



## MEMORANDUM

March 6, 2026

**TO:** MEMBERS, PORT COMMISSION  
Hon. Gail Gilman, President  
Hon. Stephen Engblom, Vice President  
Hon. Willie Adams  
Hon. Steven Lee  
Hon. Ken McNeely

**FROM:** Michael Martin  
Acting Executive Director

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*Michael Martin*  
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**SUBJECT:** Informational presentation to consider and possible action to adopt Proposed Leasing Efficiency Policies and Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event Rates, effective upon adoption.

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolutions Nos. 26-14, 26-15, 26-16, 26-17, and 26-18

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### EXECUTIVE SUMMARY

As an enterprise department, the Port relies on revenue generated from the use of its property to operate and maintain its 7.5 miles of San Francisco waterfront. The Port typically updates its rental rates for Port property annually to keep rents current with market conditions. The rates proposed in this memorandum Monthly Rental Rates Schedule, Monthly Parking Stall Rates, and Special Event Rates, will update rates set in July 2023. In order to align the parameter rate update with the adoption of the Port's biennial budget, the rates will be effective upon adoption through mid-2028, with a 3 percent increase built into the schedule, during the effective period.

In addition to the parameter rate update, this staff report also proposes leasing incentives and waivers for special events that attract people to the waterfront and sets forth a number of policies to improve leasing processes, such as:

- a) aligning lease thresholds for public bodies' approvals;
- b) allowing payment of broker fees for tenant procurement;
- c) adopting an updated policy for new leases or lease amendments proposed by existing retail tenants;
- d) allowing Port staff to waive de minimis late fees and finance charges in certain circumstances;
- e) expanding the dollar value and types of work a tenant could perform in exchange for rent credits; and
- f) clarifying conditions Port staff must consider before entering into a mutual termination agreement.

To establish the 2026-2028 parameter rents, Port staff hired a consultant to obtain and analyze comparable market data for its portfolio and analyze occupancy and lease rates within the Port's portfolio. Port staff worked with the consultant to propose appropriate leasing incentives to facilitate new leasing and allow Port staff flexibility to respond to tenant circumstances and market conditions, all while still ensuring that rents align with fair market value. Parameter rates are comprised of a Monthly Rental Rates Schedule, Monthly Parking Stall Rates, and Special Event Rates as set forth in **Exhibit A** attached to this memorandum (collectively, "Parameter Rates"). Parameter Rates also include fee waivers for certain events and for events in certain circumstances.

Proposed policy changes are designed to reduce vacancies, improve leasing efficiency, align with larger City policies, respond to market and tenant circumstances, and support broader Port economic recovery strategies. Specifically, these changes are focused on addressing facility conditions of vacant space with rent credit support for tenant-funded improvements, allowing use of brokers, and supporting maritime and small business tenants with added flexibility for lease modifications to support occupancy.

This staff report is organized as follows:

- I. Strategic Plan Alignment
- II. Background
- III. Process
- IV. Port's Rental Portfolio
- V. Market Data
- VI. Recommended Parameter Rates and Leasing Incentives
- VII. Proposed Leasing Process Improvements and Policy Changes
- VIII. Strategic Leasing Incentives

## **I. STRATEGIC PLAN ALIGNMENT**

Adoption of new leasing policies and processes and updated Parameter Rates will support key objectives in the Port's 2026-2030 Strategic Plan:

Exceptional Service: Enhance customer experience by streamlining leasing and property management through updated rates and improved policies that ensure clarity and efficiency.

Economic Growth: Expand use of marketing and leasing tools to increase occupancy on Port property.

Evolve: Activate parks and open spaces through an updated special events fee structure, reductions, and waivers.

Equity: Drive community diversity through fee reductions or elimination of fees on certain activations.

## II. BACKGROUND

In 1993, the Port Commission adopted its first parameter rate schedule. The rate schedule was an innovation at the time, as it allowed the Port Commission to focus its limited meeting time from day-to-day leasing matters to complex property and policy issues.

Parameter Rates represents a Port Commission policy directive to address real property agreements in accordance with the Port's mission to manage its diverse real estate portfolio. As steward of public trust property, the Port's management of its portfolio includes an obligation to charge market rent for its properties.

Parameter Rates, the landing fee schedule,<sup>1</sup> Port's tariff,<sup>2</sup> South Beach Harbor rates,<sup>3</sup> and Fisherman's Wharf Harbor rates comprise the land and water-use rates established by the Port.

## III. PROCESS

To set the Parameter Rates, Port staff retained a consultant to:

1. **Review and analyze Port rates, vacancy, and marketing.** Review the Port's property portfolio, lease rates, and leasing data such as number of leases signed and occupancy statistics.
2. **Gather and analyze San Francisco market data.** Gather and analyze relevant, local data and work with staff to update the minimum rates Port staff should offer space for its property.

In addition to the typical market lease rate review and updates described above, Port staff took additional steps to:

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<sup>1</sup> Approved in December 2021, the [staff report and Port Commission Resolution No. 21-54](#) set the landing fees for ferries to the Port.

<sup>2</sup> See latest [Port Tariff No. 5 issued Aug 2009](#). Tariff amendments require Port Commission, California Association of Port Authorities, and Federal Maritime Commission approvals.

<sup>3</sup> See rules and regulations along with rates here:

[Resolution No. 25-84 South Beach Harbor Rules and Regulations FINAL \(003\).pdf](#).

3. **Identify meaningful updates to process.** Consider marketing and leasing practices broadly and propose process improvements to enhance leasing efficiency.
4. **Look back to move forward.** Review Port Commission leasing policies adopted over the last 30 years. While the review largely indicated that many policies and concepts are as relevant today as they were decades ago, Port staff identified several redundancies and opportunities to streamline processes and improve efficiency.

The results of items (1) and (2) above are the 2026-2028 proposed Parameter Rates described in Section VI below, and changes to policy resulting from items (3) and (4) are summarized in Section VII of this memorandum.

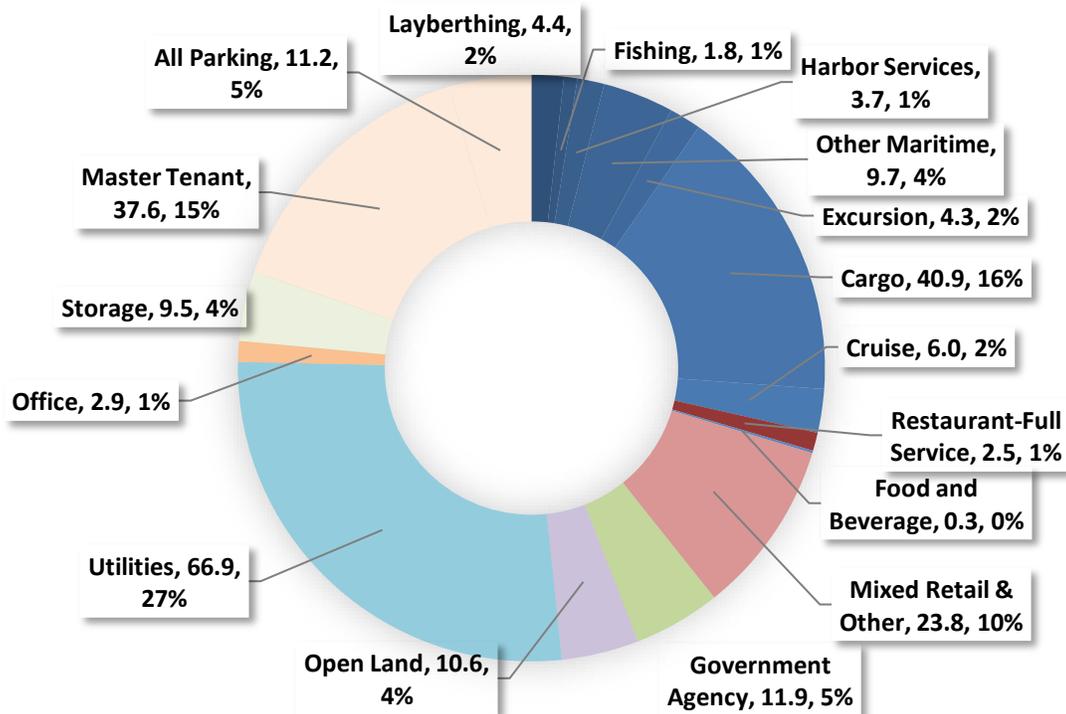
#### **IV. PORT'S RENTAL PORTFOLIO**

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

The total land area includes more than 834 acres of property, with 629 acres of space on land, while the remaining 205 acres of property consist of marine structures and leasable submerged land. The Port's commercial leasing portfolio consists of approximately 530 commercial property contracts occupying 24.8 million square feet (shown in **Figure 1** below by category), which represents approximately 370 tenants. These contracts range from short-term licenses covering single-day property use (such as for walks and races) 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.

