

**MINUTE ITEM**

This Calendar Item No. 47 was approved as Minute Item No. 47 by the California State Lands Commission by a vote of 2 to 0 at its 6-2-03 meeting.

**Minute Item  
47**

A) 13  
S) 8

06/02/03  
G 11-01  
P. Thayer

**SAN FRANCISCO PIERS 27-31 LLC (MILLS CORP)**

**Regular Calendar Item 47:** Commission's consideration of a project at Piers 27-31, Port of San Francisco. The item was approved by a 2-0 vote, with Department of Finance not voting. The item was approved with the stipulation that the Attorney General's office send a letter to the State Lands Commission stating that the project was now in compliance with the public trust and Burton Act.

000956

MINUTE PAGE

CALENDAR ITEM

47

A) 13

06/02/03

S) 8

G 11-01  
P. Thayer

**REQUEST BY THE STATE CONTROLLER TO EVALUATE A PROJECT ON  
PIERS 27-31, PORT OF SAN FRANCISCO, FOR CONSISTENCY WITH THE PUBLIC  
TRUST AND THE BURTON ACT**

In recent months, the staff of the State Lands Commission ("Commission") has been working with the Port of San Francisco, the San Francisco Bay Conservation and Development Commission ("BCDC"), and SF Piers 27-31, LLC regarding a proposed development on Piers 27-31 on the San Francisco waterfront. SF Piers 27-31, LLC is a business entity of The Mills Corporation.

The project site lies on the Embarcadero approximately midway between the Ferry Building and Pier 39. It consists of a long bulkhead building fronting the Embarcadero and three large pier structures: Pier 27, a modern pier of little or no historic value, and Piers 29 and 31, both of which are historic and served the early bulk cargo trade for decades. The site lies mainly on pilings over San Francisco Bay, and is approximately 19 acres in size. The Port and the developer have applied to both state and federal authorities to have Piers 29 and 31, and their bulkhead building listed on the National Register of Historic Places.

The Commission administers the State's interest in tide and submerged lands granted by the Legislature to cities, counties, and other government entities. It also ensures that these public trust properties are used in compliance with the public trust and with the specific acts that placed their day-to-day administration in local hands. Public trust uses have been held by the California courts to include those uses which serve the statewide public in navigable waters, such as water-related commerce, navigation, and fisheries and, more recently, bathing, swimming, boating, recreation and environmental preservation.

The Commission has recently addressed public trust use issues in detail in considering the Queensway Bay development in the City of Long Beach. Its view of permissible public trust uses was expressed in a policy adopted by the Commission in September, 2001. In the case of San Francisco, the Commission has exercised its authority in connection with the approval of the lease for PacBell Park, and staff advice letters have been issued regarding several other publicly beneficial projects along the

000235

CALENDAR PAGE

000957

MINUTE PAGE

CALENDAR ITEM NO. 47 (CONT'D)

San Francisco waterfront, such as the renovated Ferry Building, Pier 1, and Piers 1 ½-3-5.

The second source of Commission authority on the San Francisco waterfront stems from the "Special Area Plan" between the Port of San Francisco and BCDC, and later approved by the Legislature (through Chapter 489, Statutes of 2001). The Special Area Plan provides conditions for the repair and development of the derelict pier structures along the waterfront. Prior to the Special Area Plan, the existing BCDC standards for renovation and development of the derelict piers required that a project be for a water-oriented use, and that there be no alternative upland location available (Government Code Sections 66605 (a) and (b)). The Special Area Plan established a new standard: that a project may be approved if it is consistent with the public trust and with the Burton Act, the legislative enactment through which San Francisco was granted day-to-day administration of its port. The Special Area Plan also went a step further, by setting out a specific role for the State Lands Commission should the Port request that BCDC determine public trust and Burton Act consistency early in the life of a proposed project. In that case, the State Lands Commission, by letter from its Executive Officer, is to advise BCDC on these matters, and the advice is to be used by BCDC in making its determination of public trust consistency.

The Controller has asked that this matter be placed on the agenda to give the Commission the opportunity to review the project, and, should it choose, to make its own determination of consistency with the public trust and the Burton Act. Neither BCDC, the Port, nor the developer of the Piers 27-31 project has yet requested a trust consistency advice letter for this project. However, both the Port and the developer are considering using the "early review" of trust consistency that the Special Area Plan offers them. A request for an early review before BCDC is likely to be made prior to the date of the next State Lands Commission meeting.

The uses within the Piers 27-31 project are still being refined. Because it is too early for the developer to have lease commitments, the final uses are not yet known. Therefore, in providing direction, the State Lands Commission needs to describe potential uses in a manner that protects the public trust when those uses are later put in place by the developer and the Port, with the approval of BCDC. Further, there needs to be a means to ensure that the project as negotiated will be carried out, with the design authority and abilities of BCDC protected.

What follows is a description of the project as it had been prior to negotiations over the last several weeks with the developer and the Port. Following that, there will be a

CALENDAR ITEM NO. 47 (CONT'D)

discussion of the changes recommended by State Lands Commission staff to bring the project into compliance with the public trust and the Burton Act. Then there will be a discussion of the changes in project design and uses made by the developer and the Port to address those recommendations.

In brief, the project, before the recent negotiations began, proposed the following uses in historic pier and bulkhead structures and in a new building. The locations of these uses and project configuration---the initial uses and configuration---are shown on Exhibit A to this calendar item:

