



MEMORANDUM

October 22, 2021

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

FROM: Elaine Forbes
Executive Director

SUBJECT: Request authorization for Port staff to enter into lease negotiations with YMCA of San Francisco, the highest scoring respondent for the Building 49 Request for Proposals

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 21-46

EXECUTIVE SUMMARY

On February 9, 2021 the Port Commission authorized Port staff to issue a Request for Proposals ("RFP") for two long-vacant historic structures that frame the newly opened Crane Cove Park (the "Kneass Building" and "Building 49", or collectively the "Crane Cove Park Buildings").¹ The RFP allowed respondents to submit proposals for rehabilitation and operation of one or both buildings. The Port received two responses to the RFP for Building 49, both of which met the minimum qualifications and were then scored by a five-member scoring panel. The scoring panel ranked the YMCA of San Francisco's ("YMCA SF") proposal the highest.

Port staff presented an informational item to the Port Commission on September 14, 2021 summarizing both respondents' proposals and presented similar information on October 6, 2021 to the Port's Southern Advisory Committee ("SAC"). The Port Commission, the SAC, and community members at each meeting provided favorable feedback to advance the YMCA SF's proposal for Building 49, all of which directly inform the Executive Director's recommendation.

¹ [Item 15A Crane Cove Buildings RFP Authorization_final.pdf \(sfport.com\)](#)

Given the strength of and support for the YMCA SF's proposal, Port staff is seeking authorization from the Port Commission to select the top scoring proposal for Building 49 and negotiate a lease with the YMCA SF. Once the final deal term and lease is negotiated, staff anticipates returning to the Port Commission to seek approval of that lease agreement. As part of the previously approved RFP process, the Port Commission can choose to select the top scoring proposal and authorize Port staff to take the next steps with YMCA SF, or reject the proposal.

This staff report provides an overview of the RFP process to date, organized into the sections below. The primary new information since the September 2021 informational memorandum is summarized in item #4, feedback from the Southern Advisory Committee.

1. Strategic Plan Alignment
2. Project Background
3. YMCA SF Respondent Development Concept and Summary of Proposal
4. Southern Advisory Committee Review of the YMCA SF Proposal
5. Next Steps

1. STRATEGIC PLAN ALIGNMENT

The goal of the solicitation was to elicit proposals for the redevelopment of the buildings from qualified respondent teams that will provide community, water recreation and public-oriented tenants, and revenue-generating uses to implement a financially-feasible project. A successful project will rehabilitate and maintain these historic resources, provide water recreation and publicly-oriented uses that enhance Crane Cove Park, offer new activities and attractions for the neighborhood and park visitors, and accomplish these objectives within a financially-feasible project, with a sustainable operating structure.

If approved and implemented, a successful RFP will support four of the Port's strategic plan objectives (from the 2021-2025 Strategic Plan):

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

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

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

Productivity: Successful project(s) will return Building 49 to productive use and attract visitors who contribute to an economically-viable Port and capitalize on the Port's unique assets, including the new Crane Cove Park.

2. BACKGROUND

Building 49 is a part of the City of San Francisco's rich shipbuilding legacy. It is located within Crane Cove Park, along Illinois Street southeast of the 18th Street T-intersection, and is a contributing resource in the Pier 70 Union Iron Works Historic District. Building 49 was constructed in 1940 or 1941 during a time of shipyard modernization, as World War II raged in Europe.

Recent investments in the immediate vicinity, which include the redevelopment of the 20th Street Historic Core, the completion of Crane Cove Park, and major, private partner investment in infrastructure at the 28-acre site at Pier 70, have spurred significant interest from the community in restoring Building 49 and integrating it within Crane Cove Park for the benefit of the public.

The Port sought a qualified partner through the RFP to enter exclusive negotiations to develop and operate Building 49. The Port issued the RFP on April 14, 2021, conducted a pre-submittal meeting on April 21, and offered building tours on April 22 and 23. On the submittal deadline of June 9, the Port received two responses for Building 49. The respondents were Ted Choi, dba "City Kayak" and YMCA of SF.

