



MEMORANDUM

February 5, 2021

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. John Burton
Hon. Gail Gilman
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director 

SUBJECT: Request authorization to issue a Request for Proposals for the adaptive rehabilitation, reuse, lease and operation of two historic structures – the ‘Kneass Building’ and ‘Building 49’ – both located in the Pier 70 Area adjacent to Crane Cove Park generally along Illinois Street between 18th and 19th Streets.

DIRECTOR’S RECOMMENDATION: Approve Attached Resolution No. 21-07

EXECUTIVE SUMMARY

On October 13, 2020 the Port Commission received an informational presentation on the status of two long-vacant historic structures that frame the newly opened Crane Cove Park, known as the “Kneass Building” and “Building 49,” and provided feedback on a proposed approach to rehabilitating and activating these two properties. The proposed approach summarized in October was to release a Request for Proposals (RFP) and to allow respondents to submit proposals for rehabilitation and operation of one or both buildings.

Since October, Port staff planned the RFP process for Port Commission consideration and conducted community outreach to secure community and stakeholder “Values and Priorities” for inclusion in the RFP, consistent with the process and draft policy outlined in the Draft Waterfront Plan Goal: *Partnering for Success*.

Port staff seeks approval of the attached resolution, authorizing release of the Crane Cove Park Buildings RFP. Should the Port Commission authorize the resolution, Port

staff will issue the RFP in the coming weeks, complete the competitive selection process, and return to the Port Commission with the top scoring team or teams. Consistent with the solicitation process in the Draft Waterfront Plan and in the two recent RFPs, the Port Commission will have the option to select the top scoring team or teams or choose to terminate the RFP process and choose an alternative path.

This staff report provides an overview of key sections of the proposed RFP and includes the following

- I. Strategic Plan Alignment
- II. Project Background
- III. Development Context
- IV. Values and Priorities as heard from the community and stakeholders
- V. Solicitation Strategy
- VI. Minimum Qualifications of Respondents
- VII. Evaluation Criteria used to Review Responses
- VIII. Response Scoring Panel Composition
- IX. Port Commission Review and Selection Process
- X. Economic Benefits Port is seeking
- XI. Next Steps

I. STRATEGIC PLAN ALIGNMENT

A successful solicitation will elicit proposals from qualified respondent teams that will provide community, water recreation and public-oriented tenants, and revenue generating uses to implement a financially feasible project. The success of the project or projects will be defined by rehabilitating and maintaining these historic resources, providing water recreation and publicly-oriented uses that enhance Crane Cove Park, offering new activities and attractions for the neighborhood and park visitors, while accomplishing these objectives within a financially-feasible project and a sustainable operating structure.

If approved and implemented, a successful RFP will support five of the Port's strategic plan objectives (2019-2023 Strategic Plan):

Evolution: Successful project(s) will serve as milestones in the ongoing transformation of the Pier 70 area to better address the needs of the public and the Waterfront.

Engagement: Successful project(s) will provide amenities that increase the public's awareness of the sites' remarkable history and setting.

Equity: Successful project(s) will be accessible, attractive and beneficial to a diverse group of people who live, work and/or use the recreational assets along the Southern Waterfront, particularly visitors to Crane Cove Park.

Productivity: Successful project(s) will return two long-vacant and deteriorated structures to productive use and attract tenants who contribute to an economically-viable Port and capitalize on the Port's unique assets, including the new Crane Cove Park.

Stability: Successful project(s) will help maintain the Port's financial strength by (a) using investor capital to address the Port's deferred maintenance backlog and/or (b) generating revenues for the Port to sustain ongoing operations and address deferred maintenance.

II. PROJECT BACKGROUND

Both the Kneass Building and Building 49 are a part of the City of San Francisco's rich shipbuilding legacy. The Kneass (671 Illinois Street) building takes its name from an early San Francisco boatbuilder, George Kneass, who took over the property in 1936 and operated his business out of the building until 1970. Building 49 (located within Crane Cove Park along Illinois Street southeast of the 18th Street T-intersection) is a contributing resource in the Pier 70 Union Iron Works Historic District. It was constructed in 1940 or 1941 during a time of shipyard modernization, as World War II raged in Europe but the U.S had yet to be attacked.

