

Port of San Francisco Statement of Accomplishments

The Port of San Francisco has fostered an era of unprecedented growth and progress that has resulted in a renaissance for our waterfront. In 1991, the Port completed a comprehensive waterfront plan whose stated goal was to "Reunite the City with the Waterfront." The Port, using the Waterfront Plan as a guide, has directed an infusion of more than \$500 million of private investment in waterfront development highlighted by several award-winning projects. These changes have resulted in the creation of a new dynamic waterfront for San Francisco. This was done in a complex political and economic environment all the while continuing our mission of promoting and expanding San Francisco's maritime industries. Port staff is proud of our accomplishments and if the life and excitement on the rejuvenated waterfront is any indication, so are the citizens of San Francisco.

The following is a list of some of the Port's accomplishments:

Public/private projects have made substantial private capital investments into Port properties, creating maritime facilities, (such as ferry landings and the new cruise terminal), commercial attractions (such as SBC Ballpark and the Ferry Building Marketplace), and public access improvements that enable the public to enjoy their revitalized waterfront. The public/private projects completed since 1997 have invested over \$511 million of private funds into Port properties. Pending public/private projects are expected to invest at least an additional \$756 million. This represents a total investment of over \$1.25 billion of privately financed funds. These public private projects are outlined below.

Completed Projects

- Ferry Building Historic Preservation Project (2003) – This project is a \$100 million historic rehabilitation of a National Register and City Landmark Building. The restored Ferry Building includes a ground floor marketplace, including retail food shops, restaurants, a bookstore, ferry services, and public uses, totaling approximately 70,000 square feet. The two upper floors include office uses and the Port Commission Meeting Room, totaling approximately 170,000 square feet. Public access was also created through the building.
- Pier 1 Historic and Maritime Office Building (2001) – This \$54 million historic preservation project converted a shed building used for parking to 150,000 square feet of Class-A office space, made up of the Port's new administrative headquarters, the project developer's new headquarters, other office tenants and the Pier 1 Deli. Nearly one acre of new public access extends through and along the perimeter of the pier building, and the Port's Bayside Conference Rooms are available to the public after hours for meetings and events. Innovative environmental building practices were incorporated into the building's reconstruction.

- SBC (Pacific Bell) Ballpark (2000) – This \$357 million privately financed baseball stadium for the San Francisco Giants is located in China Basin and includes 42,000 seats, Bay and City views, and extensive public access and public viewing areas. The stadium is used during the off-season for musical concerts and other major events. The project included extensive community involvement and coordination between several City departments, including the Port, DPT, MUNI, and the San Francisco Planning Department.
- Pier 43 Arch Restoration (2002) – The historic Pier 43 Arch in Fisherman’s Wharf was badly burned in a fire years before, and was successfully restored in 2002. The historic Pier 43 Arch enabled rail car movement on cargo ships and is a reminder of our industrial past.
- Waterfront Transportation Projects (2000) – The Waterfront Transportation Projects was a \$475 million, federally funded roadway improvement project to replace the elevated Embarcadero freeway, damaged in the Loma Prieta earthquake, with a waterfront boulevard from Pier 35 to Third and King Streets. The seven-year project included the reconstruction of the Embarcadero Roadway, construction of a 25-foot wide pedestrian Promenade along the Bay side of the Embarcadero, construction of the MUNI F-Line (to Fisherman’s Wharf) and E-Line (to Cal Train), landscaped medians, and new public art.

Projects Under Construction

- Bryant Street Pier Cruise Terminal and Mixed-Use Project (Phase 1 under construction) – This \$347 million, 16-acre project at Pier 30-32 and Seawall Lot 330 features a 100,000 square foot, state-of-the-art international cruise terminal, and will be the focal point for maritime, commercial, and public activity between SBC Ballpark and downtown. In addition to the cruise terminal, development on Pier 30-32 will include approximately 325,000 square feet of office space and 195,000 square feet of retail space. Construction began in March 2004 on the first phase of this public-private project, consisting of a new 22-story condominium tower with 136 units on Seawall Lot 330 located at Bryant and Beale Streets. Funds from this first phase will be set aside to help finance the construction by the private developer of the cruise terminal on Piers 30-32 and the Brannan Street Wharf open space. In addition, to the Brannan Street Wharf, 35% of Piers 30-32 will be dedicated to public access
- Piers 1½,-3-5 Historic Rehabilitation and Mixed Use Project (Under construction) – This \$46 million project will include the historic rehabilitation of Piers 1½,- 3-5, extensive public access walkways along the water, food service establishments, new offices on the upper floors, a water taxi landing and guest boat dock, and a ticket office/Visitor Center for Hornblower Yachts. Construction of this public/private project commenced in April 2004.