- Conversion of Pier 31 almost completely to office space, and the creation of a second floor within the existing shed. Of the approximately 120,000 square feet available in a two-story conversion, 108,000 square feet were to be for offices and 12,000 square feet for the Boating Center, a museum, and a restaurant. The architectural elements of Pier 31 would lie entirely within second floor offices, other than a small portion above the restaurant space.
- Conversion of Pier 29 to the following uses, again in a two story conversion of the existing one story shed: on the ground floor, a restaurant, "recreational retail" of 31,500 square feet, a 25,000 square foot bowling center, other "indoor recreation" of uncertain use (but perhaps a yoga/spa center, indoor soccer, and batting cages), and several small retail sites. The upper floor would be for 75,000 square feet of offices. The public views of historic trusses would be limited to users of some of the indoor recreation and shoppers in the "recreational retail" space.
- A YMCA in a new 110,000 square foot purpose-built structure on two floors facing a public plaza on the south end of the site. The Y as proposed would include a wide variety of uses: a swimming pool, a lap pool and a therapy pool, a gymnasium with multiple courts for basketball, a rope climbing center and a "high adventure" center with a rock climbing wall facing the Embarcadero, a teen club with musical, theatrical, social, and computer activities, a child care center, a community meeting room, and a health and fitness center. Outside the Y, there would be a "Sports Valley" with a skate park/BMX track, volleyball, basketball and tennis courts, and an area for discharging vehicle passengers. The non-historic Pier 27 shed will be taken down to make way for the new YMCA.
- A marine sports basin between Piers 29 and 31 for recreational boating, in particular for the activities of America True. America True is a non-profit entity

CALENDAR ITEM NO. 47 (CONT'D)

that conducts youth sailing instruction through its "Learn-to-Sail" and "Community Sailing" programs. Improvements would be built to protect the sports basin from wave action. Other boaters will also use the sports basin. As a part of the project, there would be a Boating Center in Pier 31 and a Boating Kiosk near the Center. America True would train Y staff in boating instruction leading to the assumption of this program by the Y.

- Conversion of the bulkhead buildings along the Embarcadero to a mix of uses. The ground floor uses range from cafes and smaller retail to larger spaces for a marine sports retail store, "recreational retail," and "indoor recreation." The upper floors within the bulkhead building would be devoted to parking and offices.
- A new 104,000 square foot public plaza called the "Northeast Wharf Plaza," to the south of the YMCA, along with a public swimming dock. This public plaza is one of the major elements of the Special Area Plan that must be constructed by the Port in any event, and is therefore not a part of this project. However, the public plaza will be constructed earlier if this project goes forward. It will be located in part of the space currently occupied by the Pier 27 shed.
- A broad range of uses all along the perimeter of the project, including public walkways and boat docks for large and small craft, including transient berthing for visitors to the area.

The staff of the State Lands Commission, with commentary from BCDC staff and advice from the Office of the Attorney General, responded to the project plans. The response was in the form of broad-based suggestions to the Port and the developer of changes in the project to bring it into compliance with the public trust and the Burton Act, and with previously approved developments along the San Francisco waterfront. The staff of the Commission, with the advice of the Office of the Attorney General, has already recognized the importance of preserving federally-listed historic maritime structures along the San Francisco waterfront as places for the public to congregate and to enjoy architectural history. In several projects along the San Francisco waterfront, some non-trust office uses have been accepted by Commission staff as parts of restoration projects within historic buildings. However, the staff has required that there be substantial public trust uses within each historic structure, and that the architectural history being preserved within a federally-listed building be open to public viewing and enjoyment. Pier 1, the home of the Port of San Francisco, is an example of an

CALENDAR ITEM NO. 47 (CONT'D)

approved renovation project. The newly opened Ferry Building, with its public view of the 600-foot long nave and services for visitors on the ground floor, is another.

The design and projected uses of the project at Piers 27-31, as initially planned, were not in keeping with prior projects. The design and uses were predominantly based upon a development of private offices, "indoor recreation" of unspecified type, and "recreational retail." The Port and the attorneys for the developer have argued that the Burton Act and the Special Area Plan permit the use of lands along the San Francisco and over the water for a broad range of recreation uses with little or no tie to their waterfront location. Among the uses are bowling alleys and large-scale retail stores selling recreational goods and sports clothes. The staff and the Office of the Attorney General are of the opinion that neither the public trust generally, nor the Burton Act and the Special Area Plan in particular, supports the Port's and developer's position that all types of recreation and the sale of all types of recreational equipment are public trust uses.

The staff also expressed concern with the building of a new structure for a YMCA. The documentation supplied showed that this Y, although on the water, included facilities and activities much like other Y's on upland property. Many of the planned uses, such as the rope climbing area, the teen center, and the "high adventure" rock climbing wall, were not public trust activities, and had no substantiated use for public trust purposes. Many of the planned activities were to serve the local community's need for general recreation, and were planned based on a local survey. At the same time, there was an important connection between America True's sailing classes---a clear public trust activity--- and some of the areas within the Y.

The staff has provided recommendations to the developer and Port to make this project, its uses and design, consistent with the public trust and the Burton Act. Many of these changes are shown as crosshatched areas on Exhibit B. The recommendations were made in a general way to achieve public trust needs, leaving more precise design to the Port and the developer, with BCDC having final design approval:

- Increase public trust uses within Pier 31 by reducing the amount of private office on the ground floor. This would be done by eliminating ground floor offices from the bulkhead building waterward to the planned public passageway and substituting public trust uses in their place. This would allow for public visual access of the trusses within Pier 31 from the ground floor public areas and would make the building more than just a private office complex. To provide flexibility, the staff also suggested an alternative. It was that ground floor space be

CALENDAR ITEM NO. 47 (CONT'D)

converted to public trust uses one-half of the way to the passageway, but with the elimination of a planned second floor of offices. Staff also recommended that the north-south public corridor through the middle of the building be widened, so that it would be better suited to public use, rather than functioning more as a private entry for office workers.

- Within Pier 29, convert the ground floor from the bulkhead building waterward to the Bowling Center to public trust uses. This would make the ground floor predominantly public trust space. It would also eliminate a 31,550 square foot recreational retail space within Pier 29 and some non-trust indoor recreation. The north-south public passageway was also to be expanded within Pier 29. As an alternative, staff suggested that the Bowling Center be eliminated and the space it had occupied converted to public trust uses.
- Strengthen the boating tie between the YMCA and America True, both by uses and by physical connection. For instance, the Y should be physically tied to the water basin by a safe and secure passageway to the water. Its boaters (who will often be young, wet, and cold) should not have to work their way back to the Y showers and lockers through shoppers. The middle passage in Pier 29 should be expanded and a short wall installed for boaters to return to the Y. The Boating Center should be housed in Pier 29, nearer to its users.
- Establish which rooms in the Y building are necessary for the teaching all of the classes related to boating, including certification of teachers, safety, and boating skills. Consolidate multiple rooms intended for local community use, unless there is a need to have the planned size for boating activities. Reduce the size of areas and activities not used in connection with, or only occasionally used in connection with, boating, such as the rock climbing and ropes centers.

