

File No. 240717

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date July 24, 2024

Board of Supervisors Meeting Date _____

Cmte Board

<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"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER (Click on the hyperlink to view the entirety of voluminous files)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	Original Agreement 12/17/2018
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Amendment No. 1 9/30/2019
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Final Mitigated Negative Declaration 2/23/2018
<input checked="" type="checkbox"/>	<input type="checkbox"/>	PRT Commission Resolution No. 18-39 6/21/2018
<input checked="" type="checkbox"/>	<input type="checkbox"/>	PRT Commission Resolution No. 24-24 4/26/2024
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Completed by: Brent Jalipa Date July 18, 2024

Completed by: Brent Jalipa Date _____

1 [Real Property Lease Amendment - Golden Gate National Parks Conservancy - Portion of
2 Pier 31 and 33 - Establish the Amount of Unpaid Base Rent to be Paid to the Port -
\$289,765.05 - Increase Original Construction Rent Credit to \$800,000]

3
4 **Resolution approving the Second Amendment to Port Commission Lease No. L-16274**
5 **with Golden Gate National Parks Conservancy to build and operate a public serving**
6 **café and retail space within the bulkheads and portions of the sheds of Piers 31 and 33**
7 **for a 30-year term, with two options to extend the Lease for 10 additional years,**
8 **effective upon approval of this Resolution and Port’s execution of this Amendment;**
9 **and to (i) establish the amount of unpaid base rent Conservancy will pay to Port at**
10 **\$289,765.05; (ii) extend the Phase I Improvements completion date to December 31,**
11 **2025; (iii) increase the original construction rent credit from \$554,000 to \$800,000; (iv)**
12 **provide a three year extension of the Lease term to June 30, 2052; and (v) establish a**
13 **50% share of any excess rents from food and beverage subtenants.**

14
15 WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and Charter
16 Sections 4.114 and B3.581 empower the San Francisco Port Commission ("Port" or "Port
17 Commission") with the power and duty to use, conduct, operate, maintain, manage, regulate
18 and control the lands within Port Commission jurisdiction in the City and County of San
19 Francisco; and

20 WHEREAS, In November 2018, the Port and National Parks Service (NPS) entered a
21 50-year General Agreement (GA) that established portions of Piers 31, 31½, and 33, and the
22 water basin between Pier 31 and Pier 33 as the ferry embarkation site for Alcatraz Island
23 (Embarkation Site) to provide a stable location for the ferry and to allow for significant capital
24 investments; and
25

1 WHEREAS, Under the GA, the Embarkation Site is operated by Alcatraz Cruises, LLC,
2 the ferry concessioner selected by NPS pursuant to federal bidding processes; and

3 WHEREAS, For the first 15 years of the GA, Alcatraz Cruises is responsible for the
4 construction of all improvements, originally estimated by the Port and NPS to cost \$30 million;
5 and

6 WHEREAS, The GA also commits the Port to leasing portions of the Embarkation Site
7 to the Golden Gate National Parks Conservancy ("Conservancy"), the primary fundraiser and
8 project manager for NPS, to provide visitor amenities including a café at Pier 31 and a retail
9 visitor center at Pier 33; and

10 WHEREAS, At its June 25, 2018 meeting, the Port Commission authorized the
11 Executive Director of the Port or her designee to enter into Lease No. L-16274 with the
12 Conservancy (the "Lease") to build and operate a public serving café and retail space within
13 the bulkheads and portions of the sheds of Piers 31 and 33 for a thirty (30) year term, with two
14 (2) options to extend the Lease for ten (10) additional years (the "Option"); and

15 WHEREAS, On September 25, 2018, the Board of Supervisors adopted Resolution No.
16 317-18 approving the Lease; and

17 WHEREAS, The Port Commission and Conservancy entered into a First Amendment
18 to Lease dated September 30, 2019, establishing the Phase I Commencement Date as
19 October 15, 2019, and the Phase I Rent Commencement Date as July 1, 2020; and

20 WHEREAS, The original target construction completion date for the Phase I
21 Improvements was October 15, 2020, however, due to the COVID pandemic, construction
22 never commenced, and the Port and the Conservancy have since been actively seeking a
23 solution to revise the Lease to account for the delayed Phase I Improvements and move the
24 project forward; and

1 WHEREAS, The Conservancy is prepared to move the project forward, as economic
2 conditions and the prospect of leasing the café space have improved; and

3 WHEREAS, Port Staff has negotiated with the Conservancy the terms of a Second
4 Amendment to the Lease (the “Second Amendment”), a copy of which is on file with the Clerk
5 of the Board of Supervisors in File No. 240717; and

6 WHEREAS, The terms of the Second Amendment (i) establishes the amount of unpaid
7 base rent the Conservancy will pay to the Port at \$289,765.05; (ii) extends the Phase I
8 Improvements completion date to December 31, 2025; (iii) increases the original construction
9 rent credit from \$554,000 to \$800,000; (iv) provides a three year extension of the Lease term
10 to June 30, 2052; and (v) establishes a 50% share of any excess rents from food and
11 beverage subtenants; and

12 WHEREAS, At its April 30, 2024 meeting, the Port Commission authorized the
13 Executive Director of the Port or her designee to enter into the Second Amendment that
14 (i) establishes the amount of unpaid base rent the Conservancy will pay to the Port at
15 \$289,765.05; (ii) extends the Phase I Improvements completion date to December 31, 2025;
16 (iii) increases the original construction rent credit from \$554,000 to \$800,000; (iv) provides a
17 three year extension of the Lease term to June 30, 2052; and (v) establishes a 50% share of
18 any excess rents from food and beverage subtenants; and

19 WHEREAS, The permitted uses under the Lease are consistent with the Final
20 Mitigated Negative Declaration (Case No. 2017-000188ENV) certified for the Alcatraz Ferry
21 Embarkation Project by The City and County of San Francisco on February 15, 2018,
22 pursuant to the California Environmental Quality Act (CEQA); and

23 WHEREAS, The permitted uses under the Lease are not changing and have no
24 potential to result in any new direct or indirect physical change to the environment;

1 accordingly approval of the Second Amendment is not a project subject to review under the
2 California Environmental Quality Act (CEQA); and

3 WHEREAS, Charter, Section 9.118, requires Board of Supervisors' approval of non-
4 maritime leases and amendments to non-maritime leases which either have a term in excess
5 of ten years or have anticipated revenue to the City of \$1,000,000 or more; and

6 WHEREAS, The Port anticipates revenues from the Second Amendment to exceed
7 \$1,000,000; and now, therefore be it

8 RESOLVED, That the Board of Supervisors hereby approves the Second Amendment
9 to Port Commission Lease No. L-16274 and authorizes the Executive Director of the Port or
10 her designee to execute such Second Amendment in a form approved by the City Attorney
11 and in substantially the same form as the Second Amendment on file with the Clerk of the
12 Board of Supervisors in File No. 240717; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Port Executive
14 Director to enter into any additions, amendments or other modifications to the Lease and the
15 Second Amendment that the Port Executive Director, in consultation with the City Attorney,
16 determines, when taken as a whole, to be in the best interest of the Port, do not materially
17 increase the obligations or liabilities of the City or the Port, and are necessary or advisable to
18 complete the transactions which this Resolution contemplates and effectuate the purpose and
19 intent of this Resolution, such determination to be conclusively evidenced by the execution
20 and delivery by the Port Executive Director of such documents; and, be it

21 FURTHER RESOLVED, That within thirty (30) days of the Second Amendment being
22 fully executed by all parties, the Port shall provide a copy of the Lease to the Clerk of the
23 Board for inclusion into the official file.

Item 6 File 24-0717	Department: Port Commission (Port)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would approve the Second Amendment to the lease between the Port of San Francisco (Port) as landlord and Golden Gate National Parks Conservancy (Conservancy) as tenant to build and operate a public serving café and retail space at Piers 31 and 33 for a term of 30 years, with two 10-year options to extend, and to (i) establish the amount of unpaid base rent at \$289,765; (ii) extend the Phase I Improvements completion date to December 31, 2025; (iii) increase the original construction rent credit from \$554,000 to \$800,000; (iv) provide a three-year extension of the lease term to June 30, 2052; and (v) establish a 50 percent share of any excess rents from food and beverage subtenants. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> In September 2018, the Board of Supervisors approved a lease between the Port and the Conservancy to develop and operate visitor amenities on Piers 31 and 33 for a 30-year term with two 10-year options. Due to the COVID-19 pandemic, the project has been halted, and the Conservancy did not pay rent until October 2022, with an unpaid balance of \$339,200. The Conservancy is now ready to move forward with the project. To facilitate moving the project forward, the Port has negotiated with the Conservancy to collect 85 percent of unpaid rent, for a total of \$289,765. Due to project cost increases, the Port has increased its rent credit for construction from \$554,000 to \$800,000. The Port has also agreed to extend the term by three years through June 2052. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> Under the lease, the Conservancy pays the greater of base rent or percentage rent, which is 7.5 percent of gross revenues. Over the remaining 28 years of the initial lease term, the total base rent paid to the Port is approximately \$17.4 million. If the two 10-year options to extend the lease are exercised, the Port would receive approximately \$24.5 million in base rent over those 20 years, for a total of approximately \$41.9 million over 48 years. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> According to its 2023 financial statement, the Conservancy had \$65.9 million in net assets, including \$29.4 million in net assets without donor restrictions. The proposed amendment would increase the rent credit from the Port to the Conservancy by \$246,000 and reduce the rent due to the Port by \$49,435. The Conservancy has hired a commercial broker for the restaurant space and a design firm for the project but has otherwise not undertaken improvements to the Port property. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approval of the proposed resolution is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease of real property for a period of ten years or more or that has revenue to the City of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

Since 1972, the Port of San Francisco (Port) has served as the embarkation point for visitors to Alcatraz Island, which is part of the Golden Gate National Recreation Area managed by the National Park Service (NPS). NPS selects a ferry concessioner, which is currently Alcatraz Cruises, LLC, that negotiates a lease with Port for embarkation locations.

In September 2018, the Board of Supervisors approved a General Agreement between the Port and NPS for a 30-year term with two 10-year options allowing embarkation for Alcatraz Cruises on Piers 31 and 33 (File 18-0809). Additionally, the resolution approved a lease between the Port and Golden Gate National Parks Conservancy (Conservancy) to develop and operate visitor amenities on Piers 31 and 33 for a 30-year term with two 10-year options.

The Conservancy lease is for approximately 9,222 square feet, consisting of a restaurant space and storage on Pier 31 (Phase I) and a visitor contact station, and administrative office space or related interpretive exhibit space on Pier 33 (Phase II). In April 2019, the Conservancy selected Boudin Bakery as a subtenant for the restaurant space. In September 2019, the Port Commission approved the First Amendment to the lease, which established the Phase I Commencement Date as October 15, 2019 and the Phase I Rent Commencement Date as July 1, 2020. Due to the COVID-19 pandemic, the Conservancy did not begin paying rent or conducting tenant improvements, and the sublease with Boudin was halted. As of September 2022, the Conservancy had an unpaid rent balance of approximately \$339,200, which accounts for rent abatement for Alcatraz closure days, phase-in discounts, and annual increases, but does not include late fees or interest. Following a demand to pay rent from the Port, the Conservancy has paid Phase I rent since October 2022, but has not paid the unpaid balance. The Conservancy is now ready to move forward with the project and has hired a retail broker to procure a new restaurant operator. In April 2024, the Port Commission approved the Second Amendment to the lease.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Second Amendment to the lease between the Port as landlord and Conservancy as tenant to build and operate a public serving café and retail space at Piers 31 and 33 for a term of 30 years, with two 10-year options to extend, and to (i) establish the amount of unpaid base rent at \$289,765; (ii) extend the Phase I Improvements completion date to December 31, 2025; (iii) increase the original construction rent credit from \$554,000 to \$800,000; (iv) provide a three-year extension of the lease term to June 30, 2052; and (v) establish a 50 percent share of any excess rents from food and beverage subtenants.

Due to the Conservancy's payment of rent since October 2022 and to facilitate moving the project forward, the Port has negotiated with the Conservancy to collect 85 percent of unpaid rent

without interest or penalty, for a total of \$289,765. According to Port staff, the construction budget for Phases I and II has increased from approximately \$3.7 million in 2019 to \$5.1 million in April 2024. As a result, the Port has increased its rent credit for construction from \$554,000 to \$800,000, or approximately \$87 per square foot. The key changes to the lease under Amendment No. 2 are as follows:

- The Conservancy will pay \$289,765 in unpaid rent to the Port, or 85 percent of the unpaid rent amount of \$339,200, and the Port will waive interest and late fees.
- Extend the completion date for Phase I improvements from October 15, 2020 to December 31, 2025.
- Increase the maximum rent credits from \$554,000 to \$800,000 (\$440,000 for Phase I and \$360,000 for Phase II, upon completion of improvements for each phase).
- Split the excess sublease rent¹ 50/50 between the Port and Conservancy, rather than pay 100 percent to the Port, as stated in the original lease. This is intended to incentivize the Conservancy to seek higher performing subtenants.
- Clarify that certain items, such as park passes and donations, are not included as gross revenues for calculating percentage rent.
- Extend the term of the lease by three years through June 30, 2052.
- Adds the following “upset events” to the lease: (a) the Conservancy fails to obtain NPS’s consent to the restaurant sublease; (b) the Conservancy fails to execute a restaurant sublease by June 30, 2025; or (c) the Conservancy fails to open the restaurant by December 31, 2025. If an upset event occurs, the Port may declare the amendment null and void, impose a charge of \$375 per day, or reduce the rent credit for tenant improvements by \$10,000 per month.

Under Phase I, the Conservancy would build a “warm shell” of the restaurant space, which includes building envelope upgrades (such as window and door replacement), accessibility and ingress/egress upgrades, utility connections, fire and life safety systems, HVAC installation, and a commercial kitchen hood. The restaurant operator would provide fixtures, furniture, and equipment (FF&E) and perform interior finish carpentry, wall finishes, paint, kitchen equipment installation, and lighting.

According to Sandi Oberle, Port Senior Property Manager, the Conservancy is waiting for Alcatraz Cruises to complete warm shell improvements before beginning Phase II work on the visitor contact station and administrative office space. The Conservancy’s Phase II improvements are anticipated to commence by November 2026. After the space is turned over to the Conservancy, base rent would be waived for 270 days and then phased in over two years, at 70 percent for one year and 85 percent for the next year, before it is fully charged.

¹ Excess rent is the difference between rent paid from subtenants to the Conservancy (minus subleasing expenses) and the rent paid from the Conservancy to the Port. The lease does not dictate the terms of the sublease between the Conservancy and subtenants, other than that the Conservancy must collect 7.5 percent of gross revenues from the subtenant and pay that amount to the Port as percentage rent.

FISCAL IMPACT

Under the lease, the Conservancy pays the greater of base rent or percentage rent, which is 7.5 percent of gross revenues. In addition, the Conservancy would pay the Port 50 percent of excess rent received from the subtenant (minus expenses) above percentage rent. The base rent is based on a rental rate per square foot for each of five parcels in the premises, with 2.5 percent annual escalation. The current annual base rent is \$480,635, as shown in Exhibit 1 below.

Exhibit 1: Current Base Annual Rental Rates

Parcel	Square Footage	Annual Rent per SF	Total Annual Rent
A (Pier 31 Bulkhead)	2,760	\$66.23	\$182,791
B (Pier 31 Shed)	1,000	19.87	19,869
C (Pier 33 Bulkhead Building 1 st Floor)	3,230	66.23	213,919
D (Pier 33 South Bulkhead Building Mezzanine)	992	39.74	39,419
E (Pier 33 Shed)	1,240	19.87	24,637
Total	9,222		\$480,635

Over the remaining 28 years of the initial lease term (through June 30, 2052), the total base rent is approximately \$19,158,015. The Port would provide \$800,000 in rent credits and waive approximately \$1 million in Phase II rent before it is fully phased in,² reducing the total base rent paid to the Port to approximately \$17.4 million. If the two 10-year options to extend the lease are exercised, the Port would receive approximately \$24.5 million in base rent over those 20 years, for a total of approximately \$41.9 million over 48 years. Port revenues would exceed this amount if percentage rent and excess rent exceed the base rent.

POLICY CONSIDERATION

The beneficiary and counter party of the proposed lease amendment is the Golden National Parks Conservancy, a non-profit membership organization. The purpose of the Conservancy is to preserve Golden Gate National Parks, including Alcatraz Island. According to its 2023 financial statement, as of September 30, 2023, the Conservancy had \$65.9 million in net assets, including \$29.4 million in net assets without donor restrictions. This was an increase from the prior year's net assets of \$62.2 million. In the year ending September 30, 2023, the Conservancy had \$57.4 million in revenue, which was a decrease from the \$61.8 million in revenue in the prior year. Conservancy revenues include Alcatraz tours and other programs (69%), donors and special events (21%), and reimbursement agreements from governments (8%).

The proposed amendment would increase the rent credit from the Port to the Conservancy by \$246,000 (from \$554,000 to \$800,000) and reduce the rent due to the Port by \$49,435 (from \$339,200 to \$289,765). The Conservancy has hired a commercial broker for the restaurant space

² This includes approximately \$562,900 in FY 2024-25 and FY 2025-26 before Phase II is turned over to the Conservancy, approximately \$292,048 in FY 2026-27, which includes the initial 270 days that rent is waived after the property is turned over, approximately \$89,805 in FY 2027-28 (a 30 percent rent reduction), and approximately \$46,025 in FY 2027-28 (a 15 percent rent reduction), for a total of approximately \$990,777.

and a design firm for the project, but has otherwise not undertaken improvements to the Port property.

RECOMMENDATION

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

**SECOND AMENDMENT TO
LEASE No. L-16274
GOLDEN GATE NATIONAL PARKS CONSERVANCY**

This Second Amendment to Lease No. L-16274 (this “**Amendment**”), dated for reference purposes only as of April 30, 2024, is by and between the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation (“**City**”), operating through the **SAN FRANCISCO PORT COMMISSION** (“**Port**”), as landlord, and **GOLDEN GATE NATIONAL PARKS CONSERVANCY**, a California not-for profit corporation, as tenant (“**Tenant**”).

RECITALS

A. Port and Tenant entered into Port Lease No. L-16274, effective December 17, 2018 (the “**Lease**”), as amended by the First Amendment dated for reference purpose, September 30, 2019, for that certain real property located at Pier 31 and Pier 33 in the City and County of San Francisco, State of California (See Port Commission Resolution 18-39 and Board of Supervisors Resolution 317-18). The Phase I Commencement Date of the Lease was October 15, 2019 and the Phase I Rent Commencement Date was July 12, 2020. Tenant has paid Base Rent on a timely basis since October 1, 2022.

B. This Amendment is intended to improve the financial feasibility of the Lease and preserve Tenant’s ability to operate, while at the same time meeting the Port’s goals, including protection of its revenue streams and assets; support of the Port’s maritime mission; alignment of Port and Tenant interests in a mutually viable partnership; and, is in the best interest of the Port’s long-term financial health.

C. The essential terms of this Amendment will (i) address and resolve unpaid Base Rent due from the Phase I Rent Commencement Date; (ii) extend the deadline for completion of the Phase I Initial Tenant Improvements and extend eligibility for rent credits for such improvements; (iii) increase the maximum rent credit amount for the Initial Tenant Improvements from \$554,000, to \$800,000; (iv) reduce Port’s share of Excess Rent to 50%; (v) extend the Expiration Date by three years to June 30, 2052 to allow Port to continue to recoup unpaid Percentage Rent; (vi) exclude charitable donations and clarify that “pass through sales” of certain park passes and other products are not included in Gross Revenues for the purposes of determining Percentage Rent due to Port; (vii) make other conforming changes, add new City requirements and make other form updates; and (viii) add additional remedies for Tenant’s failure to meet certain performance deadlines. Subject to NPS and Port consent as set forth in the Lease, Tenant intends to enter into a Sublease for buildout and operation of the casual restaurant space (Parcel A) with a yet-to-be selected restaurant operator (the “**Restaurant Sublease**”).

D. On September 25, 2018, Port and the United States of America, National Park Service, entered into a General Agreement (the “**Port/NPS Agreement**”), which became effective on November 28, 2018. Tenant acknowledges and agrees with Port that the Port/NPS Agreement includes provisions that affect and relate to certain provisions of this Lease, and both Port and NPS will need to amend the Port/NPS Agreement to allow for the changes made by this Amendment.

E. The Lease, the First Amendment and this Second Amendment shall collectively be referred to as the “**Lease**”. All capitalized terms used herein but not otherwise defined shall have the meanings given to them in the Lease, as amended.

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, Port and Tenant hereby amend the Lease as follows:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

2. Lease Compliance. Except as explicitly provided in this Amendment, this Amendment does not excuse, waive, suspend or modify any provision or obligation of Tenant under the Lease. Tenant shall comply with all terms and conditions of the Lease as modified by this Amendment. Tenant acknowledges and agrees that compliance with the Lease is a material condition of this Amendment and that Port would not have agreed to this Amendment absent such terms.

3. Rent Commencement; Payment Amount.

3.1 Tenant commenced paying Base Rent on October 1, 2022 and has paid all Base Rent due since that date. Port has determined Tenant is responsible for Base Rent due from July 12, 2020 (the Phase I Rent Commencement Date) through September 30, 2022 in the amount of Two Hundred Eighty-Nine Thousand Seven Hundred Sixty-Five and 05/100 Dollars (\$289,765.05) (“**Payment Amount**”). As described in this Amendment, Tenant shall pay the Payment Amount upon Tenant’s execution of this Amendment and Tenant agrees and acknowledges that Port has no obligation to execute this Amendment absent Tenant’s payment of such amount.

