File No. 240258 **Committee Item No.** 4
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee **Date** April 24, 2024
Board of Supervisors Meeting **Date** _____

Cmte	Board	
☐	☐	**Motion**
☒	☐	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
☐	☐	**Budget and Legislative Analyst Report**
☐	☐	**Youth Commission Report**
☐	☐	**Introduction Form**
☒	☐	**Department/Agency Cover Letter and/or Report**
☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☐	☐	**Contract/Agreement**
☐	☐	**Form 126 – Ethics Commission**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

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

☒	☐	Port Resolution No. 24-15 2/27/2024
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	
☐	☐	

Completed by: Brent Jalipa **Date** April 19, 2024
Completed by: Brent Jalipa **Date** _____

[Lease Agreement Exemption - SkyStar Wheel, LLC]

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

WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and Charter, Section B3.581, give the Port Commission 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, The Port Commission 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, adopted an updated Waterfront Plan (the "Waterfront Plan"); and

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

WHEREAS, In July 2023, the Port was notified of the opportunity to move the SkyStar Wheel (the "Wheel") from Golden Gate Park to Fisherman's Wharf; and

WHEREAS, On November 1, 2023, the Port and SkyStar Wheel, LLC, a Missouri limited liability company ("SkyStar"), entered a six-month License for a portion of SWL 301; and

WHEREAS, SkyStar, approached the Port requesting an 18-month lease (the "Lease") for the portion of SWL 301 upon expiration of the License; and

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

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

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

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

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

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

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

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

WHEREAS, In accordance with the Waterfront Plan stakeholder engagement process for wavier of competitive bidding requirements, based on the lack of meaningful competitors, the Port's interest in maintaining operations and the pending license termination on April 30, 2024, 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 Resolution No. 24-15, the Port Commission adopted findings, conclusions, and certain mitigation measures (collectively, the "Environmental Findings") under the California Environmental Quality Act (California Public Resources Code, Sections 21000 et seq.,); now, therefore, be it

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

FURTHER RESOLVED, The Board of Supervisors finds: 1) that competitive bidding procedures would be impractical or impossible due to a likely lack of competition for a short term opportunity to continue operations; 2) the timely and successful execution of the proposed short term lease would help attract visitation to the Port for the benefit of new and old businesses alike; 3) the urgency of providing support to the recovery of Fisherman's Wharf and maintaining uninterrupted operations; and 4) for these reasons, it would be in the public

interest to waive competitive bidding procedures so the Port may enter into a lease with SkyStar Wheel LLC to; and, be it

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

MEMORANDUM

February 23, 2024

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

FROM: Elaine Forbes
Executive Director

SUBJECT: Informational presentation to consider and possible action to approve a resolution recommending the Board of Supervisors waive any applicable requirements of the Competitive Bidding Process with respect to a new 18-month lease with SkyStar Wheel, LLC and conditional approval of the proposed lease terms.

DIRECTOR'S RECOMMENDATION: Adopt the attached Resolution No. 24-15

EXECUTIVE SUMMARY

On October 31, 2023, Port entered a six-month special event license with SkyStar Wheel LLC, a Missouri limited liability company ("SkyStar"), License No. 17107 (the "License") for an Observation Wheel ("Wheel") on a portion of the parking lot at seawall lot (SWL) 301.

The License will expire on April 30, 2024, and Port staff seek to enter a new lease, L-17136, (the "Lease") with SkyStar for the same portion of the parking lot at SWL 301 for an additional 18 months. The Lease will require a waiver of the City's competitive bidding policy, however, all other terms and conditions, including rent equal to fair market value, conform to the Port Commission's approved FY 23/24 parameter terms and conditions (Port Resolution 23-36).

This staff report provides the rationale for the request to waive the competitive bidding procedures and provides the Port staff's recommendation on the next steps to seek Board of Supervisors approval for the sole source award of a lease, allowing Port staff to enter a Lease with SkyStar. The material changes to the terms of the proposed Lease are described in this report, with materials Lease terms presented in ***Attachment A***.