The Port convened a five-member scoring panel including community leaders, experts from key disciplines, and Port staff to review and score both the written responses and oral interviews, based upon the criteria approved by the Port Commission and described in the RFP.

The RFP process provides that Port staff will:

- Facilitate the RFP scoring and bring the results of the scoring to the Port Commission in an informational session to receive Port Commission and public comments (occurred September 14, 2021); then
- Bring the results to the applicable advisory group (in this case, the SAC on October 6, 2021) to promote discussion and receive any further comments; and, finally
- Return to the Port Commission (today's action) recommending an action in which the Port Commission directs staff to do *one* of the following:
 1. **Select highest-scored proposal.** Authorize exclusive negotiations with the highest-scoring proposal.
 2. **Select none.** Reject all proposals, thereby terminating the process.

Today, Port staff is recommending the first option set forth above.

3. YMCA SF'S DEVELOPMENT CONCEPT

The YMCA SF submittal met the goals, objectives, and values described in the RFP.

Exhibit 1 is an executive summary of the proposal prepared by YMCA SF.

The YMCA SF operates 14 YMCAs in San Francisco, Marin, and San Mateo Counties, including one on the Embarcadero near Rincon Park and one in Bayview Hunter's

Point. Their mission is “to build strong kids, strong families, and strong communities by enriching the lives of all people in spirit, mind, and body”.²

YMCA SF has partnered with two local organizations for this proposal:

- Dogpatch Paddle, a human powered boating business/club that was spawned by the opening of Crane Cove Park and currently has over 900 members. Dogpatch Paddle offers stand up paddle board (SUP) and kayak rentals, lessons, camps, and equipment sales, and will operate the aquatic center under the YMCA SF proposal. (<https://dogpatchpaddle.com>)
- Daily Driver is a community-oriented, female-owned food and beverage business specializing in bagels and house-made butter and cream cheese. Their flagship restaurant is located near Crane Cove Park in the American Industrial Building on 3rd Street, and they also have a location within the Ferry Building. (<https://dailydriver.com/>)

YMCA SF's Vision and Site Concept

Through its own programming and its service partners, the YMCA SF's vision for Building 49 is “a community hub focused on human-powered watercraft, fitness, and wellness, hyper-local food concessions, diverse and inclusive programming, targeted retail, and educational programs”. They propose to construct an approximately 4,000 square foot, membership-based community wellness center that includes traditional gym amenities like cardio machines, weights, and group exercise classes, along with gender-neutral locker rooms, onsite wellness coaching, health education classes, and personal training for members and guests (e.g. visitors using the facility for a daily use fee). With regard to membership cost, they offer inclusive, sliding scale packages. They bring a strong commitment to providing access to underserved populations (including through their African American Holistic Wellness program based at the Bayview YMCA and their partnership with the SF Department of Public Health).

Dogpatch Paddle will occupy approximately 2,500 square feet on the water-facing east side of the facility. They will offer lessons, rentals, classes, youth programs, and a retail store featuring equipment sales and beach provisions, as they seek to expand their current operations and draw more of the surrounding community and beyond to Crane Cove Park. They will offer drop-in services and monthly memberships, as well as combined aquatics and fitness packages in partnership with the YMCA SF.

Daily Driver will occupy 500 square feet and offer healthy grab-and-go provisions.

The building program proposed by the YMCA SF also includes public restrooms and a public concourse area totaling approximately 1,000 square feet.

4. SOUTHERN ADVISORY COMMITTEE REVIEW OF YMCA SF PROPOSAL

Consistent with the process outlined in the Waterfront Plan, on October 6, 2021, Port staff presented the two Building 49 proposals to the SAC, including an overview of the process to date. The SAC and community unanimously voiced support of the YMCA SF

² (<https://www.ymcasf.org/>)

concept, but did express a few concerns and/or issues to be considered going forward, including:

- Encouraging local hiring in construction and operation of the facility.
- Stressing the importance of timely activation of the building considering the amount of use that Crane Cove Park is already getting and the need for permanent restroom facilities.
- Suggesting the YMCA SF consider seismic issues in building design, depending on occupancy.