3.2 Tenant acknowledges that Port is only willing to accept the Payment Amount as a one-time accommodation to enable Tenant to achieve Lease compliance and become and stay current on rent and that no additional concessions will be offered. Nothing contained herein is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of the Parties hereto. Each of the parties have determined that entering this Agreement is in each of their respective best interests.

3.3 The Payment Amount shall be Additional Rent under the Lease.

3.4 If for any reason, the Lease terminates prior to the full payment of the Payment Amount, this Amendment shall automatically terminate and all amounts due as per the Lease and the entire remaining balance of the Payment Amount (plus applicable interest and fees as calculated under the Lease) will become immediately due and payable and Port may seek all remedies under the Lease and at law or in equity.

3.5 [Intentionally Deleted]

3.6 Tenant agrees that the running of any statute of limitations with respect to Port’s claims for the Payment Amount shall be tolled as of the effective date of this Amendment until the Lease Expiration Date. The parties agree the tolling period shall not be included in calculating the application of any statute of limitations or in the consideration of any defense or avoidance based on laches, estoppel, or any other principle concerning the timeliness of commencing an action applicable to a claim for payment of rent.

3.7 All payments due under this Amendment are in addition to the rent obligations set forth in the Lease.

3.8 Port and Tenant agree and acknowledge that, for purposes of calculating the amounts in this Section 3 and in accordance with the Basic Lease Information provisions: (i) Base Rent was abated for the 254 days that Alcatraz Island was closed (from March 15, 2020 through August 15, 2020, and from December 7, 2020 through March 14, 2021 inclusive); (ii) the 270-day Base Rent abatement period for construction activities prior to the Phase I Rent Commencement Date expired without effect on July 11, 2020; (iii) the Base Rent Phase-In discounts were applied starting on July 12, 2020 and expired prior to October 1, 2022; (iv) Annual Base Rent adjustments of 2.5% were applied on October 15, 2020, and each subsequent Anniversary Date; and (v) late fees and interest associated with the abated rent are also waived. Port and Tenant agree that Lease provisions regarding a 270-day construction rent

abatement period and Base Rent phase-in with respect to the Phase II Rent Commencement Date are not affected by this Second Amendment.

4. Lease Amendments

4.1. Phase I Initial Tenant Improvements Outside Completion Date; Phase I Anniversary Date. The second paragraph of the “Initial Tenant Improvements” set forth on page BLI-7 of the Lease is hereby amended to read as follows:

“Tenant must Complete the Initial Tenant Improvements on Parcel A by December 31, 2025 (the “**Phase I Initial Tenant Improvements Outside Completion Date**”) and Tenant must Complete the Initial Tenant Improvements on Parcel C no later than the first (1st) Phase II Anniversary Date (the “**Phase II Initial Tenant Improvements Outside Completion Date**”). Notwithstanding anything to the contrary in this Lease, the “Phase I Anniversary Date” is hereby established as January 1, 2026.”

4.2. Expiration Date. The Expiration Date set forth on page BLI-2 of the Lease is hereby amended to June 30, 2052.

4.3. Gross Revenues. The definition of “Gross Revenues” in *Section 2* of the Lease is hereby revised by renumbering “(vii)“as ”(viii)” and adding a new (vii) and (viii) to read as follows:

(vii) Charitable donations to the Golden Gate National Parks Conservancy; and

(viii) For purposes of clarity, Gross Revenues do not include revenues from Park passes, Park memberships, disposable bag fees and audio and interpretive tours on Alcatraz Island to the extent that they are sold by Tenant as a courtesy to NPS and are strictly pass throughs for which Tenant imposes no markup and earns no revenues.

4.4. Rent Credits for Initial Tenant Improvements.

(a) The first sentence of “Rent Credits for Initial Tenant Improvements” set forth on page BLI-8 of the Lease is hereby amended to read as follows:

“As described further below, Tenant shall be entitled to a rent credit in the maximum amount of Eight Hundred Thousand Dollars (\$800,000) for the Initial Tenant Improvements.

(b) *Section 5.3(a)* of the Lease is hereby amended to read as follows:

(a) Rent Credits for Initial Tenant Improvements. As described in this section and subject to subsection (b), Tenant shall be entitled to a rent credit for Initial Tenant Improvements that are so designated in the Work Letter Attachment 1 in an amount not to exceed Eight Hundred Thousand Dollars (\$800,000) to be taken monthly against all Rent due in the manner described in the Basic Lease Information. Upon completion of the Phase I Improvements and subject to the conditions of this Section, Tenant shall be eligible for a rent credit not to exceed Four Hundred Forty Thousand Dollars (\$440,000) for Phase I Improvements. Upon completion of the Phase II Improvements and subject to the conditions of Section 5.3, Tenant shall be eligible for a rent credit not to exceed the greater of Three Hundred Sixty Thousand Dollars (\$360,000) or the remaining rent credit balance for Phase II Improvements.

4.5. Payment of Taxes. *Section 6.1* of the Lease is hereby amended to read as follows:

“6.1 Payment of Taxes. During the Term, Tenant agrees to pay, when due, to the proper authority any and all real and personal property taxes, general and special assessments, real property transfer taxes, license fees, permit fees and all other governmental charges of any kind or nature whatsoever, including without limitation all

penalties and interest thereon, levied or assessed on the Premises, on Tenant's Property, the leasehold or subleasehold estate or Tenant's use of the Premises, or any transfer of a leasehold interest or subleasehold interest in the Premises (including but not limited to the transfer of the leasehold interest in the Premises pursuant to the Lease) whether in effect at the time this Lease is entered into or which become effective thereafter, and all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Premises. Tenant further recognizes and agrees that its leasehold interest may be subject to the payment of special taxes, including without limitation a levy of special taxes to finance energy efficiency, water conservation, water pollution control and similar improvements under the Special Tax Financing Law in Chapter 43 Article X of the Administrative Code. Tenant shall not permit any of the above taxes, assessments or other charges to become a defaulted lien on the Premises or the Improvements thereon; provided, however, that in the event any such tax, assessment or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and provided, further, that Tenant may, through such proceeding as Tenant considers necessary or appropriate, contest the legal validity or the amount of any tax, assessment or similar charge so long as such assessment or charge does not become a defaulted lien. In the event of any such dispute, Tenant shall Indemnify Port, City, and their Agents from and against all Claims resulting therefrom."

Personal Property Insurance. *Section 17.1(m)* of the Lease is hereby amended to read as follows:

"17.1(m) Personal Property Insurance. Tenant, at its sole cost and expense, shall procure and maintain on all of Tenant's Property and Alterations, in, on, or about the Premises, personal property insurance on all risk form, excluding earthquake and flood, in an amount not less than full replacement value or a stated value, at Tenant's sole discretion, for the replacement of Tenant's Property. In addition to the foregoing, Port may, in its sole discretion, insure any personal property leased to Tenant by Port pursuant to this Lease in such amounts as Port deems reasonably appropriate and Tenant shall have no interest in the proceeds of such personal property insurance. Port shall have no responsibility or obligation to maintain insurance or replace Tenant's Property, Alterations, or any Improvements regardless of cause of loss."

4.6. Excess Rent. *Section 21.4(g)* is hereby amended to read as follows:

"(g) Excess Rent. Tenant agrees to pay to Port immediately upon receipt fifty percent (50%) of all Excess Rent, less Subleasing Expenses, as Additional Rent. In calculating Excess Rent, Subleasing Expenses will be amortized on a straight-line basis over the term of the Sublease, without interest. For example, if: (i) the term of the Sublease is 5 years; (ii) Sublease rent is \$5,000 per month; (iii) Tenant's concurrent Rent payable for the Sublease premises is \$3,000 per month; (iv) Tenant's Subleasing Expenses are \$30,000, then the amount of Excess Rent Tenant must pay to Port in connection with the Sublease is \$500 per month, as shown in the calculation below.

Term of Sublease:	5 years x 12 months = 60 months
Subleasing Expenses:	\$30,000
Amortized Subleasing Expenses:	\$30,000/60 months = \$500/month
Excess Rent:	\$5,000/month - \$3,000/month = \$2,000/month x 50%=\$1,000/month

Additional Rent:

\$1,000/month - \$500/month = \$500/month

4.7. Section 31.6 is hereby amended to read as follows:

“31.6. Prohibition Against Tobacco Advertising; Prohibition Against Tobacco Product Sales, Manufacture, and Distribution. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. In addition, Tenant acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as such capitalized terms are defined in Health Code Section 19K.1) is allowed on the Premises and such prohibition must be included in all subleases or other agreements allowing use of the Premises. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.”

4.8. Section 32.27 of the Lease is hereby added to read as follows:

32.27. Notice of Transfers to Port. In addition to the obligations under the Lease with respect to reporting transfers, subleases and/or assignments, within thirty (30) days of entering into any agreement under which Tenant grants any person the right to occupy or use any portion of the Premises for any period of time, including without limitation, any assignment, sublease, license, permit, concession or vendor agreement or other agreement or renewal thereof, Tenant shall provide written notice to Port and a copy of such agreement, regardless of whether Port consent is required under this Lease for such agreement. Tenant agrees to provide such further information as may be requested by City or Port to enable compliance with reporting obligations under state Law and San Francisco Administration Code Sections 23.38 and 23.39 (or any successor ordinance).”

4.9. Section 33.1 of the Lease is hereby amended to read as follows:

“33.1 California Law; Venue. This Lease is governed by, and shall be construed and interpreted in accordance with, the Laws of the State of California and City's Charter. Any legal suit, action, or proceeding arising out of or relating to this Lease shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Lease has been brought in an inconvenient forum. The parties also unconditionally and irrevocably waive any right to remove any such suit, action, or proceeding to federal court.”

4.10. Schedule 3, FEMA Disclosure Notice attached as Schedule 3 to the Lease, is hereby replaced with **Schedule 3 – Revised** attached to this Amendment.

4.11. References to Former Provisions of the San Francisco Administrative Code. The San Francisco Board of Supervisors established a San Francisco Labor and Employment Code (“LEC”) redesignating a number of the City’s contracting provisions formerly codified in the San Francisco Administrative Code. The following table indicates the new location of those provisions. Accordingly and as applicable, all references in the Lease to the former San Francisco Administrative Code provisions are hereby amended to refer to the LEC.

Article Title	Former Administrative Code	New Labor and Employment Code
Minimum Wage Ordinance	Chapter 12R	Article 1
Personal Services Minimum Contractual Rate	Chapter 12V	Article 2
Sick Leave Ordinance	Chapter 12W	Article 11
Misc. Prevailing Wage Requirements	Chapter 21C	Article 102
Minimum Compensation Ordinance	Chapter 12P	Article 111
Health Care Accountability Ordinance	Chapter 12Q	Article 121
Nondiscrimination in Contracts	Chapter 12B	Article 131
Nondiscrimination in Property Contracts	Chapter 12C	Article 132
Salary History	Chapter 12K	Article 141
City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions	Chapter 12T	Article 142
Sweatfree Contracting Ordinance	Chapter 12U	Article 151
Earned Income Credit Information	Chapter 12O	Article 161

5. General Release. Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Lease might be found later to be other than or different from the facts no believed to be true, and agrees that the releases in this Lease shall remain effective. Therefore, with respect to the Claims released in this Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Initials: _____
Tenant
Tenant

Tenant understands and acknowledges that, as a consequence of this waiver of Section 1542, even if Tenant should eventually suffer additional or further loss, damages or injury arising out of or in any way related to any of the events which gave rise to this Amendment, Tenant will not be permitted to make any claims to recover for such loss, damages or injury against the City and County of San Francisco, its elective and/or appointive boards, agents, employees, departments, commissioners, and officers, including without limitation the

San Francisco Port Commission. Tenant acknowledges that it intends these consequences even as to claims that may exist as of the date of this Amendment but which Tenant does not know exist, and which, if known, would materially affect Tenant's decision to execute this Amendment, regardless of whether Tenant's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

The provisions of this Section 5 shall survive the expiration or earlier termination of the Lease.

6. Earthquake and Flood Insurance. Notwithstanding *Section 17.1(f)*, *Section 17.1(g)*, *Section 17.6(b)* and *Section 17.6(c)* of the Lease, Tenant shall not be required to maintain, and the Port hereby waives the requirement for Tenant to maintain, earthquake insurance and flood insurance.

7. Representations and Warranties. Tenant represents, warrants and covenants to Port that the representations and warranties set forth in *Section 29* of the Lease are true and correct as of the Effective Date of this Amendment.

8. Upset Events. Notwithstanding anything to the contrary in this Lease, Tenant's (i) failure to obtain NPS's consent to the Restaurant Sublease as required by Section 21.4(a) of the Lease by December 31, 2025; (ii) failure to execute a Restaurant Sublease by June 30, 2025; and (iii) failure of the restaurant to open for business by December 31, 2025 shall each constitute an "**Upset Event**". In the event of an Upset Event, Port at its sole option may exercise any of the following remedies: (i) declare this Amendment null and void upon written notice to Tenant; (ii) impose a Three Hundred Seventy Five Dollar (\$375.00) charge per day for the duration of the Upset Event; and/or (iii) reduce the Rent Credit for Initial Tenant Improvements by Ten Thousand Dollars (\$10,000.00) per each month (prorated if necessary) of the duration of each Upset Event until cured. The parties agree that the charges set forth in (ii) represent a fair and reasonable estimate of the administrative cost and expense which Port will incur by reason of Tenant's default and Port's right to impose the charges shall be in addition to and not in lieu of any and all other rights under this Lease, at law or in equity. By signing this Lease, each party specifically confirms the accuracy of the statements made in this Section and the reasonableness of the amount of the charges described in (ii) above. The remedies set forth in this Section are not exclusive; they are cumulative and in addition to any and all other rights or remedies of Port now or later allowed by Law or in equity.

9. Notification of Limitations on Contributions. Through its execution of this Amendment, Tenant acknowledges its obligations under Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve (12) months after the date the contract is approved. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Tenant further acknowledges that, if applicable, (i) the prohibition on contributions applies to each Tenant; each member of Tenant's board of directors, and Tenant's principal officers, including its chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten (10%) percent in Tenant; and any subcontractor listed in the Tenant's bid or contract; and (ii) within thirty (30) days of the submission of a proposal for the contract, the Port is obligated to submit to the Ethics Commission the parties to the Lease and any subtenant(s). Additionally, Tenant certifies that if this Section applies, Tenant has informed each of the persons described in the preceding sentence

of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract and has provided to City the names of the persons required to be informed.

10. Rights Are Cumulative. The liability of Tenant and all rights, powers, and remedies of Port under this Agreement shall be cumulative and not alternative, and such rights, powers, and remedies given to Port by law or in equity.

11. Authority. If Tenant signs as a corporation or a partnership, each of the persons executing this Amendment on behalf of Tenant does hereby covenant and warrant that Tenant is at the time of execution and at all times while the Lease is in effect will continue to be: (1) a duly authorized and existing entity, (2) qualified to do business in California; and that Tenant has full right and authority to enter into this Amendment, and that each and all of the persons signing on behalf of Tenant are authorized to do so. Upon Port's request, Tenant shall provide Port with evidence reasonably satisfactory to Port confirming the foregoing representations and warranties, and covenants.

12. Full Force and Effect. Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

13. Entire Agreement. This Amendment contains all of the representations and the entire agreement between the parties with respect to the subject matter of this Amendment. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of this Amendment are superseded in their entirety by this Amendment. No prior drafts of this Amendment or changes between those drafts and the executed version of this Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment.

14. Miscellaneous. This Amendment shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment will be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Amendment. The terms of this Amendment are contractual and not a mere recital. The liability of and all rights, powers, and remedies of the parties under this Amendment shall be cumulative and not alternative. Each party acknowledges that the other party has made no representations, express or implied, to induce that party to enter into this Amendment, other than as expressly set forth herein. This Amendment is made for the purpose of setting forth certain rights and obligations of Tenant and the Port, and no other person shall have any rights hereunder or by reason hereof as a third-party beneficiary or otherwise. This Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment. Neither this Amendment nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

15. Subject to Approvals. Tenant acknowledges and agrees that no officer or employee of City has authority to commit City to this Amendment unless and until the Port Commission and City's Board of Supervisors shall have each approved this Amendment and authorized the transactions contemplated hereby. Therefore, any obligations or liabilities of City hereunder are contingent upon such approvals, and this Amendment will be null and void if the Port Commission and City's Mayor and the Board of Supervisors do not approve this Amendment, in their respective sole discretion.

16. Effective Date. This Amendment is effective upon the Port's execution as indicated below. The Parties agree that Port has no obligation to execute this Amendment until the following conditions precedent have occurred (i) Tenant has paid the Payment Amount; (ii) Tenant has

executed this Amendment; and (iii) the Port Commission and Board of Supervisors have approved this Amendment.

Exhibits and Schedules

Schedule 3 Revised FEMA Disclosure Notice

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, Port and Tenant execute this Amendment at San Francisco, California, as of the last date set forth below.

PORT: **CITY AND COUNTY OF SAN FRANCISCO**,
a municipal corporation, operating by and through the
SAN FRANCISCO PORT COMMISSION

By: _____
Scott Landsittel
Deputy Director, Real Estate and Development

Date Signed: _____

TENANT: **GOLDEN GATE NATIONAL PARKS CONSERVANCY**, a
California not-for profit corporation,

By: _____
Name: _____
Title: _____

Date Signed: _____

By: _____
Name: _____
Title: _____

Date Signed: _____

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____
Name: Michelle Sexton
Deputy City Attorney

Amendment Prepared By: Sandra Oberle, Senior Property Manager _____(initial)

Port Commission Reso. No.

Board of Supervisors Reso. No.

SCHEDULE 3 - REVISED

FEMA Disclosure Notice

FEMA-National Flood Insurance Program Disclosure Notice

As part of the National Flood Insurance Program (“NFIP”), Federal Emergency Management Agency (“FEMA”) issued the final flood insurance rate maps (“FIRMs”) for City and County of San Francisco on September 23rd, 2020, concluding a process that had been going on for more than a decade. This is the first time FEMA mapped flood risks for the City and County of San Francisco. FIRMs were later adopted by the Board of Supervisors through Ordinance 226-20 (“Floodplain Management Program Ordinance”) and became effective on March 23, 2021.

Based on detailed studies of coastal flood hazards associated with San Francisco Bay and the Pacific Ocean, the final FIRMs designate portions of the City and County of San Francisco (“City”), including portions of the waterfront, Mission Bay, Islais Creek, Bayview Hunters Point, Hunters Point Shipyard, Candlestick Point, Treasure Island, San Francisco International Airport, and Ocean Beach, in coastal flood hazard areas. Referred to as “Special Flood Hazard Areas” (“SFHAs”), these areas are subject to inundation during a flood having a 1 percent chance of occurrence in any given year. They are shown as zones beginning with the letter “A” or “V” on the FIRMs. Port’s structures over water, including piers and wharfs, are designated as Zone D (area of undetermined flood hazard). Zone D areas are not subject to Building Code and NFIP regulation. Historic structures are also exempted from compliance under the NFIP.

Additionally, the San Francisco Public Utilities Commission (“SFPUC”) has prepared the 100-Year Storm Flood Risk Map to show areas where flooding is highly likely to occur on City streets during a 100-year rain storm. More information about this map, including a searchable web map, is available at <https://www.sfwater.org/floodmaps>. The SFPUC 100-Year Storm Flood Risk Map only shows flood risk from storm runoff and, floodproofing measures are not required at this time.

The SFPUC map does not consider flood risk in San Francisco from other causes, such as inundation from the San Francisco Bay or the Pacific Ocean, which are shown on the FIRMs that FEMA has prepared for San Francisco. Conversely, the FIRMs do not show flooding from storm runoff in San Francisco, because our historical creeks and other inland waterbodies have been built over and are no longer open waterways. In most areas, the flood hazards identified by SFPUC and FEMA are separate. There are a few areas, however, near the shoreline where SFPUC’s Flood Risk Zones overlap with the FEMA-designated floodplains.

The FIRM provides flood risk information for flood insurance and floodplain management purposes under the NFIP. The SFHAs, shown on the FIRM, may impact flood insurance requirements and rates, permitting, and building requirements for tenants and permit holders for property in designated SFHAs on the FIRM. Flood insurance is available through the NFIP and the private market. Flood insurance for Zone D areas is not available through NFIP. Pre-FIRM buildings of any type are not required to buy flood insurance. For more information on purchasing flood insurance, please contact your insurance agent.

City’s Floodplain Management Program ordinance is based on NFIP requirements. Under the ordinance, the Port and the City must regulate new construction and substantial improvements or repairs to structures in SFHAs to reduce the risk of flood damage. The requirements may include elevation or floodproofing of structures and attendant utilities.

Additional information on this matter are available on the City/Port websites and FEMA website as listed below.

San Francisco Floodplain Management Program website:

<https://onesanfrancisco.org/san-francisco-floodplain-management-program>

Port Floodplain Management Program Website:

<https://sfport.com/flood-plain-management-program>

FEMA's NFIP website:

<https://www.floodsmart.gov/>



 **ORIGINAL**

**CITY AND COUNTY OF SAN FRANCISCO
LONDON N. BREED, MAYOR**

LEASE NO. L-16274

BY AND BETWEEN

**THE CITY AND COUNTY OF SAN FRANCISCO
OPERATING BY AND THROUGH THE
SAN FRANCISCO PORT COMMISSION**

AND

**GOLDEN GATE NATIONAL PARKS
CONSERVANCY**

**ALCATRAZ ISLAND FERRY EMBARKATION
PIERS 31 AND 33**

**ELAINE FORBES
EXECUTIVE DIRECTOR**

SAN FRANCISCO PORT COMMISSION

**KIMBERLY BRANDON, PRESIDENT
WILLIE ADAMS, VICE PRESIDENT
GAIL GILMAN, COMMISSIONER
VICTOR MAKRAS, COMMISSIONER
DOREEN WOO HO, COMMISSIONER**

FIRST AMENDMENT TO LEASE NO. L-16274



ORIGINAL

This First Amendment to Lease No. L-16274 (this "**First Amendment**"), dated for reference purposes only as of September 30, 2019, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**"), operating through the SAN FRANCISCO PORT COMMISSION ("**Port**"), as landlord, and GOLDEN GATE NATIONAL PARKS CONSERVANCY, a California not-for profit corporation, as tenant ("**Tenant**").