In the past several weeks, the developer has proposed changes to the project in response to staff's suggested changes. Continued negotiations have been beneficial. Very recent changes to the project have brought it to a point where staff believes that it is compliant with the public trust. The major changes and clarifications are listed in summary form below, and the design and use changes are shown on Exhibit C. A list of most of the changes supplied by the developer is separately attached as Exhibit D. A summary of the changes is as follows:

CALENDAR ITEM NO. 47 (CONT'D)

- Relocate the 3,000 square foot maritime museum in Pier 31 to a two-story area adjacent to the public passageway midway in the pier shed, and install a mezzanine in the museum (provided that another elevator is not required by the Americans with Disabilities Act). Enlarge the passageway and make changes to the elevator location to make the area more conducive to public use. This would open this portion of the pier structure to public viewing.
- Create a public corridor from the restaurant in Pier 31 to the public passageway beneath the cut out to the second story. This will give the public additional views of the historic pier structure. In addition to this passageway, there is an added public access from the marine basin to bring the public into the center corridor.
- Also in Pier 31, 5,800 square feet of non-trust office space on the north side of the pier will be converted to 3,200 square feet of maritime office space and 2,600 square feet of public trust office space or other public trust uses. On the south side of Pier 31, facing the boat basin, 7,400 square feet of non-trust office space will be replaced with public trust uses. Because of these changes and the relocated maritime museum, an area roughly equivalent to the ground level area of Pier 31 up to the passageway has been committed to public trust uses.
- In Pier 29, the 25,000 square foot bowling center will be eliminated. In its place, there will be public trust retail uses.
- In Pier 29, approximately 31,000 square feet of space planned as indoor recreation will be dedicated to trust uses. 10,000 square feet of this space will be for restaurants and cafes, and 21,000 square feet will be for trust-related retail.
- In Pier 29, widen the passageway and expand the elevator lobby midway in the Pier 29 shed. Dedicate a portion of the passageway to boaters using the marine sports basin and relocate the boating center from Pier 31 to Pier 29 adjacent to this dedicated passageway. Also in Pier 29, expand the second floor cut-out to reach the mid-pier passageway and the Embarcadero passageway. The cut-out previously over the restaurant east of the mid-pier passageway will be eliminated.
- At the Y, add another entrance near the south end of the mid-pier passageway to give the boaters more convenient access to the Y's facilities.

CALENDAR ITEM NO. 47 (CONT'D)

- The Y and America True have described the use of various rooms within the Y for boating-related purposes ranging from physical training, to classroom space for multiple classes, to larger rooms for meetings of boaters. Significantly, several rooms within the Y will be available at least 51 % of the time for participants in boating and other water-oriented recreational activities, and for the use of other public groups such as environmental groups and groups focused on San Francisco Bay and Pacific Ocean preservation, fisheries, and recreation. The availability of these rooms for trust-related use will be disseminated to the public by the Y.
- The facilities within the rock climbing, rope climbing, and "Kid's Zone" rooms facing the Embarcadero will be modified to make them more amenable to use by America True and other boaters for boating related exercise and training. These rooms will offer ropes courses for mariners, a mast for climbing, and a sailing simulator. A part of one room facing the Embarcadero will contain sailing craft on a rotating basis for display and training. The changes made to the Y, in the staff's opinion, have made it a distinctive, boating and water-related Y, a public trust use, although some non-trust uses typical of more traditional Y's remain.
- Provide comprehensive signage to educate the public about the historical features of the piers and direct the public to open spaces, public exhibits and maritime activities.
- Within Pier 29, work with the lessee of the 31,500 square foot retail space to insure that the ceiling area is kept open to public view so that the public can see the trusses and other historical features of the building.

The goal of the staff has been to reduce the project's non-trust uses, increase its trust uses, and open to a greater extent the refurbished historical structures to the public. As stated above, the staff has permitted some non-trust uses in restored historical structures along the San Francisco waterfront provided that a significant portion of these structures has been dedicated to trust uses and that the preserved historical features of the buildings have been readily accessible to the public. With the changes which have been outlined here, and with provisions to assure that the public trust attributes of the project are protected, the staff is able to recommend this project to the Commission as trust-compliant.

**OTHER PERTINENT INFORMATION:**

CALENDAR ITEM NO. 47 (CONT'D)

1. Before its final approval, the Piers 27-31 project will be the subject of multiple approvals and opportunities for public participation. As a proposal to lease public trust lands in San Francisco, the Port will need to consider this project following a full review as required by the California Environmental Quality Act ("CEQA"). Through CEQA, the public will have an additional opportunity for participation. The project will also come before the San Francisco Board of Supervisors and BCDC, two additional opportunities for public participation.
2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060 (c) (3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

**APPROVALS OBTAINED:**

N/A

**FURTHER APPROVALS REQUIRED:**

The Port of San Francisco, the Board of Supervisors of the City and County of San Francisco, the San Francisco Bay Conservation and Development Commission, the U.S. Corps of Engineers, the San Francisco Planning Department, and the Regional Water Quality Control Board

**EXHIBITS (ATTACHED AND INCORPORATED BY REFERENCE):**

- A. February 26, 2003, Project Plan with Uses
- B. Project Plan with Staff Recommended Changes
- C. Amended Project Plan
- D. List of Project Changes

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

**IT IS RECOMMENDED THAT THE COMMISSION:**

CALENDAR ITEM NO. 47 (CONT'D)