Recent investment in the immediate vicinity including the redevelopment of the 20th Street Historic Core, the completion of Crane Cove Park, and major private partner investment in infrastructure at the 28-acre site at Pier 70 has spurred significant interest from the community in restoring the buildings and returning them to productive use for the benefit of the public. In response to this continued interest in the buildings, Port staff have conducted preliminary financial feasibility analysis which found that the buildings could provide small positive net revenues to the Port in addition to providing community and Public Trust benefits that are complementary to nearby development and benefit the overall Southern Waterfront.¹

III. DEVELOPMENT CONTEXT

Location

The two buildings are located within the Port's Southern Waterfront subarea, along Illinois Street just south of the Ramp restaurant and adjacent to the newly opened Crane Cove Park in the Pier 70 area and within the Central Waterfront area. (See *Exhibit 1*).

The Dogpatch along with the Mission Bay neighborhoods in the Central Waterfront have seen a tremendous amount of development and growth over the past two decades, transforming the area into a vibrant and still-growing waterfront neighborhood filled with old and new residences, restored historic buildings, modern office buildings, two world class sports and entertainment venues, a world class university hospital, bars, restaurants, retail businesses, and more. Within this larger neighborhood context, redevelopment of the Pier 70 Area east of Illinois Street and roughly between Mariposa and 22nd Street continues to re-shape Port lands.

¹ It is important to note that this analysis was conducted pre-COVID-19 pandemic. Port staff believe that, while the cost and revenue assumptions may be outdated, the opportunity is still attractive to potential respondents due to the success of Crane Cove Park. In the short time it has been open, the Park is becoming a popular gathering place for neighbors and regional visitors.

Exhibit 1: Site Map



Waterfront Plan

The Port's Waterfront Land Use Plan was adopted in 1997 and provides policies and objectives to guide the improvement of Port properties, including a description of "Acceptable Uses". Acceptable Uses for the Kneass Building and Building 49 include community facilities, water and recreational uses, retail, and office uses. In June 2019, the Port published a Draft Waterfront Plan.² The updated Draft Waterfront Plan includes updated goals (described below) and policies which have been endorsed by the Port Commission, and which express sub-area objectives that inform this proposal to improve the Kneass Building and Building 49. The proposed uses in the RFP will be consistent with both the adopted Waterfront Land Use Plan and the Draft Waterfront Plan.

The Draft Waterfront Plan's nine Port-wide goals are summarized below:

1. **MARITIME:** Preserve and enhance the Port's diverse maritime industries
2. **DIVERSE USES AND PEOPLE:** Public-oriented, recreational, workplace and civic uses that complement maritime industry and provide economic opportunity
3. **PARKS AND OPEN SPACE:** Complete the waterfront open space network, protect natural habitat areas, create a new Ferry Building plaza, activate and enliven waterfront parks
4. **QUALITY URBAN DESIGN:** Respect the waterfront's maritime heritage, promote physical and visual connections between the City and the Bay

² https://sfport.com/sites/default/files/UPDATED_COMPRESSED_FinalWaterfrontPlan_DigitalVersion_6.10.2019.pdf

5. **FINANCIALLY STRONG PORT:** Stimulate investment and waterfront revitalization, and equitably providing new jobs, revenues, and amenities for everyone
6. **SUSTAINABLE TRANSPORTATION:** Safe and accessible for people and goods, by all modes, for workers, neighbors, visitors and Port tenant operations
7. **ENVIRONMENTAL SUSTAINABILITY:** Limit the impacts of climate change, improve the ecology of the Bay, and promote healthy waterfront neighborhoods
8. **A RESILIENT PORT:** Strengthen resilience to hazards and climate change effects while protecting the community, ecological, social and economic assets and services
9. **PARTNERING FOR SUCCESS:** Strengthen partnerships and community engagement to increase public understanding of Port and community needs and opportunities

The Draft Waterfront Plan describes objectives for each of the five geographic segments of the Port waterfront. Crane Cove Park, Kneass Building and Building 49 are located in the Southern Waterfront subarea, which includes the area from *Crane Cove Park to India Basin*. The Southern Waterfront sub-area objectives provide a finer level of detail on the Port-wide goals and guide future development of the Crane Cove Park Buildings; among the Southern Waterfront sub-area objectives, the three listed below are particularly applicable to the activation of Building 49 and the Kneass Building:

1. Throughout the Southern Waterfront, improve and enhance Blue Greenway and open space and public access areas that do not compromise maritime operations or sensitive environmental habitat areas, and provide education to promote public safety among maritime, small boating, and recreational water users.
2. Implement approved development plans for the Pier 70 Special Use District, Historic Core, and Crane Cove Park projects to connect and integrate all areas within Pier 70, which will give new life to the Union Iron Works Historic District and create a unique waterfront neighborhood addition in the Dogpatch area.
3. Work with the community to assess vulnerabilities, consequences, and community priorities to build resilience, reduce risks, and advance benefits in the Southern Waterfront.

