Executive Director delegated authority is contained in **Exhibit B** attached hereto.

Starting in 1993, the Port Commission delegated authority to the Executive Director to approve and execute: (i) leases, (ii) licenses and (iii) Memoranda of Understanding ("MOU") provided that the terms of these agreements conform to certain minimum parameter terms of the Port's leasing policies. These parameter terms include a schedule of minimum rental rates for leases and locations enumerated in the Rental Rate Schedule that are delegated to the Executive Director for execution without Port Commission approval.

The parameter rate schedule, the landing fee schedule,<sup>1</sup> South Beach Harbor rates,<sup>4</sup> Fisherman's Wharf Harbor rates,<sup>5</sup> and the Port's tariff <sup>2</sup> comprise the land and water-use rates established by the Port.

### Process

The Port Commission periodically reviews and sets rental rates for its commercial leasing properties. These rates include monthly rental rates, monthly parking stalls, and special event rates (together, the "Rental Rate Schedule").

Typically, the Port Commission reviews rates on an annual basis and enacts a new Rental Rate Schedule to reflect market conditions. Port staff provides the following research of such current market conditions (see "Rate Setting Methodology" below) for the Port Commission's consideration.

### Last Resetting Process: 2019-2020 and Review in 2021

The Port's current Rental Rate Schedule was adopted for Fiscal Year 2019-20 (FY 19-20). Rather than resetting the rates in July 2020 amid the COVID-19 pandemic, the Port kept the FY 19-20 rates in place. In April 2021, Port staff presented market information that supported the continuation of the rates adopted for FY 19-20 and the Port Commission adopted additional leasing tools to retain tenants and incentivize new

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<sup>1</sup> Approved in December 2021, this staff report and resolution set the landing fees for ferries to the Port: [https://sfport.com/files/2021-12/12142021\\_Item%2011A%20Landing%20Rights%20License%205yr%20Fee%20Schedule\\_final.pdf](https://sfport.com/files/2021-12/12142021_Item%2011A%20Landing%20Rights%20License%205yr%20Fee%20Schedule_final.pdf)

<sup>2</sup> See latest Port Tariff No. 5 issued Aug 2009 locate. Tariff amendments require Port Commission, California Association of Port Authorities, and Federal Maritime Commission approvals. <https://sfport.com/sites/default/files/Maritime/Docs/Tariff/Tariff%202021.pdf>

three or more-year leases.<sup>3</sup>

### San Francisco Market Summary

San Francisco's real estate market continues to be significantly impacted by the pandemic, specifically in the office and hospitality (food, beverage, lodging and entertainment) sectors. While the unemployment rate is now at a pre-pandemic level of 2.2% and the job market is tight, office workers in San Francisco have been slower to return to the office than in other leading markets in the nation. The May 2022 report by the City Controller indicates that "time spent at workplaces" is down 40% relative to pre-pandemic levels. Weekly office attendance approximates 33%, compared to 39% in New York, 40% in Los Angeles and 60% in Austin. BART ridership has increased but is still only at 27% of pre-pandemic levels. Several tech employers have adopted full-remote work or hybrid work policies and it is anticipated that these policies will permanently reduce the level of in-office work.

The combination of a reduced need for office space and firms moving out of San Francisco to lower-cost areas has had a significant impact on the office market. The overall vacancy rate is 21.9 percent, or over 18 million square feet of office space. Office rental rates have remained relatively flat and appear to have reached bottom. They are 14% below pre-pandemic levels.

There are positive indicators, including a positive absorption of space for the first time since Q4 2019 at 205,000 square feet, an increase of 400,000 square feet in the leasing volume in Q1 2022 relative to Q1 2020. Sublease space available for rent has continued to decline from highs earlier in the pandemic. Tenants continue to seek the best lease and rent packages and, accordingly, subleases now make up 38.5% of all office deals. Furthermore, demand for high-end office space continues to increase as businesses continue to push for nicer space to lure employees to the office and to take advantage of the soft marketplace. The construction pipeline for office totaled 1.4M square feet in the 1<sup>st</sup> quarter 2022, continuing a downward trend since 2017. Landlords continue to upgrade and add amenities to older buildings in effort to compete in the marketplace. Large transactions in early 2022 have included CBS's 90,000 SF sublease at 680 Folsom Street and Sephora subleasing sixteen floors (286,000 SF) from Salesforce at 350 Mission Street.

The strength of hiring in office-based industries coupled with the continued flow of venture capital and partial return of workers to the office should translate to an increase in office demand in the coming years. Improvement in the office market will improve the performance of many Port properties, including the many restaurants and entertainment businesses that serve office workers, in addition to the Port's office inventory.

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3 See staff report for April 13, 2021 meeting and resolution here:

[https://sfport.com/files/2021-10/Item%2011A%20Portfolio%20Management\\_final.pdf](https://sfport.com/files/2021-10/Item%2011A%20Portfolio%20Management_final.pdf)

4 See latest South Beach Harbor berthing rates 2022 located here:

<https://sfport.com/files/2021-12/2022%20Berthing%20Rates.pdf>

5 See latest Hyde Street Harbor berthing rates 2022 located here:

[https://sfport.com/files/2022-06/Hyde%20Street%20Harbor%20Berth%20Rates\\_2022.pdf](https://sfport.com/files/2022-06/Hyde%20Street%20Harbor%20Berth%20Rates_2022.pdf)

The San Francisco/San Mateo County industrial market has remained relatively strong during the pandemic. The key components of demand are last-mile logistics tenants, tech firms absorbing flex space, and biotech firms taking lab space. Autonomous vehicle firms are a new demand sector that is expected to grow in San Francisco over the next five years. Industrial space totals 95.6 million square feet, with logistics space accounting for approximately 50% of the space. The average vacancy rate is 5.5% overall space with flex space experiencing the highest vacancy rate at 17.0%. Rent gains have been robust in recent years, averaging 5.1% annual increases over the past five years. Vacancy rates have increased, particularly for smaller dated warehouses that don't easily tie into e-commerce distribution. Land constraints, zoning, and prohibitive construction costs have constrained new development.

The hospitality market is showing signs of significant recovery. For the first time since 2020, hotel occupancy rates now exceed 70%. While occupancy rates have dramatically improved, San Francisco lags other metropolitan areas including Los Angeles, Denver, Boston, and New York with respect to the recovery of domestic and international air travel. Tourism is expected to continue to improve, which will improve the performance of the many Port properties that serve tourists, including restaurant, retail, entertainment, ferry excursion, and parking venues.

While BART ridership to SF downtown is less than 30% of prepandemic ridership numbers, traffic on the Bay Bridge and the Golden Gate Bridge have been at 80% to 90% of prepandemic levels (see Figure 1 for more metrics). This is relevant to the Port's portfolio of parking spaces and indicates that market conditions remain relatively strong for the "commuter" sector or parking demand. This is helpful for Port's parking portfolio, however, several lots in the Northern Waterfront still suffer from low levels of demand for visitor-oriented parking demand.

Figure 1. San Francisco Metrics

**HOW FAR HAVE WE COME SINCE MARCH 2020?**

**BART Bart Ridership (Montgomery Station)**

Wednesday May 22 2019	46,813	
Wednesday May 20, 2020	2,008	<b>4.3%</b>
Wednesday May 19, 2021	4,923	<b>10.5%</b>
Wednesday May 18, 2022	12,066	<b>25.8%</b>
April 2022 Overall Average		<b>32.0%</b>

Source: Bay Area Rapid Transit

**Hotel Occupancy**

May 2019	<b>87.1%</b>
May 2020	<b>19.2%</b>
May 2021	<b>25.4%</b>
May 2022	<b>58.4%</b>

Source: STR

**Bay Bridge Traffic**

April 2020	<b>54.0%</b>
April 2021	<b>90.0%</b>
April 2022	<b>88.0%</b>

Source: Bay Area Council Economic Institute

**Cal Train**

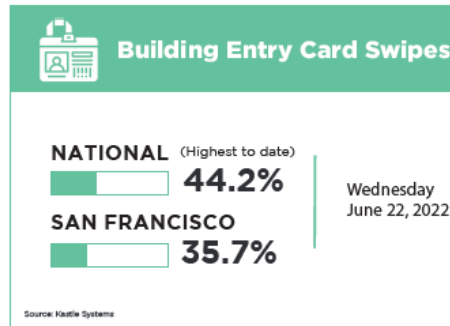
April 2020	<b>6.0%</b>
April 2021	<b>7.0%</b>
April 2022	<b>19.0%</b>

Source: Bay Area Council Economic Institute

**Unemployment Rate**

	April 2019	April 2020	April 2021	April 2022
San Francisco	<b>2.4%</b>	<b>13.5%</b>	<b>6.4%</b>	<b>2.5%</b>
NATIONAL	<b>3.6%</b>	<b>14.7%</b>	<b>6.0%</b>	<b>3.6%</b>

Source: U.S. Bureau of Labor Statistics



**Tourism/Visitors**

2019 (Historical High)	<b>26.2 Million</b>
2020	<b>11.8 Million</b>
2021	<b>14.8 Million</b>

Source: SF Travel

**Seated Diners**

Name	Saturday, March 21, 2020	Saturday, March 20, 2021	Saturday, March 19, 2022	Saturday, June 4, 2022
San Francisco	<b>-100.00%</b>	<b>-69.30%</b>	<b>-39.95%</b>	<b>-45.13%</b>
Chicago	<b>-100.00%</b>	<b>-35.44%</b>	<b>-21.35%</b>	<b>-22.59%</b>
New York	<b>-100.00%</b>	<b>-63.29%</b>	<b>-33.77%</b>	<b>-32.71%</b>
California	<b>-100.00%</b>	<b>-27.49%</b>	<b>-1.15%</b>	<b>-1.74%</b>
Illinois	<b>-100.00%</b>	<b>-33.45%</b>	<b>-20.06%</b>	<b>-20.94%</b>
New York	<b>-100.00%</b>	<b>-48.03%</b>	<b>-24.47%</b>	<b>-20.05%</b>
Texas	<b>-100.00%</b>	<b>16.57%</b>	<b>26.66%</b>	<b>21.99%</b>
United States	<b>-99.90%</b>	<b>-19.92%</b>	<b>-0.67%</b>	<b>-0.98%</b>
Global	<b>-99.00%</b>	<b>-27.46%</b>	<b>6.64%</b>	<b>7.55%</b>

Source: Seated Diners



### III. PORT'S RENTAL PORTFOLIO

#### (1) Overview of Space

The Port's real estate portfolio consists of 7½ miles of waterfront property in San Francisco, from Hyde Street Pier in the North to India Basin in the South as well as several discontinuous parcels near Yosemite Slough. Total land area includes more than 834 acres of property, with 629 acres of space on land, while the remaining 205 acres of property consists of marine structures and leasable submerged land.

Commercial operations on Port property include industrial warehousing, storage, office, professional sports, restaurants, retail shopping, land and marine excursions, cultural attractions, parking lot operations, ferry service, commercial fishing, cargo operations, marine salvage, and cruise ship calls.

The Port's commercial leasing portfolio consists of approximately 580 commercial property contracts occupying 21.7 million square feet, which represent approximately 395 tenants. These contracts range from short-term encroachments covering day of property use to long-term ground leases at Fisherman's Wharf, Pier 39, Piers 15-17, Piers 1½-3-5, Pier 1, the Ferry Building, Oracle Park, Mission Rock, and Pier 70.

Total Port property available for commercial leasing consists of approximately 20.67 million square feet. As of January 1<sup>st</sup>, 2022, the Port of San Francisco had 19.25 million square feet under contract. Of that space, the Port has leased approximately 7.2 million square feet as ground leases to master tenants. The remaining 12.05 million square feet of occupancy is directly managed by Port Real Estate and Development Division and the Maritime Division, as described below. When a property agreement expires, is amended, or renewed, the contract is subject to the current Rental Rate Schedule.

#### (2) Port Leasing Volume

**Table 1** provides data on leasing volumes over the last three years. As shown, the leasing volume has fallen measured in square feet and agreements since FY 2019. The dollar amounts represented by new leases has also increased significantly, showing how much agreements are replacing previous agreements during these tumultuous market times.

**Table 1. Property Agreement Volumes**

Item	FY19	FY20	FY21	FY22
<b>New Agreements</b>	76	84	85	48
<b>Square Footage</b>	2,527,013	1,547,083	1,767,798	692,557
<b>New Agreements annual rent</b>	\$2.9 M	\$13.4 M	\$21.7 M	\$24.1 M

#### (3) Port Vacancy

As of January 1, 2022 the Port's overall vacancy rate was 6.7% compared to 7.2% Portwide at the same point in time during the previous fiscal year. Vacancy in the Portfolio sub-areas year over year are contained in **Table 2**.

**Table 2. Portfolio Vacancy Rates**

Portfolio	Vacancy Rate FY19		Vacancy Rate 1/1/21	Vacancy Rate 1/1/22
Fisherman’s Wharf	0.9%	2020 Rate not tracked	4.5%	0.1%
Northeast Waterfront	16.0%		11.6%	15.3%
Ferry Plaza / South Beach	3.0%		7.9%	14.3%
China Basin / Central Basin	17.4%		24.6%	16.0%
Southern Waterfront	2.2%		2.6%	2.7%
Total	5.8%		7.2%	6.7%

***Fisherman’s Wharf***

Lease demand remains steady for maritime industrial properties in Fisherman’s Wharf while businesses relying on foot traffic are struggling to recover. That said, established leases with long-term tenants in good standing constrain the amount of new space available within the portfolio. Current vacancies include a small amount of dilapidated office space located at 490 Jefferson Street, warehouse & fish processing space on Jefferson Street, and restaurant space at the site of former Alioto’s restaurant. In addition to these spaces, 5 of the 15 restaurants in Fisherman’s Wharf have not yet reopened since they ceased operations in 2020 and one additional restaurant has stopped operations.