**Figure 1. Square Feet under Lease by Category**  
*#s are in millions of square feet. 24.8 million sq. ft. shown in total*



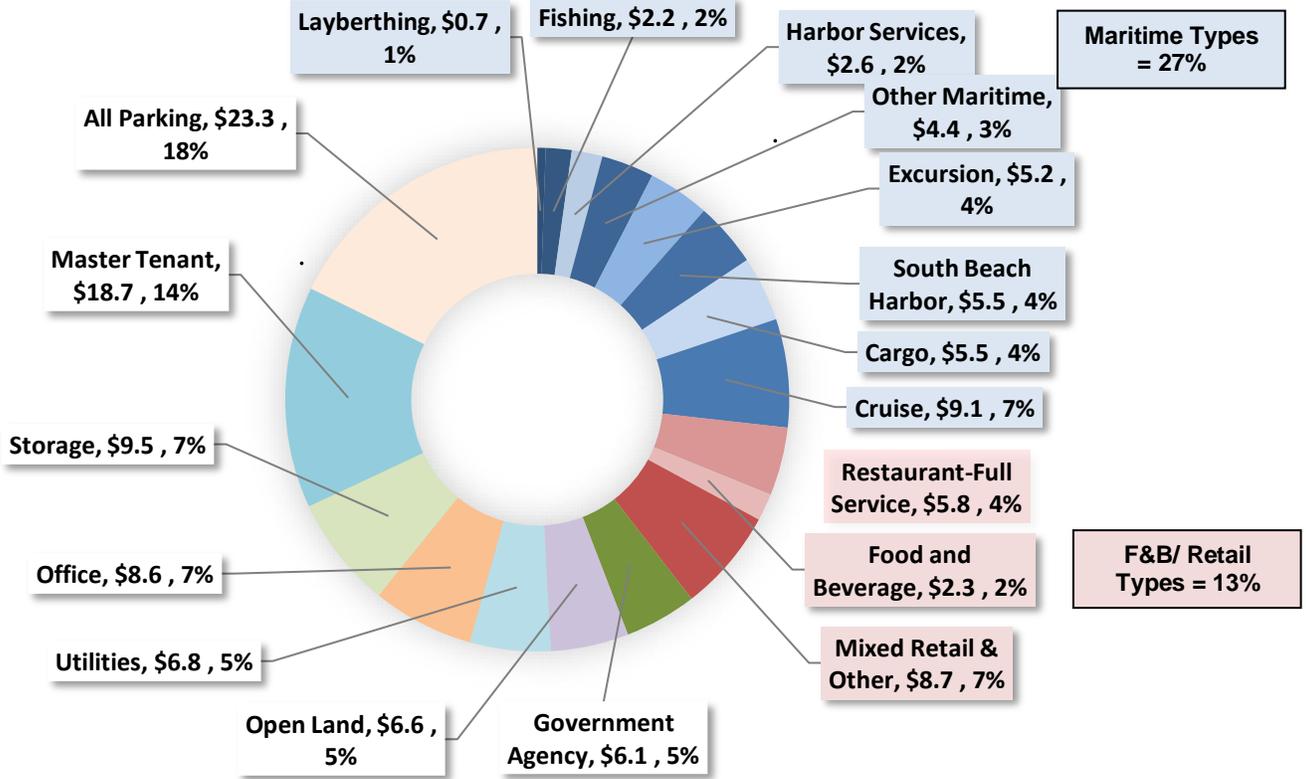
2. Port's Revenue by Tenant and Space Type

**Figure 2** illustrates the diversity of the Port's rental portfolio. As shown, maritime uses (in shades of blue) make up about 27 percent of all revenue, while the remaining 63 percent of revenue is made up of: parking (18 percent), shed and land (22 percent),<sup>4</sup> master tenant (14 percent), retail and food and beverage (13 percent), and office (7 percent). Roughly one-third of the total revenue shown below is based upon agreements using Parameter Rates, and almost 50 percent of the revenue is based upon either the parameter schedule or other Port rate schedule (e.g., landing fee, tariff, or harbor rates) or is set by SFMTA (e.g., parking meter and citation rates).

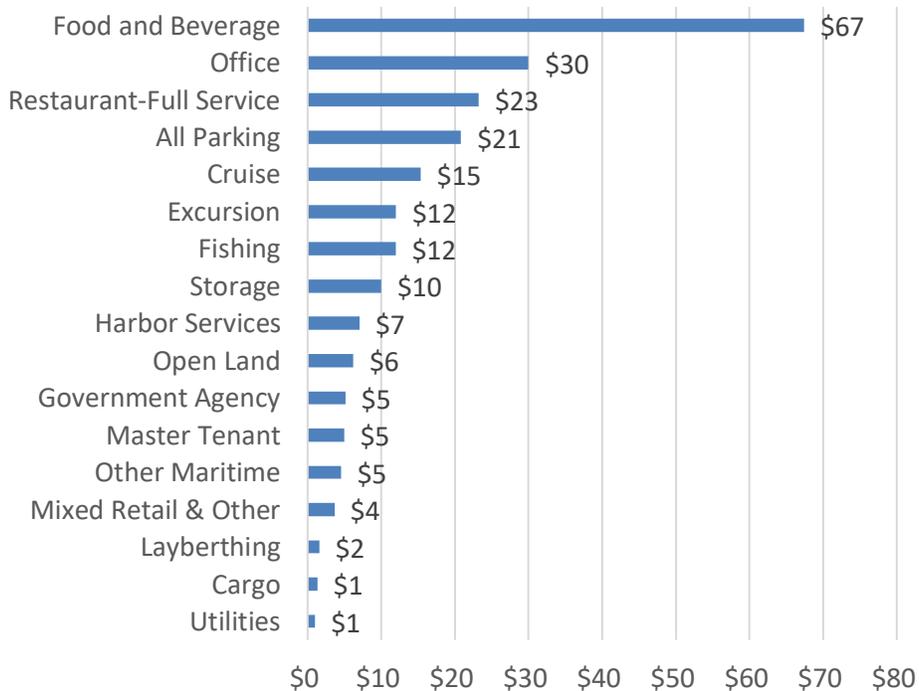
**Figure 3** combines the revenue shown in Figure 2 with the square footage under lease in Figure 1 to illustrate the revenue the Port derives from different categories on a per square footage basis.

<sup>4</sup> Includes storage, land, utilities, and government agency revenue types, as nearly all tenants in these categories occupy shed and land space.

**Figure 2. Fiscal Year 2024-2025 Tenant Revenue, by Category**  
*#s are in \$ millions; \$131.6M in total shown in chart*



**Figure 3. 2024-2025 Revenue per Leased Sq. Ft., by Category**



### 3. Port Leasing Volume

The chart below provides data on leasing volumes over the last seven years, measured in square feet and number of agreements. Note that the most recent fiscal year's activity column includes a large license to Pacific Gas & Electric for in-water investigation and remediation, for about 2.0 million square feet and a \$0 license fee.

**Figure 4. Leasing Activity by Fiscal Year**

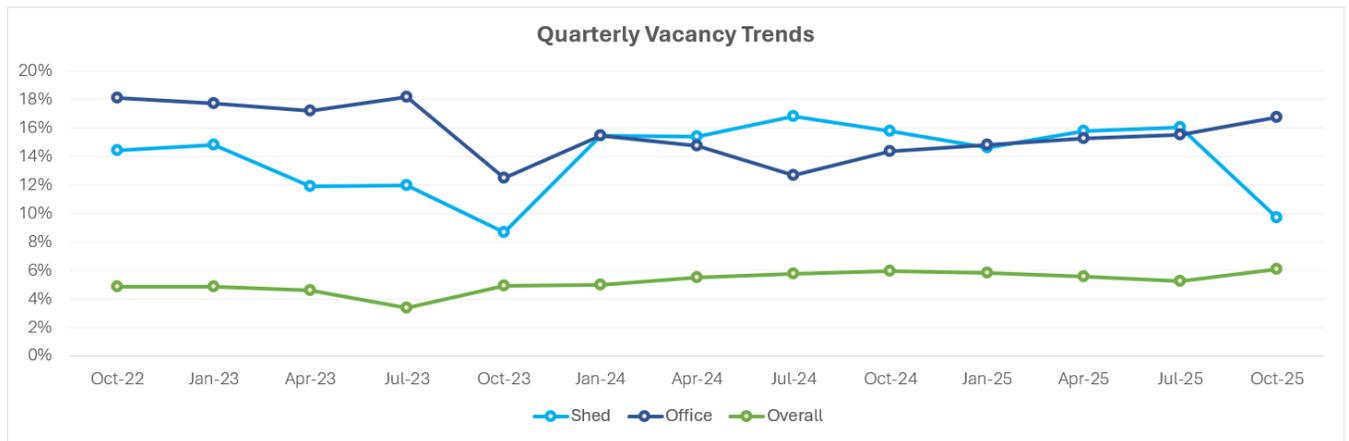
ITEM	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Number of New Agreements	76	84	79	50	67	52	49
Square Footage	2.5M	1.5M	1.0M	0.5M	0.7M	0.6M	3.9M
Annual Rent - New Agreements	\$2.9M	\$13.4M	\$4.7M	\$7.6M	\$6.4M	\$10.7M	\$5.5M

Source: Port RED internal records, December 2025.

### 4. Port Property Vacancies

As of October 2025, the Port's overall vacancy rate stood at 6.1%. The noticeable decrease in shed vacancy was primarily driven by the full lease of the Pier 29 shed in 2025. This vacancy figure does not include property under exclusive negotiating agreements for prospective development, portions of Pier 68 (Shipyard), and other facilities that are not being marketed or available for lease.

**Figure 5. Port's Quarterly Vacancy Rates**



Source: Port Finance Division.

## V. MARKET DATA

Generally, San Francisco’s industrial and office markets show signs that the bottom of the market has been reached, though significant vacancies on the market mean that landlords will continue to face competition for tenants. See below summary and **Exhibit B** for more information prepared by the Port’s consultant – “Third Party Retail Market Memorandum 2026 (*Century|Urban*).

### 1. San Francisco Industrial Market

**Figures 6 and 7** report recent market data. Depending on how industrial space is defined and tracked, San Francisco has in the range of 20 to 30 million square feet of industrial space. Generally, vacancy rates seem to be stabilizing, but rental rates are still declining, though there is significant variation by submarket area. The Port’s industrial space is well-located, and sheds provide rare opportunities for tenants requiring large, contiguous spaces. Operationally, however, the sheds present significant constraints: utility capacity is limited; there are no loading docks for material handling; and the overall condition is worn, offering few amenities compared to standard industrial facilities.

**Figures 6. San Francisco Industrial:**



Source: CBRE Research, Q3 2025

Source: CBRE Research, Q3 2025

Figures produced by Century|Urban, see Exhibit B for details.

<sup>5</sup> “Availability” includes vacancy plus space that may be occupied but is being offered for lease or sublease.

