



Seawall Lot 337 Public Trust Assessment Summary

April 18, 2007

Like most Port-owned property, Seawall Lot 337 (SWL 337) is subject to certain land use requirements under the Public Trust Doctrine. The public trust restrictions reserve long-term use of public trust lands for fisheries, navigation, maritime commerce, public open space and environmental restoration, and activities that attract the public to enjoy the waterfront. The Seawall Lot 337 Port Staff Report, dated January 31, 2007, provides more detailed discussion regarding the public trust history of SWL 337.

As discussed in the January 31 report, the Port is seeking legislation that would lift trust use restrictions from certain seawall lots that are no longer useful for trust purposes, subject to certain limitations. The legislation would include SWL 337, provided that the needs of the public trust have been considered and provided for in the Port's planning process for the site. This document summarizes the Port's initial assessment of the public trust uses that could potentially be accommodated on SWL 337 and is a starting point for public discussion of public trust planning issues affecting the site..

Cargo Shipping

Historically, SWL 337 was used for a freight rail yard in support of breakbulk cargo operations that occurred at Pier 48, adjacent to the SWL 337 site. Cargo shipping has not been conducted out of Pier 48 for several years. Under current Port and BCDC plans, the eastern six acres of SWL 337 is reserved for cargo backland space, to support potential future cargo shipping operations at Pier 48.

However, there are several conditions that make the return of cargo shipping to Pier 48 an unrealistic prospect. This issue was addressed as part of a comprehensive review of the Port's current and future maritime needs and opportunities in the Port of San Francisco Maritime Industrial Commerce Study, published in 2002. The key challenges to cargo shipping at Pier 48 are summarized below.

- ***Cargo needs can be met at Pier 80, 94-96*** – *These facilities provide large acreage facilities, deep berths, freight rail and surrounding industrial lands conducive to attracting cargo business.*
- ***Pier 48 berths are too shallow*** – *The berths have not been dredged for many years and thus are limited to smaller vessels with drafts of no more than 14 feet. This precludes calls by cargo ships unless highly costly new dredging was carried out.*
- ***Restrictive industrial transportation access*** – *Pier 48 no longer has access to freight rail transportation, since all former rail yards in the surrounding Mission Bay area have been*

redeveloped with mixed use residential, commercial, and institutional land uses. With these changes, industrial truck and transportation access is more restrictive, further diminishing the utility of cargo operations at Pier 48.

If Pier 48 no longer is viable as a cargo shipping terminal, there is no need for the six-acre area of SWL 337 to be reserved for freight rail yard or backland support activities. The Port intends to address these issues with BCDC in reconsidering the Port Priority Use designation for the property.

Maritime Support Uses

There are a variety of businesses and uses that support maritime operations. Some require a location along the water, and others do not. As found in the 2002 Maritime Industrial Commerce Study, Piers 48 and 50 still provide viable facilities for the following maritime support uses:

- Harbor services (e.g. tug/tow vessels and barges) such as currently conducted by Westar Marine Services, which also leases space at Pier 48-1/2.
- Port maintenance operations at Pier 50.
- Lay berthing at Pier 50 and portion of Pier 48, including ready-reserve vessels managed by the U.S. Maritime Administration
- As needed, maritime support warehouse.

Currently, Port maintenance and Westar Marine are the only maritime support warehouse users at Pier 50, occupying about 125,000 s.f. of the 355,000 s.f. of warehouse space at the facility. Pier 48 has about 184,000 s.f. of warehouse space, none of which is leased for maritime support warehouse use. Westar Marine also leases about 6,700 s.f. of open yard area between Pier 48 and Pier 50. The Port has actively marketed Pier 48 for maritime warehouse uses, but has not secured a tenant. As such, most of the warehouse facilities in these piers have been leased for interim storage, contractors, small office, a restaurant, and parking use. One drawback to warehouse use of Pier 48 is the lack of truck-high loading docks, which were lost when the facility underwent seismic reinforcement and repairs following a fire in the late-1990's.

These facilities also could accommodate other types of maritime support uses, including maritime training, sales and rentals, and maritime office space. However, to date, there does not appear to be a significant market for these activities.

