




MEMORANDUM

April 18, 2025

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: Request approval of a proposed 30-month lease agreement (two years of operating lease term) inclusive of a 6-month construction period for an arts and culture activation at Pier 29 with CAST at Large, LLC, the Community Arts Stabilization Trust (CAST), a Bay Area nonprofit leader in arts real estate development and programming.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 25-21

EXECUTIVE SUMMARY

The Community Arts Stabilization Trust (CAST), a Bay Area nonprofit leader in arts real estate development, community partnerships and property management of arts facilities, has approached the Port with a proposal for a two-year lease (with an additional construction period of up to six months, and a potential two (2)-year option to renew, subject to CAST's satisfaction of certain conditions, for interim activation of Pier 29 as an arts and cultural programming and event space. The CAST proposal includes a partnership with Art + Water, a new organization being formed by the Hawkins Project, a San Francisco-based nonprofit associated with author Dave Eggers' philanthropic endeavors and JD Beltran, an artist, educator and long-time member of the San Francisco Arts Commission.

CAST proposes a roughly six-month improvement project followed by a two-year activation of the Pier 29 bulkhead and shed that will include the City's largest combined

artist studio and exhibition space as well as a flexible, convertible space for cultural programming and events that can accommodate up to 2,500 people. Overall, CAST projects annual public engagement to exceed 100,000 visitors/attendees per year through a combination of daytime exhibition and evening event foot traffic.

Key features of the proposal include:

- A limited-term arts and culture pop-up that utilizes portable workspaces and staging. It will not require major tenant improvements or trigger building upgrades, thus delivering a quick transformation of a long-dormant building.
- Daily activity including a free walk-in gallery with rotating exhibits, a visitor information kiosk for cruise and other visitors and a daytime presence of visual artists using space to make and display work as well as learn in a residency setting
- A publicly accessible venue that will provide arts and culture organizations with low-cost event and exhibition space in a central downtown location and free and ticketed programming to the public
- A partnership with CAST for day-to-day building operations and hosting of weekly curated events, while also allowing for periodic Port-initiated special events

The proposed use will deliver a new downtown cultural destination to the Northern Waterfront between the Ferry Building and Fisherman's Wharf, providing consistent placemaking with daily exhibits and world class special events and performances on the weekends and evenings. Additionally, this activation will (i) deliver affordable artist space, (ii) create workforce development and jobs; (iii) support area businesses; and (iv) create additional real estate activity and interest in the Northern Waterfront.

After prior market-based efforts to activate the building proved infeasible, CAST's approach will involve very minimal building improvements and draw on philanthropic fundraising and event/exhibition-based revenue for near-term activation.

CAST aims to begin public programs no later than early 2026.

STRATEGIC PLAN ALIGNMENT

A new arts and culture hub at Pier 29 will support Port's following Strategic Objectives:

Economic Recovery:

Pier 29 has been vacant since the America's Cup ended in 2013. Although interim, CAST's proposed use will generate new, stable income for the Port over 2 years. An arts and culture hub will draw foot traffic 7 days a week to support Port tenant businesses, which have struggled since the pandemic.

Economic Growth:

Port and CAST investment in minor but critical improvements to Pier 29 will improve the usability of the property, increase its value as an event venue, and potentially catalyze increased investment interest in the building and in the Northern Waterfront.

Equity:

CAST's activation of Pier 29 will open it to the public, providing free and affordable programming to diverse audiences. It will also provide economic opportunity for arts and culture workers. Finally, it will provide affordable event space to a range of arts and culture organizations, including those lower-capacity groups and those from the Southeast waterfront.

Engagement and Public Awareness:

CAST's activation of Pier 29 will include a public lobby, open daily, which will allow visitors to view and purchase art by local artists. It will also function as a visitor kiosk, providing awareness of area cultural attractions.

BACKGROUND

Despite its compelling location, Pier 29 has been vacant since America's Cup in 2013. Since then, Port staff have explored long-term development opportunities through solicitation and short-term "public benefit" activation strategies. In 2016, Port pursued a lease for occupancy of a portion of the facility as a "makers market" and retail outlet but ultimately the deal did not materialize. In 2018, the Port's Request for Interest for Public-Oriented Uses placed major emphasis on Pier 29 but only yielded proposals requiring a major developer subsidy to be feasible and none were selected. Between 2018 and 2020, some efforts to attract short-term activation also yielded no feasible proposals.