**Figure 7. San Francisco Industrial Leasing Data by Submarket**

*\*Note that lease rates include a mix of Class A, B, and C spaces.*

Submarket	Net Rentable Area	Vacant SF	Vacancy Rate	YTD 2025 Net Absorption	Avg Direct Asking Rate IG Monthly
Bayview / Hunter’s Point	7,523,682	882,007	11.7%	(254,918)	\$1.45
Mission Bay / China Basin	3,206,937	221,202	6.9%	53,949	\$1.91
Mission / Potrero	8,049,046	436,451	5.4%	(33,253)	\$1.86
Showplace Square	864,793	115,831	13.4%	(44,240)	\$2.33
South of Market	2,268,235	275,456	12.1%	108,408	\$1.91
San Francisco Total Market	21,912,693	1,930,947	8.8%	(170,054)	\$1.68
Warehouse	18,736,402	1,455,395	7.8%	(217,835)	\$1.63
Manufacturing	3,176,291	475,553	15.0%	47,781	\$1.81

Source: CBRE Research, Q3 2025

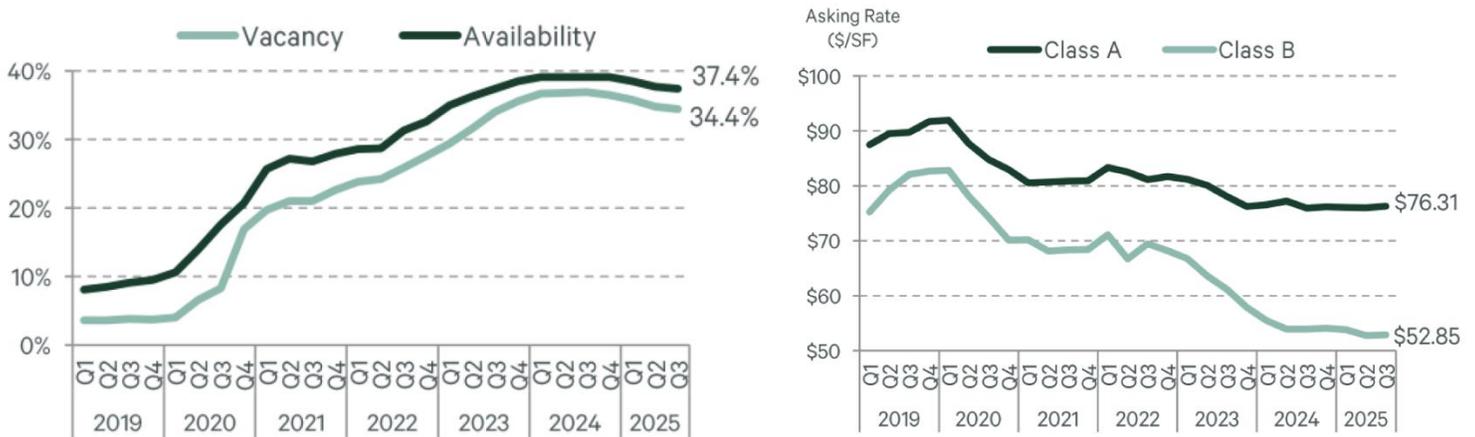
Table produced by Century|Urban, see Exhibit B for details.

As of 2023, the Port directly managed approximately 1.6 million square feet of Class B and Class C industrial warehouse space. As shown in the chart above, shed vacancy at the Port has exceeded 14% for much of the last three years but recently declined to approximately 10% in the most recent quarter, with the lease of Pier 29 reducing vacancy.

2. San Francisco Office Market

**Figures 8 and 9** report recent market data. Depending on how space is defined and tracked, San Francisco has in the range of 90 to 105 million square feet of office space, comprised of 62 to 67 million of Class A, 25 to 35 million Class B, and 6 to 7 million Class C. Generally, vacancy rates and rental rates seem to be stabilizing. The China Basin/Mission Bay area currently has the highest asking rates among the tracked submarkets city-wide. The Port’s office spaces tend to compete well on price despite providing few amenities and outdated facilities.

**Figure 8. San Francisco Office Occupancy Trends Office Lease Rate Trends<sup>6</sup>**



Source: CBRE Research, Q3 2025

Source: CBRE Research, Q3 2025

**Figure 9. San Francisco Office Leasing Data by Submarket<sup>7</sup>**

Submarket	Net Rentable Area	Total Vacancy	Total Availability	YTD 2025 Net Absorption	Avg Direct Asking Rate FSG
North Financial District	27,544,934	31.9%	36.2%	336,743	\$72.34
South Financial District	25,711,337	31.6%	35.1%	502,038	\$74.92
North Waterfront/Jackson Square	6,261,119	28.4%	30.3%	32,600	\$65.79
South of Market	8,992,258	38.4%	42.9%	259,807	\$62.71
Yerba Buena	4,139,423	64.8%	64.8%	(199,580)	\$65.41
South of Market West	3,708,298	58.6%	58.6%	132,838	\$45.01
Mission Bay/China Basin	5,272,203	31.4%	31.4%	122,225	\$87.21
Potrero Hill	2,501,774	30.7%	31.5%	137,322	\$48.22
Civic Center / Van Ness	1,830,078	26.7%	26.7%	(1,053)	\$50.77
Union Square	3,886,075	26.2%	27.5%	21,290	\$52.37
<b>San Francisco Office Market</b>	<b>89,847,499</b>	<b>24.4%</b>	<b>37.4%</b>	<b>1,344,230</b>	<b>\$68.96</b>

Source: CBRE Research, Q3 2025

**Table and figures produced by CenturyUrban, see Exhibit B for details.**

<sup>6</sup> \*Note that lease rates are not directly applicable to Port's office space because the data is dominated by Class A office space and the Port leases only Class B and Class C spaces. Also, most office buildings charge common area maintenance fees, which the Port currently does not do. However, the trends are important for Port's leasing.

<sup>7</sup> \*Note that lease rates are not directly applicable to Port's office space because the data is dominated by Class A office space and the Port leases only Class B and Class C spaces. Also, most office buildings charge common area maintenance fees, which the Port currently does not do. However, the trends are important for Port's leasing.

While Port property includes multiple Class A office buildings, these buildings are located on property master-leased and managed by third parties. Port staff directly manage 330,000 square feet of office space, which is comprised of approximately 180,000 square feet in seven Class B buildings and approximately 150,000 square feet in seventeen Class C buildings. Vacancy at the Port's directly managed office buildings currently exceeds 16% and has been increasing since 2024.

## VI. PROPOSED PARAMETER RATES AND SPECIAL EVENT FEE REDUCTIONS

The market overview attached as **Exhibit B** provides a basis to potentially keep rates the same or, in some cases, to adjust rates downward. However, reflecting how hyper-local market conditions can be, Port staff and the Port's consultant reviewed the rent roll and rental rates on an individual building basis to include occupancy and demand for particular sites to determine the minimum rental rate.

### 1. Parameter Rates

**Exhibit A** sets forth the proposed Parameter Rates. Port staff propose to begin a new cadence, where staff bring these rates for approval during the Port Commission's consideration of the Port's budget (which the Port Commission approved at its last meeting, on February 24, 2026). As shown, the rate schedule includes market rates that take effect upon adoption and then increase by 3% in July 2027. Port staff will then conduct another market rate review in time for the Port's next budget process, in the early part of 2028.

The highlights of the proposed Parameter Rate changes include:

- **Unchanged or even reduced rates at a small number of locations with long-term vacancy and/or poor building conditions**, including in certain office suites in Pier 35, long-vacant office trailers at Pier 68, and second-floor spaces in buildings which have been vacant for extended periods. Also, reduced changes for waterfront curb licenses over 40 feet in length, necessary to support pier facilities with significant public benefits and for one-time large civic events.
- **Low-end of the market pricing for spaces** that have just come back on the market to ensure timely lease-up, like Roundhouse II.
- **Increased rates based on higher-demand locations**, like in Northern Waterfront pier sheds, Pier 50-area office suites, and telecom sites.
- **Rate increase to keep up with inflation.** In many locations, the proposed Parameter Rates are increased 8 to 10 percent, to keep up with the consumer price index.

### 2. Leasing Incentives

Based on market research, Port staff recommend ending the ramp-up rate leasing incentives, which have been in place since 2021, and offering the following incentives:

A. Office Incentives

- If office space has been vacant for over six months, allow up to 2 months of rent abatement per lease year, to be applied as determined by staff and available for leases with at least a 3-year minimum term.
- Continued to authorize staff to negotiate excess rent provision in leases. The standard lease provision requires a tenant to transfer 100 percent of subleasing revenue to the Port. Allowing Port staff the ability to negotiate this provision to as low as 50 percent sharing with the Port incentivizes tenants that must sublease space to lease for the highest rent possible. Tenants wishing to use this provision in leases must be in good standing as defined by Port policy, and the Port would recoup the value of staff time and legal fees to modify the lease. All subleases would remain subject to the Port's approval as otherwise provided in the lease. A lease amendment to allow for excess rent sharing would include new City ordinance requirements, but would not include any other modified terms without Port Commission approval.

B. Shed Incentives

- Allow up to 1 month of rent abatement per lease year, to be applied as determined by staff and available for leases with at least a 3-year minimum term.

C. Maritime Leasing Incentives

Port staff recommend continuing maritime leasing incentives that have been in place for several years. Specifically:

- Leasing incentives may be offered to existing maritime and maritime support tenants exercising options or amending leases, or for new maritime support tenants.
- *Incentive (1), office rate reduction.*
  - If a lease includes three out of the four following uses: office, shed, apron, submerged land, then Port staff may offer tenants the office portion of the premises at no less than 75% of the applicable parameter office rate, increasing 3% each year, and
- *Incentive (2) submerged land lease rate.*
  - If tenant leases apron space for the purposes of vessel berthing (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.
- *Note that:*

- Incentives (1) and (2) may be combined.
- The Port’s Tariff separately requires charges for dockage, meaning that a vessel owner is subject to another charge to “park” the vessel, even if the vessel owner does not need to pay the submerged land rate.