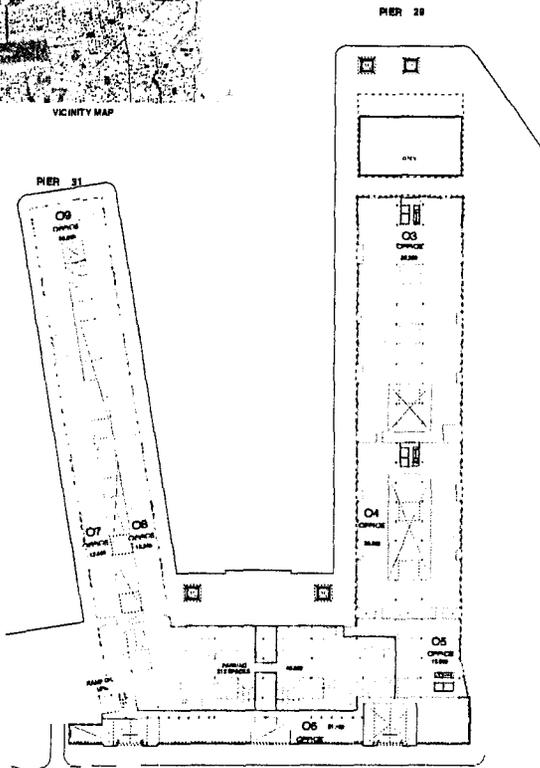
1. FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060 (c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
2. FIND THAT THE AMENDED PROJECT PROPOSED BY THE DEVELOPER AND THE PORT FOR PIERS 27-31 IS CONSISTENT WITH THE PUBLIC TRUST AND THE BURTON ACT SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:
  - A. THE PLAN FOR THE PROJECT SHALL BE AS AMENDED AND SHOWN AND DESCRIBED IN THIS CALENDAR ITEM AND AMPLIFIED FURTHER IN EXHIBITS C AND D WHICH ARE ATTACHED TO THIS CALENDAR ITEM.
  - B. THE PORT AND THE DEVELOPER ARE TO PROVIDE A CONTRACTUAL MEANS ACCEPTABLE TO STAFF AND THE OFFICE OF THE ATTORNEY GENERAL TO ALLOW THE COMMISSION TO MAKE CERTAIN THAT ELEMENTS IN THE PIERS 27-31 PROJECT WHICH ARE DESIGNATED AS PUBLIC TRUST USES WILL BE LEASED FOR THOSE USES. THIS WILL INCLUDE THE SMALL SCALE VISITOR-SERVING RETAIL SPACES AND OTHER PUBLIC TRUST USES WITHIN PIERS 29 AND 31 AND THE BULKHEAD BUILDING. THIS MAY BE ACHIEVED BY AGREEMENT AMONG THE PORT, DEVELOPER, AND THE COMMISSION. AS A PART OF THIS AGREEMENT, THE COMMISSION MAY BE MADE A THIRD PARTY BENEFICIARY TO THE PORT LEASE FOR THE PURPOSE OF ENABLING IT TO ENFORCE TRUST COMPLIANCE TERMS.
  - C. FOR THE PURPOSES OF THE AGREEMENT AND LEASE REFERRED TO IN (B), THE DETERMINATION OF PUBLIC TRUST USES SHALL BE AS DESCRIBED IN THE COMMISSION'S POLICY STATEMENT OF SEPTMEBER 2001 AND THE ADVICE LETTER OF THE ATTORNEY GENERAL DATED MAY 5, 2003.

CALENDAR ITEM NO. 47 (CONT'D)

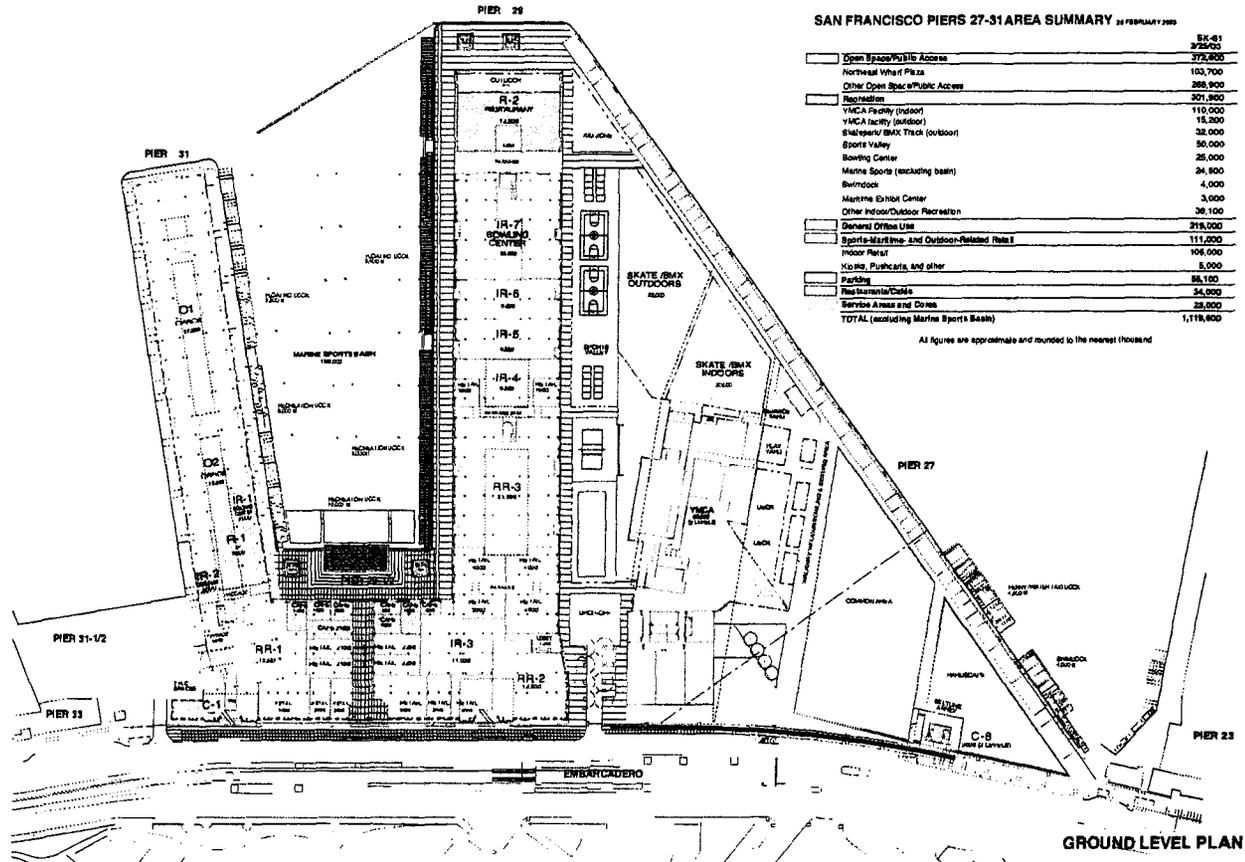
3. AUTHORIZE THE EXECUTIVE OFFICER TO TAKE WHATEVER ACTION IS NECESSARY TO IMPLEMENT THE COMMISSION'S FINDINGS AND DIRECTIVES.