Given this use history of the adjacent piers, and the change in development patterns in the surrounding Mission Bay area, it is unlikely that the 14 acres of unimproved land at SWL 337 would be developed for additional maritime warehouse or maritime support uses. The cost of constructing new structures to house these types of uses would not likely be covered by the lease revenues they would generate, based on current and historical rent rates, and would therefore be unlikely to attract developer interest. In theory, it is possible that SWL 337 could be used as a largely open air, undeveloped site for truck distribution, or support uses such as H&H Ship Services, which occupied a portion of SWL 337 in the 1980's. However, given residential and commercial land uses that have or will be constructed on adjacent sites in Mission Bay and the open space uses contemplated for portions of SWL 337, a proposal for such new industrial development would likely generate land use conflicts and would not be appropriate for this location..

Parks and Open Space

Public parks and open space designed to attract visitors to the waterfront are public trust-consistent uses that would be appropriate for portions of SWL 337. This is an ideal location for open space because of its northern location at the mouth of China Basin Channel, and scenic public views. As with any public open space in an urbanized setting, the challenge is designing the open space to ensure it provides a safe and inviting environment. Successful urban open spaces have strong connections and interactions with surrounding uses, creating active and passive uses that attract frequent and ongoing use of the open space. Parks should be located, sized, configured and programmed in a way that ensures that they are well utilized and not empty and isolated, creating safer, more inviting environments for recreational enjoyment

The Mission Bay planning history included an in-depth analysis of various amounts and types of public open space for SWL 337. SWL 337 was included in the 1991 Mission Bay Plan boundaries. Six acres along the eastern side of the site was reserved for maritime cargo support backland, but the remaining 12 acres of the site—which extended to the north bank of China Basin Channel—was approved for public open space, as Mission Point Park. During the planning process, there was extensive and vociferous public comment and debate over how new open space should be programmed. The two open space concepts that were the primary focus of that discussion were:

- Creation of a tidal wetlands, to provide environmental, habitat and passive open space; and
- A large green park that could support passive and active recreational use, including sports and playfields to serve the new Mission Bay residential neighborhood

Ultimately, the 1991 Mission Bay Plan, as approved, included the park with the playfields for active recreational use, rather than the wetlands. There was considerable question as to whether a newly created wetlands would provide viable habitat value, and whether passive open space with limited human access in certain areas was appropriate within a new high density neighborhood. However, the approved recreational program was primarily resident-serving.

Due to economic and market shifts, the 1991 Mission Bay plan was never developed. Subsequently, in 1996 the City approved the development of the ballpark for the San Francisco Giants. In compliance with requirements under its BCDC permit, the Giants constructed the China Basin Park on the south side of China Basin Channel, which is the northern edge of SWL 337. The park construction necessitated a shoreline stabilization project carried out by the Port, which involved protecting and fortifying the shoreline area with the placement of rip rap. This project has been effective in meeting the objectives of protecting the shoreline, as necessary to maintain the integrity of South China Basin Park.

The current public trust planning process for SWL 337 will focus on providing additional open space adjacent to the shoreline that is complimentary to the existing South China Basin Park and is designed and programmed to attract visitors to the waterfront. Any additional resident-serving open space determined to be appropriate on other portions of SWL 337 will be considered in addition to rather than in lieu of the visitor-serving component.

Recreational and Commercial Uses

There are a wide range of recreational and commercial uses that attract people to the waterfront for recreational enjoyment are consistent with the public trust, including restaurants, hotels, visitor-serving retail, and maritime recreation (e.g. facilities to support recreational water uses). These uses can mix well with the array of uses in the surrounding area, and are appropriate for portions of SWL 337, especially areas near the waterfront. These uses could be fully accommodated as part of a mix of uses that would also include other commercial, residential, open space, and other uses. Exclusive use of the site for retail, restaurant and hotel uses would present challenges from a planning and market perspective. While these uses provide vital services and attributes that enhance the experience and richness of the waterfront, they can co-exist with and are greatly enhanced by a mix of other commercial and residential uses. There is also limited market absorption for visitor-serving retail and commercial uses. For example, just one level of retail and restaurant development covering 70% of the site would amount to about 366,000 sq. ft., greater than the amount of space at Pier 39. These uses are best accommodated by providing adequate ground-level space in locations that will be accessible and attractive to visitors and in an amount that is consistent with anticipated market demand. The Port's planning process will consider these factors to ensure that the land use plan fully provides for these trust uses.

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