RECITALS

A. Port and Tenant entered into Port Lease No. L-16274, effective December 17, 2018 (the "**Lease**"), for that certain real property located at Pier 31 in the City and County of San Francisco, State of California. At the time, the parties anticipated delivery of Phase I of the Premises on January 1, 2019 (the Phase I Commencement Date, as defined in the Lease). The Parties now intend for delivery of Phase I of the Premises to occur on October 15, 2019 and enter into this Amendment to ensure an orderly commencement of the Lease.

B. The Lease and this First Amendment shall collectively be referred to as the "**Lease**". All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Lease.

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, Port and Tenant hereby amend the Lease as follows:

AGREEMENT

1. **RECITALS.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.
2. **COMMENCEMENT.** The Parties agree that the Phase I Commencement Date is October 15, 2019. The Phase I Rent Commencement Date is July 1, 2020. The estimated Phase II Commencement Date of December 1, 2020 and the Expiration Date of June 30, 2049 remain unchanged.
3. **EXHIBITS AND SCHEDULES.**
 - 3.1 *Schedule 2, Substructure Reports*, Pier 33 Shed/Bulkhead report 2018 and the Pier 31½ Marginal Wharf Improvements inspection report (for the project described in Exhibit F) attached to this First Amendment is added to *Schedule 2*.
 - 3.2 *Schedule 3, FEMA Disclosure Notice*, is replaced with *Schedule 3 – Revised* attached hereto.
 - 3.3 *Schedule 4, Hazardous Materials Disclosures*, is replaced with *Schedule 4* attached hereto.

4.



ENERGY CONSUMPTION. Section 12.4 is added to read as follows:

"12.4 Energy Consumption Disclosure. Tenant consents to Tenant's utility service providers disclosing energy use data for the Premises to City for use under California Public Resources Code Section 25402.10, as implemented under California Code of Regulations Sections 1680-1685, and San Francisco Environment Code Chapter 20, as each may be amended from time to time ("Energy Consumption Reporting Laws"), and for such data to be publicly disclosed under the Energy Consumption Reporting Laws."

5. **RELEASE.** The second and third paragraphs of Section 20.5 are revised to read as follows.

"Tenant understands and expressly accepts and assumes the risk that any facts concerning the Claims released in this Lease might be found later to be other than or different from the facts now believed to be true, and agrees that the releases in this Lease shall remain effective. Therefore, with respect to the Claims released in this Lease, Tenant waives any rights or benefits provided by Section 1542 of the Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Tenant specifically acknowledges and confirms the validity of the release made above and the fact that Tenant was represented by counsel who explained the consequences of the release at the time this Lease was made, or that Tenant had the opportunity to consult with counsel, but declined to do so."

6. **NEW CITY REQUIREMENTS.** The following sections are added as Sections 32.25 and 32.26:

"32.25 Tenant's Compliance with City Business and Tax Regulations Code. Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment Port is required to make to Tenant under this Lease is withheld, then Port will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this Section 32.25 to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

32.26 Consideration of Salary History. Tenant shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." For each employment application to Tenant for work that relates to this Lease or for work to be performed in the City or on City property, Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant. Tenant shall not (1) ask such applicants about their current or past salary or (2) disclose a current or former employee's salary

history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>."

7. REPRESENTATIONS AND WARRANTIES. Tenant represents, warrants and covenants to Port that the representations and warranties set forth in Section 29 are true and correct as of the Effective Date of this First Amendment.

8. ENTIRE AGREEMENT. This First Amendment contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the First Amendment are superseded in their entirety by this First Amendment. No prior drafts of this First Amendment or changes between those drafts and the executed version of this First Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this First Amendment.

9. MISCELLANEOUS. This First Amendment shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This First Amendment is made for the purpose of setting forth certain rights and obligations of Tenant and the Port, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise. This First Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this First Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. In the event of any inconsistencies between the terms of this First Amendment and the Lease, the terms of this First Amendment shall prevail. Time is of the essence of this First Amendment. This First Amendment shall be governed by the laws of the State of California. Neither this First Amendment nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

10. FULL FORCE AND EFFECT. Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

11. EFFECTIVE DATE. The Effective Date of this First Amendment is the Phase I Commencement Date.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Port and Tenant execute this First Amendment to Lease No. L-16274 at San Francisco, California, as of the last date set forth below.

PORT: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, operating by and through the
SAN FRANCISCO PORT COMMISSION

By: [Signature]
Michael J. Martin
Deputy Director, Real Estate and Development

Date Signed: 10/11/19

TENANT: GOLDEN GATE NATIONAL PARKS CONSERVANCY, A
CALIFORNIA CORPORATION

By: [Signature]
Name: H.T. ELSLEHANS
Title: COO

Date Signed: 10/09/19

By: [Signature]
Name: CHRISTINE S. LEHNERT
Title: CEO

Date Signed: 9 OCTOBER 2019

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: [Signature]
Name: Rona H. Sandler
Deputy City Attorney

Amendment Prepared By: Jay Edwards, Senior Property Manager [Signature] Don Kavanagh
(initial) FOR
Jay Edwards

SCHEDULE 2

SUBSTRUCTURE REPORTS

[Attachment on following page(s)]

[PAGE INTENTIONALLY LEFT BLANK]



RAPID STRUCTURAL ASSESSMENT REPORT

Structure Type:	SUPERSTRUCTURE	Work Order:	13975
Facility Name:	Pier 33 Shed Building (includes bulkhead)	FIN:	1330SHG
Asset Number:	1330-SHEDA	Facility Code:	1330
Asset Activity:	STRUCTURE & DRYROT 2YR INSPECT	Port Engineer:	Bell, Mr. Jonathan Matthew N
Inspection Number:	1330-SHEDA-1-2018	Inspected By:	OLMM Consulting Engineers
Inspection Start Date:	2018/12/11 09:30:00	Inspection End Date:	2018/12/11 11:00:00
Purpose Of Inspection:	Periodic Inspection	Lease Number:	
Address:			
Year Built:	1918		

Rating Criteria:

Green - Unrestricted use. May require some minor repair, or minimal barricading.

Yellow With Green Hatching - Restricted use. May require further review, may require load limits, limiting access and barricading until repairs completed.

Red - Unsafe notice. Shall be barricaded to prevent public access and use.

Overall Rating: Yellow With Green Hatching

Immediate Actions: See load limits.

Required Repairs: Repair hole in floor level slab south of main entrance, repair split purlin.

Load Limits: Access should be limited at area over split purlin beam and shored portion of bulkhead roof until these are repaired. Roof load limits may be required

Barricades: Hole in floor level slab should be barricaded until repaired.

Long Term Actions: Permanent repair of shored framing near main entrance, and dry-rot at column bases.

Detailed Structural/Geotechnical Evaluation Required: Recommend evaluation to determine adequacy of water and fire damaged members if not replaced.

Condition Assessment Summary

Condition	Yes	No	More Review Needed
1) Full or Partial Collapse		X	
2) Major building element damaged		X	
3) Severe Cracking of walls		X	
4) Parapet or falling hazard	X		
5) Severe ground movement present		X	
6) Other Hazard present	X		

Comments:

Attachments:



RAPID STRUCTURAL ASSESSMENT REPORT

Appendix A - Facility Data

Appendix B - Photographs and Structural Rating Map



RAPID STRUCTURAL ASSESSMENT REPORT

Appendix A - Facility Data

Name of Facility: Pier 33 Shed Building (includes bulkhead)

Facility Code: 1330

Address:

Lease Number(s):

Building Data

Building Structure FIN: 1330SHG

No. of stories: 1

Support over water: Yes

Support over land: No

Construction Type (Wood, Concrete, Steel, Masonry or Combination): Steel, Wood and Concrete

Occupancy Type (Commercial, Office, Industrial, Assembly, Residential, Emergency Service, etc.):

Other

Detailed Building Description (If available): Timber structure. Shed walls are concrete. Occupancy is office and restaurant in bulkhead, fish processing, light industrial, and storage in shed.

Substructure/Foundation Data:

Substructure FIN: 1330SUB

Piling Type: Concrete

Substructure Deck Type: Concrete

Apron Type: Concrete

Detailed Substructure Description (If available): Non-prestressed reinforced concrete piles, mostly 20 in. square. Reinforced concrete beams, girders and slab.





RAPID STRUCTURAL ASSESSMENT REPORT

Appendix B - Photographs and Structural Rating Map



Photo 1. Superstructure rating map updated for Pier 33



OLMM
CONSULTING
ENGINEERS

156 Ellis Street, 2nd Floor, San Francisco, CA 94102

Tel: (415) 882-9449

1305 Franklin Street, Suite 312, Oakland, CA 94612

Tel: (510) 433-0828

January 3, 2019

Mr. Matthew Bell, SE
Port of San Francisco
Pier 1
San Francisco, CA 94111

Report: Rapid Structural Assessment of Pier 33, San Francisco

Dear Mr. Bell:

We are pleased to submit this report summarizing the findings and recommendations of our Rapid Structural Assessment of Pier 33 in San Francisco, California.

1.1 Introduction

The Port of San Francisco has contracted OLMM to perform Rapid Structural Assessments (RSA) of the superstructure of Pier 33 in San Francisco, California. The RSA program is intended to provide periodic qualitative evaluations of building's general structural condition. The Assessment is based on review of available existing drawings for the structure, a site visit to collect field notes and photographs of apparent conditions, and a report summarizing findings. The RSA does not include measurements, material testing, or calculations and is limited to areas available for viewing at the time of site visit.

1.2 Rating Criteria

The Port of SF uses a color coded set of rating criteria as follows:

Green – Unrestricted use. May require some minor repair, or minimal barricading.

Yellow With Green Hatching – Restricted use. May require further review, may require load limits, limiting access and barricading until repairs completed.

Red – Unsafe notice. Shall be barricaded to prevent public access and use.

1.3 Description

Superstructure on Pier 33 includes a bulkhead fronting on the sea wall and a shed extending the length of the finger pier (See Figures 1-3). Project north is such that Embarcadero end is west and bay end is east. Geographic north is closer to bay end of pier, with Embarcadero at south end. Bulkhead exterior walls are framed plaster over diagonal wood sheathing backed by blocked wood stud reinforced with wood wind girts and heavy posts (Fig. 7) supporting wood

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trusses transverse to the length of the bulkhead. Trusses support sawn wood joists laid solid. Interior has been built out with restaurants. Structure of restaurants was not typically visible and is not included in this assessment.

Shed exterior walls are typically 4" thick reinforced concrete backed by wood posts supporting wood trusses spanning transverse to shed length. Trusses support sawn wood joists laid solid over sawn wood purlins (Fig. 6). Occupancy appears to be primarily fish processing, storage, and light industrial uses.

Original construction appears to have been approximately 1918. There is evidence in the drawings and in the field of at least the following modifications to original construction:

1. Several areas of shed roof framing were replaced in approximately 2007.
2. Deteriorated bulkhead roof framing near entrance has been shored. The shoring was installed in April 2017 is intended to be temporary until the Port can fund a full bulkhead roof repair project.
3. Several columns on the main aisle have been cut at bottom of truss and resupported via steel beam spanning between adjacent columns which have been strengthened with additional wood posts. Locations include one column at gridline 6, and two columns each at gridlines 48 and 54.

Assessment is based in part on the following existing drawings and reports provided by the client:

1. "Plan of Pier 33 Shed and Bulkhead Wharf Building" Dated 1918.
2. "Pier 33 Roof Repair" Dated 2007.
3. "Building Rapid Evaluation Safety Assessment Form – Pier 33 Shed" Dated 4/24/2002
4. "Building Rapid Evaluation Safety Assessment Form – Pier 33 Shed" Dated 6/30/2005
5. "Building Rapid Evaluation Safety Assessment Form – Shed at Pier 33" Dated 5/21/2008. Number 1330-SHG-Super-2008-1
6. "Rapid Structural Assessment Report – Pier 33 Shed Building (includes bulkhead)" Dated 5/14/2013. Number 1330-SHEDA-1-2013

2.1 Summary of Assessment

Overall Rating: Yellow with Green Hatching

Immediate Actions:	Not Required
Required Repairs:	Repair hole in floor level slab south of main entrance, repair split purlin.
Load Limits:	Access should be limited at area over split purlin beam and shored portion of bulkhead roof until these are repaired. Roof load limits may be required at area of fire damage pending results of detailed evaluation.
Barricades:	Hole in floor level slab should be barricaded until repaired.



Long Term Actions:	Permanent repair of shored framing near main entrance.
Detailed Structural/Geotechnical Evaluation Required:	To determine adequacy of water and fire damaged members if not replaced.

Condition Assessment Summary

Condition	Yes	No	More Review Needed
1) Full or Partial Collapse		X	
2) Major building element damaged		X	
3) Severe Cracking of walls		X	
4) Parapet or falling hazard	X		
5) Severe ground movement present		X	
6) Other Hazard present	X		

2.2 Observations and Recommendations

- Truss near east edge of bulkhead main entrance and sheathing above shows significant deterioration and has received some strengthening and temporary shoring. A permanent repair should be designed. See Figure 5.
- Hole exists in ground level slab in space to east of main aisle in bulkhead. Hole should be repaired, and barricaded until repair can be effected.
- Several exterior wood columns in shed show deterioration and damage at bases. It appears this may typically be related to frequent wetting as part of fish processing operations and/or water intrusion from adjacent bay doors.
 - Most columns observed showed evident dry rot. See Figure 11.
 - Some locations also showed significant corrosion of connection to base plate, and corrosion of bolts appears to be the cause of splitting at base of columns. See Figure 9.

Extent of capacity loss should be evaluated by testing and inspection firm and adequacy of remaining capacity evaluated by structural engineer.
- Roof sheathing and framing shows signs of water damage. Some areas have already been replaced, but other areas may have progressed to the point of requiring replacement. See Figures 4 and 8.
- A shed roof purlin has split. See Figure 10. Roof access should be restricted until it is replaced.
- Fire damage can be observed at project east end of shed (approx. Grid 44). Char is visible on roof solid 2x sheathing, truss members, and fire baffle. Damaged structure should be replaced or evaluated for depth of char and adequacy of remaining capacity. See Figures 12 and 13.
- Exterior concrete walls show significant spalling throughout. See Figures 14-20. Spalling is primarily on exterior face, but some locations are noted on interior face as well. Some



locations appear to have been patched, but many of those are spalling again. Typical locations include:

- a. At integral beam over bay doors
- b. At corners of windows
- c. At parapet
- d. At wall corners
- e. Mid wall (less common)

These could pose a falling hazard and will lead to more significant corrosion if not repaired.

8. Plaster shows patched cracks from window corners which does not appear to have re-cracked.

3.1 Conclusions

General structural condition appears to range from fair to poor, with several issues that require attention as noted above.

7.0 Limitations

This review is not intended to preempt the technical or professional responsibility of the original design consultants and is not a warranty of buildings performance. It should be noted that items requiring action may exist in the structure that we not have been able to specifically identify or observe in the evaluation. Our services have consisted of providing professional opinions, recommendations and conclusions based on generally accepted structural engineering principles and practices.

Sincerely,

OLMM Consulting Engineers

Badri Prasad, SE
Principal & Senior VP
badri@olmm.com
(415) 882-9449 ext. 20

Kyle Chatman, SE
Associate
kyle@olmm.com
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Photos

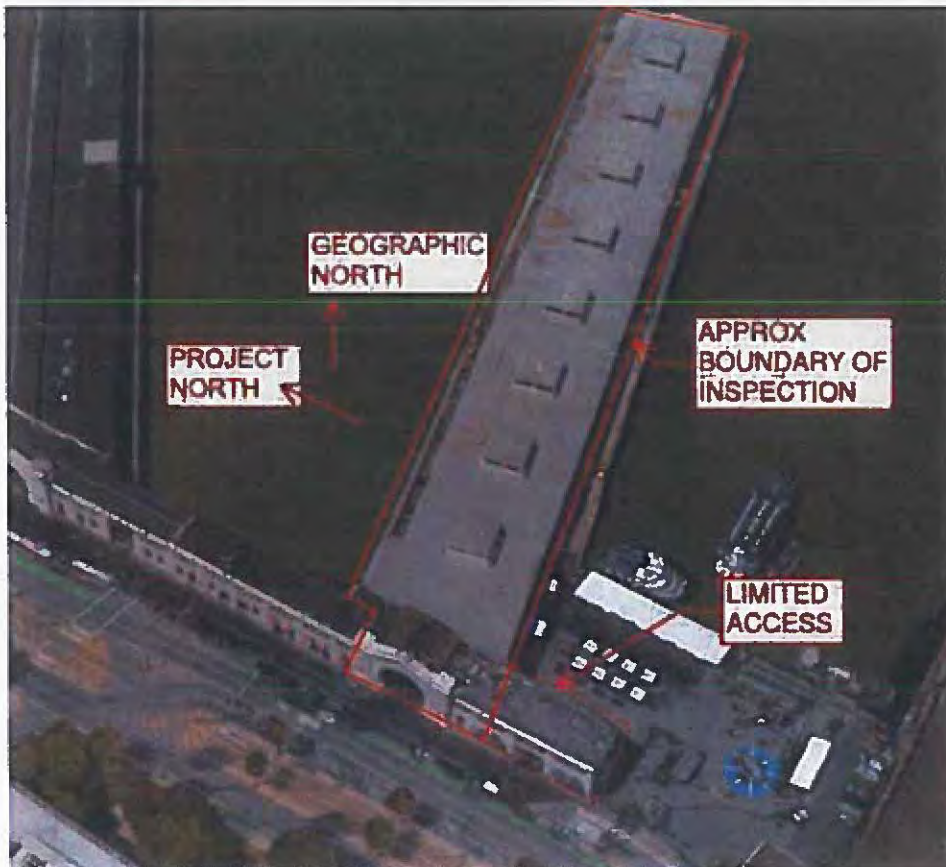


Figure 1 - Aerial Photo of Site – Google Maps 2018



Figure 2 - Bulkhead Exterior



OLMM



Figure 3 - Shed Project South Face



Figure 4 - Previously cut and resupported column. Previously replaced roof framing.



Figure 5 – Temporary shoring at damaged roof truss and framing, installed April 2017.



Figure 6 - Main aisle of shed



OLMM



Figure 7 - Bulkhead Wall Framing



Figure 8 - Monitor water damage



OLMM



Figure 9 - Split column base at corroding base plate bolt next to bay door

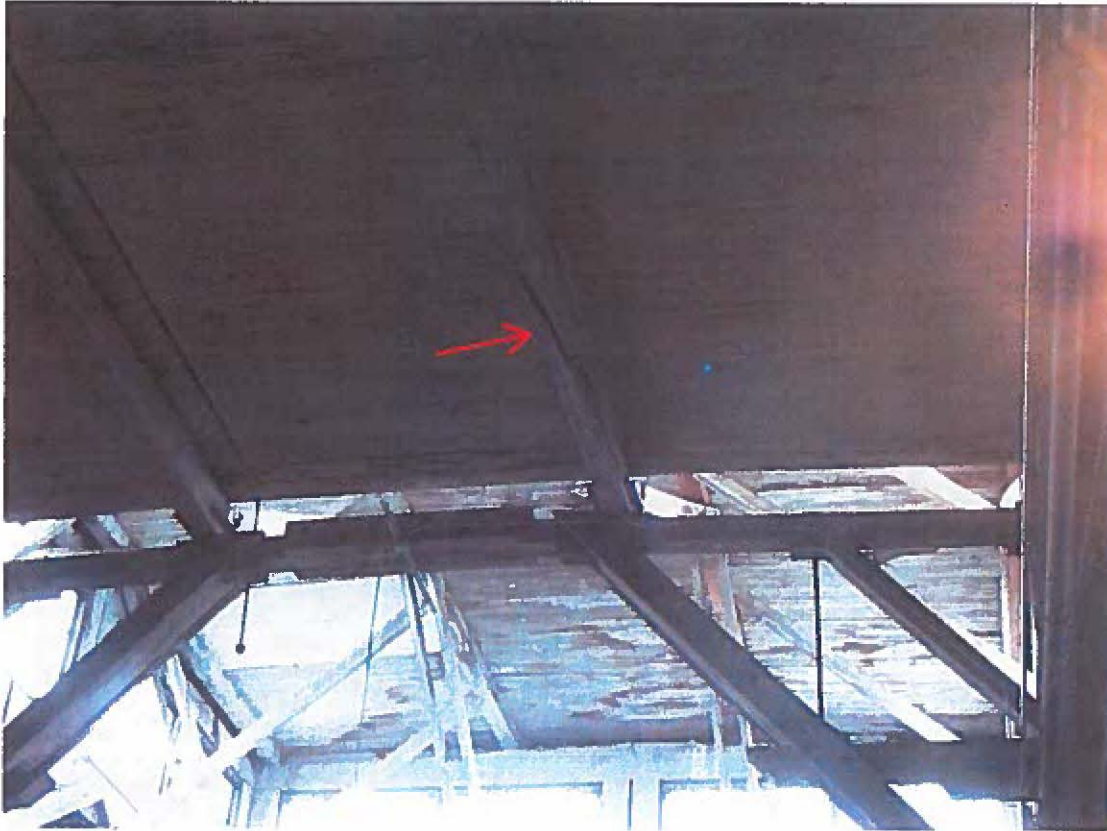


Figure 10 - Split purlin beam near grid 34



OLMM



Figure 11 - Dry rot at column base next to bay door. Typical condition of timber column bases along exterior walls near bay doors and where it appears floors are frequently wetted.