3. Special Event Proposed Fee Waivers and Reductions

Over the last 12 months, approximately 44 large events have taken place in the Port’s public right of way, parks, and plazas, generating approximately \$343,000 in revenue and bringing activity and foot traffic to the waterfront.

Special events with maritime, trust benefit, or community ties have historically received fee waivers or reductions. Staff recommend continuing these practices and maintaining the existing Nonprofit, Diversity & Equity, and Pop-Up events fee discount programs included in **Exhibit A**. Eleven events received such benefits last year, and a list is available upon request.

4. Waiver of Building/Encroachment and Related Fees for Public Art and Port/Government-Sponsored Events

The Port periodically sponsors public art installations and partners with government agencies on events that provide community and public benefit. Staff propose waivers of building, encroachment, and related fees for these types of public art installations and events to avoid duplicative costs and support community-focused programming.

To address special circumstances that may arise, staff recommend delegating authority to the Executive Director to authorize additional fee waivers or reductions when the event (a) attracts people to the waterfront; (b) uses an available location with no loss of revenue; (c) requires no Port resources; and (d) the sponsor accepts full liability, provides evidence of insurance, and indemnifies the Port.

**VII. PROPOSED LEASING PROCESS IMPROVEMENTS AND POLICY CHANGES**

In addition to the typical market lease rate review above, Port staff took additional steps to evaluate leasing practices and identify process improvements. As a result of reviewing roughly 30 years of resolutions related to leasing policies, **Figure 10** below summarizes the most promising improvements and those changes that Port staff believe can be readily implemented. Details on the proposed policies are provided below the figure.

**Figure 10. Summary of Proposed Process Improvements and Policy Changes**

Proposed Change	Current Process	Rationale for Change
<b>1) Leasing commissions.</b> Allow Port to pay leasing	Port may contract with brokers working on the	Brokers representing tenants control a significant portion

Proposed Change	Current Process	Rationale for Change
<p>commissions for all property types, by retaining brokers to represent the Port or by paying commissions to brokers representing tenants who sign a Port lease, subject to the conditions described below.</p>	<p>Port’s behalf for retail, restaurant, and attraction leases, but may not pay commissions for brokers who represent tenants or retain brokers on a commission basis for vacant space.</p>	<p>of demand in the San Francisco commercial real estate market. The Port is competitively disadvantaged in attracting these tenants by being unable to pay commissions.</p>
<p><b>2) Public approvals threshold alignment.</b> Align Port Commission lease approval requirements to the then-effective Board of Supervisors’ lease approval thresholds.</p>	<p>Leases with terms greater than 5 years require Port Commission approval; Leases with 10 or more years of term or more than \$1 million in expected revenue require approvals from both the Port Commission and the Board of Supervisors.</p>	<p>Eliminating a separate threshold for Port Commission lease approvals will reduce Port Commission time spent on routine leasing matters.</p>
<p><b>3) Replace Retail Leasing Policy with an updated policy.</b> The proposed policy provides steps for staff to undertake when existing tenants make proposals to either: amend an existing lease due to hardship or challenging market conditions, or negotiate a new lease at lease expiration.</p>	<p>The 2011 policy includes steps for competitive bidding and how to treat new lease requests. The competitive bidding section of the policy was amended in 2023 with the addition of a broker-managed competitive bidding process option.</p>	<p>The current process to either competitively bid or request a competitive bidding waiver can take months. The change provides process steps for Port staff to take in evaluating existing tenant requests. These steps reflect the those that other landlords undertake considering tenant requests for new leases. See Port’s consultant in <b>Exhibit B</b> for retail market data.</p>
<p><b>4) Delegate authority to Port staff to waive de minimis late fee charges in certain circumstances.</b> Allow Port staff to waive certain late fee charges when, either: (a) circumstances outside of the</p>	<p>Finance charges are automatically assessed at 10% annually on all past-due amounts. Charges linger on an account for months as staff and tenant communicate about</p>	<p>The policy is intended to save staff time pursuing small account balances, maintain accurate billing and accounts receivable, support positive tenant relationships, uphold fiscal responsibility,</p>

Proposed Change	Current Process	Rationale for Change
tenant's control cause late payment of amounts due, or (b) a reasonable error by a tenant with a strong and timely payment history causes a late payment and late fee charge.	resolving account issues.	and ensure fair treatment of tenants.
<p><b>5) Tenant improvements.</b> Expand categories from paint and carpet to other types of improvements that a tenant may perform, and in exchange for rent credits.</p>	Port staff may offer rent credits up to a maximum of \$3.50 per square foot for painting and up to \$5.00 per square foot for new floor coverings.	From time to time, the Port finds a prospect wanting to move into a space that requires improvements for occupancy beyond carpet and paint, but the Port is unable to perform such work prior to move-in. The ability for Port staff to have a clear process to approve such work in exchange for rent credits will allow opportunities for revenue from difficult-to-lease locations.
<p><b>6) Add alternative criteria to existing mutual termination authority.</b> Expand Port staff's authority to mutually terminate agreements to include criteria for non-financial hardship cases.</p>	Port staff may enter a mutual termination agreement for leases with rent less than \$20,000 per month, fewer than 5 years remaining on the lease, and if tenant demonstrates financial hardship, among other conditions.	In the relatively rare cases where a tenant requests an early termination for non-financial hardship reasons, Port staff propose providing staff authority to accept a termination fee rather than to refuse such an agreement and pursue damages through legal action.

**Proposed Process Improvements and Policy Changes Details**

**Policy Change #1**

**Delegate authority to Port staff to pay broker commissions, including brokers representing tenants and brokers representing the Port, for all space types, subject to conditions and processes set forth below.**

Dating back to 1993, Port Commission resolutions have delegated authority to Port staff to pay licensed real estate brokers for services to procure tenants for Port properties. In 2007, Port Commission Resolution No. 97-29 rescinded that authority, finding that between 1993 and 2007, the Port executed only four leases requiring payment of broker commissions.

In 2022 and 2023 – in a post-COVID market where retail and restaurant businesses were struggling but improving – the Port Commission adopted Resolution Nos. 22-37, 23-28, and 23-29, allowing Port staff to pay broker commissions for vacant food and beverage or retail/attraction spaces. The Port has executed two leases since the passage of these resolutions.

Port staff now propose to delegate authority to staff to compensate licensed real estate brokers when a lease is executed, commences, or at any point during the lease term. If the attached resolution is approved, Port staff would be authorized to:

- Only pay tenant or Port broker commissions for leases when:
  - *Such broker commissions are at competitive market rates*, as determined by any of the following: (a) the rates in City contracts with brokers, (b) by consulting with City Department of Real Estate staff, or (c) by consulting with real estate professionals under contract with the City; and
  - *The subject lease is in the best interests of the Port*, as determined by the Port's Executive Director, taking into consideration financial factors such as how long a property has been vacant, real estate market conditions, and recent Port leasing data.

The Port will arrange payment for such a tenant procurement broker fee either through the lease, through a contract, or through another approved payment method. In cases where Port staff elect to enter into a lease with a tenant represented by a broker and to pay the broker's fee, Port staff are authorized to execute leases with rates at the approved Parameter Rate.

With this increased authority, Port staff expect to:

- (1) Advertise vacancies more broadly.** Port staff have typically relied on word of mouth, building signage, and the Port's website for vacancy advertisements because general commercial real estate sites (for example, LoopNet) are routinely followed by brokers representing prospects who, when contacting Port about a vacancy, are told that the Port does not pay a commission to a broker for bringing a tenant to Port property. This discourages brokers representing tenants from bringing tenants to Port properties.
- (2) Result in a limited number of leases signed with broker-participation.** This authority will focus on vacant office spaces at Roundhouse I and II, Pier 9, Pier 29.5, and large vacant land parcels, which have limitations due to sediment caps, geotechnical conditions, and trust-consistent use requirements. Note that most new

Port leases are with existing tenants or small businesses that typically do not engage brokers.

See attached Resolution No. 26-15.

### ***Policy Change #2***

#### **Align Port Commission lease approval to Board of Supervisors' then-current lease approval thresholds.**

Port Commission Resolution No. 93-127 requires Port Commission approval for leases with a term greater than five-years (including initial term and renewal options). San Francisco City Charter § 9.118 (a) and (c) require Board of Supervisors' approval for lease terms that are 10 years or more or with anticipated revenue of \$1 million or more over the term (both including options). Aligning these required public approval processes will reduce Port Commission and Port staff time spent on leases below the Board threshold.

As background, of the 249 agreements that commenced in the last three years, 20 percent include leases with durations over five years, while 8 percent have 10 or more-year terms.<sup>8</sup> If approved, this policy will align Port Commission approval requirements with Board approval thresholds, as may be adjusted from time to time. See attached Resolution No. 26-14.

### ***Policy Change #3***

#### **Replace 2011 Retail Leasing Policy with the attached Resolution, which updates Port staff's assessment of an existing retail tenant's request for a lease amendment or a new lease.**

The COVID-19 pandemic significantly altered the nature of the market for restaurant and retail businesses. As indicated in the retail-specific consultant memorandum in **Exhibit B** and from other market research, landlords for retail spaces continue to amend leases or offer new leases with attractive lease rates, large tenant improvement allowances, and other lease concessions to attract and keep customer-facing tenants.

Under the new proposed policy, Port staff will evaluate tenant requests for lease amendments due to market conditions or financial hardship and ultimately bring forward leases or lease amendments to the Port Commission. Port staff will continue partnering with brokers to manage competitive processes for vacant space (Resolution No. 23-28). See attached Resolution No. 26-16.

### ***Policy Change #4***

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<sup>8</sup> As of February 2026, Port had 859 active agreements on its rent roll; 37% have a term greater than 5 years and 27% have a term greater than 10 years.

