

File No. 241100

Committee Item No. 14

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date December 4, 2024

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
|                                     | <input type="checkbox"/> | • Fiscal Impact Report 11/4/2024             |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Public Correspondence                        |

**OTHER** (Use back side if additional space is needed)

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|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Revitalized Term Sheet</u>                              |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PRT Resolution No. 23-47 10/10/2023</u>                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PRT Resolution No. 24-10 1/23/2024</u>                  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>PRT Memo 10/4/2024 - Resolution No. 24-49 10/8/2024</u> |
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Completed by: Brent Jalipa Date November 26, 2024

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Finding of Fiscal Feasibility and Term Sheet Endorsement - Port and Fisherman's Wharf  
2 Revitalized, LLC - Lease and Development of Pier 45 Sheds A and C and Portions of Seawall  
3 Lot 300/301]

4 **Resolution finding the proposed lease and development of Pier 45 Shed A and the**  
5 **former Shed C area, and portions of Seawall Lot 300/301, generally located along the**  
6 **Embarcadero at the terminus of Taylor Street, fiscally feasible under Administrative**  
7 **Code, Chapter 29, and endorsing the term sheet.**

8  
9 WHEREAS, Charter, Section B3.581 empowers the Port Commission with the authority  
10 and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within  
11 Port jurisdiction; and

12 WHEREAS, Pier 45 Sheds A and C is a pier site located along and bayward of the  
13 Embarcadero at the terminus of Taylor Street in the Fisherman's Wharf neighborhood, and  
14 portions of Seawall Lot ("Triangle Lot") 300/301 are located on the east side of the  
15 Embarcadero bounded by Taylor Street, Powell Street, Jefferson Street; and

16 WHEREAS, Pier 45 and SWL 300/301 (collectively, the "Site") are within the Port's  
17 Fisherman's Wharf sub-areas under the Port's Waterfront Land Use Plan; and

18 WHEREAS, On February 15, 2023, the Port received an unsolicited proposal from  
19 Fisherman's Wharf Revitalized, LLC (the "Developer") to lease and develop portions of  
20 Seawall Lot 300/301 (commonly known as the Triangle Parking Lot) and Pier 45 Sheds A  
21 and C in Fisherman's Wharf (the "Proposal"); and

22 WHEREAS, In response to the Proposal, the Port Commission directed staff to pursue  
23 a stakeholder process consistent with the Waterfront Plan to elicit public feedback and staff  
24 conducted multiple community meetings; and

1 WHEREAS, On May 20, 2023, the Port issued a Request for Information ("RFI") to  
2 seek feedback on whether there was comparable development interest in the Site, and  
3 subsequently, the Port Commission adopted Resolution No. 23-37 authorizing Port staff in  
4 consultation with the City Attorney's Office, to seek Board of Supervisors approval to waive  
5 any applicable requirements of the City's policy regarding competitive solicitation for  
6 development opportunities with respect to the Proposal and commence negotiations of an  
7 Exclusive Negotiation Agreement ("ENA"); and

8 WHEREAS, On September 12, 2023, the Board of Supervisors adopted Resolution  
9 No. 425-23, waiving the competitive solicitation procedures and urging the Port to take all  
10 actions necessary to negotiate and enter into an ENA with the Developer; and

11 WHEREAS, The Port Commission, on October 10, 2023, approved Resolution  
12 No. 23-47, authorizing Port staff to enter into the ENA with Developer for the proposed lease  
13 and development of the Site; and

14 WHEREAS, After entering into the ENA, the Developer further refined conceptual plans  
15 for the Project and conducted community outreach on each iteration of those plans; and

16 WHEREAS, Based upon community feedback, the Developer redesigned the Project to  
17 provide space for the fishing industry consistent with current uses as part of a mixed-use  
18 development that celebrates, highlights, incorporates, and directly supports the fishing and  
19 seafood industry of Fisherman's Wharf and increases public access to and enjoyment of the  
20 Bay; and

21 WHEREAS, The Developer is proposing a mixed-use project (the "Project") that  
22 includes (i) at Pier 45 Sheds A and C, fishing industry space in Shed A and C for storage and  
23 other uses, a fresh seafood market, and an experiential museum with an events center and  
24 theater that celebrates the seafood industry, and, (ii) at portions of the Triangle East/Seawall  
25 Lot 300/301 Phase I, a public plaza and open space, a new beverage center retail, short-term

1 rentals, and a visitor's center, all as further described in the Port Memorandum dated  
2 October 4, 2024 on file with the Clerk of the Board of Supervisors in File No. 241100; and

3 WHEREAS, On January 23, 2024, pursuant to Resolution No. 24-10, the Port  
4 Commission endorsed the Term Sheet that described the fundamental deal terms for the  
5 Project (the "Term Sheet") and directed Port staff to present the Term Sheet to the Board of  
6 Supervisors for endorsement and to submit a request that the Board of Supervisors review the  
7 proposed Project under San Francisco Administrative Code, Chapter 29 and determine  
8 whether the project is fiscally feasible and responsible; and

9 WHEREAS, The initial estimated total Project cost of \$548.0 million will be funded by a  
10 combination of public and private sources including Developer equity, debt, and public  
11 sources including an Infrastructure Financing District and a Community Facilities District; and

12 WHEREAS, The Project will require an estimated \$185.9 million in critical horizontal  
13 infrastructure including seawall strengthening, seismic improvements, pier apron  
14 improvements, and public space enhancements; and

15 WHEREAS, Due to the sizeable cost of the pier infrastructure and resilience  
16 improvements the Term Sheet contemplates providing Developer a rent credit of \$1.5 million  
17 annually for 15 years for Pier 45, up to a maximum of \$22.5 million; and

18 WHEREAS, The Port and Developer agree to work in collaboration to identify  
19 additional public sources of capital from Federal, State and local grants, infrastructure and  
20 resilience funding related to the San Francisco Waterfront Flood Study Project and other  
21 government or tax sources to improve the financial feasibility of the project given the sizeable  
22 infrastructure investment; and

23 WHEREAS, As part of ongoing efforts, the Port and Developer will work with the U.S.  
24 Army Corps of Engineers ("USACE") on coordination related to the Project and other  
25



1 resilience work related to coastal flood defenses, the San Francisco Waterfront Flood Study,  
2 or other relevant efforts; and

3 WHEREAS, The Controller finds that the Project is fiscally feasible; and

4 WHEREAS, The Term Sheet is on file with the Clerk of Supervisors in File No. 241100  
5 and is incorporated herein by reference; and

6 WHEREAS, The construction cost of the Project will exceed \$25 million and more than  
7 \$1 million in public monies will be used for the predevelopment, planning or construction costs  
8 of the Project, thus triggering review by the Board of Supervisors to determine the fiscal  
9 feasibility of the Project under Administrative Code, Section 29.1; and

10 WHEREAS, Pursuant to Administrative Code, Section 29.3, the Port and Developer  
11 have submitted to the Board of Supervisors a general description of the Project, the general  
12 purpose of the Project, and a fiscal plan; and

13 WHEREAS, Pursuant to Administrative Code, Section 29.2, prior to submittal to the  
14 Planning Department of an environmental evaluation application ("Environmental Application")  
15 required under Administrative Code, Chapter 31 and the California Environmental Quality Act  
16 ("CEQA") related to the Project, it is necessary for the Port to procure from the Board of  
17 Supervisors a determination that the plan to undertake and implement the Project is fiscally  
18 feasible and responsible; and

19 WHEREAS, The Board of Supervisors has reviewed and considered the general  
20 description of the Project, the general purpose of the Project, the fiscal plan, and the Term  
21 Sheet; and

22 WHEREAS, The Term Sheet is not itself a binding agreement that commits the City,  
23 including the Port, or the Developer to proceed with the approval or implementation of the  
24 Project; rather, the Project will first satisfy environmental review requirements under CEQA  
25 and will be subject to public review in accordance with the processes of the City and other

1 government agencies with approval rights over the Project before any binding agreements,  
2 entitlements or other regulatory approvals required for the Project will be considered; now,  
3 therefore, be it

4 RESOLVED, That the Board of Supervisors finds that the plan to undertake and  
5 implement the Project is fiscally feasible and responsible as set forth in San Francisco  
6 Administrative Code, Chapter 29 ("Fiscal Feasibility Finding"); and, be it

7 FURTHER RESOLVED, That pursuant to San Francisco Administrative Code,  
8 Chapter 29, the Environmental Application may now be filed with the Planning Department  
9 and the Planning Department may now undertake environmental review of the Project as  
10 required by Administrative Code, Chapter 31 and CEQA; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors endorses the Term Sheet and  
12 urges the Port:

13 (1) To seek assistance from the Office of Economic and Workforce Development  
14 ("OEWD"), the City Attorney's Office, and other City officials as appropriate, to make  
15 evaluation and further negotiation of the proposed Project among its highest priorities;

16 (2) To work with OEWD, other City officials, and the Developer to identify additional  
17 sources of capital to fund critical pier and public infrastructure;

18 (3) If necessary due to fiscal feasibility constraints or complications arising from  
19 resilience infrastructure work, to explore changes to the Project to move forward viable  
20 opportunities at Pier 45 and/or SWL 300/301, if approved by the Port Commission in its sole  
21 and absolute discretion; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors' endorsement of the Term  
23 Sheet and its Fiscal Feasibility Finding do not commit the Board of Supervisors, the Port, or  
24 any other public agency with jurisdiction over any part of the Project to approve the terms of  
25 final leases or other transaction documents or grant any entitlements to the Developer, nor

1 does either the Term Sheet endorsement or Fiscal Feasibility Finding foreclose the possibility  
2 of considering alternatives to the Project or imposing mitigation measures, or deciding not to  
3 grant entitlement or approve or implement the Project, after conducting and completing  
4 appropriate environmental review under CEQA, and while the Term Sheet identifies certain  
5 essential terms of a proposed transaction with the Port, it does not set forth all of the material  
6 terms and conditions of any final transaction documents; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors will not take any discretionary  
8 actions committing the City to implement the Project, and the provisions of the Term Sheet  
9 are not intended to and will not become contractually binding on the City, unless and until: (1)  
10 the Planning Department has reviewed and considered environmental documentation  
11 prepared in compliance with Administrative Code, Chapter 31 and CEQA for the Project and  
12 has determined that the environmental documentation complies with Administrative Code,  
13 Chapter 31 and CEQA; (2) the Port Commission has adopted appropriate CEQA findings in  
14 compliance with CEQA and has approved the terms of the final transactions documents for  
15 the Project incorporating the Term Sheet provisions; and (3) the Board of Supervisors has  
16 adopted appropriate CEQA findings in compliance with CEQA and approved the terms of the  
17 final leases and any other property transfers for the Project.

<b>Item 14</b> <b>File 24-1100</b>	<b>Department:</b> Port
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed resolution would a) find the redevelopment of a portion of Fisherman's Wharf including two sheds of Pier 45 and Sea Wall Lot 300/301 fiscally feasible under Chapter 29 of the Administrative Code; and b) also endorse the term sheet for the project.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>The Port has negotiated an exclusive negotiating agreement with Fisherman's Wharf Revitalized, LLC, a new venture that proposes redeveloping Pier 45 and an adjacent seawall lot. Project components would include create a visitor's center, seafood market and redesigned public open space.</li> <li>The approvals in the proposed resolution would allow the environmental review process to begin.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>According to a consultant report provided to the Port, the completed project would generate approximately \$5.2 million in tax revenue, of which an estimated \$2.9 million would be tax increment revenue used to repay construction costs. The remaining annual revenue of \$2.3 million results in an annual fiscal benefit of \$1.3 million in net new General Fund revenues, after accounting for current revenues, baseline requirements, and anticipated municipal service costs.</li> <li>Of the \$548 million in development costs, the developer would initially source \$488.9 million through a combination of debt and equity. Approximately \$37 million would be paid through a Community Facilities District and by tax increment from an Infrastructure Finance District. The Port would also provide up to a \$22.5 million rent credit.</li> <li>Under the term sheet with FWR, the Port would not be responsible for any operating or maintenance costs associated with the project.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>Port staff plan to seek additional public funding sources, such as federal, state, and local grants, to reduce the debt and equity required of the project developer and overall project risk. Reaching the target range in the term sheet (40-50% of infrastructure costs) would require identifying \$15.3 million to \$33.9 million of such additional sources.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Request that the Port provide an update on the Project financing plan when the Port submits the LDDA for approval to the Board of Supervisors.</li> <li>Because reaching the target percentage of public funding for project infrastructure would require identifying \$15.3 million to \$33.9 million of additional public sources, approval of the proposed resolution is a policy matter for the Board of Supervisors.</li> </ul>	

**MANDATE STATEMENT**

Administrative Code Chapter 29 requires the Board of Supervisors to conduct a fiscal feasibility analysis of any project (1) that has a total cost exceeding \$25,000,000, and (2) where the City is expected to incur costs related to project development in excess of \$1,000,000. Chapter 29 requires consideration of five factors: (1) direct and indirect financial benefits to the City including the extent of applicable cost savings or new revenues, including tax revenues, generated by the proposed project; (2) cost of construction; (3) available funding for the project; (4) the long-term operating and maintenance cost of the project; and (5) debt load to be carried by the City or Department.

A determination by the Board of Supervisors that a project is fiscally feasible only finds that the proposed project merits further evaluation and environmental review; a determination of fiscal feasibility does not include a determination the project should be approved.

**BACKGROUND****Project Origin and Summary**

In February 2023, the Port of San Francisco received an unsolicited proposal to redevelop a portion of Fisherman's Wharf that includes Shed A and the former Shed C site on Pier 45 and an adjacent seawall lot. (Note, Shed C was destroyed by fire in 2020.) The proposed developer, Fisherman's Wharf Revitalized, LLC, is proposing a) creating a seafood market and the "Fisherman's Wharf Experience," an attraction that includes exhibition halls, a seafood-focused food hall, an events center, and an immersive theater; b) preserving existing space in Shed A for existing tenants including fishers and crabbers, Musee Mecanique, and the U.S.S. Pampanito, and constructing new storage and "back-of-house" flexible space for fishers and crabbers in the former Shed C; c) constructing a public plaza, playground, and/or open space on SWL 300/301, and improving the Little Embarcadero, including an enhanced pedestrian promenade. The project would also require infrastructure work to reinforce the substructure and apron of Pier 45 and portions of the seawall along SWL 300/301.

**Developer**

Fisherman's Wharf Revitalized, LLC (FWR) is a new venture led by the business executives Lou Giraudo,<sup>1</sup> Christopher McGarry, and Seth Hamalian.

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<sup>1</sup> According to a July 7, 2023 memo to the Port Commission from the Port Executive Director, Lou Giraudo is the former operator of the Boudin Flagship restaurant but is no longer affiliated with the Boudin Restaurants. Lou's son, Dan Giraudo, acquired a controlling interest in the Boudin Restaurants under a restructuring in 2021, and submitted the letter on behalf of Boudin Restaurants' current ownership.

### Exclusive Negotiating Agreement

In May 2023, the Port issued a Request for Information (RFI), seeking proposals to develop the project site to determine if there was other interest in developing the site. The Port received two responses, including a letter from Dan Giraudo, the son of FWR member Lou Giraudo and the Chairman and CEO of Boudin Bakery (which operates a flagship location adjacent to the proposed project site) and a follow-up response from FWR. The Boudin Letter did not include a specific proposal but instead argued for a competitive format to select a developer, rather than on a sole source basis.

In July 2023, after consulting with the City Attorney's Office, the Port Commission authorized staff to seek a waiver from the City's competitive solicitation requirements and to begin negotiations for an exclusive negotiating agreement with FWR in light of the limited response to the RFI and the "urgency of providing support to the recovery of Fisherman's Wharf". In September 2023, the Board of Supervisors approved a waiver from competitive solicitation requirements and authorized the Port to negotiate an exclusive negotiating agreement and a term sheet with FWR on a sole source basis (File 23-0842). The Port Commission approved an ENA in October of 2023, and the parties entered into an agreement on Jan. 1, 2024.

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution would find the proposed redevelopment of a portion of Fisherman's Wharf including two sheds of Pier 45 and Sea Wall Lot 300/301 fiscally feasible under Chapter 29 of the Administrative Code. It would also endorse the term sheet for the project. These approvals would allow the environmental review process to begin.

### TERM SHEET

The term sheet is attached. Key provisions include:

#### Parties and Location

The agreement is between the developer Fisherman's Wharf Revitalized, LLC and the City, acting by and through the Port Commission. The site includes:

- Pier 45 Sheds A and C (approximately 215,000 square feet)
- Seawall Lot 300/301 and the Little Embarcadero (approximately 88,000 square feet)

#### Proposed Development Program

The proposed development concept, as described in an exhibit to the term sheet, includes:

- Seawall 300/301: Visitor center, beverage garden, approximately 10 large hotel rooms/vacation rentals
- Pier 45, New Shed C: Seafood market, exhibit hall, food hall, performing arts space, fishing industry space, parking, outdoor roof deck

- Pier 45, Shed A: Fishing industry space; visitor-serving uses including Musee Mecanique arcade and U.S.S. Pampanito
- Maritime Uses: Retains maritime berths along Sheds A and C consistent or larger than existing berths; continued docking of U.S.S. Pampanito
- Open Space: Plaza, playground and/or green space between the Franciscan and Boudin Bakery; enhanced pedestrian promenade along Little Embarcadero; pedestrian access to Northeastern edge of Pier 45,
- Pier and Resilience Infrastructure Improvements: Substructure enhancements to support new uses; seismic safety improvements

### **Transaction Documents**

The primary transaction documents will be a Lease Disposition and Development Agreement (LDDA) between the Port and FWR and up to four ground leases between the Port and FWR. The LDDA would serve as the master agreement for the site over an anticipated 12-year term, including a six-year term for Phase 1 (Seawall Lot 300/301 and Pier 45) and, concurrently if Phase 1 targets are met, a 12-year term for Phase 2 of Seawall Lot 300/301. The LDDA will include a schedule of performance showing outside dates for filing site permits, construction commencement, and construction completion for each of the two project phases. However, the LDDA will provide schedule relief if delays are due to reasons outside of the Developer's control.

The ground leases would be executed on a phased basis after the Developer satisfies certain conditions, such as the Developer demonstrating evidence of financing and permit issuance. For both Pier 45 and Sea Lot 300/301, the term sheet envisions a 66-year ground lease.

### **Rent**

For Seawall Lot 300/31, rent during the construction period would be \$400,000 annually. Following construction, the developer would be responsible for paying:

- Minimum base rent of \$700,000 annually, with increases every five years based on CPI limited to 2-6% annually; plus
- Percentage rent equal to the amount, if any, by which 6 percent of gross annual revenues within the lease area exceeds the minimum base rent.

For Pier 45, rent during the construction period would be \$500,000 annually. Following construction, minimum base rent would be \$1,800,000 annually, with increases every five years based on CPI growth (limited to 2 – 6% annually). For Pier 45, the developer would receive an annual rent credit, starting at \$1,500,000 and increasing every five years based on CPI growth, for up to 15 years. This rent credit would be subject to reduction in the event that additional public funding is secured.

### **Fishing Industry Protections**

The term sheet outlines protections for fishing industry tenants, including preservation of the amount of total square footage available for industry operations in Sheds A and C as of 2020.

### Infrastructure and Additional Public Financing

The term sheet notes that project infrastructure costs are estimated to total \$186 million and that such costs create financial viability challenges for projects like the proposed development. This figure also includes the plaza, little embarcadero, and seawall infrastructure work. It states that the Port and FWR shall work to secure additional public funding sources – separate from the tax increment financing and rent credit already proposed, which are described below – so that public sources ultimately fund approximately 40-50% of infrastructure improvements.

### Sources of Funding

The term sheet lists as intended sources:

- Community Facilities District funding, under California’s Mello-Roos Community Facilities Act of 1982, backed pledges of special taxes and by tax increment from an Infrastructure Finance District<sup>2</sup>
- Resiliency funding from local, state and/or federal sources
- Developer equity and debt
- Other potential sources identified in the future

## FISCAL FEASIBILITY

We present the fiscal feasibility analysis for the project below based on the November 4, 2024 Findings of Fiscal Responsibility and Feasibility Report for the Project, prepared by Economic & Planning Systems, Inc. (EPS) for the Port. Chapter 29 of the San Francisco Administrative Code requires a fiscal feasibility analysis that includes consideration of (1) direct and indirect financial benefits to the City including the extent of applicable cost savings or new revenues, including tax revenues, generated by the proposed project; (2) cost of construction; (3) available funding for the project; (4) the long-term operating and maintenance cost of the project; and (5) debt load to be carried by the City or Department.

### Financial Benefits to the City

#### Ongoing Fiscal Benefits

Once completed, the project will generate approximately \$5.2 million in tax revenue, of which an estimated \$2.9 million will be tax increment revenue used to repay construction costs. The remaining annual revenue of \$2.3 million results in an annual fiscal benefit of \$1.5 million, including \$1.3 million in net new General Fund revenues, after accounting for current revenues,

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<sup>2</sup> The revenue raised through the IFD would be used to pay the special taxes required by the CFD process. The extent to which the IFD revenue could fully cover the special tax obligations would depend on the amount of IFD revenue, which would depend on the property value increases associated with the development project. However, the Port’s goal is for the IFD to generate enough revenue to fully cover the special taxes that local property owners would otherwise owe through the CFD.



baseline requirements, and anticipated municipal service costs. Exhibit 1 below shows the estimated annual fiscal impact.

**Exhibit 1: Estimated Annual Fiscal Impact**

	<b>Current</b>	<b>Proposed Development</b>	<b>Net new</b>
General Fund Revenue	\$133,000	\$2,318,000	<b>\$2,185,000</b>
GF Baseline Requirements	-\$38,000	-\$664,000	<b>-\$626,000</b>
<i>GF Revenue After Requirements</i>	<i>\$95,000</i>	<i>\$1,653,000</i>	<i><b>\$1,558,000</b></i>
GF Expenditures	\$0	-\$277,000	<b>-\$277,000</b>
<i>Net Annual GF Revenues</i>	<i>\$95,000</i>	<i>\$1,376,000</i>	<i><b>\$1,281,000</b></i>
Net Impact on MTA Fund	\$13,000	\$185,000	<b>\$172,000</b>
<b>Total Fiscal Benefit Estimate</b>	<b>\$108,000</b>	<b>\$1,561,000</b>	<b>\$1,453,000</b>

Source: Economic & Planning Systems, Inc.

Note: Totals may not sum due to rounding.

Job Creation

EPS estimates the creation of approximately 500 permanent jobs from the project at full build-out, including jobs based at the project location and jobs elsewhere in San Francisco from ripple effects. EPS also estimates that the construction period, which is projected to last three years, will create 880 temporary jobs, including direct, indirect and induced jobs.

Direct Financial Benefits to the Port and the City

As described by EPS, direct benefits to the Port include:

- rent revenue of up to \$2.5 million annually (with a rent credit of \$1.5 million for up to 15 years) over the course of the 66-year leases
- fees from certain refinancings, sales or lease transfers.

Direct Benefits to the City

As described by EPS, direct benefits to the City include:

- The public plaza and park at Seawall Lot 300/301
- An improved waterfront promenade along the north edge of the Seawall Lot 300/301
- Improved public access along Pier 45
- Improvements to Port property, including an estimated \$186 million of new infrastructure

*Cost of Construction and Available Funding*

Of the estimated \$535 million cost to develop the project, more than \$370 million is for construction. The total budget of \$535 million includes, \$17 million for planning and entitlement, \$186 million for infrastructure and public facilities, \$298.1 million for building construction and parking, and \$33 million for other capital investments.

Exhibit 2 below shows the construction budget, which is not included in the EPS report and was provided by Port staff on behalf of the Developer. Work associated with Pier 45, driven by pier substructure reinforcement and repair work, is budgeted to cost approximately \$401 million. Construction at the “Triangle Lot,” comprising Seawall lots 300/301 is budgeted at \$43 million in vertical costs and includes creation of a visitor center, beverage garden, and vacation/rental units and \$39 million for public improvements, including development of Little Embarcadero and a public plaza. Remaining costs, including entitlement, start-up and production costs, total \$64 million.

### Exhibit 2: Construction Budget, Sources and Uses

Sources and Uses			Amount
<u>Sources</u>			
Equity			\$249.8
Debt			\$239.1
CFD/IFD			\$36.6
Rent Credit			\$22.5
Total Sources			\$548.0
		Horizontal	
Uses	Vertical Budget	Budget	Total
Pier 45	\$254.5	\$147.0	\$401.5
Triangle Lot (SWL 300/301)	\$43.6	\$39.0	\$82.6
Other Costs	\$64.0	\$0.0	\$64.0
Total Uses	\$362.1	\$186.0	\$548.1

Source: Port of San Francisco

Note: “Other costs” include entitlements, start-up and production costs, and working capital.

Of the \$548 million in development costs, the developer would initially source \$488.9 million through a combination of debt and equity. Approximately \$37 million will be paid through a combination of CFD and IFD sources, as shown above. The Port is also providing up to a \$22.5 million rent credit. To reduce general risk, Port staff also plan to seek additional public funding sources, which would reduce the debt and/or equity needed. According to a report by Port staff, these additional sources could include federal, state, and local grants.

### Long-Term Operating and Maintenance Costs

Under the term sheet with FWR, the Port will not be responsible for any operating or maintenance costs associated with the project. These costs would be the sole responsibility of the Developer.

### Debt Load to be Carried by the City or Department

The City will not incur any debt for the Project. Although the CFD and IFD formed by the City will incur debt, the CFD and IFD debt will not be secured by General Fund revenues.

**Determination of Fiscal Feasibility**

Based on our review of the EPS report, our office has determined that the vertical development and entitlement of the proposed project meets the basic criteria for fiscal feasibility as required by Administrative Code Chapter 29. However, an additional \$15 million to \$34 million in public sources would need to be identified to meet the target range in the term sheet as discussed below. As noted above, a determination by the Board of Supervisors that a project is fiscally feasible only finds that the proposed project merits further evaluation and environmental review; a determination of fiscal feasibility does not include a determination the project should be approved.

**POLICY CONSIDERATION**

The term sheet states that the Port and FWR seek to have public sources fund approximately 40-50 percent of total infrastructure costs, which are currently estimated to total \$185.9 million. As described above, the Port anticipates generating approximately \$36.6 million through tax increment financing, as well as providing a rent credit totaling approximately \$22.5 million. Together, these public sources total \$59.1 million, or 31.8 percent of estimated infrastructure costs.

Port staff plan to seek additional public funding sources, such as federal, state, and local grants, to reduce the debt and equity required of the project developer and overall project risk. Reaching the target range in the term sheet (40-50% of infrastructure costs) would require identifying \$15.3 million to \$33.9 million of such additional sources, based on the current estimated infrastructure cost total.

**RECOMMENDATIONS**

1. Request that the Port provide an update on the Project financing plan when the Port submits the LDDA for approval to the Board of Supervisors.
2. Because reaching the target percentage of public funding for project infrastructure would require identifying \$15.3 million to \$33.9 million of additional public sources, approval of the proposed resolution is a policy matter for the Board of Supervisors.

As required in the Exclusive Negotiating Agreement (“**ENA**”) dated as of January 1, 2024, for reference purposes only, this Term Sheet sets forth the basic terms and conditions on which the parties agree to further negotiate and that will be refined and set forth in more detail in the lease disposition and development agreement (“**LDDA**”), the lease (the “**Lease**”), and related transaction documents between Port and Fisherman’s Wharf Revitalized, LLC, (“**FWR**” or “**Developer**” or “**Tenant**”).

This Term Sheet is not intended to be, and will not become, contractually binding unless and until environmental review has been completed in compliance with the California Environmental Quality Act and the parties are able and willing to execute and deliver a mutually acceptable LDDA, Lease and related transaction documents regarding the Project. In addition, under San Francisco Charter, no officer or employee of the City and County of San Francisco (the “**City**”) has authority to commit the City to the transaction contemplated herein unless and until the San Francisco Port Commission has approved the transaction documents and the San Francisco Board of Supervisors (“**Board**”) of Supervisors has approved the form of Lease.