***Northeast Waterfront***

The Northeast Waterfront has experienced on-going vacancy in Piers 19, 29, & 33 due to both lack of suitable prospects and the need for capital improvements, particularly at Pier 29.

***Ferry Plaza & South Beach***

The Ferry Plaza/South Beach portfolio had a slight decrease in vacancy due to tenants opting to relinquish office space in the Agricultural Building and the bulkhead office at Pier 28. Current vacancy rates do not account for Pier 38, which is not occupied due to code compliance and weight restriction issues in addition, to the active Exclusive Negotiations Agreement affecting Piers 38-40.

***China Basin & Central Basin***

China Basin & Central Basin had a slight increase in vacancy during the first year of the COVID-19 pandemic. However, there will be no vacancies at 401 Terry Francois Blvd by August 2022 while vacancy rates at Pier 50 remains steady. The current vacancy does not include spaces at Pier 54 due to its structural issues. With the completion of the Mission Bay and Mission Rock developments, Chase Center games and events and



Crane Cove Park, we anticipate demand for space will continue to rise in this area.

### ***Southern Waterfront***

The Southern Waterfront's vacancy rate is low and has held relatively steady over the last two years. Vacancy rates for office space in this geography remains steady. While the demand for industrial space in the Eco-Industrial Complex remains high due to an inventory shortage in San Francisco, the lack of utilities and paving remains a challenge when marketing the sites to prospective tenants.

## **IV. RATE SETTING METHODOLOGY & NEW RATES**

Port staff reviews numerous sources of data to create a composite rate suited for each of the Port's assets. Generally, the data used to inform the rates falls into one of the following categories:

1. *Third party consultant data analysis.* The Port retained a third-party consultant to review and analyze market conditions, review the Port's current monthly rate schedule and leasing incentives, and propose adjustments to rates or leasing incentives. Their findings are included in the staff report as **Exhibit D**.
2. *Port Leasing Activity, Accounts Receivable, and Sales Reports:* Port staff reviewed Port leasing activity for the prior 3 years and used this data to assess current market conditions of the Port's unique spaces.

### (1) Port Office Space

The Port directly manages approximately 330,000 square feet of Class B and C office space. While there is Class A office space within the Port's portfolio, it is managed by master tenants such as Hudson One Ferry Operating L.P. (Ferry Building), Prologis (Pier 1), SF Piers (Piers 1½-3-5), and 20<sup>th</sup> Street Historic Core at Pier 70. This will also be the case with the office space under construction at Mission Rock and to be under construction at the Pier 70 development site. The Port does not manage any Class A office space directly, thus none is subject to the Rental Rate Schedule.

Over the last few quarters, high-end office has proven to be the most sought-after office product. In an effort to lure employees back to the office and to reap the benefits of a weak market, businesses will continue the flight to quality. Some of the Port's key office properties with views and proximity to parking and public transportation will be desirable; however, tenants have a significant amount of office in San Francisco from which to select.

Most Port managed office spaces primarily fall into the Class C category of office space except for 7 properties that are considered Class B. The Port's directly managed office holdings are laid out in **Table 3**.

**Table 3. Directly Managed Properties by Class Type**

<b>Building Class</b>	<b>Name of Building</b>
<b>Class A</b>	N/A
<b>Class B</b>	Roundhouse Plaza
<b>Class B</b>	Pier 9 Bulkhead
<b>Class B</b>	Pier 9 Pier Offices
<b>Class B</b>	Pier 26 Annex
<b>Class B</b>	Pier 33 ½ North
<b>Class B</b>	Pier 33 Bulkhead
<b>Class B</b>	Pier 35 Bulkhead
<b>Class C</b>	Agriculture Building
<b>Class C</b>	401 Terry Francois
<b>Class C</b>	Piers 23 Bulkhead
<b>Class C</b>	Pier 29 Annex
<b>Class C</b>	Pier 29 ½
<b>Class C</b>	490 Jefferson St.
<b>Class C</b>	Piers 26 Bulkhead
<b>Class C</b>	Pier 28 Bulkhead
<b>Class C</b>	Pier 38 Bulkhead
<b>Class C</b>	Piers 50 Bulkhead
<b>Class C</b>	Pier 54 Office
<b>Class C</b>	Pier 70, Building 11
<b>Class C</b>	671 Illinois Street
<b>Class C</b>	501 Cesar Chavez
<b>Class C</b>	601 Cesar Chavez
<b>Class C</b>	696 Amador
<b>Class C</b>	Pier 96 Admin. Bldg.

***Full Service & Net Leases***

Gross or Full Service leases include maintenance, janitorial, and utilities costs in the monthly rent amount. NET leases are net of services so that the tenant pays the maintenance, janitorial, and utilities costs in addition to the monthly rent. With consideration given to increases in labor and supplies, the market difference between a full service lease and a net lease is approximately \$1.50 to \$2.00 per square foot per month.

***Class A***

In general, the definition of Class A space refers to the best in the market. Class A office space is located in newer buildings with state-of-the-art infrastructure. On occasion Class A space may be located in older buildings that have been extensively renovated such as Pier 1, Piers 1.5 to 5 and the Ferry Building. Class A buildings are located in prime locations, generally the San Francisco Central Business District (aka Financial District) with good transportation access and are professionally managed.

### **Class B**

The Port manages approximately 150,000 square feet of Class B office space (7 locations). By industry definition, Class B spaces are often older and require renovation and improvements. These spaces are usually well-maintained and well-managed, but infrastructure may need some capital investment to keep them functional.

### **Class C**

The Port manages approximately 180,000 square feet of Class C office space (18 locations). By industry definition, Class C spaces are older (usually 15-25 years), typically showing functional obsolescence, located in less desirable locations and may need of extensive renovation and rehabilitation to out-of-date infrastructure. Class C space usually have lower rental rates to compensate for the inferior quality office space. Class C spaces often are vacant longer than Class A or Class B spaces and can be targeted for redevelopment opportunities. A fair number of the Class C office spaces in the Port's inventory are not office buildings but rather walk-up office spaces above retail or service businesses.

## (2) Port Industrial and Warehouse Space

The Bay Area has approximately 159 million square feet of warehouse rental space along the East Bay I-80/880 Corridor and in Santa Clara, San Mateo and San Francisco Counties. The East Bay is the largest home to industrial/warehouse space and San Francisco County the smallest, representing approximately 24 million square feet located in three major submarkets:

- i. Mission/South of Market (SOMA)
- ii. 3<sup>rd</sup> Street Corridor/Potrero Hill and
- iii. Bayview/India Basin

Vacancy rates in San Francisco are at 4.6%, while East Bay vacancy is at 6.0%. Typical tenants seeking industrial space are in the e-commerce, building, biotech, and logistics industries. With the lower vacancy rates in San Francisco and Oakland, tenants are now having to look to properties in secondary markets like San Leandro and Richmond. With only 1.55 million square feet of warehouse and distribution space under construction, development of industrial property in the East Bay is at a historical low. Development of new industrial property in San Francisco is all but non-existent. This slowdown in construction comes while the demand for warehousing and distribution space is surging. The pandemic altered the way e-commerce companies handle supply and logistics and demand for industrial space has consistently increased since 1<sup>st</sup> quarter 2020.

There is approximately 14.7 million square feet of industrial space in the submarket areas that span the Embarcadero from the Northern Waterfront to Bayview Hunters Point. Logistics space represents the largest component of space at 9.1 million square feet. Rents for logistic space range from a low of \$1.50 per square foot in the Northern Waterfront area to a high of \$3.30 per square foot in China Basin. Vacancy rates range from a low of 0.4% in the Northern Waterfront to 6.9% in Bayview Hunter's Point.

Market demand is strong in the area and rents are expected to increase by 6% to 7% over the next 12 months.

The Port directly manages approximately 1,600,000 square feet of industrial and warehouse shed space and represents approximately 6.5% of the industrial market in San Francisco. The majority of Port warehousing and shed space is categorized as Class C. The average rent for industrial space in San Francisco is about \$2.06 per square foot per month.

The Port's industrial properties have various levels of improvements including partitions, fencing, electrical service, plumbing, etc. Private industrial warehousing shed spaces are typically leased under NET leases with space defined as "gross leasable area." The majority of these spaces lack modern loading docks, attached office space, non-permeable concrete floors, and share a common drive aisle. Despite the limited infrastructure, the demand in the marketplace is such that the Port will likely see an increase in negotiated rental rates this fiscal year. This is due in large part to demand in the marketplace and the general scarcity of industrial land in San Francisco. The Port's current industrial and warehouse shed vacancy rate higher than the City average at 25%.

## **V. RECOMMENDED RATES AND KEY IMPLEMENTATION CLARIFICATIONS**

### Introduction

Given Port staff's market research, the Port's own leasing experience, and the market analysis and rental rate review by a third-party consultant, Port staff recommends adjustment of the minimum rental rates set forth in **Exhibit A** attached hereto to better reflect current market conditions.

The proposed Rental Rate Schedule is presented for Port Commission review and consideration. The Rental Rate Schedule sets minimum rental rates and gives Port staff authority to negotiate higher rates or the flexibility to quote rates in the mid-range or lower range of the Rental Rate Schedule when justified, for properties that may have quality or configuration issues, among others.

The proposed Rental Rate Schedule lists all commercial properties and their associated Minimum Initial Rental Rates and Net Effective Rental Rates (see below). The Rental Rate Schedule is organized first by type of use and lease type (full service vs net) and second by property/geographical location.

Port leases are annually indexed typically by fixed rate adjustments currently ranging from 3% to 3.5%. Most of the Port's leases provide for a mark-to-market adjustment to rent on an extension or option date. Most also provide for a market adjustment upon expiration when the lease continues on a month-to-month holdover status while a new lease or a termination is negotiated. In many leases cases, Port staff may use the then-current parameter rates as the market adjustment, unless the lease language provides for another market resetting process.

The rate tables and narratives are organized as follows – Note that only a selection of rates are highlighted here, please see **Exhibit A** for full suite of rates.

1. New Rates and Key Implementation Clarifications
2. Office Space
3. Piers: Sheds and Open Pier Areas
4. Fish Processing, Fish Gear, and Pier 40 Lockers Rates:
5. Parking
6. Special Events & Pop-Up RFQ
7. Development Projects: Subsurface Utilities and Public Improvements

1. New Rates and Key Implementation Clarifications

**A. Outdoor dining.**

When the COVID-19 pandemic emerged and significantly impacted dining establishments, the Port worked to align the Port’s program for outdoor dining with the City’s “Shared Spaces” (ultimately adopted by ordinance) and to assist tenants and non-tenants in obtaining licenses and permits from the Port and permits from the Bay Conservation and Development Commission. Port supports outdoor dining as a Trust consistent, popular use of property and has worked closely with regulators at BCDC to permit the use. Port actions included temporary fee waivers for tenants and non-tenants using sidewalks and other spaces.<sup>4</sup> As the program has matured, Port staff wish to be clear about Port staff’s authority to enter licenses allowing outdoor dining and the rates for such use.

- i) **Outdoor dining is not “retail opportunity”.** Because outdoor dining space is adjacent to and fully reliant on an existing restaurant (either on or off Port property) and no other entity or use would be appropriate for the space, staff does not consider this use to be a retail opportunity that would be subject to bidding or the Retail Leasing Policy. Further, bidding is not appropriate for this use because Port can and has been able to accommodate all restaurants that want outdoor space. Accordingly, Port staff can rely on its general delegated authority to issue outdoor dining licenses.
- ii) **Establish an additional parameter rent for outdoor square footage for Port percentage rent tenants.** This rate applies when a Port tenant pays percentage rent on outdoor sales to the Port and must also have a license for outdoor dining.

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<sup>4</sup> See Port Commission Resolutions 20-50; 21-26 and 21-52.

B. **Pier 40 – Maritime-Serving Businesses.** In 2015, the Port Commission approved a Memorandum of Agreement with the Office of Community Investment and Infrastructure (OCII) to transfer assets and management of the 700-slip South Beach Harbor, Pier 40, the Ship’s Clerk’s Association Building, and the Harbor Services Building, which houses the harbor management office, South Beach Yacht Club, and various parking facilities to the Port. The Port became the landlord to several existing businesses, which OCII had selected as part of a community of maritime businesses. These leases currently total less than 10,000 sq.ft. At that time, the leases OCII had with Pier 40 tenants were at rates below Port’s parameter rates for sheds. Those leases are now month-to-month and would normally be brought up to shed/storage parameter rate.

The rates continue to be far below the Port’s parameter rates. Port staff propose new rates for select business types of Pier 40 in order to:

- (a) continue to support the existence of a cluster of maritime-serving businesses;
- (b) maintain or enhance the amenities a maritime-serving business cluster provides to the adjacent South Beach marina and recreational boating throughout the region; and
- (c) retain the vibrancy of the maritime-serving businesses within a pier that is part of the Port’s long-term plans with a development partner.