**Delegate authority to Port staff to waive de minimis finance charges and late fees in certain circumstances.**

Port staff may waive certain finance charges and/or late fees associated with late payment of rent or fees due to circumstances outside the tenant's control, reasonable tenant error, approved payment extensions or arrangements, temporary financial hardship or late/short payments resulting from rent increases, adjustments, renewals, holdover tenancies, or other notice-based changes by a tenant with a strong and timely payment history. Finance charges are assessed automatically on all outstanding balances, regardless of size, including balances below \$1.00. These small balances often remain on accounts for months while staff and tenants reconcile the accounts.

As of February 2026, the Port's accounts indicate 130 Port tenant agreements with minor late payment penalties and finance charges totaling approximately \$3,300 that will be waived under this policy, if adopted. Under this policy, Port staff would be authorized to waive up to \$300, twice per year for any one agreement, except in an unusual circumstance when a finance charge and/or late fees assessed on a *single* invoice exceeds \$300 due solely to the invoice amount, in which case Port staff may waive the full finance charge.

This policy reduces disproportionate collection costs, maintains accurate billing and receivables, supports positive tenant relationships, upholds fiscal responsibility, and ensures fair and consistent treatment of tenants. See attached Resolution No. 26-17.

***Policy Change #5 Tenant Improvements for Rent Credits***

**Delegate authority to Port staff to negotiate rent credits in exchange for tenant performance of certain improvements in new leases.**

Port staff request authority to negotiate rent credits in exchange for tenant improvements, in certain cases. This provision is intended to provide flexibility in addressing necessary improvements while increasing the lease ability of spaces that have physical condition issues.

In the proposed policy, to request a rent credit, a prospective tenant must submit a detailed written scope of work along with a cost estimate prepared by an eligible and licensed contractor or licensed architect. Port staff will review the proposed work and determine whether the proposed package of improvements and rent credits are in the Port's financial interests. Port staff will consider: whether the premises have been vacant due to property conditions, the total rent proposed over the term of the lease, and whether the improvements will be useful at the end of the lease term, among other factors, to determine the reasonableness of the improvements and rent credit.

If Port staff determine the proposal is in the Port's best interests, staff will work with the City Attorney to include lease provisions governing the manner and method of accomplishing the work scope, the Port's concurrence upon project completion, and the calculation and application of any rent credit. See attached Resolution No. 26-14.

### ***Policy Change #6 Mutual Termination***

First adopted in 2009 as a policy and later updated in 2021 (Resolution 21-15), Port staff may enter a mutual termination agreement for leases with rent less than \$20,000 per month, fewer than 5 years remaining on the lease, and if tenant demonstrates financial hardship, among other conditions. Port staff propose to amend these terms in Resolution 26-18, which:

- a. increases the rent threshold to \$30,000 per month;
- b. includes all the existing provisions regarding early termination for financial hardship; and
- c. adds a second path to mutual termination where a tenant may request termination in exchange for at least 50 percent payment to the Port of the rent for the remaining term of the lease. Port staff may consider whether or not to accept termination based upon the tenant's fulfillment of all other lease terms, releasability of the premises, property condition, market conditions, and the likely financial outcome of Port's refusal to accept termination, among other factors.

Staff have found that in certain circumstances where a tenant is struggling, mutual termination agreements provide the Port the benefit of ensuring that lease obligations regarding premises maintenance - which facilitates re-leasing - are fulfilled. In addition, in these cases, the Port receives a termination fee with minimal legal costs.

### **RECOMMENDATION**

Port staff requests that the Port Commission adopt the resolutions attached and listed below:

- I. Resolution No. 26-14 Parameter Rates, Special Event Waivers, Leasing Incentives
- II. Resolution No. 26-15 Authorize Port staff to pay broker commissions for non-retail use types, under specific conditions
- III. Resolution No. 26-16 Rescind Retail Leasing Policy and Adopt New Retail Leasing Policy
- IV. Resolution No. 26-17 Adopt Policy to Delegate De Minimis Late Fee and Finance Charges Authority
- V. Resolution No. 26-18 Rescind Resolution No. 21-15 and Adopt Mutual Termination Policy

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Attachments:

- Exhibit A Monthly Rental Rates Schedule, Monthly Parking Stall Rates, and Special Event Rates
- Exhibit B Third Party Market Overview, 2026 (*Century|Urban*)

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 26-14**

- WHEREAS, Port Commission Resolution No. 93-127, adopted September 8, 1993, as amended by Resolution No. 93-135, first 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 (the “delegated authority”); and
- WHEREAS, Port staff requests delegated authority to enter leases, licenses, memorandums of understanding, and other agreements with rents that conform to the applicable Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event Rates, all as set forth on Attachment I to this Resolution (collectively, “Parameter Rates”); and
- WHEREAS, Port staff has reviewed current office/industrial-warehouse, parking, and special event market data and has prepared updated delegated authority and updated the Parameter Rates; and
- WHEREAS, Port staff recommends approval of the special event fee waiver and reduction, nonprofit, diversity, equity, and pop-up fee discount programs; 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 the event (a) attracts people to the waterfront; (b) uses an available location with no loss of revenue; (c) requires no Port resources; and (d) the sponsor provides required insurance, accepts full liability and indemnifies the Port; and
- WHEREAS, Port staff recommends the approval of a 50% license fee waiver for events held by San Francisco nonprofit organizations with offices located in San Francisco with an annual budget equal to or less than \$3 million, excluding events at facilities leased or managed through other Port tenants and operators, provided the event is a fundraising event to benefit the nonprofit, is open to members of the public and the resulting license fee must cover Port expenses, including staff time; and
- WHEREAS, Port staff recommends the approval of a 25% license event fee waiver for special events held by San Francisco nonprofit organizations with offices located in San Francisco with an annual budget exceeding \$3 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 approval of a program waiving license event fees up to \$60,000 annually not to exceed 12 events per year (maximum \$7,000 per event) for events that support the Port's Racial Equity Action Plan, and when the annual maximum is exhausted, Port staff may waive 50% of the license event fee for an unlimited number of events, and further subject to the terms and conditions set forth in the Staff Report dated March 6, 2026 accompanying this Resolution (Staff Report); and

WHEREAS, In "dual-jurisdiction" situations where Public Works (DPW) charges permit fees for outdoor dining, seating, and activation on City-accepted Port-owned streets, sidewalks, and open spaces, Port staff recommends the approval of a dollar-for-dollar reduction in the Port license fee equal to the permit fee charged by DPW in such cases—such reduction promotes parity among Port licensees using Port property for similar uses as there would be no DPW permit fee for Port licensees who use non-City accepted Port property for similar uses and further subject to the terms and conditions set forth in the Staff Report; and

WHEREAS, Port staff have determined that allowing staff to negotiate excess rent sharing provisions wherein Port receives between 50 percent and 100 percent of excess rent from subleasing, as further described in the Staff Report, facilitates better financial outcomes for the Port; and

WHEREAS, Allowing tenants perform improvements to prepare premises for occupancy in exchange for rent credits enhances the Port's ability to lease property when the Port's schedule to deliver improvement projects does not align with a tenant's required move-in date; and

WHEREAS, As further detailed in this Resolution, Port staff recommends approval of (a) the delegated authority as described in the Staff Report, including the authority to enter into leases, licenses, memoranda of understanding and other agreements that do not require Board of Supervisors' approval, (b) the Parameter Rates which establish minimum rental rates for office, shed, land space, color curbs, telecommunication sites, monthly parking stalls, and special event rates and (c) leasing incentives for office, shed, and maritime uses; now, therefore be it

RESOLVED, That the Port Commission hereby approves and adopts the Parameter Rates, including the authority to enter into leases, licenses, memoranda of understanding and other agreements that do not require Board of Supervisors' approval, the leasing incentives, and special event rates and fee waivers as described in this Resolution and the Staff Report, effective as of April 1, 2026; and be it further

RESOLVED, That the Port Commission finds that the Parameter Rates, including the leasing incentives and various fee waivers, are equivalent to "Market

Rent” as defined in Section 23.2 of the San Francisco Administrative Code; and be it further

RESOLVED, That the Port Commission delegates to staff the authority to enter into leases, licenses, memorandums of understanding, and other agreements with rents that conform to the Parameter Rates and to seek approval from the Board of Supervisors for any such agreements requiring the Board’s approval; and be it further

RESOLVED, That the Port Commission delegates to staff the authority to enter into leases, licenses, memoranda of understanding, and other agreements, including provisions which provide for rent credits in exchange for agreed-upon property improvements which may result in the net revenue paid to the Port to fall below the Parameter Rates; 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, memoranda of understanding, and other agreements for that month.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 10, 2026.***

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Secretary

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 26-15**

- WHEREAS, Pursuant to Charter Section B3.581, the Port Commission is empowered to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, The Port periodically has vacant commercial properties and desires to effectively market such properties for lease to a broad group of tenants, including tenants that may be represented by brokers; and
- WHEREAS, Port Commission Resolution No. 23-28, adopted on June 13, 2023, allows for payment of broker fees and commissions by Port in order to find tenants for vacancies at food and beverage, restaurant, and retail locations; and
- WHEREAS, Port staff have found the use of brokers has helped to fill commercial property vacancies; now, therefore be it
- RESOLVED, That the Port Commission hereby delegates authority to Port staff to pay broker commissions at competitive market rates when the lease is in the best interests of the Port as determined by the Port's Executive Director; and be it further
- RESOLVED, That the Port Commission hereby delegates authority to Port staff to pay broker commissions either through a contract with the broker or by including provisions in the lease that may result in an effective rental rate that is below then-established parameter rates.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 10, 2026.***

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Secretary

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 26-16**

- WHEREAS, Pursuant to Charter Section B3.581, the Port Commission is empowered to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, Port leases that are subject to approval by the San Francisco Board of Supervisors are subject to the competitive bidding policy set forth in San Francisco Administrative Code Section 2.6-1, which generally requires an award of a lease through competitive bidding, “except where the Board of Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible;” and
- WHEREAS, In 2011, the Port Commission adopted Resolution No. 11-15, a Retail Leasing Policy setting forth the manner in which the Port would competitively bid retail opportunities and consider new retail leases proposed by existing Port tenants; and
- WHEREAS, On June 13, 2023, the Port Commission adopted Resolution No. 23-28, a Broker Policy authorizing Port staff to retain brokers to find tenants to fill vacancies at food and beverage, restaurant, and retail locations as an effective manner to competitively bid retail lease opportunities; and
- WHEREAS, **Attachment 1** to this Resolution sets forth a Restaurant, Retail, and Attractions New Lease or Lease Amendment Policy establishing the steps Port staff will follow when approached by existing tenants for a lease amendment or a new lease; now, therefore be it
- RESOLVED, That the Port Commission hereby repeals Resolution No. 03-11; and be it further
- RESOLVED, That the Restaurant, Retail, and Attractions New Lease or Lease Amendment Policy attached as **Attachment 1** to this Resolution is hereby adopted.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 10, 2026.***

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Secretary

## **Attachment 1 to Resolution No. 26-16**

### **Existing Tenants in Occupied Spaces: Restaurant, Retail, and Attractions Lease Amendment or New Lease Policy**

This policy outlines the processes Port staff will undertake to evaluate new leases or lease amendments for all restaurant, retail, and attractions tenants.