Figure 12 - Charred truss near grid 50

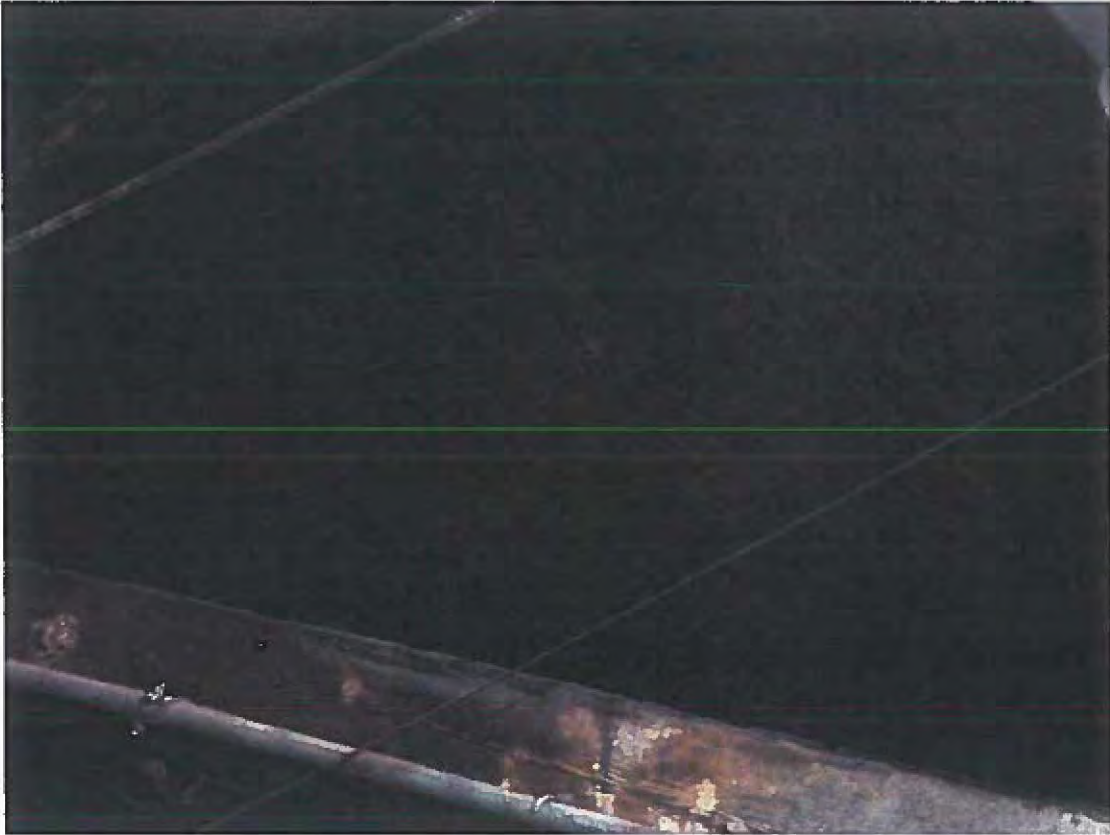


Figure 13 - Charred solid laid roof joists near grid 50



Figure 14 - Spalling at interior face of concrete wall



Figure 15 - Spalling at window corner



Figure 16 - Bay door header spalling. It appears a previous concrete repair has re-spalled.



OLMM



Figure 17 - Parapet spalling



Figure 18 - Mid-wall patch re-spalling



Figure 19 - Wall corner spalling





Figure 20 - Corrosion, spalling, and water intrusion at bay door along north apron.

Initial:	
Port:	MM
Tenant:	MM



August 1, 2019

Jonathan Roman
Project Manager
Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

ADDRESS COWI North America, Inc.
1300 Clay St.
7th Floor
Oakland, CA 94612
USA

TEL +1 510 839 8972
FAX +1 510 839 9715
WWW cowi-na.com

Subject: Permit No. B 2018-0121
Pier 31.5 Substructure Repair, San Francisco

This is to certify that based on the attached Inspection certification provided by RES Engineers Inc. for special inspection and the periodic observation provided by COWI North America Inc. the project has been completed per the construction document drawings and specifications.

Sincerely

Hamid Fatehi PE, SE

Project Manager and Engineer of Record

COWI North America, Inc.



RES ENGINEERS, INC.

1250 Missouri Street Ste. 207, San Francisco, CA 94107 415.822.4625 Fax 415.822.8925

July 31, 2019

Port of San Francisco
Pier 1, The Embarcadero
San Francisco, CA 94111

Project No. 18-199

Permit No. B2018-0121

Project Address: Pier 31.5 Substructure Repair, San Francisco

This is to certify that in accordance with Section 1701 of the San Francisco Building Code (SFBC), we have provided special inspection of the following items:

1. Epoxy Dowels into Existing Concrete Inspection
2. Concrete Placement and Testing
3. Shotcrete Placement and Testing
4. Reinforcing Steel Inspection
5. AC Compaction Testing in-place (note no coring)
6. Grouting & SCC Sikacrete Inspection and Testing

These inspections were performed by personnel under the general supervision of the undersigned Registered Civil Engineer in the State of California. Based upon both inspections performed and substantiating testing reports, it is our professional judgement that the work requiring special inspections was substantially in conformance with the approved plans and specifications and the applicable workmanship provisions of this code.

Sincerely,
RES Engineers, Inc.



Ross Esfandiari, M.S., P.E. # 38098
President





**BUILDING PERMIT
PORT OF SAN FRANCISCO**
PIER 1, THE EMBARCADERO
SAN FRANCISCO, CALIFORNIA 94111
PERMIT DESK (415) 274-0554

B-2018-0121
FIN. 1315-DECK1-1
Issued: 05/24/2018

PORT PROJECT

NEW CONSTRUCTION

X ALTERATION

GRADING

SPECIAL EVENT

SIGN

• **ELEC** **MECH** **PLUMB**
• To be submitted as deferred permit.

DEFERRED PERMITS
SPRINK **ALARM** **OTHER**

Deferred work shall not start without obtaining a separate permit.

1. Date Filed 05/15/2018	2. Plans Yes	3. Location 31.5 PIER BERTH 1 - 1, SAN FRANCISCO, CA 94111	4. Proposed work is within 100 feet of the bay YES → <input checked="" type="checkbox"/> NO → <input type="checkbox"/>
5. Type of Const. N/A	6. No. of Stories N/A	7. Present Use SUBSTRUCTURE	8. Occup. Class U
9. Type of Const. N/A	10. No. of Stories N/A	11. Proposed Use N/A	12. Occup. Class N/A
13. Owner TERRY MACRAE	14. Public Funding X YES NO	15. Estimated Valuation 6,833,425.00	Revised Value
16. Applicant (Owner or owner's agent) Name JONATHAN ROMAN	Mailing Address PIER 1, THE EMBARCADERO	City/State SAN FRANCISCO, CA	Zip 94111
			Phone (415) 274-0400
17. Contractor POWER ENGINEERING CONSULTANTS Engineer:	Mailing Address 1501 VIKING ST SUITE 200	City/State ALAMEDA, CA	Zip 94501
Architect:			License No. 488215

18. SCOPE OF WORK

PORT PROJECT: "ALCATRAZ FERRY EMBARCATION SITE REPAIRS", SUBSTRUCTURE REPAIR OF SOFFITS, BEAMS AND PILES UNDERNEATH THE PIERS. WORK TO INCLUDE MOBILIZATION, DEMOBILIZATION AND REMOVAL OF DEBRIS. CONSTRUCTION STAGING WILL BE AT PIER 31. SEPARATE ENCROACHMENT PERMIT TO FOLLOW.
PIER 31, 31.5, 33

WORK INCLUDES

Const. Over Water	Fire Alarms / Sprinklers	Paint Removal	Soil Boring
Dredging	Food Handling	Paving	Tank (under or above ground)
Excavation over 50 C.Y.	Hazardous Materials	Seaford Tanks) ***	Utility Service Equip.
Fill over 50 C.Y.	Interior Demolition	Sidewalk Encroachment	Other

*Holding - Corrosion - Brine Tanks ** NOTE: Contact State Health Dept. Seaford Program at (916) 650-6500 to obtain State approval.

HOLD HARMLESS CLAUSE: The permittee(s) by acceptance of the permit, agree(s) to indemnify and hold harmless the Port of San Francisco (PSF) and/or the City and County of San Francisco (CCSF) from and against any and all claims, demands and actions for damages resulting from operations under this permit, regardless of negligence of the PSF and/or CCSF and to assume the defense of the PSF and/or CCSF against all such claims, demands or actions. In conformity with the provisions of Section 3500 of the Labor Code of the State of California, the applicant shall have coverage under (I) or (II) designated below or shall indicate item (III), or (IV), or (V); whichever is applicable. If however item (VI) is checked item (V) must be checked as well. Mark the appropriate method of compliance below.

- I. Certificate of Consent to Self-Insure issued by the Director of Industrial Relations.
- X** II. Certificate of Workers' Compensation issued by an admitted insurer.
- III. An exact copy of duplicate of (I) certified by the Director of (II) certified by the insurer.
- IV. The cost of the work to be performed is \$100.00 or less.
- X** V. I certify that in the performance of the work for which this permit is issued, I shall not employ any person in a manner so as to become subject to the workers' compensation laws of California. I further acknowledge that I understand, in the event that I should become subject to the workers' compensation provisions of the Labor Code of California and fail to comply forthwith with the provisions of Section 3500 of the Labor Code that the permit herein applied for shall be deemed revoked.
- X** VI. I certify as the owner (person, agent, firm or corporation having a legal or equitable interest in the property), that in the performance of the work for which this permit is issued, I will employ a contractor who complies with the workers' compensation laws of California and who has on file, or prior to the commencement of any work will file with the San Francisco Port Commission evidence that the workers' compensation insurance is carried.

Fee Items	Each	Fee
Amount Paid		

DUPLICATE

FIELD COPY

FOR INSPECTIONS CALL Building (415) 274-0561 Fire (415) 274-0565 Permit Number Required	JOB RECORD CARD MUST BE POSTED AT SITE AT ALL TIMES	THIS PERMIT SHALL EXPIRE BY LIMITATION IF THE AUTHORIZED WORK IS NOT STARTED WITHIN 180 DAYS OF ISSUANCE, OR IF ABANDONED FOR 180 DAYS OR MORE (PER PART OF SAN FRANCISCO BUILDING CODE)
---	---	--

DIVISION	REVIEWER	DATE	COMMENTS/CONDITIONS OF APPROVAL
Accounting			
Arch.			
ADA - Title II	Wendy Proctor	05/18/2018	Approved/Inspection Required. CAPITAL PROJECT INTERDIVIS
Structural	Jon Rager	05/18/2018	Approved. CAPITAL PROJECT INTERDIVISIONAL SIGN-OFF
Utility Pkg. - Mech.	David Ha	05/18/2018	Approved. CAPITAL PROJECT INTERDIVISIONAL SIGN-OFF
Util. Elec.	Raman Singh	10/02/2018	Approved.
Fire	Kyle Haskins	05/24/2018	
Environmental	Kathryn M Purcell	05/18/2018	Approved. CAPITAL PROJECT INTERDIVISIONAL SIGN-OFF
Planning	Mark Packer	05/18/2018	Approved. CAPITAL PROJECT INTERDIVISIONAL SIGN-OFF
Health			
Real Estate	Mark Lowrey	05/18/2018	Approved. CAPITAL PROJECT INTERDIVISIONAL SIGN-OFF
Maritime	Aaron Goffin	05/18/2018	Approved. CAPITAL PROJECT INTERDIVISIONAL SIGN-OFF
Other			
Engineering/Civil	Ken Chu	05/18/2018	Approved. CAPITAL PROJECT INTERDIVISIONAL SIGN-OFF

NO.	INSPECTION	DATE	INSPECTOR	INSPECTION NOTES
	FOUNDATION INSPECTION			
	Grounding Electrode			
	OK TO POUR FT'GS			
	Slab Reinforcement			
	Under Slab Piping			
	Under Slab Elec			
	Under Slab Mech			
	OK TO POUR SLAB			
	FLOOR FRAME INSPECTION			
	Under Floor Piping			
	Under Floor Elec			
	Under Floor Insul			
	FLOOR FRAME OK			
	ROUGH FRAME INSPECTION			
	Frame Rough			
	Elec. Rough			
	Piping Rough			
	Mech. Rough			
	Insulation			
	OK TO COVER			
	SHEAR INSPECTION			
	Interior Shear			
	Exterior Shear			
	Diaphragms			
	SHEAR NAILING OK			
	FIRE MARSHALL INSPECTIONS			
	SPRINKLERS			
	HYDRO TEST			
	ALARMS			
	STAND PIPES			
	WALL BOARD			
	LATHE / SIDING			
	SUSPENDED CEILING			
	Rough Mech			
	Rough Elec			
	TEMP GAS METER AUTH			
	TEMP ELEC METER AUTH			
				<input type="checkbox"/> CHECK IF SUPPLEMENTAL RECORD CARD(S) ISSUED ← NUMBER OF CARDS
				FINAL INSPECTION DATE INSPECTOR ELECTRICAL PLUMBING MECHANICAL FIRE MARSHALL HEALTH ADA - Title II ENVIRONMENTAL X
				ELEC METER AUTH GAS METER AUTH BUILDING (No CPOD Required)
				6/1/19 cchiv.
Pursuant to Part of San Francisco Building Code Sec. 109A, when appropriately signed below, this document shall serve as a Certificate of Final Completion and Occupancy.				
Print Name	Signed	Date		

FIN: 1315-DECK1-1

#B-2018-0121

DUPLICATE

FIELD COPY

MAY 15 2019
PORT OF SAN FRANCISCO

INSPECTION REPORT

COWI



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7th Floor
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WWW cowi.com

MAY 15 2019
PORT OF SAN FRANCISCO

INSPECTION REPORT

PROJECT NO
A077120

DOCUMENT NO

VERSION

DATE OF ISSUE

5/16/19

DESCRIPTION

Inspection Report

PREPARED

JB5W

CHECKED

HMDf

APPROVED

HMDf

CONTENTS

1	Purpose of Report	7
2	Method of Inspection	8
3	Recommendation and Findings	9
3.1	Summary	9
3.2	Detailed Findings	9
3.2.1	Spall on Concrete Beam	9
3.2.2	Shotcrete Beam Repairs	11
3.2.3	Cast in Place Beam Repairs	13
3.2.4	Pile Sleeve Repair	15
3.2.5	Shotcrete Slab Repairs	17
3.2.6	Slab Patch Repairs	19
3.2.7	Pile Cap Repair	21
3.2.8	Access Hole Slab Replacement and Sunken Slab Replacement Slab	24
3.2.9	Asphalt and Expansion Joint	26
3.2.10	Cantilever Repair	28
3.2.11	Electrical Box Repair	30
3.2.12	Sunken Slab Beam Repairs	32
3.2.13	Concrete Encasement Repairs	35

1 Purpose of Report

The purpose of this report is to outline the methodology, findings, and recommendations from two inspections.

The first inspection occurred on April 25th, 2019. The inspection was performed by Jacob Shaw and Hamid Fatehi from COWI. The inspection investigated areas accessible by scaffolding which was a portion of Pier 33. A second inspection occurred on May 14th, 2019. Jim Kearney and Jacob Shaw from COWI performed an above water inspection of the repairs performed on piers 31, 31.5, and 33. Inspections were performed with the help of Christian, Robert, Juan and other staff from Power Engineering Construction.

The purpose of the inspection was to visually confirm the repairs conform with the design drawings.

2 Method of Inspection

The inspections were performed by walking the scaffolding under Pier 33 and by boat for Pier 31 and Pier 31.5. Asphalt placement and expansion joint reconstruction were inspected from above while all other repairs were inspected from below. Repairs were visually inspected and compared to the details as shown in the drawings. No underwater inspection was performed and only the top portion of piles were inspected. The purpose of the inspection was to check the quality of work and conformance to design drawings.

In a single location, a beam was noticed to have severe damage. The purpose of the inspection was not to access the condition of each beam or pile. This beam is included in the report as it is deemed important.

3 Recommendation and Findings

3.1 Summary

From the visual inspection, there was no significant cracking or rust staining noticed on new repaired items. No deviations were noticed from the design details and/or applicable RFI's.

There is a single beam that has severe spalling. It is plausible that the damage occurred after that section of pier was repaired. See Section 3.2.1 for additional information. It is recommended that the beam be repaired with a patch repair.

3.2 Detailed Findings

3.2.1 Spall on Concrete Beam

During the inspection it was noticed that a single beam has a severe spall between Bents 7-8, Row B. The beam was not marked to be repaired in the design drawings and no change order request were issued to repair the beam. It is unlikely that this extent of damage was missed during the inspection and construction. Thus, it is possible that the spall is new. See Figure 1 and 2 for photo of unrepaired concrete beam and the location of the beam.

The beam is an intermediate redundant old railway support beam. The railway support beams are typically spaced at 2-4ft on center. Without the railway loads, the slab can span a typical slab width of at least 8ft as shown by previous truck load calculations. Thus, the slab can span over the intermediate railway support beam and the beam is deemed redundant. It is recommended that the beam be repaired with a patch repair to prevent further deterioration but the need to replace rebar is not required. This is consistent with repair recommendation shown on S2 with note NRR (no rebar repair required) for railway support beams. Other repair methods are likely to be very expensive as there is no longer scaffolding or easy access to this area.



Figure 1 - Picture of Unrepaired Concrete Beam (Taken 5/14/19)

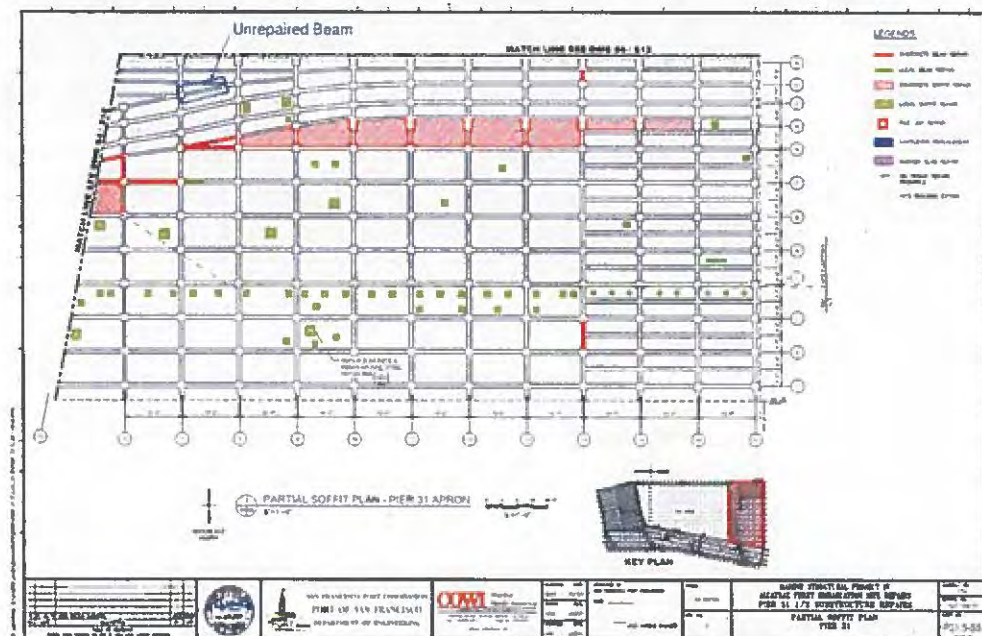


Figure 2 - Location of Unrepaired Beam, Pier 31 Bent 7-8, Row B.

3.2.2 Shotcrete Beam Repairs

The shotcrete beams are in conformance with the design drawings. Design drawing and photograph of typical repair are shown in Figure 3 and Figure 4.

Checklist for Shotcrete Repair

- ✓ Shotcrete Repair is full length and height as noted on Drawing S17, Beam Repair Notes Note 1.
- ✓ Shotcrete Repair looks as intended on drawings
- ✓ No noticed damage, significant cracks, or rust stains.

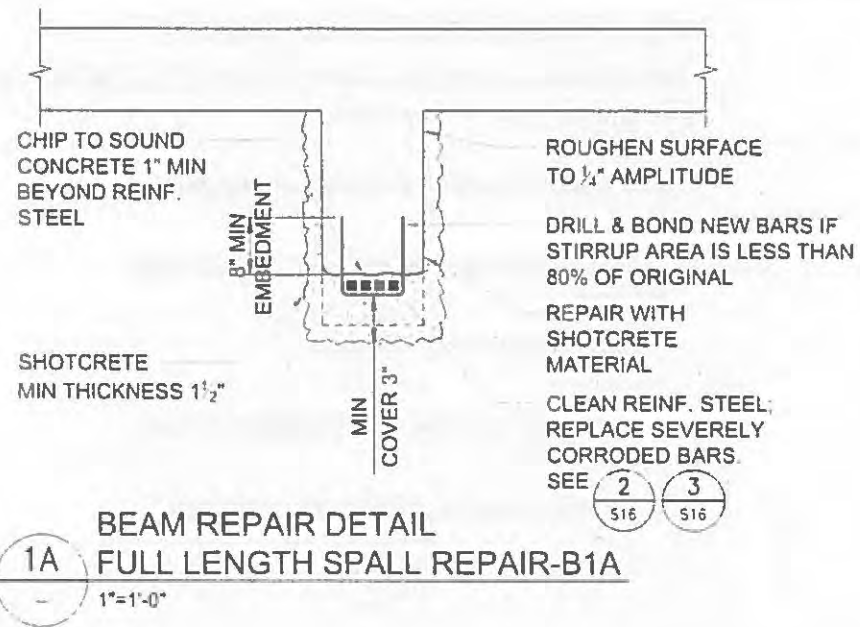


Figure 3 - Shotcrete Design Drawing Detail



Figure 4 - Typical Shotcrete Beam Repair

3.2.3 Cast in Place Beam Repairs

Cast in place beam repairs were performed in accordance with the following detail as shown in Figure 5 and Figure 6.