The site has been used for sporadic special events and was under a license between 2015 and 2022 with Metro Events, who used it infrequently as an overflow facility for Pier 27. The facility is currently used by Metro for occasional parking for cruise employees and for infrequent, very short special events. Alternative locations for employee parking can be identified nearby on those days, with options including Piers 35, 29.5 and 19. The Port has no current projected revenue from Pier 29 in 2025.

Given the raw condition of the facility, limited infrastructure, and occupancy thresholds that trigger significant upgrades, long-term leasing or development opportunities are limited, especially in the current economic climate. The building's challenges include:

- Occupancy limited to low-intensity warehouse (type S) uses
 - Weight limits due to pier/substructure conditions
 - Occupancy for short-term special events possible only with added safety measures (e.g. fire watch)
- Power capacity for exclusive Pier 29 use is extremely limited
- Limited restroom facilities
- Requires fire protection operations planning
- Cruise operations impose restrictions on use and access
- Decreasing demand for dead storage, compounded by the Pier's floor load limits

The Port's only recent successes in generating revenues at Pier 29 have flowed from broader City programs driven by extraordinary events (Covid protective equipment storage during the pandemic; federal security agency use during the APEC conference). Excluding those two specific uses, which generated roughly \$1.3 million in revenue to the Port, the average annual revenue at Pier 29 from other occupancy and programming since 2013 is only \$33,165.

RATIONALE

Because of the challenges described above, Port staff have been motivated to entertain creative ways to use the space to facilitate activity in the area, capture cruise visitors, and help support the viability of neighboring uses (e.g. Pier 23 cafe).

Residents and visitors of San Francisco have long supported the arts but currently the challenges faced by the City and its economy are rippling through some of the more successful arts institutions in the City. These challenges include:

- The Fine Arts Museums of SF and the Asian Art Museum are discussing City funding cuts and proposing reduced hours and operations
- The Contemporary Jewish Museum has closed indefinitely to reconfigure expenses
- The Museum of the African Diaspora just closed for six months
- Mexican Museum project delayed indefinitely

CAST's proposed uses will fill a current gap in the city's offerings while functioning as an economic development driver for the Northern Waterfront.

CAST's proposal is unique and attractive to the Port for a variety of additional reasons. First, it will provide a regular roster of public-oriented activities without requiring significant subsidy or major renovations. It will deliver a quick transformation of a long-dormant building, with doors open by early 2026. Once open, the public will be able to enjoy programming on a daily basis.

Second, CAST's proposal will take advantage of a challenging market and underutilized building to provide affordable artist workspace and programming associated with it. Art + Water's artist residency model will select San Francisco and Bay Area artists in rotating six-month cohorts in order to maximize this opportunity.

Third, by working with CAST to make a limited set of repairs/improvements to the building, the Port will be able to test the market for events and other uses and learn about what it takes to attract future users, while also upgrading the building for potential future users.

Fourth, the Port will be able to work with CAST as an intermediary "event host", allowing artists, performers, and arts-oriented programming to take advantage of the space without the Port having to issue licenses and permits directly to these groups. This will greatly augment the amount of activation that can happen at the building, and it will also enable the Port to meet its equity goals by providing low-barrier, low-cost space for groups with whom CAST partners to host events.

Finally, CAST has agreed to allow the Port to directly license a limited number of large, revenue-producing events, during which CAST's operations would be reduced or cease in the building. These events, should they materialize, stand to allow the Port additional revenue beyond the CAST base rent and percentage share.

TEAM

Members of the CAST team, writer and literary nonprofit leader Dave Eggers, and JD Beltran, a long-time member of the San Francisco Arts Commission, inquired about available space in early 2024. Over the last several months a dialogue has continued that materialized in the contemplated proposal.

Founded in 2013, CAST's nonprofit mission is to create and stabilize equitable physical spaces for arts and cultural organizations at a time when artists and nonprofits are increasingly priced out of their homes and workspaces. CAST has a capable team and track record of success permitting, renovating and activating complex commercial buildings in partnership with arts organizations who are the primary users of them. CAST projects include: the Counterpulse Theater, Luggage Store Gallery, 447 Minna St, and City-owned property such as the Geneva Car Barn. CAST has most recently completed acquisition of the Warfield building at 988 Market St in partnership with public radio station KALW, as well as a new cultural center in SOMA at 457 Minna St in partnership with the Filipino American Development Foundation. In East Oakland, CAST is currently in active development of a new major cultural hub in partnership with the Black Cultural Zone CDC.