Projects in Progress

- Rincon Park Restaurants Project – This \$8 million project, located on a 20,000 square-foot site at the south end of Rincon Park, will feature two waterfront restaurants offering spectacular views of the Bay and Bay Bridge and outdoor piazza. The amended development agreement has been executed, and construction of this public/private project is expected to commence in Fall 2004.
- Piers 27-31 Historic Preservation and Mixed Use Recreation Project – This \$160-200 million, 19-acre project will include the historic rehabilitation of Piers 29, 29.5 and Pier 31, new recreational uses, extensive open space, general office space, recreational retail, maritime berthing, and restaurant/café uses. Recreational and open space uses include a new 100,000 square-foot YMCA building, a 4-acre Marine Sports Basin, an outdoor “Sports Valley,” a 110,000 square-foot indoor/outdoor skate park/BMX track, and Phase 1 of the Northeast Wharf Plaza. Negotiations are underway, with anticipated start of construction in 2005.
- International Museum of Women – This \$120 million project entails the development and operation of a world-class museum on Pier 26 to exhibit the global history of women, explore contemporary gender issues, and, through education, serve as a catalyst for continued social, cultural, economic, and political change. The project will involve the retrofit and historic rehabilitation of Pier 26, and will include museum and related uses, such as exhibits and galleries, an auditorium, library and classrooms, a café and restaurant, performance space, and public access. Negotiations are underway, with anticipated start of construction in 2006.
- Embarcadero Hotel at Broadway - This \$75million project is located on the corner of Broadway and The Embarcadero, and includes the development of a first-class, full-service hotel consisting of approximately 264 guestrooms, a restaurant, lobby bar, landscaped park, meeting rooms and retail shops, and an adjacent parking garage on Front Street. Negotiations are underway, with anticipated start of construction in 2006.)
- Brannan Street Wharf (Public planning and design process underway) – The Brannan Street Wharf will be an approximately 1.3-acre bayfront urban park between Pier 30-32 and Pier 38, serving the South Beach neighborhood and the entire region. The park will include opportunities to walk out over the water, quiet spaces to enjoy spectacular views, and facilities for regional events.

Project Benefits

1. **Infrastructure Improvements.** Public private projects provide an effective means to address infrastructure improvements, including in particular, expensive pier and structural repairs and seismic upgrades. Public-private projects also fund remediation of hazardous materials, implementation of the Port’s Stormwater Management Plan and Accessibility Plan, building restoration, and upgrading of utility services.

2. **Capital Improvements.** Development projects involve a variety of substantial risks – including entitlement, financial, construction, market and operating risks. In public-private projects, the preponderance of these risks are transferred from the Port to the private developer partner.
3. **Port Revenues.** In addition to investing large sums of private capital, public-private projects typically produce guaranteed rentals to the Port that at least equal the variable income stream which the same facilities previously generated for the Port. Moreover, the public-private projects are structured so that the Port participates financially in the success of the projects. In contrast, without these public-private projects, the Port's income streams will diminish as the facilities continue to deteriorate, and will eventually disappear as facilities are condemned.
4. **Port Expenses.** As a part of public-private projects, private developers assume the responsibility for all future maintenance, repairs and operating expenses of the properties. This not only eliminates the Port's direct operating expenses for the particular facilities, but it should also reduce the Port's indirect overhead. Each public-private project replaces the Port's management and maintenance of many small leaseholds and a variety of common areas with a single triple net leasehold, enabling future management and maintenance efficiencies.
5. **Historic Resources.** Most of the Port's facilities constitute significant historic resources, which are continuing to deteriorate. Public-private projects enable the Port to save these precious historic resources, rehabilitating them consistent with the Secretary of the Interior's Standards for Rehabilitation.
6. **City Revenues.** Public-private projects generate tax revenue to the City. The aggregate taxes paid by all businesses on Port property to the City of San Francisco were conservatively estimated at \$19.1 Million in 2000. Each public-private project results in significantly increased taxes to the City, including possessionary interest, sales and parking taxes. Unlike redevelopment projects – whose incremental property/possessionary interest taxes are allocated to amortize project costs – the increased possessionary interest taxes generated by public-private projects go into the City's general fund.
7. **Waterfront Plan Goals.** Public-private projects enable the Port to achieve the goals of the Waterfront Plan – adopted through a 6-year public consensus building process. The fundamental goal of this plan is to reconnect the City with its Waterfront, by creating commercial, maritime and public access facilities. The resulting revitalization of the waterfront through public-private projects enhances the appeal and enjoyment of San Francisco as a place to live, work and visit.