Section	Provision	Summary of Terms
	Introduction	
1	Parties	<p>Port: City and County of San Francisco (the "City"), acting by and through its Port Commission.</p> <p>Developer: Fisherman’s Wharf Revitalized, LLC, a California limited liability company (“FWR”), or other entity controlled by Fisherman’s Wharf Revitalized Partners, LLC.</p>
2	Premises or Site	<p>Pier 45 Sheds A and C: Approximately 215,000 square feet (about 5 acres) of pile-supported and fill-supported structure at the intersection of Taylor Street and Little Embarcadero comprised of Shed A, former Shed C, the space between the two sheds, and the eastern apron, as well as the right to use the Pier 45 eastern apron and “valley” for ingress and egress, and the eastern approximately 40 feet of the valley adjoining former Shed C for loading, limited ramping and building structural support, and the air rights in this portion of the valley for actual building (provided that anything placed in this zone of the valley still preserves clear ingress and egress for the Port and its tenants), as depicted on Exhibit A. The Parties are also exploring possible uses and coordination for the berths adjoining Shed C as outlined on Exhibit B, Maritime Uses.</p> <p>Seawall Lot (SWL) 300/301 and the Little Embarcadero: Approximately 88,000 square foot (about 2-acre) portion of Seawall Lot 300/301, excluding the Boudin Bakery site, that fronts Jefferson Street and is bounded by Little Embarcadero and Taylor Street, and the Little Embarcadero and portions of the plaza adjoining Pier 45, as depicted on Exhibit A.</p>

		<p>Portions of the Site include spaces that are or will be publicly accessible, and/or serve as shared areas of ingress, egress and loading. The Parties will work together to determine which of those spaces are included in the leases and which may be improved as part of the Project but not included as part of the leased premises.</p>
3	Project Proposed Development Program	<p>Exhibit B describes all aspects of the Development Concept, including:</p> <ul style="list-style-type: none"> <li>• SWL 300/301 Program</li> <li>• Pier 45 Program</li> <li>• Maritime Uses</li> <li>• Open Space</li> <li>• Pier and Resilience Infrastructure Improvements</li> </ul>
4	Total Development Cost and Sources of Funding	<p>FWR financial capacity and financial assurances for completion of construction of improvements.</p> <p>Intended sources include:</p> <ul style="list-style-type: none"> <li>• CFD Mello-Roos funding backed by a dual pledge of special taxes and IFD tax increment</li> <li>• Resiliency funding from local, state and/or federal sources</li> <li>• Developer equity and debt to fund Project costs</li> <li>• Other potential sources that improve the financial viability of the Project as identified by FWR, the Port, and other parties in the future</li> </ul>
4.1	Infrastructure Financing Structure	<ul style="list-style-type: none"> <li>• Establishment of IFD comprising planned development within the Site</li> <li>• FWR to receive 100 percent of available IFD revenue (capture of 65 percent of ad valorem taxes with up to 90 percent with State authorization), including pay-as-you-go incremental revenues for reimbursement of agreed-upon substructure, public improvements, and associated costs</li> <li>• Community Facilities District (Mello-Roos) covering the entire site will serve as bridge to IFD; the CFD will be sized to match projected tax increment amounts, and tax increment will serve as a credit to CFD Special Tax payments</li> <li>• Issuance of CFD bonds with a pledge of IFD revenues as a source for debt service; FWR and its transferees and assignees agree to not appeal any assessment once Baseline Assessed Value is established. Developer will</li> </ul>

		<p>include in all its leases a similar provision prohibiting its tenants from appealing any assessment once Baseline Assessed Value is established</p> <ul style="list-style-type: none"> <li>• Potential for CFD Contingent Services Special Tax to serve as funding source for plaza, open space, and other public space if needed</li> </ul>
5	LDDA and Ground Leases	<p>The primary Transaction Documents will consist of:</p> <ul style="list-style-type: none"> <li>• Lease Disposition and Development Agreement between the Port and FWR for the Site (LDDA)</li> <li>• Up to Four Separate Ground Leases between the Port and FWR</li> <li>• Potential for a Master Lease or Construction License to facilitate early infrastructure improvements if needed</li> <li>• Ground leases to be conveyed on a phased basis after satisfying conditions such as: <ul style="list-style-type: none"> <li>○ Conditions to executing, incl. FWR's evidence of financing, issuance of all permits</li> <li>○ Financial security for construction of improvements on Site</li> <li>○ Financial security / assurance of futures maintenance for leases, if any, that only include public open space / non-revenue generating activities. The CFD Contingent Services Special Tax is one potential option for this financial security.</li> <li>○ As-is delivery by Port of Site</li> <li>○ For the lease covering Pier 45, concurrent execution of new subleases between FWR and existing tenants in accordance with Section 6.2 "Sublease Space" below</li> <li>○ Additional conditions as further described below in this term sheet and as set forth in the form ground lease attached hereto as an Exhibit F.</li> </ul> </li> <li>• LDDA effective upon final and non-appealable action by Board of Supervisors ("Effective Date")</li> <li>• Parties may pursue approval of a Development Agreement (DA) that will provide that Project will be exempt from future development impact fees or increases to existing development impact fees.</li> </ul>
6.1	Seawall Lot 300/301 Ground Lease Terms	<p>Phase 1 (eastern portion of the Site)</p> <ul style="list-style-type: none"> <li>• As-is condition</li> <li>• Term: 66 years</li> <li>• Construction Rent:</li> </ul>

		<ul style="list-style-type: none"> <li>○ Reduced rent of \$400,000 annually owed during construction from the execution of the Ground Lease until the issuance of a certificate of occupancy up to a maximum of 30 months</li> <li>○ Increases based on CPI growth with a floor of 2% per year and a cap of 6% per year from LDDA execution to Ground Lease execution</li> </ul> <ul style="list-style-type: none"> <li>• Minimum Base Rent: <ul style="list-style-type: none"> <li>○ \$700,000 annually</li> <li>○ Increases based on CPI growth with a floor of 2% per year and a cap of 6% per year from LDDA execution to Ground Lease execution</li> <li>○ Increases every 5 years after execution based on CPI growth with a floor of 2% per year and a cap of 6% per year</li> </ul> </li> <li>• Percentage Rent <ul style="list-style-type: none"> <li>○ The amount, if any, by which 6 percent of gross annual revenues from all economic activities within the lease area exceed Minimum Base Rent</li> </ul> </li> <li>• Other <ul style="list-style-type: none"> <li>○ FWR solely responsible for operation, maintenance, and repair obligations for the term of the Ground Lease</li> <li>○ Tenant will provide reduced parking rates targeted at fishing industry users during specific time-limited hours</li> <li>○ Return of premises in good condition at end of Lease term</li> <li>○ If requested by the Port, obligation to demolish certain facilities if said facilities contain uses that are no longer Trust consistent or are not in good condition</li> </ul> </li> </ul> <p>Phase 2 (western portion of the Site adjoining Taylor St.)</p> <ul style="list-style-type: none"> <li>• Potential for development as a future phase; terms to be negotiated based on proposed program</li> <li>• Anticipated interim uses / “phase 0” activations including a visitor kiosk, open space, possible parking, and visitor serving uses that compliment and create continuity with adjoining Phase 1 public open space</li> </ul>
6.2	Piers 45 Sheds A and C Ground Lease Terms	<ul style="list-style-type: none"> <li>• As-is condition</li> <li>• Term: 66 years</li> <li>• Construction Rent: <ul style="list-style-type: none"> <li>○ Reduced rent of \$500,000 annually owed during construction from the execution of the Ground</li> </ul> </li> </ul>

		<p>Lease until the issuance of a certificate of occupancy up to a maximum of 42 months</p> <ul style="list-style-type: none"> <li>○ Increases based on CPI growth with a floor of 2% per year and a cap of 6% per year from LDDA execution to Ground Lease execution</li> </ul> <ul style="list-style-type: none"> <li>● Base Rent: <ul style="list-style-type: none"> <li>○ \$1,800,000 annually</li> <li>○ Increases based on CPI growth with a floor of 2% per year and a cap of 6% per year from LDDA execution to Ground Lease execution</li> <li>○ Increases every 5 years after execution based on CPI growth with a floor of 2% per year and a cap of 6% per year</li> </ul> </li> <li>● Infrastructure Rent Credit <ul style="list-style-type: none"> <li>○ Rent credit of \$1,500,000 to contribute towards the public portion of the Project infrastructure for up to fifteen years</li> <li>○ Increases based on CPI growth with a floor of 2% per year and a cap of 6% per year from LDDA execution to Ground Lease execution</li> <li>○ Increases every 5 years after execution based on CPI growth with a floor of 2% per year and a cap of 6% per year</li> <li>○ Other than the IFD and rent credits, public funds, including any federal, state local grants secured for the Project, all as further described in Section 35 below (“Infrastructure and Additional Public Funding”), shall reduce the rent credit pursuant to the following formula: For every \$3 million of Additional Public Funding, the period of rent credit shall be reduced by one year (with prorations for partial years).</li> </ul> </li> <li>● Sublease Space and Terms for Pier 45 Fishing Industry and Visitor Serving Tenants <ul style="list-style-type: none"> <li>○ Total fishing industry space between the portions of Shed A and new Shed C dedicated to such use shall be no less than the total combined square footage that was dedicated to such use in Shed A and former Shed C prior to the 2020 fire</li> <li>○ FWR will reserve all the western bays in Shed A for fishing industry use</li> <li>○ FWR will preserve a drive aisle in Shed A for fishing industry logistics and staging</li> <li>○ FWR will accommodate fishing industry tenants currently located in the eastern bays of Shed A in</li> </ul> </li> </ul>
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		<p>either Shed A or new Shed C with space consistent with their current use</p> <ul style="list-style-type: none"> <li>○ FWR shall endeavor to accommodate fishing industry use currently located on former Shed C, subject to the parameters of the first bullet above in this Sublease section</li> <li>○ FWR will accommodate Musee Mecanique and the U.S.S Pampanito in Shed A within the eastern bays in space consistent with their current use</li> <li>○ Provided the requirements of the first bullet above in this Sublease section are met at all times, FWR in its discretion may use the remainder of the eastern bays of Shed A for the proposed Project or subleasing in accordance with this section</li> <li>○ During construction certain tenants may need to be temporarily relocated. All relocation expenses will be the responsibility of FWR. Relocation of tenants must comply with the Uniform Relocation Act, and State and Federal relocation laws, as applicable.</li> <li>○ All of the above shall be accomplished by entering into direct subleases with the applicable tenants</li> <li>○ Rents under these subleases will be the lesser of the tenants' then current rent to the Port or Port parameter rents, subject to percentage increases consistent with Port parameter rent increases</li> <li>○ With the exception of any eastern bays of Shed A, if any space dedicated to fishing industry use becomes vacant, FWR will dedicate that space to fishing industry use at Port parameter rents</li> </ul> <ul style="list-style-type: none"> <li>● Other <ul style="list-style-type: none"> <li>○ Operation, maintenance, and repair obligations solely responsibility of FWR or its successor(s) or assign(s)</li> <li>○ Dredging obligations responsibility of Port</li> <li>○ Tenant will provide reduced parking rates targeted at fishing industry users during specific time-limited hours</li> <li>○ During the term of the lease, the Port will maintain only Trust consistent uses in Pier 45 Sheds B and D in support of the fishing industry and will not lease space to any museum or experiential attraction</li> <li>○ Return of premises in good condition at end of Lease term</li> </ul> </li> </ul>
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		<ul style="list-style-type: none"> <li>○ If requested by the Port, obligation to demolish certain facilities if said facilities contain uses that are no longer Trust consistent or are not in good condition</li> <li>○ Leasehold mortgage and mortgagee protection provisions</li> </ul>
7	Participation Structure	<ul style="list-style-type: none"> <li>• Port to receive participation on any sale or refinancing equal to 1.5% of net proceeds (gross proceeds less outstanding debt, equity, and transaction costs).</li> </ul>
8	LDDA Term and Extension Fee	<ul style="list-style-type: none"> <li>• LDDA term is anticipated to be 72 months (6 years) for Phase 1 of Seawall Lot 300/301 and Pier 45 (collectively “Phase 1”). For Phase 2 of Seawall Lot 300/301 (“Phase 2”), term is anticipated to be 12 years (but terminable by the Port if Phase 1 schedule of performance, as extended, is not met.</li> <li>• FWR may extend the time for Execution of any Ground Lease or extend a performance milestone under a Ground Lease for the following fees (the “LDDA fee”) as consideration for having exclusivity over the Premises during the LDDA Term: <ul style="list-style-type: none"> <li>○ Initial two (2) six-month increments upon the payment of \$50,000 for each six-month extension period</li> <li>○ Additional two (2) six-month increments upon the payment of \$250,000 for each six-month extension period</li> <li>○ LDDA fees will not be prorated</li> </ul> </li> <li>• In addition, the LDDA will have force majeure provisions that will provide for schedule relief due to regulatory delays beyond the scope of the Project (e.g., Flood Study Project) that cause a delay on the Project.</li> </ul>
9	LDDA Termination Fee and Assignment of Project Materials	If the LDDA terminates before the first transfer of Ground Lease, due solely to a Tenant event of default, Port shall be entitled to retain any Payment Advances previously paid to Port, and upon request, Developer shall assign to the Port its Project Materials and Structural Materials, consistent with the requirements of the ENA (all as defined in the ENA), and any and all Project entitlements received as of the termination date.
10	Period to Complete Construction	The LDDA will require Tenant to diligently pursue construction of the Project to completion, and will also provide that it will be an event of default if Developer suspends or abandons work on the Project for more than 180 consecutive days (subject to extension for force majeure events). The LDDA will also include

		<p>a schedule of performance, attached as Exhibit C, that includes outside dates for site permit filing, commencement of construction, and construction completion, subject to force majeure extension.</p> <p>The LDDA will also require delivery of a Completion Guaranty or payment and performance bonds (as more particularly described in Section 13 below) that will secure Tenant's construction obligations.</p>
11	Reimbursement of Port's Transaction Costs	<p>Developer will reimburse Port for all of Port's direct transaction costs, including, but not limited to, Port and City Attorney staff time, incurred during the term of the LDDA, including any extension periods based on the direct costs incurred by the Port. The LDDA will include procedures and reporting requirements that are generally consistent with the cost estimate and payment advance structure set forth in the ENA, including provisions relieving Developer from payment obligations for untimely invoices (e.g., more than fourteen months for Port staff costs). Accrual of new reimbursable transaction costs shall cease upon a date on or near the Project closeout date and to be agreed upon by Port and Developer prior to the issuance of the final Project Certificate of Completion. Developer's obligation to reimburse the Port for accrued unpaid transaction costs shall survive the expiration, termination, or issuance of the Certificate of Completion.</p>
13	Performance and Payment Bond	<p>Upon Port's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed, Tenant may provide the Port with a Completion Guaranty for the Project from an entity satisfying minimum net worth requirements to be defined in the LDDA in lieu of Payment and Performance Bonds from Developer's General Contractor, before commencement of construction under Port-issued building permits, guarantying completion of construction of the proposed improvements to the Premises, including timely performance of construction of the improvements, and timely payment of all construction materials and labor, and all applicable fees.</p>
14	Deposits	<p>On or before execution of the Lease, Tenant shall provide the Port with a security deposit for performance under the Lease in an amount equal to two months of then current Base Rent due under the Lease.</p>
15	Payment of Impositions	<p>Tenant shall pay when due all impositions, such as real and personal property tax, possessory interest tax, licensee fees, or periodic permits, as applicable.</p>

16	Uses	Tenant may use the Premises for uses consistent with the Development Concept (collectively, the “Permitted Uses”), and for no other uses without the prior written consent of the Port, not to be unreasonably withheld, conditioned or delayed, and further subject to Section 27 below (Public Trust consistency).
17	As-Is Condition	Premises will be delivered in its as-is condition. Port will provide or make available to Tenant all prior studies and reports in its possession pertaining to the Premises in advance of executing the LDDA.
18	Assignment and Transfer	<p>FWR has the right to capitalize the Project with outside investor(s) without Port approval so long as FWR maintains controlling interest and maintains a minimum of a 2 percent equity investment in the Project.</p> <p>Port to have reasonable approval over assignment/transfer of FWR controlling interest for Project phases governed by ground leases that have not yet been executed, or if underway, have not received certificate of occupancy.</p>
19	Leasehold Financing	<p>Tenant has the right to obtain construction financing, other interim financings, and permanent take-out financing from bona fide institutional lenders for the development of the Project that will be secured by Tenant’s leasehold interest. Financing must not:</p> <ul style="list-style-type: none"> <li>i. Impair the Port’s and Tenant’s ability to implement the public financing scheme as contemplated in Section 4 (Total Development Cost and Sources of Funding),</li> <li>ii. Impose conditions upon Port unless agreed to by Port in its sole discretion, subject to leasehold mortgagee provisions included in the LDDA/Ground Lease generally consistent with such provisions in other Port ground leases for comparable projects, or</li> <li>iii. Encumber Port’s fee interest in the Premises.</li> </ul>
20	Maintenance and Repair of all components of the Project	Unless Port elects to perform any maintenance itself, sole responsibility of Tenant and consistent with all Port standards. Port will have no maintenance obligations with respect to the Project.
21	Utilities	Port makes no representation regarding existing utilities (including water and sewer) or need to construct new utilities (including water and sewer) or relocate existing utilities (including water and sewer) for development of the Project. Sole responsibility of Tenant.

23	Hazardous Materials	Sole responsibility of Tenant, provided Tenant will not be responsible for any pre-existing hazardous materials so long as they are not released or exacerbated by Tenant or its agents or invitees or due to the Project.
24	Possessory Interest and Other Taxes	Tenant will be required to pay possessory interest taxes on the assessed value of its leasehold interest on the date of any Lease. Tenant also will be required to pay other applicable city taxes, including parking, sales, and payroll taxes, and special assessments imposed under applicable CFDs.
25	No Subordination of Fee Interest or Rent	Under no circumstance will Tenant place or suffer to be placed any lien or encumbrance on Port's fee interest in the Premises. Port will not subordinate its interest in the Premises nor its right to receive rent to any mortgagee, whether such mortgagee is a public entity or private party.
26	Insurance Requirements	<p>Throughout the term of the Lease, Tenant must maintain insurance in amounts and with limits determined appropriate by the Port and with carriers acceptable to the Port in consultation with the City's Risk Manager.</p> <p>Insurance will include (but is not limited to): commercial general liability; workers' compensation; property insurance; automobile liability; personal property; business interruption; builder's risk; pollution legal liability and various maritime coverages, if applicable.</p> <p>The Port and City must be named as additional insureds/loss payees. Insurance will include waivers of subrogation.</p>
27	Trust Consistency	The Project and all uses will be consistent with the public trust, Burton Act, and any other relevant laws as applicable.
28	Regulatory Approval	Tenant is responsible for obtaining all regulatory approvals, at its sole cost and expense. Port shall reasonably cooperate (for any obligations on Site) in such efforts, including applying as a co-permittee where required so long as Tenant assumes all obligations under the permit at its sole cost and expense. Port shall have sole discretion to approve/disapprove any obligations off-site where Port is a co-permittee.
29	Standard Lease Terms	The Lease will include other lease terms generally consistent with other Port leases on projects of this scale and complexity, including but not limited to force majeure event provisions.

30	Public Benefits and Diversity, Equity, and Inclusion Initiatives	The DEI Plan and planned public benefits are described in Exhibit D, DEI Plan. The benefit list and its characterization are subject to the mutual determination of the Port and Tenant and Port shall not unreasonably withhold condition or delay its approval.
31	Port Regulatory Authority	Port shall issue building permits for the Project.
32	Impact Fees	<p>FWR payment of all applicable fees, inc. but not limited to Childcare Fee, Jobs-Housing Linkage Fee, Transportation Sustainability Fee, Public Art Fee, and others.</p> <p>FWR and Port may pursue opportunities to dedicate fees to costs within the Project or reduce fees based on performance in other areas.</p>
33	Indemnification	FWR to indemnify Port consistent with lease terms in other Port development projects.
34	Flood Study Project Coordination	The Project includes resilience and seismic work on portions of Pier 45 and along the Little Embarcadero shoreline, areas that have been analyzed under the USACE Coastal Flood Study. Because this is not as low-lying an area as other locations on the Northern Waterfront, the Flood Study calls for a "first move" that is limited in scope: short floodwalls along piers and wharves as well as floodproofing of at-risk buildings. As FWR Project designs and implementation strategies are refined, Port staff sees an opportunity to work closely with its partners at USACE and FWR to ensure that the Project improvements are tailored to not only satisfy seismic codes and protect the Project from rising sea levels, but also represent the implementation of the relevant flood protection features under the Flood Study as a potential means to bring in federal investment or credit under the Flood Study plan (if and when it is approved by Congress). Port staff will report out on the outcome of this coordination effort as we bring the Project back for further reviews and eventual approval after the completion of environmental and regulatory review and further transaction negotiations.
35	Infrastructure and Additional Public Funding	FWR and Port acknowledge the Project currently includes an estimated \$185.9 million in infrastructure related to pier substructure enhancements, seawall seismic and sea level rise improvements, east apron repairs, and the construction of public open space/plaza. These improvements will provide significant benefit to the public and help to address the Port's sizeable capital project needs. The magnitude of these investments creates challenges for the financial viability of Port related projects like the proposed Project.

		<p>In recognition of the significant infrastructure costs, FWR and the Port intend to utilize the following sources of public funding:</p> <ul style="list-style-type: none"> <li>• CFD/IFD bonds and pay-go taxes</li> <li>• Rent credits</li> </ul> <p>The Port and FWR will work together to identify and secure Additional Public Funding sources such as:</p> <ul style="list-style-type: none"> <li>• Federal, State, and Local grants/payments</li> <li>• Federal or State funding for resilience improvements (e.g., Seawall, Sea Level Rise)</li> <li>• Local sources</li> <li>• Other contributions from governmental entities</li> </ul> <p>Based on current Project cost and infrastructure estimates, the Port and FWR intend to identify and secure public sources to fund approximately 40-50 percent of all infrastructure improvements related to pier substructure enhancements, seawall seismic and sea level rise improvements, east apron repairs, and the construction of public open space/plaza. FWR and Port acknowledge current infrastructure estimates are highly preliminary and likely to change. Depending on the final cost and scope of infrastructure improvements, the above goal may be reduced to reflect the actual availability of public sources relative to total infrastructure budget.</p>
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Attached Exhibits:

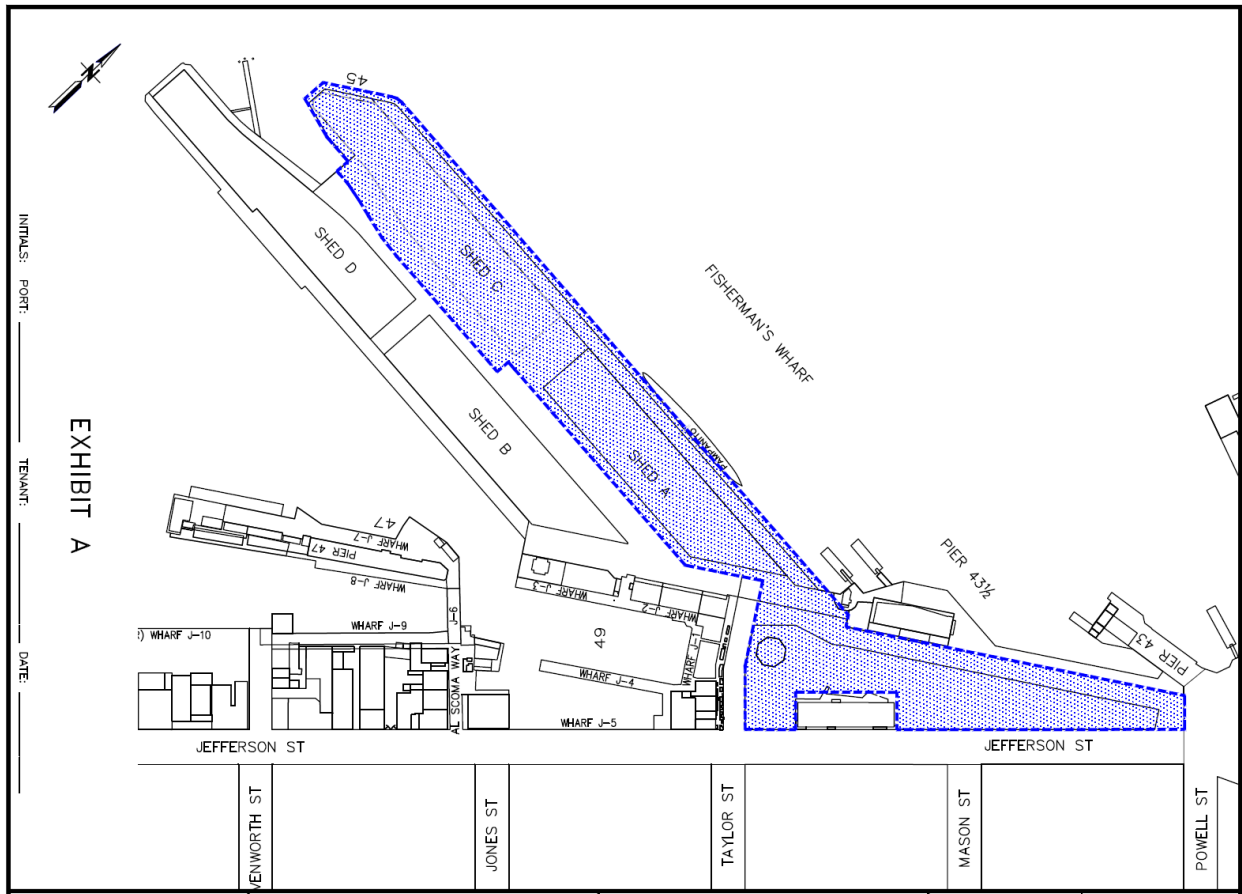
Exhibit "A," LDDA Boundary

Exhibit "B," Development Concept

Exhibit "C," Schedule of Performance

Exhibit "D," DEI Plan and Community Benefits

EXHIBIT A. LDDA BOUNDARY





## **EXHIBIT B. DEVELOPMENT CONCEPT**

All square footage and unit count figures below are approximate and subject to change with more detailed design work.

The square footage and unit count of each use that are studied as part of environmental review may exceed the below figures to provide the necessary flexibility to finalize the Project component sizing during the design phases of the Project.

In all events, the uses below shall conform to Section 6.2 Sublease Space and Terms for Pier 45 Fishing Industry and Visitor Serving Tenants, including the requirement that total fishing industry space between the portions of Shed A and new Shed C dedicated to such use shall be no less than the total combined square footage that was dedicated to such use in Shed A and former Shed C prior to the 2020 fire.

In all events, all the uses below shall conform to the 40' height limit that governs the Site.

### **SWL 300/301 Concept**

#### *Visitor Center*

- Approximately 4,000 gross square feet of visitor center located at the eastern point of SWL 300/301
- As part of the “phase 0” / interim activation in the Phase 2 site, a visitor center kiosk located at the corner of Taylor and Jefferson near the Fisherman’s Wharf crab wheel sign

#### *Beverage Garden*

- Approximately 30,000 gross square feet of brewery and/or winery space located east of Mason Street, including both indoor space and outdoor deck at the lower level, and roof deck areas above both the Beverage Garden building and the Visitor Center

#### *Hotel/Vacation Rentals*

- Approximately 11,000 gross square feet containing approximate 10 large hotel rooms / vacation rentals, with each unit containing one or more bedrooms and a kitchenette, located above the Beverage Garden

#### *Open Space*

- A publicly accessible open space located between the Franciscan and Boudin, including a plaza, playground and/or green space approximately 34,000 square feet in size
- Improvements to the Little Embarcadero and adjoining plazas to create a wider, enhanced pedestrian promenade area that can flex to vehicular use as needed (approximately 30,000 square feet of public open space)

#### *Resilience Infrastructure Improvements*

- Seismic enhancements and sea level rise protection improvements to the seawall and seawall lot in line with requirements and/or guidelines from the Port, Army Corps of Engineers, BCDC, State Lands Commission, or any other governmental agency

## **Pier 45**

### *Pier and Resilience Infrastructure*

- Substructure enhancements to eastern half of the Pier to ensure compliance with all new uses, seismic safety improvements, and an extended useful life through the term of the lease
- FWR must construct all horizontal infrastructure in line with requirements and/or guidelines from the Port, Army Corps of Engineers, BCDC, State Lands Commission, or any other governmental agency

### *Maritime Uses*

- Retain maritime berths along Sheds A and Sheds C built to Port standards and consistent or larger than existing berths with the potential for emergency/disaster uses
- Continued docking of the U.S.S. Pampanito
- Possible use of the berths adjoining Shed C to support the uses contained in Sheds A and C
- Berth usage along the eastern half of Pier 45 shall take into account visitor volume/demands on the eastern apron and preservation of views from Shed C

### *Open Space*

- Repairs to east apron of Pier 45 that allows public access for pedestrians to the Northeastern edge of Pier 45 consistent with BCDC standards (approximately 30,000 gross square feet of public open space)

### *Shed A*

- Fishing industry space (storage, staging and support uses) in the western bays (approximately 25,000 square feet) and associated center drive aisle (approximately 15,000 square feet)
- Visitor serving uses in the eastern bays (approximately 30,000 square feet), including Musee Mecanique, the U.S.S. Pampanito and portions of those visitor serving uses contained in Shed C described below

### *New Shed C*

- Fishing industry space (storage, staging and support uses) that, when combined with the space in Shed A, meet the requirements under this Term Sheet
- Parking of approximately 50 stalls that can flex to staging area during peak fishing industry demand at the beginning and end of seasons (approximately 22,500 square feet)
- Seafood market and support space of approximately 10,000 square feet
- Approximately 120,000 gross square feet of indoor visitor serving uses including an interactive exhibit hall dedicated to celebrating and providing education regarding the fishing industry and fisheries, fish processing that can be viewed by the public, a food hall with stalls highlighting fish and seafood dishes from around the world, an events center and immersive

black box theater and performance arts space, and associated back-of-house support space and loading

- Approximately 50,000 gross square feet of outdoor roof deck space adjoining and above the uses outlined above

**EXHIBIT C. SCHEDULE OF PERFORMANCE**

<b>Performance Benchmarks</b>	<b>Target Performance Date</b>	<b>Performance Date (subject to extensions for Excusable Delay)</b>
1. Phase 1 Construction Permit Issuance	12 months post-LDDA execution	18 months post-LDDA execution
2. Phase 1 Construction Commencement	6 months post-Phase 1 Construction Permit Issuance	12 months post-Phase 1 Construction Permit Issuance
3. Phase 1 Construction Completion	30 months post-Phase 1 Construction Commencement	42 months post-Phase 1 Construction Commencement
4. Phase 2 Construction Permit Issuance	7 years post-LDDA execution	8 years post-LDDA execution
5. Phase 2 Construction Commencement	6 months post-Phase 2 Construction Permit Issuance	12 months post-Phase 2 Construction Permit Issuance
6. Phase 2 Construction Completion	24 months post-Phase 2 Construction Commencement	36 months post-Phase 2 Construction Commencement

## **EXHIBIT D. DEI AND COMMUNITY BENEFITS PLAN**

Building off the Port's DEI work, the DEI and Community Benefits Plan is organized based on the three categories of focus – Contracts, Leasing, and Parks and Open Space - the same external focus areas the Port highlights in its 2020 Racial Equity Action Plan. The plan also includes a fourth category, Access, with a focus on programmatic means to create a more diverse, equitable and inclusive environment.

### **CONTRACTS**

With hundreds of millions of dollars of predevelopment and construction expenditures anticipated in conjunction with the Project, Developer plans to use a variety of mechanisms to expand workforce development and opportunities within target communities and business development for a wide variety of LBE / MBE / WBE companies.

#### **Workforce Development**

Developer plans to work with CityBuild and various local organizations to promote apprenticeship and job training opportunities for women and BIPOC candidates. In particular, because a key component of the Project involves resilience-related construction work, there is an opportunity to collaborate with both the Port and other sponsors of large projects (i.e. Piers 30-32) to help develop a pipeline of individuals specifically trained in resilience work. Developing such a pipeline will help ensure that the companies engaged in this work reflect the diversity of our community and are well positioned to meet the sizeable needs of the Port over the next several decades of resilience work.

#### **Project Labor Agreement**

The Developer anticipates entering into a PLA, which not only ensures high quality union jobs with fair wages, but also provides an opportunity to negotiate and incorporate important apprenticeship requirements and programming, opening job opportunities and tracks to underrepresented populations.

#### **LBE / MBE / WBE Contracting**

The Developer's principals have extensive experience with LBE / MBE and WBE contracting goals and methods for reaching these goals. One of the principals has spent the last two decades overseeing hundreds of millions of dollars in such contracting in Mission Bay and will bring the same best practices to this Project to ensure local and minority owned businesses benefit from the scale of investment in this Project. Methods to be employed will likely include early and proactive outreach and information campaigns to ensure awareness of opportunities, right-sizing of contracts and phasing of work to allow smaller firms greater opportunities to participate, and active promotion of teaming / partnerships between larger non-target companies and their often smaller LBE / MBE / WBE counterparts to expand opportunities for, and build the resumes of, these target firms.

### **LEASING**

The Project will include a number of leasing opportunities that are purposefully designed and scaled to be accessible to underrepresented groups and early entrepreneurs. Developer will invest in facilities and

provide common resources to remove barriers to entry and allow under-resourced populations the opportunity to establish their business at the Project even if they lack access to traditional sources of capital. A broad and diverse set of tenants within the Project not only promotes equity, but also helps send a message to the broader public that all are welcome and that this space is a place where they belong.

### **Food Hall**

The experiential museum and event center will have as its primary food and beverage offering a food hall with the stated mission of highlighting fish and seafood dishes of the world, specifically targeting a very diverse set of tenants, and opening opportunities for underrepresented cultures to be showcased in a high-volume setting. The stalls of the food hall will be specifically designed to be accessible to early food entrepreneurs and those that may have otherwise been shut out of having a permanent physical location due to the high cost of start-up and build-out of traditional restaurant spaces. The facilities will have well-equipped common kitchens, shared back-of-house, systems and support services, all reducing both start-up costs and operating costs. The stalls will be available in a variety of sizes to meet businesses where they are while also providing room to grow, and the rent structure will be heavily focused on a percentage rent model that reduces economic pressure during the period of establishment, and ensures rent is proportionate with the scale at which the business is operating.

### **Promenade and Public Square**

Along the little Embarcadero promenade and within the public square, Developer anticipates including some kiosks and stalls to help activate and enliven these spaces. By design, these spaces are lower cost than the food hall stalls thanks to their small scale and less back-of-house infrastructure, providing an even more affordable entry point for underrepresented entrepreneurs, and also one that is exposed to the full volume of public foot traffic along the waterfront.

### **Pop-Ups**

Developer also plans that one or more spaces on Pier 45 within the food hall and along the promenade and public square will be available for pop-up users. These pop-up spaces will provide benefits both to businesses already established within the Project, and those looking for an entry into the Project. For those already established within the Project, it provides a low-cost, low-risk channel to expanded their exposure to the public and opportunities for experimentation and growth. For food entrepreneurs not yet located within the Project, the pop-up spaces will provide a very low barrier opportunity to test concepts, figure out if there is a good fit / good demand for their product, make tweaks and modifications to their offerings, and ultimately provide another pathway for landing a permanent stall within the Project.

### **PARKS AND OPEN SPACE**

The Project is envisioned to include an expansion of public open space along the little Embarcadero in the form of an expanded promenade, a public square centered between The Franciscan and Boudin, and an experiential museum and event center set in a park-like environment on Pier 45. Developer intends

to use a variety of methods to ensure a welcoming and accessible environment for all in these newly created spaces.

## **ACCESS**

### **Discounted Admissions**

The experiential museum and events center on Pier 45 will have an admissions fee to be accessed. Developer's plan is to keep admissions costs to visitors at a level that is already accessible for many, and to offer discounts and packages (family, annual memberships, etc.) that further reduce cost for visitors. However, Developer also recognizes that to maximize inclusion, discounted admissions will need to be offered to under-resourced groups, schools, and that there may even be certain days throughout the year where admission costs are completely waived for locals to maximize access for all.

### **Discounted Use Fees**

The experiential museum and events center will have a variety of spaces that are available for rent for meetings, conferences, events and performances. Developer intends to provide discounted use fees to under-resourced groups, non-profits, schools and community organizations so that these spaces are available to a more diverse group of individuals, promoting both equity and a sense of belonging within the Project.

### **Diverse Programming**

Both the promenade/public square and the events center on Pier 45 will be designed to showcase the arts and provide performance spaces and programming that appeals to a broad and diverse audience. Developer intends to engage a wide range of performance arts organizations, clubs, schools, community centers and other similar organizations and provide them with the opportunity to use the stages, formal and informal, located throughout the Project to share their art and culture with a larger audience. Some of the performers may be well established or recognized, others more hidden or novice, but the goal will be to have a constant rotation of exciting and unexpected performances representing the full breadth and diversity of the region. Most performers will be on a larger stage than they normally have access to; family and friends will feel pride in getting to see their loved ones perform in such a spectacular setting, and visitors will have an enhanced sense of belonging seeing the diversity of ages, acts and abilities that grace the stages throughout the Project.