Port staff propose new, reduced rates for the following Pier 40 maritime shed tenant types: water recreation, marine chandlery, other maritime support services, or OCII-selected visitor-serving tenants. Note that these proposed rates will be reviewed and adjusted each year, similar to other parameter rates.

C. **Airspace rights.** From time to time, landowners adjacent to Port’s streets or other areas require the place signage and other protrusions into the air space above Port-owned property or require emergency ingress or egress over Port property. These sorts of one-off agreements often require a significant amount of staff time, as the staff member assigned researches the topic anew. To streamline this process, Port staff propose mirroring the ongoing encroachment rates charged by Public Works for similar uses.

D. **Fee-Based Classes in Port Parks.** Port staff receive inquiries from small-fee based class (i.e., outdoor bootcamp), water recreational, and camp operators from time to time. Proposed rates for this use-type are included below. These rates mirror San Francisco Department of Recreation and Park rates for such classes in parks.

- i. *Small, fee-based classes.* \$50 per 2-hour class up with use up to 1,600 square feet of non-exclusive space. Intended for non-daily use.
- ii. *Longer Term Fee-Based Classes.* \$20/hour or \$25 per 2 hour use per day of use. Intended for uses every weekday for a period of weeks or months, like camps during school-holidays.

E. ***Development projects utilities and other structures in the right-of-way, sidewalk, or open space.*** Both Mission Rock and Pier 70 projects have enhanced public improvements in the new streets and open spaces. In cases where either the Port has assigned maintenance and liability to another party or where an entity owns a utility or improvement wholly dedicated to serving the development project, the proposed fee schedule waives charges for the placement of these improvement in Port-owned streets, sidewalks, and open spaces.

**F. *General delegation updates.***

- i. *Routine Lease-related agreements.* Port's consent is frequently required for tenants to enter into routine agreements under their leases such as assignments and subleases. Unless otherwise specified in a particular lease, and subject to conditions, Port staff has authority to approve consents to sublease and assign leases (See **Exhibit B #3**). Staff proposes to clarify that this delegation to staff also includes other routine consents including those required for loans, security instruments, and subordination/ nondisturbance agreements, estoppels and similar routine agreements.
- ii. *Cease reporting of Consents and Assignments.* Currently, monthly reporting to the Port Commission is required for Leases, Licenses, Memoranda of Understanding, consents to sublease, and assignments executed by Port staff under its delegated authority (See **Exhibit B #11**). Reviewing past reporting, Port staff have found that reporting consents to subleases and assignments has been inconsistent and time consuming. This is because this information is tracked in individual lease files but is not trackable and reportable in the Port's property management software system. Because these consents are secondary to the key reporting on property agreements, Port staff recommend changing this reporting to the Port Commission to be monthly summaries of Leases, Licenses, Memoranda of Understanding.
- iii. *Continuity for Leases in Negotiation.* Occasionally, Port is in the process of lease negotiations when a new parameter rate becomes effective. To ensure the continuity of lease negotiations, Port staff wish to confirm that a lease negotiated under one fiscal year's parameter rates but executed after the adoption of a new rate schedule is still within Port's delegated authority if the lease is substantially negotiated prior to the effective date of the new rate and executed within 30 days of the effectiveness of the new rate.

2. Office Space

Based on the economic conditions for the San Francisco office market, Port staff recommend keeping most office rates flat and offering leasing incentives for 3 or more year leases (described in the next section). For a few office spaces in prime locations or low vacancy rates, staff propose modest increases. Note that the Pier 96 Gatehouse has been taken off the "office" rate schedule due to a recent fire and non-leas ability.

<b>Full Service Office – Class B</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>NE Waterfront</b>	Roundhouse 2	\$4.25	\$4.25

<b>Full Service Office – Class C</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Ferry Plaza</b>	Ag. Building Window	\$3.50	\$3.75
<b>China Basin</b>	401 Terry Francois	\$3.50	\$3.60
<b>Southern Waterfront</b>	501 Cesar Chavez	\$1.30	\$1.60

<b>Net Office Leases – Class B</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Northeast Waterfront</b>	Pier 35 Bulkhead	\$3.50	\$3.50
<b>Northeast Waterfront</b>	Pier 33 ½ North	\$3.50	\$3.50
<b>Northeast Waterfront</b>	Pier 33 Bulkhead	\$3.25	\$3.25
<b>Northeast Waterfront</b>	Roundhouse 1	\$4.00	\$4.00
<b>Northeast Waterfront</b>	Pier 9 Bulkhead	\$4.25	\$4.25
<b>Northeast Waterfront</b>	Pier 9 Office Shed	\$4.25	\$4.25
<b>South Beach</b>	Pier 26 Annex	\$3.25	\$3.25

<b>Net Office – Class C</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Fisherman's Wharf</b>	490 Jefferson	\$3.50	\$3.00
<b>Northeast Waterfront</b>	Pier 35 Interior Office	\$2.50	\$2.25
<b>Northeast Waterfront</b>	Pier 29 ½	\$2.25	\$2.00
<b>Northeast Waterfront</b>	Pier 29 Annex "Beltline"	\$3.15	\$2.25
<b>Northeast Waterfront</b>	Pier 23 Bulkhead	\$2.00	\$2.00
<b>South Beach</b>	Pier 28 Bulkhead	\$2.75	\$2.75
<b>South Beach</b>	Pier 50 Bulkhead	\$3.25	\$3.40



<b>Net Office – Class C</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>South Beach</b>	Pier 54 Office	\$1.60	\$1.95
<b>Central Waterfront</b>	Pier 70, Building 11 “Noonan”	\$1.10	\$1.20
<b>Central Waterfront</b>	671 Illinois (Kneass)	\$1.00	\$1.00
<b>Southern Waterfront</b>	601 Cesar Chavez	\$1.80	\$1.30
<b>Southern Waterfront</b>	696 Amador	\$1.35	\$1.35
<b>Southern Waterfront</b>	Pier 96 Admin. Bldg.	\$1.50	\$1.50

Piers: Sheds and Open Pier Areas

Port staff proposes to increase the shed rates at Piers 45 to reflect market demand for industrial warehouse space in the area. This rate does not apply to fishing industry tenants who have a separate rate for operations at Pier 45 as shown below. Most other rates are either flat or have been reduced slightly to reflect vacancy in the shed. Note that staff have added: leasable buildings in the Pier 70 shipyard (office trailers and Building 36); a rate for land with access to industrial-level power; an airspace rate; a Pier 54 apron rate; and staff have reinserted a pedicab rate for sidewalk usage (see Exhibit A for full array of rates, the below are building rates only).

<b>Fisherman’s Wharf - Pier &amp; Shed Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Fisherman’s Wharf</b>	Pier 45 & 47	\$1.60	\$1.65

<b>Northeast Waterfront - Pier &amp; Shed Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Northeast Waterfront</b>	Pier 35	\$1.60	\$1.60
<b>Northeast Waterfront</b>	Pier 33	\$1.60	\$1.60
<b>Northeast Waterfront</b>	Piers 19, 23, 29, 31	\$1.65	\$1.65
<b>Northeast Waterfront</b>	Pier 9	\$1.75	\$1.75

<b>Ferry Plaza &amp; South Beach - Pier &amp; Shed Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>South Beach</b>	Pier 26	\$1.75	\$1.70

<b>Ferry Plaza &amp; South Beach - Pier &amp; Shed Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>South Beach</b>	Pier 28	\$1.75	\$1.70
<b>South Beach</b>	Pier 40	\$1.75	\$1.70
<b>South Beach</b>	Pier 40* maritime & visitor- serving	\$1.75	\$1.10

<b>China Basin &amp; Central Waterfront - Pier &amp; Shed Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>China Basin</b>	Pier 50	\$1.75	\$1.75
<b>China Basin</b>	SWL 343	\$1.25	\$1.30
<b>China Basin</b>	SWL 345	\$1.25	\$1.30
<b>Central Waterfront</b>	Pier 70 Shipyard	n/a	\$1.20 - \$1.30

<b>Southern Waterfront - Pier &amp; Shed Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Southern Waterfront</b>	Pier 80	\$1.25	\$1.25
<b>Southern Waterfront</b>	SWL 354	\$1.25	\$1.25
<b>Southern Waterfront</b>	Pier 92	\$1.10	\$1.10
<b>Southern Waterfront</b>	SWL 344	\$1.10	\$1.25
<b>Southern Waterfront</b>	Pier 96 M&R Bldg.	\$1.25	\$1.30
<b>Southern Waterfront</b>	Fmr. RR ROW Facility 6019	\$0.75	\$0.75

### 3. Fish Processing, Fish Gear, and Pier 40 Lockers Rates

In support of our local commercial fishing industry, the Port maintains lower rates for fish processing and fish gears uses at Fisherman’s Wharf and rates for water recreation lockers at Pier 40. Modest increases are proposed below.

<b>Fish Processing &amp; Wholesale Industry Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Fisherman’s Wharf</b>	Pier 45 2 <sup>nd</sup> Floor Mezzanine	\$1.10	\$1.15
<b>Fisherman’s Wharf</b>	Pier 45 1 <sup>st</sup> Floor Office	\$1.40	\$1.40

<b>Fisherman’s Wharf</b>	Pier 45 Shed	\$1.25	\$1.50
<b>Fisherman’s Wharf</b>	Pier 45 2 <sup>nd</sup> Floor Warehouse	\$0.75	\$0.80
<b>Fisherman’s Wharf</b>	SWL 302	\$1.20	\$1.30
<b>Northeast Waterfront</b>	Pier 33	\$1.50	\$1.50

Port staff recommends minor adjustments in the fishing industry rates to keep pace with inflation.

<b>Fishing Gear Storage Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate PSF</b>	<b>Proposed Rate PSF</b>
<b>Portwide</b>	Non-Berthholders	\$1.50	\$1.65
<b>Portwide</b>	Berthholders	\$0.45	\$0.55

<b>Pier 40 Storage Rates</b>			
<b>Sub-Area</b>	<b>Location Type</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
<b>South Beach</b>	Pier 40 Lockers	\$100	\$100

#### 4. Parking

The Port operates a number of parking facilities where the Port leases individual parking stalls on a monthly basis that total approximately 375 stalls. A significant portion of the stall holders are Port tenants.

Port’s summer intern assisted Port staff in conducting a survey of comparable parking facilities in the vicinity of Port property, attached hereto as **Exhibit C**. The survey determined that the monthly parking stall rates for Port facilities may all be adjusted by an average of 5% - 10 % to better reflect current market conditions with higher increases Pier 26 and south and lower increases north of Pier 26.<sup>5</sup>

#### 5. Special Events and Popup RFQ

The methodology for deriving the fees described in the Special Events Schedule is a combination of market research, continuous dialog with special events promoters, San Francisco Department of Recreation and Park, and the Port’s own experience at negotiating fees.

<sup>5</sup> This difference in application of the increase by geography reflects survey findings that Port’s parking stall rates north of Pier 26 were closer to market rates and required less of an adjustment. Demand for spaces in this area were also more negatively affected by the pandemic than parking stalls to the south of Pier 26.

## ***Background***

The Port's 7½ miles of waterfront property is a popular venue for special events each year in the City. From cultural events to footraces to Fleet Week, special events play an important role in contributing to the Port's cultural vibrancy for San Francisco residents and visitors to the waterfront. Special events build a sense of community and many of our events draw attendees from around the world.

Among the most notable special events are Juneteenth, 4th of July Celebration and Fireworks, the San Francisco Marathon, the Giant Race, the JP Morgan Corporate Challenge, Fleet Week, and New Year's Eve Celebration. In order to standardize the special event fees charged for various Port facilities, Port staff has established a Special Event Fee Schedule. The schedule is reviewed annually to reflect current market conditions and submitted to the Port Commission for re-approval.

Due to extended state and local shelter-in-place orders and the severe financial impact of the COVID-19 pandemic, the Port was unable to host special events during the past two years. However, the Port was able to play an important role in the City and County of San Francisco's response to the COVID-19 pandemic by providing locations and resources at no cost to organizations providing food pantries, COVID testing, and vaccination clinics to San Francisco residents.

By September 2021, the City's health orders were adjusted to allow events. As a result, special events generated a total of \$72,747.00 in revenues over the past 10 months (September 2021 to June 2022).

## ***Special Events – Proposed Fee Waivers and Fee Reductions***

### ***Specific Special Event Fee Waivers***

There are several recurring Special Events/Uses that have a strong maritime, trust benefit and/or community connection to the Port of San Francisco and customarily have been given either a fee waiver or fee reduction by the Port Commission on an ad hoc basis. In order to streamline the administrative process and costs associated with preparing individual Port Commission agenda items for each event, the Port Commission typically approves the recommended fees for these events as part of its approval of the Rental Rate Schedule:

1. Proposed 100% License Event Fee Waivers: Chinatown YMCA Chinese New Year Run; Delancey Street Flower Sale; Black Health & Healing Summit; Bike to Work Day; 4th of July Celebration & Fireworks; San Francisco Symphony Concert; SFPD Motorcycle Skills Training Competition; Fleet Week; EcoCenter Playday (formerly Bay Splash); Wharf Fest; New Year's Eve Celebration & Fireworks; US Government Vessel Commissioning; Juneteenth; DPW Coastal Cleanup; DPW Beautification; EcoCenter Anniversary; Park Alliance Movie Night; SFPD Training; Homeless Church - Church Service, and accommodation of other city agencies or departments.
2. Proposed 50% License Event Fee Reductions: Pawtrero's Annual Dog Day Afternoon and Adoption Event; Delancey Street Christmas Tree Lot; San

## Francisco Baykeepers Bay Parade and Picnic.

To accommodate special circumstances that may arise, staff recommends Port Commission delegate authority to the Executive Director to authorize fee waivers or fee reductions for other events as necessary when all of the following conditions are met: (1) event will attract people to the waterfront; (2) location is available with no conflicting use or loss of revenue; (3) Port will not need to expend any resources or revenue to support the event and (4) event to indemnify the Port and accept all liability. Port staff maintains a list of events receiving such waivers to help inform Executive Director's use of the delegated authority when requested.