The Draft Waterfront Plan also identifies acceptable uses for both the Kneass Building and for Crane Cove Park (home to Building 49) shown in **Table 1**, an excerpt from the Plan’s “Southern Waterfront Acceptable Land Uses.”

Table 1. Southern Waterfront Acceptable Land Uses

<u>Kneass Building: Acceptable Uses</u>	<u>Building 49 & Crane Cove Park Acceptable Uses</u>
Maritime Office	Recreational Boating/Water Recreation
Harbor Services and Maritime Industry	Parks/Open Space
Retail (includes food and beverage uses)	Public Access/Public Realm
General Office	Accessory Retail (including food and beverage uses)
Community Facilities	Short Term Interim Uses
Short Term Interim Uses	

Public Trust

The Kneass Building is not subject to public trust use requirements because it was included in the Pier 70 public trust exchange – a reconfiguration of trust and non-trust properties as part of planning for development in the Pier 70 area. Building 49, located south of the Kneass along Illinois Street and within Crane Cove Park, remains subject to the Public Trust use requirements to promote maritime commerce, navigation and fisheries, protect and enhance natural resources (including historic cultural resources), and provide facilities that attract the public to use and enjoy the waterfront.

These objectives recognize the validity of using or reusing waterfront facilities to serve maritime and public access trust uses, activities that attract the public to use and enjoy these cultural and historic resources and uses that generate revenue to finance necessary improvements.

State Lands & BCDC Coordination

During the Waterfront Plan Update process, Port staff consulted with State Lands and San Francisco Bay Conservation and Development Commission (BCDC) staff on various issues of shared interest, including strategies for supporting the reuse and development of the Port's historic resources. The two Crane Cove Park buildings lie beyond the 100-foot shoreline band that is subject to BCDC review authority. However, Port staff has reached out to staff at both agencies to alert them to the issuance of this RFP and will be consulting with both agencies' staff regarding the details of rehabilitating and reusing these two historic structures in ways that are compatible with their respective agencies' missions, including enhancing public use and enjoyment of Crane Cove Park.

Workforce Development and Local Business Enterprise (LBE)

Once a partner or partners are selected, Port staff will work with the successful respondent and the City's Contract Monitoring Division (CMD) to establish LBE goals and enforcement mechanisms for the various phases of the project. CMD will collaborate in negotiating the design of each LBE participation program tailored to the project, develop LBE goals and enforcement mechanisms, provide developers with technical assistance to maximize LBE participation, and where necessary, aid outreach to LBEs regarding procurement opportunities. The project will also need to comply with the City's Local Hiring Policy for Construction (mandatory 30% of project hours by trade) and requirements for wage and apprenticeship programs.

IV. VALUES AND PRIORITIES

In addition to the goals, policies and objectives articulated in the Waterfront Plan, the draft values below represent key points that Port staff have heard through outreach efforts targeting relevant stakeholders with a focus on minority groups and those representing a younger demographic within Southern Waterfront neighborhoods. The list of organizations contacted regarding this RFP include the following:

- Port Southern Advisory Committee
- Office of Board President and District 10 Supervisor Shamann Walton
- Boys and Girls Clubs of San Francisco
- Dogpatch Neighborhood Association
- 826 Valencia
- Potrero Neighborhood House
- Rafiki
- SF Black Wallstreet
- ReUNION: Education-Arts-Heritage
- SF Bay Water Trail Advisory Committee
- Bay Area Association of Disabled Sailors (BAADS)
- Bay Area Outreach & Recreation Program (BORP)

The following is a brief summary of what Port staff heard from the various stakeholders organized into Key Values and Priorities that are specific to each of the two buildings:

Key Values and Priorities for Building 49

- Provide programs and uses that support human-powered recreational boating (e.g. kayaks, Stand Up Paddleboards)
- Enhance use and activation of Crane Cove Park
- Provide needed amenities for park visitors, including public bathroom facilities
- Preservation of historic character and maritime function of the building

Key Values and Priorities for the Kneass Building

- Provide community-serving space offering programs and services to diverse community segments (e.g. at-risk youth, seniors, persons with disabilities, and parents/families)
- Opportunity, through community-oriented programming, to foster community building, engagement and connections
- Enhance use and activation of Crane Cove Park
- Leverage nearby development in vicinity (e.g. Pier 70, Chase Center, UCSF) to provide additional neighborhood services and employment opportunities (both paid and volunteer)
- Preservation of the historic character of the building

V. SOLICITATION STRATEGY

Respondents to the RFP may propose projects and uses for one or both of the two buildings described below. Respondents wishing to compete for more than one scenario (e.g. a single building as well as both buildings) will be required to submit a separate proposal for each competition and Port staff recommend that single-building proposals and two building proposals be considered without any weighting towards a “master tenant” model (i.e., one tenant for both buildings) nor towards a two-tenant model (i.e., one tenant for Building 49 and another to Kneass Building). Port staff believe that each

approach has advantages and disadvantages but that both models can deliver the public benefits and economic benefits desired through the RFP.

The Offering

The Kneass Building, located at 671 Illinois Street just south of Mariposa Street, is a long-vacant, historically significant two-story structure that is unoccupied and in poor and deteriorating condition. The Kneass Building was removed from the Public Trust as part of the Pier 70 Trust Exchange, which consolidated Public Trust lands along the waterfront and on streets leading to the waterfront. While it is not included in the Union Ironworks Historic District, a private partner could nominate the Kneass Building for historic status which could unlock historic tax credits for the substantial rehabilitation work that the building requires for re-occupancy.

Building 49 is listed on the Register of Historic Register of Building and is part of the City's rich shipbuilding history. The Port is developing a bid package which will deliver core and shell improvements to the building prior to occupancy of the selected Respondent of this RFP. This contract will deliver a partial renovation of the building, including constructing public restrooms on the northwest corner. The work also includes plumbing and electrical work for the restrooms, replacing the building's roof, replacing some of the exterior corrugated metal panels, painting, and signage. The budget for this work is \$2 million. This project will ready the building for future development or leasing for a small café, human powered boating storage and rental, among other uses which may be proposed. The planned Port capital project does not include any structural work and without additional structural retrofit, the use of the building is limited to occupants of 100 or fewer. The schedule for completion of this work is end of 2021. Port staff desire to have a tenant in place in time for the building opening, if possible depending upon the complexity of the selected proposer's tenant improvements.

Desired Responses

Kneass Building. Propose, design, entitle, develop, and operate a mixed-use, community-oriented historic rehabilitation project under a lease development and disposition agreement and lease. Proposals must include, among other things, (1) a well-defined community-serving concept which will anchor the building program and (2) financially viable route to both deliver the rehabilitation project and successfully operate the building for the duration of the lease. Revenue-generating uses like office, events, and food-serving uses may also be part of the program to ensure a financially feasible program. Proposers should propose rent to Port and/or in-kind services which benefit the public and the newly completed Crane Cove Park.

Building 49. Provide all necessary tenant improvements and operate a park-serving facility that will include, at a minimum, a personal watercraft rental, storage, and/or sales facility (i.e. aquatics center) to serve the public as well as maintenance and security for the public restrooms within the building. In addition to these desired desirable qualities, proposals may include a "take out" café with designated space within the park for outdoor service or a more intensive development program, through, for example, the construction of an interior mezzanine and appropriate structural elements.

Overall goal. While the solicitation will offer the opportunity to propose a project at either or both sites as described above, Port staff sees the provision of a personal watercraft rental, storage and potentially sales facility as the minimum provision of park-serving amenities to be delivered in these buildings. Port staff also view one or more food and beverage operation as a desirable amenity for park visitors. The community-developed goals and objectives provide more detail for additional services.

VI. MINIMUM QUALIFICATIONS OF RESPONDENTS

Each Respondent (or Respondent Team, as specified) must meet the following Minimum Qualifications, as determined by Port staff, for consideration of its proposal. The Port will not consider or advance submittals from respondents that have not demonstrated they have met the following Minimum Qualifications. In addition to the Minimum Qualifications described below, the Port will not advance proposals deemed to be incomplete (i.e. not fully responsive to the RFP submittal requirements).