VICINITY MAP



UPPER LEVEL PLAN



GROUND LEVEL PLAN

**SAN FRANCISCO PIERS 27-31 AREA SUMMARY 24 FEBRUARY 2002**

Open Space/Public Access	\$16,481
Northeast Wharf Plaza	278,000
Other Open Space/Public Access	100,700
Recreation	288,900
YMCA Facility (indoor)	301,800
YMCA Facility (outdoor)	110,000
Skatepark/ BMX Track (outdoor)	15,000
Sports Valley	32,000
Rowing Center	50,000
Marine Sports (excluding basin)	25,000
Swimclub	24,000
Swimclub	4,000
Maritime Exhibit Center	3,000
Other Indoor/Outdoor Recreation	36,100
General Office Use	219,000
Sports-Meetime- and Outdoor-Related Item II	111,000
Indoor Retail	109,000
Hotels, Pub/cafes, and other	5,000
Parking	55,100
Restaurants/Cafes and other	34,000
Service Areas and Docks	28,000
<b>TOTAL (excluding Marine Sports Basin)</b>	<b>1,119,600</b>

All figures are approximate and rounded to the nearest thousand.

**THEMILLE**

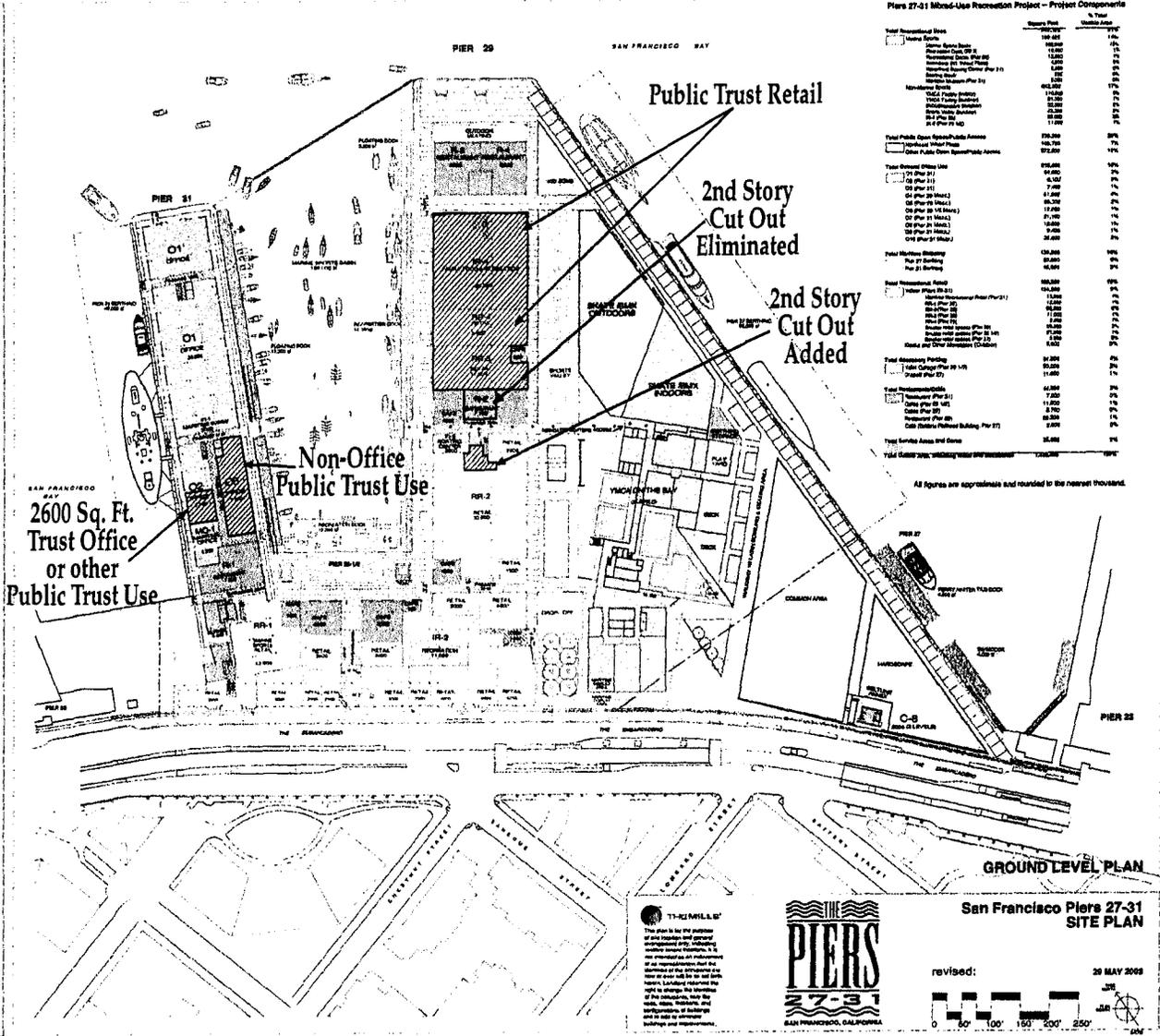
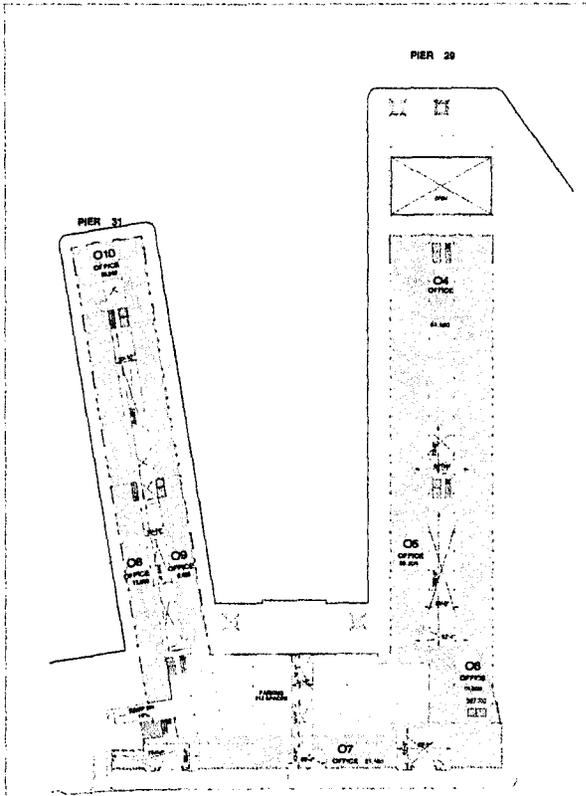
THE PIERS  
27-31  
SAN FRANCISCO, CALIFORNIA