Maritime

The Port boasts as varied a maritime business portfolio as any port in the nation. Our maritime activities include cargo shipping, cruise shipping, ship repair, commercial and sport fishing, ferries, excursion boats, harbor services, and Foreign Trade Zones. The Port continues to increase its revenue from maritime operations with Port maritime revenue increasing 60 percent since FY 1998/99. Some of the highlighted accomplishments are as follows:

- Increased passenger cruise business over 300% since 1996 by implementing an aggressive marketing incentive program. 2004 will be the Port 's biggest passenger cruise year ever with over 220,000 passengers and 89 vessel calls, from 25 different ships representing 12 different cruise lines.
- The Port established a new Cruise Environmental Committee to develop new programs and procedures to ensure best operating practices by the cruise industry.
- Diversified cargo shipping to include bulk and breakbulk cargoes resulting in a one million-ton annual increase in cargo volume. Long term terminal agreements were signed with major shippers resulting in \$3.5 million in annual revenues.
- Port was awarded a five-year contract from the U.S. Maritime Administration to homeport Ready Reserve Force (RRF) ships in San Francisco.
- Developed, opened and operate two- berth China Basin Ferry Terminal at SBC Park.
- Developed, opened and operate two new ferry terminals at the Ferry Building (Downtown Ferry Terminal).
- Developed, opened and operate a 62-berth \$7 million commercial fishing harbor at Hyde Street Harbor including state-of-the-art environmental protections.
- Port is expanding intermodal capabilities through development of Illinois Street Bridge project. Additional benefits include significant reduction of truck traffic from the Bayview /HuntersPoint community and Third Street.
- Added significant resources towards securing port facilities in light of new Homeland Security requirements. Obtained \$4 million in federal Transportation Security Administration (TSA) grant funds, which helped fund, a comprehensive security assessment as well as security infrastructure improvements to the Pier 35 cruise terminal, Pier 80 cargo terminal and the Downtown Ferry Terminal. Additionally, we worked with the San Francisco Police Department to relocate the SFPD Marine Unit to the Hyde St. Harbor adding additional protections to Fisherman's Wharf and the cruise operations at Pier 35.