STRATEGIC OBJECTIVE

Advancement of a new Lease supports the following goals of the Port's Strategic Plan:

Economic Recovery:
Targeted Activation: The Wheel helps activate Fisherman's Wharf by creating a new attraction for visitors.

Economic Growth:
Property Portfolio: The proposed Lease will work to attract prospective tenants by bringing additional foot traffic to the area and securing revenue for the Port.

Equity:
Share Economic Prosperity. The Wheel draws visitors that are diverse in many ways and SkyStar plans to continue distributing 500 complimentary tickets per month to underserved community groups.

Engagement:
Stakeholder Awareness: Port staff advised the Fisherman's Wharf Advisory Committee ("FWAC"), representing the Port businesses in Fisherman's Wharf, that Port staff was seeking to enter a Lease which will allow the Wheel to remain for an additional 18 months, and received strong community support.

BACKGROUND

In July 2023, Port staff was approached about moving the Wheel from Golden Gate Park to Fisherman's Wharf. Port staff viewed this proposal as a way to activate the area and began negotiations with SkyStar.

Port staff and other stakeholders set a goal for the Wheel to be in place before November 13, 2023, which was the start of the Asia-Pacific Economic Cooperation ("APEC") Summit. To allow this use, Port and SkyStar entered a six-month special event license, which required SkyStar to comply with all regulatory and governmental approvals and undergo extensive permitting and engineering analysis. SkyStar obtained all required San Francisco Fire Department permits and received approvals from the Bay Conservation and Development Commission (BCDC), California Division of Occupational Safety Health (OSHA), and Amusement Ride & Tramway Unit.

Operations commenced on November 10, 2023, and SkyStar has reported the following performance results through January 2024:

Month	**Passengers**	**Sales**	**% Rent**	**Comp Tickets**	**Comments**
November 2023 (20 days)	14,083	$238,998	$11,949	0	Short month
December 2023	39,332	$650,960	$32,548	500 to CCDC	165% increase in riders over Dec-22
January 2024	28,108	$530,887	$26,545	500 to Boys and Girls Club of San Francisco	120% increase in riders over Jan-23

COMMUNITY ENGAGEMENT FEEDBACK

The Port's Waterfront Plan outlines a public engagement process that must occur before consideration of a waiver of the City's competitive bidding procedures by the Board of Supervisors. The terms of the proposed Lease were presented to the Fisherman's Wharf Advisory Committee ("FWAC") on January 10, 2024. The FWAC members and other participants in the meeting were strongly in favor of keeping the Wheel in place on SWL 301.

The following summarizes the comments Port staff heard from the FWAC about the Wheel and a proposed new Lease.

Comments:

- Rode the Wheel and had a great time with children, expressed the desire for the Wheel to stay for the foreseeable future.
- A nearby tenant supports the extension and noted an increase in traffic from local residents.
- "Thrilled" about SkyStar as an iconic visual that brightens up Fisherman's Wharf. Expressed support for the extension.
- Welcomed SkyStar and the energy it provides – particularly in the evenings.
- Argonaut Hotel expressed support for the Wheel and hopes to partner with SkyStar on marketing. The Wheel is seen as favorable by the local hotel community.
- A representative of the fishing community has no objection to the Wheel but expressed concern (standing concern) about how increased traffic affects the ability of fishers and processors to move products.

Wheel Lighting

Complaints were received from members of the public by Supervisor Peskin's office and the Port's Executive Director, Elaine Forbes, about the Wheel's multicolor and moving decorative lighting facing the City.

To address this concern, SkyStar agreed to only display white lights on the Wheel facing the City; however, SkyStar will be allowed to periodically show a different color to commemorate holidays, civic events, or local sports teams. Such colored lighting will be

restricted to the week leading up to the applicable event or holiday, and at no time will the lights facing the City show multiple colors simultaneously.

These restrictions will not apply to the lights facing away from the City. Port staff monitored the change and have confirmed the lights facing the City are white only at this time. See photos below:

Before

After

Contact was made with each person who contacted the Port's Executive Director about the lights and Port staff followed up to ensure that the new lighting plan ameliorated concerns. Most of the respondents agreed that the white lighting plan was better than the multicolor moving lights.

