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# A whole new South Beach: Two teams set out to remake two San Francisco piers

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In less than a decade, a roughly half-mile, barren stretch of the San Francisco waterfront described as a “dead zone” in the city’s South Beach neighborhood will be unrecognizable.

That, at least, is the hope of the Port of San Francisco and two teams working independently but on parallel trajectories to redevelop two sets of dilapidated piers.

The vision is to transform that stretch of waterfront — flanked by the Bay Bridge and Oracle Park — into an urban dining, shopping and recreational destination while also strengthening the port’s aging infrastructure.

Roughly 13 acres across Piers 30 and 32 — home to a city-operated Covid-19 testing site for the last year — are earmarked for a full rebuild into a floating swimming pool framed by two new office structures. Across Embarcadero Street from the piers, 850



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Strada and Trammell Crow proposed to remake Piers 30-32 in San Francisco. Image by Steelblue

multifamily units would rise on an underutilized parking lot where a homeless navigation center operates.

Strada Investment Group and financial partner Trammell Crow Co. are leading the \$1.2 billion proposal.

Further south — next to South Beach Harbor and Oracle Park— Piers 38 and 40 are slated for redevelopment into office space, recreational and commercial boating facilities and an Asian-inspired food market. That \$383 million project comes from Pacific Waterfront Partners LLC.

The Port selected both teams last summer after competitive bidding processes.

“We’ve invested quite a bit on the northern waterfront — the Ferry Building, Piers 1.5, 3 and 5, the Exploratorium, the cruise terminal,” said David Beaupre, master planning project manager for the Port. “But if you walk this area from the Bay Bridge south to the ballpark, it’s kind of a dead zone other than two java houses. And so both of these projects combined will really activate this part of the waterfront.”

Both development teams know their respective sites intimately — they’ve been involved in previous redevelopment efforts — but Port projects are notoriously difficult to pull off. There are height limits, required regulatory approvals, potential neighborhood opposition, not to mention the capital needed to see the projects through.

So what are the chances the teams will succeed in pulling off two projects valued at well north of a billion dollars within a half-mile of each other at the same time?

## **A troubled two decades**

Strada Principal Jesse Blout first became familiar with Piers 30-32 and Seawall Lot 330 in the early 2000s. He was working for the mayor’s office and led negotiations with Australian developer Lend Lease Corp. to build a cruise ship terminal, office space, hotel and housing.

But the so-called Bryant Street Cruise Terminal faced public trust issues that had to be resolved through state legislation and ultimately ran out of steam in the wake of the dot-com bust. Lend Lease walked away from the project after completing a 139-unit condo building — the Watermark — on a portion of Seawall Lot 330 and building

the Brannan Street Wharf. The city's signature cruise terminal eventually opened at Pier 27.

Other proposals to resuscitate the site — including transferring long-term lease rights to the organizers of the America's Cup in exchange for repairs to the piers, a George Lucas Film museum and the new Golden State Warriors arena, now located in Mission Bay — also went under, mostly as a result of community opposition and funding issues.

Blout — who by the time the Warriors showed interest in the site in 2013 had co-founded Strada and was hired to work on the basketball arena proposal — experienced firsthand the storm that is South Beach community opposition.

"I know that Jesse is very familiar with the neighborhood because we gave him a really hard time," said South Beach resident Katy Lidell, who co-chairs the Northern Advisory Committee. "We'd sit there at meetings and Jesse would say under his breath, 'This is a great project.' And I'd say, 'Great project, wrong location.'"

Lidell remembers community meetings that turned "nasty" as residents balked at the traffic and rowdy crowds they anticipated the arena would attract.

"It was a really tough time in the neighborhood," she recalled. "There was a lot of tension."

The South Beach neighborhood became vocal again in 2019 when the city proposed a low-barrier homeless shelter, called a navigation center, on Seawall Lot 330, which up until that point operated as a parking lot. The center was only temporary pending the site's development, but community groups filed an unsuccessful lawsuit to stop it from opening.

Around the time the center opened, the Port issued another RFP. Strada was hooked again.

## **The key to making it work**

Blout said his team reviewed the Port's RFP and gleaned that restoring the deep water berth — the channel that allows large ships to dock at the Pier — was "central" to how the agency would evaluate bids.

“The first thing we asked ourselves when the RFP came out from the Port was, ‘What’s wrong with us? Are we crazy for bidding?’ ” Blout said. “Then we asked ourselves, ‘What is the path forward? How do we thread the needle between the regulatory process, which demands a lot at a site like this, what the community might want and how to manage this project so the costs don’t get out of control?’ Because spiraling costs have been such a lesson learned from prior failed proposals.”

Blout said he is confident his team — which includes leading designers Grimshaw Architects and landscape firm Field Operations — will see the project through this time. He described the decision to shrink the footprint of the piers from 13 acres to 7 as the “aha moment” that carried the proposal forward. Take a look at the photo of the site in the gallery below.

“We all came to the conclusion that we really need to try to reduce the pier costs as much as possible, knowing that we needed to create really amazing regional public amenities, pay for it all and deliver sea level rise resiliency and the all-important east berth for the Port,” he said, adding that a square foot of pier costs about \$400 to build.

The public floating swimming pool, the project’s signature, was inspired by examples in Europe.

“There are great examples in northern Europe, and there’s also one on the Seine in Paris,” he said. “San Francisco doesn’t have anything like this. So we thought that would be a great way to attract a whole bunch of new people from around the region to this part of the waterfront and really activate the site.”