### ***Other Fee Reduction Categories***

#### ***Nonprofit Events***

Due to shelter-in-place orders and the severe financial impact of the COVID-19 pandemic, no organization applied for the nonprofit rate since 2019. Special Events staff recommends the continuation of the following program for nonprofit organizations with offices located in San Francisco and with an annual budget equal to or less than \$2 million, staff is authorized to waive 25% of the otherwise payable event fee. This partial fee waiver does not extend to nonprofits scheduling events at facilities leased or managed through other Port tenants and operators. The special event must be a fundraising event to benefit the nonprofit, be open to members of the public, and the fee paid must cover the costs of Port staff time.

#### ***Diversity & Equity Events***

The Port is an organization committed to equitable access to Port facilities for special events. Special Events and Port's Racial Equity staff recommends the following new pilot program: For events that benefits communities of color or marginalized communities, staff is authorized to waive license event fees up to \$60,000 annually and/or 12 events per year (maximum \$7,000 per event). When the maximum is exhausted, staff may waive 50% of the license event fee for an unlimited number of events. Qualifying event sponsors must have an annual operating budget equal to or less than \$2 million, and the mission statement of the organization or the goals and objectives of the event identifies the community they are serving. Port staff will report the impacts of this pilot program to the Port Commission in the Port's Racial Equity Action Plan.

#### ***Pop Up Request for Qualifications Respondents and Similar Users***

The Port has identified a pool of Qualified Operators for short-term activation and programming of Port open spaces meeting the minimum criteria for the Pop Up Request for Qualification (Pop Up RFQ). For Qualified Operators with an annual budget equal to or less than \$2 million, Special Events staff is authorized to waive 25% of the payable license event fee.

Staff continues to receive interest from event sponsors wishing to participate in the Pop Up RFQ and recommends authorization to expand the pool of Qualified Operators to future applicants. The methodology for deriving the fees described in the Special Events Schedule is a combination of market research, continuous dialog with special events

promoters, San Francisco Recreation and Parks rates, and the Port's own experience at negotiating fees.

## 6. Development Projects: Subsurface Utilities and Public Improvements

Port staff propose two amendments to the parameter rates delegated authority regarding subsurface utilities and public improvements in Port streets and open spaces to facilitate these two developments.

### ***Amend Fee Waiver for Subsurface Utilities***

In 2018 in Resolution 18-41, the Port Commission provided authority to the Executive Director to waive license fees for subsurface utilities in public streets and open spaces. This delegation was limited to publicly-owned utilities and was drafted to allow SFPUC infrastructure in Port streets to be treated similarly to how they are treated in Public Works-accepted streets (i.e., allowed without payment for use of property). Since this resolution was adopted, the Mission Rock project has advanced to include a District-wide utility provider, Mission Rock Utilities. This provider has facilities in the new streets for District-wide recycled water and heating and cooling, key sustainability features of the project. Port staff propose the below added language to accommodate this user in Port owned streets and open spaces, serving Port tenants:

The Port's Executive Director is authorized to proportionally waive Subsurface Utility Distribution and Infrastructure use fees in real property agreements including, license agreements, encroachment permits, and MOUs, under the following circumstances: (i) the utility infrastructure is intended to be utilized in whole or in part for distribution of public utility or fire suppression services to the Port or Port tenants; for clarity "public utility" includes the utilities serving Mission Rock by a private entity called Mission Rock Utilities and its successor and similar circumstances, should they arise, at the Pier 70 development site, (ii) the utility infrastructure is located beneath a current or future street right of way or dedicated public access area that is not anticipated for any other use and the applicable federal, state or local governmental agency, commission, or department has maintenance and repair obligations for the infrastructure; (iii) the term of the real property agreement does not exceed 66 years (subject to Board of Supervisors approval if otherwise required due to the term); and (iv) any real property agreement includes requirements for the removal of such infrastructure at no cost to Port if the street, public area, or right of way is vacated, abandoned, or if the use is no longer consistent with the public trust at some point in the future. The delegated authority would not extend to the issuance of real property agreements for non-public utilities or utilities that primarily support revenue-generating enterprise activities; transmission only facilities (as opposed to distribution facilities) or telecommunications, cable or wireless services. Such agreements will continue to be subject to compliance with the rental rate parameters established by the Commission.

### ***Fee Waiver for Public Improvements***

Both Mission Rock and Pier 70 include enhanced public realms elements in streets and in open space areas. Should the Port come to an agreement on assigning maintenance responsibilities of these publicly accessible improvements to a master developer or affiliate, Port staff recommend that the Executive Director may waive license fees for the entity to maintain these areas. The below language provides this waiver and conditions.

Specific to the development projects at Mission Rock and Pier 70, the Port's Executive Director is authorized to waive Port-Owned Improvement use fees if the Port assigns any Port-Owned Improvements located in public right of way or dedicated public access areas so long as they confer associated maintenance and repair obligations to a non-Port entity that is either (a) each project's Master Developer, or (b) its direct affiliate, in real property agreements including, license agreements, encroachment permits, and MOUs, under the following circumstances: (i) the improvement is intended to be utilized solely for distribution or operational services to the Port or Port tenants, (ii) the improvement is located within Port-owned property that is subject to a current or future street right of way or dedicated public access area that is not anticipated for any other use and the applicable federal, state or local governmental agency, commission, or department has maintenance and repair obligations for the improvement; (iii) assigning the improvement(s) reduce obligations or liabilities otherwise created by the Port maintaining and repairing those improvements itself (iv) the term of the real property agreement does not exceed 66 years (subject to Board of Supervisors approval if otherwise required due to the term); and (v) any real property agreement includes requirements for the removal of such improvement at no cost to Port if the street, public area, or right of way is vacated, abandoned, or if the use is no longer consistent with the public trust at any point in the future. The delegated authority would not extend to the issuance of real property agreements for an improvement that primarily support revenue-generating enterprise activities of which the Port does not participate, directly or indirectly. Such agreements will continue to be subject to compliance with the rental rate parameters established by the Commission.

## **VI. STRATEGIC LEASING TACTICS**

### Overview

In Spring 2021, by Resolution 21-16, the Port Commission approved staff authority to offer leasing incentives for 3 to 5 year new leases and to alter the "excess rent" provisions of leases to incentive subleasing.<sup>6</sup> For this year's parameter rates, Port staff recommend (1) offering leasing incentives for 3, 4, and 5 year office leases and (2) continuing the excess rent sharing provisions, and (3) maintaining the maritime "triple threat" incentives.

Port staff have not found tenants using the leasing incentive for 3, 4, and 5 year shed

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<sup>6</sup> See here for leasing incentives action item: [https://sfport.com/files/2021-10/Item%2011A%20Portfolio%20Management\\_final.pdf](https://sfport.com/files/2021-10/Item%2011A%20Portfolio%20Management_final.pdf) and see Resolution No. 22-08 for maritime-focused incentives, [https://sfport.com/files/2021-2/Item%207C%20Maritime%20Leasing%20Policy\\_final.pdf](https://sfport.com/files/2021-2/Item%207C%20Maritime%20Leasing%20Policy_final.pdf).

leases frequently. In addition, the market analysis conducted by Port's consultants indicate that, unlike the difficult office market, shed and warehousing space demand continues to be relatively strong. Talking internally with our property managers, we have concluded that pricing is likely not the reason for vacancies in sheds. That is, tenants who do contact the Port to see a shed typically cannot use the space for their business for physical or allowable-use reasons, rather than for pricing reasons. Port's historic sheds have many physical limitations such as lack of loading docks, old electrical distribution systems, inconvenient drain and water connections, and deferred maintenance that other industrial properties do not have. Because of these limitations and to reduce vacancies, Port must devote resources to marketing to help identify tenants who can use Port's space as it is. Port continues to not have the staffing to increase marketing, though recruitments have been and are underway for new hires. Also, Port staff are evaluating using brokers in the restaurant context and will consider brokers elsewhere, depending on how the restaurant efforts turn out.

## 1. Office

Office landlords in San Francisco are providing the following types of incentives for tenants: abated or reduced rents and also rent ramp ups; tenant improvement allowances; fully furnished offices; among other lease inducements. The Port is a public landlord, with limited financial and staff resources. Among the array of tools private landlords can deploy in private transactions, Port staff recommend that the Port offer lower rates only for leases with a minimum 3 year term and also allow a termination right for a termination fee, including recapture of unamortized incentives and discounts. This termination option is recommended by the Port's consultants who note that tenants are currently reluctant to sign a multi-year lease. Port staff are comfortable with this as our experience is that tenants do not wish to move offices often. The below bullets summarize the proposed incentives:

- For:
  - 3-year lease, ramp up of lease rates at 70%, 80%, and 100% of parameter rate, with a termination right for a fee equal to 1 months of rent multiplied by number of years remaining on the lease (rounded to nearest month) plus unamortized leasing incentives, plus reimbursement of Port's costs for processing the termination.
  - 4 or 5-year lease, ramp up of lease rates at 70%, 80%, 90% 100% of parameter rate with same termination right as above.

## 2. Excess Rent Provisions

In 2021, the Port Commission allowed staff, on a pilot basis, to modify a typical lease provision that generally requires 100% of all net sublease revenues in excess of a tenant's rent obligation to Port to be conveyed by the tenant to the Port. In these difficult economic conditions, tenants experiencing economic pressure may be interested in subleasing space but, with the excess rent provision in Port's leases, Port tenants did not have an incentive to sublease for more than they are paying due to this provision. In 2021, the Port Commission allowed not less than 50% of excess sublease revenue to the Port.



Since 2021, Port staff have executed one such agreement, worth about \$57,000 in excess revenue to the Port per year. While this is not an often-used tool, it was helpful in keeping a tenant in place and achieving higher revenues from the property without any lost rent (vacancy) costs. Port staff recommend continuing to allow amendments to leases splitting excess rent not less than 50% to Port and allowing new lease provisions to include similar language.

Any amendment to an existing lease would be: (a) at a tenant's request for the sole purpose of revising this provision; (b) only if a tenant is in good standing as defined by Port policy; and (c) only if Port staff has a reasonable expectation that the Port would recoup staff and attorney time to modify the lease due to the potential excess rent.

All subleases would remain subject to Port's approval as provided in the lease. A lease amendment to allow for a split of excess rent would include new City ordinance requirements but would not include any other modified terms that would subject the amendment to Port Commission approval.

### 3. Maritime "Triple Threat" Leasing Incentives

Port staff recommend continuing the leasing tactics approved by the Port Commission for maritime tenants recently adopted earlier this year, through Resolution 22-08 with one addition as shown below by underline:

1. Leasing tactic may be offered to: Existing tenants exercising options or amending leases or for new maritime tenants, maritime office leases.
2. Lease must include three out of the four following uses: office, shed, apron and/or, submerged land
3. If conditions 1 and 2 are met, then:
  - o Port staff may offer office portion of lease with a minimum to start at no less than 75% of the applicable parameter office rate; then 3% increase each year, and
  - o If tenant leases the following three use types: office, shed, and apron (on exclusive or non-exclusive basis), then Port staff may also offer submerged land along with the apron, for no additional charge to facilitate the intended water-dependent use.

## **RECOMMENDATION**

Port staff requests that the Port Commission approve the Fiscal Year 2022-23 Monthly Rental Rates Schedule, Monthly Parking Stall Rates and Special Event Rates, attached hereto as Exhibit A, and the delegations described above and in Exhibit B. If approved, the new rates will be effective on September 1, 2022.