Next Steps

To insure compliance with the lighting plan, the Lease will document the light restrictions including the requirement for a single stable color (default is white) facing San Francisco and requirement that wheel lights are turned off no later than 10 PM.

The operation of the Wheel will follow San Francisco's Good Neighbor Policy including these primary conditions relative to lighting:

- Always having a staff member on-site aware of all Lease conditions.
- Providing a phone number to all interested neighbors for direct contact to a Tenant staff member who has authority over the premises and shall respond in a timely matter.

Neighbors can also submit complaints via 311 or contact Port staff directly. The Port's Property Manager for Fisherman's Wharf will be responsible for responding to these communications and enforcement of the Lease requirements.

The combination of the restrictions in the Lease and the requirements of the Good Neighbor Policy are good controls over the lights facing San Francisco. The multiple options for neighbors to provide comments will assure the neighbors that their concerns will be heard and acted on.

PORT STAFF ANALYSIS OF WAIVER OF COMPETITIVE BIDDING PROCESS

In a matter of a few months, the Wheel has become an iconic feature at Fisherman's Wharf, visible from both the City and across the bay. The plan to move the Wheel from Golden Gate Park to Fisherman's Wharf garnered favorable media coverage – indicating community support. The waiver of the competitive bidding procedures will allow the Port staff to enter a new Lease to ensure uninterrupted operation of the Wheel and provide a much-needed activation, bringing additional foot traffic to the area to help drive economic recovery to Fisherman's Wharf.

San Francisco Administrative Code Section 23.33 generally requires a competitive bidding procedure to lease City-owned property. However, there is a high barrier to entry into the Wheel market given the significant upfront costs and specific operating skills required.

One potential competitor is Koch Development ("Koch") which operates SkyWheels in Florida and South Carolina. Port staff believe it is unlikely that Koch would bid for a temporary location in San Francisco both due to its geography and its focus on building permanent SkyWheels within their own developments as opposed to stand-alone wheels. The last wheel Koch developed was in 2017 at a reported cost of $10 million.

Another alternative would be carnival-style ferris wheels. These wheels are not comparable to the SkyStar Wheel because they have inferior views (not as tall), feature open cabs exposed to the weather, and provide a less appealing experience.

After preliminary due diligence, Port staff identified no other likely competitors to SkyStar that would likely participate in a competitive bidding process.

Further, a competitive bidding process could not be completed before the License expires. This would result in a shutdown of operations by SkyStar and removal of the Wheel and all appurtenant equipment at expiration. This is not desirable because a gap in operations would result in the loss of a needed activation to the Fisherman's Wharf area, and associated Port revenue.

After three months of reported operating performance, indications are the Wheel is a positive addition to Fisherman's Wharf. According to SkyStar, ridership in December 2023 was 165% more than passenger ridership in December 2022 and 120% more in January 2024 than when the Wheel was in Golden Gate Park. Port staff desire to retain this attraction and revenue stream which a competitive bidding process would disrupt, even if only temporarily.

The Wheel helps meet Port activation and beautification goals and anecdotally creates more traffic for nearby businesses. The Wheel provides a desirable and previously missing activity for visitors to the Wharf. The Wheel offers sweeping views of the San Francisco bayfront, and the San Francisco skyline, and new visual attraction for everyone.

Based on the lack of meaningful competitors, Port's interest in maintaining operations and the pending License termination on April 30, 2024, Port staff seek a waiver of competitive bidding for the proposed short-term lease.

TERMS OF NEW PROPOSED LEASE

A new lease will continue to provide revenue and positive benefits to the Port and nearby businesses. The proposed terms and conditions of the Lease, including rent, conform to the Port Commission's approved FY 23/24 parameter terms (Port Resolution 23-36). The terms and conditions as presented in ***Attachment A*** are similar to those of the existing License. Anticipated Base Rent over the term of the Lease is $187K, with percentage rent estimated at an additional $530K. Material changes from the License include:

- 18-month term (May 1, 2024 to October 31, 2025)
- Monthly Base Rent of $10,185.84 to increase by 3% to $10,436.61 effective November 2024.
    - Under the proposed terms SkyStar will continue to be required to pay both base rent plus five percent (5%) of gross revenue as percentage rent:
        - In December 2023, there were 39,332 riders generating $650,960 in gross revenue and $32,548 in percentage rent to the Port (for total base and percentage rent of $42,734).
        - In January 2024, there were 28,108 riders generating $530,887 in gross revenue and $26,545 in percentage rent to the Port (for total base and percentage rent of $36,731).