San Francisco Piers 27-31  
Site Plan

revised: 24 FEBRUARY 2002

1" = 100'







May 22, 2003

Hon. Paul D. Thayer  
State Lands Commission  
Executive Director  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202

Re: Piers 27-31

Dear Paul:

I want to thank you, Blake and the rest of the staff again for rolling up your sleeves and helping the Port, Mills and BCDC to resolve the outstanding issues for Piers 27-31. We have looked at this project with a fresh pair of eyes and believe that a lot of progress has been made.

Since a lot of conversations and meetings have occurred over the last two weeks, I thought it would be appropriate to recap the changes we have made based upon input from State Lands staff as well as BCDC. With respect to Piers 29 and 31, as we understand it, you are primarily concerned that the project provides appropriate public access to the historic features of these resources, and that the structures themselves include an appropriate balance of trust uses to incidental non-trust uses. As the recap below shows, we have made significant changes in the uses and design of Piers 29 and 31 to address these primary concerns. While our concern for the integrity and success of the project as a whole does not allow us to make all of your suggested design and use changes, we strongly believe that our proposed changes result in a project that places substantial trust uses in each structure, and gives the public unprecedented opportunities to appreciate the exterior and interior historic features of these resources. This is particularly true when the Piers 29, 29.5 & 31 complex is viewed as a single historic building, which is the approach taken by the California State Historic Preservation Office and the National Park Service Office of Historic Preservation.

000249

CALENDAR PAGE

000971

MINUTE PAGE



With respect to the YMCA, we understand your concern that it be a unique facility primarily designed to take advantage of its waterfront location and to serve the needs of waterfront users. While we strongly believe that the YMCA facility has been designed and will be programmed to fully take advantage of its waterfront location and serve Bay-oriented recreation uses, we perhaps have not described this unique facility adequately to underscore that connection. As discussed below and in the separate submittal that accompanies this letter, we have made some changes in the YMCA building and are able to more fully explain the facility and programs that will make this a true water-oriented and water-enhanced YMCA.

We are encouraged by the great progress that has been made, by my quick estimation we have converted 37,000 sf. of non-trust space to trust uses and look forward to a favorable response from the staff prior to the State Lands Commission meeting on June 2, 2003.

## Recap of Changes Made to the Piers 27-31 Project

1. Maritime Museum (Pier 31) relocated to the mid-crosswalk per exhibit "A"
  - Take advantage of two story space @ crosswalk
  - Vestibule added as gathering space and room for information plaque
  - Glass storefront along museum wall adjacent to crosswalk (allow views up into two story structure)
  - Encourages public access and viewing into historic structure
  - Way finding signage off of Embarcadero to encourage public viewing
  - Station # 8 of historic walk relocated to vestibule area
  - Increased opening in second story above relocated maritime museum to increase view into "Historic Structure" in Pier 31
2. Pier 31. Mid-point corridor added per exhibit "B".
  - Corridor to extend from north wall of Restaurant to elevator lobby directly below two story cutout. We will also widen the elevator lobby to improve the view through the lobby and into the Museum.
3. Due to the additional public corridor located in Pier 31, the "office space" has been reduced by 6,000 sf. to 216,000 sf.(Net)
4. YMCA/America True a dedicated passageway for boaters has been located directly opposite "Boating Center" in Pier 29.
5. YMCA/America True have agreed to give preference to boating functions, meetings, training, etc. in YMCA building. The exact program requirements and scheduling of these activities will be based upon enrollment and Dawn Riley "America True" input.
6. YMCA/America True in their normal marketing program will promote this location as a "Boating Center" to help encourage public participation.

000250

CALENDAR PAGE

000972

MINUTE PAGE



7. Boating center was relocated from Pier 31 to the Mid-Crosswalk of Pier 29
  - Created a dedicated passage for Boaters directly adjacent to YMCA dedicated boating link as well as making a stronger connection to the YMCA building
  - This will also allow the “Dock Master” to have better access in order to properly manage the “Marine Basin”
8. Replaced 21,000 sf. of Indoor rec. with “Trust uses” – 10,000 sf. of restaurants, food & café; 11,000 sf. of “Trust” retail or maritime activities
9. At Pier 29 widen the center passageway which is directly adjacent to boating center
10. Increased size of vestibule in passageway in Pier 29 adjacent to boating center to improve boater circulation and to allow for “Historic Information” plaque
11. Mills will agree to include the following design standards in office leases
  - i. Wherever possible and when code allows the two story cutouts will be enclosed with a glass storefront to improve viewing into structure. Minimal size mullions will be specified.
  - ii. Whenever possible and when code allows any demising wall that abuts glazed “cutout” opening will have a minimum of a two foot wide glass window where the wall meets the “cutout”
12. Boating kiosk was relocated to east side of marine basin in order to decrease distance between boating center and YMCA
13. A comprehensive signage program will be incorporated into the project in order to educate, inform and direct the public to various open spaces, boating and maritime activities. Mills will agree to include this information on property directories.
14. Further consideration of adding an area on the 2<sup>nd</sup> floor of the Beltline Building for education and gathering related to water activities.
15. Further consideration to add a service facility to support The Port's Maritime Division – equipment storage area adjacent to the service core to assist with extensive berthing program. This matter needs further review to insure proper functioning.