*The Economics of Land Use*



## **Report**

# **Fisherman's Wharf Revitalized**

## **Findings of Fiscal Responsibility and Feasibility**

Prepared for:

The City and County of San Francisco

Prepared by:

Economic & Planning Systems, Inc.

November 4, 2024

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## EXECUTIVE SUMMARY

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Chapter 29 of the City's Administrative Code requires that the Board of Supervisors make findings of fiscal feasibility for certain development projects before the City's Planning Department may begin California Environmental Quality Act ("CEQA") review of those proposed projects. Chapter 29 requires consideration of five factors:

1. Direct and indirect financial benefits of the project, including, to the extent applicable, cost savings and/or new revenues, including tax revenues generated by the proposed project;
2. The cost of construction;
3. Available funding for the project;
4. The long-term operating and maintenance cost of the project; and
5. Debt load to be carried by the City department or agency.

This report provides information for the Board's consideration in evaluating the fiscal feasibility of a proposed development at Fisherman's Wharf (the "Project"). The Project consists of Pier 45 Sheds A and C, Seawall Lot (SWL) 300/301, and the Little Embarcadero. The Port of San Francisco ("Port") plans to develop these sites in partnership with Fisherman's Wharf Revitalized, LLC, a California limited liability company ("FWR"). A more detailed description of the Project is provided in the **INTRODUCTION** to this report.

**(1) Financial Benefits.** The Project will provide a range of direct and indirect benefits to the City and the Port. Additional details on and analysis of the Project's financial benefits are provided in **CHAPTER 1** of this report.

**a. Fiscal Benefits to the City and Port.** The development of the Project will provide both new ongoing and one-time revenues. Ongoing revenues to the City include new tax receipts from possessory interest (property tax), sales tax, transient occupancy tax, parking tax, and gross receipts taxes. These and other ongoing revenues are currently estimated to amount to nearly \$5.2 million in annual gross General Fund revenue to the City upon full build-out of the Project (in 2024 dollars). Roughly \$2.9 million in net new possessory interest tax revenue will be allocated to construction of eligible public facilities and infrastructure on the Project site through the use of financing districts. Excluding tax increment and funding reallocated to other City funds (i.e., baseline requirements), the Project generates an estimated \$1.7 million annually for the General Fund at build-out. Accounting for about \$300,000 in estimated annual municipal service costs attributed to the Project, the net fiscal impact on the General Fund is approximately \$1.4 million. Given the estimated fiscal benefit of roughly \$100,000 that is attributed to existing uses at the Project site, the analysis indicates an overall net benefit of nearly \$1.3 million. The analysis also anticipates an additional fiscal benefit accruing to the San Francisco Municipal

Transportation Agency (SFMTA), bringing the combined net benefit of the Project to nearly \$1.5 million per year.

In addition to these ongoing fiscal benefits, the City will receive an estimated \$11.1 million in one-time revenues from development of the project, including Development Impact Fees and tax revenue associated with construction (2024 dollars). These revenues include an estimated \$1.4 million in sales tax on construction materials and construction-related gross receipts tax. In addition, the project would generate \$9.7 million in fees, including Jobs-Housing Linkage, Transportation Sustainability, Schools, and Art Fee programs. Fees would be paid over the course of project development.

- b. Economic Benefits to the City.** The Project will have economic impacts that benefit the City's overall economy. New direct, indirect, and induced economic activity created by construction of the Project is estimated to create approximately 880 direct, indirect and induced jobs over the anticipated three-year duration of construction.<sup>1</sup> At full build-out, ongoing direct, indirect and induced economic activity at the Project is estimated to support over 500 permanent jobs in San Francisco, including jobs at the Project and additional jobs resulting from ripple effects in the local economy.
- c. Direct Financial Benefits to the Port.** The Port and FWR have drafted terms related to Project development. Under those terms, the Port will receive ground rent equal to \$2.5 million annually with a rent credit of \$1.5 million for up to 15 years at Pier 45 with the potential for percentage rent of gross revenues at SWL 300/301. If any lease under the Project is transferred, the Port will receive a 1.5 percent fee on net proceeds from the transfer.<sup>2</sup>
- d. Direct Benefits to the City.** As currently proposed, the Project will include a number of public benefits, including the rehabilitation and preservation of historic structures; creation of a unique San Francisco urban waterfront; elimination of a significant existing liability to the Port due to Pier 45's existing and anticipated capital needs; expansion of the City's inventory of job-creating commercial space by approximately 160,000 square feet; and an estimated \$185.9 million of new infrastructure.

**(2) Cost of Construction.** The Project as currently proposed will cost an estimated \$535 million to develop, including over \$370 million in construction. This cost estimate includes \$17 million for planning and entitlement, \$298.1 million for construction of buildings and structured parking, \$185.9 million for new infrastructure and public facilities, and \$33.0 million in other capital investments, as further detailed in **CHAPTER 2**.

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<sup>1</sup> Construction jobs represent "job-years" generated over the course of development only.

<sup>2</sup> Term Sheet

**(3) Available Funding for the Project.** Predevelopment, infrastructure, and vertical development costs for the Project initially will be privately financed with risk capital by the FWR. FWR's investment in public facilities and infrastructure funding may be augmented by reimbursements from several sources, including special taxes levied by Community Facilities Districts (each, a "CFD") formed under the Mello-Roos Community Facilities Act of 1982; tax increment financing from Infrastructure Financing District ("IFD") project areas; and debt issuance backed by CFD and/or IFD revenues. Private risk capital will be used for construction of all commercial uses, including costs for building design and construction, City impact fees, and other agency fees. Additional information is provided in the **INTRODUCTION** and **CHAPTER 3**.

**(4) Long-Term Operating and Maintenance Costs.** FWR will be responsible for all operation and maintenance costs, including those associated with all publicly accessible open space and public realm maintenance as needed, for the term of the ground lease. These costs may be paid through CFD Services special taxes from the site if available, due from FWR or other property lessees. City departments, including the San Francisco Police and Fire Departments and the SFMTA, will have greater service responsibilities associated with the anticipated increases in employment and tourism within the Project area. **CHAPTER 4** provides additional information about municipal service burden and costs attributable to the Project. Cost estimates for City services are included in the Fiscal Impact Analysis and may be further refined through California Environmental Quality Act ("CEQA") review of the Project.

**(5) Debt Load to be Carried by the City or the Port.** As described in further detail in the Term Sheet, the Project proposes to use Project-generated proceeds of an IFD and a CFD to fund and/or reimburse the cost of construction of eligible public facilities and infrastructure. Such debt obligations will be secured by special taxes and possessory interest taxes paid by Project lessees and will not obligate the City's General Fund or the Port's Harbor Fund. The IFD property tax increment may be used to pay for or reimburse infrastructure costs directly or to pay debt service on CFD or IFD bonds, as described below. A CFD would be secured by the pledge of special taxes imposed by the District and the Port's land or by leasehold interests at the site. See **CHAPTER 5** for additional information.

# 1. INTRODUCTION

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Chapter 29 of the City's Administrative Code requires that the Board of Supervisors review certain development projects before the City's Planning Department may begin California Environmental Quality Act ("CEQA") review of those proposed projects. In particular, the Board of Supervisors must make a determination of fiscal feasibility and responsibility when the plan for a proposed project exceeds \$25 million in construction cost, and where at least \$1.0 million of the cost is paid by certain public monies, including rent credits.

This report provides information under Chapter 29, subsection Sec. 29.2, for the Board's consideration in evaluating the feasibility of a proposed development by Fisherman's Wharf Revitalized, LLC, a California limited liability company ("FWR"), of Pier 45 Sheds A and C, Seawall Lot (SWL) 300/301, and the Little Embarcadero, collectively referred to as the "Project." The current Project program includes the construction of new retail, restaurants, events space, a visitor attraction, parking, and open space uses on Pier 45, in addition to the development of new beverage garden/restaurant and short-term vacation rental uses on SWL 300/301.

Section 29.2 of the San Francisco Administrative Code lists five criteria for evaluating the fiscal feasibility of a project:

- (1) Direct and indirect financial benefits of the project, including, to the extent applicable, cost savings or new revenues, including tax revenues generated by the proposed project;
- (2) The cost of construction;
- (3) Available funding for the project;
- (4) The long-term operating and maintenance costs of the project; and
- (5) Debt load to be carried by City departments and agencies.

Each of these criteria is discussed in the chapters that follow.

Central to this analysis is the Project's "Term Sheet," a non-binding document between the Port and the Developer, which outlines certain basic business terms and the proposed development project. The Term Sheet:

- Has been informed by an extensive ongoing public outreach process.
- Describes negotiated deal terms, including financial terms.
- Outlines the general concept for the Project as currently proposed.
- Outlines certain basic terms contemplated for the Project's final transaction documents, including a Lease Disposition and Development Agreement between the Port and FWR for the Site (LDDA) and Leases for areas of the Project.
- Is subject to endorsement by the Port Commission and the Board of Supervisors.

Provisions in the Term Sheet will be expanded upon in greater detail within various transaction documents that will accompany the final project approvals. The evaluation of fiscal feasibility, including financial benefits to the City and the Port, is preliminary, based on the current

conceptual Project plan. The information is subject to change as the project description is revised through public review, the CEQA process, and the negotiation of final transaction documents. Actual fiscal outcomes also will depend on future economic conditions; local, State and Federal policies; and other possible actions that may affect the Project.

## **Proposed Development**

The proposed Project involves two sites (1) SWL 300/301 (excepting Boudin Bakery) and (2) portions of Shed A and former Shed C on Pier 45. The Project involves repurposing SWL 300/301 from its current use as a surface parking lot to a mixed-use development with visitor centers, a beverage garden, vacation rental units, a large public plaza and more generous waterfront promenade. On Pier 45, the Project seeks to preserve and protect existing uses – the fishing industry, parking resources, and an existing museum and historic military submarine – while introducing new visitor attractions that celebrate and support the fishing industry, add space for events, performances and immersive/experiential art, and expand public access. The combination of preserving existing while adding new is achieved through the construction of a new, multi-story building on Pier 45 at the site of former Shed C. New visitor attractions are concentrated on the upper floor(s) of the new Shed C building, and along the eastern edges of Shed A and C next to existing visitor attractions, combined with enhanced public access along the eastern apron of Pier 45. Fishing industry storage and support space, parking and back-of-house space is concentrated in the western portions of Sheds A and C, helping to keep these resources as convenient to the industry as possible, and maintaining separation between visitors and the fishing industry activity.

All development, on both SWL 300/301 and Pier 45, is anticipated to stay within the existing 40' height limit. In addition to the uses described above, there is a significant amount of investment anticipated in sea level rise and seismic resilience improvements, including the repair and strengthening of the piles under Shed A and former Shed C and repair/replacement of the east apron on Pier 45, and seawall enhancements along the north edge of SWL 300/301.

The following is a more detailed description of the proposed uses on each of the two sites:

### **SWL 300/301**

- **Visitor Center** - Approximately 4,000 gross square feet of visitor center located at the eastern point of SWL 300/301, as well as a visitor center kiosk located at the corner of Taylor and Jefferson near the Fisherman's Wharf crab wheel sign (to be implemented as part of the "phase 0" / interim activation in the Phase 2 site) .
- **Beverage Garden** – Approximately 30,000 gross square feet of brewery and/or winery space located east of Mason Street, including both indoor space and outdoor deck at the lower level, and roof deck areas above both the Beverage Garden building and the Visitor Center.
- **Vacation Rental Units** - Approximately 11,000 gross square feet containing approximate 10 large hotel rooms / vacation rentals, with each unit containing one or more bedrooms and a kitchenette, located above the Beverage Garden.

- **Open Space** – Approximately 1.5 acres of parks will be constructed comprised of (1) a publicly accessible open space located between the Franciscan and Boudin, including a plaza, playground and/or green space (approximately 34,000 square feet), and (2) improvements to the Little Embarcadero and adjoining plazas to create a wider, enhanced pedestrian promenade area that can flex to vehicular use as needed (approximately 30,000 square feet).
- **Future Phase** - The western portion of SWL 300/301 adjacent to Taylor Street is anticipated to be redeveloped as part of a second phase of the Project, but because the uses for this area will be determined in the future, and the space is limited resulting in minor additional development relative to the scale of the first phase of the Project, this Chapter 29 Report does not analyze phase 2 improvements.

## **Pier 45**

The Pier 45 development retains and improves Shed A and introduces a new mixed-use, multi-story structure where Shed C was previously located:

- **New Attractions** - Approximately 120,000 gross square feet of indoor visitor serving uses including an interactive exhibit hall dedicated to celebrating and providing education regarding the fishing industry and fisheries, fish processing that can be viewed by the public, a food hall with stalls highlighting fish and seafood dishes from around the world, an events center and immersive black box theater and performance arts space, and associated back-of-house support space and loading. The new building on former Shed C would include approximately 50,000 square feet of outdoor roof deck adjoining and above the uses outlined above.
- **Existing Attractions** – Approximately 20,000 gross square feet of existing visitor serving attractions (Musée Mécanique and the U.S.S. Pampanito) in Shed A.
- **Retail** - Seafood market and support space of approximately 10,000 square feet, and small gift shop/café space of another 5,000 square feet.
- **Industrial** – fishing industry support space (storage, staging and support uses) of approximately 50,000 gross square feet in the western portion of Shed A and part of the western portion of the lower level of new Shed C.
- **Open Space** – The east apron of Pier 45 will be open to the public all the way to the far northeastern point (at the northeast end of former Shed C), providing approximately 35,000 square feet of improved public open space.
- **Parking** – approximately 50 stalls on the ground floor of new Shed C (which can flex to additional staging area for the fishing industry during peak demand periods at the beginning and end of seasons (approximately 22,500 square feet).

Other than a small portion of SWL 300/301 (described above under "Future Phase"), the Project is anticipated to be built all in a single phase, with development anticipated to occur over a

period of approximately three years after approvals, subject to economic cycles and market conditions.

Operationally, the Project's entertainment, experiential, event, beverage and hospitality components are anticipated to be managed primarily by a single operator / self-operated by the Project's developer in consultation and with management support from industry experts in the entertainment and event center industry. Managing the majority of the attractions under a single operation is expected to generate staffing, marketing and operational efficiencies, along with ensuring a high quality and consistent guest experience.

Exceptions to the self-operated model include the existing attractions (Musée Mécanique and the U.S.S. Pampanito, leased to organizations currently operating those attractions), and the Food Hall, which is anticipated to have the majority of its stalls leased to third-party small businesses / food entrepreneurs. The developer plans to build out the back-of-house / shared kitchen and storage facilities, common seating and customer serving facilities, and provide janitorial and security staffing, freeing operators of individual stalls to focus on their food offerings. The Food Hall is being operated in this manner to (a) maximize quality, variety and diversity of dining options by highlighting best-in-class chefs across a wide range of cuisines, (b) reduce risk by not concentrating activity with a single food operator, and (c) lower barriers to entry for small businesses and underrepresented groups, advancing DEI goals.

## **Overview of Project Financing**

FWR would be responsible for the construction or enhancement of all infrastructure and site improvements. Sources of funds would include:

- Developer equity and debt to fund Project costs;
- Community Facilities District (CFD) Mello-Roos funding backed by a dual pledge of special taxes and IFD tax increment;
- Resiliency funding from local, state and/or federal sources; and
- Other potential sources that improvement the financial viability of the project as identified by FWR, the Port, and other parties in the future.

Land disposition will occur through two to four 66-year ground leases. FWR will fund the cost of constructing the new park/plaza at SWL 300/301, and FWR (or its successor) will be responsible for maintenance of the park/plaza. A CFD Services Special Tax may be created to support ongoing operations of the site, if needed.

The Port and FWR will examine other potential project-generated public financing strategies or external public funding opportunities to build infrastructure, resiliency improvements, and the park. The parties will continue to discuss options for financing, with a final financing approach included in the LDDA.

In consideration for the land and investment of public funds, the Port will receive project revenues from a variety of sources. These potential revenues are described in greater detail in subsequent chapters.



## Fiscal Benefits to the City and the Port

New development at the SWL 300/301 and Pier 45 will generate a range of ongoing tax revenues (see **TABLE 1**) and one-time fees and revenues (see **TABLE 2**). These revenues will help to fund services to the new development, as well as provide Port and Citywide services and facilities. Other economic benefits from the Project will include increased economic activity in the City and the creation of new jobs, summarized in **TABLE 3**. Lease revenues to the Port are described in Section C of this chapter.

Key assumptions and calculations of fiscal benefits are shown in **APPENDIX A**; economic impacts are detailed in **APPENDIX B**. The financial estimates are derived from the development scenario and operations plan proposed by FWR. This is the same development scenario and operations plan studied in the financial analyses that have underpinned the Term Sheet negotiation process.

The development scenario and operations plan are described in the Proposed Development subsection above. As programming and operations plans may change, exact fiscal benefits may vary depending on the actual development and operations, as well as on fiscal and economic conditions during the time the Project is developed and occupied.

New tax revenues from SWL 330/331 and Pier 45 will include both ongoing annual revenues (net of tax increment) and one-time revenues, as summarized in **TABLE 1** and **TABLE 2**, respectively. The revenues represent direct, incremental benefits. These tax revenues will be available to help fund public improvements and services both within the Project and Citywide. Development impact fee estimates shown in **TABLE 2** include the City's primary charges on new development. Additional connection charges will be incurred but are not quantified here. Fee estimates assume credit for existing uses and are conservative estimates of fee revenue generation.

**Table 1 Fiscal Results Summary – Ongoing Annual Revenues (2024\$)**

Revenue/ Expense Category	Existing Uses	Proposed Development	Net New
<b>Recurring Annual Fiscal Impacts at Buildout</b>			
<b><u>General Fund</u></b>			
Annual General Fund Revenues	\$133,000	\$2,318,000	\$2,185,000
(Less) General Fund Baseline Requirements	<u>(\$38,000)</u>	<u>(\$664,000)</u>	<u>(\$626,000)</u>
<b>General Fund Revenue After Baseline Funding</b>	<b>\$95,000</b>	<b>\$1,653,000</b>	<b>\$1,558,000</b>
(Less) General Fund Expenditures	\$0	(\$277,000)	(\$277,000)
<b>Net Annual Impact on General Fund</b>	<b>\$95,000</b>	<b>\$1,376,000</b>	<b>\$1,281,000</b>
<b><u>MTA Fund</u></b>			
MTA General Fund Baseline Funding	\$13,000	\$222,000	\$209,000
(Less) MTA General Fund Expenses	<u>\$0</u>	<u>(\$37,000)</u>	<u>(\$37,000)</u>
<b>Net Impact on the MTA Fund</b>	<b>\$13,000</b>	<b>\$185,000</b>	<b>\$172,000</b>
<b>Total Recurring Fiscal Impact Estimate</b>	<b>\$108,000</b>	<b>\$1,561,000</b>	<b>\$1,453,000</b>

*Note: Totals may not sum due to rounding.*

**Table 2 Fiscal Results Summary, One-Time Revenues (2024\$)**

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<b>Construction-Related Tax Revenue</b>	
Sales Tax	\$652,000
Gross Receipts Tax	<u>\$722,000</u>
<i>Tax Revenue Subtotal</i>	<i>\$1,374,000</i>
<b>Development Impact Fee Revenue</b>	
Jobs-Housing Linkage	\$3,257,000
Child Care	\$0
Transportation Sustainability	\$4,146,000
School impact fee	\$35,000
Art fee	<u>\$2,293,000</u>
<i>Development Impact Fee Subtotal</i>	<i>\$9,731,000</i>
<b>Total One-Time Fiscal Revenue Estimate</b>	<b>\$11,105,000</b>

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*Note: Totals may not sum due to rounding.*

New tax revenues from the Project will include both ongoing annual revenues and one-time revenues, as summarized in the prior tables. The revenues represent direct, incremental benefits of the Project. These tax revenues will be available to help fund public improvements and services both within the Project and Citywide. The following sections describe key assumptions and methodologies employed for estimating each revenue.

### **Possessory Interest and Property Taxes**

Property tax at a rate of 1 percent of value is collected from the land and improvements.<sup>3</sup> Parcels under ground lease are subject to "possessory interest tax" in equivalent to property tax. The City receives approximately \$0.65 of every property or possessory interest tax dollar collected. The remaining \$0.35 of every property or possessory interest tax dollar collected is distributed directly to other local taxing entities, including the State of California (ERAF), San Francisco Unified School District, City College of San Francisco, the Bay Area Rapid Transit District, and the San Francisco Bay Area Air Quality Management District. Typically, the General Fund distributes \$0.09 cents from its \$0.65 of property tax revenue to other dedicated City purposes, including the Children's Fund, Library Preservation Fund, and Open Space Fund. In this case, the full \$0.65 tax increment will be allocated to an IFD. Taxpayers also pay various "overrides," including taxes for Citywide General Obligation bonds, special taxes and assessments that exceed the constitutional one percent property tax. These overrides are not estimated in this analysis.

The Project's Term Sheet proposes to use CFD and City IFD tax increment revenues to fund or reimburse FWR for horizontal development (site preparation, infrastructure, and site-wide amenities) and the development of a park. This analysis assumes that net available possessory interest tax derived from the Project could be deployed to reimburse eligible costs, rather than remaining in the General Fund. This analysis assumes that possessory interest tax available to the IFD will only include net available increment generated by the Project itself. An Infrastructure Financing Plan (IFP) that will be adopted along with the approval of the IFD project area will direct where IFD increment will flow. According to the Port IFD policy passed by the Board of Supervisors on April 23, 2013, excess IFD taxes, if any, may go either to the General Fund or the City's seawall, subject to the discretion of the Board and the Mayor.

As a long-term ground lease, possessory interest in the land, along with buildings and other improvements will be assessed and taxed. The City Assessor will determine assessed values for the Project, and the estimates shown in this analysis are preliminary and subject to revision. For the purposes of this analysis, the secured assessed values of the Project are estimated based on development costs. Actual assessed values may vary depending on assessment methods, actual rents and occupancy levels, or other factors.

The assessed value is assumed to grow at a 2 percent annual rate (or at CPI, whichever is less) as permitted by State law, unless a transaction occurs which would reset the assessed value to the transaction price, or unless depreciation or adverse economic conditions negatively affect assessed value. The analysis assumes that the overall growth in value will keep pace with

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<sup>3</sup> Ad valorem property taxes supporting general obligation bond debt in excess of this 1 percent amount are excluded for purposes of this analysis. Such taxes require separate voter approval and proceeds are payable only for uses approved by the voters.

inflation. The Term Sheet includes mechanisms, specifically the formation of a CFD Special Tax District, to assure that infrastructure can be adequately funded even if IFD property taxes decline (e.g., due to an assessment appeal). Though not estimated here, it is likely that taxes will also accrue during construction, depending on the timing and method of assessment and tax levy.

### **Property Tax In-Lieu of Vehicle License Fees**

The State budget currently converts a sizable portion of what used to be Motor Vehicle License Fee (VLF) subventions, previously distributed by the State based using a per-capita formula, into property tax distributions. These distributions increase over time based on assessed value growth. These City revenues are projected to increase proportionately to an increase in the assessed value added by new development.

### **Sales Taxes**

The City General Fund receives 1 percent of taxable sales. Sales taxes will be generated from Project-related sources, including taxable sales at new retail and restaurant uses as well as taxable sales by overnight guests at the Project. In addition to the 1 percent sales tax received by every city and county in California, voter-approved local taxes dedicated to transportation purposes are collected. Two special districts, the San Francisco County Transportation Authority and the San Francisco Public Financing Authority (related to San Francisco Unified School District) also receive a portion of sales taxes in addition to the 1 percent local portion. The City also receives revenues from the State based on sales tax for the purpose of funding public safety-related expenditures. Sales taxes beyond the 1 percent sales tax are not quantified by this analysis.

The sales tax revenue estimate considers the likelihood that some retail sales achieved at the Project will be diverted from existing retailers and restaurants in San Francisco. The analysis assumes that 70 percent of on-site taxable sales will be net new. A sensitivity test of this assumption considered the possibility that only 30 percent of on-site taxable sales would be net new. This test scenario reduced City tax revenue by approximately \$250,000 and lowered the net fiscal benefit of the Project on the General Fund from \$1.3 million to \$1.1 million.

### **Sales Taxes from Construction**

During the construction phases of the Project, one-time revenues will be generated by sales taxes on construction materials and fixtures. Sales tax will be allocated directly to the City and County of San Francisco in the same manner as described in the prior paragraph.

### **Transient Occupancy Tax (TOT)**

Hotel Room Tax (also known as Transient Occupancy Tax or TOT) will be generated by the vacation rentals at the Project. TOT is 14 percent, with 1.5 percentage points earmarked for Arts and Culture. The remainder accrues to the General Fund (before "baseline requirements" discussed below).

### **Parking Tax**

The City collects tax on parking charges at garages and surface lots open to the public or dedicated to commercial users. The tax is 25 percent of the pre-tax parking charge. The SFMTA

retains 80 percent of the parking tax revenue; the other 20 percent is available to the General Fund (before baseline requirements). This analysis assumes that all new parking spaces envisioned for the Project will generate parking tax. This analysis does not include any off-site parking tax revenues that may be generated by visitors to the Project that park outside of the Project.

### **Property Transfer Tax**

The City collects a property transfer tax ranging from 0.5 percent to 6 percent, depending on the magnitude of the transaction. Turnover will be infrequent due to the uniqueness of the Project and FWR's expressed desire to hold the asset. Although it is possible that additional sales could occur, the fiscal analysis makes the conservative assumption that the Project sells once during the 66-year lease term. For estimating purposes, the likelihood of a sale is spread evenly over each year of the lease. The analysis applies the City's top tax rate of 6 percent, for sales over \$25 million.

### **Gross Receipts Tax**

Estimated gross receipts tax revenues are generated from on-site business activity and rental income. This analysis assumes FWR is the primary operator, but that there also are 20 small food businesses and an industrial fish processing business that operate with the Project. Tax rates are industry-specific 2024 rates. Actual revenues from future gross receipt taxes will depend on a range of variables, including business sizes, share of activity within San Francisco, and other factors. The analysis assumes that businesses in the food court will be small businesses that are exempt from the gross receipts tax.

### **One-Time Revenues**

The City will collect revenues that are not recurring, including Development Impact Fees (see below) and sales taxes from the sale of construction materials.

#### ***Tax Revenues***

Project development will generate one-time tax revenue for the City. This analysis estimates sales tax revenue and gross receipts tax revenue attributable to construction.

#### ***Development Impact Fees***

The Project will generate City and School District impact fees. Preliminary one-time fee revenues include the following estimates generated by FWR.

- Jobs Housing Linkage Program Fee. The Jobs Housing Linkage Program Fee is anticipated to generate approximately \$3.3 million in revenue, based on 116,000 square feet of commercial space subject to the program and fee levels that range from \$8.80 to \$33.36 per square foot.
- Child Care Impact Fee. The Child Care Impact Fee program applies to projects that add more than 25,000 square feet of office or hotel space. The fee is not expected to apply to the Proposed project.
- Transportation Sustainability Fee. The TSP Fee program is anticipated to generate approximately \$4.1 million in revenue, based on 155,000 square feet of commercial space subject to the program and fee levels that range from \$11.21 to \$30.09 per square foot. The

estimate reflects a fee credit for Production, Distribution, and Repair (PDR) space that is redeveloped within the Project.

- Public Art Fee. The Public Art Fee is anticipated to generate approximately \$2.3 million, calculated as 1% of eligible construction costs.
- School Development Impact Fee. The School Development Impact Fee is anticipated to generate \$35,000 in revenue, based on 63,000 square feet of commercial space subject to the program and fee levels that range from \$0.31 to \$0.60 per square foot.

In addition to the impact fees charged by the City and School District, there are a range of other utility connection and capacity charges that will be collected based on utility consumption and other factors.

## Economic Benefits to the City

The construction of the Project and future economic activity of businesses that will occupy the Project will create short-term construction spending and jobs, as well as longer-term, permanent jobs and economic activity in San Francisco. The economic analysis provides estimates of these benefits, including the "ripple" or "multiplier" effects from expenditures by new businesses and households that in turn generate more business to suppliers and other industries supporting the new businesses at the Project.

The estimates are based on the current Project proposals and plans, subject to refinement during the negotiations and entitlement, including environmental review. The current analysis is intended to provide a general "order of magnitude" of benefits, and to provide a description of the types of benefits. A detailed market analysis has not been prepared as a part of this report. The assumptions and methodologies are believed sufficient for a planning-level analysis.

**APPENDIX B** offers additional detail concerning economic benefits estimates. **TABLE 3** summarizes the potential economic benefits of the Project.

### Employment

New, permanent full- and part-time jobs will be created by the Project. The number of jobs to San Francisco residents will depend on the ability of local residents to compete for Project employment opportunities and implementation of local hire policies. The analysis identifies total employment at the Project and additional job creation from business and household spending attributable to the Project.

### Economic Output

Direct economic output refers to sales and revenue generated by businesses located at the Project. These revenues and income support Project business spending on goods, supplies, and services in San Francisco, which generates additional "indirect" economic activity and support additional jobs at those suppliers. The San Francisco households holding direct and indirect jobs will spend a portion of their income in the City, which generated "induced" economic output. Together, indirect and induced impacts are referred to as the "ripple" or "multiplier" effect. Total output is the sum of direct, indirect, and induced business revenue in the City as a result of the Project.

### **Short-Term (One-Time) Construction Impacts**

Construction expenditures for site development and vertical construction will create a range of economic benefits to the City. In addition to generating "direct" construction activity and jobs on site, the construction expenditures will also generate new business and jobs "indirectly" for San Francisco firms serving the construction industry. Expenditures in San Francisco by the households of employees of companies benefiting from these direct and indirect expenditures will create additional "induced" benefits to the City. Construction expenditures of over \$370 million over a 3-year period will generate approximately 2,300 direct job-years.<sup>4</sup> The indirect and induced effects will create another 370 job-years.

### **Long-Term (Ongoing) Annual Economic Impacts**

The Project's long-term impacts will be generated by the ongoing operations of the anticipated mix of businesses and activities, including retail, restaurant, attractions, and other activities, as described above. Similar to one-time impacts, direct economic activity and employment at the Project will generate indirect and induced multiplier impacts in San Francisco. The analysis estimates approximately 277 jobs at the Project will generate nearly \$150 million in economic activity. Including multiplier impacts, the Project could produce over 500 jobs and \$230 million in economic activity annually in the city.

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<sup>4</sup> A "job-year" is one full-time equivalent construction job for a period of one year.



**Table 3 Estimated Annual Economic Impacts (2024\$)**

Impact Category	Employment	Economic Output (Millions; 2024\$)
<u>Ongoing Project Employment</u>		
	<u>Annual Average Jobs</u>	
Direct	277	\$149.53
Indirect	155	\$58.23
Induced	<u>89</u>	<u>\$24.64</u>
Total Impact	521	\$232.39
<u>One-Time Project Construction</u>		
	<u>Job-Years</u>	
Direct	2,264	\$372.33
Indirect	130	\$49.75
Induced	<u>238</u>	<u>\$65.63</u>
Total Impact	2,632	\$487.71
<u>Average Construction Period Impacts (1)</u>		
	<u>Jobs</u>	
Direct	755	\$124.11
Indirect	43	\$16.58
Induced	<u>79</u>	<u>\$21.88</u>
Total Impact	877	\$162.57
(1) Assumes a 3-year construction timeline.		

## Direct Financial Benefits to the Port

The following provides a summary of key financial terms from the Project's Term Sheet. This summary is not meant to be a comprehensive description of the deal structure.

### Port Revenues

The transfer of Project parcels for vertical development will occur through 66-year leases. The Port will receive various revenues over the 66-year lease period, including construction period rent, base rent and percentage rent. The Term Sheet also provides that the Port may collect transfer fees upon certain refinancings, ground lease transfers, and property sales.<sup>5</sup> These transfer fees are separate and distinct from transfer tax collected by the City.

### Operating Expenses

Certain operational and maintenance expenses will be the responsibility of the FWR. Other operational responsibilities, including for sewers, electrical infrastructure, and water lines will be the responsibility of the applicable utility operators. **CHAPTER 3** describes public services.