Kneass Only Proposals

1. Respondent or Respondent Team must have a minimum of three (3) years in active ownership or management of a business or program similar in nature to the predominant use proposed;
2. Respondent or Respondent Team obtained at least \$1 million in committed funding for a single development project;
3. Respondent or Respondent Team entitled a single development project with a total cost of at least \$1 million; and
4. Respondent or Respondent Team completed construction of a single development project with a total cost of at least \$1 million.

Building 49 Only Proposals

1. Respondent must have a minimum of three (3) years in the active ownership or management of a business similar in nature to the predominant use proposed.

Combined (Both Buildings) Proposals

Respondents with a combined (both Kneass and Building 49) proposal must demonstrate Minimum Qualifications described above for both buildings.

For All Proposals

Form of Entity

Respondent may be a newly formed entity (e.g., limited liability company, joint venture, corporation, or nonprofit), provided that such newly formed entity is duly organized and validly existing prior to the submittal deadline for the RFP and can demonstrate that the

party(ies) or entity(ies) that meet the Minimum Qualification will be in control of the proposing entity. For example, if the newly formed entity is:

1. A limited liability company comprised of two members, owning 51% and 49% respectively, the entity will be deemed qualified if the 51% member satisfies the Minimum Qualifications; or
2. A limited liability company comprised of three members, owning 40%, 35% and 25% respectively, the company will be deemed qualified if two of the three members each satisfy the Minimum Qualifications; or
3. Owned 50/50, then each principal must satisfy the Minimum Qualifications.

Communications Policy – Black-Out Period

Respondent must satisfy submittal requirements, including a signed form verifying compliance with the policy governing communications with City staff, Port Commissioners, and Selection Panel. As with the recent RFPs for the historic piers, the Port will institute a black-out policy requiring, as a Minimum Qualification, that all respondents agree to direct all communications related to the RFP to specified Port staff members. Only Port staff identified in the RFP as contacts for the competitive solicitation are authorized to respond to comments or inquiries from proposers, or potential proposers. The form referenced above will describe the communications policy substantively as follows:

During the selection process under this RFP, potential proposers, their counsel, agents, contractors, representatives, and associates may not contact or solicit the Mayor and her staff, members of the Port Commission, any members of the Selection Panel (once those members are identified) or any other Port, City, or Commission staff member other than the contact persons designated by the Port (which may be updated at the Port's discretion through a written communication), regarding this RFP, the content of this RFP, any responses or proposals received in response to this RFP, or for the purpose of influencing the content of the competitive solicitation, bids, or the award of an Exclusive Negotiating Agreement (ENA) if any. Failure to comply with this provision may result in the disqualification of the proposer from the solicitation process at the sole discretion of the Port.

This prohibition extends from the date the RFP is issued until the later of the date the Port Commission by Resolution selects a respondent and authorizes negotiations with such respondent or the date an ENA is executed, if any. This prohibition does not apply to communications with the City regarding normal business not related to this RFP.

VII. EVALUATION CRITERIA

Responses to the RFP will be scored by a scoring panel designated by Port staff with the qualifications described below. The panel will review proposals based upon a set of criteria established and described below. Only those Respondents that have met the Minimum Qualifications and submitted complete proposals will advance to the scoring

panel. The panel will review and score written responses and conduct and score oral interviews. A point system as shown below will be used to score the submittals.