## Additional changes based upon May 20<sup>th</sup> conference call

1. Elevator lobby corridor directly opposite Maritime museum in Pier 31 to be widened to 15' to allow better viewing into two story space
2. IR-4 (Approx. 9,800sf.) to be converted from indoor recreation to "Trust" retail or other marine boating activities. (Trust retail as is at other Piers along the waterfront).
3. Elevator lobby corridor in Pier 29 adjacent to "Boating Center" shall be extended south to Northern edge of two story cut out. This will allow public to view second story space from lobby area.
4. Information plaques shall be installed at all five crosswalks in order to educate, inform and direct public about the historic piers
5. RR-1 entrance off the Embarcadero shall incorporate as much of the two story space as possible
6. Specific areas within the new YMCA building will be more clearly designated towards their water-oriented function, including the Nautical Center and the Cal Teen Boat Club. (A separate description of how this room will be programmed as well as other physical and programming changes will be sent under separate cover.)
7. We will agree to work with the RR-2 tenant as well as others to help insure that the two-story space is incorporated in the overall design of the space. To insure the overall success of the project it is essential to keep the smaller retailers where they currently exist. Furthermore, by locating tenant RR-2 where we have it, will allow us to successfully lease the other trust retail just north of RR-2. Tenant RR-2 will be the draw to attract the other uses.
8. As part of its normal marketing program Mills will include information and descriptions of the various maritime activities that will be occurring on Piers 27-31 in order to help educate, inform and direct the public to these "Maritime" facilities.
9. We will agree to place a small second level mezzanine in the Maritime museum as long as ADA requirements do not require us to install another elevator.
10. Mills will agree to locate a café somewhere in the Bulkhead of Pier 29.



**THE MILLS**

Finally, since we have made substantial changes to the project due to State Lands staff input and suggestions, it was agreed to that both the Controllers Office and State Lands staff would accompany us as we go back to obtain stakeholder and community approval.

I will be traveling this Thursday and Friday so please feel free to leave me a voice mail or email if you have any questions.

I look forward to a successful conclusion to the outstanding issues.

Sincerely,

Steven J. Jacobsen  
Executive Vice President  
Development

cc: C. Aronberg,  
B. Stevenson  
D. Plummer  
J. Eigerman  
S. Kay  
M. Bolsinger  
D. Riley  
B. Rhett  
D. Wong  
L. Swanson  
N. Sekhri,  
W. Travis  
C. London  
C. Van Osten  
R. Achtenberg

000253

CALENDAR PAGE

000975

MINUTE PAGE

May 29, 2003

Hon. Paul D. Thayer  
State Lands Commission, Executive Director  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825-8202

**Re:** May 29, 2003 Revisions to San Francisco Piers 27-31 Project

Dear Paul,

Here is a summary of the revisions to the project we discussed today. We recognize that the Attorney General has reviewed each pier individually. However, we wish to reiterate that the National Park Service has formally determined that the historic maritime complex at Piers 29, 29½ and 31 is a single structure. The pier substructures were built at the same time, followed by the sheds, and, shortly thereafter, the bulkhead buildings. Historically, there were no interior walls dividing up the space at all, but a unified U-shaped complex spanning from Pier 29, to Pier 29 ½ to Pier 31. The Port leased to single maritime tenant, most significantly the Luckenbach shipping company.

We feel very strongly that when regarded as a whole, our project is consistent with the Public Trust Doctrine. That said, our team and your staff have worked hard during the past several months and sleeplessly during the past few weeks to improve the ratio of public trust uses to non-public trust uses on a pier-by-pier basis. Assuming that the piers must be reviewed individually, we believe that you will agree that we have made considerable progress at each pier. In this letter, I have documented the most recent changes by pier, moving north to south: Pier 31, 29½, 29 and YMCA (Pier 27).

### **Pier 31**

As we discussed just yesterday, we have continued to reconfigure and reduce ground-floor general office space at Pier 31 in favor of public trust uses, such as public passageways that will improve the public's access to every corner of the historic structure. In addition, we have now reduced the amount of general office space from 219,000 square feet to 209,800 square feet, as shown on the site plan we emailed to you earlier today. The new site plan differs from the previous one as follows:

- Elimination of 1,800 square-feet of office space to create a new public passageway through the end of the Pier 31 Shed. We have also cut new two-story space above this passageway for the enjoyment of the public.

000254

CALENDAR PAGE

000975

MINUTE PAGE

- Elimination of 5,700 square feet of office space to create a new public passageway running east-west to connect public spaces at the front and rear of the Pier 31 Shed. There is already two-story space above this passageway.
- Elimination of 3,200 square feet of general office space to create 3,200 square feet of trust-related office space. We intend to lease this space to an excursion vessel operator using the 48,000 square foot berth we will build at Pier 31.

In addition, the Mills Corporation will commit to market all remaining ground-floor office space at Pier 31 (47,400 sq. ft.) to trust-related office users, and to limit subleases of such space to non-trust-related office tenants to no more than 10 years. If trust-related tenants are not able to lease the space at its market rate, the sublandlord will then turn to non-trust-related office users.]

Even assuming that no more than 3,200 square feet can be subleased to a trust-related office user, the net result of these changes is that 83% of the ground level of Pier 31 is now dedicated to public trust uses, as shown below:

**Ground-Level Spaces at Historic Pier 31**

	<u>Total</u>	<u>Trust</u>
Pier 31 Aprons	41,900	41,900
Floating Dock	12,300	12,300
O1 Office	34,000	-
Public Passageway	1,800	1,800
Pier 31 Berthing	48,000	48,000
IR-1 Maritime Museum	3,000	3,000
Public Passageway	1,700	1,700
Marine Sports Basin*	84,000	84,000
O2 Office	6,000	-
MO-1 Office	3,200	3,000
Public Passageway	3,000	3,000
O3 Office	7,400	-
R-1 Restaurant	7,000	7,000
Public Passageway	2,000	2,000
Service	6,200	6,200
RR-1 Marine Sports Retail	13,900	13,900
Retail	5,000	5,000
Lobby	900	900
Retail	3,000	3,000
Parking Ramp	600	600
<b>All Spaces</b>	<b>284,900</b>	<b>237,500</b>
	<b>Trust:Total=</b>	<b>83%</b>

\*Half of the basin is assigned to Pier 31.