### Capital Investment

FWR will fund, with risk capital, the Project's entitlement and planning costs, as well as the hard and soft costs of site preparation, infrastructure, parks, and other public facilities which are not otherwise funded directly through CFD or IFD revenues. These investments are projected to equal up to \$17 million for entitlement and planning costs and up to \$185.9 million for infrastructure and public facilities.<sup>6</sup> Most public infrastructure and facilities costs will be eligible for reimbursement from IFD bond proceeds and tax increment revenues, CFD bond proceeds and CFD special tax revenues. New commercial buildings will likely be funded solely through private sources of investment. Other public financing mechanisms may be explored.<sup>7</sup>

## Direct Benefits to the City – Creation and Maintenance of New Public Access Facilities

The Project will provide approximately two acres of park area and useable open space on site, composed of both new parks and enhanced existing open space, including:

- A new multi-purpose programmed and activated plaza and park on SWL 300/301 (approximately 0.75 acres);
- A more generous waterfront promenade along the north edge of SWL 300/301 (approximately 0.7 acres), making improvements to the existing Little Embarcadero right-of-

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<sup>5</sup> Term Sheet.

<sup>6</sup> Term Sheet.

<sup>7</sup> Term Sheet.

way to allow it to flex between industry use during peak periods, and then primarily pedestrian use the remainder of the time; and

- Improved and enhanced public access along the east apron of Pier 45 leading all the way to the point of the pier adjoining Shed C (approximately 0.7 acres).

The maintenance of these facilities will be funded by FWR.

## **Other Public Benefits**

Development of the Project represents an opportunity to revitalize the Fisherman's Wharf district of the San Francisco waterfront, bringing a vital mix of visitor-focused uses that will support business and recreational activities within an area now characterized by declining economic activity. The Project will generate benefits for the City and community in the form of urban revitalization, employment opportunities, preservation of maritime facilities (portions of Shed A and Shed C), improved public waterfront access, improvements to Port property including sea level rise protections, new outdoor recreation opportunities, and City-wide fiscal and economic benefits as described by this report.

## 2. COSTS OF CONSTRUCTION FOR THE PROJECT

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### **Development Costs**

FWR will be responsible for delivering site improvements and buildings. Development costs presented here reflect FWR capital investment budgeting.

### **Entitlement and Planning**

The costs for entitlements and Project planning are estimated to total approximately \$17 million.<sup>8</sup>

### **Project Infrastructure**

The site will require substantial new infrastructure. These improvements include but are not limited to pier stabilization improvements that address seismic protection and projected sea level rise, parks, and pier apron open space. Public realm improvements at the “Little Embarcadero” include seawall, pathway, plaza, and public square investments. On Pier 45, pier and piling reinforcement and east apron repair will be addressed. The total budget for Project infrastructure is \$185.9 million in 2024 dollars, including hard and soft costs.<sup>9</sup>

### **Building Construction and Other Improvements**

The total cost for private commercial spaces is anticipated to total \$298.1 million in 2024 dollars, including hard and soft costs.<sup>10</sup> These costs will be privately funded through a combination of investment sources.

### **Other Capital Requirements**

The FWR capital budget also includes costs for advertising, a mobile phone application for interactive visitor experience, video production for the immersive experience component of the Project, and working capital (i.e., additional startup funds).

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<sup>8</sup> FWR Capital Budget.

<sup>9</sup> FWR Capital Budget.

<sup>10</sup> FWR Capital Budget.

### 3. AVAILABLE FUNDING FOR THE PROJECT

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#### **Predevelopment**

FWR will privately finance the predevelopment costs with at-risk capital.

#### **Project Infrastructure**

FWR will provide initial financing for the construction of Project infrastructure, except in certain cases where financing can be obtained for a lower cost of funds. Any financing will be reimbursed and augmented from the following sources:

- Rent Credits – The Pier 45 Lease will provide a \$1.5 million annual rent credit for up to 15 years (to a maximum of \$22.5 million).
- Proceeds of Community Facilities District (CFD) – CFD debt payments will be secured by a special tax lien on the property or by the Project's lessees and owners. IFD revenues generated by value created by the Project are intended to pay the CFD debt service. CFD special taxes that are not required for debt service may be used for "pay as you go" funding.
- Proceeds of Infrastructure Financing District (IFD) – Project-generated tax increment may be used to pay or reimburse eligible horizontal development costs on a pay-as-you-go basis, to service tax increment bond financing used to pay qualified project costs, to repay CFD debt, or for any other reason authorized by IFD law.<sup>11</sup>
- IFD tax increment revenues not otherwise required for debt service ("Pay-Go") – Additional IFD revenues will be available to fund infrastructure on a pay-as-you-go basis, since only a portion of the revenues will be committed to debt service due to coverage requirements. In the event all IFD-eligible infrastructure has been completed and debt has been retired, tax increment may go either to the General Fund or the City's seawall, subject to the discretion of the Board and the Mayor.

Detailed terms and conditions related to financing district revenues and debt issuance, and rent payments are further described in the Term Sheet. The Term Sheet also identifies that funding options that will be explored, including state and federal incentives that might be available for horizontal and vertical construction of the Project.<sup>12</sup>

#### **Building Construction and Other Improvements**

Private funds are anticipated to be used for construction of all commercial uses, including all costs for building design and construction, City impact fees, and other agency fees.

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<sup>11</sup> Term Sheet.

<sup>12</sup> Term Sheet.

## 4. LONG-TERM OPERATING AND MAINTENANCE COSTS

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The Project will generate demand for public services. Issues facing City departments and the Port may be identified or further refined during the course of environmental review and addressed through Project mitigation measures. Funding for ongoing municipal services is likely to come from a combination of Project-generated City taxes and other public revenues, one-time and ongoing Project fees, special taxes or assessments, or other sources to be determined. Public facilities and services will be evaluated in greater detail during the environmental review process to determine specific need, implementation, and funding.

### Public Open Space

The Project will include approximately 2 acres of public parks and open spaces, composed of a new park on SWL 300/301, enhanced public promenade along the northern edge of SWL 300/301 and a more publicly accessible apron on the east side of Pier 45, leading to Shed C. Maintenance of the parks and open space will be the responsibility of FWR.<sup>13</sup> Plans for Pier 45 call for additional rooftop open space, which would also be maintained FWR. The installation and maintenance of private open space on Pier 45 will be the responsibility of FWR.

### Municipal Service Burden

FWR and future owners will be responsible for maintenance of all Project improvements consistent with all Port standards. The CEQA process is anticipated to address specific offsite or municipal service impacts and potential mitigations that may be required for this Project. Upon buildout, the annual cost to provide municipal services to the Project is estimated to total \$280,000 per year. The breakdown of expenditures by departments is shown in the following **Table 4**.

The cost estimates have been derived based on the application of current citywide service cost factors to the Project's projected service population upon buildout. Citywide per capita service cost factors were estimated based on the portion of each department's budget that is linked to employment growth. Based on prior fiscal impact analyses conducted for the City of San Francisco, the portion department budgets that expand to meet increased service demand range from 25% to 50%, including 100% for police and fire departments, 90% for the public works, transportation and commerce department, and 25% for all other departments.

Consistent with other recent fiscal impact analyses prepared for the City, the analysis assumes that the service population of the City (and of the Project) is equivalent to 100% of residents plus 50% of the number of employees. The 50% factor recognizes that employees do not require the same level of services as do residents and that a portion of employees are also residents.

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<sup>13</sup> Term Sheet.

**Table 4 Estimated Annual City Service Costs (2024\$)**

Community Health	\$33,000
Culture & Recreation	\$6,000
General Administration & Finance	\$10,000
General City Responsibilities	\$5,000
Human Welfare & Neighborhood Development	\$47,000
Public Protection	
Police	\$79,000
Fire	\$54,000
Other Public Protection	\$18,000
Public Works, Transportation & Commerce	\$26,000
<b>Total Expenditures</b>	<b>\$278,000</b>

## SFMTA

SFMTA will likely incur a marginal increase in service demand attributable to the Project, but no major capital improvements are expected. And in addition to potential farebox revenue increases, the Project will add funding for SFMTA. Based on SFMTA's share of mandated General Fund transfers and the General Fund's contribution to MTA Fund expenses, this analysis estimates that the Project will generate a net fiscal benefit to the MTA Fund, as shown in **TABLE 1**. Revenue from net new General Fund baseline transfers to the MTA Fund is estimated at over \$220,000 per year.

The MTA analysis focuses on General Fund-related impacts on MTA in order to reasonably isolate the Project's effect on the MTA, implicitly assuming that other funding sources for MTA operations (e.g., federal and state funding) will increase commensurately. MTA revenues considered by this analysis include the required baseline transfers to MTA from the General Fund. Similarly, MTA cost impacts reflect only the portion of MTA Fund expenses supported by City's General Fund contributions. Funding sources beyond the Project's contributions to the General Fund, such as State and Federal support, MTA farebox recovery, and marketing revenues, are anticipated to increase proportionally with the expansion of the General Fund's contribution to the MTA Fund.

## **5. DEBT LOAD TO BE CARRIED BY THE CITY OR THE PORT**

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The Project proposes to use a portion of newly created property tax funds, collected through an Infrastructure Financing District (IFD), to help pay for the horizontal development costs required by the Project. The IFD obligations will be secured by property taxes (and possessory interest taxes) paid by the Project lessees and property owners and will not obligate the City's General Fund or the Port's Harbor Fund. The property tax increment may be used to repay IFD bonds, or to pay debt service on CFD bonds, as described below.

The Project may use CFD bonds to reimburse infrastructure costs, with CFD debt service to be paid by IFD revenues. The CFD bonds will be secured by special taxes paid by lessees and will not obligate the City's General Fund or the Port's Harbor Fund, though such taxes may negatively impact land value and the Port's corresponding revenues.

Although specific financing vehicles will be refined as the financial planning continues, it is expected that the annual IFD revenues will fund debt service on approximately \$40 million of net proceeds from bonds (in nominal dollars). The specific mix of CFD and IFD bonds will be determined based on future market conditions, and on the appropriate mix necessary to minimize financing costs.





## APPENDIX A: Fiscal Analysis

**Table A-1**  
**Annual Fiscal Impact Summary Detail with Tax Increment**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Revenue/ Expense Category	Existing Uses	Proposed Development	Net New
<b><u>General Fund Revenues</u></b>			
Property Tax	\$9,000	\$9,000	\$0
Property Tax in Lieu of VLF	\$1,000	\$476,000	\$474,000
Property Transfer Tax	\$0	\$406,000	\$406,000
Sales Tax	\$0	\$441,000	\$441,000
Transient Occupancy Tax (TOT)	\$0	\$160,000	\$160,000
Gas Electric Steam Users Tax	\$0	\$22,000	\$22,000
Telephone Users Tax Land & Mobile	\$0	\$9,000	\$9,000
Water Users Tax	\$0	\$2,000	\$2,000
Access Line Tax	\$0	\$7,000	\$7,000
Parking Tax	\$105,000	\$132,000	\$27,000
Gross Receipts Tax	\$17,000	\$604,000	\$586,000
Business Registration	\$0	\$47,000	\$47,000
Commercial Rents Tax	\$0	\$3,000	\$3,000
<b>Subtotal General Revenue</b>	<b>\$133,000</b>	<b>\$2,318,000</b>	<b>\$2,185,000</b>
(less) General Fund Baseline Requirements	<u>-\$38,000</u>	<u>-\$664,000</u>	<u>-\$626,000</u>
<b>General Fund Revenue After Requirements</b>	<b>\$95,000</b>	<b>\$1,653,000</b>	<b>\$1,558,000</b>
<b><u>General Fund Expenditures</u></b>			
Community Health	\$0	\$33,000	\$33,000
Culture & Recreation	\$0	\$6,000	\$6,000
General Administration & Finance	\$0	\$10,000	\$10,000
General City Responsibilities	\$0	\$5,000	\$5,000
Human Welfare & Neighborhood Development	\$0	\$47,000	\$47,000
Police	\$0	\$79,000	\$79,000
Fire	\$0	\$54,000	\$54,000
Other Public Protection	\$0	\$18,000	\$18,000
Public Works, Transportation & Commerce	\$0	\$26,000	\$26,000
<b>Total General Fund Expenditures</b>	<b>\$0</b>	<b>\$277,000</b>	<b>\$277,000</b>
<b>NET Annual General Revenues</b>	<b>\$95,000</b>	<b>\$1,376,000</b>	<b>\$1,281,000</b>
<b><u>MTA Fund</u></b>			
MTA General Fund Baseline Funding	\$13,000	\$222,000	\$209,000
MTA General Fund Expenses	\$0	\$37,000	\$37,000
<b>Net Impact on the MTA Fund</b>	<b>\$13,000</b>	<b>\$185,000</b>	<b>\$172,000</b>
<b>Total Fiscal Benefit Estimate</b>	<b>\$108,000</b>	<b>\$1,561,000</b>	<b>\$1,453,000</b>

*Note: Totals may not sum due to rounding.*

**Table A-2**  
**Existing Uses and Proposed Project Program Summary**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Existing Uses	Proposed Project
<u>Retail &amp; Restaurant</u>		
Pier 45 Retail Lease Space	0	5,000
FWR Restaurants, Beverage Garden & Retail	<u>0</u>	<u>52,000</u>
<b>Retail &amp; Restaurant Square Footage</b>	<b>0</b>	<b>57,000</b>
Vacation Rental Units	0	10
Industrial Square Footage		
Shed A Storage	50,000	50,000
Fish Processing	0	3,000
Exhibit Space Square Footage	0	44,000
Attraction / Event Space Square Footage	0	53,000
Musée Mécanique Square Footage	9,735	9,735
USS Pampanito	12,057	12,057
Parking Spaces	230	50

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

**Table A-3**  
**Service Population**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Visitor/Worker Density Assumptions (1)		Existing Uses	Proposed Development	Net New
<b><u>Employment</u></b>					
Retail	368	SF / Employee	0	155	155
Vacation Rental Units	787	SF / Employee	0	14	14
Industrial					
Storage (2)	N/A	SF / Employee	0	0	0
Fish Processing	597	SF / Employee	0	5	5
Exhibit	1,000	SF / Employee	0	44	44
Attraction / Event Space	900	SF / Employee	<u>0</u>	<u>59</u>	<u>59</u>
<b>Total Employment (3)</b>			<b>0</b>	<b>277</b>	<b>277</b>
<b>Service Population Total</b>	0.5	Employee Service Burden Weight (3)	<b>0</b>	<b>138</b>	<b>138</b>

(1) Employment density assumptions derive from the Jobs Housing Nexus Report for the City of San Francisco (Keyser Marston Associates, 2019).

(2) Assumes storage is not a primary business employment location.

(3) Musée Mécanique not analyzed by this preliminary FIA. Analysis assumes the business operations remain and operate similarly after proposed development.

(4) Per-job employee City service burden is weighted at 50 percent of resident burden.

Sources: Jobs Housing Nexus Report for the City of San Francisco; RFW; Economic & Planning Systems, Inc.

**Table A-4**  
**FY2023-24 Revenue Budget Summary and Fiscal Impact Estimating Factors**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Item	FY2023-24 Adopted General Fund	Estimating Factors Applied to Calculate Project Revenue
<b><u>Property Taxes</u></b>	<b>\$2,510,000,000</b>	
Property Tax in Lieu of VLF	\$360,200,000	% of Citywide Assessed Value
Other Property Taxes (1)	\$2,149,800,000	64.59% of base property tax rate (1%)
<b><u>Other Local Taxes</u></b>	<b>\$1,098,880,000</b>	
Sales Tax	\$200,050,000	1.00% of estimated taxable sales
Hotel Room Tax	\$302,910,000	<i>not estimated</i>
Parking Tax	\$84,100,000	<i>not estimated</i>
Property Transfer Tax	\$221,960,000	rate schedule
Gas Electric Steam Users Tax	\$55,270,000	\$81 per employee
Telephone Users Tax	\$50,870,000	\$33 per resident/employee
Water Users Tax	\$5,280,000	\$8 per employee
Access Line Tax	\$55,600,000	\$47 per service population
Other Local Taxes	\$122,840,000	<i>not estimated</i>
<b><u>Business Taxes</u></b>	<b>\$851,100,000</b>	
Gross Receipts Tax	\$811,100,000	tax rate schedule
Business Registration Fees	\$40,000,000	tax rate schedule
<b><u>Other Revenues</u></b>	<b>\$2,372,003,039</b>	
Rents & Concessions	\$14,571,090	<i>not estimated</i>
Fines, Forfeiture, & Penalties	\$3,014,441	<i>not estimated</i>
Interest & Investment Income	\$121,070,506	<i>not estimated</i>
Licenses, Permits, & Franchises	\$30,291,484	<i>not estimated</i>
Intergovernmental	\$1,477,114,905	<i>not estimated</i>
Charges for Services	\$272,865,183	<i>not estimated</i>
Other Revenues	\$17,531,790	<i>not estimated</i>
Transfers In	\$211,296,220	<i>not estimated</i>
Prior Year	\$224,247,420	<i>not estimated</i>
<b>Total Revenues</b>	<b>\$6,831,983,039</b>	

(1) Other Property Taxes includes Excess ERAF, which is determined by a separate formula.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

**Table A-5**  
**Proposed Project Assessed Valuation Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	<b>Program Assumptions</b>	<b>Assessed Value Factor (1)</b>	<b>Total AV at Buildout</b>
Retail	52,000 Square Feet	\$1,306 per Sq.Ft.	\$67,925,000
Vacation Rental Units	11,000 Square Feet	\$957 per Sq.Ft.	\$10,530,000
Fish Processing	3,000 Square Feet	\$1,300 per Sq.Ft.	\$3,900,000
Exhibit	44,000 Square Feet	\$1,335 per Sq.Ft.	\$58,760,000
Attraction / Event Space	53,000 Square Feet	\$1,459 per Sq.Ft.	\$77,350,000
Roof Deck	53,000 Square Feet	\$325 per Sq.Ft.	\$17,225,000
Pier 45 Improvements	367,500 Square Feet	\$570 per Sq.Ft.	<u>\$209,381,250</u>
<b>Total Taxable Improvements</b>			<b>\$445,071,250</b>
Existing Assessed Value			\$1,403,694
<b>Total Assessed Valuation at Project Buildout (2)</b>			<b>\$446,474,944</b>

(1) Derived from Project Sponsor capital budgeting.

(2) FWR improvements assumed to be additive to existing possessory interest to establish Total Project Assessed Valuation.

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

**Table A-6**  
**Property Tax Revenue Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Assumption / Factor			Existing Uses	Proposed Project	Net New
<b>Total Assessed Value</b>			<b>\$1,403,694</b>	<b>\$446,474,944</b>	<b>\$445,071,250</b>
Property Tax	1.0%	Base Property Tax Rate	\$14,037	\$4,464,749	\$4,450,713
<b>General Fund Revenue</b>	<b>64.588206%</b>	Allocation to General Fund	<b>\$9,066</b>	<b>\$2,883,702</b>	<b>\$2,874,635</b>
Tax Increment Allocation			N/A	\$2,874,635	\$2,874,635
<b>Revenue to General Fund (1)</b>			<b>\$9,066</b>	<b>\$9,066</b>	<b>\$0</b>

(1) Existing General Fund revenue to the General Fund is maintained; Tax Increment Allocation excludes current property tax.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

**Table A-7**  
**Property Tax In Lieu of VLF Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Existing Uses	Proposed Project	Net New
Existing Citywide Property Tax in Lieu of Vehicle License Fee (VLF) (1)	\$362,629,080		
Citywide Assessed Value (2)	\$340,171,657,016		
Project Incremental Assessed Value	\$1,403,694	\$446,474,944	\$445,071,250
Project Net Assessed Value Increase (3)	0.0004%	0.1312%	0.1308%
<b>Property Tax In Lieu of VLF Revenue (4)</b>	<b>\$1,496</b>	<b>\$475,950</b>	<b>\$474,454</b>
<b>VLF Increase Per \$1B AV</b>	<b>\$1,066,017.91</b>	<b>\$1,066,017.91</b>	<b>\$1,066,017.91</b>

(1) FY 2023-24 Citywide VLF recovered per Controller's Office Property Tax Manager.

(2) FY2023-24 net total assessed value for VLF per Controller's Office Property Tax Manager.

(3) Calculated by dividing the net new assessed value by citywide assessed value.

(4) Calculated by multiplying existing property tax in lieu of VLF by percentage increase in net assessed value.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.



**Table A-8**  
**Property Transfer Tax Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	<b>Existing Uses</b>	<b>Proposed Project</b>	<b>Net New</b>
Assessed Value	\$1,403,694	\$446,474,944	\$445,071,250
Turnover Rate (1)	0.0%	1.5%	
Average Annual Taxable Transactions	\$0	\$6,764,772	\$6,764,772
Transfer Tax Rate (2)	N/A	6.0%	
<b>Property Transfer Tax Revenue</b>	<b>\$0</b>	<b>\$405,886</b>	<b>\$405,886</b>

(1) Assumes no turnover of existing possessory interest. EPS turnover rate assumption for proposed project assumes one sale during the 66-year lease term.

(2) Assumes the commercial real estate component of the Project sells as part of a single transaction valued at over \$25 million.

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

**Table A-9**  
**Annual Sales Tax Revenue Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Assumptions / Factor	Existing Uses	Proposed Project	Net New
<b><u>Visitor Spending</u></b>				
Number of Rooms		0	10	10
Total Room Nights	70% Occupancy	0	2,555	2,555
Total Taxable Spending (1)	\$237 per diem spending	\$0	\$605,535	\$605,535
Taxable Retail Sales in San Francisco	75% City Capture Rate	\$0	\$454,151	\$454,151
(Less) Visitor Spending On Site	10% of retail expenditures	\$0	<u>-\$45,415</u>	<u>-\$45,415</u>
<b>Visitor Taxable Spending in San Francisco</b>		<b>\$0</b>	<b>\$408,736</b>	<b>\$408,736</b>
<b><u>On-Site Taxable Sales</u></b>				
Retail Space (Sq.Ft.)		0	57,000	57,000
Taxable Sales Per Square Foot		\$0	\$1,094	\$1,094
Gross Taxable Retail Sales		\$0	\$62,376,250	\$62,376,250
<b>Sales Net of Redistributed Sales in City</b>	<b>70% of total taxable sales</b>	<b>\$0</b>	<b>\$43,663,375</b>	<b>\$43,663,375</b>
Total Net New Taxable Retail Sales		\$0	\$44,072,111	\$44,072,111
<b>Total Sales Tax Revenue</b>	1.0% of taxable sales	<b>\$0</b>	<b>\$440,721</b>	<b>\$440,721</b>

(1) Per Diem reflects the meals and incidental expenses rate set out by the United States General Services Administration for San Francisco. Assumes 3 occupants per vacation rental unit.

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

**Table A-10**  
**Transient Occupancy Tax Revenue Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Item	Assumption / Factor	Existing Uses	Proposed Project	Net New
Hotel Rooms		0	10	10
Gross Revenue Potential	\$500 Average Daily Room Rate	\$0	\$1,825,000	\$1,825,000
Room Revenue Estimate	70% Occupancy Rate	\$0	\$1,277,500	\$1,277,500
<b>Total TOT Revenue</b>	14.0% TOT Rate	<b>\$0</b>	<b>\$178,850</b>	<b>\$178,850</b>
<b>TOT to General Fund</b>	<b>12.5%</b>	<b>\$0</b>	<b>\$159,688</b>	<b>\$159,688</b>
TOT to Arts & Culture (1)	<u>1.50%</u> 14.0%	\$0	\$19,163	\$19,163

(1) 1.5% of the 14% TOT rate is dedicated to the arts.

**Table A-11**  
**Gross Receipts Tax Revenue Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Assumptions / Factor		Existing Uses	Proposed Project	Net New
<u>Business Entities</u>				
Fisherman's Wharf Revitalized				
Entertainment		0.0	1.0	1.0
Food & Beverage		0.0	1.0	1.0
Other		0.0	1.0	1.0
Food Hall		0.0	20.0	20.0
Industrial (1)				
Processing	29.6 employees/firm	0.0	0.2	0.2
SWL 300/301 Parking		1.0	0.0	-1.0
<u>Gross Receipts Estimate</u>				
Fisherman's Wharf Revitalized (2)				\$0
Entertainment			\$85,000,000	\$85,000,000
Food & Beverage			\$27,126,250	\$27,126,250
Other			\$13,806,890	\$13,806,890
Food Hall			\$22,200,000	\$22,200,000
Industrial (3)				
Processing	\$758,374 revenue/employee	\$0	\$3,810,922	\$3,810,922
SWL 300/301 Parking		\$2,060,258	\$0	(\$2,060,258)
<u>Gross Receipts Tax Revenue (4)</u>				
Fisherman's Wharf Revitalized		\$0	\$0	\$0
Entertainment	0.46% effective tax rate	\$0	\$392,820	\$392,820
Food & Beverage	0.28% effective tax rate	\$0	\$75,455	\$75,455
Other	0.91% effective tax rate	\$0	\$126,089	\$126,089
Food Hall (5)	0.00% effective tax rate	\$0	\$0	\$0
Industrial				
Processing	0.24% effective tax rate	\$0	\$9,287	\$9,287
SWL 300/301 Parking	0.83% effective tax rate	\$17,184	\$0	(\$17,184)
<b>Total Gross Receipts Tax Revenue Estimate</b>		<b>\$17,184</b>	<b>\$603,651</b>	<b>\$586,467</b>

(1) Employees per firm estimate based on citywide average by NAICS category from 2017 Economic Census data for City of San Francisco.

(2) FWR revenue from Project Sponsor's Operating Budget.

(3) Sales data derived from IMPLAN sales output for San Francisco.

(4) See **Table 11** for tax rate calculations.

(5) Food Hall businesses are assumed to be small businesses exempted from GRT.

Table A-12  
Gross Receipts Tax Revenue Detail  
Fisherman's Wharf Revitalized FIA; EPS #241059

	Fisherman's Wharf Revitalized (1)				SWL 300/301 Baseline
	Entertainment	Food and Beverage	Other	Processing	
Sales/Employee (2)	N/A	N/A	N/A	\$758,374	
Employees/Firm (3)	N/A	N/A	N/A	29.6	
Gross Receipts Per Firm (4)	\$85,000,000	\$27,126,250	\$13,806,890	\$22,455,568	\$2,060,258
<i>Tax Rate Tiers by Business Activity</i>	<i>Accommodations; and Arts, Entertainment, and Recreation</i>	<i>Manufacturing; and Food Services</i>	<i>Misc. Business Activities</i>	<i>Manufacturing; and Food Services</i>	<i>Miscellaneous Business Activities</i>
\$0 - \$1M					
Tax Rate	0.21%	0.09%	0.81%	0.09%	0.81%
Tax Revenue per Business	\$2,100	\$880	\$8,140	\$880	\$8,140
\$1M - \$2.5M					
Tax Rate	0.23%	0.14%	0.85%	0.14%	0.85%
Tax Revenue per Business	\$3,420	\$2,160	\$12,795	\$2,160	\$9,044
\$2.5M - \$25M					
Tax Rate	0.23%	0.26%	0.93%	0.26%	0.93%
Tax Revenue per Business	\$51,300	\$58,275	\$105,154	\$51,685	n/a
> \$25M					
Tax Rate	0.56%	0.67%	1.01%	0.67%	1.01%
Tax Revenue per Business	\$336,000	\$14,140	n/a	n/a	n/a
Effective Tax Rate Per Business	0.46%	0.28%	0.91%	0.24%	0.83%
<b>Gross Receipts Tax Revenue Per Business</b>	<b>\$392,820</b>	<b>\$75,455</b>	<b>\$126,089</b>	<b>\$54,725</b>	<b>\$17,184</b>

(1) Calculations for FWR assume a single business entity filing as an entertainment business. Food hall businesses are assemmed to be small businesses exempt from GRT.

(2) Sales data derived from IMPLAN sales output for San Francisco.

(3) Employees per firm estimate based on citywide average by NAICS category from 2017 Economic Census data for City of San Francisco.

(4) FWR revenue from Project Sponsor's Operating Budget. Baseline parking revenue from Port of San Francisco data for 2023.

Sources: City of San Francisco Gross Receipts Tax 2024 Rates

**Table A-13**  
**Business Registration Revenue Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Assumptions / Factor			Existing Uses	Proposed Project	Net New
<u>Business Entities</u>					
Fisherman's Wharf Revitalized			0.00	1.00	1.00
Food Hall			0.00	20.00	20.00
Industrial Processing			0.00	0.17	0.17
<u>Business Registration Revenue</u>					
Fisherman's Wharf Revitalized Food Hall	\$34,510	per firm	\$0	\$34,510	\$34,510
	\$575	per firm	\$0	\$11,500	\$11,500
Industrial Processing	\$5,751	per firm	\$0	\$976	\$976
<b>Total Business Registration Revenue</b>			<b>\$0</b>	<b>\$46,986</b>	<b>\$46,986</b>

Sources: City of San Francisco Business Registration Fees (July 1, 2023 and ending June 30, 2024)

**Table A-14**  
**Parking Tax Revenue Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Assumptions / Factor	Existing Uses	Proposed Project	Net New
Commercial Off-Street Parking		230	50	(180)
Annual Revenue per Stall (1)		\$9,138	\$52,925	
Annual Revenue		\$2,101,790	\$2,646,250	544,460
<b>San Francisco Parking Tax Revenue</b>	<b>25.0% of parking revenue</b>	<b>\$525,448</b>	<b>\$661,563</b>	<b>\$136,115</b>
Total Parking Tax Revenue to MTA	80.0% of tax proceeds	\$420,358	\$529,250	\$108,892
<b>Total Parking Tax Revenue to General Fund</b>	<b>20.0% of tax proceeds</b>	<b>\$105,090</b>	<b>\$132,313</b>	<b>\$27,223</b>

(1) Existing parking revenue from Port data. Proposed project revenue from Project Sponsor's Operating Budget.

Sources: Port of San Francisco; FWR; Economic & Planning Systems, Inc.

**Table A-15**  
**Commercial Rental Revenue**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Existing Uses	Proposed Project	Net New
<u>Rentable Square Feet</u>			
Retail	0	5,000	5,000
Fishing Industry (1)	50,000	50,000	0
Other (2)	26,792	26,792	0
<u>Rental Rates (per Rentable Sq. Ft.)</u>			
Retail	N/A	\$3.00	N/A
Shed A Storage	\$0.20	\$0.20	N/A
Other	\$0.88	\$0.88	N/A
Total Annual Rental Revenue	\$401,940	\$581,940	180,000
Gross Receipts Tax Revenue (3.5%) (3)	\$0	\$20,368	\$20,368
<b>General Fund Portion of GRT</b>	<b>\$0</b>	<b>\$3,055</b>	<b>\$3,055</b>

(1) 50,000 is the gross square footage of fishing industry space, and rents have been calibrated to that measure.

(2) Musee Mechanique, US Pampanito, etc.

(3) Includes General Fund and restricted revenues. Assumes Port exemption from CRT.



**Table A-16**  
**Other Revenue Estimates**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	<b>Tax Revenue Factor</b>	<b>Existing Uses</b>	<b>Proposed Project</b>	<b>Net New</b>
Gas Electric Steam Users Tax	\$81.12 per employee	\$0	\$22,453	\$22,453
Telephone Users Tax Land & Mobile	\$33.37 per resident/employee	\$0	\$9,236	\$9,236
Water Users Tax	\$7.75 per employee	\$0	\$2,145	\$2,145
Access Line Tax	\$46.97 per service population	<u>\$0</u>	<u>\$6,500</u>	<u>\$6,500</u>
<b>Total</b>		<b>\$0</b>	<b>\$40,335</b>	<b>\$40,335</b>

Sources: City and County San Francisco Budget and Appropriation Ordinance 2023/2024; Economic & Planning Systems, Inc.