Real Estate and Development

With assistance from: Andre Coleman, Kimberley Beal,  
Joshua Keene, Demetri Amaro, Joyce  
Chan, Monico Corral, Jennifer Gee, Don  
Kavanagh, Dominic Moreno, Vicky Lee

**ATTACHMENTS**

- Exhibit A Fiscal Year 2022-23 Monthly Rental Rates Schedule, Monthly Parking Stall Rates and Special Event Rates
- Exhibit B Synopsis of Port Leasing Policies/Delegated Authorities
- Exhibit C Parking Facilities Located in the Vicinity 2019 and Map
- Exhibit D Third Party Review 2022 (*Keyser Marston & Maven memorandum*)

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 22-41**

- WHEREAS, By Resolution No. 93-127, adopted September 8, 1993, and as amended by Resolution 93-135, the Port Commission authorized the Executive Director to approve and execute certain transactional documents such as leases and licenses that conform to all of the parameters set forth in those Resolutions as amended (the “delegated authority”); and
- WHEREAS, Port staff has delegated authority to enter into leases, licenses, and Memorandums of Understanding with rents that conform to the applicable Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event Rates (Parameter Rates) as adopted and amended periodically by the Port Commission (last amended Resolution No. 19-24 for the fiscal year 2019-20); and
- WHEREAS, Port staff has reviewed current office/industrial-warehouse, parking, and special event market data and has prepared updated delegated authorities and updated the Fiscal Year 2019-20 Parameter Rents; and
- WHEREAS, Port staff recommends approval of proposed 100% license event fee waivers for the following special events: Chinatown YMCA Chinese New Year Run; Delancey Street Flower Sale; Black Health and Healing Summit; Bike to Work Day; 4th of July Celebration and Fireworks; San Francisco Symphony Concert; San Francisco Police Department Motorcycle Skills Training/Competition; Fleet Week; EcoCenter Playday (formerly BaySplash); Fisherman’s Wharf–Wharf Fest; City’s New Year’s Eve Celebration & Fireworks; U.S. Government Vessel Commissioning; Juneteenth; DPW Coastal Cleanup; DPW Beautification; EcoCenter Anniversary; Park Alliance Movie Night; SFPD Training; Homeless Church – Church Service, and accommodation of other city agencies or departments; and
- WHEREAS, Port staff further recommends approval of 50% license event fee reductions for: Pawtrero’s Annual Dog Day Afternoon and Adoption Event; Delancey Street Christmas Tree Lot; and San Francisco Baykeepers - Baykeeper Parade and Picnic; and
- WHEREAS, Port staff recommends Port Commission delegate authority to the Executive Director to authorize fee waivers or fee reductions for other special events as necessary when all of the following conditions are met: (1) event will attract people to the waterfront; (2) location is available with no conflicting use or loss of revenue; (3) Port will not need to expend any resources or revenue to support the event and (4)

event to indemnify the Port and accept all liability; and

WHEREAS, Port staff recommends the approval of a 25% license event fee waiver for a special event held by a nonprofit organizations with offices located in San Francisco with an annual budget equal to or less than \$2 million, excluding events at facilities leased or managed through other Port tenants and operators, provided the special event is a fundraising event to benefit the nonprofit, is open to members of the public and the fee must cover the costs of Port staff time; and

WHEREAS, Port staff recommends a pilot program for a waiver of license event fees up to \$60,000 annually and/or 12 events per year (maximum \$7,000 per event) for Fiscal Year 2022/23 for events that benefit communities of color or marginalized communities; subject to the terms and conditions set forth in the Memorandum dated August 5, 2022 including waivers when the maximum is exceeded and reporting; and

WHEREAS, Port staff recommends the approval of a 25% waiver of the payable license event fee for Qualified Operators for short-term activation programming of Port open spaces meeting the minimum criteria for the Pop Up Request for Qualification (Pop Up RFQ), including certain future applicants; and

WHEREAS, To retain office tenants during the current economic downturn, Port staff recommends offering leasing incentives for 3 year office leases with rates at 70%, 80% and 100% of the applicable Parameter Rent and 4 and 5-year office leases with rates at 70%, 80%, 90%, 100% of Parameter Rent and granting the tenant an early termination right subject to a set fee; and

WHEREAS, To ensure the continuity of lease negotiations, Port staff recommends clarifying in the delegated authorities that a lease negotiated under one fiscal year's parameter rates but executed after the adoption of a new rate schedule is within Port's delegated authority if the lease is substantially negotiated prior to the effective date of the new rate and executed within 30 days of the effectiveness of the new rate; and

WHEREAS, Port staff recommends clarifications to the delegated authorities to specify that the Executive Director may waive fees for certain subsurface utility distribution and infrastructure uses including for the Mission Rock Pier 70 development sites; and


WHEREAS, Specific to the development projects at Mission Rock and Pier 70, Port Staff recommends that the delegated authorities provide that Port's Executive Director may waive fees for Port-Owned Improvements under certain conditions enumerated in the Memorandum dated August 5, 2022; and

- WHEREAS, For the reasons described in the Memorandum dated August 5, 2023, outdoor dining space adjacent to and fully reliant on an existing restaurant (either on or off Port property) is not a retail opportunity that requires bidding and is not subject to the Retail Leasing Policy; and
- WHEREAS, Staff proposes continuing the excess rent sharing provisions approved by the Port Commission in Resolution 21-16, and additionally including such provisions in new leases as well as in amendments, and maintaining the maritime “triple threat” incentives approved by the Port Commission in Resolution 22-08 for both new and existing tenants and also authorizing staff to offer submerged land at no cost to qualifying tenants; and
- WHEREAS, Based on its review, Port staff has determined that the proposed Parameter Rates represent the fair market value rent as defined in Section 23.2 of the SF Administrative Code (“Market Rent” shall mean the most probable rent that real property should bring in a competitive and open market reflecting all conditions and restrictions of the property agreement); and
- WHEREAS, As further detailed in this Resolution, Port staff recommends approval of the additional delegated authorities specified in the Memorandum dated August 5, 2022 and the Fiscal Year 2022-23 Parameter Rates, including the strategic leasing tactics, which would set rental rates for office, shed, and land space, color curbs, telecommunication sites, monthly parking stalls, and special event rates; now, therefore be it
- RESOLVED, That the Port Commission hereby approves and adopts the Fiscal Year 2022-23 Monthly Rental Rate Schedule, Parking Rate Schedule, and Special Events Rates (Parameter Rates), including the leasing incentives and special event rates and waivers as described, effective as of September 1, 2022, to be implemented by Port staff in connection with the new and existing delegated authorities as described in the Memorandum dated August 5, 2022 and in this Resolution; and be it further
- RESOLVED, That the Port Commission finds that the Fiscal Year 2022-23 Monthly Rental Rate Schedule, Monthly Parking Stall Rate Schedule, and Special Events Rates (Parameter Rates) including the leasing incentives and various fee waivers, is equivalent to “Market Rent” as defined in Section 23.2 of the SF Administrative Code; and be it further
- RESOLVED That the Port Commission finds outdoor dining space adjacent to and fully reliant on an existing restaurant (either on or off Port property) is not a retail opportunity that requires bidding and is not subject to the Retail Leasing Policy; and be it further
- RESOLVED, That Port Commission finds that competitively bidding the real property

agreements covered by the delegated authorities and the rental rate schedules approved by this Resolution is impractical; and be it further

RESOLVED, That Port staff shall continue to provide the Port Commission, within thirty days following each calendar month, a summary of executed leases, licenses, and Memoranda of Understanding for that month.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 9, 2022.***

DocuSigned by:  
  
Secretary  
BFA59E31E3B84A8...

**Exhibit A    Fiscal Year 2019-20 Monthly Rental Rates Schedule, Monthly Parking Stall Rates and Special Event Rates**

See attached for parameter lease rate tables.

For each property the Rental Rate Schedule provides a range of rents on a gross basis and a net effective basis. The gross basis, entitled *Minimum Initial Lease Rental Rates*, represents the market rent range for the first year of the lease. The net effective basis, entitled *Minimum Net Effective Rental Rates*, represents the net effective rent calculated and applied over the lease term after rent credits for flooring and wall coverings (maximum rent credit for these elements are described in **Exhibit B #6**) are amortized over the term of the lease. The Port Commission has previously approved application of rent credits for flooring and wall coverings.

Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease falling below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule.

Full Service Office - Class B Rates		FY 2022/23			
Sub-Area	Location Type	Monthly Rental Rate Range PSF		Monthly Net Eff. Rental Range PSF*	
NE Waterfront	Roundhouse Plaza-RH 2	\$ 4.25	- \$ 4.89	\$ 3.45	- \$ 3.97
Full Service Office - Class C Rates		FY 2022/23			
Sub-Area	Location Type	Monthly Rental Rate Range PSF		Monthly Net Eff. Rental Range PSF*	
Ferry Plaza	Ag. Building Interior	\$ 1.75	- \$ 2.00	\$ 1.42	- \$ 1.63
Ferry Plaza	Ag. Building Window	\$ 3.75	- \$ 4.05	\$ 3.05	- \$ 3.29
China Basin	401 Terry Francois	\$ 3.60	- \$ 4.05	\$ 2.93	- \$ 3.29
Southern Waterfront	501 Cesar Chavez	\$ 1.60	- \$ 2.00	\$ 1.30	- \$ 1.63
Office NNN - Class B Rates		FY 2022/23			
Sub-Area	Location	Monthly Rental Rate Range PSF		Monthly Net Eff. Rental Range PSF*	
NE Waterfront	Roundhouse Plaza-RH 1	\$ 4.00	- \$ 4.65	\$ 3.25	- \$ 3.78
NE Waterfront	Pier 33 ½ North	\$ 3.50	- \$ 4.05	\$ 2.84	- \$ 3.29
NE Waterfront	Pier 33 Bulkhead Bldg.	\$ 3.25	- \$ 3.75	\$ 2.64	- \$ 3.05
NE Waterfront	Pier 35 Bulkhead Bldg.	\$ 3.50	- \$ 4.05	\$ 2.84	- \$ 3.29
NE Waterfront	Pier 9 Bulkhead Bldg.	\$ 4.25	- \$ 4.90	\$ 3.45	- \$ 3.98
NE Waterfront	Pier 9 Pier Office	\$ 4.25	- \$ 4.90	\$ 3.45	- \$ 3.98
South Beach	Pier 26 Annex Bldg.	\$ 3.25	- \$ 3.75	\$ 2.64	- \$ 3.05
Office NNN - Class C Rates		FY 2022/23			
Sub-Area	Location	Monthly Rental Rate Range PSF		Monthly Net Eff. Rental Range PSF*	
Fishermen's Wharf	490 Jefferson St.	\$ 3.00	- \$ 3.50	\$ 2.44	- \$ 2.84
NE Waterfront	Pier 29 ½	\$ 2.00	- \$ 2.75	\$ 1.63	- \$ 2.23
NE Waterfront	Pier 29 Annex "Beltline" Bldg	\$ 2.25	- \$ 2.75	\$ 1.83	- \$ 2.23
NE Waterfront	Pier 35 Interior Office	\$ 2.25	- \$ 2.75	\$ 1.83	- \$ 2.23
NE Waterfront	Pier 23 Bulkhead Bldg.	\$ 2.00	- \$ 2.50	\$ 1.63	- \$ 2.03
South Beach	Pier 28 Bulkhead Bldg.	\$ 2.75	- \$ 3.15	\$ 2.23	- \$ 2.56
China Basin	Pier 54 Office	\$ 1.95	- \$ 2.50	\$ 1.58	- \$ 2.03
China Basin	Pier 50 Bulkhead Bldg.	\$ 3.40	- \$ 4.00	\$ 2.76	- \$ 3.25
Southern Waterfront	Pier 70, Building 11 "Noonan Bldg"	\$ 1.20	- \$ 1.50	\$ 0.98	- \$ 1.22
Southern Waterfront	601 Cesar Chavez	\$ 1.30	- \$ 1.50	\$ 1.06	- \$ 1.22
Southern Waterfront	671 Illinois St.	\$ 1.00	- \$ 1.25	\$ 0.81	- \$ 1.02
Southern Waterfront	696 Amador	\$ 1.35	- \$ 1.55	\$ 1.10	- \$ 1.26
Southern Waterfront	Pier 96 Admin. Bldg.	\$ 1.50	- \$ 1.73	\$ 1.22	- \$ 1.41
Office Storage Rates		FY 2022/23			
Sub-Area	Location Type	Monthly Rental Rate Range PSF		Monthly Net Eff. Rental Range PSF*	
Portwide	Office Storage	\$ 2.00	\$ 2.55	\$ 1.63	- \$ 2.07

\* Shown for illustration. Assumes a 2 year lease for 1,000 sq.ft. with paint & carpet rent abatement. Application of other available leasing incentives may reduce the effective rent.



