



## 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 identifying key factors the Developer and Port staff will evaluate for potential to improve the feasibility of the proposed redevelopment of Piers 30-32.

**DIRECTOR'S RECOMMENDATION:** Information Only – No Action Required

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### EXECUTIVE SUMMARY

In July 2025 by Resolution No. 25-40, the Port Commission authorized terminating the Exclusive Negotiating Agreement and Term Sheet for the Seawall Lot 330 ("SWL 330") and Piers 30-32 development and replacing it with two new, site-specific negotiation agreements with affiliates of Strada Investment Group ("Strada") to advance development at SWL330 and explore feasibility improvements for Piers 30-32. These agreements were fully executed by the parties as of October 24, 2025.

Under the new Exclusive Negotiation Agreement for Piers 30-32 (the "Piers 30-32 ENA"), Port and Embarcadero Pier Property, LLC ("Developer"), an affiliate of Strada, agreed to pause active negotiations on Piers 30-32 for a period of 18 months to evaluate key obstacles to feasibility and costs of the various project components and provide updates to the Port Commission at 6-, 12- and 18- month intervals.

The development of Piers 30-32 is subject to 2023 California Senate Bill 273 ("SB 273"). SB 273 authorizes the State Lands Commission to approve a project that includes general office as consistent with the public trust so long as it finds that specified conditions are

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met, including that the mixed-use development is designed to attract the statewide public to the waterfront, increase public enjoyment of the San Francisco Bay, encourage public trust activities, and enhance public use of trust assets and resources on the waterfront.

The purpose of this 6-Month Update to the Port Commission is to identify the strategies under consideration to improve project feasibility, including using a different construction methodology to increase development density within the parameters of SB 273, reducing scope, phasing community benefits to better align with availability of public financing sources, identifying additional locally controlled funding sources (e.g. taxes, impact fees, tax increment and bonds), exploring opportunities to streamline the regulatory process, and monitoring recovery of the office market. Over the next several months, the parties will work together to analyze these factors, the results of which will be presented to the Port Commission at a 12-Month Update.

## **STRATEGIC PLAN ALIGNMENT**

The future development of Piers 30-32 will provide a range of public benefits, including publicly accessible waterfront space, maritime uses, and significant resilience and infrastructure improvements. Additionally, it will activate the South Beach waterfront area through on-site retail space and aquatic activities.

Subject to all necessary approvals and completion, the proposed development will achieve many of the Port's Strategic Plan objectives:

### Economic Growth:

Grow the Port's financial strength by using private investment to address the Port's deferred maintenance backlog.

### Evolve:

Enhance the waterfront experience over time, creating a publicly accessible waterfront space with retail and aquatic activities.

### Resilience:

Reconstruct dilapidated piers to be seismically strengthened and elevated to protect against sea level rise, complete resilience improvements along a portion of the seawall for both seismic and sea level rise projections, and retain a deep-water berth as a strategic emergency access location.

### Sustainability:

Help combat climate change by creating housing in transit and job-rich areas, reducing emissions and waste.

### Equity:

Create an accessible development, beneficial to a diverse group of people who live, work, and/or use the recreational assets along the Waterfront.

## **BACKGROUND**

In February 2020, the Port issued a Request for Proposals for the development of Piers 30-32 and/or SWL 330. Strada TCC Partners, a predecessor in interest to the current Developer, was the highest scoring respondent. In March 2021, Port and Strada-TCC entered into an Exclusive Negotiating Agreement for the lease and development of both sites (the “Original ENA”).

Following its execution, Port staff and Strada-TCC conducted extensive outreach to state agencies and the local community. Based on feedback received, the development concepts for both Piers 30-32 and SWL 330 were redesigned. Following the redesign, State legislation to advance the Piers 30-32 project (SB 273) was unanimously approved by the State Senate and Assembly.

On January 23, 2024, the Port Commission endorsed the Term Sheet for the development of Piers 30-32 and SWL 330 and approved a first amendment to the Original ENA to align with the term sheet’s timeline. The Board of Supervisors endorsed the Term Sheet on April 30, 2024.