By Q1 2025, CAST is forecast to own, operate and/or manage 300,000 sq ft of affordable arts space in the Bay Area. Not only does CAST provide a conduit to the artist and cultural community, but they have an experienced team that can manage and facilitate property and sub-contracts with artists, cultural groups and event producers, acting as property manager and steward of the facility. This role will be particularly important as they engage lower-capacity cultural partners, including those from the Southern waterfront, who have lacked easy and affordable access to Port buildings and public spaces for programming. Eggers is best known as a writer, editor and publisher, who also established the literary nonprofit 826 Valencia, which has locations around the world. His Hawkins Project, a 501(c)(3) nonprofit corporation, creates and funds courageous literary, visual, public and other creative works, specializing in quickstarting projects that work with community partners to create welcoming spaces that are flexible, responsive to local needs, and bring world attention to innovative neighborhood projects.

Beltran is founder and directs the Center for Creative Sustainability in San Francisco and has served on the City's Arts Commission for many years. She is an artist, educator, and cultural leader who has advanced projects, groundbreaking solutions, and organizational initiatives that address cultural, social, environmental, and economic challenges.

Eggers and Beltran have formed Art + Water, a philanthropically-funded start-up organization that will occupy a majority of the building. Art + Water will operate the artist residency and will curate exhibitions and other programming, along with CAST. Art + Water intends to incorporate as a nonprofit but is currently a fiscally-sponsored project of the Hawkins Project. Art + Water will pay rent associated with the portion of space they utilize. The nature of the programming in the building will engage many additional arts and culture organizations for short-term events and exhibitions, but any additional subleases will be approved by the Port.

LEASE TERMS

Procurement	Sole source, short term activation of vacant property.
Lease	<p>24 Months plus up to six months of free rent during construction plus]</p> <p>One two-year option triggered when total revenue to the Port during the first term reaches \$350,000</p> <ul style="list-style-type: none"> ○ Rent re-sets in option term to 85% of the average monthly rent in year 2 calculated in the 13th month off total prior revenue to the Port (the greater of monthly base rent or 6% percentage rent structure, see below) <p>This does not include revenue from Port recaptured events (see below).</p> <p>CAST will get access to the facility for purpose of building their program upon execution of the agreement. Base Rent will commence the earlier of the day CAST opens for business or at the expiration of six months.</p>
Master Lessee	CAST at Large, LLC (sole Managing Member: Community Arts Stabilization Trust, Inc., known as (CAST)
Subtenants	CAST will sublease space to Art + Water, a start-up nonprofit currently fiscally sponsored by the Hawkins Project, a 501(c)(3) nonprofit corporation associated with Dave Eggers' charitable work. CAST will be required to fully disclose all agreements and terms, including rent, and to provide this information in quarterly reporting. Port will approve any additional formal subleases.
Rent / Fee structure	Greater of \$10,000 or 6% of gross ticket and merchandise sales accrued to CAST per month (minimum \$120k annual base rent)
Reporting	CAST agrees to provide quarterly reports to the Port on all programming and activities, including non-ticketed events. This reporting will include financials summarizing operating activities and revenue for the purpose of calculating and verifying percentage rent. CAST will also share upon request details of agreements with artists and other users of the space, which at minimum will include term and rent charged for use of the space, if any.

Port Flexibility of Use	<p>Ability for Port to re-capture portions of the space for purposeful, one-off, events that generate significant revenue (e.g. large Pier 27 events that utilize Pier 29). CAST agrees to reduce footprint and close operations for up to 3 events per year, totaling no more than 10 days, with 90 days' notice from the Port, subject to availability. In the instance an event requires more than 10 days of occupancy, CAST will allow on 180 days' notice one such event per calendar year. CAST will share an event calendar with the Port to facilitate Port reservations. Port to compensate CAST through rent credits and/or as otherwise authorized to reimburse for reasonable costs directly attributed to vacating the event space, including direct labor costs, added security, and, in the instance of events over 10 days, staff overhead costs. CAST will not be responsible for utilities, maintenance, and liability of the vacated areas of the facility for these periods.</p>
Building Investment	<p>Pending approval of a Chapter 6 waiver by the Board of Supervisors, Port to reimburse CAST for up to \$500,000 of ARPA capital funds (sunsetting 12/31/2026) for completed base building work consisting of:</p> <ul style="list-style-type: none"> • Emergency egress doors and vestibules • Electrical: provisioning, distribution and life safety improvements • Sewer pump and lateral repairs • Sanitation-related improvements • Fire alarm modifications/expansion • Roof leak fixes <p>CAST: To invest additional non-Port reimbursed funds for further tenant improvements and furnishings consisting of:</p> <ul style="list-style-type: none"> • Structural partitions to create workspaces and gathering areas • Electrical upgrades and lighting • Plumbing and fixtures • Miscellaneous: AV equipment, tables, chairs, flammables cabinets, catering carts, medical supplies, portable restroom rental, etc.
Permitting	<p>CAST will secure necessary short-term "special event" permits through the Port to facilitate individual large-scale events. CAST will otherwise operate under a lease that allows limited uses and activity subject to Port conditions. In the event CAST is unable to secure permits for their functional use of Pier 29, CAST will have the option to terminate the agreement</p>