#### **Background**

This policy rescinds and replaces all previous retail leasing policies and resolutions, including Port Commission Resolution No. 21-15 and the 2011 Retail Leasing Policy.

#### **General Policy**

The Port has direct leases with dozens of restaurant, retail, and attractions tenants. Near end of lease term or when a tenant faces business challenges or when a tenant seeks to make capital improvements requiring a longer amortization period, tenants often request new leases or propose lease amendments.

Port staff will evaluate all such requests as set forth below.

#### **New Lease or Lease Amendment Process**

For new or amended leases, Port staff will determine whether the bidding requirements of the San Francisco Municipal Code are impractical or impossible, such determination to be adopted by the Port Commission.

1. First tenant will submit:
  - a. Financial information, in form and substance satisfactory to Port, which may include sales, operating costs, loans, business assets, or grants, and
  - b. A plan to improve the business, which may include:
    - i. Proposed capital improvements,
    - ii. Proposed changes to marketing,
    - iii. Proposed changes to menu, goods, or experience offerings, or
    - iv. Overall projection of sales, operating costs, debt service, and profit.
2. Then, Port staff will:
  - a. Walk the property with tenant, documenting condition issues and reviewing proposed capital improvement concept, if any.

- b. Evaluate financial information and plan to improve the business, considering factors such as:
- **Tenant's lease history**, including sales performance, completion of required property maintenance, and communication with Port staff regarding any property or business issues that have arisen.
  - **Market conditions** such as vacancy rates, lease rates, and downtime for comparable properties.
  - **Reasonableness** of the plan for improvement, considering tenant's lease history and market conditions.
  - **Assessment** of how the potential lease amendment or renewal would affect the Port's financial condition, the Port's strategic objectives, and the Port's delivery of Public Trust benefits.

### **New Lease or Lease Amendment Process**

Port staff will evaluate the information received and prepare a recommendation for Port Commission consideration. If a lease amendment or renewal is recommended and approved, the Port Commission must make a finding that it is impractical to bid the subject lease, consistent with the provisions of S.F. Administrative Code Section 2.6-1.

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 26-17**

- WHEREAS, Pursuant to Charter Section B3.581, the Port Commission is empowered to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, To enhance operational efficiencies, Port staff recommends updating Port administrative procedures regarding finance charges and late fees to effectively eliminate de minimis outstanding balances; and
- WHEREAS, The Finance Charges and Late Fee Waiver Policy attached to this Resolution as **Attachment 1** sets forth the conditions under which Port staff may follow procedures to waive de minimis late fees or finance charges or both, not to exceed \$300 per agreement up to twice per year except when the finance charge and/or late fees assessed on a single invoice exceeds \$300 due solely to the invoice amount, in which case Port staff may waive the full finance charge; now, therefore be it
- RESOLVED, That the Port Commission hereby repeals all prior policies relating to the waiver of finance charges and late fees; and be it further
- RESOLVED, That the Finance Charges and Late Fee Waiver Policy set forth in **Attachment 1** to this Resolution is hereby adopted.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 10, 2026.***

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Secretary

## Attachment 1 to Resolution No. 26-17

# Finance Charge and Late Fee Waiver Policy

### Purpose

This policy establishes guidelines for reviewing and approving de minimis finance charge and late fee waivers on tenant accounts and authorizes Port staff to apply waivers not to exceed three hundred dollars (\$300.00) per account when specific criteria are met. The policy is intended to ensure fair treatment, maintain accurate billing, support positive tenant relationships, and uphold fiscal responsibility through timely and appropriate resolution of late fees.

### Types of Invoices

This policy applies to finance charges and late fees assessed on all tenant invoices, including but not limited to:

- Rent and use occupancy charges
- Security deposit increase
- Electrical or water service charges
- Any other invoiced tenant charges subject to finance charges and late fees

Waiver eligibility is determined by the circumstances resulting in late payment and not by the type of invoice issued.

### Payment History Patterns

#### Strong Payment History:

- No more than one (1) late payment within the previous 12 months.

#### Problematic Payment History:

- Two (2) or more late payments within the same lease year, excluding automatic waivers.

### A. Automatic Waivers

Finance charges and late fees shall automatically be waived when the charges result from circumstances outside the tenant's control. Automatic waivers do not require a tenant request.

Automatic waivers apply when one or more of the following conditions are met:

- A payment received on time is posted or applied by Port after the payment due date;
- An internal processing or system error causes the payment to be recorded as received after the payment due date;
- Verified USPS or other delivery issues occur, including lost, delayed, or misrouted mail.

Documentation supporting the automatic waiver may include internal records, system logs, postal service evidence, or tenant correspondence confirming delivery delays.

## B. Courtesy Waivers

Finance charges and late fees may be waived as a courtesy upon tenant request when the late payment does not qualify for an automatic waiver but is supported by reasonable circumstances and a strong payment history.

Courtesy waivers may apply in situations including, but not limited to:

- Temporary financial hardship, when the tenant has requested and received approval for a payment extension or payment arrangement, and the late penalty is incurred despite the tenant paying in accordance with the agreed-upon terms;
- Late or short payments resulting from rent increase or rent adjustments, including lease renewals, holdover tenancies, or other notice-based rent changes;
- Tenant claims of delayed or missing rent adjustment notices when delivery cannot be confirmed; or
- Isolated late payment occurrences that do not reflect a pattern of problematic payment history, such as:
  - ❖ One-time administrative or staffing disruption on tenant's side;
  - ❖ Temporary system or banking issues experienced by the tenant; or
  - ❖ Other non-recurring circumstances reasonably affecting timely payment.

Courtesy waivers are subject to the following conditions:

- The tenant demonstrates a strong payment history as defined by the policy;
- The waiver does not exceed the maximum of two (2) courtesy waiver per lease year; and
- The waiver amount falls within the Port staff's approval authority, not to exceed three hundred dollars (\$300) twice per year, per agreement, except when the finance charge and/or late fees assessed on a single invoice exceed \$300 due solely to the invoice amount, in which case Port staff may waive the full finance charge.

## C. Small Dollar Late Penalties (>\$5.00)

Late penalties of \$5.00 or less are considered small-dollar late penalties and are waived as part of routine maintenance.

Port staff perform quarterly (every three months) review and batch clearance of small-dollar late penalties. These waivers are processed collectively and submitted to Port accounting

department through a single M-Bill for processing, covering all small-dollar late penalties for the review period.

- These penalties do not require a tenant request.

#### D. No Waiver – Repeat Late Payer

No waiver is permitted for tenants who demonstrate ongoing late payment behavior.

A waiver shall not be granted when:

- The tenant exceeds the courtesy waiver maximum for the lease year; or
- Demonstrates a pattern of repeated or chronic late payments; and
- No administrative error or other qualifying circumstance applies.

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 26-18**

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within Port jurisdiction; and

WHEREAS, Port Commission Resolution No. 88-16, adopted on January 27, 1988, delegated to Port staff authority to terminate leases when any one of the following conditions is met:

- (i) In the case of long-term leases, in accordance with any termination provisions contained therein;
- (ii) In the case of month-to-month tenancies, at any time staff has determined that:
  - 1. the property is no longer suitable for the use for which it was licensed;
  - 2. the property is required for another use, either by the Port or by other tenant(s);
  - 3. the tenant has violated any of the terms of its occupancy;
  - 4. termination is brought about by operation of law (e.g., by order of a bankruptcy court); and

WHEREAS, Port Commission Resolution No. 09-04, adopted January 13, 2009, adopted a Mutual Termination Policy that allows the Executive Director to execute mutual termination agreements in limited circumstances, recognizing that early termination of a lease or license by mutual agreement may be preferable to the expenditure of Port staff and City Attorney resources to recover Port property and delinquent rent through bankruptcy proceedings; and

WHEREAS, To retain tenants meeting the criteria set forth in Resolution No. 88-16 desiring to reduce their leasehold premises, Port staff recommends revisions to the Mutual Termination Policy so that the policy applies to both complete and partial terminations and provides a termination fee option for tenants unable to demonstrate a financial hardship rationale for termination, subject to the terms and conditions described in the staff report to the Port Commission dated April 9, 2021; now, therefore be it

RESOLVED, That the Port Commission hereby delegates 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 thirty thousand (\$30,000.00) subject to the terms and conditions described in the staff report to the

Port Commission dated March 6, 2026, where the following conditions are met:

- (i) Port staff has independently verified the tenant's financial condition;
- (ii) 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;
- (iii) Port staff has consulted with the City Attorney and determined it is more economically viable to allow tenant to terminate and vacate the premises rather than pursue an unlawful detainer action or civil suit;
- (iv) 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, OR Tenant will be obligated to pay, on or before execution of the termination agreement, a termination fee no less than 50 percent of the contracted rent for the remaining term of the lease; and
- (v) 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.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 10, 2026.***

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Secretary

**EXHIBIT A**

See attached for Parameter Rates.