Check List for Cast in Place Beam Repairs

- Chamfered edges as noted in general notes
- Approximate adequate cover
- No noticed damage, rust straining, or cracks
- General conformance with design details

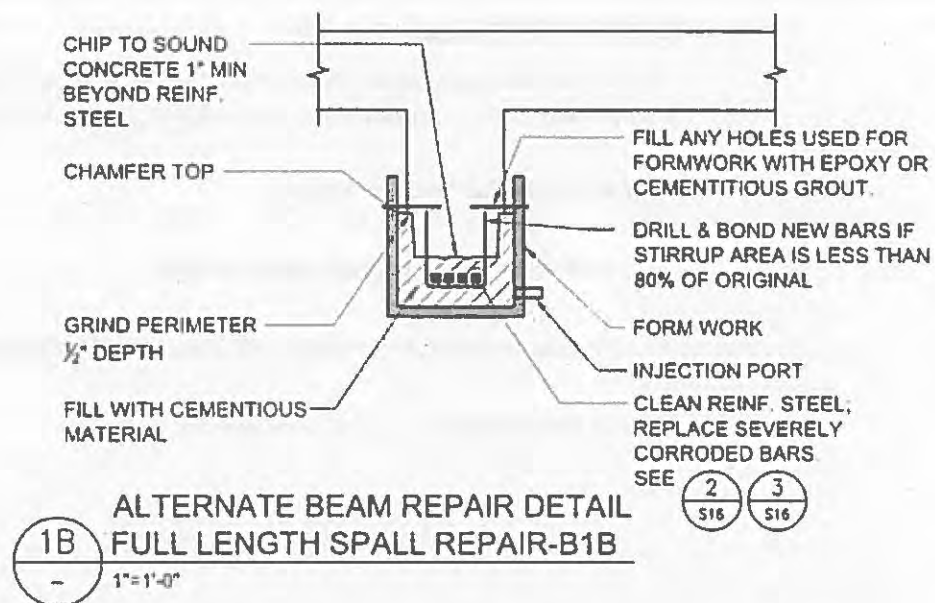


Figure 5 - Beam Repair



Figure 6 - Typical Cast in Place Beam Repair (5/14/2019)

3.2.4 Pile Sleeve Repair

The pile sleeve repair were performed in accordance with design details. The design details and photo of typical repair are shown in Figure 7 and Figure 8.

Checklist for Pile Sleeve Repair:

- ✓ Chamfer at top to prevent water pooling
- ✓ Pile sleeve installed with general conformance with drawings
- ✓ Pile sleeve left on to increase durability

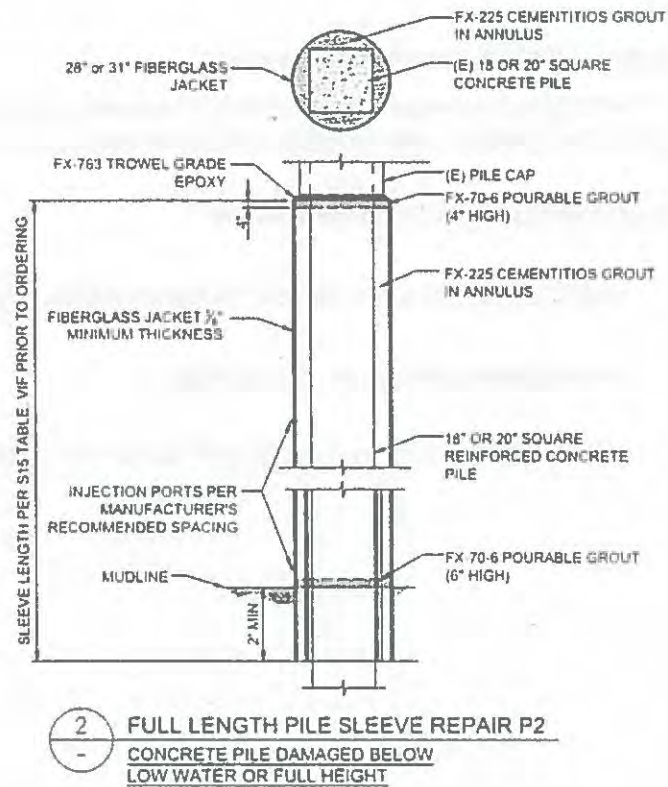


Figure 7 - Pile Sleeve Design Details



Figure 8 - Pile Repair (5/14/2019)

3.2.5 Shotcrete Slab Repairs

The shotcrete slab repairs were performed in conformance with the drawings. Repair details and typical photo is shown in Figure 9 and Figure 10

Checklist for Shotcrete Slab Repairs

- ✓ Shotcrete covers entire bay as noted on Drawing S16.
- No noticeable damage or rust staining.
- ✓ Shotcrete repairs are in general compliance with details.

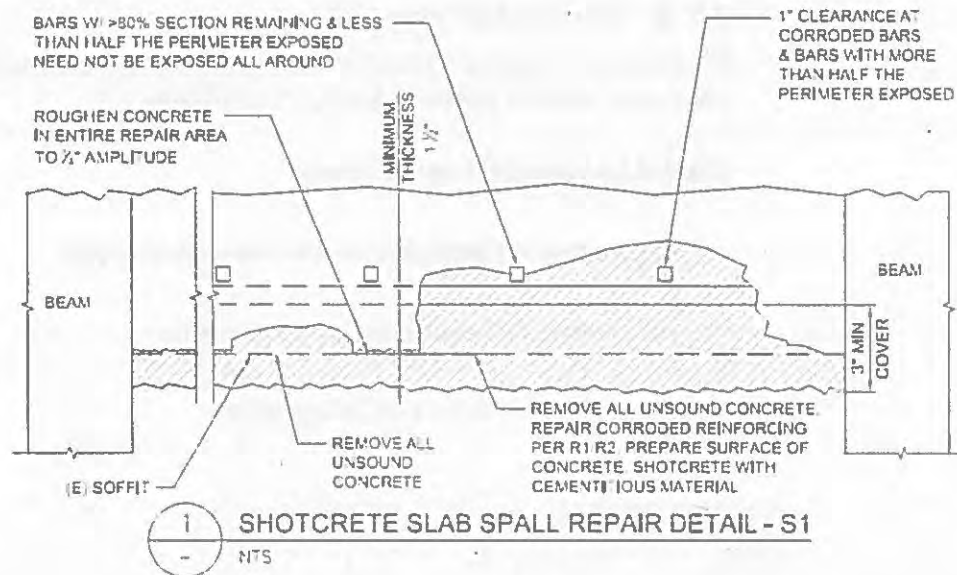


Figure 9 - Shotcrete Detail

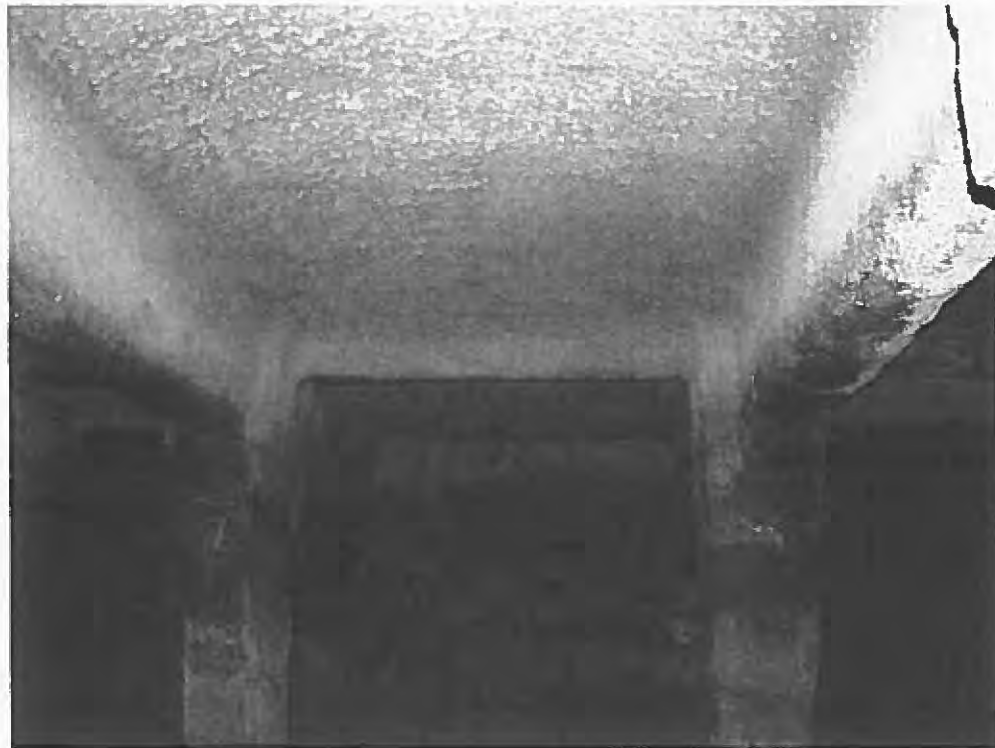


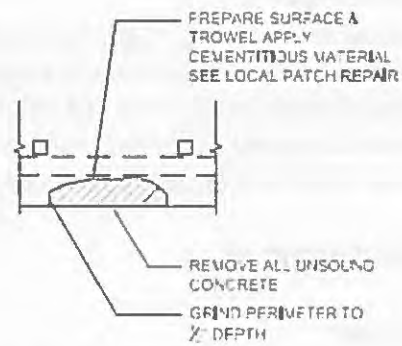
Figure 10 - Typical Shotcrete Repair (5/14/2019)

3.2.6 Slab Patch Repairs

The slab patch repairs are in conformance with the design details. Slab design details and typical photo is shown in Figure 11 and Figure 12

Check List For Slab Patch Repairs

- ✓ Clear perimeter indicating 1/2" saw cut around edges.
- ✓ No damage, rust stains, or noticeable cracks.
- ✓ General conformance with design detail



4 LOCAL SLAB REPAIR DETAIL - S2
-

Figure 11 - Local Slab Repair Detail

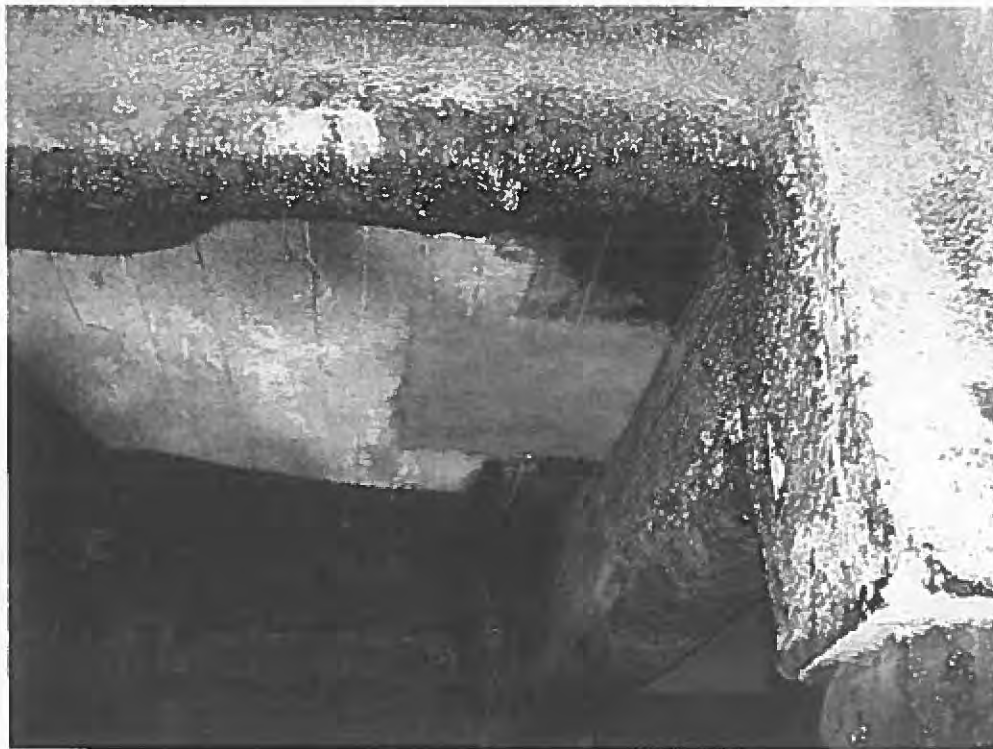


Figure 12 - Typical Slab Patch Repair (5/14/2019)

3.2.7 Pile Cap Repair

The contractor chose the alternative option to form and pour the pile cap repairs. The form and pour details are outlined in the details in Figure 13 and Figure 14. Photos of repairs are shown in Figure 15 and Figure 16. The drawing shows shotcrete repair; the form and pour repair method was not drawn but outlined in notes. The pile cap repair is in accordance with design drawings.

Checklist for Pile Cap Repair

- Chamfered Edges
- Cover looks to be adequate
- General conformance with design drawings
- No damage or rust staining

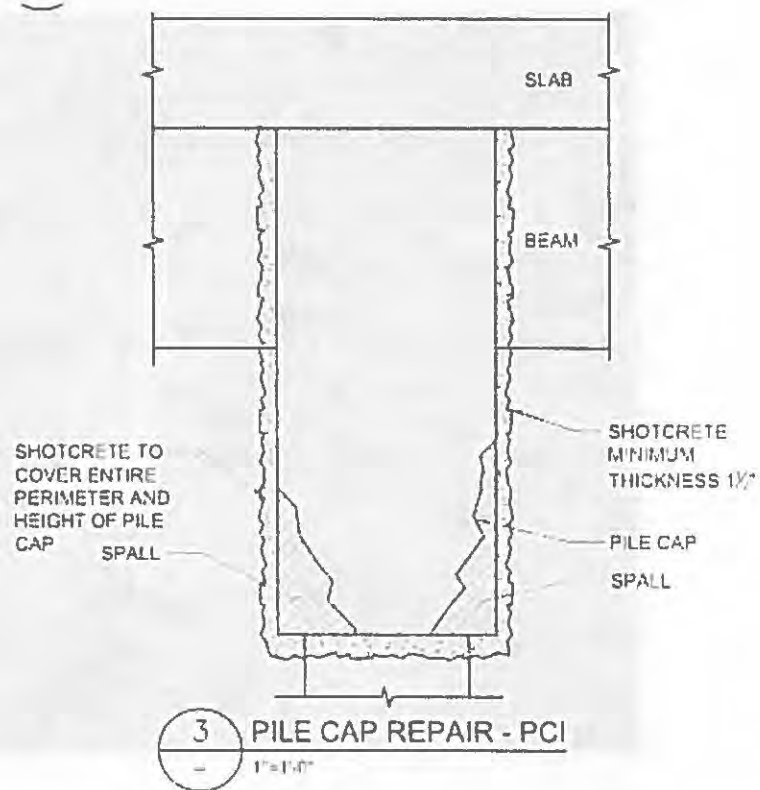


Figure 13 -Shotcrete Cap Beam Repair (Alternative not shown, notes as shown below)

- 4) FORM AND PUMP REPAIR (LARGE AREA ALTERNATE, SEE 1B)
- APPLY SIKA ARMATEC 110 EPOCEM (REINFORCEMENT PROTECTION PRIMER) OR ENGINEER APPROVED EQUIVALENT TO EXPOSED REINFORCEMENT FOLLOW MANUFACTURES REQUIREMENTS AS SPECIFIED IN THE PRODUCT DATA SHEETS
 - PRE-WET SURFACE TO SATURATED SURFACE DRY AND PRIME CONCRETE SUBSTRATE PER MANUFACTURER'S RECOMMENDATIONS.
 - PROVIDE THE FORM WORK AND PUMP SIKACRETE 211 SCC PLUS FROM THE INJECTION PORT. FOLLOW MANUFACTURER'S REQUIREMENTS AS SPECIFIED IN THE PRODUCT DATA SHEET
 - CURE CONCRETE ACCORDING TO THE MORTAR PRODUCT SPECIFICATIONS.

Figure 14 - Alternative Cap Beam Pour Notes



Figure 15 - Small Concrete Pile Cap Repair



Figure 16 - Large Pile Cap Repair

3.2.8 Access Hole Slab Replacement and Sunken Slab Replacement Slab

The access hole replacement slab and the top sunken slab replacement were in conformance with the design details. See detail and photos in Figure 17, Figure 18, and Figure 19.

Checklist for Slab Replacements

- ✓ Chamfered Edges
- ✓ General conformance with design drawings
- ✓ No damage or rust staining

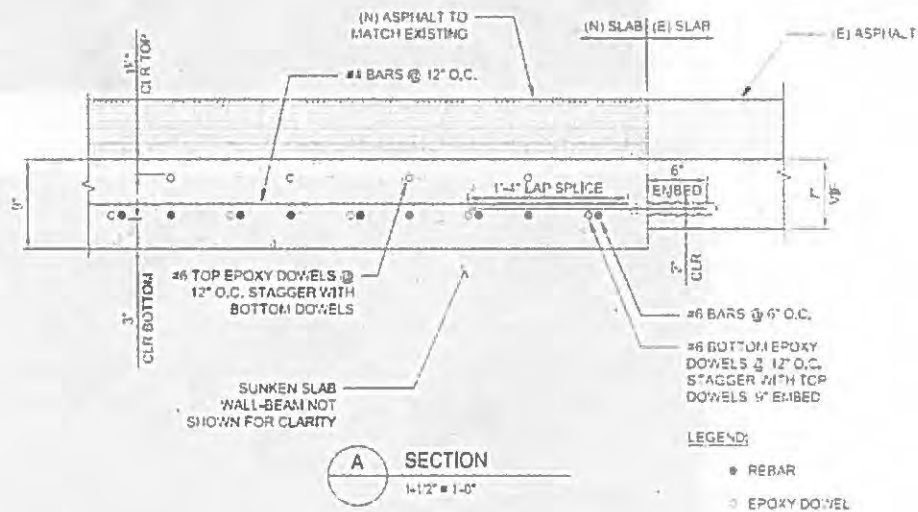


Figure 17 - Replacement Slab Detail

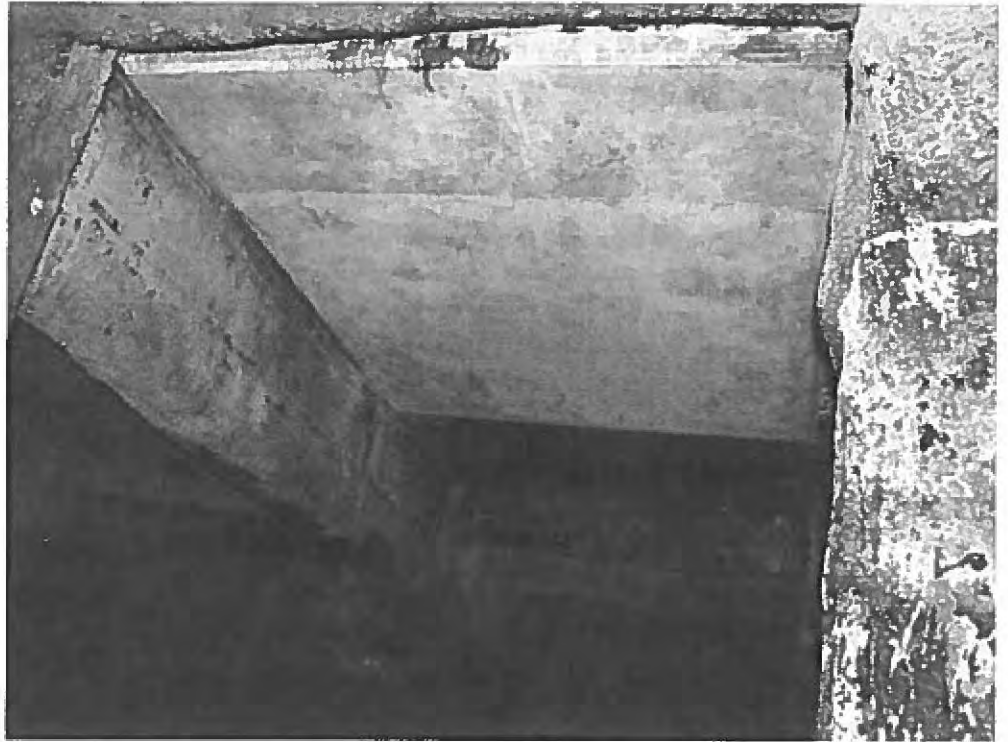


Figure 18 - Access Hole 1 Replacement



Figure 19 - Sunken Slab Opening Replacement Slab

3.2.9 Asphalt and Expansion Joint

The Asphalt and expansion joint look to be in accordance with design drawings. The detail and typical repair photo is shown in Figure 20 and Figure 21.