Table A-17

**Aggregate Discretionary Revenue (ADR) and Mandated Transfers**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

		<b>Existing Uses</b>	<b>Proposed Project</b>	<b>Net New</b>
<b><u>Aggregate Discretionary Revenue (ADR)</u></b>				
Property Tax		\$9,066	\$9,066	\$0
Property Tax In-Lieu of Vehicle License Fee		\$1,496	\$475,950	\$474,454
Property Transfer Tax		\$0	\$405,886	\$405,886
Transient Occupancy Tax Allocation to General Fund			\$159,688	\$159,688
Sales Tax		\$0	\$440,721	\$440,721
Parking Tax		\$105,090	\$132,313	\$27,223
Gross Receipts Tax		\$17,184	\$603,651	\$586,467
Business Registration Tax		\$0	\$46,986	\$46,986
Gas Electric Steam Users Tax		\$0	\$22,453	\$22,453
Telephone Users Tax Land & Mobile		\$0	\$9,236	\$9,236
Water Users Tax		\$0	\$2,145	\$2,145
Access Line Tax		\$0	\$6,500	\$6,500
Commercial Rents Tax		<u>\$0</u>	<u>\$3,055</u>	<u>\$3,055</u>
<b>Total</b>		<b>\$132,836</b>	<b>\$2,317,651</b>	<b>\$2,184,815</b>
<b><u>General Fund Baseline Requirements</u></b>				
MTA Fund	9.5745%	\$12,718	\$221,903	\$209,185
Children's Services	8.7564%	\$11,632	\$202,943	\$191,311
Library Preservation	2.2858%	\$3,036	\$52,977	\$49,940
Street Tree	0.5097%	\$677	\$11,813	\$11,136
Early Care and Education Baseline	2.0800%	\$2,763	\$48,207	\$45,444
Housing Trust Fund	1.0933%	\$1,452	\$25,339	\$23,887
Recreation and Parks	1.8258%	\$2,425	\$42,316	\$39,890
Dignity Fund	1.3244%	\$1,759	\$30,695	\$28,936
Student Success Fund	<u>1.2210%</u>	<u>\$1,622</u>	<u>\$28,299</u>	<u>\$26,677</u>
<b>Total Baseline Allocations</b>	<b>28.6709%</b>	<b>\$38,085</b>	<b>\$664,491</b>	<b>\$626,406</b>

Sources: CCSF Controller's Office; Economic & Planning Systems, Inc.

**Table A-18**  
**FY2023-24 Expenditure Budget Summary and Service Cost Estimating Factors**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Item	Allocated General Fund Expenses (FY2023-24)	Percent Variable (1)	Per Capita General Fund Expense (2)	Existing Uses	Proposed Project	Net New
<b>Service Population</b>				<b>0</b>	<b>138</b>	<b>138</b>
Community Health	\$1,125,977,000	25%	\$238	\$0	\$32,910	\$32,910
Culture & Recreation	\$201,453,000	25%	\$43	\$0	\$5,888	\$5,888
General Administration & Finance	\$345,406,000	25%	\$73	\$0	\$10,095	\$10,095
General City Responsibilities	\$184,513,000	25%	\$39	\$0	\$5,393	\$5,393
Human Welfare & Neighborhood Development	\$1,604,163,000	25%	\$339	\$0	\$46,886	\$46,886
Public Protection						
Police	\$673,673,000	100%	\$569	\$0	\$78,760	\$78,760
Fire	\$463,339,000	100%	\$391	\$0	\$54,169	\$54,169
Other Public Protection	\$610,192,000	25%	\$129	\$0	\$17,835	\$17,835
Public Works, Transportation & Commerce	<u>\$242,912,000</u>	90%	\$185	<u>\$0</u>	<u>\$25,559</u>	<u>\$25,559</u>
<b>Total Expenditures</b>	<b>\$5,451,628,000</b>		<b>\$2,005</b>	<b>\$0</b>	<b>\$277,495</b>	<b>\$277,495</b>

(1) Percentage of costs that are service population-dependent, as opposed to fixed costs or costs recovered through fees or charges.

(2) Per capita expenses based on citywide service population.

Sources: City and County of San Francisco Budget and Appropriations Ordinance Fiscal Year Ending June 30, 2023 and Fiscal Year Ending June 30, 2024; Economic & Planning Systems,

**Table A-19**  
**MTA Fund Fiscal Impact Analysis**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Existing Uses	Proposed Project	Net New
<b><u>Annual MTA Fund Revenues (1)</u></b>			
ADR Accruing to the General Fund	\$132,836	\$2,317,651	\$2,184,815
Baseline Allocation to MTA	9.57%	9.57%	9.57%
<b>Fund Revenue Attributable to Project</b>	<b>\$12,718</b>	<b>\$221,903</b>	<b>\$209,185</b>
<b><u>Annual MTA Fund Expenses (2)</u></b>			
MTA General Fund Support (3)	542,300,000	542,300,000	542,300,000
Variable GF Support (75%)	406,725,000	406,725,000	406,725,000
Service Population Citywide (4)	1,524,394	1,524,394	1,524,394
Per-Capita Variable General Fund Support	\$267	\$267	\$267
Service Population (5)	0	138	138
<b>Annual MTA Fund Expenses</b>	<b>\$0</b>	<b>\$36,924</b>	<b>\$36,924</b>
<b>Net Impact on the MTA Fund</b>	<b>\$12,718</b>	<b>\$184,979</b>	<b>\$172,261</b>

(1) MTA revenues are estimated based on the baseline transfer of General Fund monies to MTA attributable to the Project.

(2) MTA expenses estimate the variable General Fund support to the MTA budget that is required to provide services to the Project service population.

(3) MTA 2024-25 budget presentation.

(4) MTA service population calculated as unweighted resident and worker populations combined.

(5) Net new resident and worker population.

**Table A-20**  
**One-Time Construction Sales Tax Estimate**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Item	Assumptions	Total
Total Construction Hard Costs (1)		\$372,332,500
Labor	66% of Hard Costs	\$247,506,235
Materials	35% of Hard Costs	\$130,316,375
Point-of-Sale Assumption	50% of Materials	\$65,158,188
<b>Total Construction Sales Tax Revenue</b>	1.0% Sales Tax	<b>\$651,582</b>

(1) Construction budget provided by FWR.

Sources: FWR; Economic & Planning Systems, Inc.

**Table A-21**  
**One Time Gross Receipts Tax Revenue from Construction**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	<b>Construction</b>
Annual Sales/Employee (1)	\$164,474
Employment	755
Total Annual Sales (2)	\$41,370,278
<b>Gross Receipts Tax Rates and Tax Revenue</b>	
Gross Receipts	
\$1,000,000	
Tax Rate	0.42%
Tax Revenue	\$4,200
\$2,500,000	
Tax Rate	0.49%
Tax Revenue	\$7,350
\$25,000,000	
Tax Rate	0.56%
Tax Revenue	\$126,000
> \$25,000,000	
Tax Rate	0.63%
Tax Revenue	\$103,133
Effective Tax Rate	
Annual Gross Receipts Tax Revenue Estimate	\$240,683
<b>Total Gross Receipts Tax Revenue over Construction Period</b>	<b>\$722,048</b>

(1) Sales data derived from IMPLAN sales output for San Francisco.

(2) Analysis assumes a single construction entity will be GC.

Sources: City of San Francisco Gross Receipts Tax 2024 Rates

**Table A-22**  
**San Francisco Population, Employment, and Service Population**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

	Amount	Sources
Housing Units	420,416	DOF Jan 1, 2024 Estimate
Occupied Households	383,990	DOF Jan 1, 2024 Estimate
Population	843,071	DOF Jan 1, 2024 Estimate
Persons/Household	2.11	DOF Jan 1, 2024 Estimate
Employment	681,323	2022 ACS 5-Year Estimate
<b>Service Population (1)</b>	<b>1,183,733</b>	

(1) Service population for General Fund expenses is calculated by adding total residential population and half of total employment.

Sources: US Census Bureau; State of California Department of Finance.



## APPENDIX B:

### Economic Analysis



**Appendix Table B-1**  
**Economic Impacts by Land Use at Buildout**  
**Fisherman's Wharf Revitalized FIA; EPS #241059**

Land Use	Impact	Jobs	Economic Output
Retail & Restaurant	Direct	155	\$56,792,000
	Indirect	52	\$20,348,000
	Induced	<u>34</u>	<u>\$9,465,000</u>
	Total	241	\$86,604,000
Vacation Rental Units	Direct	14	\$1,278,000
	Indirect	1	\$319,000
	Induced	<u>1</u>	<u>\$148,000</u>
	Total	16	\$1,744,000
Industrial	Direct	5	\$3,811,000
	Indirect	3	\$925,000
	Induced	<u>1</u>	<u>\$236,000</u>
	Total	8	\$4,971,000
Exhibit & Attraction	Direct	103	\$87,646,000
	Indirect	99	\$36,636,000
	Induced	<u>54</u>	<u>\$14,791,000</u>
	Total	256	\$139,074,000
Total	Direct	277	\$149,526,000
	Indirect	155	\$58,227,000
	Induced	<u>89</u>	<u>\$24,640,000</u>
	Total	521	\$232,394,000



## MEMORANDUM

October 6, 2023

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

**FROM:** Elaine Forbes  
Executive Director 

**SUBJECT:** Informational presentation and possible action to approve an Exclusive Negotiation Agreement with Fisherman's Wharf Revitalized, LLC for the lease and phased development of portions of SWL 300/301 and Pier 45 Sheds A and C in Fisherman's Wharf (the "Project"), generally located bayward of Jefferson Street between Taylor and Powell Streets.

**DIRECTOR'S RECOMMENDATION:** Approve the attached Resolution No. 23-47

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### EXECUTIVE SUMMARY

On February 15, 2023, Port staff received an unsolicited proposal (the "Proposal") from Fisherman's Wharf Revitalized, LLC ("Developer") to lease and develop portions of SWL 300/301 (commonly known as the Triangle Parking Lot) and Pier 45 Sheds A and C (the "Site", see Exhibit 1).

Consistent with the Waterfront Plan policies related to the community engagement process for review and consideration of unsolicited proposals, the Proposal was brought to the Port Commission at the February 28, 2023 meeting and subsequently reviewed through a series of community and Port Advisory Group meetings.

On May 20, 2023, the Port issued a Request for Information ("RFI") to supplement the outreach noted above and to seek feedback on whether there was other, comparable development interest in the Site. The Port received two responses to the RFI that were

presented to the Port Commission on July 11.

Given the urgency of providing support to Fisherman's Wharf and the limited response to the RFI, the Port Commission authorized staff (Resolution 23-37), in consultation with the City Attorney, to seek a waiver of the City's competitive solicitation process and commence negotiations of an Exclusive Negotiation Agreement ("ENA") with Developer.

Subsequently, on September 12, 2023, the Board of Supervisors adopted Resolution No. 425-23, waiving the competitive solicitation procedures and urging the Port to take all actions necessary to negotiate and enter into an ENA with Developer.

With the recent authorizations by the Port Commission and Board of Supervisors, Port and Developer have negotiated the terms of the ENA. The ENA will set forth the process, terms, and conditions upon which the Port and Developer will negotiate for the disposition of the Site and the development and operation of the proposed Project. Upon the successful completion of a multi-year process to complete negotiations, environmental review, and other Project approvals, the ENA will be replaced by a lease disposition and development agreement, a long-term ground lease and other related agreements and documents required for the proposed Project.

This staff report includes the following sections:

- Alignment with the Port's Strategic Plan.
- Background information on the Project and process.
- Exclusive Negotiations Process and ENA Key Terms.
- Project Timeline.
- Next Steps.

## **STRATEGIC PLAN ALIGNMENT**

Entering an ENA with Developer and ultimately redeveloping the Site will provide a number of benefits, including highlighting and supporting the fishing and seafood industry and increasing public access to and enjoyment of the bay.

The proposed Project's success will be defined by its redevelopment of assets, implementation of resilience and adaptation strategies, curation of a mix of uses that enliven Fisherman's Wharf, and advancement of the Port's goals and objectives of its Strategic Plan and Waterfront Plan.

If approved and implemented, the proposed Project will achieve at least six goals of the Port's Strategic Plan objectives:

Evolution: Evolve the waterfront to respond to changing public and Port needs.

Resilience: Reduce seismic and climate change risks to protect the waterfront.

Engagement: Engage constituents and the public on Port functions and activities.

Equity: The Project will be accessible, attractive, and beneficial to a diverse group of people who live, work and/or use the recreational assets along the Waterfront.

Productivity

Attract and retain tenants to build an economically successful and vibrant waterfront.

Economic Recovery

Contribute to 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 at other Port facilities.

## **BACKGROUND**

On February 15, 2023, the Port received an unsolicited Proposal for the lease and development of the Site with a mixed-use development celebrating, highlighting, and supporting the fishing and seafood industry of Fisherman's Wharf and increasing public access to and enjoyment of the Bay. The Proposal was submitted by Fisherman's Wharf Revitalized LLC, consisting of Lou Giraudo, Seth Hamalian, and Chris McGarry.

The Port's Waterfront Plan outlines a public engagement process for unsolicited proposals that is to occur prior to the consideration of a waiver of the City's competitive bidding procedures by the Board of Supervisors. At the February 28, 2023 Port Commission meeting, Port staff described the Proposal and the Port Commission directed staff to pursue stakeholder engagement as called for under the Waterfront Plan<sup>1</sup>.

At the April 25<sup>th</sup> Port Commission meeting, Port staff reported out on the stakeholder engagement process and the Project's alignment with the Waterfront Plan.<sup>2</sup> In response to the dialogue at the meeting, the Port issued an RFI on May 20, 2023 to supplement the outreach noted above and to seek feedback on whether there is other, comparable development interest in the locations identified in the Proposal.

The Port received two responses to the RFI that were presented to the Port Commission on July 11, 2023: (1) a letter first from Dan Giraudo, Chairman and CEO of Boudin Bakery and (2) a follow-up submittal from Developer. Given the Port received no other letters or responses to the RFI, indicating limited interest in potential bids if the Port were to issue a competitive solution, the urgency of providing support to the recovery of Fisherman's Wharf, and the potential for the Project described by the Proposal to attract visitors and significant investment to the wharf, including needed seismic and flood protection improvements, the Port Commission authorized staff (Resolution 23-37), in consultation with the City Attorney, to seek a waiver of the City's competitive solicitation requirements

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<sup>1</sup> The February 28<sup>th</sup> staff report can be found here: [https://sfport.com/files/2023-02/022323\\_item\\_12b\\_fw\\_development\\_proposal\\_final.pdf](https://sfport.com/files/2023-02/022323_item_12b_fw_development_proposal_final.pdf).

<sup>2</sup> See April 25<sup>th</sup> staff report for a summary of the community feedback received on the Proposal: found here: [https://sfport.com/files/2023-04/042523-10a\\_fishermans\\_wharf\\_development\\_proposal\\_-\\_stakeholder\\_engagement\\_process\\_and\\_next\\_steps.pdf](https://sfport.com/files/2023-04/042523-10a_fishermans_wharf_development_proposal_-_stakeholder_engagement_process_and_next_steps.pdf).

and commence negotiations of an ENA with Developer<sup>3</sup>. On September 10, 2023, the Board of Supervisors adopted Resolution No. 425-23, waiving the competitive solicitation procedures so the Port can negotiate and enter into the ENA<sup>4</sup>.

### Initial Project Concept

The proposed Project is comprised of three areas of redevelopment – Pier 45 Sheds A and C, Triangle East/Seawall Lot 300/301 Phase I, and Triangle West/Seawall Lot 300/301 Phase II. The Project does not include any of the restaurants or other improvements on the western side of Taylor Street.

The following sections outline the contemplated uses for each of the three areas. However, the Project sponsor recognizes the need for further discussions with the Port, regulatory partners and community stakeholders to refine the concepts while still achieving the goals and objectives established in the Port's plans and programs. It is essential to recognize that the Proposal is an initial concept that will evolve through community dialogue, additional site due diligence, policy direction, and lease negotiations. Ultimately, a successful Project will have an appropriate balance of uses and improvements that meet the Port's plans and programs' goals and objectives.

### *Pier 45 Sheds A and C*

The vision for Pier 45 is a two-pronged approach to reinvigorating Fisherman's Wharf as a must-visit location for the region, for visitors and residents alike: 1) enhanced support to existing fishing operations on the Pier and an experiential museum dedicated to the fishing and seafood industry that will return Fisherman's Wharf to its legacy and former prominence as the go-to location in the region for all things related to the industry, and 2) a flexible events center and open-air space configured to allow for a variety of indoor and outdoor concerts, local performance art, school events, rentals and other experiences. This would be implemented with care to support and protect the heart of Fisherman's Wharf, the existing commercial fishing operations at Pier 45 (primarily in Sheds B and D).

### *Triangle East/Seawall Lot 300/301 Phase I*

The vision for the first phase of development of the Triangle Lot, from the western edge of the Boudin Bakery to the eastern edge of the Triangle Lot/Seawall Lot 300/301, includes 1) a central public square and the conversion of the adjoining portion of the "little" Embarcadero to a non-vehicular promenade; 2) a new building housing a winery, brewery and distillery on the ground floor, and short-term rental units above; and 3) a visitor's center at the eastern point.

### *Triangle West/Seawall Lot 300/301 Phase II*

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<sup>3</sup> The July 11<sup>th</sup> staff report can be found here: [https://sfport.com/files/2023-07/071123\\_11b\\_final\\_fishermans\\_wharf\\_unsolicited\\_proposal\\_bos\\_competitive\\_bidding\\_waivers.pdf](https://sfport.com/files/2023-07/071123_11b_final_fishermans_wharf_unsolicited_proposal_bos_competitive_bidding_waivers.pdf).

<sup>4</sup> Board of Supervisor's Resolution No. \_\_\_\_ and supporting documentation can be found here: <https://sfgov.legistar.com/LegislationDetail.aspx?ID=6296193&GUID=69847AC1-1B04-46BE-BFD5-702F4775FE53&Options=ID|Text|&Search=230842>.

The western portion of the Triangle Lot would be reserved for a second phase of development. Phase II would house additions to one or more of the food and beverage, event space and short-term rental unit uses, with the exact mix to be informed by the performance of the first phase and evolving needs of Taylor Street and the surrounding neighborhood.

## **EXCLUSIVE NEGOTIATIONS PROCESS AND ENA KEY TERMS**

The ENA will commit the Port to negotiate exclusively with Developer for the duration of its term. During the ENA period, the parties will finalize transaction documents that will govern the disposition and development of the Project. The ENA establishes time and performance benchmarks, provisions for time extensions to those performance benchmarks, and termination for non-performance. It also specifies negotiation fees payable to the Port and recovery of the Port's costs associated with the Project.

During the ENA period, the following key events are anticipated to occur:

- Port and Developer will work with regulatory partners to seek regulatory alignment and strategies to advance the Project.
- Developer will work with Port to develop goals for inclusion of small, local, and diverse contractors, consultants, and other service providers for predevelopment work and will use its best efforts to maximize diversity, equity, and inclusion.
- Developer will conduct community outreach to stakeholders.
- Developer and Port will negotiate a term sheet for the Port Commission and Board endorsement.
- Developer will complete preliminary architectural and engineering designs, finalize financial projections addressing lease payments to the Port, and the equity and debt required to completely finance the development's entitlement, construction, and operation.
- Developer will complete, if required, an environmental impact report in compliance with the California Environmental Quality Act.
- Port and Developer will negotiate as applicable a lease disposition and development agreement, a form ground lease, and related documents governing the development and operation of the Site.

### Key Terms Differing from Standard Port ENA

Each development project and development partner has unique attributes that require some ENA negotiations. The following summarizes five key terms that differ from standard Port ENA terms:

1. *Diversity, Equity, and Inclusion* – During the ENA period, the Developer's expenditures associated with the Project are not subject to the Local Business Enterprise policies. However, the ENA includes a Diversity, Equity and Inclusion goal for the predevelopment process, which requires Developer to work with Port to include small, local, and diverse contractors, consultants, and other service providers for predevelopment work during the ENA period.

2. *Term* – The ENA term is 24 months, with six 6-month extension options. The extended term is consistent with the scale and complexity of the Project, which will require comprehensive and extensive stakeholder and regulatory partner outreach and collaboration. The performance benchmark schedule negotiated between the parties is attached as Exhibit 2 to this staff report.
3. *Transfer* – The Port is entering into this ENA based on the Developer's special skills, capabilities, and experience, especially given the waiver of the competitive solicitation requirements for this Proposal. The Port's standard ENA typically allows a developer to bring in institutional or other investors without the Port's consent, so long as they meet minimum financial requirements. However, in this case, the ENA requires Port Commission approval of any transfers of 50% or more of the ownership interest in Developer.
4. *Required Payments* – During the ENA period, Developer will reimburse the Port for its transaction costs related to the Project (which transaction costs will be paid in advance with a \$100,00 deposit, which can be reduced to \$50,000 at the Port Executive Director's discretion). Developer will also pay the Port an extension fee in the amount of \$25,000 (which amount can be waived at the Port Executive Director's discretion) as a condition to each extension to the term of the ENA. However, the Port will not require a negotiation fee for the initial term of the ENA because the Port is able to continue its existing leases and aims to support the economic recovery of an iconic San Francisco landmark in Fisherman's Wharf.
5. *Short-Term Leasing* – Typically during the ENA period, Port is unable to enter into new agreements that expand the current uses or extend beyond the target closing date set forth in the transaction documents. In this case, Port has reserved the right to enter into (i) a new agreement for a Ferris wheel to be located on the eastern portion of SWL 300/301, the term of which shall expire on or before December 31, 2025 unless the initial term of the ENA is extended and (ii) a lease extension with the San Francisco Maritime National Association (which includes the USS Pampanito), the term of which shall expire on or before December 31, 2028.

The Port Commission, by approving the ENA is not approving a project, nor committing either party to a project. Rather, the ENA establishes the parameters for consideration of a possible project or development.

## **PROJECT TIMELINE**

If the Port Commission approves the ENA, *Exhibit 2 - Performance Benchmarks* provides a schedule of various Project milestones the project sponsor must meet. The schedule includes a "target date" that both the Port and Developer will strive to reach, and a "performance date", which is the outside date for Developer to achieve such a milestone. The early goals are to conduct community and regulatory outreach to help shape a project that has Port, Developer, community, and regulatory partner alignment and to begin term sheet negotiations.

## **NEXT STEPS**

Port staff will work with Developer, stakeholders, and regulatory partners to advance the Project. Staff will return to the Port Commission with regular updates on the Project progress or as required to seek input during negotiations on key deal points.

Prepared by:	Wyatt Donnelly-Landolt, Development Project Manager Real Estate and Development
	Christine Maher Development Project Manager Real Estate and Development
Through:	Josh Keene, Waterfront Development Manager
For:	Michael Martin, Assistant Port Director

Exhibit 1 – Site  
Exhibit 2 – Performance Benchmarks



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

**RESOLUTION NO. 23-47**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, At its meeting on April 11, 2023, after a public planning process that maximized public participation in public discussions about existing waterfront activities, regulations, challenges, public desires, and needs to incorporate diverse viewpoints and perspectives to develop policy recommendations, the Port Commission adopted an updated Waterfront Plan (the “Waterfront Plan”); and
- WHEREAS, The Waterfront Plan included a stakeholder engagement process for unsolicited development proposals, in advance of the submission of such proposals to the Board of Supervisors for consideration of a waiver of the City’s competitive solicitation policy; and
- WHEREAS, On February 15, 2023, the Port received an unsolicited proposal (the “Proposal”) to lease and develop portions of Seawall Lot 300/301 and Pier 45 Sheds A and C (the “Site”) from Fisherman’s Wharf Revitalized, LLC (“Developer”), whose members include Lou Giraudo, Seth Hamalian, and Chris McGarry; and
- WHEREAS, The Proposal contemplates a mixed-use development project celebrating, highlighting, and supporting the fishing and seafood industry of Fisherman's Wharf and increasing public access to and enjoyment of the Bay. The proposed project includes: (1) Pier 45 Sheds A and C: enhanced support of the existing fishing and seafood industry and an experiential museum/events center; (2) Triangle East/Seawall Lot 300/301 Phase I: a central public square, new construction including a ground-floor winery/brewery and short-term rentals above, and a visitor’s center; and (3) Triangle West/Seawall Lot 300/301 Phase II: future development, to be informed by the first phase and evolving needs of the area; and
- WHEREAS, At its meeting on February 28, 2023, the Port Commission directed staff to pursue a stakeholder process to elicit public feedback on the Proposal prior to its submittal to the Board of Supervisors; and
- WHEREAS, Port staff offered opportunities for stakeholder feedback at two hybrid (in-person and virtual) meetings in Fisherman’s Wharf and one virtual meeting of the Port’s Northern Advisory Committee; and
- WHEREAS, Port staff reported out on the stakeholder engagement feedback at the April 25, 2023 Port Commission meeting; and

- WHEREAS, At the May 9, 2023 Port Commission meeting Executive Director Elaine Forbes announced that, as an additional measure of due diligence, the Port would issue a Request for Information seeking feedback regarding interest in developing the areas identified in the Proposal (the “RFI”); and
- WHEREAS, The Port issued the RFI on May 20, 2023 and received two letters, which were summarized by Port staff at the July 11, 2023 Port Commission meeting; and
- WHEREAS, The Port received no other letters or responses to the RFI, indicating limited interest in potential bids if the areas identified in the Proposal were made the subject of a competitive solicitation for a development partner; and
- WHEREAS, The Port recognizes the urgency of providing support to the recovery of Fisherman’s Wharf, which has been beset by headwinds of the pandemic and associated economic downturn, resulting in the closure of many longstanding Port tenants; and
- WHEREAS, If approved after appropriate environmental and regulatory review and lease negotiations, the project described under the Proposal provides the opportunity to build economic momentum from the Port’s current investments in the recovery of the Fisherman’s Wharf portfolio, to elevate the fishing industry and history of the Wharf, and to provide a significant private capital investment into a more resilient shoreline; and
- WHEREAS, In accordance with Chapter 23 of the Administrative Code, the Board of Supervisors can waive competitive solicitation requirements upon finding that the competitive process is impractical, impossible, or not in the public interest; and
- WHEREAS, The lack of development interest in response to the RFI indicates that the time and expense in pursuing a competitive process would be impractical and not in either the Port’s or public interest; and
- WHEREAS, In consideration of the results of the stakeholder outreach summarized above, the Port Commission adopted Resolution 23-37, authorizing Port staff, in consultation with the City Attorney’s Office, to seek Board of Supervisors approval to waive any applicable requirements of the City’s policy regarding competitive solicitation for development opportunities with respect to the Proposal and commence negotiations of an Exclusive Negotiation Agreement (“ENA”) with Developer; and
- WHEREAS, On September 12, 2023, the Board of Supervisors adopted Resolution No. 425-23, waiving the competitive solicitation procedures and urging the Port to take all actions necessary to negotiate and enter into an ENA with Developer; and

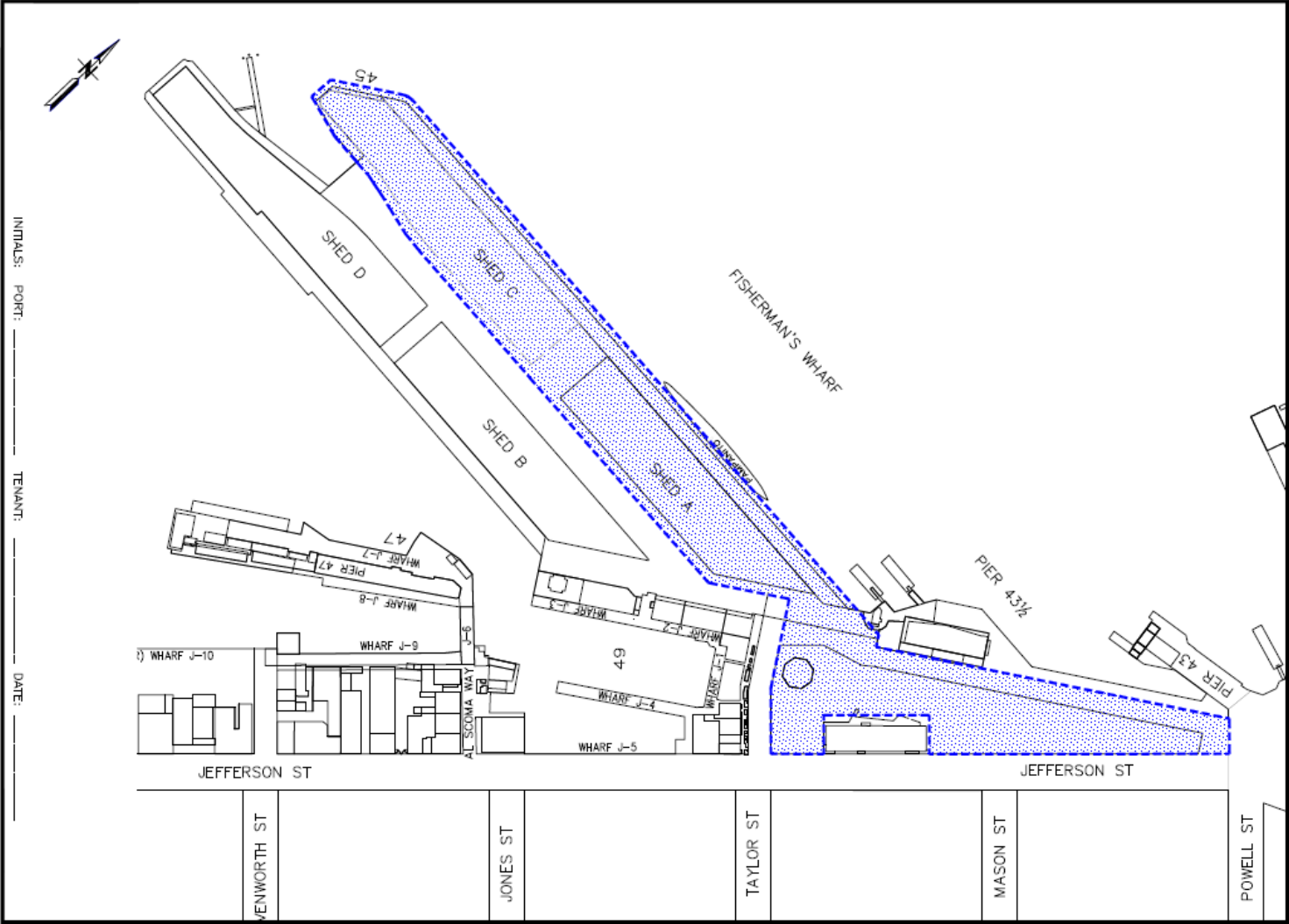
- WHEREAS, Developer and Port have negotiated the terms of an ENA, as further described in the Memorandum accompanying this resolution; now therefore be it
- RESOLVED, That the Port Commission authorizes the Executive Director of the Port (“Executive Director”) or her designee to execute the ENA and any additions, amendments or other modifications thereto that are necessary and advisable to complete the ENA consistent with the terms and conditions set forth in the Memorandum accompanying this resolution and in a form approved by the City Attorney; and, be it further
- RESOLVED, That the Port Commission reserves the right, if negotiations with Developer are unsuccessful and do not lead to approval of a lease disposition and development agreement, lease and related documents, or if the ENA is terminated before expiration of its term, to undertake other efforts, which may include selecting a developer/tenant by any other means, or issuing a developer solicitation, all in the Port Commission’s sole discretion; and, be it further
- RESOLVED, That the ENA does not commit the Port Commission to approval of any specific development concept or project proposal, nor does the ENA foreclose the possibility of alternative development concepts, mitigation measures, or deciding not to grant entitlements or approve the lease and development of the proposed concept; and, be it further
- RESOLVED, That entering into exclusive negotiations does not commit the Port Commission to approval of a final lease or related documents and that the Port Commission shall not take any discretionary actions committing it to the proposed development until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 10, 2023.***

DocuSigned by:  
  
Secretary  
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**EXHIBIT 1**

**SITE**



## **EXHIBIT 2**

### **PERFORMANCE BENCHMARKS**

<b>Performance Benchmarks</b>	<b>Target Date</b>	<b>Performance Date</b>
<b>1. Developer Formation Documents:</b> Developer must submit a copy of its Operating Agreement and a description of its affiliates (any person or entity controlling Developer, any entities controlled by Developer, or any entities under common control with Developer)	<b>Before Oct. hearing</b>	<b>Before Oct. hearing</b>
<b>2. Submit Community Outreach Program</b>	<b>One month after Effective Date</b>	<b>One month after Effective Date</b>
<b>3. Submit Diversity, Equity &amp; Inclusion Program</b>	<b>45 days after Effective Date</b>	<b>60 days after Effective Date</b>
<b>4. Submit Revised Development Concept for Term Sheet, based upon outreach and site due diligence.</b>	<b>Seven months after Effective Date</b>	<b>Seven months after Effective Date</b>
<b>5. Port Endorsement:</b> Port Commission to adopt a resolution endorsing the Term Sheet	<b>Eight months after Effective Date</b>	<b>Nine months after Effective Date</b>
<b>6. Board Endorsements:</b> Board to take the following actions: (a) endorsing the Term Sheet; and (b) making a fiscal feasibility determination, if necessary	<b>Eight months after Effective Date</b>	<b>Nine months after Effective Date</b>
<b>7. Final Transaction Documents:</b> Developer and Port must reach final agreement on the form of LDDA, Lease and all related Transaction Documents	<b>20.5 months after Effective Date</b>	<b>21.5 months after Effective Date</b>
<b>8. Final CEQA Determination:</b> By Planning Department or Planning Commission, as required.	<b>21.5 months after Effective Date</b>	<b>21.5 months after Effective Date</b>
<b>9. Port Commission Approval of Final Transaction Documents:</b> Port Commission to make Public Trust Determination and approve final Transaction Documents and recommend Board approval.	<b>22 months after Effective Date</b>	<b>23 months after Effective Date</b>
<b>10. Board of Supervisor Approvals:</b> Board to approve the Lease and other Transaction Documents and City Regulatory Approvals that require Board approval.	<b>23 months after Effective Date</b>	<b>24 months after Effective Date</b>
<b>11. Regulatory Approvals:</b> Developer to obtain necessary Regulatory Approvals by outside agencies.		<b>Within timeframe set forth in LDDA</b>



## MEMORANDUM

January 19, 2024

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

**FROM:** Elaine Forbes  
Executive Director 

**SUBJECT:** Informational presentation and possible action to request (i) Endorsement of the Proposed Term Sheet and (ii) Amend and extend the Exclusive Negotiating Agreement, both with Strada-TCC Partners, LLC, for the proposed Piers 30-32 and Seawall Lot 330 project generally located along the Embarcadero between Bryant and Beale Streets.