- 1) Operations and Public Benefits Delivery (20 pts)
 - a) responsiveness to RFP development objectives, planning goals, and community values and priorities
 - b) proposed operations include high-quality and equitable public benefits that meet community desires such as (for Building 49) serving Crane Cove Park visitors, and (for Kneass Building) including community-serving programming
- 2) Diverse, Equitable, and Inclusive Programming (10 pts)
 - a) Business model and public programming are targeted to provide an inclusive array of activities, opportunities, and other public benefits for a diversity of users
- 3) Quality of the Design (10 pts)
 - a) Character and design quality of the development (e.g., connectivity to the surrounding area, treatment of building and historic features
 - b) Clarity of sustainability principles
 - c) Development concept is consistent with Secretary of the Interior Standards for treatment of historic resources
- 4) Strength of Financial Proposal (20 pts)
 - a) Provide “in kind” financial benefits towards Crane Cove Park facilities such as public restroom operations and maintenance or public programming and activation, among others
 - b) Economic return to the Port which may include base rent, percentage rent, and other forms of revenue participation proposed by the Respondent
 - c) Financial feasibility of the proposer’s program and project proforma
- 5) Financial Capacity of the Respondent and Economic Viability of Operations (20 pts)
 - a) Demonstrated ability to raise and commit funds for the proposed project investment
 - b) Adequacy of projected revenues to support the respondent’s proposed investment and ongoing costs of operations and maintenance throughout the proposed lease term
 - c) Cash flow analysis confirms with likely economic return scenario
- 6) Experience and Organization of Respondent's Team (20 pts)
 - a) Experience engaging the community
 - b) Team make-up and diversity reflecting San Francisco population
 - c) Experience and success in utilization of certified San Francisco LBE businesses, California Small Business Enterprise (SBE) or similar municipal, state, or federal work force and business development programs in development projects
 - d) Team & key personnel qualifications and availability
 - e) Experience with complex regulatory environment, including experience completing projects with historic resources
 - f) Experience with sustainability practices and programs

Table 2 below summarizes the RFP scoring. Respondents wishing to compete for more than one scenario (e.g. a single building as well as both buildings) will be required to submit a separate proposal for each competition and will be scored on each submittal; however, in such cases only a single interview will be required of the Respondent.

Table 2. Evaluation Criteria Scoring

EVALUATION AND SELECTION CRITERIA SUMMARY	KNEASS BUILDING ONLY Total:100 Points	BUILDING 49 ONLY Total: 100 Points	COMBINED PROPOSAL Total: 200 Points
1. Operations and Programming: Public Benefits Delivery	20 pts	20 pts	40 pts
2. Diverse, Equitable, and Inclusive Programming	10 pts	10 pts	20 pts
3. Quality of the Design	10 pts	10 pts	20 pts
4. Strength of Financial Proposal	20 pts	20 pts	40 pts
5. Financial capacity of Respondent and Economic viability of proposal	20 pts	20 pts	40 pts
6. Experience, organization and reputation of Respondent's team	20 pts	20 pts	40 pts

In addition to the points achievable through the written proposal, up to 60 additional points (or 30 for single building proposals) may be awarded based upon performance in the oral interviews. All respondents that have submitted a complete proposal which meet the Minimum Qualifications will be invited for an interview.

VIII. RESPONSE SCORING PANEL COMPOSITION

The draft Waterfront Plan goal of “Partnering for Success” includes a policy that defines a scoring panel that represents diverse interests to assist the Port Commission in the selection of a development partner. As recommended by the policy, the scoring panel will include at a minimum the following types of representative individuals:

1. development expert
2. Port staff person
3. Port advisory group member

4. person representing a neighborhood, City or regional stakeholder perspective
5. one additional panelist with relevant experience

The panel may include other stakeholder representations should the Port deem desirable. Development experts should include experts with development experience in the Bay area, waterfront projects or historic preservation projects. The Port staff person should be a senior level person with a broad range of real estate, development, finance, or planning background. The Port Advisory Group member should be from the advisory group within the geography of the project, and the neighborhood or local community representative should be a stakeholder that complements or fills an expertise gap or unique project quality or issue. The panel will be diverse, reflecting the San Francisco community.

IX. PORT COMMISSION REVIEW AND SELECTION PROCESS

The following process is proposed to seek Port Commission input and eventual approval to award the opportunity and enter into an ENA and/or lease with the successful Respondent(s). This process allows the Port Commission to hear from qualified respondents, receive background information regarding the proposals and their relative financial and regulatory feasibility prior to Port staff providing its recommendation for action based on the results of the scoring process. The process includes the following steps:

- Port staff will review proposals for Minimum Qualifications.
- Proposals meeting the Minimum Qualifications will be analyzed for financial feasibility and for occupancy and building code compliance. This review will be summarized in a memo for use by the scoring panel in their evaluation and scoring of the proposals.
- The scoring panel will score based on the scoring and selection criteria outlined above. The scoring panel will review the qualifying proposals to score the written proposals. The scoring panel will interview the qualifying proposers to score the oral interviews.
- Port staff will calendar an informational item on the RFP scoring results . At that informational hearing, Port staff will invite all Respondents with complete submittals meeting the Minimum Qualifications to make a brief presentation. This presentation will not affect the panel's scoring and is intended simply to provide information to the Port Commission and public about the responses received. The staff report will attach all of the executive summaries from qualifying respondents and will include the scoring panel's results. Port staff will advise Port Commissioners that the options at a subsequent Port Commission meeting will be to either select the top score(s) or to cancel the RFP.
- Port staff will calendar an action item laying out the Port staff recommendations. Port staff will develop up to three recommendations for award: (1) the highest scoring combined buildings proposal (if any); (2) the highest-scoring Kneass Building only proposal (if any), and/or (3) the highest-scoring Building 49-only proposal (if any).

The number of Port staff recommendations will depend on whether there are qualifying proposals in each category.

The Commission can decide at that meeting to (1) select the top-scoring combined proposal (if any), (2) select both top-scoring single-site proposals (if any of either), (3) select only one of the top-scoring single-site proposals and reject the other, or (4) reject all proposals and terminate the process.

In addition to the key sections of the RFP outlined in this staff report, the RFP will also require that respondents agree to: a) enter into a lease disposition and development agreement; and/or b) execute a lease substantially similar to the forms presented in the RFP; and c) agree to abide by all City policies and laws and will include appropriate procedures for objections and protests of the RFP process.

The RFP will contain other customary provisions including: (a) an earnest money deposit requirement (proposed to be set lower than typical RFPs, at \$5,000 per Respondent to reflect the smaller-scale and public-serving nature of anticipated uses) and (b) requirement for payment of cost-recovery and other fees in order to complete exclusive negotiations.

Issuance of an RFP does not commit the Port to proceeding with any agreement or project, and the Port cannot approve any lease or other development agreement for the project until after environmental review has been completed in compliance with the California Environmental Quality Act.

X. ECONOMIC BENEFITS PORT IS SEEKING

The Port's economic benefits for the Crane Cove Park Buildings RFP include the following:

1. *Significant investment in Port assets.* The financial feasibility analysis roughly estimated rehabilitation costs of between \$10 M and \$15 M in these buildings (combined), depending on uses and programming.
2. *Assume maintenance responsibilities, provide in-kind benefits, and provide rent, participation in net revenues, and/or upside revenues.* Maintenance of the public restrooms in Building 49, programming and "eyes on Crane Cove Park", and a participation rent structure are all elements of significant benefits to the Port, in transforming these currently empty buildings into activated, beneficial public assets.

XI. NEXT STEPS

If the Port Commission approves the release of the RFP, Port staff will complete drafting and target the beginning of March for release of the RFP and will provide at least 10 weeks for Respondent submissions.

The Port has and will continue to reach out to potential and interested Respondents to make them aware of the RFP opportunity and will conduct the following outreach:

- Update and notify known interested parties
- Seek news coverage in professional periodicals and newspapers and use social media for notifications
- Conduct outreach through professional organizations
- Conduct outreach with the neighborhood, local, regional and ethnic Chambers of Commerce
- Coordinate outreach with CMD and through other City agency outreach events

RECOMMENDATION

Port staff recommends that the Port Commission authorize and direct staff to issue an RFP for the adaptive rehabilitation, reuse, lease and operation of the Kneass Building and Building 49, which will incorporate the terms indicated above. The attached resolution authorizes the actions and establishes the policy parameters resulting from these real estate actions.

Prepared by: Jamie Hurley
Project Manager
Real Estate and Development

Prepared for: Rebecca Benassini
Acting Deputy Director
Real Estate and Development