Checklist for Asphalt and Expansion Joint:

- ✓ Elastomeric Sealant
- ✓ Asphalt graded to match existing
- ✓ No tripping hazards

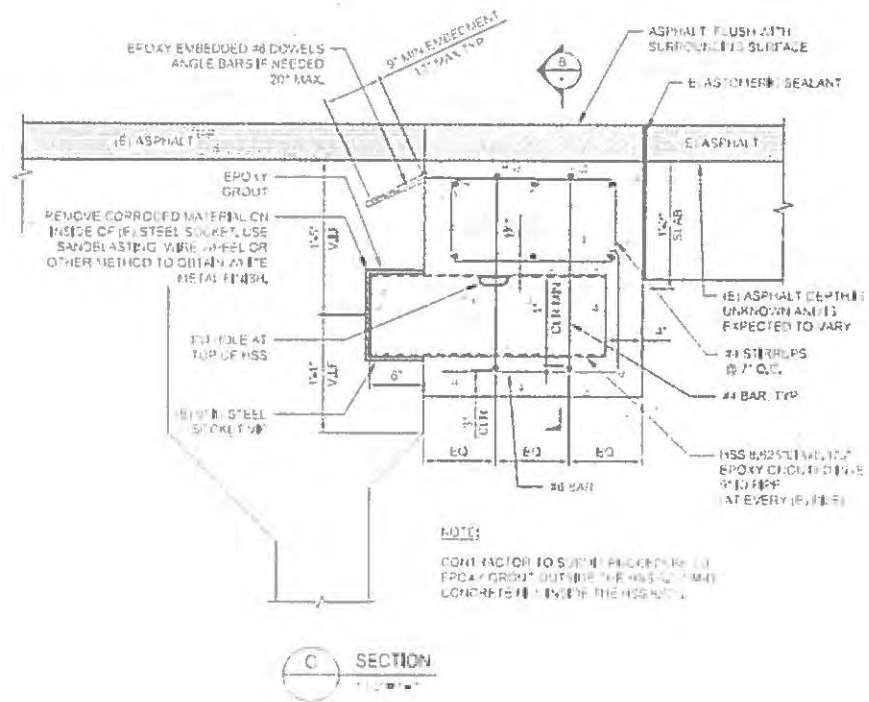


Figure 20 - Cantilever Repair Detail

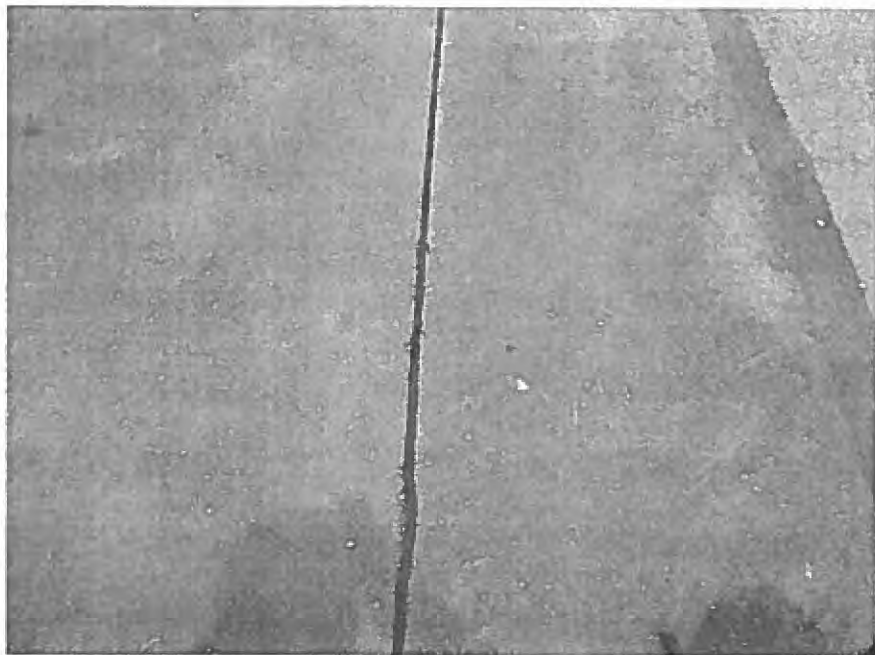


Figure 21 - Cantilever Repair and Asphalt Replacement (5/14/19)

3.2.10 Cantilever Repair

The cantilever repair is in conformance with the design drawings. The design detail and photo are shown in Figure 22 and Figure 23.

Check List for Cantilever Repair

- ✓ Chamfered edges
- ✓ General Conformance with design drawings
- ✓ No visible rust staining, significant cracking, or damage



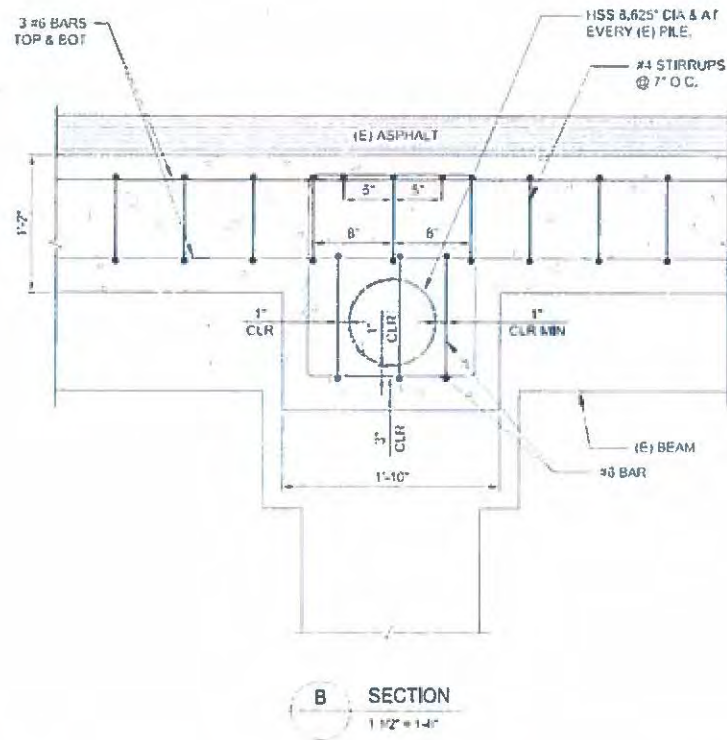


Figure 22 - Cantilever Beam Repair



Figure 23 - Cantilever Beam Repair Photo (11/13/18)*

*The cantilever beam was inspected in the 5/14/19 inspection and the 11/13/18 inspection. Photos for cantilever beam in recent inspection turned out blurry due to boat movement.

3.2.11 Electrical Box Repair

The electrical box repair is in conformance with the design drawings/notes as shown in Figure 24 and Figure 25.

Checklist for Electrical Box Repair

- ✓ Patch around equipment
- ✓ Equipment looks undamaged
- ✓ Patch follows general requirements of patch repair
- ✓ No rust staining, damage, or significant cracking



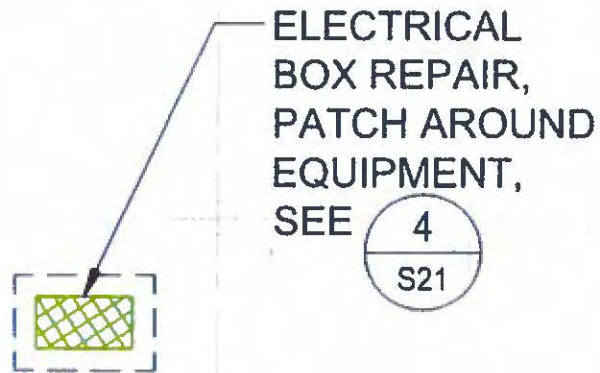


Figure 24 - Electrical Box Repair

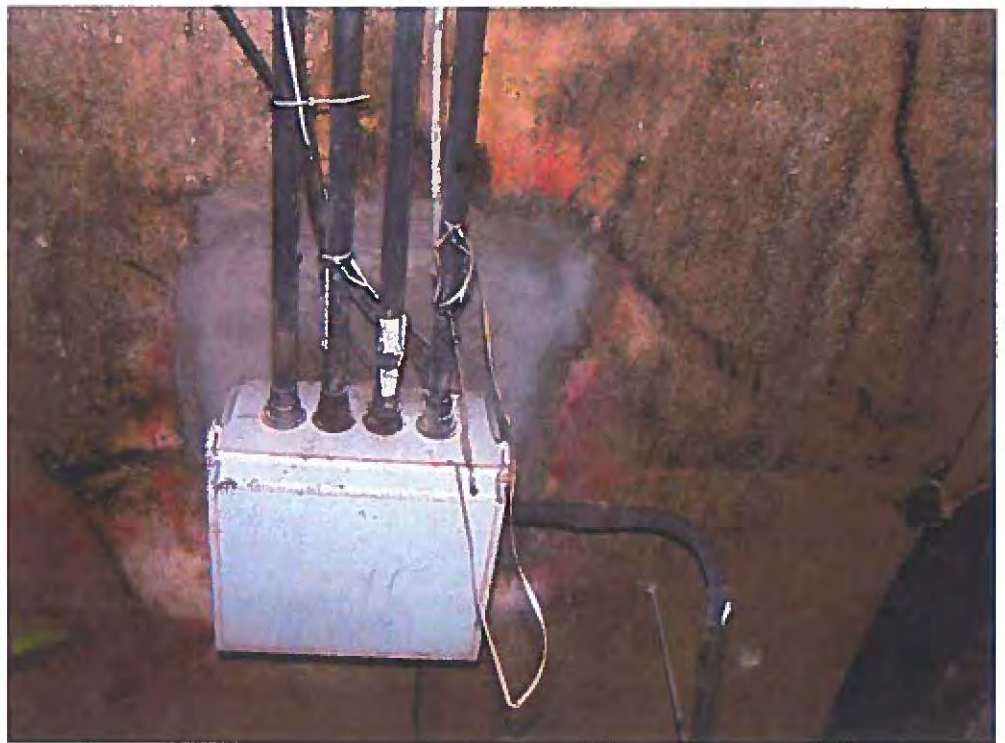


Figure 25 - Electrical Box Repair Photo (5/14/19)

3.2.12 Sunken Slab Beam Repairs

The sunken slab repair is in conformance with the design drawings. The detail and photos are shown in Figure 26, Figure 27, and Figure 28.

Checklist for Sunken Slab

- ✓ Form lower section and shotcrete upper section
- ✓ Chamfer Corners
- ✓ No visible rust staining or significant cracking

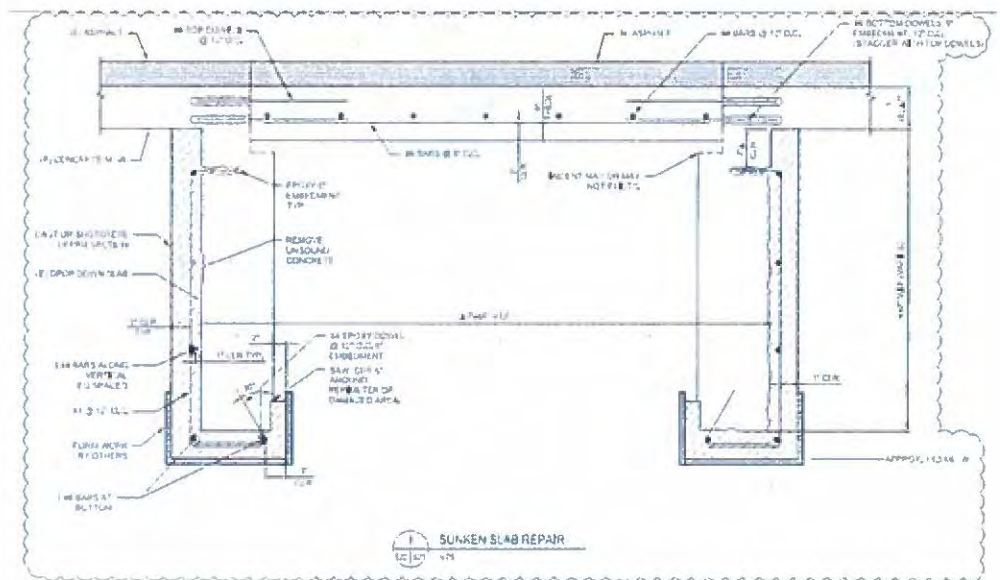


Figure 26 - Sunken Slab Detail



Figure 27 - Sunken Slab on Pier 31.5 (5/15/19)



Figure 28 - Sunken Slab on Pier 33 (5/15/19)



3.2.13 Concrete Encasement Repairs

The concrete encasement is still encased in forms. The encasement follows general details and procedures. COWI has requested photos of the encasement repairs once the form work is removed for visual confirmation the repair follows design details.



Figure 29 - Concrete Encasement Repair

Initial:	
Port:	MM
Tenant:	WPS

SCHEDULE 3 REVISED

FEMA-National Flood Insurance Program Disclosure Notice

The Federal Emergency Management Agency ("FEMA") is revising Flood Insurance Rate Maps ("FIRMs") for San Francisco Bay Area communities. As part of this effort, FEMA is preparing a FIRM for the City and County of San Francisco for the first time. That process may have significant impacts for developing new structures and reconstructing or repairing existing structures on San Francisco's waterfront.

FEMA prepares the FIRMs to support the National Flood Insurance Program ("NFIP"), a federal program that enables property owners, businesses, and residents in participating communities to purchase flood insurance backed by the federal government. The San Francisco Board of Supervisors has adopted a floodplain management ordinance governing new construction and substantial improvements in flood prone areas of San Francisco and authorizing the City's participation in NFIP (as amended, the "Floodplain Ordinance"). The Floodplain Ordinance imposes requirements on any new construction or substantial improvement of structures in city-designated flood zones that are intended to minimize or eliminate flood hazard risks. NFIP regulations allow a local jurisdiction to issue variances to its floodplain management ordinance under certain narrow circumstances, without jeopardizing the local jurisdiction's eligibility in the NFIP. However, the particular projects that are granted variances by the local jurisdiction may be deemed ineligible for federally-backed flood insurance by FEMA.

FIRMs identify areas that are subject to inundation during a flood having a 1% chance of occurrence in a given year (also known as a "base flood" or "100-year flood"). FEMA refers to an area that is at risk from a flood of this magnitude as a special flood hazard area ("SFHA"). To prepare the FIRM for San Francisco, FEMA has performed detailed coastal engineering analyses and mapping of the San Francisco Bay shoreline. The San Francisco Bay Area Coastal Study includes both regional hydrodynamic and wave modeling of the San Francisco Bay, as well as detailed onshore coastal analysis used to estimate wave runup and overtopping, as well as overland wave propagation. These onshore analyses form the basis for the Base Flood Elevations (BFEs) and SFHAs shown on the FIRM.

FEMA initiated preparation of a FIRM for the City in the mid-2000s, and issued a preliminary version of the FIRM in 2007, but did not finalize that map. Subsequently, FEMA completed region-wide analyses of flooding on San Francisco Bay and the Pacific Ocean coastline. FEMA used these studies to prepare another preliminary FIRM for San Francisco, which it issued in November 2015. The preliminary FIRM identified SFHAs along the City's shoreline in and along the San Francisco Bay consisting of "A zones" (coastal areas subject to inundation by tidal surge and waves less than three feet in height) and "V zones" (areas subject to the additional hazards that accompany waves more than three feet in height). These zones generally affect City property under the jurisdiction of the Port of San Francisco and other areas of the San Francisco waterfront, including parts of Mission Bay, Hunters Point Shipyard, Candlestick Point, Treasure and Yerba Buena Islands, and an area adjacent to Islais Creek.

Due to comments and an appeal submitted by the City, FEMA has not yet finalized the FIRM. Sometime during 2019, FEMA intends to issue a revised preliminary FIRM showing changes due to the appeal resolution, and give the City a period (most likely 30 days) in which to comment. Following resolution of any comments, FEMA would finalize the FIRM.

To finalize the FIRM, FEMA will issue a Letter of Final Determination (LFD) stating that the map will be published in final form six months from the date of the LFD (referred to as the "effective date" of the FIRM). During that six-month period, the City must amend the floodplain management ordinance to adopt the new FIRM. After the effective date, the FIRM will be used for all flood insurance and floodplain management purposes.



The federal legislation and regulations implementing the NFIP are located at 42 U.S.C. §§ 4001 et seq.; 44 C.F.R. Parts 59-78, §§ 59.1-78.14. FEMA also publishes "Answers to Questions About the NFIP" and FEMA Publication 186 entitled "Mandatory Purchase of Flood Insurance Guidelines." Additional information on this matter can be found on the City's and FEMA's websites at the following links:

<http://sfgsa.org/san-francisco-floodplain-management-program>

<https://www.fema.gov/national-flood-insurance-program-flood-hazard-mapping>

<https://www.fema.gov/national-flood-insurance-program>

Initial:	
Port:	MM
Tenant:	MSD OR

SCHEDULE 4

Hazardous Materials Disclosure

[Attachment on following page(s)]

Environmental Reports and Documents Regarding Hazardous Materials

National Park Service

September 2019

Pier 31

Pre-Renovation Asbestos and Lead-Based Paint Survey Report, Pier 27, 29, 31 and Annex Buildings (Piers 27 1/2 and 29 1/2), RGA Environmental, Inc., August 11, 1999.

Pier 33

Final Report SAR Project No IHX 30, Limited Asbestos and Lead Paint Survey; Pier 33-Roof, IHI Environmental, 3/10/2006.

Hazardous Materials Survey of Building Components Expected to be Impacted During upcoming renovation; Pier 33, ProTech Consulting and Engineering, May 6, 2010.

Hazardous Materials Survey Report, Wharf 33 Exterior, Sar Project No 3032K, North Tower environmental, 4/29/2004.

Hazardous materials survey report; Pier 33 exterior, North Tower environmental, April 21, 2004.

Limited Asbestos and Lead Paint Survey Pier 33 - Roof, IHI Environmental, March 10, 2006.

Limited Survey Report for Asbestos-Containing Materials and Lead-Based Paints at the Sambo's Restaurant, EnviroScience, Inc., April 1, 1997.

Port of San Francisco and Tenants, Annual Group Evaluation Report (Stormwater), 2013/2014, Port of San Francisco, June 16, 2014.

Port of San Francisco and Tenants, Annual Group Evaluation Report (Stormwater), 2012/2013, Port of San Francisco, 2012/2013.

Initial:	
Port:	MM
Tenant:	ME



SAN FRANCISCO PLANNING DEPARTMENT

Final Mitigated Negative Declaration

*Date of Issuance
of PMND:*

December 6, 2017; amended on February 15, 2018 (amendments to the PMND are shown in deletions as ~~striketrough~~; additions in double underline)

Case No.:

2017-000188ENV

Project Title:

Alcatraz Ferry Embarkation Project

Zoning:

Light Industrial District
40-X Height and Bulk District

Block/Lot:

9900/031, 031H, 033 (Pier 31½), and 200-150-07 (Fort Baker)

Project Area:

73,800 square feet (Pier 31½) and 39,200 square feet (Fort Baker)

Project Sponsor

National Park Service
Brian Aviles – (415) 624-9685
Golden Gate National Parks Conservancy
Catherine Barner – (415) 561-3000
Port of San Francisco
Diane Oshima – (415) 274-0553
San Francisco Planning Department
Julie Moore – (415) 575-8733
julie.moore@sfgov.org

Lead Agency:

Staff Contact:

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION:

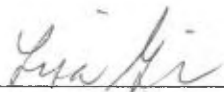
Alcatraz Island, a national historic landmark, is part of and managed by the Golden Gate National Recreation Area, a National Park Service unit that includes numerous park facilities within the San Francisco Bay area, including Fort Mason, Fort Baker, Ocean Beach, and Crissy Field. Under the proposed project, the Park Service seeks to enter into a long-term agreement with the Port of San Francisco for the development and operation of an improved ferry embarkation site at Pier 31½ to support Alcatraz Island visitors. The Port agreement would require the Park Service's selected concessioner to renovate the marginal wharf, the Pier 33 bulkhead buildings, and portions of the Pier 31 and Pier 33 shed buildings. In addition, the Park Service's partner, the Golden Gate National Parks Conservancy, would renovate the Pier 31 bulkhead building and additional portions of the Pier 31 and Pier 33 shed buildings. Renovations would provide a combination of indoor and outdoor spaces to welcome, orient, and provide improved basic amenities for the public. The proposed project would also include other administrative and operational spaces, such as new boarding ramps and floats to support the berthing of up to three ferry boats at a time. These improvements would establish an identifiable and well-functioning facility to provide a quality experience for visitors. The proposed project would also establish limited ferry service between Pier 31½ and the existing Fort Baker pier, as well as interpretive cruises around the bay.

FINDING:

This project could not have a significant effect on the environment. This finding is based upon the criteria of the Guidelines of the State Secretary for Resources, Sections 15064 (Determining Significant Effect), 15065 (Mandatory Findings of Significance), and 15070 (Decision to prepare a Negative Declaration), and the following reasons, as documented in the Initial Evaluation (Initial Study) for the project, which is attached.

Mitigation measures are included in this project to avoid potentially significant effects. See Section F, Mitigation Measures and Improvement Measures.

In the independent judgment of the Planning Department, there is no substantial evidence that the project could have a significant effect on the environment.