As to Piers 30-32, the Term Sheet included reconstruction of Piers 30-32, featuring an aquatic center with a public swimming pool, a retail market hall, approximately 375,000 square feet of office space (not including mezzanine space), a rebuilt pier, and seismic and sea level rise resilience improvements to the surrounding infrastructure. The Term Sheet acknowledged the ongoing impacts of the COVID-19 pandemic and a \$125 million funding gap associated with infrastructure at Piers 30-32, despite an anticipated \$60 million in public financing proceeds from SWL 330.

Subsequent to these approvals, Strada concluded, and the Port concurred, that it was not feasible to proceed with developing Piers 30-32 in the near term due to office market conditions and uncertainties related to the funding, timing, and complexity of the Port’s seawall resiliency project. At the same time, Strada proposed to significantly advance the construction of SWL Lot 330 to deliver more than 600 residential units at a time when the City faces a significant housing shortfall and accelerate revenues to the Port. As a result, the parties agreed on a new path forward that better reflected market realities: 1) terminating the Original ENA and Term Sheet, 2) entering into a new ENA and Term Sheet for SWL 330, as it does not face the same feasibility challenges as Piers 30-32, and 3) entering into the Piers 30-32 ENA to explore feasibility improvements.

## **PIERS 30-32 ENA**

Under the Piers 30-32 ENA, the parties agreed to pause active negotiations on Piers 30-32 for a period of 18 months to evaluate key obstacles to feasibility and costs of the various project components. Key obstacles include a minimum \$125 million infrastructure funding gap, the diminished probability of available federal funding for new infrastructure projects in San Francisco, on-going unprecedented level of office vacancies in San Francisco, and the complexity and timing mismatch of the Port’s seawall resiliency project (to be undertaken in partnership with the U.S. Army Corps of Engineers).

The Piers 30-32 ENA obligates the parties to keep the Port Commission apprised of progress through 6-, 12-, and 18-Month updates. The goal at the end of 18 months is to set a schedule of performance for negotiating the terms of the lease, development, and operation of the site.

### *6-Month Update*

The purpose of the 6-Month Update is to identify which factors will be evaluated as a means of improving project feasibility within the parameters of SB273. These include:

- 1) Increasing Density with Alternate Construction Methodology: The Developer will explore a different construction methodology using cross-laminated timber (CLT) that would allow for three floors within the 40-foot height limit at Piers 30-32. The current designs at Piers 30-32 contemplate two floors with a mezzanine. The addition of a full third floor would allow for the same rentable square footage while decreasing infrastructure costs (by building a smaller Pier area), potentially resulting in comparable revenues while decreasing base infrastructure costs..
- 2) Reducing/Altering Project Scope: The Developer and Port will explore different reductions in scope of the project. Examples could include reducing the total pier construction needed or changing some of the retail uses in the project to higher revenue uses. This effort will iterate on multiple different project options to make the project as economically efficient as possible.
- 3) Phasing Community Benefits: The anticipated public financing districts (a CFD and IFD to be formed over SWL 330) will generate bonds up front to fund or reimburse infrastructure costs. These districts capture revenues for 45 years, but the initial bonds only cover 30 years of tax revenues. After a period, the City may issue additional bonds or refinance the original bonds to generate more funds for the project. Phasing certain community benefit costs until the 2<sup>nd</sup> round of financing may improve the initial infrastructure funding gap by eliminating the need for the Developer to fund these costs up front and directly utilizing the public finance sources when they become available.
- 4) Identifying Additional Locally Controlled Sources: The current \$125 million funding gap is based on current City policies, funding sources, and impact fee structures. These policy levers have the potential to help close the gap and will be further analyzed to determine the size of impact.
- 5) Streamlining the Regulatory Framework: Developer will explore opportunities to streamline the regulatory framework.
- 6) Monitoring Office Market Improvements: Developer will monitor improvements to the office market, such as vacancy and rental rates, and analyze the impact of any such improvements on project feasibility.

## **NEXT STEPS**

Over the next several months, the parties will work together to analyze the factors above, the results of which will be presented to the Port Commission at a 12-Month Update.

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