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

RESOLUTION NO. 21-07

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, regulate and control the lands within Port jurisdiction; and
- WHEREAS, The Port owns in trust Building 49 which is a contributing feature to the Union Ironworks Historic District; and
- WHEREAS, The Port owns Kneass Building which is not subject to the trust and which is not included in the Union Ironworks Historic District but is eligible for nomination to historic status; and
- WHEREAS, On October 13, 2020 the Port Commission directed staff to prepare for a release of a development Request for Proposals (RFP); and
- WHEREAS, On August 14, 2018 the Port Commission endorsed the Draft Waterfront Plan Goals and Plan Objectives and 161 Policy Recommendations; and
- WHEREAS, Successful adaptive reuse of the buildings is consistent with the following Port's Strategic Plan objectives: Evolution, Engagement, Equity, Productivity, and Stability; and
- WHEREAS, The Port will continue to collaborate with the State Lands Commission and Bay Conservation Development Commission on accommodating uses within the buildings to benefit the Public Trust; and
- WHEREAS, The Port and a selected respondent or respondents will work with the City's Contract Monitoring Division to establish appropriate Local Business Enterprise and work force development goals; and
- WHEREAS, Port staff has conducted community and stakeholder outreach consistent with the Draft Waterfront Plan policies and has identified community Values and Priorities for adaptive reuse of the buildings; and
- WHEREAS, The Draft Waterfront Plan identifies potential development concepts for Building 49 and the Kneass Building; and
- WHEREAS, Port staff presented an update to the Port Commission on February 9, 2021, on the development of the RFP, the results of the community and stakeholder outreach that contributed to the identification of Community Values to be included in the RFP, the proposal for Minimum Qualifications and selection criteria to be used by Port staff and a scoring

panel in evaluating responses to the RFP, and a recommendation to the Port Commission for reviewing and awarding responses to the RFP; and

- WHEREAS, Staff will first determine whether respondents meet the Minimum Qualifications and have submitted complete responses; those not meeting the Minimum Qualifications or having submitted completed responses will not be further considered; and
- WHEREAS, As further described in the Memorandum to the Port Commission dated February 5, 2021, the RFP will include a communications policy (or "blackout policy") that prohibits certain communications with the City; the blackout policy will also include prohibitions on communications with members of the scoring panel except during oral interviews and will not prohibit respondents from participating in Port Commission meetings; and
- WHEREAS, Complete responses to the RFP that meet the Minimum Qualifications will be scored by a panel selected by Port staff; scoring will be based on a set of criteria and weighting as described in the Memorandum to the Port Commission dated February 5, 2021; and
- WHEREAS, The scoring panel will be a diverse panel with a minimum of five (5) members, including a development expert, a Port staff employee, a Port Advisory Group member and a person representing the neighborhood, City or regional interest; and additional member with relevant experience; and
- WHEREAS, After scoring of the proposals are completed by the panel, staff will present as an informational item at a Port Commission meeting including the scoring panel's results and an executive summary of each proposal scored by the panel; all respondents whose proposals were scored by the panel will also be given an opportunity to present their proposal at the meeting; and
- WHEREAS, At a subsequent Port Commission hearing, depending on whether there are qualifying proposals in each category, staff will provide up to three recommendations for action for the Port Commission's consideration as follows: (i) one recommendation of the respondent receiving the highest score by the scoring panel for a proposal that combines both buildings (if any); (ii) one recommendation of the respondent receiving the highest score by the scoring panel for a proposal for the Kneass Building alone (if any); and/or (iii) one recommendation of the respondent receiving the highest score by the scoring panel for a proposal for Building 49 alone (if any); and
- WHEREAS, the Port Commission may then take an action to (a) select the top-scoring combined proposal (if any), (b) select both top-scoring single-site proposals (if any of either), (c) select only one of the top-scoring single-

site proposals and reject the other, or (d) reject all proposals and terminate the process; and

WHEREAS, Port staff recommends that publicly soliciting proposals through a request for proposals process for the reuse of Building 49 and the Kneass Building will require the successful respondent to repair and rehabilitate such buildings, and will garner the best market response and provide the Port with the best opportunity to meet its overall goals for the buildings; and

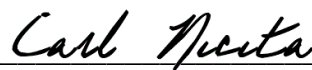
WHEREAS, Issuance of an RFP does not commit the Port to proceed with any agreement or development project, and the Port cannot approve any lease or other development agreement for the project until after environmental review has been completed in compliance with the California Environmental Quality Act; now, therefore, be it

RESOLVED, That the Port Commission has reviewed the goals and objectives for Building 49 and the Kneass Building, the proposed Minimum Qualifications, selection criteria, selection panel representation, Commission review and approval process and authorizes Port staff to issue an RFP and manage the solicitation process described herein and in the Memorandum to the Port Commission dated February 5, 2021; and be it further

RESOLVED, The Port Commission authorizes Port staff to take further actions in connection with the RFP to achieve the purposes described in this Resolution.

I hereby certify that the Port Commission at its meeting of February 9, 2021 adopted the foregoing Resolution.

DocuSigned by:



Secretary

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