    Most other Port restaurant/retail tenants pay percentage rent to the extent it exceeds base rent.
- Allows operator to increase ticket prices, with Port consent, anytime during the term of the proposed lease.
- Removal of the clause requiring two-for-one tickets for children on Tuesdays and Wednesdays.
- SkyStar would be encouraged, but not required, to maintain its distribution of 500 free tickets per month selected by SkyStar to benefit underserved communities.

The financial structure of the proposed lease is better than the terms of the Rec and Park lease because the proposed Lease includes a charge for base rent of $10,185.54/month and does not allow a deduction from Gross Revenue for generator operating costs.

Since the proposed Lease has strong local community support, is seen as a benefit to Fisherman's Wharf, and provides revenue, Port staff recommends the terms of the Lease to the Port Commissioners for its consideration and conditional approval.

PORT STAFF CONCLUSIONS - WAIVER OF COMPETITIVE SELECTION PROCESS AND PROPOSED TERMS OF THE LEASE

In consideration of the SkyStar lease, Port staff arrived at the following conclusions.

- Fisherman's Wharf needs urgent action and innovation to spur economic recovery. This urgency includes responding and pivoting to business climate, resolving the challenges for Fisherman's Wharf post-COVID that include business model viability, while tackling vacancies and street conditions. Port staff is working to improve the visitor experience through Port projects and activations - including the Lease for the Wheel.

- The proposed Lease terms as shown on ***Attachment A*** represent an incremental improvement from the terms in the License, add fee flexibility for the Tenant, are consistent with parameter rents for base rent, and secure additional revenue for the Port for the 18-month extension term.

- By waiving the competitive selection process and entering a Lease with SkyStar, the extended term will allow the benefits of the Wheel to continue, including attracting visitors to the Port for the benefit of new and old businesses, and continue to generate revenue for the Port.

- In closing, Port staff recommends that the Port Commission adopt the attached Resolution to approve the waiver of the competitive bidding process and the terms of the proposed Lease that will maintain the positive momentum of the Wheel at Fisherman's Wharf and has determined that initiating a competitive bidding process is impractical due to the limited competitors and tight timeframe and unlikely to generate a competing investment interest prior to April 30, 2024, when the SkyStars' temporary license expires for that portion of SWL 301.

PROPOSED NEXT STEPS & RECOMMENDATION

Port staff recommend that the Port Commission adopt the attached Resolution approving waiver of the competitive bidding process, and directing staff to seek Board of Supervisors approval as required by the City's competitive solicitation procedures.

Prepared by:	Don Kavanagh, Senior Property Manager Real Estate and Development
Through:	Kimberley Beal, Assistant Deputy Director Real Estate and Development
For:	Scott Landsittel, Deputy Director Real Estate and Development

Attachment A: SkyStar Wheel – Lease L-17136 - Proposed Basic Lease Terms
Attachment B: Good Neighbor Policy

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 24-15

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 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 includes a stakeholder engagement process for waiver of competitive bidding requirements 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, In July 2023, the Port was notified of the opportunity to move the SkyStar Wheel (the "Wheel") from Golden Gate Park to Fisherman's Wharf; and

WHEREAS, Addendum 2 to the Environmental Impact Report (Planning Department Project Case No. 2023-009039ENV) dated October 30, 2023 ("Addendum 2"), analyzed the relocation to and operation of the Wheel in Fisherman's Wharf based on the Waterfront Plan Final Environmental Impact Report (Planning Department Case No. 2019-023037ENV) that was certified on March 16, 2023 ("FEIR"), and identified the following mitigation measures to be potentially applicable to relocation and operation of the Wheel, M-CR-2a, Procedures for Accidental Discovery of Archeological Resources for Projects Involving Soil Disturbance, M-CR-2b, Archeological Monitoring Program, M-CR-2c, Archeological Testing Program, M-CR-2d, Treatment of Submerged and Deeply Buried Resources, and Mitigation Measure M-AQ-4c: Best Available Control Technology for Projects with Diesel Generators and Fire Pumps (each as further described in the FEIR and collectively, the "Mitigation Measures") under the California Environmental Quality Act (California Public Resources Code sections 21000 et seq.); and