Exhibit A, Page 2

**Office**

*(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)*

**Full Service - Class B**

Location	Minimum Monthly Rental Rate per Sq.Ft.	Attributes of Higher Range Rate Spaces
Roundhouse 2 Pier 9 Bulkhead and Office	\$2.50 - \$5.00	Attributes that may increase rates, include better location of the space, good quality buildout (with turn-key the best), higher floors, good views, ease of access, facility attributes, among others.

**Full Service - Class C**

Subarea	Location	Minimum Monthly Rental Rate per Sq.Ft.
Ferry Plaza	Agricultural Building-Interior	\$2.05
Ferry Plaza	Agricultural Building-Window	\$3.75
China Basin	401 Terry Francois	\$4.00
Southern Waterfront	Pier 70, Building 11 "Noonan Bldg"	\$0.80
Southern Waterfront	501 Cesar Chavez	\$1.70
Southern Waterfront	Pier 96 Admin. Bldg.	\$1.70

**Modified Gross - Class B**

Location	Minimum Monthly Rental Rate per Sq.Ft.	Attributes of Higher Range Rate Spaces
Office spaces between Pier 9 and Pier 35	\$2.00 - \$4.75	Better suite location, good quality buildout (with turn-key the best), higher floors, good views, ease of access, facility attributes, among others.
Pier 26 Annex	\$5.25	Views, suite buildout finishes.

**Office Storage Rates**

Subarea	Location	Minimum Monthly Rental Rate per Sq.Ft.
Portwide	All Locations	75% of Office Rental Rate and Not Less than \$1.75

**Modified Gross - Class C**

Subarea	Location	Minimum Monthly Rental Rate per Sq.Ft.
Fishermen's Wharf	490 Jefferson St.	\$1.75
Fishermen's Wharf	SWL 302, Building 3 - 2nd Floor Office	\$1.50
Fishermen's Wharf	SWL 302, Building 6 - 2nd Floor Office	\$3.00
NE Waterfront	Pier 29 ½	\$2.00
NE Waterfront	Pier 29 Annex "Beltline" Bldg	\$1.75
NE Waterfront	Pier 35 Interior Office (water side)	\$4.00
NE Waterfront	Pier 35 Interior Office (shed side)	\$3.00
NE Waterfront	Pier 35 2nd floor	\$2.00
NE Waterfront	Pier 23 Bulkhead Bldg.	\$2.00

Subarea	Location	Minimum Monthly Rental
South Beach	Pier 26 Bulkhead Bldg.	\$2.25
South Beach	Pier 26 Interior Office	\$2.00
South Beach	Pier 28 Bulkhead Office	\$2.25
China Basin	Pier 50 Bulkhead Bldg.	\$3.50
China Basin	Pier 50 Interior Office	\$3.25
Southern Waterfront	Pier 68 Shipyard Office Trailers	\$1.30
Southern Waterfront	Pier 68 Shipyard Building 127	\$1.25
Southern Waterfront	601 Cesar Chavez	\$1.45
Southern Waterfront	671 Illinois St. (Kneass Bldg)	\$1.00
Southern Waterfront	696 Amador	\$1.60

Exhibit A, Page 3

**Pier and Shed Rates**  
*(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)*

**Fisherman's Wharf**

Location	Minimum Monthly Rental Rate per Sq.Ft.
Pier 47	\$1.80
Pier 45	\$1.80
Pier 45 Shed B - Restaurant storage	\$1.45
SWL 302, Building 7, Shed	\$1.00
SWL 302, Building 6, Shed	\$1.45
SWL 302, Building 3, Shed	\$0.75

**South Beach**

Location	Minimum Monthly Rental Rate per Sq.Ft.
Pier 24 Annex	\$3.15
Pier 26	\$1.80
Pier 28	\$1.80
Pier 40	\$1.80
Pier 40-Maritime-serving tenants <sup>1</sup>	\$1.20

**Southern Waterfront**

Location	Minimum Monthly Rental Rate per Sq.Ft.
Pier 68 Shipyard Shed	\$1.10
Pier 68 Shipyard Building 36	\$1.10
Pier 80 (400 Cesar Chavez)	\$1.55
Seawall Lot 354 (1399 Marin)	\$1.15
Pier 90	\$1.10
Pier 92	\$1.10
Pier 96 - M&R Building	\$1.35
1210 Armstrong	\$1.00

**Northeast Waterfront**

Location	Minimum Monthly Rental Rate per Sq.Ft.	Attributes for Higher Range Rates
Pier 33 and Pier 35	\$1.75 - \$1.90	Locations with higher quality features , demising, windows, or other desirable features.
Pier 9, Pier 19, Pier 23, Pier 29, Pier 31	\$1.90 - \$2.00	Locations with higher quality features, attractive demising, windows, upgraded building infrastructure, or other desirable features.

**China Basin**

Location	Minimum Monthly Rental Rate per Sq.Ft.
Pier 50	\$1.80
Seawall Lot 343	\$1.55
Seawall Lot 345	\$1.55

**Open Land, Open Pier, and Airspace Rate**  
*(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)*

**Portwide**

Category	Minimum Monthly Rental Rate per Sq.Ft.
Improved Land & Sidewalk (including outdoor dining)	\$0.95
Improved Land & Sidewalk (for Port Percentage Rent Tenants, largely outdoor dining)	\$0.50
Paved Land w/ Power Capacity	\$0.80
Paved Land	\$0.75
Unpaved Land w/ Power Capacity	\$0.50
Unpaved Land	\$0.45
Airspace (signage, overhangs)	\$0.45
Apron and Open Pier Space	\$0.45
Submerged (Underwater) Land	\$0.25
Underground (Subterranean) Land	\$0.25
Pedicab, rate per pedicab per month	\$33 per pedicab/month

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

**Industrial Parameter Rates**

*(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)*

<b>Fish Processing &amp; Wholesale Industry Rates</b>		<b>Minimum Monthly Rental Rate per Sq.Ft.</b>
<i>Sub-Area</i>	<i>Location Type</i>	
Portwide	Fishing Industry Space	\$1.50 - \$1.75

<b>Fishing Gear Storage Rates</b>		<b>Minimum Monthly Rental Rate per Sq.Ft.</b>
<i>Sub-Area</i>	<i>Location Type</i>	
Portwide	Bertholders	\$0.60 - \$0.65
Portwide	Non-Bertholders	\$1.80 - \$1.95

<b>Pier 40 Storage Locker Rates</b>		<b>Minimum Monthly Rental Rate per Locker</b>
<i>Sub-Area</i>	<i>Location Type</i>	
South Beach	Pier 40 Lockers	\$110.00

<b>Telecommunications Site Rates</b>		<b>Minimum Monthly Rental Rate per</b>	<b>Attributes for Higher Range Rates</b>
<i>Sub-Area</i>	<i>Location Type</i>		
Portwide	Fixed Telecom Site	\$7,500 - \$10,000 per installation	High-demand locations, use of electrical equipment, vaults, or ancillary space.
Portwide	Small Fixed Wireless Rooftop Antenna	\$200 per antenna	
Portwide	Temporary Telcom Site	\$500 per day	
Ferry Plaza	Audio Visual Equipment	\$300 - \$600 per day	Type and quantity of equipment used.

<b>Yacht Club Rates</b>		<b>Minimum Monthly Rental Rate per</b>	<b>Attributes for Higher Range Rates</b>
<i>Sub-Area</i>	<i>Location Type</i>		
Portwide	Yacht and Boat Clubs	\$0.25 - \$2.95	Building condition and finishes; operations including sales of merchandise, food, beverage, alcohol.

**Parking and Color Curbs**  
*(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)*

**Parking Stalls**

Subarea	Location	Stall Type	Pre-Tax	Parking Tax	Total
Fisherman's Wharf	Fisherman's Wharf - Various	Retail Tenants /Processors	\$240.00	\$60.00	\$300.00
Fisherman's Wharf	Between Grotto and Chapel	Fishers	Per Tariff Schedule		
Northeast Waterfront	Pier 9	Shed Tenant	\$360.00	\$90.00	\$450.00
Ferry Plaza	Agricultural Building	Building Tenant	\$360.00	\$90.00	\$450.00
Central Waterfront	Pier 26	Shed Tenant	\$260.00	\$65.00	\$325.00
Southern Waterfront	601 Cesar Chavez	Building Tenant	\$180.00	\$45.00	\$225.00
Southern Waterfront	Pier 80, Pier 96	Industrial Trucking (standard	\$240.00	\$60.00	\$300.00

**Color Curbs**

Color Curb Zone Type	Zone Use	Set-up	Monthly Fee	Size
Yellow Zone	Commercial Delivery	\$475.00	\$0.00	per 40 linear feet
Green Zone	Short-term Parking	\$475.00	\$330.00	per 20 linear feet
White Zone	Passenger Loading	\$475.00	\$330.00	per 20 linear feet
White & Green Zone	Exploratorium <sup>1</sup>	\$0.00	\$330.00 \$82.50	per 20 linear feet, up to 40 linear feet; then per 20 linear feet, for every space after the first 40 linear feet.

<sup>1</sup> Rate applies to The Exploratorium because this tenant receives a high volume of school buses transporting students for scheduled educational programs. Unlike typical curb license holders, this activity is not intermittent or optional and is a core component of the tenant's daily operations, with the frequency and scale of these school group arrivals significantly higher than any other curb licensee.

The designated curb space is critical for the safe loading and unloading of school-aged children. Without this dedicated area, buses would need to idle or unload in general traffic lanes which would create safety risks for children and contribute to traffic congestion during peak hours. Maintaining this controlled space directly supports safe pedestrian movement and reduces operational challenges for the surrounding waterfront area.