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution No. 24-10

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### EXECUTIVE SUMMARY

On September 22, 2020, the Port Commission authorized Port staff to initiate negotiations towards an Exclusive Negotiating Agreement ("ENA") with Strada-TCC Partners, LLC (the "Developer" or "Strada TCC") for the Piers 30-32 and SWL 330 project (the "Project"). On February 23, 2021, the Port Commission authorized staff to enter into the ENA. Since that time, the Developer and staff have worked through key steps of the ENA process including conducting extensive outreach to State agencies and the community and obtaining critical State legislation.

At completion, the Project will include a projected 713 units of housing, of which 25 percent will be affordable, an aquatic center including a swimming pool, a retail market hall, approximately 375,000 square feet of office space with the potential for an additional 55,000 square feet of mezzanine space within the existing footprint of the building, a reconstructed pier, and seismic and sea level rise resilience improvements to the seawall

and pier infrastructure. The projected cost of the infrastructure and resilience improvements is approximately \$460 million, which does not include vertical development.

In September 2023, the State Senate and State Assembly unanimously voted in support of SB 273 (sponsored by Senator Wiener and co-sponsored by Assemblymembers Haney and Ting), and Governor Newsom signed the bill into law on October 7, 2023. The passage of SB 273 is a huge milestone for the project and allows the developer and Port to continue on the path to environmental review and execution of transaction documents.

The Project will use both an Infrastructure Financing District (“IFD”) and a Community Facilities District (“CFD”) as sources for horizontal infrastructure within the project. Even with these sources, based on the current pro forma the Project requires an additional \$125 million to fully fund the horizontal infrastructure and resilience needs at Piers 30-32. The Developer and Port staff will work to identify and secure sources to ensure the financial success of all phases of the Project.

The final Transaction Documents for the Project may include a Lease Disposition and Development Agreement (“LDDA”), potentially a Master Lease for all or a portion of the site, and 3 – 4 Ground Leases for vertical development. The Seawall Lot 330 site may be separated into three Ground Leases: one for the Phase 1 residential tower, one for the Phase 2 residential building, and one for the Affordable Housing building. The term for each of these leases will be 75 years, with annual rent of \$600,000 with \$300,000 per year from the Phase 1 site, \$300,000 per year from the Phase 2 site, and \$0 per year from the Affordable Housing site. If a Site Permit for Piers 30-32 is not approved within 24 months of the completion of the first residential building, the total base rent will increase to \$1,800,000 per year, apportioned \$900,000 to the Phase 1 Ground Lease and \$900,000 to Phase 2 Ground Lease. The Piers 30-32 site will be under one Ground Lease with a term of 66 years and annual rent of \$900,000.

Timelines for each phase of development are governed by performance dates within the term sheet. Target and performance dates for permit and construction milestones for each phase of the project are detailed in this report.

After Port Commission approval of the term sheet, Port staff will take the term sheet to the Board of Supervisors (“Board”) for endorsement in early 2024, along with a request that the Board find the Project fiscally feasible. If the Board finds that the Project is fiscally feasible, the Developer may submit an environmental evaluation application for the Project to the Planning Department.

## **STRATEGIC PLAN ALIGNMENT**

The Piers 30-32 and SWL 330 project will provide a range of public benefits including publicly accessible waterfront space, maritime uses, revenue generation, and significant resilience and infrastructure improvements. Through the Project, the Port will redevelop existing surface parking lots into major mixed-use buildings with seismically strengthened infrastructure built to protect against sea level rise. Additionally, the Project will activate the South Beach waterfront area through on-site retail space and aquatic activities.

Subject to all necessary approvals and completion, the Project will achieve seven of the Port's Strategic Plan objectives:

Economic Recovery:

Contribute to 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 at other Port facilities.

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 deep water berth as a strategic emergency access location.

Evolution:

Contribute to Port's ongoing transformation to better address the needs of the public and the Waterfront.

Engagement:

Throughout the project development process, represent the values of the Waterfront communities and provide amenities that increase the public's awareness of the site's remarkable history and setting.

Equity:

Completed Piers 30-32 and SWL 330 projects will be accessible, attractive, and beneficial to a diverse group of people who live, work, and/or use the recreational assets along the Waterfront.

Sustainability:

Represent environmental stewardship in protecting the Bay and creating housing in transit- and job-rich areas reducing emissions and waste.

Productivity:

Attract tenants who contribute to an economically viable Port and capitalize on the Port's unique assets, including the use of the deep-water berth on Piers 30-32.

## **BACKGROUND**

On December 10, 2019, the Port Commission authorized Port staff to issue an RFP for Piers 30-32 & Seawall Lot 330. After extending the process due to the COVID-19 pandemic, Port staff provided the Port Commission with an informational presentation on September 8, 2020 on the three (3) respondents who submitted complete proposals, met the minimum qualifications in the RFP, and were scored by a five-member panel. On September 22, 2020, the Port Commission authorized Port staff to initiate negotiations towards an Exclusive Negotiating Agreement ("ENA") with Strada-TCC, the respondent the panel scored highest.



Port staff gave an informational presentation to the Port Commission on the terms of the negotiated ENA on February 9, 2021 including the process, key terms, and major performance benchmarks. On February 23, 2021, the Port Commission authorized staff to enter into the ENA. Since that time, the Developer and staff have worked through key steps of the ENA process including obtaining critical State legislation discussed below. Additionally, the Executive Director has authorized two-term extensions as contemplated in the original ENA.

Since the execution of the ENA, Port staff and the Developer have conducted extensive outreach to State agencies, including BCDC and the State Lands Commission, and the community. Based on this feedback, the Developer redesigned both the Piers 30-32 and Seawall Lot 330 parts prior to the introduction of State legislation allowing the Project to move forward.

## **PASSAGE OF SB 273**

The State Senate and State Assembly unanimously voted in support of SB 273 (sponsored by Senator Wiener and co-sponsored by Assemblymembers Haney and Ting) in September 2023, and Governor Newsom signed the bill into law on October 7, 2023.

SB 273 authorizes the State Lands Commission to approve the project at Piers 30-32 generally described in this memorandum. This allows the City to approve the Project through City permitting and environmental review processes. The passage of SB 273 is a huge milestone for the project and allows the developer and Port to continue on the path to environmental review and execution of transaction documents.

## **TERM SHEET**

The next major performance benchmark in the ENA is the Port Commission endorsement of the Term Sheet. After the Port Commission Term Sheet endorsement, Port staff will seek the Board of Supervisors' endorsement and will also ask for a finding of fiscal feasibility for the Project. With these endorsements and approvals, the Project may commence CEQA review and transaction document negotiations. The following sections outline key sections and terms in the proposed Term Sheet.

## **PROJECT CONCEPT**

The proposed Project includes three phases of development across Piers 30-32 and SWL 330.

### Phase 1 – 2:

The first two phases of the Project include a projected 619 units of housing, including 92 below-market rate (“BMR”) units (14.9 percent), in two residential buildings on the North and South side of SWL 330. These two buildings may be constructed together as a single Phase or sequentially as Phase 1 then Phase 2. This Phase utilizes the State Density Bonus Law enabling the buildings to go up from the existing 65/105 feet height limit (a 65-foot podium with a tower up to 105 feet, for a combined existing height limit of 170 feet) to

a single tower of up to 230 feet in height. The ground floor includes community and retail space in the buildings, which form a triangle flanking the streets and framing an open space accessible to the public, and access to an on-site garage serving the residences. Working through the community engagement process, the Developer has also designed a Project alternative with a maximum height of 105 feet. The height decrease would further reduce the number of units in the Project and potentially negatively impact the funding gap and project affordability due to fewer market-rate and inclusionary units.

The Developer will also dedicate a portion of the SWL 330 site for a 100 percent affordable housing building with a projected 94 units. The construction of this building is contingent upon obtaining the necessary funding sources including impact fees from the Project and outside sources such as the Low-Income Housing Tax Credit (LIHTC) program. Upon completion of the 100 percent affordable housing building, the Project will achieve a total of 25 percent affordable housing.

### Phase 3:

Phase 3 of the Project includes strengthening the seawall along the Project site, constructing seismically strengthened and sea-level rise resilient infrastructure, and reconstructing the piers.

The phase will create an aquatic center with a floating swimming pool and access points for personal watercraft. Additionally, the Developer will construct a deep-water berth both for excursions and for Navy and MARD and other vessels to respond to an emergency or natural disaster. Finally, the reconstructed piers will include 375,000 square feet of office space with the potential for an additional 55,000 square feet of mezzanine space within the existing first floor, 70,000 square feet of retail space primarily in a market hall, and accommodations for Red's Java House.

### *Proposed Investment in Port's Assets*

In Phase 3, the Developer will reconstruct the piers and construct necessary seawall and bulkhead wharf infrastructure improvements. The projected cost of these infrastructure and resilience improvements is approximately \$460 million, which does not include vertical improvements. Upon lease expiration or earlier termination, all improvements – including the vertical improvements – would return to the Port.

### *Changes from the Original Proposal*

The current term sheet changes the Project's phasing and final uses as originally proposed during the RFP. As contemplated in the term sheet, the Project will be delivered in up to three phases rather than as a single phase. This change has financial benefits by accelerating the availability of IFD/CFD sources before spending on horizontal infrastructure at Piers 30-32.

The current Project proposal now includes 713 residential units versus 850 units in the original RFP proposal, which was caused by design changes to adjust to community feedback. Second, the Piers 30-32 reconstruction will create one pier with a large retail

market hall and the aquatic center adjacent to it rather than two piers with the aquatic center in between the piers. This redesign responds to State agencies and community input.

## **PROJECT FINANCING**

The Project will utilize a combination of public and private sources for the horizontal infrastructure components (e.g., pier/wharf demolition and reconstruction, seawall improvements).

In the term sheet, the Port and Developer propose forming both an Infrastructure Financing District Project Area to capture tax increment and a Community Facilities District to levy special taxes on the buildings. Any IFD tax increment is anticipated to offset CFD Special Tax charges, similar to the financial structure with the Mission Rock CFD Development Special Tax and the Pier 70 Lease Properties CFD Facilities Tax.

Based on the current pro forma, the Project requires an additional \$125 million to fully fund the horizontal infrastructure and resilience needs at Piers 30-32. Changes in market factors could substantially improve the financial feasibility of the Project, potentially fully eliminating this funding gap. If market factors do not improve, the Developer and Port staff will work to identify and secure sources to ensure the financial success of all phases of the Project.

Across the City, many development projects are facing financial challenges due to the combination of high interest rates, lower demand for office and residential real estate, and rising construction costs. To address these challenges, the City is exploring many options to improve financial feasibility including:

- Adjusting impact fees or delaying their collection
- Utilizing tax increments from ad valorem taxes and other sources
- Adjusting or waiving transfer taxes

The Port may also be able to access federal and/or State funds for resilience, waterfront infrastructure, or affordable housing. As an example, the Port has received \$5.5 million in a Coastal Conservancy Grant to fund 65% design for demolishing the piers and reconstructing the wharf. While the Developer and Port staff have not identified the exact mix of funds to close the \$125 million infrastructure feasibility gap at this time, the team feels confident it can secure these funds well ahead of the start of the Project.

## **DEVELOPMENT AGREEMENT STRUCTURE AND GROUND LEASES TERM**

The Term Sheet contemplates Transaction Documents that consist of a master agreement such as a Lease Disposition and Development Agreement (LDDA) and/or Master Lease along with separate Ground Leases for each vertical construction site. Tenants will be solely responsible for operations, maintenance, and repairs for the entire term of a Ground Lease.

The Seawall Lot 330 site will be separated into three Ground Leases: one for the Phase 1 residential tower, one for the Phase 2 residential building, and one for the Affordable Housing building. The term for each of these leases will be 75 years, and the term sheet does contemplate the potential for a fee title transfer. The Port will receive a total of \$600,000 in annual ground rent for SWL 330 upon completion of the full project: \$300,000 per year from the Phase 1 site, \$300,000 per year from the Phase 2 site, and \$0 per year from the Affordable Housing site. Ground rent will increase based on CPI (limited to 2 – 6 percent annually) every five years. The tenant will pay reduced construction rent of \$150,000 per year from the execution of the lease until the issuance of a certificate of occupancy, up to a maximum of 36 months.

If a Site Permit for Piers 30-32 is not approved within 24 months of the completion of the first residential building, the total base rent will increase to \$1,800,000 per year (plus CPI adjustments), apportioned \$900,000 to Phase 1 and \$900,000 to Phase 2. If at any time the Developer receives a Site Permit for Piers 30-32, base rent will return to \$600,000 annually with any CPI adjustments.

The Piers 30-32 site will be under one Ground Lease with a term of 66 years. Base rent will be \$900,000 per year, with an increase based on CPI (limited to 2 – 6 percent annually) every five years. The tenant will pay reduced construction rent of \$200,000 per year from the execution of the lease until the issuance of a certificate of occupancy, up to a maximum of 60 months.

The table below summarizes Ground Lease terms for each of the four sites.

**Table 1. Piers 30-32 and SWL 330 Ground Lease Terms**

Site	Term	Base Rent	Construction Rent	Additional Terms
<b>SWL 330 Phase 1</b>	75 years	\$300,000	\$150,000 (up to 36 months)	Rent increases to \$900,000 annually if performance benchmarks not met
<b>SWL 330 Phase 2</b>	75 years	\$300,000	\$150,000 (up to 36 months)	Rent increases to \$900,000 annually if performance benchmarks not met
<b>SWL 330 Affordable Site</b>	75 years	\$0	\$0	
<b>Piers 30-32</b>	66 years	\$900,000	\$200,000 (up to 60 months)	

## **ASSIGNMENT AND TRANSFER**

The Port retains approval rights over any assignment or transfer of Strada TCC's controlling interest for project phases governed by ground leases that have not yet been executed or, if underway, receive a certificate of occupancy. Thus, for Strada TCC to transfer any element of the project they must obtain Port approval. However, Strada TCC does have the right to capitalize any element of the project without outside investor(s) so long as they retain a controlling interest.

## **REIMBURSEMENT OF PORT'S TRANSACTION COSTS**

The Developer will reimburse the Port for all the Port's transaction costs including but not limited to staff time, City Attorney time, and consultant costs.

## **DEI PLAN**

As part of the term sheet, the Developer has proposed a conceptual Diversity, Equity, and Inclusion (DEI) Plan. The Project DEI Plan supports the Port's Racial Equity Action Plan (REAP) in several key areas including creating access to waterfront open space and activities, providing support and space for BIPOC-owned small businesses, and offering economic opportunities for local, BIPOC-owned, and women-owned businesses. Key proposals in the DEI Plan include:

- Providing swim and water sports access to address racial, gender, and economic disparities related to water sports access, including increasing swimming proficiency among children of color.
- Creating a BIPOC Artisan Retail Program to support BIPOC entrepreneurs for the artisan retail and maker spaces on the north side of the Pier shed building and structuring leases to improve opportunities for success.
- Emphasizing BIPOC leadership when selecting a partner for the affordable housing site on Seawall Lot 330.
- Creating economic opportunity through LBE, MBE, and WBE participation, a planned Project-wide Project Labor Agreement (PLA), and a potential pipeline program with CityBuild.

Further details on the DEI Plan such as goals and metrics will be further refined in the coming years and included in the final transaction documents.

## **PORT PARTICIPATION**

The Port will receive participation equal to 20 percent of the net proceeds after the Developer has achieved an 18 percent IRR from the first sale or refinancing resulting in repayment of project equity. Additionally, if the Developer does not meet performance benchmarks for Phase 3 of the Project, the Port also receives additional participation equal to 10 percent of net proceeds after the Developer achieves a 15 percent internal rate of return (IRR).

## PERFORMANCE SCHEDULE

Table 2 below shows the Schedule of Performance included with the Term Sheet. All dates are based on the actual LDDA execution and prior milestones.

**Table 2. Piers 30-32 & SWL 330 Schedule of Performance**

<b>Performance Benchmarks</b>	<b>Target Date</b>	<b>Performance Date (subject to extension for Excusable Delay)</b>
1. Phase 1 Construction Permit Issuance	18 months post-LDDA execution	24 months post-LDDA execution
2. Phase 1 Construction Commencement	6 months post-Phase 1 Construction Permit Issuance	12 months post-Phase 1 Construction Permit Issuance
3. Phase 1 Construction Completion	24 months post-Phase 1 Construction Commencement	36 months post-Phase 1 Construction Commencement
4. Phase 2 Construction Permit Issuance	30 months post-LDDA execution	48 months post-LDDA execution
5. Phase 2 Construction Commencement	6 months post-Phase 2 Construction Permit Issuance	12 months post-Phase 2 Construction Permit Issuance
6. Phase 2 Construction Completion	24 months post-Phase 2 Construction Commencement	36 months post-Phase 2 Construction Commencement
7. Phase 3 Construction Permit Issuance	12 months post-Phase 2 Completion	24 months post-Phase 2 Completion
8. Phase 3 Construction Commencement	6 months post-Phase 3 Construction Permit Issuance	12 months post-Phase 3 Construction Permit Issuance
9. Phase 3 Construction Completion	30 months post-Phase 3 Construction Commencement	48 months post-Phase 3 Construction Commencement

\*All dates expire on the last day of the applicable month.

For illustrative purposes, Table 3 below shows the target and performance dates under the term sheet assuming LDDA execution in July 2026. Actual dates will align with the above schedule and begin following the actual LDDA execution

**Table 3. Piers 30-32 & SWL 330 Potential Schedule of Performance**

<b>Performance Benchmarks</b>	<b>Target Date*</b>	<b>Performance Date (subject to extension for Excusable Delay)*</b>
1. Phase 1 Construction Permit Issuance	January 2028	July 2028
2. Phase 1 Construction Commencement	July 2028	July 2029
3. Phase 1 Construction Completion	July 2030	July 2032
4. Phase 2 Construction Permit Issuance	January 2029	July 2030
5. Phase 2 Construction Commencement	July 2029	July 2031
6. Phase 2 Construction Completion	July 2031	July 2034
7. Phase 3 Construction Permit Issuance	July 2032	July 2036
8. Phase 3 Construction Commencement	January 2033	July 2037
9. Phase 3 Construction Completion	July 2035	July 2041

\*All dates expire on the last day of the applicable month.

## **AMENDMENTS TO THE EXCLUSIVE NEGOTIATING AGREEMENT**

To align the ENA to the proposed Term Sheet, the ENA requires two amendments.

First, the Term of the ENA would increase from four years and six months to six years to align to Term Sheet Schedule of Performance. The additional eighteen months accommodates longer than expected community and State Agency outreach, including the need to obtain State legislation in SB273. Accordingly, the specific milestones for the ENA would change as shown in Table 4 below:

**Table 4. ENA Performance Schedule**

<b>Performance Benchmarks</b>	<b>Target Date*</b>	<b>Performance Date*</b>
<b>1. Developer Formation Documents:</b> Developer must submit a copy of its Operating Agreement and a description of its affiliates (any person or entity controlling Developer, any entities controlled by Developer, or any entities under common control with Developer)	February 2021	March 2021 (completed)
<b>2. Submit Community Outreach Plan.</b>	June 2021	July 2021 (completed)



<b>3. Submit Regulatory Approval Plan.</b>	June 2021	July 2021 (completed)
<b>4. Submit Revised Development Concept based upon outreach and site due diligence.</b>	January 2022	February 2022 (completed)
<b>5. Port Endorsement:</b> Port Commission to adopt a resolution endorsing the Term Sheet	January 2024 ( <i>July 2022</i> )	February 2024 ( <i>August 2022</i> )
<b>6. Board Endorsements:</b> Board to take the following actions: (a) endorsing the Term Sheet; and (b) making a fiscal feasibility determination, if necessary	March 2024 ( <i>October 2022</i> )	May 2024 ( <i>November 2022</i> )
<b>7. Publication of Draft EIR</b>	September 2025 ( <i>April 2024</i> )	May 2026 ( <i>May 2025</i> )
<b>8. Planning Commission EIR Certification and Planning Approvals:</b> Planning Commission certifies EIR and issues necessary Planning approvals.	April 2026 ( <i>November 2024</i> )	November 2026 ( <i>May 2025</i> )
<b>9. Final Transaction Documents:</b> Developer and Port must reach final agreement on the form of LDDA, Lease and all related Transaction Documents	April 2026 ( <i>November 2024</i> )	November 2026 ( <i>May 2025</i> )
<b>10. Port Approval of Final Transaction Documents:</b> Port Commission to make Public Trust Determination and approve final Transaction Documents and recommend Board approval.	April 2026 ( <i>November 2024</i> )	November 2026 ( <i>May 2025</i> )
<b>11. Board of Supervisor Approvals:</b> Board to make Public Trust Determination and approve the Lease and other Transaction Documents and City Regulatory Approvals that require Board approval.	July 2026 ( <i>February 2025</i> )	February 2027 ( <i>August 2025</i> )
<b>12. Regulatory Approvals:</b> Developer to obtain necessary Regulatory Approvals by outside agencies.		Within timeframe set forth in LDDA

\*All dates expire on the last day of the applicable month. Original milestone dates shown italicized in parentheses.

Currently, the ENA allows the Developer, Strada TCC Partners LLC (a joint venture of Strada Investment Group II, L.L.C (“Strada”) and Trammell Crow Company (“Trammell Crow”)) to transfer to another investor without Port Commission approval so long as Strada (or an affiliate it controls) and Trammell Crow (or an affiliate it controls), have the direct or indirect power to direct or cause the direction of the day-to-day management of Developer. The second change to the ENA would further allow the Developer to transfer to another investor without Port Commission approval so long as Strada Principals, LLC (or an affiliate it controls) has the direct or indirect power to direct or cause the direction of the day-to-day management of the Developer. The specific clarification is expanded to allow such transfers to an investment entity controlled solely by Strada Principals, LLC, not only Strada and Trammell Crow, collectively.



## **NEXT STEPS**

If the Port Commission approves the term sheet, Port staff will introduce the term sheet to the Board of Supervisors (“Board”) for endorsement in early February, along with a request that the Board find the Project fiscally feasible. If the Board finds that the Project is fiscally feasible, the Developer may submit an environmental evaluation application for the Project to the Planning Department. A Port economic consultant is currently preparing a fiscal feasibility analysis.

Prepared by:	Wyatt Donnelly-Landolt Waterfront Development Manager Real Estate and Development
Through:	Josh Keene Assistant Deputy Director, Development Real Estate and Development
For:	Mike Martin Assistant Port Director

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

**RESOLUTION NO. 24-10**

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, Piers 30/32 is an approximately 13-acre pier site located along the Embarcadero at the terminus of Bryant Street just south of the Bay Bridge, and Seawall Lot 330 is an approximately 2.3-acre seawall lot located on the west side of the Embarcadero bounded by Beale Street and Bryant Streets; and

WHEREAS, Piers 30/32 and SWL 330 (collectively, the “Site”) are within the Port’s South Beach-China Basin sub-areas area under the Port’s Waterfront Land Use Plan; and

WHEREAS, On September 22, 2020, pursuant to Resolution No. 20-45, the Port Commission authorized Port staff to initiate negotiations for an Exclusive Negotiating Agreement (“ENA”) with Strada Trammell Crow Company Partners LLC (“Strada TCC” or the “Developer”); and

WHEREAS, On February 9, 2021, pursuant to Resolution No. 21-08, the Port Commission authorized the Port Executive Director to execute the ENA with the Developer; and

WHEREAS, Strada TCC is proposing to develop a mixed-use project at Piers 30/32 and SWL 330, that includes (i) at Piers 30/32, the reconstruction of a reduced footprint of single pier, removal of Bay fill, maintaining a deep-water berth, berthing for ferry or excursion vessels, aquatic facilities with a pool, public access and open space areas and revenue-generating commercial space with sea level rise and seismic improvements that protect the Port, the City, the public and property, and (ii) on SWL 330, a mix of market rate, affordable housing and ancillary retail and open space, all as further described in the Memorandum accompanying this resolution; and

WHEREAS, Strada TCC and the Port desire to extend existing ENA term due to the time needed for community and State Agency outreach and the passage of SB273, and to permit another Strada Principals, LLC controlled entity to be the developer party in both the term sheet and ENA; and

WHEREAS, Strada TCC and Port have negotiated a Term Sheet, as further described in the Memorandum accompanying this resolution and a form of which is attached to this resolution; now therefore be it

RESOLVED, That the Port Commission hereby endorses the Term Sheet and directs the Executive Director of the Port to seek Board of Supervisors' endorsement of the Term Sheet and finding that the Project is fiscally feasible and responsible under San Francisco Administrative Code Chapter 29 (the "Fiscal Feasibility Finding"), and be it further

RESOLVED, That if the Board of Supervisors fails to make a Fiscal Feasibility Finding for the Project or does not endorse the Term Sheet, the Port Commission directs the executive Director to either terminate the ENA or present to the Port Commission for its endorsement, a revised Term Sheet that addresses the concerns raised by the Board of Supervisors; and be it further

RESOLVED, That if the Board of Supervisors endorses the Term Sheet and makes a Fiscal Feasibility Finding for the Project, the Port Commission directs the Executive Director of the Port, or her designee, to work with the Planning Department and Developer to undertake review of the Project under the California Environmental Quality Act (CEQA) and Chapter 31 of the San Francisco Administrative Code and negotiate the terms and conditions of the final transaction documents including, but not limited to, a lease disposition and development agreement and various leases (collectively, the "Transaction Documents"), with the understanding that the final terms and conditions of the Transaction Documents negotiated between Port staff and Developer during the exclusive negotiation period will be subject to the approval of the Port Commission and as applicable, the Board of Supervisors and the Mayor; and be it further

RESOLVED, That the ENA be amended to extend the term from four years and six months to six years and permit the developer party to be Strada TCC Partners LLC or another entity controlled by Strada Principals, LLC; and be it further

RESOLVED, That the Port Commission reserves the right, if exclusive negotiations with Developer are unsuccessful and do not lead to approval of the Transaction Documents, to undertake any other efforts relating to the development or lease of the Site, including, but not limited to, issuing a request for qualifications or proposals or entering into direct agreements without a solicitation, at the Port Commission's sole discretion; and be it further

RESOLVED, That the Port Commission's endorsement of the Term Sheet and direction to Port staff does not commit the Port Commission or the City to approve final Transaction Documents, implement the Project, or grant any entitlements to Developer, nor does endorsement of the Term Sheet foreclose the possibility of considering alternatives to the proposal, imposing mitigation measures, or deciding not to grant entitlement or approve or implement the Project, after conducting and completing appropriate environmental review under CEQA, and while the Term Sheet identifies certain essential terms of a proposed transaction with the Port, it does not set forth all of the material terms and conditions of any final Transaction Documents; and be it further

RESOLVED, That the Port Commission will not take any discretionary actions committing the Port to implement the Project, and the provisions of the Term Sheet are not intended and will not become contractually binding on the Port unless and until the Port Commission has reviewed and considered environmental documentation prepared in compliance with CEQA for the Project and the Port Commission, and as applicable, the Board of Supervisors and the Mayor, have approved final Transaction Documents for the Project.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 23, 2024.***

DocuSigned by:

*Jenica Lin*

Secretary


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## MEMORANDUM

October 4, 2024

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

**FROM:** Elaine Forbes  
Executive Director 

**SUBJECT:** Informational presentation and possible action to request endorsement of the Proposed Term Sheet with Fisherman's Wharf Revitalized project for the development of portions of SWL 300/301 and Pier 45 Sheds A and C in Fisherman's Wharf (the "Project"), generally located bayward of Jefferson Street between Taylor and Powell Streets.

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution No. 24-49

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### EXECUTIVE SUMMARY

On February 15, 2023, Port staff received an unsolicited proposal (the "Proposal") from Fisherman's Wharf Revitalized, LLC ("Developer") to lease and develop portions of SWL 300/301 (commonly known as the Triangle Parking Lot) and Pier 45 Sheds A and C (the "Site", see Exhibit 1). Consistent with the Waterfront Plan policies related to the community engagement process for review and consideration of unsolicited proposals, the Proposal was brought to the Port Commission at the February 28, 2023 meeting and subsequently reviewed through a series of community and Port Advisory Group meetings.

On May 20, 2023, the Port issued a Request for Information ("RFI") to supplement the outreach noted above and to seek feedback on whether there was other, comparable development interest in the Site. The Port received two responses to the RFI that were presented to the Port Commission on July 11, 2023. Given the urgency of providing

support to Fisherman's Wharf and the limited response to the RFI, the Port Commission authorized staff (Resolution 23-37), in consultation with the City Attorney, to seek a waiver of the City's competitive solicitation process and commence negotiations of an Exclusive Negotiation Agreement ("ENA") with Developer.

Subsequently, on September 12, 2023, the Board of Supervisors adopted Resolution No. 425-23, waiving the competitive solicitation procedures and urging the Port to take all actions necessary to negotiate and enter into an ENA with Developer. With the authorization of the Port Commission and Board of Supervisors, Port and Developer executed the ENA on January 4, 2024. Since that time, the Developer has been working on community outreach to further refine the Project concept. Port staff has engaged a consultant to prepare a formal Fiscal Impact Analysis for the City, and Port staff and the Developer have been negotiating a term sheet which sets forth key deal terms of the Project. This report outlines those terms, including the proposed development program and use of the site, DEI plan, project financing, rent and Port participation, a description of the transaction documents, and schedule of performance.

After Port Commission approval of the term sheet, Port staff will bring the term sheet to the Board of Supervisors ("Board") for endorsement, along with a request that the Board find the Project fiscally feasible. If the Board finds that the Project is fiscally feasible, the Developer may submit an environmental evaluation application for the Project to the Planning Department.

## **STRATEGIC PLAN ALIGNMENT**

The Project will provide a number of benefits including promotion and support of the fishing and seafood industry and increased public access to the Bay. The project will ensure that the fishing industry uses in Pier 45 Sheds A and C of Fishermen's Wharf are preserved and protected for the long term, aligning with the 66-year term of the ground leases.

The proposed Project's success will be defined by its redevelopment of assets, implementation of resilience and adaptation strategies, curation of a mix of uses that enliven Fisherman's Wharf, and advancement of the Port's goals and objectives of its Strategic Plan and Waterfront Plan.

If approved and implemented, the proposed Project will achieve at least six goals of the Port's Strategic Plan objectives:

### Evolution:

Develop a critical area of Port property in a manner that responds to changing public and Port needs including the addition of attractions and amenities for waterfront tourism as well as support for the existing fishing industry.

### Resilience:

The project includes investments in sea level rise resilience and seismic integrity for this portion of the northern waterfront including Pier 45 and "Little Embarcadero".

#### Engagement:

Throughout the project development process, Port staff and the developer will engage with the Fisherman's Wharf Advisory Committee and other neighborhood groups to increase the public's awareness and contribution to the site and development plans. The project itself will deliver an attraction intended to educate visitors about the fishing industry and the rich history of the Wharf.

#### Equity:

The Project will be accessible, attractive, and beneficial to a diverse group of people who live, work, and use the recreational assets along the Waterfront.

#### Productivity:

Attract new tenants that complement existing commercial uses to support an economically successful and vibrant waterfront, including a new food hall, public seafood market, enhancements to existing fish processing on the Pier, a retail beverage garden, short-term vacation rentals, and visitor attractions.

#### Economic Recovery:

Contribute to the Port's financial strength by using investor capital to address the Port's deferred maintenance backlog and generating revenues for the Port to sustain ongoing operations and address deferred maintenance at other Port facilities.