Lisa Gibson
Environmental Review Officer

2/23/18

Date of Issuance of Final Mitigated
Negative Declaration

cc: Ming Yeung, Port of San Francisco
Master Decision File
Distribution List

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

RESOLUTION NO. 18-39

- 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, The Golden Gate National Recreation Area (“GGNRA”) established as a unit of the National Park Service (“NPS”) in 1972, encompasses more than 80,000 acres of coastal lands in Marin, San Mateo and San Francisco counties. One of GGNRA’s most prominent sites is Alcatraz Island which is historically significant as part of early coastal fortification systems and later as a federal prison; and
- WHEREAS, Since 1972, the Port of San Francisco has served as the embarkation point for tourists and local residents visiting Alcatraz Island; and
- WHEREAS, NPS is empowered by the federal government to issue a bid prospectus and to select a ferry concessioner through a competitive process; and
- WHEREAS, The Port has periodically negotiated leases with ferry concessioners for embarkation locations to Alcatraz Island, with the embarkation point moving from Pier 41 to Pier 31½ as different ferry companies with leaseholds along Port property have been selected through the NPS ferry-bid process; and
- WHEREAS, The Port and NPS share a common goal of enhancing the Alcatraz visitor experience through significant investments in landside and waterside capital improvements – to improve the ease of movement of the more than 1.5 million visitors each year – and in interpretative installations and site amenities including food, retail, and restrooms; and
- WHEREAS, Alcatraz Island, access to which is controlled by NPS, is a one-of-a-kind visitor destination, attracting thousands of people each day to the waterfront and providing revenues roughly double the amount the Port would expect for a similar use not associated with Alcatraz Island; and
- WHEREAS, In 2008, the Port’s Executive Director and the GGNRA Superintendent began discussions about NPS selecting a permanent embarkation point at the Port and entering a direct agreement with the Port that governs the terms by which the embarkation point would be leased to NPS’s concessionaires; and

- WHEREAS, By entering such a direct agreement for the use of a set embarkation point, NPS, the Port and the public could be spared the disruption of moving the service each time a new concessioner is selected; and
- WHEREAS, Port staff, based on site criteria developed in conjunction with NPS staff, identified the following five potential Port properties for a permanent Alcatraz Embarkation location: Piers 19½, 29 ½, 31½, 41, and 45 Shed A as detailed in a December 3, 2009 informational presentation to the Port Commission; and
- WHEREAS, NPS completed a draft Environmental Impact Study under the National Environmental Policy Act to support its site selection process; and
- WHEREAS, Port staff in coordination with NPS staff selected Pier 31½ as the preferred Alcatraz Embarkation site and updated the Port Commission in a May 26, 2015 informational presentation; and
- WHEREAS, Pier 31½ is part of the Northeast Waterfront area and retail, food and beverage, and ferry service are allowed uses in such area under the Port's Waterfront Land Use Plan;; and
- WHEREAS, NPS developed an implementable vision for the project (the "Project") for Alcatraz ferry service and amenities within the bulkheads and portions of the sheds of Piers 31 and 33 and the Pier 31½ marginal wharf (the "Site"); and
- WHEREAS, The Site is currently operated for ferry service to Alcatraz Island and supporting food and beverage; the Project would expand existing uses to include a visitor contact station and ancillary retail uses, and
- WHEREAS, NPS has determined that a long-term embarkation site is desirable to improve the quality of the Alcatraz visitor experience; and
- WHEREAS, NPS has partnered with the Golden Gate National Parks Conservancy (the "Conservancy"), a local nonprofit dedicated to conservation of GGNRA lands through public education, historic interpretation, public access, and capital improvements, as part of its long-term plan for the Site; and
- WHEREAS, The Conservancy is a local nonprofit with a proven track record of developing and operating memorable and stimulating visitor experiences in nationally- and internationally-renowned destinations including Alcatraz Island cell house tours and Museum Store, Golden Gate Bridge Welcome Center, Crissy Field Center, and Lands End Visitor Center, among others; and
- WHEREAS, The shared vision of a unified visitor experience - from site entrance and orientation, to ferry embarkation, to Alcatraz Island and jailhouse –

requires specialized knowledge of and experience in historic interpretation and education; and

WHEREAS, As set forth in Administrative Code Section 2.6-1, the Board of Supervisors' policy is to approve only such proposed leases involving City property or facilities that departments have awarded to the highest responsible bidder under the competitive bidding procedures, except where competitive bidding is impractical or impossible; and

WHEREAS, Development of an embarkation site with access to Alcatraz Island, a visitor contact station and retail and food and beverage amenities presents an important opportunity to provide public serving, cultural, historic and other significant public benefits to the people of the City, the entire Bay Area region and beyond, including an opportunity for a significantly improved one-of-a-kind waterfront destination that will achieve public access objectives for the Site while adding an attractive mix of uses and destinations along the waterfront; and

WHEREAS, The achievement of the Port's goal of retaining the Alcatraz embarkation site and the benefits noted above on Port property requires negotiating directly with NPS and NPS's selected partner, the Conservancy; and,

WHEREAS, NPS and Port staff negotiated, on a sole source basis, a Term Sheet dated July 7, 2016 (the "Term Sheet"), which sets forth the essential terms upon which the Port and NPS would negotiate in good faith to reach agreement on a final agreement (the General Agreement or GA) regarding the Project leases that will be attached to the GA: a form lease with the NPS-selected concessioner for ferry service and a lease with the Conservancy for a visitor contact station, retail, and food and beverage uses; and

WHEREAS, On July 12, 2016, the Port Commission approved Resolution No. 16-30 endorsing the Term Sheet and authorizing the Executive Director of the Port to execute the Term Sheet and present the Term Sheet to the Board of Supervisors for its endorsement and a determination that the proposed Project is exempt from competitive bidding requirements pursuant to Administrative Code Section 2.6-1; and

WHEREAS, On November 29, 2106 the Board of Supervisors adopted Resolution No.497-16 endorsing the Term Sheet and exempting the Project from the competitive bidding policy set forth in Administrative Code, Section 2.6-1; and

WHEREAS, The Port and NPS have negotiated a final GA regarding the Project and its associated lease attachments; and

- WHEREAS, The GA between the Port and NPS has a term of up to 50 years (30 years plus two 10-year options to extend) for the Alcatraz Island ferry embarkation site on Piers 31, 31½, and 33; and
- WHEREAS, The GA designates the Site as the long-term sole visitor contact station and ferry embarkation for public access to Alcatraz Island and outlines independent and joint obligations, such as NPS selecting and contracting for ferry concession services and the Port entering leases with NPS's selected operator(s) for ferry concessions and the Conservancy for visitor services and a café, and
- WHEREAS, The GA describes capital obligations of the ferry concessioner, the Conservancy, and the Port, and provides for clarity, cooperation and coordination throughout the term between the Port and NPS as further described in the June 7, 2018 Memorandum to the Port Commission that accompanied this Resolution (the "Memorandum"); and
- WHEREAS, NPS is solely responsible for selection of and contracting with operators for the ferry concession (the "Ferry Concession Contract") and Port has no role in the selection, solicitation, and/or award of a contract to a selected operator (a "Ferry Concessioner"); and
- WHEREAS, On January 18, 2018, the National Park Service (NPS) released a prospectus (the "Prospectus") soliciting proposals to operate Alcatraz passenger ferry service and associated services within Golden Gate National Recreation Area; and
- WHEREAS, As set forth in the Prospectus, the term of the new Ferry Concession Contract will be for fifteen (15) years and proposals are due in summer 2018; and
- WHEREAS, That in the support of the issuance of a timely and appropriate supplemental wage determination (the "Supplemental Wage Determination"), Port staff forwarded correspondence to the attention of the Department of Labor including publicly-available data on the current wages for relevant occupations at Port ferry operations; and
- WHEREAS, NPS published the Supplemental Wage Determination from the Department of Labor for commonly used labor classifications for a San Francisco passenger ferry operation (e.g. Master Captain, Senior Deckhand/Mate, Deckhand and Able-Bodied Seaman) and has amended the Prospectus with the Supplemental Wage Determination on May 21, 2018; and
- WHEREAS, The initial and each subsequent NPS prospectus for a Ferry Concession Contract must include as part of the information furnished in the

Prospectus a form lease (a “Ferry Concessioner Lease”) prepared and approved by the Port that the Ferry Concessioner will be required to sign; and

WHEREAS, Under the GA, the Port agrees to enter into a Ferry Concessioner Lease for portions of the Site with the Initial Ferry Concessioner substantially in the form of the lease attached to the GA with no changes other than (A) changes agreed to by the Port and NPS in the sole discretion of each; and (B) to add new Laws and City Requirements effective as of the commencement date of the Ferry Concessioner Lease; and

WHEREAS, Subsequent Ferry Concession Leases will be prepared by Port based on the then-current Ferry Concessioner’s Lease and the then-current standard terms and conditions in the Port’s form lease for similar operations, including retail/maritime uses, and shall include all then-applicable City Requirements; and

WHEREAS, Each Ferry Concessioner will be required to pay monthly Base Rent for its premises, escalated annually, and

WHEREAS, In addition to Base Rent, the Ferry Concessioner shall pay monthly Percentage Rent on the difference between the Gross Revenue minus the NPS Concession Franchise Fee, but only to the extent that such amount exceeds Base Rent, and

WHEREAS, The NPS-selected Initial Ferry Concessioner must complete the following no later than the 5th anniversary date of the Ferry Concessioner Lease: waterside improvements, including new ferry barges, docks and associated infrastructure; Pier 31½ Marginal Wharf deck surface and visitor amenities; Pier 33 Shed visitor restrooms; Pier 31 bulkhead restrooms; interior improvements in the Pier 31 and Pier 33 Sheds; Pier 33 South Bulkhead Building ticketing area improvements; and demolition of a portion of the 2nd floor of the Pier 33 South Bulkhead Building and construction of a mezzanine area(together, the “Embarkation Site Improvements”); other material business terms are set forth in the attached Memorandum; and

WHEREAS, Upon completion of the Embarkation Site Improvements the Initial Ferry Concessioner shall be entitled to a rent credit in a maximum amount of \$2,520,000 for the Embarkation Site Improvements as generally described above and further set forth in the attached Memorandum; and

WHEREAS, Once the Embarkation Site Improvements are completed, certain portions of the property will be turned over to the Conservancy; and

- WHEREAS, Port and NPS agree that, in order to enhance the visitor experience, NPS selected the Conservancy to provide the interpretive retail and food and beverage services and other public amenities at the Site and as described above, the Board of Supervisors exempted the lease with the Conservancy from the City's competitive bidding policy; and
- WHEREAS, Port has negotiated a lease with the Conservancy for initial and potentially future site improvements and to operate visitor amenities including a visitor contact station and café consistent with the GA for a 30-year term with two 10-year options; and
- WHEREAS, The current sole source exemption under Board of Supervisors Resolution No.497-16 covers the initial thirty (30) year term of the Conservancy Lease, Port proposes to extend the sole source exemption for the two 10-year option periods because it will provide for continuing capital improvements to its premises and will continue to provide a cohesive visitor experience to the Site; and
- WHEREAS, The Conservancy will be required to pay monthly Base Rent, escalated annually, for its premises. In addition to Base Rent, the Conservancy shall pay monthly Percentage Rent on the amount by which Gross Revenues exceed Base Rent; other material business terms are set forth in the attached Memorandum; and
- WHEREAS, The Conservancy shall construct improvements including the build-out of the Pier 31 bulkhead cafe; and in a later phase the Pier 33 visitor contact station/interpretive retail center (together, the "Initial Tenant Improvements"); and
- WHEREAS, The Conservancy must complete the Initial Tenant Improvements no later than the first anniversary of each of the two phases, and upon completion the Conservancy shall be entitled to a rent credit of \$554,000 for the Initial Tenant Improvements as further described in the Memorandum; and
- WHEREAS, The entire Site is subject to the common law public trust for commerce, navigation and fisheries and the Burton Act statutory trust (collectively, the "Public Trust"); and
- WHEREAS, Use of Public Trust lands is generally limited to maritime commerce, navigation, fisheries, water-oriented recreation, including commercial facilities that must be located on or adjacent to water, and environmental stewardship and recreation, such as natural resource protection, wildlife habitat and study, and facilities for fishing, swimming, and boating; and
- WHEREAS, Ancillary or incidental uses that promote Public Trust uses or accommodate public enjoyment of Public Trust lands such as hotels,

restaurants, and visitor-serving retail are also permitted on Public Trust lands; and

WHEREAS, The Project has been planned and designed to provide multiple Public Trust benefits delivered via development and use of the Site as a long-term home for Alcatraz ferry and other maritime excursions, with various visitor-serving amenities including public access space and uses, an interpretive retail center and a restaurant/café serving Alcatraz ferry passengers as well as the general public; and

WHEREAS, A Preliminary Mitigated Negative Declaration (PMND) for the Project was prepared and published for public review on December 6, 2017; and

WHEREAS, On December 27, 2017, an appeal of the decision to issue the Final Mitigated Negative Declaration (FMND) was filed within the 30-day public review period; and

WHEREAS, The Planning Department prepared responses to Sausalito's comments, made minor revisions to the PMND and on February 22, 2018, the Planning Commission held a public hearing on the PMND and after consideration of the points raised by the appellant, both in writing and at the February 22, 2018 hearing, found that the contents of the PMND and the procedures through which the PMND was prepared, publicized, and reviewed complied with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (CEQA), 14 California Code of Regulations Sections 15000 et seq. (the "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31") and finalized the PMND (the Final MND); and

WHEREAS, The Planning Commission found the FMND was adequate, accurate and objective, reflected the independent analysis and judgment of the Department of City Planning and the Planning Commission, and reaffirmed its conclusion that the Project could not have a significant effect upon the environment; and

WHEREAS, On February 23, 2018, the Environmental Review Officer signed the FMND for the Project and the Final MND was issued in compliance with CEQA, the CEQA Guidelines and Chapter 31; and

WHEREAS, The Commission Secretary for the Planning Department, Jonas Ionin, is the custodian of records at 1650 Mission Street, Fourth Floor, San Francisco, California; and

WHEREAS, Port staff prepared a Mitigation Measures and Improvement Measures Monitoring and Reporting Program (MMRP), which material was made

available to the public and this Commission for this Commission's review, consideration and action; and now, therefore be it

RESOLVED, That retaining the high-revenue generating, maritime Alcatraz embarkation use on Port property is a priority for economic and visibility reasons, with no similar use able to attract the number of visitors and economic activity generated by the internationally-known Alcatraz Island; and be it further

RESOLVED, That the Board of Supervisors exempted the Project from the competitive bidding policy set forth in Administrative Code, Section 2.6-1, including (1) a lease for ferry service to Alcatraz Island with a future concessioner selected by NPS and (2) a lease with the Golden Gate National Parks Conservancy; and be it further

RESOLVED, That Port Commission directs staff to seek a determination that the entire term of the Conservancy Lease, including the two extension options are exempt from competitive bidding requirements pursuant to Administrative Code, Section 2.6-1; and be it further

RESOLVED, That prior to execution of the Initial Ferry Concessioner Lease, the Operations Plan included in the lease will be updated to reflect the following annual limits for interpretive park cruises: 45,000 passengers in years 1 and 2; 46,125 passengers in year 3; 47,278 passengers in year 4; 48,460 passengers in year 5; and 90,000 passengers annually in year 6 through lease expiration after year 15; and, be it further

RESOLVED, That in addition to the remedies the Port may have for any violation of the Operations Plan, including but not limited to the declaration of a material default, the initial Ferry Concessioner Lease shall provide that any violation of the limits noted above in a given year will result in an equivalent reduction of the interpretive cruise passenger limit in the following year; and, be it further

RESOLVED, That a provision shall be added to the GA to prohibit interpretive park cruises from any subsequent Ferry Concessioner Lease without the prior consent of both the Port and NPS, in each such party's sole discretion; and, be it further

RESOLVED, That in acknowledgement of the concerns raised by the City of Sausalito as to future construction at Fort Baker, the General Agreement should be amended to include a statement noting that the parties intend to comply with any required environmental and regulatory reviews and approvals for any proposed changes to the vessel landing operations at Fort Baker; and be it further

RESOLVED, That subject to Board of Supervisors' approval, the Port Commission approves the GA between the Port and NPS that designates the Site as the long term sole visitor contact station and ferry embarkation for public access to Alcatraz Island on the terms further described in the Memorandum; and be it further

RESOLVED, That the Port Commission approves the form of lease for the Initial Ferry Concessioner substantially in the form of the lease attached to the GA as further described in the Memorandum with no changes other than (A) changes agreed to by the Port and NPS in the sole discretion of each; and (B) to add new Laws and City Requirements effective as of the commencement date of the Lease; and be it further

RESOLVED, If space within the Site is not available, Port may allow the Initial Ferry Concessioner to use additional space under a Port license or other agreement subject to Port's standard terms and conditions for such agreements and payment of rent as specified in the then-current published Port Commission-approved rental rate schedule; provided that, Port agrees to waive the requirement to pay rent for up to 3,000 square feet of space for up to two (2) years during construction of the Embarkation Site Improvements; and be it further

RESOLVED, The Port Commission authorizes Port staff to prepare and execute leases for portions of the Site with subsequent Ferry Concessioners selected by NPS based on the then-current Ferry Concessioner's Lease and the then-current standard terms and conditions in the Port's form lease for similar operations, including retail/maritime uses, which shall include all then-applicable City Requirements; and be it further

RESOLVED, Each Ferry Concessioner shall have a one-time right of first refusal to use specified, additional aprons in the Water Basin, as available and appropriate for such use, for lay berthing subject to the Ferry Concessioner entering into a Port license or other agreement subject to Port's standard terms and conditions for such agreements and payment of rent as specified in the then-current published Port Commission-approved rental rate schedule for a term that may exceed five years but may not exceed the term of the associated Ferry Concessioner Lease; and be it further

RESOLVED, That, subject to Board of Supervisors' approval, the Port Commission approves the Conservancy Lease for initial and ongoing site improvements and to operate visitor amenities including a visitor contact station and café consistent with the GA for a thirty (30) year term with two (2) ten (10) year options as further described in the Memorandum; and be it further

RESOLVED, That the Port Commission has reviewed and considered the FMND and the record as a whole, finds that the FMND is adequate for its use as the decision-making body for the Project, that there is no substantial evidence that the Project will have a significant effect on the environment with the adoption of the measures contained in the MMRP to avoid potentially significant environmental effects associated with the Project, and hereby adopts the FMND; and be it further

RESOLVED, That the Port Commission hereby adopts the FMND and the MMRP attached hereto as Attachment A and incorporated herein as part of this Resolution by this reference thereto and all required mitigation measures identified in the FMND and contained in the MMRP will be included in the lease between the Port and each successive Ferry Concessioner and the Port and the Conservancy; and be it further

RESOLVED, That the Port Commission finds that the Project, including the GA and leases is consistent with the Public Trust in that the Project will provide multiple Public Trust benefits delivered via use of the Site as a long-term home for Alcatraz ferry and other maritime excursions, with various visitor-serving amenities including public access space and uses, an interpretive retail center and a restaurant/café serving Alcatraz ferry passengers as well as the general public; and be it further

RESOLVED, That, upon approval by the Board of Supervisors as described above, the Port Commission authorizes the Executive Director of the Port, or her designee, to execute the GA, initial Ferry Concession Lease, successive Ferry Concession Leases and the Conservancy Lease; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director of the Port, or her designee, to enter into any amendments or modifications to the General Agreement, initial Ferry Concession Lease, successive Ferry Concession leases and the Conservancy lease and to exercise associated extension options that the Executive Director determines, in consultation with the City Attorney, are in the best interests of the Port, do not materially decrease the benefits to or materially increase the obligations or liabilities of the Port, and are in compliance with all applicable laws 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 June 25, 2018.


Secretary



MEMORANDUM

April 26, 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 approve a Second Amendment to the Lease with Golden Gate National Parks Conservancy at Pier 31 and 33.

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

EXECUTIVE SUMMARY

Golden Gate National Parks Conservancy (**Conservancy**) has a 30-year Lease with the Port to build and operate a public serving café (**Phase I Improvements**) and an interpretive retail and visitor center (**Phase II Improvements**) at the Alcatraz Landing site at Pier 31. The Lease commenced on October 15, 2019, and Base Rent was set to start on July 12, 2020. The original target construction completion date for the Phase I Improvements was October 15, 2020. Due to the COVID pandemic, construction never commenced, and the Port and the Conservancy have since been actively seeking a solution to update the Lease to account for the delayed Phase I Improvements and move the project forward.

While originally positioned to begin the work, and with a Sublease Tenant under the Letter of Intent as the café operator (Boudin Bakery), the project was halted. As the COVID

pandemic set in, the Conservancy's financial position eroded and negotiations with the café subtenant proved challenging. Despite these project delays, the Conservancy started paying base rent in October 2022 in good faith and continues to pay on the vacant, shell space. The continued delay in initiating the Phase I Improvements is a result of construction cost increases (the original estimate was \$3.692 million, and the current estimate is \$5.095 million), and further challenges with the sublease negotiations for the café space.

Port Staff briefed the Port Commission in closed session on March 9, 2021, February 14, 2023, and most recently on February 6, 2024, regarding the then-current status of the agreement.

The Conservancy is now prepared to move the project forward, as economic conditions and the prospect of leasing the café space have improved. The Conservancy intends to proceed with construction of the Phase I Improvements at their cost in anticipation of a future café operator, building a generic café warm shell (see **Exhibit A**). The Conservancy has also hired a reputable retail broker, Maven, to procure a new café operator to take delivery of the shell space, install fixtures, furnishings, and equipment (FF&E) suitable to their operation, and open. The Conservancy expects to have the café up and operating by late 2025.

To clean up the Lease delinquency from 2020 and 2021 and facilitate moving the project ahead under a feasible economic structure, modifications to the original Lease are necessary. Based on the Conservancy's good faith efforts with continued payment of Base Rent and commitment to resolving the outstanding Lease performance issues, and with the support of the National Park Service (**NPS**), Port Staff have negotiated a proposed Second Amendment to Lease (**Amendment**), subject to Port Commission and Board of Supervisors approval.