Engineering and Maintenance

- Facility Condition Surveys – The Port has developed a program complete with inspection procedures and notification protocol to assess and report the structural condition of all Port facilities. This program has led to the repair and closure of a number of Port properties. It has also led to many repairs performed by the tenants and has impacted the Port's leasing procedures. The first round of structural inspections for all Port facilities will be completed by the end of 2004.
- Project Coordination Sign-Off – To assure proper coordination and to document outside and internal Engineering reviews all Engineering projects now require an intra-divisional review and signature confirming approval. Engineering developed this intra-divisional sign-off procedure as a quality control tool to assist in coordinating projects performed by the Group. The procedure requires sign-off for projects developed internally and externally by consultants, and projects constructed through contract or performed by Maintenance.
- ADA Transition Plan – As part of an on-going commitment to the community, the Port performed a review of all of its facilities through the ADA Transition Plan Review. The Disability Access Committee, Port Staff and the ADA advocacy firm Magar & Milstein provided peer review and public comment throughout the process. A plan has been developed that prioritizes various accessibility projects identified as part of the plan review process. This plan commits the Port's limited financial resources to ADA projects in a manner that will benefit the community and the Port's legal requirements first.
- Dredging – On-going maritime operations at Port facilities require that the berths be dredged annually or semi-annually to maintain adequate depth for cargo and passenger vessels. Over the past 10 years, Port maritime operations have been able to accommodate all vessels in scheduled facilities due to on-time dredging support.
- The Port has fully and successfully integrated the City's standardized construction contracting process into its contracting procedures. The Autodocs program has been tailored to meet the Port's unique contracting conditions and requirements and has been successfully used on all recent construction contracts.
- The Port's Engineering Division has been re-organized to have the Building Permit Section report directly to the Chief Harbor Engineer, the Port's Chief Building Official. This re-organization has improved the communication between the Chief Building Official and the supporting permit section. The entire permitting procedure is currently under review to determine ways to make the process more responsive to the customer's needs and more efficient in the utilization of Port resources. The goal is to meet these objectives while maintaining the high level of technical competence and expertise required to properly address and respond to the complex design review issues brought up in the plan checking of typical waterfront facilities.

- Facility Repair Projects – As a result of the Facility Assessment Program a number of repair projects have been identified that must be completed to enable continued use of various Port facilities. Over \$40 million of required repairs have been identified to date and over \$7.5 million has been allocated in the Port’s capital project budgets to repair these facilities. A significant amount of this work is being performed by Port Maintenance.
- The Port has developed a comprehensive injury and illness and vehicle accident database. The program provides ready access to the data, can easily run reports and calculations, and can easily give an overall picture of losses and their associated costs. This is important in our effort to engage managers in their role of providing a safe workplace and to help Port managers and supervisors focus their efforts in areas where we have the most significant losses.
- The Port has developed a storm water management plan for the waterfront to comply with storm water regulations recently promulgated by the State of California.
- In 1997, the Port relocated its maintenance facility from Pier 46 to Pier 50D to make way for SBC (Pacific Bell) Park. Maintenance and engineering staff worked together performing many of the work tasks with in house and city resources instead of consultants and contractors to avoid \$5 million expense, which reduced the original budget of \$17 million to \$12 million.

Finance

- The Port was successful in obtaining a credit ratings upgrade for outstanding revenue refunding bond debt - added third rating agency, Fitch Ratings. Ratings upgrades were received from Standard & Poor’s and Moody’s credit rating agencies in the Summer of 1998.
- In 1997, the Port obtained a \$12 million, 10-year commercial bank loan as part of the Pacific Bell Baseball Stadium transaction. The commercial bank loan was taken out to finance the relocation of the Port’s Maintenance Department and for the purchase of a land parcel from Caltrans. By utilizing a bank loan with a variable interest rate, and flexible loan draw down structure, rather than traditional bond financing; the Port was able achieve significant interest cost savings. A companion interest rate cap allowed the Port to take advantage of lower short-term interest rates afforded by the loan, while limiting its exposure to potentially high interest rates in the future.
- In 2001, the Port arranged for the early repayment of the above \$12 million commercial bank loan. The early repayment resulted in substantial cost savings in future interest costs.

- The Port developed minimum financial criteria to be used in preparing Request For Proposals (RFP) for major development projects, and for evaluating respondents to those same RFP's.
- The Port developed a strategy for the repair of fire damaged Pier 48, which led a settlement with the insurers that provided almost \$8.0 million in funding to seismically upgrade the facility. Also, the cost of a court trial was avoided.
- In July 2003, auditors from the State of California's Department of Finance conducted a review of the Port of San Francisco for purposes of determining whether the Port was in compliance with certain provisions of the Burton Act. The objective of the review was to determine whether the state lands transferred to the Port have been substantially improved by the City and County of San Francisco without expense to the State, and whether the Port and the City have issued a minimum of \$25 million in bonds for harbor purposes. Based on their review, the State's Department of Finance concluded that the Port of San Francisco has fully complied with the provisions of the Burton Act pertaining to the substantial improvement of state lands, and the issuance of bonds for harbor purposes.

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