Exhibit A, Page 6

**EVENT FEES**  
(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)

<b>SMALL GATHERINGS &amp; PICNICS/BBQS</b>				
Event Type	Group Size	Reservation	Fee	Description
Informal Picnic (no setup)	1-25	No Reservation Required / First-Come / 4 hours max	n/a	Must use public BBQs and tables, no amplification
Reserved Picnic Area (no setup)	26-75	4 hours max	\$150	Includes exclusive use of 1 picnic table + BBQ
Reserved Picnic Area (with pop-up tents)	75-100	4 hours max	\$225	Max 2 10x10 tents, no amplified sound
Reserved BBQ with Setup	50 and up	4 hours max	\$275	Application required
Small Community or Company Picnic	101-200	4 hours max	\$500	Application required, amplified sound permit may be required

*\*Staffing/support fees may apply*

<b>SMALL FEE-BASED CLASSES</b>		
Group Size	Application Submittal Date	Fee
50 or less	30 days	\$50 / class

<b>SUMMER, SPRING, FALL &amp; WINTER CAMP</b>	
Group Size	Fee*
	day rate -- \$1 per person
1-50	\$50+ / day
51-100	\$100+ / day
101-200	\$200+ / day

*\*Additional staffing/support fees may apply*

<b>RUNS / WALKS</b>				
Event Size	Attendance	Application Submittal Date	Set-Up/ Tear Down Fee per Day	Event Fee*
Small	< 2,000 people	45 Days	\$1,850 / day	\$3,700 / day
Medium	2,001-4,000	45 Days	\$2,600 / day	\$5,200 / day
Large	4,001-5,000	45 Days	\$3,750 / day	\$7,500 / day
Extra Large	5,001-7,000	45 Days	\$4,700 / day	\$9,400 / day
Marathon	7,001 +	45 days	\$4,700 / day	\$1.80 per runner // \$0.90 per walker

*\*Additional staffing/support fees may apply*

**EVENT FEES**  
(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)

<b>FREE PUBLIC EVENTS</b>				
<b>Event Size</b>	<b>Attendance</b>	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee per Day</b>	<b>Event Fee*</b>
Small	25-150	45 Days	\$500 / day	\$1,000 / day
Medium	151-500	45 Days	\$1,500 / day	\$3,000 / day
Large	501-1,500	45 Days	\$2,500 / day	\$5,000 / day
Extra Large	1,501-5,000+	45 Days	\$3,500 / day	\$8,500 / day

*\*Additional staffing/support fees may apply*

<b>PAID PUBLIC TICKETED EVENTS</b>				
<b>Event Size</b>	<b>Attendance</b>	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee per Day</b>	<b>Event Fee*</b>
Small	25-150	45 Days	\$1,000 / day	\$2,000 / day
Medium	151-500	45 Days	\$2,000 / day	\$4,000 / day
Large	501-1,500	45 Days	\$3,000 / day	\$6,000 / day
Extra Large	1,501-5,000+	45 Days	\$4,000 / day	\$8,000 / day

*\*Additional staffing/support fees may apply*

<b>CORPORATE OR PRIVATE EVENTS</b>				
<b>Event Size</b>	<b>Attendance</b>	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee per Day</b>	<b>Event Fee*</b>
Small	25-150	45 Days	\$2,000 / day	\$4,000+ / day
Medium	151-500	45 Days	\$4,000 / day	\$8,000+ / day
Large	501-1,500	45 Days	\$5,000 / day	\$10,000+ / day
Extra Large	1,501-5,000+	45 Days	\$8,500 / day	\$15,000+ / day

*\*Additional staffing/support fees may apply*

<b>PARK MARKETS</b>				
	<b>Attendance</b>	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee per Day</b>	<b>Event Fee*</b>
Park Market	1,000+	45 Days	\$1,500 / day	\$3,000+/day

*\*Additional staffing/support fees may apply*

<b>MCCOVEY COVE</b>	<b>Event Fee*</b>
Per Day	\$5,000+

*\*Additional staffing/support fees may apply*

**EVENT FEES**

(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)

<b>FULLPARK/PIER BUY OUT</b>			
	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee</b>	<b>Event Fee*</b>
Full Park / Pier Buy Out	45 Days	\$10,000 / day	\$30,000+ / day
Privatization Fee		\$10,000 per day - non negotiable	

*\*Additional staffing/support fees may apply*

<b>FIREWORKS</b>				
	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee</b>	<b>Event Fee</b>	
Fireworks	45 Days	NA	\$1,100	

<b>DRONE SHOWS</b>			
<b>Number of Drones</b>	<b>Application Submittal Date</b>	<b>Event Fee*</b>	<b>Description</b>
300 and below	45 Days	\$3,500	Entry-level shows, local community events, private celebrations.
301-500	45 Days	\$5,000	Good visual impact for corporate or civic events.
501-1,000	45 Days	\$10,000	Mid-range shows with solid choreography & custom graphics.
1,001-1,500	45 Days	\$15,000	Large festival or stadium scale; typical for big city celebrations.
1,501+	45 Days	\$20,000 +	Major broadcast events or highly custom shows.

*\*Additional staffing/support fees may apply*

**EVENT FEES**

(effective April 1, 2026 to June 30, 2027 then increased 3% for July 1, 2027 to June 30, 2028 period)

<b>FULLPARK/PIER BUY OUT</b>			
	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee</b>	<b>Event Fee*</b>
Full Park / Pier Buy Out	45 Days	\$10,000 / day	\$30,000+ / day
Privatization Fee		\$10,000 per day - non negotiable	

*\*Additional staffing/support fees may apply*

<b>FIREWORKS</b>				
	<b>Application Submittal Date</b>	<b>Set-Up/ Tear Down Fee</b>	<b>Event Fee</b>	
Fireworks	45 Days	NA	\$1,100	

<b>DRONE SHOWS</b>			
<b>Number of Drones</b>	<b>Application Submittal Date</b>	<b>Event Fee*</b>	<b>Description</b>
300 and below	45 Days	\$3,500	Entry-level shows, local community events, private celebrations.
301-500	45 Days	\$5,000	Good visual impact for corporate or civic events.
501-1,000	45 Days	\$10,000	Mid-range shows with solid choreography & custom graphics.
1,001-1,500	45 Days	\$15,000	Large festival or stadium scale; typical for big city celebrations.
1,501+	45 Days	\$20,000 +	Major broadcast events or highly custom shows.

*\*Additional staffing/support fees may apply*

**EVENT FEES**

(effective April 1, 2026, to be increased 3% annually)

**STREET CLOSURES**

Event Duration	Application Submittal Date	Set-Up Fee	Event Fee
Per Day	45 Days	N/A	\$1280 + per day Rates subject to change in alignment with SFMTA

**NONPROFIT AND GOVERNMENT EVENTS**

Event Size	Application Submittal Date	Fee Reduction
All Eligible Events	45 Days	25%-50% of event fee, depending on event size

**DIVERSITY AND EQUITY EVENTS**

Event Size	Application Submittal Date	Fee Reduction
All Eligible Events	45 Days	Fee Waiver – no fee waiver to exceed \$7,000 Program limited to \$60,000 and/or 12 events maximum per year

**Fee Reductions for License Fees for Special Events**

**Fee Waiver:** Chinatown YMCA Chinese New Year Run, San Francisco Opera, San Francisco Symphony, Feeding 5000, Teamsters - Day at the Ballpark, Rafiki Coalition Black Health & Healing Summit, Fleet Week, Wharf Fest, Juneteenth, Let's Glow, EcoCenter Anniversary, Homeless Church Service, Pier 80 Event Street Closures for Pedestrian Safety Required by SFMTA, Embarcadero Ferry Terminal Plaza events, Port-sponsored activations, City-sponsored activations (i.e., SFPD Motorcycle Skills Competition, SFDPW Coastal Clean Up, SFDPW Beautification), and Federal sponsored activations (i.e., US Government Vessel Commissioning).

50% Fee Reduction: Delancey Street Christmas Tree Lot, Sundown Cinema

	<b>Non-Profit Event</b>	<b>Diversity &amp; Equity Event</b>	<b>Pop-Up Event</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 cultural events and activations, food and beverage activations, retail markets, athletic showcases, 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 based in SF</li> <li>Annual budget \$3M+ (25% fee reduction)</li> <li>Annual budget up to \$3M (50% fee reduction)</li> </ul>	<ul style="list-style-type: none"> <li>Annual operating budget up to \$2M</li> <li>Mission statement of the organization or the goals/objectives of the event must identify the community they are serving</li> <li>San Francisco-based</li> </ul>	<ul style="list-style-type: none"> <li>Named a Port Qualified Operator</li> <li>Annual budget equal to or less than \$2M</li> </ul>
<b>License Fees</b>	Fee Reduction – 25%-50% off event fee <ul style="list-style-type: none"> <li>Only reduction/waiver of event fee permitted</li> <li>Regulatory permits/cost recovery not included</li> <li>Port will not expend any resources or revenue</li> </ul>	Fee Waiver – no waiver to exceed \$7,000. Program limited to \$60,000 and/or 12 events max/year  Fee Reduction – 50% off fee; unlimited # events <ul style="list-style-type: none"> <li>When waiver funds are exhausted, applicants can receive a license event fee reduction</li> <li>Only reduction/waiver of fee permitted</li> <li>Regulatory permits/cost recovery not included</li> <li>Port will not expend any resources or revenue</li> </ul>	Fee Reduction – 25% off event fee <ul style="list-style-type: none"> <li>Only reduction of event fee permitted</li> <li>Regulatory permits/cost recovery not included</li> <li>Port will not expend any resources or revenue</li> </ul>
<b>Internal Process</b>	Applicant must: <ul style="list-style-type: none"> <li>Submit 501(c)(3) documentation</li> <li>Provide P&amp;L statement</li> </ul>	Applicant must: <ul style="list-style-type: none"> <li>Submit mission statement or the goals/objectives of the event and identify the community they are serving</li> <li>Provide P&amp;L statement</li> <li>Disclose fiscal sponsors and amounts</li> </ul>	Applicant: <ul style="list-style-type: none"> <li>Provide P&amp;L statement</li> </ul>

**EXHIBIT B**

**Third-Party Review 2026 (*Century|Urban memorandum*)**