WHEREAS, On November 1, 2023, the Port and SkyStar Wheel, LLC, a Missouri limited liability company ("SkyStar"), entered a six-month License for a portion of SWL 301; and

WHEREAS, SkyStar approached Port requesting an 18-month lease (the “Lease”) for the portion of SWL 301 upon expiration of the License; and

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

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

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

WHEREAS, Port staff determined that initiating a competitive bidding process is unlikely to generate a competing investment interest prior to April 30, 2024, when the SkyStar temporary license expires for that portion of SWL 301; and,

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

WHEREAS, The Lease provides the opportunity to continue to build economic momentum from the Port’s current investments in the recovery of the Fisherman’s Wharf portfolio, and now, therefore, be it

RESOLVED, That the Port Commission adopts the findings and conclusions in Addendum 2 and adopts the Mitigation Measures identified in the FEIR and Addendum 2 as conditions of this approval action; and be it further

RESOLVED, In consideration of the results of the stakeholder outreach summarized above and in the staff report accompanying this Resolution, the Port Commission recommends that Port staff, in consultation with the City Attorney’s Office, seek the Board of Supervisors approval to waive any applicable requirements of the City’s policy regarding competitive bidding for a lease for an observation wheel on a portion of SWL 301; and be it further

RESOLVED, Upon approval of the waiver by the Port Commission and Board of Supervisors, Port staff shall proceed to execute a lease with substantially the same terms as, and under the authority set forth in, the staff report accompanying this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 27, 2024.

DocuSigned by:

Jenica Liu

Secretary

2A9BEF9AAF934F9...