Name of Facility	CAST will name the facility in a way that speaks to the location and engagement along the waterfront of San Francisco (e.g. “Waterfront Arts Center” or similar).
Artist Residence Selection	CAST agrees to work with Port and, as condition of the Art+Water sublease, to form an artist selection working group that shall include members of the Art+Water team and members of Port Advisory Committee(s) or the Port team, with purpose of understanding and publicizing opportunities for artists and soliciting artists from local districts to apply for possible selection.

ADDITIONAL DETAILS

Proposed Rent and Option Structure

CAST’s overarching goal is to provide very affordable and even free space for artists and arts organizations, while using a mix of events and programming, in addition to philanthropy, to pay for operations and to pay rent to the Port. They believe that their ability to market the building to revenue-producing exhibitions will improve over time. To address this, Port staff has sought to craft a deal structure that provides incentives for CAST to increase rent to the Port in order to secure an option for an additional two years after the initial two-year term, and provisions that would then raise the base rent so that the floor for Port revenues does not remain at the initial low level that has been proposed for the startup period.

In the proposed lease, CAST has an opportunity to extend its tenancy for an additional two years, but only if it hits a percentage rent benchmark that reflects active marketing of the site to achieve a minimum of \$1.83 million in ticket and merchandise sales before the expiration of the initial term. This would result in a total of \$350,000 in rent paid to the Port in years 1 and 2 of the proposed lease.

This option is paired with an increased base rent during the option period, reflective of actual operational experience in the second year of operation when hopefully the marketing effort has gained traction, and the art show events are more lucrative than in year one.

Community Engagement and Inclusivity

CAST’s partnership with Art + Water aims to create economic opportunities for talented emerging San Francisco and Bay Area artists that will level the playing field for artists who do not have access to professional education opportunities, in line with the Port’s equity goals. Art + Water has expressed a desire to work with the Port staff, Commission, and Port Advisory Committees to help publicize the residency opportunity for eligible artists with proven skills and potential who will be selected by a committee of arts sector leaders who possess at least 20+ years of deep expertise. CAST and Art + Water have also agreed to present to the Port’s Advisory Committees twice a year, in advance of the residency application process.

SOLE SOURCE AND BELOW PARAMETER RENT

CAST approached the Port with an unsolicited proposal to temporarily activate Pier 29. CAST is uniquely positioned to undertake this type of partnership and activate a building of this condition and with these constraints. Given the Port's failure to activate Pier 29 summarized above, and the opportunity CAST presents, it is impractical to competitively bid this lease, and Port staff seek a Chapter 23 waiver for sole source solicitation.

Additionally, CAST and its subtenant Art + Water are established for nonprofit purposes and will program the building with the purpose of providing free and reduced-rent to artists and cultural organizations, and free and affordable activities open to the public. Port staff is also recommending the Port Commission approve a below parameter rent.

ADMINISTRATIVE CODE CHAPTER 6 WAIVER

As was done in relation to the Port's retail leasing efforts, Port staff intend to pursue a Board of Supervisors ordinance waiving Administrative Code Chapter 6 competitive bidding requirements in order to allow CAST to more efficiently execute the improvements called for under the Port-funded base building allowance noted above. Port Maintenance will assist in constructing and repairing items where possible to facilitate cost savings. CAST will hire trade contractors to perform scopes related to improving the facility for safety and occupancy and will manage the construction of their own improvements. CAST will permit all scopes of work through the Port (as required).

NEXT STEPS

The economic terms of the proposed deal reflect limited risk for Port and significant public benefit due to the activation it will create on the waterfront, supporting the Port's goals of recovery, growth, equity and engagement.

