

1 [Lease Agreement Exemption - SkyStar Wheel, LLC]

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3 **Resolution exempting from the competitive bidding policy set forth in Administrative**
4 **Code, Section 2.6-1, the potential lease on a portion of the east end of Sea Wall Lot**
5 **(SWL) 301, with SkyStar Wheel, LLC, for the continued operation of an observation**
6 **wheel; and adopting environmental findings under the California Environmental Quality**
7 **Act.**

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9 WHEREAS, California Statutes of 1968, Chapter 1333 (the “Burton Act”) and Charter,
10 Section B3.581, give the Port Commission the power and duty to use, conduct, operate,
11 maintain, manage, regulate, and control the Port area of the City and County of San
12 Francisco; and

13 WHEREAS, The Port Commission at its meeting on April 11, 2023, after a public
14 planning process that maximized public participation in public discussions about existing
15 waterfront activities, regulations, challenges, public desires, and needs to incorporate diverse
16 viewpoints and perspectives to develop policy recommendations, adopted an updated
17 Waterfront Plan (the “Waterfront Plan”); and

18 WHEREAS, The Waterfront Plan included a stakeholder engagement process for
19 waiver of competitive bidding requirements in advance of the submission of such proposals to
20 the Board of Supervisors for consideration of a waiver of the City’s competitive bidding policy;
21 and

22 WHEREAS, In July 2023, the Port was notified of the opportunity to move the SkyStar
23 Wheel (the “Wheel”) from Golden Gate Park to Fisherman’s Wharf; and

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1 WHEREAS, On November 1, 2023, the Port and SkyStar Wheel, LLC, a Missouri
2 limited liability company (“SkyStar”), entered a six-month License for a portion of SWL 301;
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4 WHEREAS, SkyStar, approached the Port requesting an 18-month lease (the “Lease”)
5 for the portion of SWL 301 upon expiration of the License; and

6 WHEREAS, The Lease allows a temporary continuation of the existing use of the site,
7 with the same maximum intensity of use, and is therefore within the scope of the project
8 evaluated in Addendum 2; and

9 WHEREAS, Port staff offered an opportunity for stakeholder feedback at the
10 Fisherman’s Wharf Advisory Committee meeting on January 10, 2024, and received favorable
11 feedback on SkyStar’s request; and

12 WHEREAS, Port staff reported the stakeholder engagement feedback at the February
13 27, 2024, Port Commission meeting; and

14 WHEREAS, Port staff determined that initiating a competitive bidding process is
15 unlikely to generate a competing investment interest prior to April 30, 2024, when the SkyStar
16 Wheel temporary license expires; and

17 WHEREAS, Port staff recognize the urgency of providing support to the recovery of
18 Fisherman’s Wharf, which has been beset by the pandemic and associated economic
19 downturn, resulting in the closure of many longstanding Port tenants; and

20 WHEREAS, At its meeting on February 27, 2024, the Port Commission through
21 Resolution No. 24-15 authorized the Port Executive Director or her designee to seek Board of
22 Supervisors authorization to waive the competitive bidding policy set forth in Administrative
23 Code Section 2.6-1 for the potential lease of a portion of SWL 301 to SkyStar; and

1 WHEREAS, A waiver of the competitive bidding policy will ensure uninterrupted
2 operation of the Wheel and provide a much-needed activation, bringing additional foot traffic
3 to the area to help drive economic recovery to Fisherman’s Wharf; and

4 WHEREAS, According to SkyStar, after three months of reported operating
5 performance, Wheel ridership in December 2023, was 165% more than passenger ridership in
6 December 2022, and 120% more in January 2024, than when the Wheel was in Golden Gate
7 Park; and

8 WHEREAS, In accordance with the Waterfront Plan stakeholder engagement process
9 for wavier of competitive bidding requirements, based on the lack of meaningful competitors,
10 the Port’s interest in maintaining operations and the pending license termination on April 30,
11 2024, the time and expense in pursuing a competitive process would be impractical and not in
12 either the Port’s or public interest; and

13 WHEREAS, In Resolution No. 24-15, the Port Commission adopted findings,
14 conclusions, and certain mitigation measures (collectively, the “Environmental Findings”)
15 under the California Environmental Quality Act (California Public Resources Code, Sections
16 21000 et seq.); now, therefore, be it

17 RESOLVED, The Board of Supervisors adopts the Environmental Findings in Port
18 Commission Resolution 24-15 as its own; and, be it

19 FURTHER RESOLVED, The Board of Supervisors finds: 1) that competitive bidding
20 procedures would be impractical or impossible due to a likely lack of competition for a short
21 term opportunity to continue operations; 2) the timely and successful execution of the
22 proposed short term lease would help attract visitation to the Port for the benefit of new and
23 old businesses alike; 3) the urgency of providing support to the recovery of Fisherman’s Wharf
24 and maintaining uninterrupted operations; and 4) for these reasons, it would be in the public
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1 interest to waive competitive bidding procedures so the Port may enter into a lease with
2 SkyStar Wheel LLC to; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors waives application of the
4 competitive bidding procedures in Administrative Code, Section 2.6-1 to a short term lease,
5 should the Port Commission and SkyStar Wheel, LLC, agree upon mutually acceptable terms
6 of a lease for a portion of SWL 301, provided, however, that any lease or other agreement
7 shall remain subject to Charter, Section 9.118.

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