Pier and Shed Rates		FY 2022/23			
Sub-Area	Location	Monthly Rental Rate Range PSF		Monthly Net Eff. Rental Range PSF*	
Fisherman's Wharf	Pier 47	\$ 1.65 -	\$ 1.85	\$ 1.50 -	\$ 1.68
Fisherman's Wharf	Pier 45	\$ 1.65 -	\$ 1.85	\$ 1.50 -	\$ 1.68
Northeast Waterfront	Pier 35	\$ 1.60 -	\$ 1.80	\$ 1.46 -	\$ 1.64
Northeast Waterfront	Pier 33	\$ 1.60 -	\$ 1.80	\$ 1.46 -	\$ 1.64
Northeast Waterfront	Pier 31	\$ 1.65 -	\$ 1.85	\$ 1.50 -	\$ 1.68
Northeast Waterfront	Pier 29	\$ 1.65 -	\$ 1.85	\$ 1.50 -	\$ 1.68
Northeast Waterfront	Pier 23	\$ 1.65 -	\$ 1.85	\$ 1.50 -	\$ 1.68
Northeast Waterfront	Pier 19	\$ 1.65 -	\$ 1.85	\$ 1.50 -	\$ 1.68
Northeast Waterfront	Pier 9	\$ 1.75	\$ 1.95	\$ 1.59 -	\$ 1.77
South Beach	Pier 24 Annex	\$ 3.40 -	\$ 3.75	\$ 3.09 -	\$ 3.41
South Beach	Pier 26	\$ 1.70 -	\$ 1.80	\$ 1.55 -	\$ 1.64
South Beach	Pier 28	\$ 1.70 -	\$ 1.80	\$ 1.55 -	\$ 1.64
South Beach	Pier 40	\$ 1.65 -	\$ 1.85	\$ 1.50 -	\$ 1.68
South Beach	Pier 40-Maritime-serving tenants <sup>1</sup>	\$ 1.10 -	\$ 1.50	\$ 1.00 -	\$ 1.37
China Basin	Pier 50	\$ 1.75 -	\$ 1.95	\$ 1.59 -	\$ 1.77
China Basin	Pier 54 Shed	\$ 0.75 -	\$ 1.25	\$ 0.68 -	\$ 1.14
China Basin	Seawall Lot 343	\$ 1.30 -	\$ 1.45	\$ 1.18 -	\$ 1.32
China Basin	Seawall Lot 345	\$ 1.30	\$ 1.45	\$ 1.18 -	\$ 1.32
Southern Waterfront	Pier 70 Shipyard Office Trailers	\$ 1.30	\$ 1.75	\$ 1.18 -	\$ 1.59
Southern Waterfront	Pier 70 Building 36	\$ 1.20	\$ 1.40	\$ 1.09 -	\$ 1.27
Southern Waterfront	Pier 80	\$ 1.25	\$ 1.40	\$ 1.14 -	\$ 1.27
Southern Waterfront	Seawall Lot 354	\$ 1.25	\$ 1.40	\$ 1.14 -	\$ 1.27
Southern Waterfront	Pier 90	\$ 1.10	\$ 1.20	\$ 1.00 -	\$ 1.09
Southern Waterfront	Pier 92	\$ 1.10	\$ 1.20	\$ 1.00 -	\$ 1.09
Southern Waterfront	Seawall Lot 352	\$ 1.25	\$ 1.40	\$ 1.14 -	\$ 1.27
Southern Waterfront	Seawall Lot 344	\$ 1.25	\$ 1.40	\$ 1.14 -	\$ 1.27
Southern Waterfront	Pier 96 - M&R Building	\$ 1.30	\$ 1.40	\$ 1.18 -	\$ 1.27
Southern Waterfront	Fmr. RR ROW-Fac # 6019	\$ 0.75	\$ 0.83	\$ 0.68 -	\$ 0.76

Open Land, Pier and Airspace Rates		FY 2022/23			
Sub-Area	Location Type	Monthly Rental Rate Range PSF		Monthly Net Eff. Rental Range PSF	
Open Land	Improved Land & Sidewalk (including outdoor dining)	\$ 0.85 -	\$ 0.94	\$ 0.77 -	\$ 0.86
Open Land	Sidewalk & Land for Port Percentage Rent tenants (largely outdoor dining) <sup>2</sup>	\$ 0.45 -	\$ 0.85	\$ 0.41 -	\$ 0.77
Open Land	Pedicab, rate per pedicab	\$ 30.00	per cab per month		
Open Land	Paved Land	\$ 0.55	\$ 0.75	\$ 0.50 -	\$ 0.68
Open Land	Unpaved Land	\$ 0.40	\$ 0.50	\$ 0.36 -	\$ 0.46
Open Land	Un/ & Paved Land w/ Industrial Power Capacity	\$ 0.20	\$ 0.40	\$ 0.18 -	\$ 0.36
Open Land	Subterranean Land	\$ 0.19	\$ 0.21	\$ 0.17 -	\$ 0.19
Open Land	Submerged Land	\$ 0.19	\$ 0.21	\$ 0.17 -	\$ 0.19
Open Land & Pier	Airspace (signage, overhangs)	\$ 0.40 -	\$ 0.50	\$ 0.36 -	\$ 0.46
Open Pier	Open Pier Space	\$ 0.40	\$ 0.44	\$ 0.36 -	\$ 0.40
Open Pier	Apron Space	\$ 0.40	\$ 0.44	\$ 0.36 -	\$ 0.40
China Basin	Pier 54 - apron	\$ 0.15 -	\$ 0.25	\$ 0.14 -	\$ 0.23

<sup>1</sup> Includes businesses with the following characteristics at Pier 40 only: water recreation, marine chandlery, and other maritime support services.

<sup>2</sup> Only applies to Port tenants with percentage rent leases where Port receives a portion of the sales on the sidewalk

\*Assumes 2 year lease with 2 months rent abatement.

Fish Processing & Wholesale Industry Rates		FY 2022/23					
Sub-Area	Location Type	Monthly Rental Rate Range			Monthly Net Eff. Rental		
		PSF			Range PSF		
Fisherman's Wharf	Pier 45 2nd Fl Mezz.	\$ 1.15	-	\$ 1.27	\$1.04	-	\$1.14
Fisherman's Wharf	Pier 45 Office 1st Fl Office	\$ 1.40	-	\$ 1.54	\$1.26	-	\$1.39
Fisherman's Wharf	Pier 45 Shed	\$ 1.50	-	\$ 1.75	\$1.17	-	\$1.29
Fisherman's Wharf	Second floor warehouse	\$ 0.80	-	\$ 0.88	\$0.72	-	\$0.79
Fisherman's Wharf	SWL 302	\$ 1.30	-	\$ 1.43	\$1.17	-	\$1.29
Northeast Waterfront	Pier 33	\$ 1.50	-	\$ 1.65	\$1.35	-	\$1.49

Fishing Gear Storage Rates		FY 2022/23					
Sub-Area	Location Type	Monthly Rental Rate Range			Monthly Net Eff. Rental		
		PSF			Range PSF		
Portwide	Berthholders	\$ 0.55	-	\$ 0.61	\$ 0.50	-	\$ 0.54
Portwide	Non-Berthholders	\$ 1.65	-	\$ 1.82	\$ 1.49	-	\$ 1.63

Pier 40 Storage Locker Rates		FY 2022/23					
Sub-Area	Location Type	Base Rent					
South Beach	Pier 40 Lockers	\$ 100.00	Per Month per Locker				

Telecommunications Site Rates		FY 2022/23					
Sub-Area	Location Type	Base Rent					
Portwide	Fixed Telecom Site	\$ 6,750.00	-	\$ 7,000.00	Per Month		
Portwide	Small Cell Site	\$ 1,200.00	-	\$ 3,000.00	Per Month		
Portwide	Temporary Telecom Site	\$ 500.00					Per Day

Parking Stall Permit Rates		FY 2022/23		
Facility	Stall Type	Pre-Tax	Parking Tax	Stall Rent
Agriculture Building	Building Tenant	\$ 360.00	\$ 90.00	\$ 450.00
Pier 9	Shed Tenant	\$ 360.00	\$ 90.00	\$ 450.00
SWL 302	Commercial Tenant	\$ 340.00	\$ 85.00	\$ 425.00
SWL 302	Restaurant Tenant	\$ 235.00	\$ 58.75	\$ 293.75
SWL 303	Commercial Tenant	\$ 340.00	\$ 80.00	\$ 420.00
SWL 303	Restaurant Tenant	\$ 235.00	\$ 60.00	\$ 295.00
Pier 26	Shed Tenant	\$ 220.00	\$ 55.00	\$ 275.00
Pier 40	Berthholder	\$ 110.00	\$ 30.00	\$ 140.00
601 Cesar Chavez	Building Tenant	\$ 165.00	\$ 45.00	\$ 210.00
Pier 80	Industrial Trucking	\$ 220.00	\$ 55.00	\$ 275.00
Pier 90	Industrial Trucking	\$ 220.00	\$ 55.00	\$ 275.00
Pier 94	Industrial Trucking	\$ 220.00	\$ 55.00	\$ 275.00
Pier 96	Industrial Trucking	\$ 220.00	\$ 55.00	\$ 275.00

Color Curb Program Licenses		FY 2022/23		
Zone Type	Zone Use	Set-Up Fees	Monthly Fees	Size
Green Zone	Short Term Parking	\$ 425.00	\$ 325.00	Per 20 Feet
White Zone	Passenger Loading	\$ 425.00	\$ 325.00	Per 20 Feet
Yellow Zone	Commercial Delivery	\$ 425.00	\$ -	Per 40 Feet

Temporary No Parking Fees		FY 2022/23	
	Set-Up Fee	Per Meter	
		\$ 27.00	

SMALL FEE-BASED CLASSES PERMIT RATES					
Event Size	Application Submittal Date	Set-up Fees*		Event Fees*	Additional Fees*
Up to 1,600 sf; not fenced	45 Days			\$50 per 2-hour session	None.

LONGER TERM FEE-BASED CLASSES PERMIT RATES					
Event Size	Application Submittal Date	Set-up Fees*		Event Fees*	Additional Fees*
Up to 1,600 sf; not fenced	45 Days			\$20/hour 1 hour/day x # days	None.
Up to 1,600 sf; not fenced	45 Days			\$25/hour 2 hour/day x # days	None.

ATHLETIC EVENT RATES					
Event Size	Application Submittal Date	Set-up Fees*		Event Fees*	Additional Fees*
Small < 2,000 People	120 Days	\$1,850+	Per Day	\$3,700+ Per Day	Restrooms, Maintenance, Trash
Small < 2,000 People	45 Days	\$2,750+	Per Day	\$5,500+ Per Day	5% of Concession Sales, 25% of Ticket Sales
Medium 2,001 - 5,000 People	120 Days	\$2,600+	Per Day	\$5,200+ Per Day	Restrooms, Maintenance, Trash
Medium 2,001 - 5,000 People	45 Days	\$3,750+	Per Day	\$7,500+ Per Day	5% of Concession Sales, 25% of Ticket Sales
Extra Large > 5,000 People	120 Days	\$3,200+	Per Day	\$6,400+ Per Day	Restrooms, Maintenance, Trash
Extra Large > 5,000 People	45 Days	\$4,700+	Per Day	\$9,400+ Per Day	5% of Concession Sales, 25% of Ticket Sales

FREE PUBLIC OR PUBLIC TICKETED EVENT RATES					
Event Size	Application Submittal Date	Set-up Fees*		Event Fees*	Additional Fees*
Small 1-50 people <10,000 sf	45 Days	\$250-500	Per Day	\$500-1000 Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Medium 51-100 people <25,000 sf	45 Days	\$1,500+	Per Day	\$3,000+ Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Large 101-400** people 25,000+ sf	120 Days	\$2,500+	Per Day	\$5,000+ Per Day	Restrooms, Maintenance, Trash
	45 Days	\$3,625+	Per Day	\$7,250+ Per Day	5% of Concession Sales, 25% of Ticket Sales
Extra Large 400->2000** people 25,000+ sf	120 Days	\$3,500+	Per Day	\$7,000+ Per Day	Restrooms, Maintenance, Trash
	45 Days	\$5,075+	Per Day	\$10,150+ Per Day	5% of Concession Sales, 25% of Ticket Sales

**PAID PUBLIC TICKETED EVENT RATES**

Event Size		Application Submittal Date	Set-up Fees*		Event Fees*		Additional Fees*
Small	1-50 people <10,000 sf	45 Days	\$500-\$1,500+	Per Day	\$1,000-\$3,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Medium	51-100 people <25,000 sf	45 Days	\$2,000-\$3,000+	Per Day	\$4,000-\$6,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Large	101-400** people 25,000+ sf	120 Days 45 Days	\$3,000-\$8,000+	Per Day	\$6,000-\$8,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Extra Large	400->2,000 people 25,000+ sf	120 Days 45 Days	\$3,500+	Per Day	\$7,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales

**CORPORATE OR PRIVATE EVENT RATES**

Event Size		Application Submittal Date	Set-up Fees*		Event Fees*		Additional Fees*
Small	1-50 people <10,000 sf	45 Days	\$2,000+	Per Day	\$4,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Medium	51-100 people <25,000 sf	45 Days	\$4,000+	Per Day	\$8,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Large	101-400** people 25,000+ sf	120 Days 45 Days	\$5,000+	Per Day	10,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales
Extra Large	400->2000 25,000+ sf	120 Days 45 Days	\$7,500+	Per Day	15,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales

**PIER 30/32 & VALLEY EVENT RATES**

Event Size	Application Submittal Date	Set-up Fees*		Event Fees*		Additional Fees*
All Events	120 Days	\$ 8,000+	Per Day	\$ 25,000+	Per Day	Restrooms, Maintenance, Trash 5% of Concession Sales, 25% of Ticket Sales

**FIREWORKS**

Event Size	Application Submittal Date	Set-up Fees*		Event Fees*		Additional Fees*
All Events	120 Days			\$ 1,100.00	Per Show	