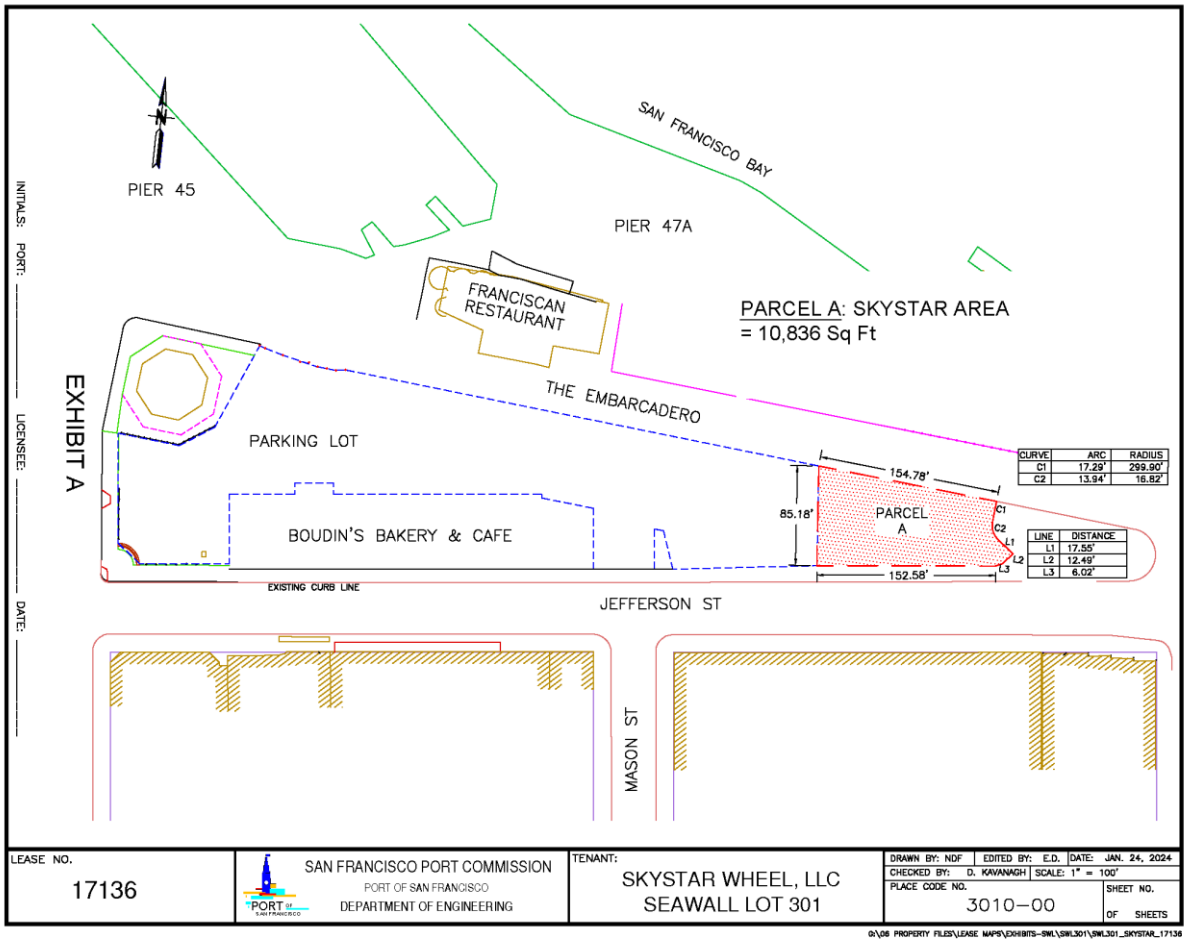
ATTACHMENT A

PROPOSED BASIC LEASE TERMS

Lease Number:	**L-17136**
Tenant:	**SkyStar Wheel, LLC** a Missouri limited liability company
Premises:	Approximately 10,836 square feet at the east end of SWL 301, more commonly known as the Triangle Parking Lot in the City and County of San Francisco, State of California, as further depicted in ***Exhibit A***, attached hereto and made a part hereof, together with any and all improvements and alterations thereto.
Length of Term:	Eighteen (18) months.
Commencement Date:	May 1, 2024
Expiration Date:	October 31, 2025.
Rent - Base Rent and Percentage Rent	The monthly Rent shall be the sum of the Base Rent plus Percentage Rent. *Base Rent*: Ten Thousand One Hundred Eighty-Five Dollars and Eighty-Four Cents ($10,185.84) per month. *Percentage Rent*: In addition to the Base Rent, Tenant agrees to pay Percentage Rent equal to five percent (5%) of Gross Revenues
Base Rent Increase:	The Base Rent will be increased by 3% effective November 1, 2024
Permitted Activity:	Permitted Activities shall remain unchanged except in Subsection I., Admission Fees, as follows: Tenant may increase Admission Fees throughout the term of the proposed Lease. The requirement to provide two-for-one tickets for Children (under the age of 12) on Tuesdays and Wednesdays is eliminated due to lack of use.
Wheel Lighting:	Tenant agrees that the decorative lights on the Wheel facing the landside of the premises (facing San Francisco) will be aligned to show only one stable color at a time during the term of this Lease. The default color shall be white, but Tenant will be allowed to periodically show a different color to commemorate holidays, civic events, or local sports teams. Such colored lighting will be

	restricted to the week leading up to the applicable event or holiday, and at no time will the lights facing San Francisco show multiple colors at the same time or movement. These restrictions will not apply to the lights facing away from San Francisco. All Wheel lighting must be turned off no later than 10 PM, daily. Tenant is to comply with the provisions of the Good Neighbor Policy, ***Attachment B***, including providing neighbors with contact information of a staff member who is onsite has authority to resolve complaints. The Port reserves the right to change the Wheel Lighting plan in its sole discretion.
Regulatory Permits:	To the extent required, as a condition precedent to the effectiveness of this Lease, the Tenant shall, at its sole cost and expense obtain and submit to the Port for review, the following permits and approvals issued by governmental agencies prior to commencing any operation or opening the SkyStar Wheel to the public. Upon the Tenant's failure to submit to the Port the following permits and approvals as specified above, the Port may, at its sole discretion and without notice to or approval from the Tenant, terminate this Lease: **A.** Port of San Francisco Building Permit; (i) Civil Plan (ii) Project Plans (iii) Structural Engineering Report (iv) Soils Geotechnical Report (v) Special Inspection Report (vi) DOSH Letter **B.** San Francisco Fire Department Permits; **C.** California Environmental Quality Act (CEQA) Application for Environmental Review from City Planning; **D** Bay Conservation and Development Commission (BCDC) approval; and **E.** Any other permit or approval deemed necessary by the Port, any City Agency, and/or other governmental authority.