The SAC, plus associated public comment, indicated that the concerns could likely be resolved through appropriate planning and ongoing dialogue with the community. Port staff will draw upon experience of our contracts and engineering staff (as well as consult with the City's Contracts Monitoring Division) to include Local Business Enterprise goals in the lease. In addition, Port engineering and contracts staff will bring their valuable Crane Cove Park construction experience to bear in providing information to YMCA's design and construction teams, once they are on-boarded.

5. NEXT STEPS

If this proposed resolution is approved by the Port Commission, Port staff will initiate negotiations for a lease with the YMCA SF. If lease negotiations are successful, Port Staff will return to the Port Commission seek approval of the lease under the negotiated terms. Approval of this proposed resolution does not commit the Port Commission to any future approval of a lease or related documents. Further, Port staff and the YMCA SF will continue to engage with the SAC and the broader community throughout the negotiations. As part of the approved RFP process, if the Port Commission does not authorize Port staff to take the next steps with YMCA SF, the RFP process will terminate.

Recommendation

Port staff recommends that the Port Commission authorize staff to initiate exclusive negotiations for a lease with the YMCA SF and return to the Port Commission, as appropriate in the future, to seek approval to enter into a lease under negotiated terms and conditions, to be generally consistent with the YMCA SF's original proposal.

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Exhibit 1: YMCA SF Executive Summary

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

RESOLUTION NO. 21-46

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, on February 9, 2021, the Port Commission, by Resolution 21-07, authorized Port staff to issue a request for proposals and manage the solicitation process for the adaptive rehabilitation, reuse, lease and operation of two historic structures – the ‘Kneass Building’ and ‘Building 49’ – both located in the Pier 70 Area adjacent to Crane Cove Park generally along Illinois Street between 18th and 19th Streets; and
- WHEREAS, on April 14, 2021, the Port issued the Request for Proposals for the “Kneass Building” and “Building 49”, (or collectively the “Crane Cove Park Buildings”); and
- WHEREAS, the RFP allowed respondents to submit proposals for rehabilitation and operation of one or both buildings; and
- WHEREAS, on June 9, 2021 the Port received two responses for Building 49 that met the RFP minimum qualifications; and
- WHEREAS, a five-member scoring panel consisting of real estate development expertise, a Port staff person, a Port advisory committee member, a citywide stakeholder and a person with City planning experience conducted interviews and scored the two Building 49 proposals against the objectives and evaluation criteria set forth in the RFP; and
- WHEREAS, the YMCA of San Francisco (“YMCA SF”) proposal received the highest score from the scoring panel; and
- WHEREAS, on September 14, 2021 the Port Commission received a briefing on the responses received, the concepts presented and the scoring panel process; and
- WHEREAS, on October 6, 2021 Port staff and YMCA SF presented to the Port’s Southern Advisory Committee (SAC) a briefing on the responses received, the concepts presented and the scoring panel process; and;

- WHEREAS, the SAC and community provided input and comment on the YMCA SF concept; and
- WHEREAS, Port staff is requesting that the Port Commission authorize staff to enter into exclusive negotiations for a lease (Lease) with YMCA SF; now therefore be it
- RESOLVED, that the Port Commission expresses its thanks and appreciation to the five-member scoring panel for their participation in and support of the Port's evaluation of responses to the RFP; and
- RESOLVED, the Port Commission authorizes Port staff to begin exclusive negotiations for a Lease with YMCA SF for the opportunity described in the RFP and, if such negotiations are successful, to seek Port Commission and, as required, Board of Supervisors' approval of the Lease; and
- RESOLVED, that entering into lease negotiations does not commit the Port Commission to approve Lease or any related documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 26, 2021.

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Secretary
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