Port staff recommend that the Port Commission approve the attached resolution authorizing the Executive Director to enter proposed Lease No. L-17271 between Port and CAST and authorize the Executive or her designee to execute the Lease. Port staff also recommend that the Port Commission authorize Port staff to waive competitive bidding and allow for below parameter rent for public purpose; and to seek a Chapter 6 waiver from the Board of Supervisors.

Prepared by: Amy Cohen, Business Generation Manager
Real Estate and Development

For: Scott Landsittel, Deputy Director
Real Estate and Development

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

RESOLUTION NO. 25-21

- 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, CAST has a proven track record of real estate acquisition, development and property management on behalf of artists and arts organizations and their concept for Pier 29 is uniquely suited to activate an underutilized building; 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, CAST is proposing to quickly transform Pier 29 into a flexible, convertible space for a short-term artist residency, cultural programming and events; and
- WHEREAS, The lack of previous development and leasing development interest in response to prior solicitations for Pier 29; the ongoing challenges of activating the building, even on a short-term basis; and the continuing need to drive economic recovery on the Northern Waterfront; 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 accordance with Chapter 23 of the Administrative Code, the Port Commission can waive competitive solicitation upon finding that the competitive process is impractical, impossible or not in the public interest; and
- WHEREAS By Board of Supervisors Resolution 278-22, the Port was authorized to accept and expend up to \$115,887,377 in relief funds from the State’s General Fund (originally sourced from American Rescue Plan Act) including approximately \$8,000,00 to be used for “tenant improvements

to attract and retain tenants” and \$10,000,000 placed on reserve for economic recovery projects; and

WHEREAS, The Port has determined that providing a portion of stimulus funds, other grant funds (subject to applicable accept and expend approvals), or other Harbor Funds for tenant improvements directly to tenants through a tenant improvement allowance in new or amended leases is a commercially reasonable and efficient method to achieve economic recovery and revenue generation; and

WHEREAS, In instances where the Port pays for tenant improvements through a tenant improvement allowance, a tenant may be subject to the provisions of Chapter 6 of the Administrative Code; and

WHEREAS, Compliance with Administrative Code Chapter 6 (Chapter 6) contracting requirements could increase potential costs to Port and its tenants that could outweigh the benefits of the granted monies; and

WHEREAS, CAST proposes to implement minor building improvements including emergency egress doors and vestibules; electrical; provisioning, distribution and life safety improvements; sewer pump and lateral repairs; sanitation-related improvements; fire alarm modifications/expansion; and roof leak fixes; and

WHEREAS, The proposed terms for Lease No. L-17271 (the “Lease”) at Pier 29 with Community Art Stabilization Trust are described in the staff report accompanying this Resolution and set forth in the Lease, a copy of which is on file with the Port Commission Secretary; now, therefore it be it

RESOLVED, The Port Commission authorizes Port staff to offer the use of tenant improvement allowances to CAST provided the property improvements at Pier 29 spur economic recovery and generate additional rents to the Port; and be it further

RESOLVED, To the extent Chapter 6 would otherwise be applicable, the Port Commission supports a waiver of Chapter 6 by the Board of Supervisors for the CAST Lease at Pier 29 and urges adoption of an ordinance to implement such a waiver for the Lease; and be it further

RESOLVED, In consideration of the results of the failure to activate Pier 29 summarized above, the Port Commission finds it impractical to competitively bid the lease and recommends that Port staff, in consultation with the City Attorney’s Office waive any applicable requirements of the City’s policy regarding competitive bidding for

leasing opportunities with respect to the unsolicited proposal to lease Pier 29 submitted by CAST on April 5, 2024; and be it further

- RESOLVED, In consideration of the public-serving purpose of the proposed activation, which will include free and reduced-rent to artists and cultural organizations, and free and affordable activities open to the public, the Port Commission recommends that Port staff, in consultation with the City Attorney's Office, approve a below parameter rent for their use of Pier 29; and be it further
- RESOLVED, The Port Commission hereby approves the terms of the Lease at Pier 29 with CAST as described in the staff report accompanying this Resolution and set forth in the Lease, a copy of which is on file with the Port Commission Secretary; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee to request that the Board of Supervisors ("Board") waive portions of Administrative Code Chapter 6 for public works contracts and upon the effectiveness of such approval, to execute the Lease; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director or her designee, to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the Port or materially decrease the public benefits accruing to the Port, and are necessary and advisable to complete the transaction and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of any such documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 22, 2025.

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Secretary
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