000255

000977

**Pier 29 ½**

Consonant with our discussions yesterday, we have not made any changes to the proposed spaces at Pier 29 ½. For your reference, 86% of the ground-floor space at this pier will be dedicated to trust uses, as shown in the following table:

**Ground-Level Spaces at Historic Pier 29.5**

	<u>Total</u>	<u>Trust</u>
Pier 29.5 Aprons	18,100	18,100
Recreation Dock	10,000	10,000
Boating Kiosk	625	625
Retail Kiosk	625	625
IR-2 Recreation	11,000	-
Retail	2,500	2,500
Café	600	600
Café	5,000	5,000
Retail	2,500	2,500
Retail	5,000	5,000
Retail	3,000	3,000
Public Passageway	6,700	6,700
Café	4,000	4,000
Café	1,400	1,400
Retail	3,500	3,500
Retail	2,500	2,500
Retail	2,000	2,000
<b>All Spaces</b>	<b>79,050</b>	<b>68,050</b>
	<b>Trust: Total= 86%</b>	

**Pier 29**

We do not wish to gloss over your concerns about the 30,000 square-foot sporting goods retail space at Pier 29. However, as we have discussed, the presence of such a small “anchor” retailer is crucial to attracting the smaller retailers to the site. Let me note here again, that all retail at the site will be visitor-serving, trust-consistent retail. However, even assuming that the 30,000 square foot sporting goods store will be “non-trust,” 81% of the ground level of Pier 29 will be dedicated to trust uses, as shown in the following table.

000256

000978

**Ground-Level Spaces at Historic Pier 29**

	<b>Total</b>	<b>Trust</b>
Pier 29 Aprons & Outdoor Seating	52,570	52,570
Kiosks	1,250	1,250
R-3 Restaurant	6,300	6,300
R-4 Restaurant	6,300	6,300
Service	1,611	1,611
Floating Dock	3,200	3,200
Public Passageway	5,200	5,200
Public Lobby		-
Elevator Core		-
Family Food & Recreation IR-4	25,000	0
Recreation Dock	12,000	12,000
RR-4 Retail	9,600	9,600
Café	800	800
RR-3 Retail	11,000	11,000
R-2 Restaurant	7,700	7,700
Public Passageway	3,600	3,600
IR-3 Boating Center	2,000	2,000
Marine Sports Basin**	84,000	84,000
Retail	3,200	3,200
RR-2 Retail***	30,000	4,500
Café	1,900	1,900
Retail	1,900	1,900
Public Passageway	3,200	3,200
Retail	3,000	3,000
Retail	4,900	4,900
Lobby	1,400	1,400
Retail	6,250	6,250
Retail	6,250	6,250
Retail	4,000	4,000
<b>All Spaces</b>	<b>298,131</b>	<b>247,631</b>

<b>Trust: Total =</b>	<b>81%</b>
-----------------------	------------

\*Approx. 50% will be dedicated to restaurant use and amusements.

\*\*Half of the basin is assigned to Pier 29.

000257

000979

## YMCA Facility

Based on our recent discussions with you, the YMCA of San Francisco has agreed to give first priority in scheduling to maritime groups wishing to use the various areas within its new building. To clarify, the developer will be bound under the lease, and, in turn, will bind the YMCA through its sublease, to first attempt to schedule activities by marine recreation groups in building areas before reserving such areas for non-marine recreation groups. The purpose is to ensure that the "YMCA on the Bay" remains focused on marine recreation first, foremost, and in the majority of its spaces.

To that end, we have also changed the configuration and programming within the "Gangway," "Climbing Center/High Adventure Center" and "Soft Landings," and added a new area called the "Maritime Display Area," which we discussed yesterday.

Gangway: Adjacent to the Facility's public lobby for easy access, the Gangway is a multi-use area designed for registration and staging of incoming boating and recreational students. In addition, the YMCA has agreed to open this space to maritime workers using the nearby Pier 27 berth. *Only* when the Gangway is unneeded by marine recreational or maritime workers, it may also be used as a meeting room or staging area for other groups. The Gangway is truly the launching spot for all maritime activities at the Piers 27-31 Project.

Climbing Center/High Adventure Center. With large windows to The Embarcadero, these two centers are designed to be highly visible to people using Herb Caen Way and the new Northeast Wharf Plaza that we will build. The climbing center is ideal for the physical training of sailors who work the front of racing sailboats. A sailboat mast will be installed front and center and used for practice climbing. Self-climbing harness rigs, winches, and bosun's chairs will be rigged for physical training and to instruct students and the boating public on the proper and safe way to work aloft. The climbing center mimics modern racing sailboat activities and the High Adventure Center is more in keeping with traditional tall ship sailing. The ropes courses will be invaluable for those wanting to go aloft to unfurl the cotton sails from wooden arms – a key component of tall-ship sailing. Both of these areas will be used by all sailing students from the marine basin as well as groups like the Tall Ship Semester at Sea Program and others who want safe boating-aloft instruction and practice. Again, Marine sports groups/activities have *first priority* in using these centers.

Maritime Display Area: The third glassed in space along the Embarcadero will be used for rotational displays of featured boats and kayaks. This area will allow for the public and casual passer-by to realize immediately that this is no 'traditional YMCA', but rather this is the "YMCA on the Bay" with a real connection to the San Francisco waterfront. The type of vessels used in the marine basin will be rotated into this space so potential boaters can see, touch and climb on the boats. Other fleets will be invited to showcase their class boat as well, for instance the Hobie Cats or the International One Design Fleet. Olympic athletes will also be

000258

000980

invited to use this area and participate in "talent showcases" where they can promote their campaigns.

Soft Landings: Located behind the Marine Educational Display Area is a soft-scaped area that is perfect for windsurfing and sailing simulators and other activities that need this manner of protection. This area will be used by the sailing students on inclement days and for individual competitive sailors trying to improve their hiking endurance and sailing skills.

I look forward to speaking with you tomorrow. I will happy to answer any questions at that time.

Sincerely,

Steven J. Jacobsen  
Executive Vice President  
Mills Corporation

000259

000981