### **BACKGROUND**

On February 15, 2023, the Port received an unsolicited Proposal for the lease and development of the Site with a mixed-use development celebrating, highlighting, and supporting the fishing and seafood industry of Fisherman's Wharf and increasing public access to and enjoyment of the Bay. The Proposal was submitted by Fisherman's Wharf Revitalized LLC, consisting of Lou Giraudo, Seth Hamalian, and Chris McGarry.

The Port's Waterfront Plan outlines a public engagement process for unsolicited proposals that is to occur prior to the consideration of a waiver of the City's competitive bidding procedures by the Board of Supervisors. At the February 28, 2023, Port Commission meeting, Port staff described the Proposal and the Port Commission directed staff to pursue stakeholder engagement as called for under the Waterfront Plan. At the April 25<sup>th</sup> Port Commission meeting, Port staff reported on the stakeholder engagement process and the Project's alignment with the Waterfront Plan. In response to the dialogue at the meeting, the Port issued an RFI on May 20, 2023, to supplement the outreach noted above and to seek feedback on whether there is other, comparable development interest in the locations identified in the Proposal.

The Port received two responses to the RFI that were presented to the Port Commission on July 11, 2023: (1) a letter from Dan Giraudo, Chairman and CEO of Boudin Bakery, and (2) a follow-up submittal from the Developer. Given the limited response to the RFI indicating limited interest in potential bids if the Port were to issue a competitive solution, the urgency of providing support to the recovery of Fisherman's Wharf, and the potential for the Project described by the Proposal to attract visitors and significant investment to the

wharf, the Port Commission authorized staff (Resolution 23-37), in consultation with the City Attorney, to move ahead and seek a waiver of the City's competitive solicitation requirements and commence negotiations of the ENA with Developer. On September 10, 2023, the Board of Supervisors adopted Resolution No. 425-23, waiving the competitive solicitation procedures so the Port could negotiate and enter into the ENA.

The Port Commission adopted Resolution No. 23-48 approving the ENA with FWR on October 10, 2023. Following this approval, FWR began the process of further designing the project, creating a DEI plan, and conducting community outreach in coordination with Port staff. During the ENA, FWR reimburses the Port via Payment Advances. The current Performance Schedule under the ENA is included in Exhibit A of this report.

## **PROPOSED DEVELOPMENT PROGRAM**

The proposed Project is comprised of two areas of development: 1) portions of the Seawall Lot 300/301 (the "Triangle Lot") and 2) Pier 45 Sheds A and C.

The vision for the Triangle Lot, from the western edge of the Boudin Bakery to the eastern edge of the Triangle Lot/Seawall Lot 300/301, includes 1) a central public square and the expansion of the adjoining portion of the "Little Embarcadero" to accommodate a pedestrian promenade as well as vehicular traffic; 2) new retail uses and a projected ten short-term vacation rental units on the upper floors that provide accommodations for families and groups seeking apartment-like amenities and adjoining bedrooms; and 3) a visitor's center at the eastern point.

The vision for Pier 45 is a two-pronged approach to reinvigorating Fisherman's Wharf as a must-visit location for the region, for visitors and residents alike: 1) enhanced support to existing fishing operations on the Pier and an experiential museum dedicated to the fishing and seafood industry that will return Fisherman's Wharf to its legacy and former prominence as the go-to location in the region for all things related to the industry, and 2) a flexible events center and open-air space configured to allow for a variety of indoor and outdoor concerts, local performance art, school events, rentals and other experiences. This would be implemented to support and protect the history of Fisherman's Wharf, the existing commercial fishing operations at Pier 45, and other existing tenants at Pier 45 Shed A.

The Project also contemplates a potential for a Phase II on the remainder of the most western portion of the Triangle Lot. Prior to full development, the Port and FWR would explore activation opportunities for open space within this area.

Exhibits A and B included in this report show conceptual diagrams of the proposed development plans for the Triangle Lot and Pier 45 Sheds A and C, respectively.

## **COMMUNITY OUTREACH**



As part of the ENA, the Developer created a community outreach plan to guide outreach to key stakeholders in the Project. Throughout 2024, the Developer has engaged in broad outreach efforts to a wide variety of stakeholders and community groups including:

- Fisherman's Wharf Advisory Committee (FWAC)
- Fishers and crabbers
- Pier 45 fish wholesalers and processors
- U.S.S. Pampanito
- Musee Mecanique
- Neighborhood businesses
- Neighborhood organizations
- Business and Tourism Organizations including the Fisherman's Wharf Community Benefit District, Hotel Council of San Francisco, and San Francisco Travel
- Other nearby stakeholder community groups

Notably, the fishers and adjacent and proximate business owners participated in the dialogue. The overall community response has expressed enthusiasm for celebrating the fishing industry and investment in the Fisherman's Wharf neighborhood. Furthermore, the community has shown excitement about the opportunity to attract locals and enhance the visitor experience.

Feedback also included concerns about the impact of the project which centered on a few key themes that have surfaced about the specific components of the project:

#### Triangle Lot:

- Concerns that development on the lot would "turn its back on" existing Jefferson Street business/activity between Powell and Taylor Streets (south side) and direct visitors to Pier 45
- A desire for a central gathering place in Fisherman's Wharf where people can gather, linger, and attend central events
- Concerns about pedestrian-vehicle traffic conflicts since the fishing industry utilizes The Little Embarcadero at times for vehicular access to Pier 45
- Questions as to whether the Short-Term residential units proposed would violate the 1990 Proposition H, banning hotels within 100' of the waterfront

#### Pier 45:

- Prioritization of the fishing industry as "without them, there is no Fisherman's Wharf" and a general sentiment that the primary attraction for visitors should be the ability to witness the activity of the fishing industry
- A desire to preserve gear storage and staging areas which are currently located in Shed A

- The fishing industry in the wharf would benefit from cold storage space on Pier 45<sup>1</sup>

Concerns regarding the potential for crowding and congestion in the “valley” that may impact fishing operations on Pier 45.

## PROJECT DESIGN CHANGES

In response to community feedback, the Developer has refined the Project concept to address specific concerns about 1) preserving Pier 45 for fishing industry use, 2) a lack of connection to other retail uses on Jefferson Street, and 3) competing vehicular traffic requirements of visitors and industry. Major modifications include:

**Reserving Shed A and some of the new Shed C for current uses.** The original proposal used almost all of Shed A and all of the former Shed C for the new Project. The revised proposal preserves the vast majority of Shed A as well as a substantial portion of the ground floor of the new Shed C for fishing industry storage and other uses.

**Added Second Floor to New Building on Shed C.** The latest design concept adds a second story and moves the majority of visitor uses to the upper floor to make more room for industry use on the ground floor and help ensure separation between industry activities and visitors.

**Provision of space for industry use at or greater than what was available prior to the Shed C fire.** The original proposal assumed gear storage would be fully relocated. The new proposal preserves fishing industry use at or above pre-fire levels and returns indoor storage on the former Shed C site by incorporating some spaces for the fishing industry into the new building.

**Added Ability to Flex for Peak Industry Need.** The current design reconfigures ground-level uses to ensure that certain circulation, parking, and back-of-house space can be flexible to serve industry use during staging at the beginning and end of fishing and crabbing seasons when space demand and activity intensity increases for several weeks.

**Separation of Visitor and Industry Use.** The revisions further concentrate visitor uses only along the eastern apron of Pier 45 – where visitors have traditionally been to visit Musee Mecanique, the U.S.S. Pampanito, and the SS Jeremiah O’Brien – leaving the western portions of Shed A and C for industry use.

**Added Connections Between Jefferson and Waterfront.** The original plan included continuous, uninterrupted building frontage between Powell and Mason. The revised plan includes multiple north/south connections between Jefferson and the waterfront.

**Added Active Frontage on Jefferson.** The original plan focused energy on the waterfront portion of the Triangle Lot, whereas the revised concept provides a clear and inviting

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<sup>1</sup> The Port is currently working to decommission the existing Ice Machine Asset at Pier 45 Shed D and replace it with an Ice Machine with a Dual Chiller Unit with a daily output capacity of 20 to 24 tons. The Port aims to complete this effort in 2025.

pathway to continue along Jefferson and engages storefronts and activities along the southern side of the building that enliven the pedestrian experience.

**Added Programming.** Efforts have been made to activate energy throughout the neighborhood including the bundling of attractions via a new visitor's center on the Triangle Lot, incorporation of a walking tour and progressive experience where tickets to Pier 45 attraction include related content in storefronts and attractions along Jefferson, and strategic partnerships (e.g., locating preferred parking for Pier 45 in lots that drive foot-traffic along Jefferson). The Triangle Lot is being preserved as an anchor location in the district, with outdoor plaza space that benefits the surrounding businesses.

**Increased Flexibility on the Little Embarcadero.** The original plan had Little Embarcadero converting from the current street condition to a generous, non-vehicular promenade. The revised plan still contemplates a generous new promenade with primarily pedestrian usage but also includes movable bollards that allow vehicular traffic when and where necessary (e.g., emergency vehicles, loading and servicing, periods of peak industry need). Further research and analysis of traffic data will inform flexible uses of the Little Embarcadero and ensure safe circulation for all users.

## **TERM SHEET**

The following section outlines key components and terms within the Term Sheet.

### Project Cost & Funding:

The Project will utilize a combination of public and private sources for the horizontal infrastructure components (e.g., pier substructure, seawall improvements, publicly accessible pier apron, and public open space/plaza).

In the term sheet, the Port and Developer propose forming both an Infrastructure Financing District (IFD) Project Area to capture tax increment and a Community Facilities District (CFD) to levy special taxes on the buildings. IFD tax increment is anticipated to offset CFD Special Tax charges, similar to the financial structure for the Mission Rock and Pier 70 projects.

Based on preliminary estimates, the total Project cost is \$548.0 million. This estimate will include \$185.9 million in infrastructure investment, including pier substructure enhancements, pier apron improvements, seawall seismic strengthening and sea level rise improvements, and plaza/open space. Under the proposed term sheet, the Port will utilize the CFD/IFD tax district funding, a rent credit, and additional yet-to-be-identified sources to help fund the infrastructure needs of the Project. The Developer will fund all the infrastructure costs and a projected \$362.1 million in private improvements through a combination of debt, equity, and other sources. Potential public sources to support infrastructure funding for the Project include Federal, State, and local grants, infrastructure and resilience funding related to the Flood Study Project and other government or tax sources.

Table 1 below shows preliminary capital budget estimates for each development area.

**Table 1. Fisherman's Wharf Revitalized Project Costs**

<b>Project Area</b>	<b>Total Cost</b>	<b>Infrastructure Costs</b>
<b>Pier 45</b>	\$401.5	\$147.0
<b>SWL 300/301</b>	\$82.6	\$39.0
<b>Other Costs</b>	\$64.0	\$ -
<b>Total</b>	<b>\$548.0</b>	<b>\$185.9</b>

*Note: Numbers may not sum correctly due to rounding.*

Table 2 below shows preliminary sources to fund the project. Note, due to the infrastructure costs associated with the Project, FWR and the Port may need to identify additional public sources outlined above that would replace equity/debt listed below.

**Table 2. Fisherman's Wharf Revitalized Project Sources**

<b>Source</b>	<b>Amount</b>
<b>Equity</b>	\$249.8
<b>Debt</b>	\$239.1
<b>CFD/IFD</b>	\$36.6
<b>Rent Credit</b>	\$22.5
<b>Total</b>	<b>\$548.0</b>

*Note: Public sources will reimburse Developer equity or debt rather than directly pay for Project costs.*

#### Development Agreement Structure and Ground Leases Term:

The Term Sheet contemplates Transaction Documents that include a Lease Disposition and Development Agreement (LDDA) and separate Ground Leases for Pier 45 and the Seawall Lot 300/301. The term for all Ground Leases will be 66 years.

The term sheet aims to ensure the Project area generates revenue for the Port consistent with its current potential, approximately \$2.5 million, after development. The revenue potential from current uses includes rent from Shed A (approximately \$423k per year), miscellaneous revenues from the former Shed C area (\$42k per year), and parking revenue from the Triangle Lot (\$2.04 million per year). Parking revenue potential is based on amount collected in 2019 to avoid comparison to revenues during the Covid-19 pandemic and after the installation of the Skystar Ferris Wheel. Total rent after the Project development is \$2.5 million per year to achieve the same revenue potential of the site today. However, the proportion of rent coming from the Pier is greater than today, and the revenue coming from the Seawall lot is less than current levels.

For the Seawall Lot 300/301, the Port will receive a total of \$700,000 in annual minimum ground rent upon construction completion. Ground rent will increase based on CPI (limited

to 2 – 6 percent annually) every five years. The tenant will pay reduced construction rent of \$400,000 per year from the execution of the lease until the issuance of a certificate of occupancy up to a maximum of 30 months. The Port will also receive a percentage rent equal to 6 percent of gross revenues within the lease area in the amount, if any, that the percentage rent exceeds the minimum rent.

Pier 45 Sheds A and C Base rent will be \$1,800,000 per year, with an increase based on CPI (limited to 2 – 6 percent annually) every five years. The tenant will pay reduced construction rent of \$500,000 per year from the execution of the lease until the issuance of a certificate of occupancy up to a maximum of 48 months.

In recognition of the infrastructure improvements made to the Site, the Pier 45 tenant will receive a \$1,500,000 rent credit to repay the Port's portion of infrastructure funding up to a maximum of fifteen years (\$22.5 million maximum total over 15 years). Additional public sources may reduce the term of the rent credit. For every \$3.0 million in additional sources identified to fund infrastructure or other costs in the Project, the rent credit period will be reduced by one year (with prorations for partial years). The rent credit will increase based on CPI (limited to 2 – 6 percent annually) every five years.

#### Assignment and Transfer:

The Port retains approval rights over any assignment or transfer of FWR's controlling interest for project phases governed by ground leases that have not yet been executed or, if underway, receive a certificate of occupancy. Thus, for FWR to transfer any element of the project they must obtain Port approval. However, FWR does have the right to capitalize on any element of the project with the outside investor(s) so long as FWR retains a controlling interest.

#### Reimbursement of Port's Transaction Costs:

The Developer will reimburse the Port for all the Port's transaction costs including but not limited to staff time, City Attorney time, and consultant costs.

#### DEI Plan:

As part of the term sheet, the Developer has proposed a conceptual Diversity, Equity, and Inclusion (DEI) Plan. The Project DEI Plan supports the Port's Racial Equity Action Plan (REAP) in several key areas including creating access to waterfront open space and activities, providing support and space for BIPOC-owned small businesses, and offering economic opportunities for local, BIPOC-owned, and women-owned businesses. Key proposals in the DEI Plan include:

- Creating economic opportunity through LBE, MBE, and WBE participation, a planned Project-wide Project Labor Agreement (PLA), and a potential pipeline program with CityBuild.
- Discounted use and admission fees for under-represented groups

- Leasing opportunities designed to be accessible to target groups, local businesses, and new food entrepreneurs
- Diverse programming in public spaces and the events center on Pier 45

Further details on the DEI Plan such as goals and metrics will be further refined in the coming years and included in the final transaction documents.

Performance Schedule:

Table 3 below shows the Schedule of Performance included with the Term Sheet. All dates are based on the actual LDDA execution and prior milestones.

**Table 3. Fisherman's Wharf Revitalized Schedule of Performance**

Performance Benchmarks	Target Date	Performance Date (subject to extension for Excusable Delay)
1. Phase 1 Construction Permit Issuance	12 months post-LDDA execution	18 months post-LDDA execution
2. Phase 1 Construction Commencement	6 months post-Phase 1 Construction Permit Issuance	12 months post-Phase 1 Construction Permit Issuance
3. Phase 1 Construction Completion	30 months post-Phase 1 Construction Commencement	42 months post-Phase 1 Construction Commencement
4. Phase 2 Construction Permit Issuance	7 years post-LDDA execution	8 years post-LDDA execution
5. Phase 2 Construction Commencement	6 months post-Phase 2 Construction Permit Issuance	12 months post-Phase 2 Construction Permit Issuance
6. Phase 2 Construction Completion	24 months post-Phase 2 Construction Commencement	36 months post-Phase 2 Construction Commencement

Table 4 below illustrates a hypothetical Schedule of Performance assuming the Port and FWR execute an LDDA in January 2026.

**Table 4. Fisherman's Wharf Revitalized Illustrative Schedule of Performance**

Performance Benchmarks	Target Date	Performance Date (subject to extension for Excusable Delay)
1. Phase 1 Construction Permit Issuance	January 2027	July 2027
2. Phase 1 Construction Commencement	July 2027	July 2028
3. Phase 1 Construction Completion	January 2030	January 2032
4. Phase 2 Construction Permit Issuance	January 2033	January 2034

5. Phase 2 Construction Commencement	July 2033	January 2035
6. Phase 2 Construction Completion	July 2035	January 2038

#### Port Participation:

The Port will receive participation in any sale or refinancing equal to 1.5% of net proceeds (gross proceeds less outstanding debt, equity, and transaction costs).

#### Protection of Existing Tenants:

Under the Term Sheet, the total fishing industry space between the portions of Shed A and the new Shed C shall be no less than the total square footage that was dedicated to such use in Shed A and former Shed C prior to the 2020 Shed C fire. The western bays of Shed A are reserved for fishing industry use, including a drive aisle for logistics and staging. The spaces dedicated to fishing industry use in the western bays of Shed A and Shed C will be so for the full term of the lease. If any of this space becomes vacant, the tenant will dedicate that space to other fishing industry use.

The Project will also incorporate Musee Mecanique and the U.S.S. Pampanito in the eastern bays of Shed A in a space consistent with their current use.

Finally, all rents for these tenants will be at the lesser of their current rent under leases with the Port, or Port parameter rents (with percentage increases consistent with increases to Port parameter rents).

#### Flood Study Project Coordination:

The Project area includes areas that have been analyzed under the USACE Coastal Flood Study. As project designs and implementation strategies are refined, Port staff sees an opportunity to work closely with its partners at USACE and the Developer to ensure that the project improvements are tailored to not only satisfy seismic codes and protect the project investment from rising sea levels but also represent the implementation of the relevant flood protection features under the Flood Study as a potential means to bring in federal investment or credit under the Flood Study plan (if and when it is approved by Congress). Port staff will report on the outcome of this coordination effort as we bring the project back for further reviews and eventual approval after the completion of environmental and regulatory review and further transaction negotiations.

## **NEXT STEPS**

If the Port Commission approves the term sheet, Port staff aim to introduce the term sheet to the Board of Supervisors ("Board") for endorsement later this month, along with a request that the Board find the Project fiscally feasible. If the Board finds that the Project is fiscally feasible, the Developer may submit an environmental evaluation application for the

Project to the Planning Department. The Port will also begin additional next steps with the Developer, including negotiating an LDDA for the Project.

Prepared by: Carrie Morris  
Development Project Manager

Wyatt Donnelly-Landolt  
Development Project Manager

Through: Scott Landsittel, Deputy Director  
Real Estate & Development

For: Elaine Forbes, Executive Director

Attachments: Exhibit A – ENA Performance Schedule  
Exhibit B – Proposed Term Sheet



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

**RESOLUTION NO. 24-49**

- 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, On February 15, 2023, the Port received an unsolicited proposal (the “Proposal”) to lease and develop portions of Seawall Lot (SWL) 300/301 and Pier 45 Sheds A and C (the “Site”) from Fisherman’s Wharf Revitalized, LLC (“Developer”), whose members include Lou Giraudo, Seth Hamalian, and Chris McGarry; and
- WHEREAS, In response to this unsolicited proposal, the Port Commission directed staff to pursue a stakeholder process to elicit public feedback, and staff conducted multiple community meetings and conducted an RFI; and
- WHEREAS, In consideration of the results of the stakeholder outreach, the Port Commission adopted Resolution 23-37, authorizing Port staff, in consultation with the City Attorney’s Office, to seek Board of Supervisors approval to waive any applicable requirements of the City’s policy regarding competitive solicitation for development opportunities with respect to the Proposal and commence negotiations of an Exclusive Negotiation Agreement (“ENA”) with Developer; and
- WHEREAS, On September 12, 2023, the Board of Supervisors adopted Resolution No. 425-23, waiving the competitive solicitation procedures and urging the Port to take all actions necessary to negotiate and enter into an ENA with Developer; and
- WHEREAS, On October 10, 2023, pursuant to Resolution No. 23-48, the Port Commission authorized Port staff enter into an ENA with the Developer for the lease and development of portions of SWL 300/301 and Pier 45 Sheds A and C in Fisherman’s Wharf (the “Project”); and
- WHEREAS, After entering into the ENA, the Developer further refined conceptual plans for the Project and conducted community outreach on each iteration of those plans; and
- WHEREAS, Based upon community feedback, the Developer redesigned the Project to provide space for the fishing industry consistent with current uses as part of a mixed-use development that celebrates, highlights, incorporates, and directly supports the fishing and seafood industry of Fisherman’s Wharf and increasing public access to and enjoyment of the Bay. The proposed project includes: (1) Pier 45 Sheds A and C: fishing industry space in Shed A and C

for storage and other uses, a fresh seafood market, and an experiential museum with an events center and theater that celebrates the seafood industry; (2) Triangle East/Seawall Lot 300/301 Phase I: a public plaza and open space, a new beverage center retail, short-term rentals, and a visitor's center; and (3) Triangle West/Seawall Lot 300/301 Phase II: future development, to be informed by the first phase and evolving needs of the area; and

WHEREAS, The Developer and Port have negotiated a Term Sheet, as further described in the Memorandum accompanying this resolution and a form of which is attached to this resolution; now, therefore, be it

RESOLVED, That the Port Commission hereby endorses the Term Sheet and authorizes and directs the Executive Director of the Port, or her designee, to execute the Term Sheet following its presentation to and endorsement by the Board of Supervisors and a finding by the Board of Supervisors that the Project is fiscally feasible and responsible under San Francisco Administrative Code Chapter 29 (the "Fiscal Feasibility Finding"), and if the Board of Supervisors fails to make a Fiscal Feasibility Finding for the Project or endorse the Term Sheet, to either terminate the ENA or negotiate revisions to the Term Sheet consistent with the Board of Supervisors resolution; and be it further

RESOLVED, That if the Board of Supervisors endorses the Term Sheet and makes a Fiscal Feasibility Finding for the Project, the Port Commission directs the Executive Director of the Port, or her designee, to work with the Planning Department and Developer to undertake review of the Project under CEQA and negotiate the terms and conditions of the final transaction documents including, but not limited to, a lease disposition and development agreement and lease (collectively, the "Transaction Documents"), with the understanding that the final terms and conditions of the Transaction Documents negotiated between Port staff and Developer during the exclusive negotiation period will be subject to the approval of the Port Commission and as applicable, the Board of Supervisors and the Mayor; and be it further

RESOLVED, That the Port Commission reserves the right, if exclusive negotiations with Developer are unsuccessful and do not lead to approval of the Transaction Documents, to undertake any other efforts relating to the development or lease of the Site; and be it further

RESOLVED, That the Port Commission's endorsement of the Term Sheet and direction to Port staff does not commit the Port Commission or the City to approve final Transaction Documents, implement the Project, or grant any entitlements to Developer, nor does the endorsement of the Term Sheet foreclose the possibility of considering alternatives to the proposal, imposing mitigation measures, or deciding not to grant entitlement or approve or implement the Project, after conducting and completing an appropriate environmental review under CEQA, and while the Term Sheet identifies certain essential

terms of a proposed transaction with the Port, it does not set forth all of the material terms and conditions of any final Transaction Documents; and be it further

RESOLVED, That the Port Commission will not take any discretionary actions committing the Port to implement the Project, and the provisions of the Term Sheet are not intended and will not become contractually binding on the Port unless and until the Port Commission has reviewed and considered environmental documentation prepared in compliance with CEQA for the Project and the Port Commission, and as applicable, the Board of Supervisors and the Mayor, have approved final Transaction Documents for the Project.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 8, 2024.***

DocuSigned by:  
  
Secretary  
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## EXHIBIT A

### ENA Performance Schedule

Performance Benchmarks	Target Date	Performance Date
1. Developer Formation Documents: Developer must submit a copy of its Operating Agreement and a description of its affiliates (any person or entity controlling Developer, any entities controlled by Developer, or any entities under common control with Developer)	Before Oct. hearing (completed)	Before Oct. hearing
2. Submit Community Outreach Program	One month after Effective Date (completed)	One month after Effective Date
3. Submit Diversity, Equity & Inclusion Program	45 days after Effective Date (completed)	60 days after Effective Date
4. Submit Revised Development Concept for Term Sheet, based upon outreach and site due diligence.	Seven months after Effective Date (completed)	Seven months after Effective Date
5. Port Endorsement: Port Commission to adopt a resolution endorsing the Term Sheet	Ten months after Effective Date	Twelve months after Effective Date
6. Board Endorsements: Board to take the following actions: (a) endorsing the Term Sheet; and (b) making a fiscal feasibility determination, if necessary	Eleven months after Effective Date	Fourteen months after Effective Date
7. Final Transaction Documents: Developer and Port must reach final agreement on the form of LDDA, Lease and all related Transaction Documents	20.5 months after Effective Date	21.5 months after Effective Date
8. Final CEQA Determination: By Planning Department or Planning Commission, as required.	21.5 months after Effective Date	21.5 months after Effective Date
9. Port Commission Approval of Final Transaction Documents: Port Commission to make Public Trust Determination and approve final Transaction Documents and recommend Board approval.	22 months after Effective Date	23 months after Effective Date
10. Board of Supervisor Approvals: Board to approve the Lease and other Transaction Documents and City Regulatory Approvals that require Board approval.	23 months after Effective Date	24 months after Effective Date
11. Regulatory Approvals: Developer to obtain necessary Regulatory Approvals by outside agencies.		Within timeframe set forth in LDDA

**John Frahm**  
President

**Oscar Orozco**  
Secretary - Treasurer

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November 11, 2024

Board of Supervisors

Budget & Finance Committee

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT – Port of San Francisco and Fisherman's Wharf Revitalized LLC

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

On behalf of the United Food and Commercial Workers Union Local 5 I would like to express my strong support for the Term Sheet Endorsement for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf.

Fisherman's Wharf is a critical asset for the City's Northern Waterfront as it houses the last vestige of a time-honored but challenged commercial fishing industry and represents an important engine of long-term economic vitality and growth for San Francisco. Unfortunately, the COVID-19 pandemic and related economic downturn have significantly affected Fisherman's Wharf, leading to the closure of numerous longstanding Port tenant businesses. Approved now by the Finance Committee and later by the full Board of Supervisors. The vote will be followed by thorough environmental and regulatory reviews and intense lease negotiations. The proposed project offers a unique opportunity to build on the Port's current investments in Fisherman's Wharf's recovery, elevate the fishing industry and heritage of the area, and introduce substantial private capital investment toward a more resilient shoreline. With more than one-third of the project's budget devoted to public realm and sea wall improvements, this is an opportunity to support private investment with significant resilience and Bay quality benefits. With rising sea levels, Fisherman's Wharf is greatly at risk of inundation and the project would raise the elevation of both Pier 45 and Seawall Lots 300/301 to meet year 2100 projected Sea Level rise (SLR) levels. All of this will be accomplished using full union labor.

With the Port's limited resources, sea level rise seismic concerns, and the need to re-invigorate a Fisherman's Wharf in economic decline, approval of the term sheet will allow this project to progress to the next stages of exploration. Lou Giraudo's team is committed to ongoing community engagement. UFCW Local 5 fully supports this economic investment, which will enhance Fisherman's Wharf, help fight decline in an important commercial fishing industry, restore the Wharf to its prior luster, and provide significant economic benefits to the Northern Waterfront and San Francisco as a whole.



James Araby  
Director of Strategic Campaigns, UFCW Local 5

November 12, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

I am the owner of One Ocean Seafood, a local supplier and distributor of fresh seafood operating on Pier 45; I deliver my product throughout San Francisco, Marin, Sonoma, the Peninsula and the South Bay areas. I am writing to ask the Committee to approve the Term Sheet for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf.

I started my company over ten years ago and have observed and experienced the many challenges fishermen and fish processors have faced at Pier 45. The impact of the pandemic, the overall deterioration of the area, the lack of significant private investment in Pier 45 and the resulting closure of restaurants and businesses have all caused Fisherman's Wharf to become almost forgotten. I don't know that visitors even know where to buy fresh seafood anymore.

The project promises to support the commercial fishing industry through direct investment and by creating different ways to display and sell locally-sourced fish, including a seafood market, "off-the-boat" sales points and locally operated food stalls that will sell only prepared seafood to be consumed on a "takeaway" basis. This will create many opportunities for businesses like mine to grow and prosper, and for Fisherman's Wharf to be restored to its iconic status in San Francisco. I ask that the term sheet be approved to allow the further exploration of this project.

Sincerely,

Patrick Guyer - Owner  
One Ocean Seafood  
650-222-8685

November 11, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: SUPPORT for Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301**

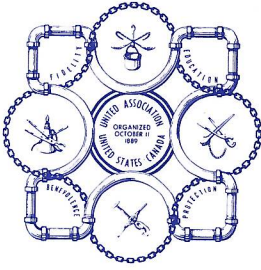
Honorable Board of Supervisors Chan, Mandelman, and Melgar,

My family and I have been owners and operators of various businesses at Fisherman's Wharf for generations, most recently as the current owners of Capurro's Restaurant on Jefferson Street. I've experienced first-hand the decline at Fisherman's Wharf that's resulted from the pandemic and the absence of any meaningful private investment in the area in over 50 years. In fact, the last significant private investment was Lou Giraudo's development of the Boudin flagship nearly 20 years ago. Despite my best efforts, my business continues to be impacted by the decline at Fisherman's Wharf.

The proposed project will re-energize Fisherman's Wharf and the neighboring area in a way that will increase visitor traffic to pre-pandemic levels and beyond. This will allow local businesses like mine to prosper and grow, will generate revenue for the Port and City, and will create new open public gathering space for locals and tourists alike. This project also promises to support the commercial fishing industry by guaranteeing and investing in the fishers' storage, staging and equipment facilities for decades to come. Most importantly, the project will restore a critical link between Pier 39 and Aquatic Park, which will improve all of the businesses along Jefferson Street and the outlying areas, including mine. For these reasons, I ask that the term sheet be approved and that further exploration of the project be allowed.

Thank you for your consideration,

Paul Capurro  
Owner  
Capurro's Restaurant



## UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPE FITTING INDUSTRY

LOCAL UNION NO. 38

1621 MARKET STREET • SAN FRANCISCO, CA 94103

November 12, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT – Port of San Francisco and Fisherman's Wharf Revitalized LLC**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

On behalf of the Plumbers and Pipefitters Local Union 38, I am writing to express our strong support for the endorsement of the Term Sheet for the redevelopment of Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf.

Fisherman's Wharf has long been an iconic and vital economic area of San Francisco; however, it has been without significant private investment for several decades. The proposed revitalization plan by Fisherman's Wharf Revitalized (FWR) will serve as a catalyst for reinvigorating the entire area. This comprehensive redevelopment project will create new employment opportunities, enable local businesses to thrive, generate substantial revenue for both the Port and the City, and establish new public spaces for both residents and visitors to enjoy.

Under the leadership of Lou Giraudo and his team, FWR is committed to supporting the long-term sustainability of the fishing industry at Pier 45, while also investing in critical waterfront infrastructure where the Port's resources are currently limited. Importantly, all construction work associated with this project will be carried out using full union labor, ensuring that the local workforce is directly involved in this transformative initiative.

Given the Port's constrained financial resources, this public-private partnership is essential to restoring Fisherman's Wharf to its former prominence and addressing the economic decline in the area. The approval of the Term Sheet will enable the Port to further explore and develop this important project, which promises to benefit the entire Northern Waterfront and contribute to the broader economic health of San Francisco.

Lou Giraudo and his team are deeply committed to ongoing community engagement throughout the development process. BCTC fully supports this strategic investment, which will not only revitalize Fisherman's Wharf but also preserve and strengthen the region's critical commercial fishing industry. We believe this project represents a crucial opportunity to restore the area's economic vibrancy and public accessibility.



We respectfully urge the Committee to endorse the Term Sheet, as it has the full support of BCTC and numerous other representatives of organized labor. This redevelopment will bring significant benefits to the community, enhance the waterfront's role in the city's economy, and ensure long-term prosperity for the people of San Francisco.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Larry Mazzola Jr.", written in a cursive style.

LARRY MAZZOLA JR  
Bus.Mgr & Fin.Secty-Treas.