Site Plan
Lease Exhibit A



Attachment B
Good Neighbor Policy

GOOD NEIGHBOR POLICY

1. Licensee shall work closely with nearby neighborhood organizations to ensure ongoing communications regarding its operation and their impact on the surrounding area.

2. All garbage receptacles shall be enclosed, and no garbage shall be put on the sidewalk for collection, except as permitted by Article 5.1 of the Public Works Code.

3. Licensee or its agents shall provide adequate transit options. Patrons shall be encouraged to walk or take public transportation. Licensee shall provide an area for bicycle parking. For those that drive, adequate signage shall be well-lit and prominently displayed to advertise the availability of parking resources for Special Event patrons to mitigate the demand on city streets and parking in the neighborhood.

4. Licensee may illuminate the Wheel and the Platform per Exhibit B. Under no circumstances can the lighting on the Wheel extend past operating hours (i.e., 10:00PM). Minimal LED lighting for safety and security purposes on ground level of the Platform may remain on.

5. Licensee or its agents shall take all reasonable measures to ensure the sidewalks adjacent to the License Area are not blocked or unnecessarily affected by patrons or Special Event staff due to the operations of the License Area and shall provide security whenever patrons gather in the area or on the License Area.

6. Licensee or its agents shall implement other conditions and/or management practices necessary to ensure that management and/or patrons of the License Area maintain the quiet, safety and cleanliness of the License Area and the vicinity of the use, and do not block driveways of neighboring residents or businesses.

7. Absolutely no sound from the License Area shall be audible inside any surrounding residences or businesses in violation of San Francisco Police Code Section 2900.

8. Licensee or its agents shall provide adequate ventilation within the structures such that doors and/or windows are not left open for such purposes resulting in noise emission from the License Area.

9. Licensee shall inform event patrons to leave the License Area and neighborhood in a quiet, peaceful, and orderly fashion and urge patrons not to litter or block driveways in the neighborhood by placing adequate signage out during events.

10. Licensee or its agents shall provide a phone number to all interested neighbors that will be answered at all times by a manager or other responsible person who has the authority to adjust volume and respond to other complaints whenever entertainment is provided to allow for police and emergency personnel or other City personnel to contact that person concerning any incidents

Initial :
Port: _____

Tenant: _____

From:	Delepine, Boris (PRT)
To:	BOS Legislation, (BOS)
Cc:	Kavanagh, Don (PRT)
Subject:	Port -- Resolution -- SkyStar Wheel, LLC – Lease Agreement Exemption
Date:	Friday, March 15, 2024 11:39:43 AM
Attachments:	image001.png image002.png image003.png image004.png image005.png image006.png Resolution 24-15 AMENDED_SkyStar_Lease_-_Proposal_for_BOS_Competitive_Bidding_Waivers_and_PC_Review_of_Lea.pdf BOS_SkyStar_Resolution_CAT.docx

---

Attached is a resolution exempting from the competitive bidding policy set forth in Administrative Code Section 2.6-1, the potential lease on a portion of the east end of sea wall lot (SWL) 301, with SkyStar Wheel, LLC, for the continued operation of an observation wheel; and adopting environmental findings under the California Environmental Quality Act.

The Port would like to submit this resolution for introduction at the next Board of Supervisors meeting.

Attached:

- Board Resolution
- Port Commission Resolution, Good Neighbor Policy, Lease Terms

Thank you,
Boris

Boris Delepine
Legislative Affairs Manager, Port of San Francisco
415.274.0443 | boris.delepine@sfport.com
Pier 1, The Embarcadero, San Francisco, CA 94111