Fee Reductions for License Fees for Special Events

	<b>Non-Profit Events</b>	<b><i>NEW!</i> Diversity &amp; Equity Events</b>	<b><i>NEW!</i> Pop Up RFQ</b>
<b>Event Qualifications</b>	<ul style="list-style-type: none"> <li>• Fundraising event to benefit the nonprofit</li> <li>• Open to the public</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits communities of color or marginalized communities</li> <li>• Open to the public</li> </ul>	<ul style="list-style-type: none"> <li>• Interim activations may include but are not limited to cultural events and activations, food and beverage activations, retail markets, athletic showcases and art exhibitions and performances</li> <li>• Open to the public</li> </ul>
<b>Sponsor Qualifications</b>	<ul style="list-style-type: none"> <li>• 501 (c)(3) and</li> <li>• Based in SF and</li> <li>• Annual budget equal to or less than \$2M</li> </ul>	<ul style="list-style-type: none"> <li>• Annual operating budget equal to or less than \$2M and</li> <li>• Mission statement of the organization or the goals/objectives of the event must identify the community they are serving and</li> <li>• San Francisco-based</li> </ul>	<ul style="list-style-type: none"> <li>• Named a Port Qualified Operator and</li> <li>• Annual budget equal to or less than \$2M</li> </ul>
<b>License Fees</b>	<p>Fee Reduction – 25% off license event fee</p> <ul style="list-style-type: none"> <li>• Only reduction/waiver of license event fee permitted</li> <li>• Regulatory permits and cost recovery not included</li> <li>• Port will not expend any resources or revenue to support the event</li> </ul>	<p>Fee Waiver – No fee waiver to exceed \$7,000. Program limited to \$60,000 and/or 12 events maximum per year</p> <p>Fee Reduction – 50% off license event fee; unlimited # events</p> <ul style="list-style-type: none"> <li>• When fee waiver funds are exhausted, applicants can receive license event fee reduction</li> <li>• Only reduction/waiver of license event fee permitted</li> <li>• Regulatory permits and cost recovery not included</li> <li>• Port will not expend any resources or revenue to support the event</li> </ul>	<p>Fee Reduction – 25% off license event fee</p> <ul style="list-style-type: none"> <li>• Only reduction of license event fee permitted</li> <li>• Regulatory permits and cost recovery not included</li> <li>• Port will not expend any resources or revenue to support the event</li> </ul>
<b>Internal Process</b>	Applicant must:	Applicant must:	Applicant: <ul style="list-style-type: none"> <li>• Provide P&amp;L statement</li> </ul>

	<b>Non-Profit Events</b>	<b><i>NEW!</i> Diversity &amp; Equity Events</b>	<b><i>NEW!</i> Pop Up RFQ</b>
	<ul style="list-style-type: none"><li>• Submit 501(c)(3) documentation</li><li>• Provide P&amp;L statement</li></ul>	<ul style="list-style-type: none"><li>• Submit mission statement of the organization or the goals/objectives of the event and identify the community they are serving</li><li>• Provide P&amp;L statement</li><li>• Disclose if a fiscal sponsor and who sponsors and amounts.</li></ul>	

**Exhibit B    Synopsis of Port Leasing Policies/Delegated Authorities**

The Port Commission has delegated authority to Port staff to execute certain leases, licenses and memoranda of understanding that meet the following criteria:

1. Use Type:  
The agreement is for an office building or bulkhead office space, open or enclosed pier shed space, paved or unpaved open space, or open pier or apron space or roof-top space but is not for a retail use.
2. Use Consistency:  
Except for temporary uses (with terms not exceeding six (6) months), the use under the agreement represents a like-kind use to the existing or the immediate prior use of the facility.
3. Routine Supplemental Lease-Related Agreements:  
Unless otherwise explicitly provided by the Lease, staff is authorized to consent to assignments and subleases and execute other routine supplemental agreements and consents including those required for loans; security instruments; and subordination/nondisturbance agreements; estoppels and similar routine agreements in a form approved by the City Attorney and provided the terms and the conditions of the agreement complies with the terms and conditions of the Lease.
4. As-Is Execution:  
The tenant executes the Port's appropriate standard form agreement with no alterations except for minor changes approved by the City Attorney or changes in insurance requirements approved by the City Risk Manager.
5. Term Limits:  
The term of the agreement does not exceed five (5) years, except for those leases in the Fisherman's Wharf Seafood Center at Pier 45 Sheds B and D that have a maximum lease term of ten (10) years (Port Resolution No. 94-122; Amended February 28, 2006, by Resolution No. 06-15). Leases for telecommunication sites may be up to nine (9) years (Port Resolution No. 96-123).
6. Select Tenant Improvement Allowance:  
Port staff has the authority to issue tenant improvement allowances for floor and wall coverings if those credits do not result in the net rent over the term of the lease to be below the Minimum Net Effective Rental Rates found in the Rental Rate Schedule. Allowances for paint (amended June 8, 2010 by Resolution 37-10) up to a maximum of \$3.50 per square foot, and for floor covering, up to a maximum of \$5.00 per square foot (amended July 10, 2012 by Resolution 12-52), are allowable when: 1) new paint and/or floor covering is necessary in order to lease space in full service office buildings; and 2) Port staff is unable to perform such work prior to the proposed lease commencement date. These allowances are considered "landlord's work"; therefore such work is not included in calculating the minimum Initial Lease Rental Rates.
7. Limited Early Entry:  
One month rent-free early entry to include rent abatement for each year of lease term may be granted, up to three months, for the purpose of space preparation (not to exceed three months). (Amended July 14, 2009 by Resolution No. 09-34).



8. Compliance with Laws:  
The standard forms require compliance with all laws, explicitly including requirements for compliance with environmental laws including hazardous materials handling and cleanup; City zoning laws; the Port Waterfront Land Use Plan; and consistency and compliance with the Secretary of the Interiors' Standards for the Treatment of Historic Properties and the Port of San Francisco Historic Preservation Review Guidelines for Pier and Bulkhead Wharf Substructures.
9. Large Land Discount:  
Port staff is authorized to offer a 5% discount for land transactions with minimum premises of 43,560 square feet and a minimum term of 36 months (Amended June 8, 2010 by Resolution 10-37).
10. Rental Rates:  
The Port's leasing policy provides for an annual update of the Rental Rate Schedule. The Rental Rate Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of Minimum Net Effective Rental Rates per square foot (if any rent credits are to be provided) by type of use and facility for office, shed and industrial space.
11. Reporting to Port Commission:  
Port staff provides a monthly report to the Port Commission indicating Leases, Licenses and Memoranda of Understanding executed pursuant to this policy.
12. Competitive Bidding: The City's administrative policy is to competitively solicit leasing opportunities, except where impractical or infeasible. The Port has a high volume of leases (about 550) for relatively small leased areas at nominal rental rates. To competitively bid such a large volume of leases would be impractical because the benefit of doing so does not outweigh the cost of resources that would be required just for this effort. Moreover, Port is generally able to accommodate most entities that wish to enter into leases for general special events, offices, and pier and open land storage space. As such, it is the policy of the Port not to competitively bid leases or licenses for special events, office, warehouse space, or unimproved land. Instead, for these fairly routine leases, the Port relies on the parameter rental rate structure that is based on an analysis of comparable rent charged in the private sector and/or based on existing conditions of individual properties as adjusted annually to reflect market conditions. However, where a business model is highly competitive and represents a major revenue opportunity for the Port (e.g., development opportunities, retail leases, parking lots, concrete batching, construction materials recycling), the Port would issue a competitive solicitation.
13. Public Art Fees: The Port's Executive Director is authorized to waive Public Art use fees in license agreements and MOUs under the following circumstances: (i) there are no other uses for the space during the term of the license/MOU that would generate rent to the Port; (ii) no uses would be displaced; (iii) the Port does not expend any or only minimal or incidental resources or revenues to support the installation; (iv) there is a direct benefit to the Port in that Public Art enlivens and attracts people to the waterfront, and (v) the sites that are most likely to be attractive for large scale public art, and that have adequate space for a variety of types of installations include: Pier 14, Cruise Terminal Plaza, Harry Bridges Plaza, Brannan Street Wharf, Crane Cove Park, and Heron's Head Park. Port staff would continue the practice of informing citizen advisory committees and presenting informational items on public art installations to the Port Commission. (Port Commission Resolution No. 15-21.)

14. Subsurface Utility Distribution and Infrastructure use fees: The Port's Executive Director is authorized to proportionally waive Subsurface Utility Distribution and Infrastructure use fees in real property agreements including, license agreements, encroachment permits, and MOUs, under the following circumstances: (i) the utility infrastructure is intended to be utilized in whole or in part for distribution of public utility or fire suppression services to the Port or Port tenants; for clarity "public utility" includes the utilities serving Mission Rock by a private entity called Mission Rock Utilities and its successor and similar circumstances, should they arise, at the Pier 70 development site, (ii) the utility infrastructure is located beneath a current or future street right of way or dedicated public access area that is not anticipated for any other use and the applicable federal, state or local governmental agency, commission, or department has maintenance and repair obligations for the infrastructure; (iii) the term of the real property agreement does not exceed 66 years (subject to Board of Supervisors approval if otherwise required due to the term); and (iv) any real property agreement includes requirements for the removal of such infrastructure at no cost to Port if the street, public area, or right of way is vacated, abandoned, or if the use is no longer consistent with the public trust at some point in the future. The delegated authority would not extend to the issuance of real property agreements for non-public utilities or utilities that primarily support revenue-generating enterprise activities; transmission only facilities (as opposed to distribution facilities) or telecommunications, cable or wireless services. Such agreements will continue to be subject to compliance with the rental rate parameters established by the Commission.
15. Mutual Termination: The Port Commission delegated authority to the Port Executive Director to partially or completely terminate by mutual agreement leases and licenses with a remaining term of less than five years and monthly rent not to exceed twenty thousand (\$20,000.00) when the following conditions are met: (a) Port staff has independently verified the tenant's financial condition;(b) Port staff has inspected the subject property, made a record of the condition of the property and documented any unfulfilled tenant obligations for maintenance, repair, tenant improvements, removal of personal property and/or restoration of the premises; (c) Port staff has determined it is more economically viable to allow tenant to terminate and vacate the premises rather than pursue an unlawful detainer action; (d) Tenant has provided documentation showing it is financially unable to continue to meet its lease obligation and continued occupancy will lead to an accrual of uncollectible rents; and (e) the Port Executive Director determines in her/his sole discretion that early termination of a lease in exchange for payment or other consideration made by the tenant is in the Port's best interests (see Resolution No. 21-15 for more information).
16. Southern Waterfront Beautification Set Aside Benefit Fund accounting: The Port defines the Southern Waterfront as the area located from Mariposa Street in the north to India Basin in the south (the "Southern Waterfront"). The Southern Waterfront is home to the Port's industrial maritime operations and a mixture of other users. In November 2007 the Port Commission adopted its Policy for Southern Waterfront Benefits and Beautification, which includes a requirement that Port set aside a portion of monthly rents collected from Southern Waterfront property leases. The amounts set aside were intended to be, and have been, used to fund certain improvements, beautifications and/or benefits in the Southern Waterfront. Port staff account for the set-aside by multiplying revenue from all leases in the Southern Waterfront by 6.5 percent and allocating that revenue to the Southern Waterfront Beautification Fund. As has been done in the last fiscal year budgets, the revenues are shown in the budget along with the approved uses for the funds.
17. San Francisco Film Commission: Per Port Commission direction in 2018, Port staff have authority by Resolution 18-41 to waive of fees for use of public access and public rights of

way areas on Port property and extending the associated delegation of authority to the San Francisco Film Commission to issue and enforce filming permits, with San Francisco Film Commission retaining all fees paid to it in order to defray its administrative costs. This arrangement is the continuation of long-established practice, whereby the San Francisco Film Commission requests permission from the Port prior to any issuance of a film permit for these public areas, imposes conditions requested by the Port, and ensures that the Port is indemnified and released, named as an additional insured on all required insurance policies and is otherwise covered under the San Francisco Film Commission's standard use agreement which includes repair of damage, compliance with laws and City requirements, and public safety precautions. Port will continue to issue use agreements and charge parameter rates for filming in indoor areas not otherwise subject to a lease or license (e.g., an empty pier shed and for special events).

18. Special Events: To accommodate special circumstances that may arise, the Executive Director may grant fee waivers or fee reductions for special events as necessary when all of the following conditions are met: (1) event will attract people to the waterfront; (2) location is available with no conflicting use or loss of revenue; (3) Port will not need to expend any resources or revenue to support the event and (4) event to indemnify the Port and accept all liability. Port staff must maintain a list of events receiving such waivers to help inform Executive Director's use of the delegated authority when requested.
  
19. Mission Rock and Pier 70: Specific to the development projects at Mission Rock and Pier 70, the Executive Director is authorized to waive Port-Owned Improvement use fees if the Port assigns any Port-Owned Improvements located in public right of way or dedicated public access areas so long as they confer associated maintenance and repair obligations to a non-Port entity that is either (a) each project's Master Developer, or (b) its direct affiliate, in real property agreements including, license agreements, encroachment permits, and MOUs, under the following circumstances: (i) the improvement is intended to be utilized solely for distribution or operational services to the Port or Port tenants, (ii) the improvement is located within Port-owned property that is subject to a current or future street right of way or dedicated public access area that is not anticipated for any other use and the applicable federal, state or local governmental agency, commission, or department has maintenance and repair obligations for the improvement; (iii) assigning the improvement(s) reduce obligations or liabilities otherwise created by the Port maintaining and repairing those improvements itself (iv) the term of the real property agreement does not exceed 66 years (subject to Board of Supervisors approval if otherwise required due to the term); and (v) any real property agreement includes requirements for the removal of such improvement at no cost to Port if the street, public area, or right of way is vacated, abandoned, or if the use is no longer consistent with the public trust at any point in the future. The delegated authority would not extend to the issuance of real property agreements for an improvement that primarily support revenue-generating enterprise activities of which the Port does not participate, directly or indirectly. Such agreements will continue to be subject to compliance with the rental rate parameters established by the Commission.