---

## *San Francisco Building and*

825 VAN NESS AVENUE • SUITE 301  
SAN FRANCISCO, CA 94109  
EMAIL: [rudy@sfbuildingtradescouncil.org](mailto:rudy@sfbuildingtradescouncil.org)



*A Century of Excellence  
in Craftsmanship*

## *Construction Trades Council*

TEL. (415) 345-9333

[www.sfbuildingtradescouncil.org](http://www.sfbuildingtradescouncil.org)

---

LARRY MAZZOLA, JR.  
President

RUDY GONZALEZ  
Secretary - Treasurer

JOHN DOHERTY  
RAMON HERNANDEZ  
Vice Presidents

November 11, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT - Port of San Francisco and Fisherman's Wharf Revitalized LLC**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

On behalf of the San Francisco Building and Construction Trades Council (BCTC), I am writing to express our strong support for the endorsement of the Term Sheet for the redevelopment of Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf.

Fisherman's Wharf has long been an iconic and vital economic area of San Francisco; however, it has been without significant private investment for several decades. The proposed revitalization plan by Fisherman's Wharf Revitalized (FWR) will serve as a catalyst for reinvigorating the entire area. This comprehensive redevelopment project will create new employment opportunities, enable local businesses to thrive, generate substantial revenue for both the Port and the City, and establish new public spaces for both residents and visitors to enjoy.

Under the leadership of Lou Giraudo and his team, FWR is committed to supporting the long-term sustainability of the fishing industry at Pier 45, while also investing in critical waterfront infrastructure where the Port's resources are currently limited. Importantly, all construction work associated with this project will be carried out using full union labor, ensuring that the local workforce is directly involved in this transformative initiative.

Given the Port's constrained financial resources, this public-private partnership is essential to restoring Fisherman's Wharf to its former prominence and addressing the economic decline in the area. The approval of the Term Sheet will enable the Port to further explore and develop this important project, which promises to benefit the entire Northern Waterfront and contribute to the broader economic health of San Francisco.

Lou Giraudo and his team are deeply committed to ongoing community engagement throughout the development process. BCTC fully supports this strategic investment, which will not only revitalize Fisherman's Wharf but also preserve and strengthen the region's critical commercial fishing industry.



We believe this project represents a crucial opportunity to restore the area's economic vibrancy and public accessibility.

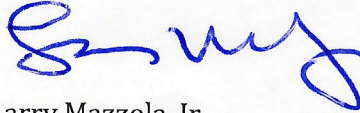
We respectfully urge the Committee to endorse the Term Sheet, as it has the full support of BCTC and numerous other representatives of organized labor. This redevelopment will bring significant benefits to the community, enhance the waterfront's role in the city's economy, and ensure long-term prosperity for the people of San Francisco.

Thank you for your consideration of this important matter.

Sincerely,



Rudy Gonzalez  
Secretary-Treasurer



Larry Mazzola, Jr.  
President

November 12, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: SUPPORT FOR Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

As a lifelong San Franciscan, owner of The Franciscan Restaurant (among other restaurants in the city) and a member of the Fisherman's Wharf Advisory Committee, I am writing to express strong support for the Term Sheet Endorsement for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf.

Over the past several years I've been able to witness first-hand the extent of under-investment in Fisherman's Wharf, and the resulting decline in the area's business volume. These circumstances were made worse by the pandemic. Many fellow restaurant and business owners have chosen to surrender their leases rather than invest, and this has added to the decline. In fact, since the pandemic no one except Fisherman's Wharf Revitalized (FWR) has come forward with any significant investment for the Wharf - investment dollars the Port currently does not have.

FWR has had dozens of meetings with FWAC and several of its members. These have been very productive, and I've seen the concept evolve dramatically based upon the feedback received at the meetings. I know that FWR is committed to that kind of ongoing collaboration and engagement.

The proposed project will re-energize the entire area in a way that will increase visitor traffic to pre-pandemic levels and beyond. This will allow local businesses like mine to grow and prosper, will generate revenue for the Port and City, and will create new open public gathering space for locals and tourists alike. This project also promises to support the commercial fishing industry by strengthening marine infrastructure and guaranteeing the fishers' storage, staging and equipment facilities for decades to come. This will restore Fisherman's Wharf to its important role within the City's Northern Waterfront - it's an investment that needs to be made now for ALL of our collective benefit. For all these reasons, I ask that the term sheet be approved.

Sincerely,

Dante Serafini -Owner  
The Franciscan Restaurant





Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

November 13, 2024

**Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

We write to express our full-throated support for the Fisherman's Wharf Revitalized project and urge your endorsement of the agreed Term Sheet.

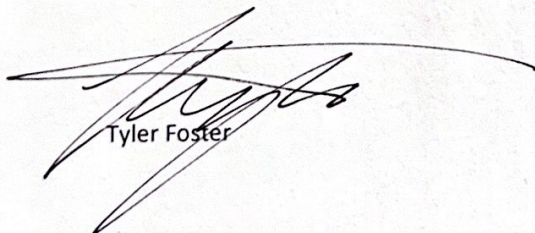
As one of the Port of San Francisco's oldest tenants, our multi-generational organization has seen the ups and downs of the area and weathered many economic challenges and natural disasters. Now, more than ever, we need fresh ideas and capital to breathe new life into an area which is still, sadly, a shadow of its former self.

Like many of the fishermen who lost equipment in the May 2020 fire in Shed C, we lost our entire administrative office and a trove of historical documents and photos that can never be replaced. Like them, we are still reeling from the economic downturn of COVID and, in our case, the achingly slow return of tourism to San Francisco and the Wharf. But we wholeheartedly support the vision laid out by the Fisherman's Wharf Revitalized plan, and we believe there is a world where tourism and the commercial fishing industry can coexist and even benefit one another.

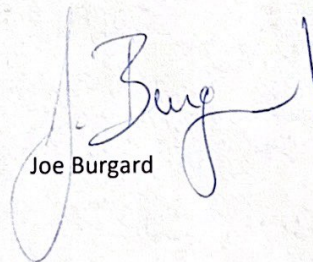
Frankly, we are lucky to have such interest (and capital) coming from the private sector that would create a project that meets so many of the Port's own goals for the area.

We hope you agree and this project continues to move forward.

Respectfully,



Tyler Foster



Joe Burgard





# NATIONAL UNION OF HEALTHCARE WORKERS

(866) 968-NUHW • nuhw.org • info@nuhw.org

November 14, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT – Port of San Francisco and Fisherman’s Wharf Revitalized LLC**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

On behalf of the National Union of Healthcare Workers I would like to express my strong support for the Term Sheet Endorsement for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman’s Wharf.

Fisherman’s Wharf is a critical asset for the City’s Northern Waterfront as it houses the last vestige of a time-honored but challenged commercial fishing industry and represents an important engine of long-term economic vitality and growth for San Francisco.

Unfortunately, the COVID-19 pandemic and related economic downturn have significantly affected Fisherman’s Wharf, leading to the closure of numerous longstanding Port tenant businesses. If approved after thorough environmental and regulatory reviews and lease negotiations, the proposed project offers a unique opportunity to build on the Port’s current investments in Fisherman’s Wharf’s recovery, elevate the fishing industry and heritage of the area, and introduce substantial private capital investment toward a more resilient shoreline. With more than one-third of the project’s budget devoted to public realm and sea wall improvements, this is an opportunity to support private investment with significant resilience and Bay quality benefits. With rising sea levels, Fisherman’s Wharf is greatly at risk of inundation and the project would raise the elevation of both Pier 45 and Seawall Lots 300/301 to meet year 2100 projected Sea Level rise (SLR) levels. All of this will be accomplished using full union labor.

The Port of San Francisco issued an RFI on May 20, 2023, which received only two letters commenting on the proposal. There are no letters or responses indicating competing investment interest. Consequently, the Board of Supervisors endorsed sole-source negotiations between the Port and Fisherman’s Wharf Revitalization LLC (FWR) to further this development.

With the Port’s limited resources, sea level rise, seismic concerns, and the need to re-invigorate a Fisherman’s Wharf in economic decline, approval of the term sheet will allow

this project to progress to the next stages of exploration. Lou's team is committed to ongoing community engagement. The NUHW fully supports this economic investment, which will enhance Fisherman's Wharf, help fight decline in the commercial fishing industry, restore the Wharf to its prior luster, and provide significant benefits to the Northern Waterfront and San Francisco as a whole.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sal Rosselli', with a stylized flourish at the end.

Sal Rosselli  
President Emeritus

cc      Sophia Mendoza  
         Gordon Mar  
         Lou Giraudo

November 11, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: SUPPORT FOR Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

My family has owned and operated A. La Rocca Sea Food located on Pier 45 for well over 100 years. As a lifelong San Franciscan and owner of A. La Rocca Sea Food, I am writing to ask the Committee to approve the Term Sheet for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf.

For four generations, we've seen Fisherman's Wharf at both its best and its most challenged. For nearly fifty years, the wharf has experienced a virtual absence of any significant private investment, except for Lou Giraudo's construction of the Boudin flagship nearly 20 years ago. This lack of private investment, compounded by the economic impact of the pandemic, has caused a general deterioration of the buildings at Fisherman's Wharf, a closure of restaurants and other businesses, and a significant disruption to the northern waterfront visitor experience between Pier 39 and Aquatic Park. Fisherman's Wharf risks becoming a forgotten place, and the implications of that for the seafood industry, local businesses and the larger city and community is obvious.

The project will resuscitate Fisherman's Wharf in a way that will increase visitor traffic to pre-pandemic levels and beyond. This will allow local businesses to grow and prosper, will generate revenue for the Port and City, and will create new open public gathering space for locals and tourists alike. Most importantly, the project will support the commercial fishing industry through direct investment and by creating multiple outlets to showcase and sell locally sourced fish, including a best-in-class seafood market, "off-the-boat" sales points and upwards of twenty (20) locally operated food stalls that will sell only prepared seafood to be consumed on a "takeaway" basis. This will be a tremendous platform from which my family business will be able to continue to grow and prosper for the next generation and beyond. For all these reasons, I ask that the term sheet be approved.

Sincerely,

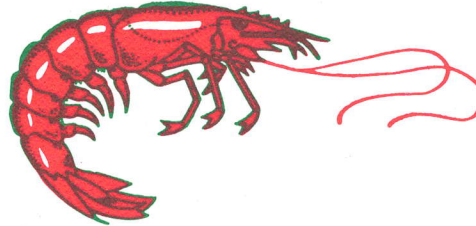
Michael La Rocca - Owner  
A. La Rocca Sea Food



# CALIFORNIA SHELLFISH CO., INC.

505 BEACH STREET, SUITE 200

SAN FRANCISCO, CA 94133



November 19, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT – Port of San Francisco and Fisherman's Wharf Revitalized LLC**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

As Owner and President of California Shellfish Company, I am writing to express strong support for the Term Sheet Endorsement for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf. This project promises to enhance access for the commercial fishing industry by strengthening marine infrastructure, which will directly support our fishermen and celebrate their invaluable contributions to the wharf.

The project sponsors have already held over 100 meetings with fishermen, businesses, and local associations since January 2024 to address community needs and ensure the plan evolves accordingly.

Endorsing the term sheet will allow this project to move forward into environmental review, advancing a vision for Fisherman's Wharf that strengthens our community, fortifies our waterfront against sea level rise and earthquakes, and celebrates the legacy of our fishing industry.

My family has been at Fisherman's Wharf since 1948 and we have been fortunate to have been able to make a good living here. But now times have changed and the Wharf that once was is no more. The Revitalization project that is being proposed is critical if the Wharf is to return to what it once represented for San Francisco.

Thank you for your consideration,

A handwritten signature in black ink that reads "Eugene A. Bugatto". The signature is written in a cursive, flowing style.

Eugene A. Bugatto  
Owner and President  
California Shellfish Company

**From:** [California Fishermen Resiliency Association](#)  
**To:** [Julia Beart \(BOG\)](#)  
**Cc:** [Board of Supervisors \(BOG\)](#); [Kate Huckelbridge](#); [DPH-Inquiries](#); [Julie Cart](#); [Lisa Damrosch-PCFFA](#)  
**Subject:** REJECT Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 from Fisherman's Wharf Revitalized LLC  
**Date:** Saturday, November 23, 2024 8:57:20 AM  
**Attachments:** [\[image.png\]](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.



Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco CA 94102  
November 23, 2023

Re: REJECT Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 from Fisherman's Wharf Revitalized LLC

San Francisco County Board of Supervisors,

The California Fishermen's Resiliency Association opposes the conversion of working waterfront commercial fishing areas and infrastructure to non-water dependent visitor serving uses at San Francisco's Fisherman's Wharf.

#### Who We Are

The California Fishermen's Resiliency Association (CFRA) is a 501(C) 6 Nonprofit Mutual Benefit Corporation formed in 2022, populated by fifteen commercial fishermen's organizations and funded by the California Ocean Protection Council, a cabinet level state agency. The specific purposes of the CFRA are to support long term resiliency of California Commercial fisheries and fishing communities concerning:

- Spatial challenges to fishing grounds access
- Non-fishing ocean industrialization
- Ecological and environmental concerns impacting fisheries and ocean health
- Working waterfront zoning and port fishing infrastructure protections

Our comments to your agencies are exactly directed at the conversion of San Francisco's Fisherman's Wharf areas to non-water dependent visitor serving uses in direct violation of the California Coastal Act directives and most likely is a violation of the San Francisco City/County Local Coastal Program policies.

#### Past History

Various boards, committees, and governing bodies tend to have a very short or missing historical understanding of the community assets, including business and economic activities, and the cultural and traditional aspects of the human population that those organizations are trusted to support and advance. California's fishing communities are a direct recipient of this lack of historical knowledge and understanding.

Up until about the mid to late 1950's, California's working waterfronts were populated by vibrant ecosystems of fishermen, fish buyers, processor workforce, marine stores and a diverse spectrum of businesses keeping fishermen fishing. If one chose to go to a movie, art performance, restaurant or other visitor serving facilities, these were located "uptown" as in "not on the waterfront".

By the early 1960's, something changed. Coastal cities, harbor districts and port authorities began a systematic purge of shoreside commercial fishing infrastructure and displacement of their local fishing communities by the persistent short term drive to gentrify their waterfronts with non-water dependent hotels, restaurants, waterfront parks and tourist retail developments. Fishing families and their businesses survived none of this.

In San Pedro, the port authority permitted the construction of "Ports O' Call" village and "Yankee Whaler" village displacing fishing fleet operations. In place of fishing boats, the developers of these projects anchored little fake boats in front of various tourist serving businesses in an attempt to fill the void created by the loss of traditional fishing waterfront activities.

In San Francisco Bay, waterfront gentrification drove fishing businesses, boats, and families from the Sausalito waterfront causing the loss of Sausalito's Italian fishing heritage there. Oakland, Alameda and the City of San Francisco did the same. Even the City of Eureka on California's north coast tried (and failed) to gentrify its waterfront which resulted in the demise of California's largest fishing port and yielded acres of vacant waterfront properties, which are still undeveloped today.

At one point in the late 1980's, San Francisco began to realize that it had lost most of its vibrant fishing community at Fisherman's Wharf. In an attempt to attract new fishing business to San Francisco, the city did what no one else was doing—it built a new commercial vessel moorage at the foot of Hyde Street.

The West Coast commercial fishing fleet responded by working out of the port of San Francisco's Fisherman's Wharf. According to a recent report in "The Frisco" newsletter, "Fisherman's Wharf is now the largest commercial fishing hub on the [California] coast". Why would you risk destabilizing this?

The effort that the commercial fishing industry participants made to return to the Fisherman's Wharf facility will be erased in less than a heartbeat from the massive negative impacts of the proposed non-water dependent application of event centers, performing art venues, pedestrian boardwalks and yet more retail outlets on water frontage traditionally occupied by the San Francisco Fishing community. A token fish market will not begin to keep fishermen in your city, nor will the creation of a fishing museum. There is no substitute for an active, vibrant, and economically robust fishing community producing sustainably caught seafood, while at the same time creating a legitimate and real educational experience for the visitors to San Francisco.

We have been told that the San Francisco Port Commission is without funds and that converting fishing infrastructure areas at the wharf will help fill Port Commission coffers with developer dollars. This is impressive short term thinking on the part of San Francisco city and county leadership. The Biden/Harris administration is pouring federal monies on projects to rebuild this nation's infrastructure, including critical commercial fishing working waterfronts. What efforts has the County of San Francisco and the San Francisco Port Commission made to tap into federal funds to repair and preserve commercial fishing facilities?

The City and County of San Francisco has only a tiny scrap of functioning commercial fishing working waterfront left. Please reconsider and reject the development proposals and instead take a serious long term position to follow California state law as per Section 30234 of the California Coastal Act stating that, "facilities serving the commercial fishing and recreational industries shall be protected and where feasible, upgraded."

Thank You,

Ken Bates and Linda Hildebrand, Executive Director Services  
California Fishermen's Resiliency Association

Cc: Kate Huckelbridge, Executive Director, California Coastal Commission  
Lisa Damrosch, Executive Director, PCFFA  
Tara Dugan, San Francisco Chronicle  
Julie Cart, Cal Matters

# CALIFORNIA FISHERMEN'S RESILIENCY ASSOCIATION

1118 6th St.  
Eureka, CA 95501

Sent from my iPad



**November 25, 2024**

**Board of Supervisors**

**Budget & Finance Committee**

**1 Dr. Carlton B. Goodlett Place**

**San Francisco, CA 94102**

**Re: Endorsement of Term Sheet for Pier 45 and Seawall Lots 300/301 - SUPPORT**

**Honorable Board of Supervisors Chan, Mandelman, and Melgar,**

I am a board member of the Hotel Council of San Francisco and the Managing Director of the Argonaut Hotel (several blocks to the west of the proposed project) in addition to being a multi-generational resident of District 4. I am writing to you to express my strong support for endorsing the term sheet and allowing this project to move forward to the next stages of study and design.

Fisherman's Wharf needs new attractions and new investment. San Francisco's hotels are hurting, and we need to send a message to the world that San Francisco is still that beautiful and magical city that is so beloved around the world. The Argonaut, has been making the kinds of investments necessary to signal to current and future visitors alike, that we care and don't take their business for granted. We welcome the project sponsor, a like-minded neighbor who understands business and investment and wants to see the whole neighborhood thrive.

I previously held some reservations about some of the details of the proposed project, but I have since had a chance to meet with the project sponsor. They care deeply, as do I, about supporting the resurgence of Fisherman's Wharf and San Francisco more broadly. They have showed a willingness throughout the last year plus to engage with and respond to stakeholder concerns and have already significantly altered and improved the project based on community feedback. I trust they will continue to do so moving forward, putting the Wharf and its stakeholders best interests top of mind.

There are still elements of the project that will require refinement and benefit from the ongoing stakeholder engagement. But that is natural for a project of this scale and at this stage of development. It would be unnecessary and foolish to derail it at this early stage over perceived issues, issues that can easily be addressed by an experienced and committed project sponsor and the willingness of the Wharf stakeholders to attempt to open dialogue with the project sponsor.

I strongly urge you to vote in favor of endorsing the term sheet, allowing this very important project for Fisherman's Wharf, and San Francisco, to advance to the next stages of study and design.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tony Rounph', with a stylized, flowing script.

Tony Rounph

Managing Director

Argonaut

A Noble House Hotel

415-345-5505

[troumph@noblehousehotels.com](mailto:troumph@noblehousehotels.com)



Honorable Supervisors Chan, Mandelman, and Melgar,

I am writing to strongly support the Fiscal Feasibility and Term Sheet Endorsement for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf. The Bay Area Council supports waterfront revitalization, an essential component of regional economic development.

The Council has been involved in several waterfront revitalization efforts, including refurbishing the historic Klamath as its headquarters, leading an effort to expand ferry service, launching our Waterfront Initiative, and supporting efforts to address sea-level rise.

As a public/private partnership, the Fisherman's Wharf Revitalization project will address sea level rise, seismic, and deferred maintenance infrastructure needs which the Port of San Francisco cannot address alone with its limited resources. The public realm improvements in this project will not only strengthen the region's infrastructure, but will also expand public access to the bay and energize the heart of Fisherman's Wharf.

The project will be one of the largest private investments in the region's tourism and entertainment industries, important economic engines that contribute greatly to the recovery and resilience of our economy. The project delivers much needed new attractions to the Fisherman's Wharf neighborhood while avoiding duplication of existing offerings, and should serve as a catalyst for filling vacancies in the hard-hit retail sector. Most importantly, the project does all of this while protecting and uplifting the fishing industry, again making this important part of the region's economy the star of the show in the neighborhood after which it is named.

We respectfully request that you approve this term sheet to allow this project to progress to the next stages of exploration. The developer is committed to ongoing community engagement, and the Bay Area Council fully supports the proposed project and its significant private investment, which will enhance Fisherman's Wharf and support regional economic development.

Sincerely,

A handwritten signature in blue ink that reads "Jim Wunderman".

Jim Wunderman  
President & CEO  
Bay Area Council

# San Francisco Community Fishing Association

*Direct from the boat. Fairtrade fish and crabs. Est. 2009*

Larry J. Collins • President   Joe Garofalo • General Manager



November 25, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco CA 94102

Re: REJECT Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 from Fisherman's Wharf Revitalized LLC

Esteemed Supervisors Chan, Mandelman, and Melgar:

The San Francisco Community Fishing Association is a co-operative fish receiver and wholesaler at Pier 45, San Francisco; we began operations in 2011. We have 25 active members that harvest King salmon, Dungeness crab, albacore, halibut, sablefish, rockfish, and coonstripe shrimp. In an average year, we supply over a million pounds of seafood to consumers in San Francisco and throughout California.

The people of San Francisco rely on a functioning fishing fleet to harvest their public trust resource. It's critical to environmental sustainability, local food security, and economic vitality at Pier 45.

This proposed development will irreparably harm Pier 45 and the fishing businesses that rely on it. Our business, as well as the individual small businesses of our members, need space to do the work that brings local, sustainable seafood to San Francisco.

Thank you for your consideration,

Larry Collins, President

Joe Garofalo, General Manager



November 25, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Re: SUPPORT FOR Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

As a resident of San Francisco and manager of Guardino's, a crab stand at the corner of Taylor and Jefferson Streets, I am privy to daily conversations with patrons and visitors of the Wharf regarding the need for improvement of the area. Patrons who have visited frequently throughout the years express a strong desire for revitalization of this historic area. I ask the Term Sheet be approved to allow private investment to meet these needs.

In speaking with other managers along Jefferson and Taylor Streets, we share support for new business, aesthetic improvements, and a way to revive the area to its former days. Visitors and locals alike reminisce on the former glory of the area's focus on the fishing industry and visitors seek ways to access fresh seafood and ways to pack it and take it home to share with their families. Additionally, discussions about the loss in revenue due to the decrease in foot traffic is a pain point for all of us.

I write this letter of support of the proposed project and its promise to increase visitor traffic; create new and exciting opportunities for visitors and locals to enjoy the existing and proposed businesses/attractions along the Jefferson Street corridor; and invest in much needed improvements for the safety of the seawall and the fishing industry. With approval of the Term Sheet, I look forward to the opportunity to further explore the project and the hope it brings to the long-term future of the Wharf.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read 'Erin Black', with a stylized, flowing script.

Erin Black  
Guardino's





**San Francisco Travel Association**

One Post Street, Suite 2700

San Francisco, CA 94104

415-974-6900

[sftravel.com](http://sftravel.com)

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

November 25, 2024

**Re: SUPPORT for Term Sheet: Pier 45 and Seawall Lots 300/301**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

I am writing to express support for the Term Sheet for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf. SF Travel envisions San Francisco as a world-leading destination, with a mission to promote the region as a premier global attraction by advancing performance, innovation, and sustainability.

The COVID-19 pandemic and related economic downturn have significantly affected Fisherman's Wharf, leading to the closure of numerous longstanding Port tenant businesses. If approved after thorough environmental and regulatory reviews and lease negotiations, the proposed project offers a unique opportunity to build on the Port's current investments in Fisherman's Wharf's recovery, elevate the fishing industry and heritage of the area, and introduce substantial private capital investment toward a more resilient shoreline.

As San Francisco continues to advance economic recovery initiatives, supporting public and private investment can't be understated. These opportunities are imperative to embrace as the visitor market remains an extremely competitive landscape for business and leisure travel.

With the Port's limited resources, sea level rise, and seismic concerns, approval of the term sheet will allow this project to progress to the next stages of exploration.

Sincerely,

Anna Marie Presutti  
President and CEO

November 12, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Re: Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 - SUPPORT

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

I am the owner of One Ocean Seafood, a local supplier and distributor of fresh seafood operating on Pier 45; I deliver my product throughout San Francisco, Marin, Sonoma, the Peninsula and the South Bay areas. I am writing to ask the Committee to approve the Term Sheet for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf.

I started my company over ten years ago and have observed and experienced the many challenges fishermen and fish processors have faced at Pier 45. The impact of the pandemic, the overall deterioration of the area, the lack of significant private investment in Pier 45 and the resulting closure of restaurants and businesses have all caused Fisherman's Wharf to become almost forgotten. I don't know that visitors even know where to buy fresh seafood anymore.

The project promises to support the commercial fishing industry through direct investment and by creating different ways to display and sell locally-sourced fish, including a seafood market, "off-the-boat" sales points and locally operated food stalls that will sell only prepared seafood to be consumed on a "takeaway" basis. This will create many opportunities for businesses like mine to grow and prosper, and for Fisherman's Wharf to be restored to its iconic status in San Francisco. I ask that the term sheet be approved to allow the further exploration of this project.

Sincerely,

Patrick Guyer - Owner  
One Ocean Seafood  
650-222-8685

November 20, 2024

Board of Supervisors  
Budget & Finance Committee  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: SUPPORT FOR Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301**

Honorable Board of Supervisors Chan, Mandelman, and Melgar,

As the owner of Musée Mécanique, I am writing to express strong support for the Fiscal Feasibility and Term Sheet Endorsement for Pier 45 and Seawall Lots 300/301 (the Triangle Lot) at Fisherman's Wharf. This project promises to enhance access for the commercial fishing industry by strengthening marine infrastructure, which will directly support our fishermen and celebrate their invaluable contributions to the wharf.

Musée Mécanique, located at Pier 45, is an interactive museum with a collection of more than 300 items, including 20<sup>th</sup>-century quarter-operated arcade games, orchestrions, coin-operated pianos, antique slot machines, animations, and small bird boxes.

The Fisherman's Wharf Revitalization team is partnering with local businesses like ours to draw new visitors to the neighborhood and encourage them to stay longer. Additionally, the developer is investing in Pier 45's infrastructure—a need the Port of San Francisco cannot meet alone. Having nearly lost Musée Mécanique in the 2020 Pier 45 fire, I know firsthand the importance of investing in and maintaining this infrastructure.

Endorsing the term sheet will allow this project to move forward into environmental review, advancing a vision for Fisherman's Wharf that strengthens our community, fortifies our waterfront against sea level rise and earthquakes, and celebrates the legacy of our fishing industry. The developer has also committed to ongoing dialogue with local businesses and commercial fishermen. Thank you for sharing my enthusiasm for keeping my collection intact and open to the public in its present location.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dan Zelinsky", written over a light blue horizontal line.

Daniel Zelinsky  
Owner and Manager  
Musée Mécanique



November 27, 2024

Board of Supervisors  
Budget & Finance Committee  
via:email

**Re: REJECT Term Sheet Endorsement: Pier 45 and Seawall Lots 300/301 from Fisherman's Wharf Revitalized LLC**

Esteemed Supervisors Chan, Mandelman, and Melgar,

On behalf of the Pacific Coast Federation of Fishermen's Associations (PCFFA), we urge you to reject the Term Sheet forwarded by the Port of San Francisco regarding Pier 45 and Seawall Lots 300/301.

This proposal jeopardizes the livelihoods of San Francisco's fishing families who rely on Pier 45 as a vital hub for their operations. These small, family-run businesses provide millions of pounds of fresh, sustainable seafood each year, supporting the local economy, preserving the city's maritime heritage, and ensuring food security for residents and visitors alike.

The fishermen of Fisherman's Wharf have long been central to San Francisco's identity and a key attraction for visitors. However, this Term Sheet prioritizes a massive event center and museum over the infrastructure and collaboration needed to sustain the fishing industry. While it makes vague promises about maintaining fishing activity, it lacks concrete measures to safeguard the long-term viability of our fleet.

The commercial fishing industry has been struggling with the compounded impacts of climate change, economic challenges from the pandemic, and increasingly restrictive regulations. These pressures make collaboration and thoughtful development in port communities all the more essential. Despite these obstacles, fishermen continue to risk their lives to deliver fresh, sustainable seafood, playing an irreplaceable role in San Francisco's food security, economy, and cultural identity.

We support development that strengthens the working waterfront and prioritizes the needs of the fishing community. Pier 45 deserves a plan built with meaningful input from the fishermen, buyers, and wholesalers who have sustained its legacy for



generations. Development must reflect their essential contributions and ensure their continued success—not sideline them in favor of projects that fail to serve the public good.

We urge you to reject the current Term Sheet or return it to the Port of San Francisco for a collaborative revision process. Fishermen and their families deserve a seat at the table when deciding the future of Fisherman's Wharf.

PCFFA is a member-supported organization representing thousands of commercial fishermen along the West Coast, including the San Francisco Dungeness crab fleet. For over four decades, we have advocated for sustainable fisheries, equitable regulations, and the economic and cultural vitality of fishing communities. Our work ensures that fishermen's voices are heard at every level of decision-making, from local development projects to national fisheries policy.

We stand firmly with our fishermen and will continue to advocate for their place at the heart of San Francisco's waterfront.

Thank you for your attention to this critical issue

Sincerely,

Lisa Damrosch

Executive Director

Pacific Coast Federation of Fishermen's Associations (PCFFA)

Via email to:

[brent.jalipa@sfgov.org](mailto:brent.jalipa@sfgov.org)

[Board.of.Supervisors@sfgov.org](mailto:Board.of.Supervisors@sfgov.org)

**From:** [Gina Alioto-Biagi](#)  
**To:** [Jalipa, Brent \(BOS\)](#)  
**Subject:** Opposition to Pier 45 development  
**Date:** Tuesday, November 26, 2024 4:43:06 PM

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear San Francisco,

- > We cannot support the current plan being presented by Fisherman's Wharf Revitalize, LLC.
- > Thank you for your attention to this critical matter. We urge you to take our concerns seriously and prioritize the voices of those who have dedicated their livelihoods to the fishing industry and the local community.
- >
- > As stakeholders (85+ years) we are deeply invested in the future of Fisherman's Wharf and recognize the need for development that respects the historical significance of the area while also addressing current economic challenges. We propose that a series of community meetings be held to gather input from local fishermen, property owners, business operators, and residents. This collaborative approach will ensure that any proposed plans reflect the diverse needs and desires of the community.
- >
- > In addition, we believe that any development should enhance the waterfront experience without compromising the views and accessibility that have made Fisherman's Wharf a beloved destination. Consideration should be given to maintaining the character of the area, preserving its unique charm, and supporting local businesses that contribute to its vibrancy.
- >
- > We are committed to working with the Port Commission and other stakeholders to create a revitalization plan that honors both the heritage of Fisherman's Wharf and the aspirations of its current community. Together, we can create a sustainable and thriving waterfront that benefits everyone involved.
- >
- > We look forward to your response and hope to engage in meaningful dialogue about the future of Fisherman's Wharf. Thank you for your consideration.
- >
- > Sincerely,
- > Gina Alioto Biagi
- >
- > Operations Manager / Property Owner
- > F&A Properties, LP
- > 155 Jefferson ST, Suite 5

**From:** [Trejo, Sara \(MYR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Paulino, Tom \(MYR\)](#); [Delepine, Boris \(PRT\)](#)  
**Subject:** Mayor -- Resolution -- Fisherman's Wharf Fiscal Feasibility  
**Date:** Tuesday, November 5, 2024 2:51:24 PM  
**Attachments:** [FWR Fiscal Feasibility Resolution FINAL.docx](#)  
[Fisherman's Wharf Fiscal Impact Report.pdf](#)  
[Fisherman's Wharf Revitalized Term Sheet.pdf](#)  
[Resolution 23-47 Fisherman's Wharf ENA Informational and Possible Action.pdf](#)  
[Resolution 24-10 Piers 30-32 Term Sheet and ENA Amendment - Info and Possible Action.pdf](#)  
[Resolution 24-49 Fisherman's Wharf Revitalized Proposed Term Sheet.pdf](#)

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Hello Clerks,

Attached is a Resolution finding the proposed lease and development of Pier 45 Shed A and the former Shed C area, and portions of Seawall Lot 300/301, generally located along the Embarcadero at the terminus of Taylor Street, fiscally feasible under Administrative Code, Chapter 29 and endorsing the term sheet.

Best regards,

**Sara Trejo**

Legislative Aide

Office of the Mayor

City and County of San Francisco