The proposed Amendment terms are as follows:

- Collection of eighty-five percent (85%) of the unpaid Base Rent, \$289K, for the period July 1, 2020 to September 30, 2022.
- An extension of the Lease term for an additional 3 years, including Base Rent and percentage rent, with a new expiration date of June 30, 2052.
- Updated café construction delivery date of December 31, 2025.
- Rent Credits for the purpose of funding increased construction costs of both the Phase I Improvements and Phase II Improvements increased by \$246,000, from \$554,000 to \$800,000 or approximately \$87 per square foot.
 - *\$440,000 of the credit will be applied to costs associated with the Pier 31 café/Phase I and \$360,000 will be applied to the Pier 33 retail space/Phase II.*

- The Conservancy will share fifty percent (50%) of any excess rents from restaurant subtenants, a term which has become increasingly important to the Conservancy and is common in commercial leases to incentivize increased subleasing activities and revenues.

Port Staff recommends proceeding with the Amendment as proposed. The Amendment will allow the Conservancy to proceed with construction and tenancy to further activate a public amenity in that area (a currently vacant space). This will support economic recovery and is a primary goal of the Port and NPS.

STRATEGIC PLAN ALIGNMENT

Completion of the café at Pier 31 will support the following Strategic Plan goals:

Economic Recovery:

The Pier 31 bulkhead space has been vacant for years. Successful activation of this space by an experienced operator will generate new, stable income for the Port and enliven our historic bulkhead space.

Economic Growth:

This lease will facilitate the addition of an operating café at Pier 31 and further improvements to both Pier 31 and Pier 33 properties, increasing the revenue for the Port. Port investment through rent credits toward capital improvements at the Pier 31 and Pier 33 spaces will increase the likelihood of success for the new operator and encourage increased investment in Port property by the tenant.

Equity:

The new operations at Piers 31 and 33 will present new options for visitors to the Embarcadero and new contracting opportunities for retail/restaurant service businesses, including laundry, custodial, food and beverage supply, pest control, and maintenance.

BACKGROUND

In November 2018, the Port and NPS entered a 50-year General Agreement (**GA**) that established portions of Piers 31, 31½, and 33, and the water basin between Pier 31 and Pier 33 as the ferry embarkation site for Alcatraz Island (**Embarkation Site**) to provide a stable location for the ferry and to allow for significant capital investments.

Under the GA, the Embarkation Site is operated by Alcatraz Cruises, LLC, the ferry concessioner selected by NPS pursuant to federal bidding processes. For the first 15 years of the GA, Alcatraz Cruises is responsible for all improvements, originally estimated by the Port and NPS to be \$30 million. The GA also commits the Port to leasing portions of the Embarkation Site to the Conservancy, the primary fundraiser and project manager for NPS, to provide visitor amenities including a café at Pier 31 and a retail visitor center at Pier 33. Both the Port Commission and the Board of Supervisors waived competitive bidding policies to proceed with the Lease.

LEASE PROVISIONS, RENTAL PAYMENTS AND IMPROVEMENTS

The Phase I Pier 31 café location consists of 2,750 sf of unimproved bulkhead space plus 1,000 sf of storage space. The Conservancy originally selected Boudin for negotiations to become the café subtenant on April 2, 2019.

A First Amendment to Lease dated September 30, 2019, revised the Commencement Date to October 15, 2019, and established the Phase I Rent Commencement Date as July 1, 2020. The Lease provides a 270-day rent-free construction period, includes 2.5% annual increases, and provides a schedule to phase in the base rent phase during the first two years of the lease. Base Rent payments were to start on July 12, 2020. Completion of Phase I Improvements was originally slated for October 15, 2020. Due to the COVID-19 pandemic, the Conservancy did not begin paying rent nor commence improvements as set forth in the Lease.

According to the Conservancy, they had planned to use revenue from its subtenant to offset its rent, but since they were unable to secure the Boudin sublease and open the café, they were unable to pay rent. The Conservancy's outstanding Base Rent balance as of September 2022 was approximately \$339,200 (this figure takes into account rent abatement as provided in the Lease for Alcatraz Island closure days, Lease specific phase-in discounts, and annual increases, and does not include late fees or interest). In October 2022, the Conservancy in good faith commenced paying the scheduled Base Rent of \$16,476/month on the empty, unoccupied space, and has paid base rent through April 2024; however, the Conservancy has not yet paid anything toward its balance owed prior to October 2022.

As to the Phase I café improvements, the Conservancy advises the lack of a café subtenant, COVID-related economic issues, and subsequent erosion in the Conservancy finances caused the Conservancy to miss construction milestones set forth in the Lease. The Conservancy notified the Port in November 2023 that they terminated efforts on a sublease with Boudin. They are now proceeding with the execution of a new strategy as detailed below.

EXECUTION AND TIMING

The Conservancy now intends to move forward as quickly as possible to build and open the café. The Conservancy has selected Maven Commercial to manage the RFP process to select a café operator. Selection of the café operator and sublease execution is expected in 2024, with occupancy and opening in 2025, allowing the operator sufficient time for tenant improvement design and plan development, as well as permitting.

The Conservancy will immediately move to complete the buildout of the café space to a Warm Shell condition, minimizing the work required of the selected operator. Completion of warm shell design and permitting is anticipated by November 2024, with completion of construction expected by May 2025.

Warm Shell improvements will include the design and construction of the following:

- Building envelope upgrades, including window and door replacement
- Accessibility and ingress/egress upgrades
- Utility connections, including electric, gas, water, and communications
- Fire/life/safety systems
- HVAC installation
- A commercial kitchen hood

The café operator will provide fixtures, furniture, and equipment (**FF&E**), and perform interior finish carpentry, wall finishes, and paint, kitchen equipment installation, and specialty lighting. A schematic plan of the café space is included as **Exhibit A**.

At Lease Commencement in 2019, the budget for the Phase I and Phase II Improvements was \$3.692 million, including an allowance for rent credits of up to \$554,000. Since that time, estimated costs have increased to \$5.095 million, with costs for construction of the warm shell improvements for the Phase I café estimated at \$2.5 million. As a result, the Port is supporting the absorption of these additional costs by offering an additional \$246,000 of rent credits, increased to a total of \$800,000 in the Amendment. Note that there is no direct investment of Port capital contemplated with this transaction.

PROPOSED AMENDMENT KEY TERMS

To address the outstanding balance and missed construction milestones, the Port and the Conservancy are seeking to amend the Lease. The Amendment would include the following:

- **The Conservancy will be required to pay \$289,765.05 (85%) of the approximately \$339,200 in base rent owed from July 12, 2020 through September 30, 2022.** In exchange, Port will waive interest and late fees accrued. Port's execution of the Second Amendment is subject to receiving the full payment of \$289,765.05 upfront.
- **Extend the completion timing for the Phase 1 Improvements, from October 15, 2020 to December 31, 2025.** Given the Conservancy's progress to date, payment of Base Rent, and efforts to establish an achievable sublease structure, Port staff recommends an extension of the completion date.
- **Increase maximum rent credits from \$554,000 to \$800,000 to align with the estimated 38% increase in construction costs between 2020 and 2024.** Construction costs for all required tenant improvements (including both the Phase I Improvements and the Phase II improvements for the Pier 33 retail visitor center) have risen to \$5.1 million in 2024 vs. the original \$3.7 million. The proposed Amendment allows a maximum rent credit of \$440,000 upon completion of the Phase I Improvements and \$360,000 or the remaining rent credit balance toward the Phase II Improvements. These rent credits commence upon completion of the

improvements for each Phase and Port approval of itemized statements for the actual costs expended for such work.

- **Change the split of “excess rent” between the Port and the Conservancy.** The Lease requires that 100% of any excess sublease rent received by the Conservancy must be paid to Port. This would leave the Conservancy with no incentive to make a better deal on a sublease if one was available. Instead, the Amendment proposal would allow the Conservancy to retain 50% of the excess as Port staff have recommended in other scenarios to incentivize the Conservancy to seek subleases with the most positive economic return. The revenue split solution provides the tenant with potential additional revenue to offset additional capital costs. The Port’s negotiated base rent and percentage rents continue to be protected by confining this change to “excess” rent only.
- **Clarify items not to be included in the definition of “gross revenues”.** The Amendment would clarify that certain items on which the Conservancy earns no revenues (passed through to NPS) are not included in gross revenues for purposes of determining percentage rent due to Port, such as park passes sold as a convenience to NPS and charitable donations. The projected financial impact is negligible; according to the Conservancy, they anticipate sales of park passes and memberships to be very low volume based on their experience at Alcatraz Landing and other locations throughout the United States.
- **Three-year term extension.** The Amendment would extend the expiration date by three (3) years to June 30, 2052, allowing Port an opportunity to recover proforma percentage rent lost due to the delay in constructing the café. This also provides the Conservancy with additional terms to secure against.
- **Addition of Upset Events.** In the event the Conservancy (i) fails to obtain NPS’s consent to the café sublease; (ii) fails to execute a café sublease by June 30, 2025; or (iii) fails to meet the December 31, 2025 completion date, the Port may exercise any of the following remedies:
 - Declare the Amendment null and void.
 - Impose a charge of \$375 per day for the duration of the Upset Event.
 - Reduce the rent credit for the tenant improvements by \$10,000 per month.
- **Base rent and percentage rent remain unchanged.** The base rent for Phase I and II, and the percentage rent of 7.5% of gross revenue, remain unchanged by the Amendment.

The Amendment also includes conforming changes and adds new standard City requirements.

STAFF ANALYSIS

Port staff believes the Amendment adequately resolves all disputes related to

outstanding rent and Phase I/II Improvements. This amendment would bring the Conservancy into good standing with the Port and assure uninterrupted rent from the Conservancy in the longer term.

- The Conservancy's core mission and business is in support of NPS and as such represents a unique value proposition in terms of improving the visitor experience.
- The Conservancy's financial position has improved and appears committed to moving this ahead. In March 2020, the Conservancy closed all visitor centers and touring operations, resulting in lost revenue of approximately \$25 million during FY2021. The Conservancy's audit firm, Armanino, LLP, raised substantial doubts about the Conservancy's ability to continue. Subsequent cost-saving measures (staff layoffs), disaster relief loans, and bank credit facilities alleviated the doubts raised by Armanino LLP about the Conservancy's ability to continue. As the market has recovered, the Conservancy has been urging the Port for this Amendment to move ahead.
- The Amendment will put the Conservancy in a better position to construct the Phase I Improvements and revitalize the Pier 31 bulkhead. This project is an integral component of the Embarkation Site's goal to provide a high-quality welcome and orientation facility.
- The negotiated terms improve the Conservancy's ability to absorb additional construction costs.
- The Conservancy now has a dedicated project team to oversee the Phase I Improvements.
- The Port is recovering \$289,765 of the \$339,000 in base rent due through September 2022, and the extension of the Expiration Date will allow the Port to recover percentage rent lost during the early years of the Lease.
- The effect of the increase in the rent credits, the revised definition of Gross Revenue, and the change to Excess Rent provisions result in a small decrease in Port revenue compared to the potential revenue expected under the life of the amended Lease. The Conservancy reports gross revenue from passes and memberships is negligible; as a result, the financial impact is expected to be minimal.
- The Amendment avoids declaring a Conservancy Lease in default which would likely result in a significant and protracted dispute with the Conservancy and potentially NPS and could further delay the construction of a café.
- NPS supports an Amendment as outlined in these notes. Subject to the Port Commission and Board of Supervisors' approval of the Amendment, the GA will need to be amended to conform to the changes in the Amendment.

RECOMMENDATION

Port staff recommend the Port proceed to finalize the second amendment on the stated terms and seek the Port Commission and Board of Supervisors' approval of the Amendment.

Prepared by: Sandra Oberle, Senior Property Manager
Real Estate and Development

For: Scott Landsittel, Deputy Director
Real Estate and Development

Attachment: Exhibit A – Pier 31 Schematic Café Floorplan

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

RESOLUTION NO. 24-24

WHEREAS, Pursuant to Charter Section B3.581, the Port Commission has 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 June 25, 2018 meeting, the Port Commission authorized the Executive Director of the Port or her designee to enter into Lease No. L-16274 with the Golden Gate National Parks Conservancy (“Conservancy”) (the “Lease”) to build and operate a public serving café and retail space within the bulkheads and portions of the sheds of Piers 31 and 33 for a thirty (30) year term, with two (2) options to extend the Lease for ten (10) additional years (the “Option”); and

WHEREAS, On September 25, 2018, the Board of Supervisors adopted Resolution No. 317-18 approving the Lease; and

WHEREAS, The Port Commission and Conservancy entered into a First Amendment to Lease dated September 30, 2019, establishing the Phase I Commencement Date as October 15, 2019, and the Phase I Rent Commencement Date as July 1, 2020; and

WHEREAS, As a result of COVID pandemic impacts, construction cost increases, and challenging subtenant negotiations, Conservancy did not begin construction of the food and beverage space at Pier 31 (“Phase I Improvements”), did not meet the Phase I Improvements completion date of October 15, 2020, and did not begin paying rent until October 1, 2022; and

WHEREAS, The Port and Conservancy have negotiated the terms of a Second Amendment to Lease (“Second Amendment”), a copy of which is on file with the Secretary of the Port Commission; and

WHEREAS, The terms of the Second Amendment (i) establishes the amount of unpaid base rent Conservancy will pay to Port at \$289,765.05; (ii) extends the Phase I Improvements completion date to December 31, 2025; (iii) increases the original construction rent credit from \$554,000 to \$800,000; (iv) provides a three (3) year extension of the Lease term to June 30, 2052; and (v) establishes a fifty percent (50%) share of any excess rents from food and beverage subtenants; now therefore be it

RESOLVED, The Port Commission hereby approves the Second Amendment between the Port and Conservancy on terms substantially consistent with those described in the Second Amendment on file with the Secretary of the Port Commission; and be it further

RESOLVED, That following approval by the Board of Supervisors and execution of the Second Amendment by the Conservancy, the Port Commission authorizes the Executive Director of the Port, or her designee, to execute the Second Amendment on terms substantially consistent with those described in the Second Amendment on file with the Secretary of the Port Commission; and be it further

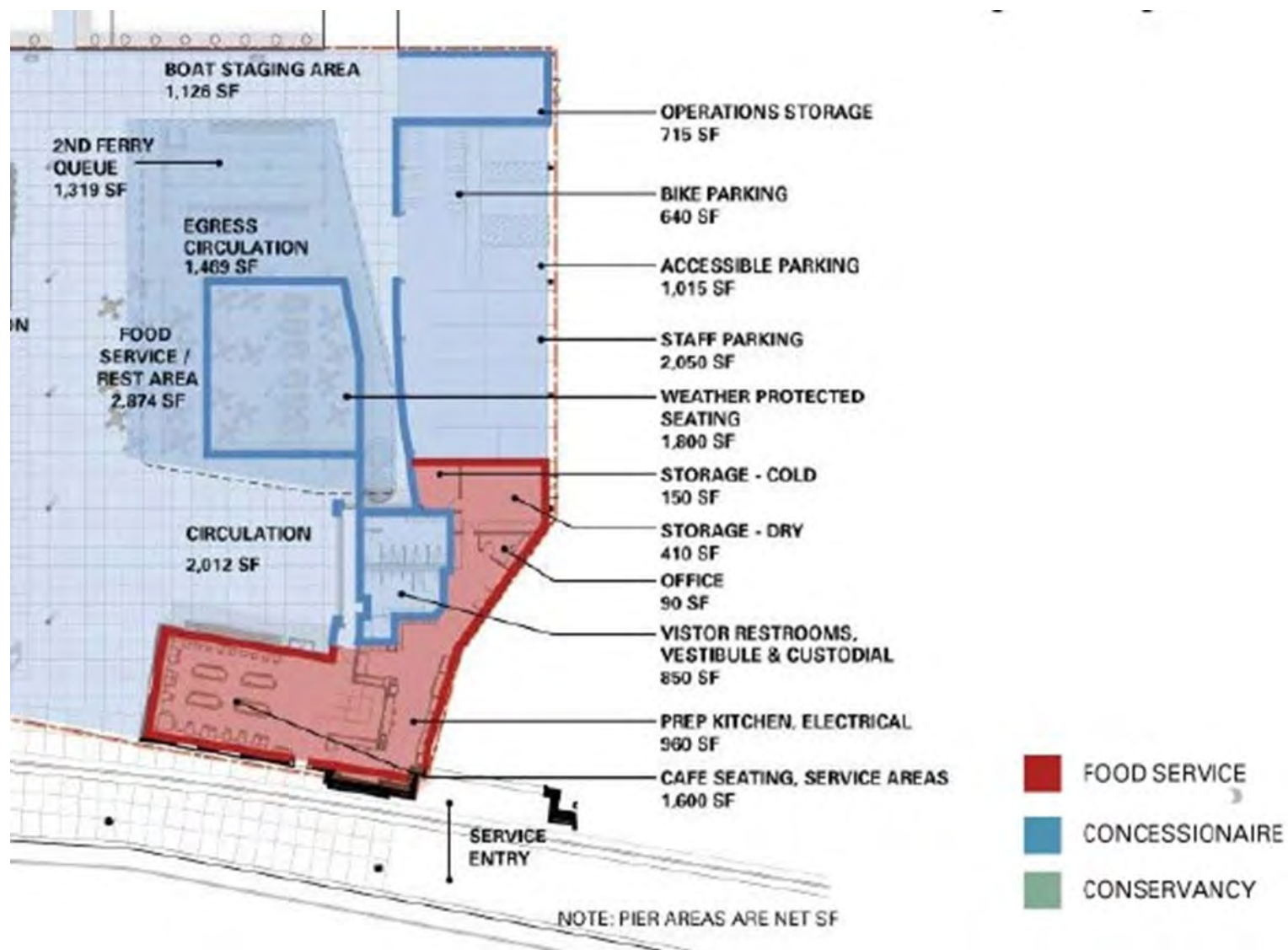
RESOLVED, That the Port Commission authorizes the Executive Director of the Port to enter into any additions, amendments, or other modifications to the Second Amendment and any other agreement necessary to effectuate the purpose of the Second Amendment and this Resolution that the Executive Director, 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, and are necessary and advisable to complete the transaction and effectuate the intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director, or her designee, of any such documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 30, 2024.

DocuSigned by:

Secretary
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Exhibit A – Cafe Schematic Floorplan





June 19, 2024

Angela Calvillo, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Ms. Calvillo:

Attached please find an electronic copy a proposed Resolution for Board of Supervisors consideration, to approve the lease agreement between the San Francisco Port Commission and the Golden Gate National Parks Conservancy at Pier 31 and 33.

The following is a list of accompanying documents

- Board of Supervisor Resolution Approving the Second Amendment to Lease No. L-17624
- Draft Second Amendment to Lease No. L-17624
- Port Lease No. L-16724
- First Amendment to Lease No. L-16724
- Port Commission Resolution authorizing Executive Director to Enter into Lease No. L-16724
- Port Commission Resolution authorizing Executive Director to Enter into 2nd Amendment to Lease No. L-16724

The following person may be contacted regarding this matter:

Boris Delepine, Legislative Affairs Manager
415-571-6626
Boris.Delepine@sfport.com



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 240717

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Boris Delepine	415-818-5768
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
PRT Port	boris.delepine@sport.com

5. CONTRACTOR	
NAME OF CONTRACTOR Golden Gate National Parks Conservancy	TELEPHONE NUMBER 415-561-3000
STREET ADDRESS (including City, State and Zip Code) 201 Fort Mason, 3rd Floor, San Francisco, CA 94123	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 240717
DESCRIPTION OF AMOUNT OF CONTRACT > \$10 Million		
NATURE OF THE CONTRACT (Please describe) Second amendment to lease for a portion of Pier 31 adjacent to Alcatraz Landing for development and operation of a cafe. Second amendment extends term, adjusts amount of rent credit and sets amount of back rent due to Port.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Slaughter	Staci	Board of Directors
2	Alt	Eric	Board of Directors
3	Ehmann Conte	Martha	Board of Directors
4	Pena	Melanie	Board of Directors
5	Ritter	Gordon	Board of Directors
6	Tapia Hartigan	Vanessa	Board of Directors
7	Won	Grace	Board of Directors
8	Curtis	Cahrmaine	Board of Directors
9	Lehnertz	Christine	CEO
10	Carr	Michael	COO
11	Trahan	Jen	CFO
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK

DATE SIGNED

BOS Clerk of the Board

From: [Delepine, Boris \(PRT\)](#)
To: [BOS Legislation, \(BOS\)](#)
Subject: Port Resolution Introduction
Date: Monday, June 17, 2024 3:29:16 PM
Attachments: [Conservancy Second Amendment to Lease L-16274 4-23-24.pdf](#)
[FMND Alcatraz \(2017-000188ENV\) FINAL 02.23.2018.pdf](#)
[GG Conservancy - COVER LETTER.doc](#)
[OneDrive_1_6-17-2024.zip](#)
[Resolution 18-39 Alcatraz 2018 June 25 FINAL.pdf](#)
[Resolution 24-24 Conservancy 2nd Amendment - Information and Possible Action.pdf](#)
[SFEC Form 126f4BOS---Notification of Contract.pdf](#)
[Resolution Board of Sup - GGNP Conservancy- FINAL.docx](#)
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Delepine, Boris (PRT) has shared a OneDrive for Business file with you. To view it, click the link below.

 [OneDrive_1_6-17-2024.zip](#)

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Good afternoon,

The Port would like to introduce the attached resolution at the next available full Board meeting to amend Lease No. 16724. Supporting documents are also attached. They include:

- Board of Supervisor Resolution Approving the Second Amendment to Lease No. L-17624
- Draft Second Amendment to Lease No. L-17624
- Port Lease No. L-16724
- First Amendment to Lease No. L-16724
- Port Commission Resolution authorizing Executive Director to Enter into Lease No. L-16724
- Port Commission Resolution authorizing Executive Director to Enter into 2nd Amendment to Lease No. L-16724
- Ethics Form 126
- Introduction Cover Sheet

Please let me know if you have any questions.

Thank you,

Boris

Boris Delepine

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