## **Exhibit C    Parking Facilities Located in the Vicinity 2019 and Map**

Attached is a parking survey conducted by Port staff and our summer intern in June of 2022. The survey resulted in identification of three significant trends:

- **Digitization.** The pandemic has had major influences on both the market for parking in San Francisco as well as on the way Port's parking lots are conducting business. Following the previous trend toward automation and away from labor, companies have continued to further leverage their digital foot print by moving booking systems online. This has given rise to third party apps such as Spothero, Spot Angel, & ParkMe, which aggregate parking availability data from multiple operators and broker reservations.
- **Softened demand.** The reduction in both tourism and traditional commuter traffic has softened demand for both daily and monthly parking. Commuter traffic has seen a general reduction on Mondays and Fridays as work from home trends have continued, while tourism traffic remains steady but at reduced levels.
- **.. but stable demand.** That all said, a reduction in overall parking supply in the City has counteracted that softening demand and allowed prices to remain relatively stable. Over 500 parking spaces have been eliminated in the Downtown core in the last 3 years, including the 75 Howard Street garage which was demolished in 2021 and the Embarcadero enhancement project's progressive removal of parking along the waterside of the roadway.

As it has been for the past decade, the Northern waterfront is primarily tourism serving, the central waterfront is primarily commuter serving, the Ballpark/Warriors Arena/Boat Launch are special event oriented, and the southern waterfront is fleet/industrial focused. By having the best located parking for these specific types, the Port maintains a competitive advantage in parking stall leasing. Port's parking lags behind digitization trends, however, and several lots would benefit from maintenance and capital improvements.

Port's parking inventory remains stable and its valuation should be maintained with the pace of current inflation. As such, parking rates have been increase parking rates between 5% – 10%, with a progressive increase in percentage value moving south from Fisherman's Wharf Portfolio.



- Port-managed Parking Facilities
- A SWL 303
- B SWL 302
- C Pier 9
- D Agriculture Building

Other Parking Facilities Located In The Vicinity

- |                               |                                     |                                    |
|-------------------------------|-------------------------------------|------------------------------------|
| 1 655 Beach / Leavenworth     | 14 Pier 33                          | 27 350 Pacific / Battery & Sansome |
| 2 500 Beach / Jones           | 15 Pier 29 1/2                      | 28 768 Sansome / Pacific & Jackson |
| 3 2850 Jones / Beach          | 16 Pier 19 1/2                      | 29 250 Clay / Battery & Front      |
| 4 350 Beach / Taylor          | 17 Green / Front                    | 30 Clay / Drumm, Davis & Front     |
| 5 400 North Point / Taylor    | 18 Front / Broadway                 | 31 Pier 3                          |
| 6 455 North Point / Taylor    | 19 Davis / Vallejo                  | 32 Embarcadero / Washington        |
| 7 350 Bay / Powell            | 20 Davis / Broadway                 | 33 1 Market / Spear                |
| 8 170 Jefferson               | 21 735 Davis / Broadway             | 34 121 Spear / Mission & Howard    |
| 9 Embarcadero / Stockton      | 22 847 Front / Broadway & Vallejo   | 35 75 Howard / Steuart & Spear     |
| 10 Bay / Embarcadero & Kearny | 23 750 Front / Broadway & Pacific   | 36 1 Bryant / Embarcadero / Beale  |
| 11 80 Francisco               | 24 Broadway / Battery & Front       | 37 Pier 26                         |
| 12 55 Francisco               | 25 900 Sansome / Broadway           | 38 Pier 30/32                      |
| 13 Sansome / Greenwich        | 26 955 Sansome / Broadway & Vallejo | 39 920 3rd Street                  |
|                               |                                     | 40 199 Fremont Street              |
|                               |                                     | 41 25 Folsom Street                |

APPROVED BY  
SAN FRANCISCO PORT COMMISSION  
DATE \_\_\_\_\_  
CHIEF HARBOR ENGINEER

 SAN FRANCISCO PORT COMMISSION  
PORT OF SAN FRANCISCO  
DEPARTMENT OF ENGINEERING

DRAWN BY: JLD	DATE: APRIL 03, 2017
CHECKED BY: T. LEE-LAW	SCALE: 1"=1750'
DRAWING NO.	SHEET NO.
	OF SHEETS

### Parking Lot Survey – June 2022

Parking Lot	Beach & Hyde Garage	Anchorage Shopping Center Garage	Fisherman's Wharf Parking	Wharf Garage	Longshoremen's Hall Parking Lot	Cost Plus Plaza Garage	North Point Center Garage	Triangle Parking Lot	Pier 39 Garage	Bay / Embarcadero & Kearny	80 Francisco Parking Garage	55 Francisco Parking Garage	Levi's Plaza Garage	Pier 33	Pier 29.5	Pier 19.5	SWL 321	SWL 322-1	SWL 323	
Alt. Address	655 Beach	500 Beach	2850 Jones	350 Beach	400 Northpoint	425 Northpoint	350 Bay	170 Jefferson	2550 Powell	2 Bay	Waterfront Plaza	55 francisco strret	1453 sansome street	seawall lot 314	1282 the embarcadero	920 the embarcadero	1050 Front	50 Broadway		
Operator	ProPark America	Ace Parking	Wharf Properties, Inc	Imperial Parking	City Park	ABM Parking	Imperial Parking	SP+ Parking	Ampco System	Central Parking	Imperial Parking	Ace Parking	Ampco System	SP+ Parking	SP+ Parking	SP+ Parking	SP+ Parking	SP+ Parking	SP+ Parking	
Phone	415-447-0232	415-440-2407	415-885-4884	415-227-0114	415-495-3909	415-351-4450	415-227-0114	415-441-4053	415-705-5418	877-717-0004	415-398-4162	415-398-0208	415-981-8213	415-715-4282	628-400-8020	415-558-1663	415-715-4282	415-715-4282	415-715-4282	
Covered?	Covered	Covered	Uncovered	Covered	Uncovered	Covered	Both	Uncovered	Covered	Uncovered	Covered	Covered	Covered	uncovered	uncovered	Covered	Uncovered	Uncovered	Uncovered	
Manned?	N	N	N	N	N	N	Y	N	Y	N			N	N	N	N	N	N	N	
In-Person Hours																				
Lot Op. Days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	7 days	M-F	7 days	7 days	7 days	7days	7 days		
Lot Op. Hours	7am-12pm	24 Hours	9AM-12AM	24Hour	5AM-12AM	6AM-10PM	24 Hours	24 Hours	24 Hours	24 Hours	6am-9pm	6am-10pm	6am-11pm	24 hours	8am-8:30pm	8am- 8:30pm	24 Hours	24 hours		
Weekday Weekend:	7AM-12AM 7AM-12AM		9am-12am 9am-2am			6am-10pm					6am-9pm 8am-9pm	6am -10pm 8am-10pm	6am-11pm 7am-7pm		8am-8:30 pm					
Monthly:																				
Reserved					\$ 225.00					\$ 450.00	\$ 300.00			\$ 450.00	\$ 310.00	\$ 290.00			\$ 310.00	
Non-Reserved										\$ 310.00										
Vacancy																				
In/Out Priv.			N	N	N	N	N	N	N	N	N	N								
Notes:																				
Daily:																				
Weekday:																				
Oversize Max																				
Daily Max		\$ 41.60	\$ 40.00	\$ 36.00	\$ 20.00	\$ 20.00 - \$30.00	\$ 36.00	\$ 25.00	\$ 50.00	\$ 40.00	\$ 27.00	\$ 30.00	\$ 60.00	\$ 40.00	\$ 40.00	\$ 25.00	\$ 25.00	\$ 30.00	\$ 30.00	
Early Bird				\$ 14.00			\$ 14.00	\$ 22.00		\$ 20.00	\$ 19.00		\$ 18.00	\$ 20.00	\$ 20.00		\$ 22.00	\$ 22.00		
Weekend:																				
Oversize Max																				
Daily Max		\$ 41.60	\$ 40.00	\$ 35.00				\$ 30.00	\$ 60.00	\$ 48.00	\$ 20.00	\$ 20.00		\$ 48.00			\$ 30.00	\$ 35.00	\$ 35.00	
Early Bird																	\$ 15.00	\$ 22.00	\$ 22.00	
Notes:																				
Hourly:																				
Full Hourly		\$ 9.60	\$ 6.00	\$ 12.00		\$ 5.00	\$ 12.00			\$ 20.00		\$ 8.00		\$ 20.00					\$ 15.00	
1/2 Hourly																				
1/4 Hourly																				
Notes:	Closed		Early bird is in by 9:30 out by 6										6am-9pm out 6pm							

Parking Lot Survey – June 2022 (continued)

Parking Lot	847 Front Parking Garage	Golden Gate Commons	750 Battery Parking Garage	900 Sansome Parking Garage	955 Sansome Parking Garage	350 Pacific Parking Garage	768 Sansome Parking Garage	Golden Gateway Garage	Embarcadero Center Garage	Hornblower Landing Parking Lot	ferry building investors parking lot	1 Market Garage	Rincon Center Garage	75 Howard Parking Garage	Bayside Lot	Pier 26	Pier 30/32	Hills Plaza Garage	199 Fremont Garage	China Basin Landing
Alt. Address	250 clay street	750 Front	750 battery street	900 sansome street	955 sansome st	350 Pacific	768 sansome st	250 Clay	Buildings 1, 2, 3 & 4	Pier 3	201 N Embarcadero	55 spear st	160 spear street	75 howard st	1 Bryant st	1 bryant st	the embarcadero	345 spear street	199 fremont street	920 3rd
Operator	Imperial Parking	Pro Park	Ampco System	Liberty Parking	Liberty Parking	American West	California Parking	Five Star Parking	Ampco System	Hornblower Landing	Ace Parking	Ampco System	Standard Parking	Ampco System	Imperial Parking	Imperial Parking	Imperial Parking	ProPark	City Park	Ace Parking
Phone	415-433-4722	415-374-2047	415-956-8148	415-431-8400	650-342-3010	415-606-2071	415-468-4860	415-433-4722	415-772-0670	415-788-8866	415-777-2292	415-777-2292	415-882-9468	415-814-4462	415-227-0114	415-227-0114	415-227-0114	415-820-5908	415-357-0971	415-625-0755
Covered?	Covered	Covered	Covered	Covered	covered	Uncovered	Uncovered	Covered	Covered	Uncovered	covered	Covered	Covered	Covered	Uncovered	uncovered	Uncovered	Covered	Covered	Covered
Manned?	Y	Y	Y	Y	Y	N	Y	Y	N	N	N	Y	N	N	N	N	N	N	N	N
In-Person Hours							6:30AM-7PM													
Lot Op. Days	M-F	M-F	M-F	M-F	M-F	M-S	7 days	7 days	7 days	7 days	M-F	M-F	M-F	M-F	7 days	7 days	M-S	7 days	M-F	M-F
Lot Op. Hours	4am-10pm	8am-4pm	7AM-7PM	6am-9pm	6AM-9PM	24 Hours	24 Hours	4/7/9-10PM	5am-12am 4	5am-12am	7am-4pm	6AM-7PM	7am-4pm	4pm-11pm	24 Hours	24 hours	6am-11pm	6:30am-11pm	6am-10pm	6AM-10pm
Weekday	4am-10pm	8am-4pm	7AM-7PM	6am-9pm	6am-9pm		6:30AM-7PM	4am-10pm	7am - 7pm	5am-12am	7am-4pm	6am-7pm	7am-4pm	4pm-11pm			6am-11pm	6:30am- 11pm	CLOSED	
Weekend		8am-8pm							& 3 7am-12am	5am-12am	CLOSED			4 hours			6am-11pm	7am-10pm		
Monthly:																				
Reserved		\$ 530.00		\$ 280.00	\$ 300.00	\$ 320.00		\$ 530.00							\$ 315.00	\$ 315.00				\$ 430.00
Non-Reserved		\$ 420.00							\$ 435.00				\$ 475.00							
Vacancy																				
In/Out Priv.	N	N		Y	N	N	Y & N	N		N	N			N	N	N	N		N	
Notes:																				
Daily:																				
Weekday:																				
Oversize Max				\$ 40.00	\$ 35.00							\$ 65.00								
Daily Max	\$ 44.00	\$ 44.00		\$ 25.00	\$ 20.00	\$ 5.00	\$ 27.00	\$ 44.00	\$ 35.00			\$ 44.00	\$ 30.00	\$ 31.00	\$ 20.00	\$ 20.00	\$ 17.00	\$ 60.00	\$ 35.00	\$ 26.00
Early Bird	\$ 20.00	\$ 20.00	\$ 18.00	\$ 15.00	\$ 15.00			\$ 20.00	\$ 20.00	\$ 30.00				\$ 24.00			\$ 15.00	\$ 24.00	\$ 24.00	
Weekend:																				
Oversize Max												\$ 65.00								
Daily Max	\$ 44.00	\$ 44.00	\$ 24.00			\$ 15.00	\$ 15.00		\$ 35.00			\$ 44.00						\$ 10.00	\$ 60.00	
Early Bird																		\$ 24.00		
Notes:																				
Hourly:																				
Full Hourly	\$ 7.00	\$ 7.00				\$ 23.00	\$ 7.00	\$ 7.00	\$ 3.00	\$ 10.00	\$ 6.00	\$ 12.00	\$ 6.00	\$ 6.00				\$ 12.00	\$ 12.00	
1/2 Hourly							\$ 4.00					\$ 6.00								
1/4 Hourly																				
Notes:				in 10am out 6pm	9:30am by 7pm									Demolished						

**Exhibit D Third Party Review 2022 (*Keyser Marston & Maven memorandum*)**