



Port Waterfront Development Process

- Competitive selection of development partner
- Exclusive negotiations, discussions with Port advisory group(s)
- Term sheet approval by Port Commission, Mayor and Board of Supervisors; if required, fiscal feasibility finding
- California Environmental Quality Act (“CEQA”)
- State Lands Commission finding of consistency with the public trust
- Lease Disposition and Development Agreement and Lease, subject to approval by Port Commission, Mayor and Board of Supervisors
- Bay Conservation and Development Commission Permit
- Closing: execute LDDA and Lease
- Lease becomes effective on satisfaction of LDDA conditions (other permitting, financing, etc.)

Process designed to deliver public benefits including maritime access, public access to the waterfront, historic rehabilitation and visitor-serving amenities and revenues to the Harbor Fund consistent with the Charter and the City’s legislative trust grant.



34th America's Cup Host-City Bid Process – 3 Stages

- **Stage 1:** Negotiated bid, discussions with Port advisory group(s)
- Term sheet approved by Mayor and Board of Supervisors
- Fiscal feasibility finding
- Approval of Host City Agreement by Port Commission, Mayor and Board of Supervisors, either party may terminate before Venue Leases are entered without penalty

- **Stage 2:** California Environmental Quality Act (“CEQA”) for Event and Event-related Infrastructure Works; concurrent state and federal permitting (U.S. Army Corps of Engineers, National Oceanic and Atmospheric Agency, U.S. Fish and Wildlife, CA Department of Fish and Game, CA Regional Water Quality Control Board, Bay Conservation and Development Commission)
- Port Commission, Mayor and Board of Supervisors approval of Venue Leases



- **Stage 3:** Exclusive negotiations regarding Legacy leases, discussions with Port advisory group(s)
- Term sheet(s) for Legacy Leases subject to discretionary approval by Port Commission, Mayor and Board of Supervisors and finding of fiscal feasibility
- CEQA for Legacy Leases and DDAs (including no project alternative)
- State Lands Commission finding of consistency with the public trust
- Lease Disposition and Development Agreement and Lease, subject to approval by Port Commission, Mayor and Board of Supervisors
- Bay Conservation and Development Commission Permit
- Closing: execute DDAs and Legacy leases
- Leases becomes effective on satisfaction of DDA conditions (other permitting, financing, etc.)

Process designed to deliver the same type and quality of waterfront improvements consistent with the City's trust grant.



Table 1: Northern Waterfront Alternative Venues & Possible Uses

Location	Event Use
Pier 19	Team storage
Pier 23	Team offices & storage
Pier 27	Team & Sponsor hospitality and race viewing platform
Pier 29	Media center
Pier 26	Team offices and storage
Pier 28	Team & Sponsor hospitality
Piers 30-32	Team industrial bases
Brannan Street Wharf	Race yacht viewing
Piers 14-22½ water area	Superyacht center & mooring
SWL 330	TV compound, parking
Pier 80	Berthing of USA 17 Temporary heliport Temporary facilities during construction Staging of Pre-regattas

Bold = Legacy Lease or Legacy Option Site



Table 2: Port Rent Loss – Northern Waterfront Alternative

Facility	# of Tenants	Annual Rent	Venue Lease Term under HCA	Total Event Rent Loss
Piers 30-32	1	\$802,104	2078 (66 years)	\$2,406,312
SWL 330	1	\$559,512	2087 (75 years)	\$1,678,536
Pier 28	16	\$414,958	December 31, 2012 - June 30, 2013	414,958
Piers 19-23	21	\$819,900	December 31, 2011 - August 31, 2012	\$1,024,875
Pier 27	5	\$1,134,538	January 1, 2013 - October 1, 2013	-
Pier 29	13	\$593,502	December 31, 2011 - June 30, 2013	\$1,187,004
Subtotal	57	\$4,290,524		\$6,711,685
Pier 26	21	\$551,229	(Authority Option 2078)	\$1,378,072
Pier 28 – added 1.5 years			(Authority Option 2078)	622,437
Revised	78	\$4,839,195		\$8,712,194

Notes: Based on the current Port rent roll. Total Event rent loss based on timing of the venue leases from HCA Exhibit C (based on moving similar use facilities to the Northern Waterfront) including assumption that Port leases would terminate three months before commencing the Venue Lease and Port could re-lease the facility three months after the Venue Lease term ends, except for parking leases.



**Table 3: Port-Related City Costs
– Northern Waterfront Alternative**

Item	Costs
Pier 27 Cruise Terminal Shortfall	\$6,500,000
Other Tenant Relocation Costs: Claims and Settlements	\$1,500,000
Loss of Venue Rents	\$8,705,800
Cost of Issuance	\$811,850
Staffing	\$290,072
Total	\$17,807,722

Permanent Rent Loss: Up to \$2.35 million annually, depending on the terms of the Legacy leases, subject to approval by the Port Commission, Mayor and Board of Supervisors.

Potential Impacts on Port Revenue Bond Capacity: Up to \$32 million. Port staff will discuss options for replacing this capacity with other City financing with the City Capital Planning Committee and report back to the Mayor, Port Commission and BOS.



Port Recommendation Regarding Port-Related City Costs

- To protect the Port's credit rating, the Port recommends that the Mayor and Board of Supervisors approve an MOU between the Controller and the Port to provide a City Payment In-Lieu of Rent to the Harbor Fund for Venue Sites (repaid by America's Cup Organizing Committee private fundraising).

Payment calculated as follows (**estimated at \$7.85 million over 3 years**):

- Rent Port would have been due from Venue Sites (if AC34 did not happen in SF)
- Rent Port will be due from any Port tenants relocated from Venue Sites to other Port property
- Increases in Port percentage rent during the races and the Match.

Binding MOU pursuant to Charter Section B7.320, unless the Mayor, Board of Supervisors, Controller and Port Commission agree to changes.

- Port will pay tenant relocation costs, including legal fees, AC34 staffing costs (**est. \$2.6 million**) and use **\$61 million** in Port funds to build Pier 27 Cruise Terminal to cold shell.
- Subject to Mayor and Board of Supervisors approval, the City will pay **\$6.5 million** via Certificates of Participation or other financing to close Pier 27 Cruise Terminal project finance gap.



**Table 4: Long Term Development Values
– Northern Waterfront Alternative**

Location	Valuation
Piers 30-32 Mixed Use Cruise Terminal	\$28,674,018
Seawall Lot 330 ²	\$33,050,413
Total	\$61,724,431

Notes:

(1) NPV of lease payments assuming a blended scenario consisting of interim leasing for ten years and a mixed use cruise terminal development with 370,000 SF of office space and 195,000 SF retail with a 425 space garage.

(2) Residual land value of SWL 330 assuming 250 for-sale residential condominiums are developed at the site.

These figures do not include estimates of Infrastructure Financing District proceeds that, subject to approval of the Board of Supervisors, may be made available to the Authority for publicly-oriented improvements to the subject sites.

Proposed Authority Infrastructure Works under Northern Waterfront Alternative: \$55 Million



**Table 5: Port 10-Year Capital Plan Cost Estimates
Piers 26 and 28**

Location	
Pier 26	
Substructure & Seismic	\$44,431,000
Shed	\$6,067,000
Total	\$50,498,000
Pier 28	
Substructure & Seismic	\$29,565,000
Shed	\$4,182,000
Total	\$33,747,000

Proposed Authority Additional Works under Northern Waterfront Alternative:

Pier 28: \$10 Million

Pier 26: \$15 Million

Each development option would be subject to commercially-reasonable terms, with a rent credit in the amount of Additional Works made by the Authority.



Port Team

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