The details are still being worked out, but Blout envisions the pool or pools would come in the form of a steel or concrete barge that floats in a tub in the bay. That would allow them to better control the water quality.

“We are playing around with whether we can use Bay water in the same way that the Exploratorium uses bay water to cool the Exploratorium,” said Blout. “They have this heat exchange process where they take the bay water into the building through a series of pipes and cool the building. What we’re thinking is we could potentially use that technology where we heat the office buildings and then use the water to warm the pool, maybe also combined with some solar panels.”

## **A third try at Piers 38-40**

Pacific Waterfront Partners' third attempt to redevelop Piers 38 and 40 could be the charm. The development firm was selected following two unsuccessful flirtations with the site.

PWP first became involved with Pier 38 in 2009, working with Carl Ernst on his plans to transform it into a Maritime Recreational Center. Ernst, a developer, was granted a long-term master lease in 1995.

But the idea for the recreation center never took off, and Ernst eventually leased the space to a cluster of small startups and tech companies — including the founders of Instagram — but lost the lease in 2011 due to permitting violations.

In 2012, the Port issued an RFP for the development of Pier 38, and PWP threw its hat in the race but the contract was ultimately awarded to TMG Partners in 2013. TMG intended to restore Pier 38's bulkhead and develop it into office, restaurant and event uses, but after two years of negotiations, that deal fell apart because of the "extreme cost" of repairing the pier, said Beaupre.

Throughout the process of updating its 15-year-old waterfront land use plan that began in 2015, the Port heard that "the public wanted activity down on the waterfront" that "attracted the greatest diversity of people" and preserved the historic piers, he said.

The Port received two responses to last year's RFP for Piers 38 and 40 — one from Orton Development, which is the Port's Partner in developing a portion of Pier 70, and the other from PWP, which has previously partnered with the Port on the development of Piers 1.5, 3 and 5. PWP was selected to negotiate the contract by a five-member selection panel representing the neighborhood, real estate development interests, professional planners, architects and urban designers.

"We never gave up," said Simon Snellgrove, a founding principal of PWP. "There are a lot of things going on with not just Covid-19, but the resilience of the piers. And there are challenges, but we love challenges."

## **A community plan**

Snellgrove said that equity and affordability are principles guiding his firm's proposal for Piers 38 and 40, which combined span about 252,600 square feet.

Rather than paying minimum rent, eight restaurants envisioned to operate on a 30,000-square-foot existing parking lot-turned-plaza covered by a large canopy on Pier 40 will pay percentage rents based on their sales— meaning that as the businesses do well, the revenue will be shared with the Port and PWP. The restaurants will not be subject to common area maintenance charges as is typical for businesses operating in Port facilities. In return, the restaurants must agree to cap their price points.

“My kid went to Berkeley, and when we did Piers 1.5, 3 and 5, he said, ‘That’s great, Dad, but I couldn’t afford to eat there.’ So that stuck with my mind,” said Snellgrove.

The Pavilion-style food market is inspired by Asian outdoor night markets, such as the Stanley Market in Hong Kong. The Cornerstone Institute is partnering with PWP on the project.

“It’s a really important concept for bringing people together. And with our theme of bringing people from San Francisco, the residents, into this project, this will be a perfect way for us to do it,” said Cornerstone CEO Wayne Perry.

The plaza will also be programmed for events, and the current proposal features two bayside pools that would be free to the public. One may be swapped out for a volleyball court, depending on community feedback. Take a look at the current state of the piers and the vision for them in the gallery below.

Other community benefits include a sliding scale junior sailing school on a float located beneath the Brannan Street Wharf, and the developers say they plan to incorporate existing volunteer programs at Pier 40 — the Bay Area Association of Disabled Sailors and South Beach Harbor Yacht Club’s Volunteer Sailing School — into the project’s programming.

Cornerstone will train youth from underserved communities in architecture, engineering and construction for the project, and another partner will conduct outreach in the Southeastern part of the city for restaurateur opportunities.

“We’re starting to reach out to the community in various areas of the city, and we’re

going to include them in every aspect of this project, not only in the employment training and knowledge transfer, but also in mentoring and in contracting,” he said. “This is a very, very important part of our vision.”

## **Complement or competition?**

April Fame — who joined the development team as PWP vice president of development after it was granted exclusive negotiation rights — said Piers 38-40 and Piers 30-32 will be “complementary.”

“We want the community to go back and forth between 30-32 and 38-40. There’s a huge catchment area there, and we believe that each site has its own unique attractions so that everyone’s not experiencing the same thing,” she said.

How the projects will ultimately shape up remains to be seen. Both development teams are currently engaging the community and regulatory agencies for feedback.

And already, some issues are emerging. Some neighbors have expressed concerns over the density and massing of Strada’s proposed housing component on Seawall Lot 330 and how it would impact existing residential towers.

Strada’s proposal calls for roughly 700 market-rate and affordable inclusionary units in one building and an affordable building with 150 units. Because restrictions at the piers limit the project’s office space, Blout said the city will use the state density bonus program to boost density, generating “enough development envelope” to pay for the public infrastructure improvements. Two corners of the proposed housing development would exceed local height limits.

“We were careful to put the massing in two towers on the corners and created a valley — we propose a lower element along the middle of the site,” he said. “It’s actually lower than what the zoning allows with the idea that we push height up on the corners to preserve views for nearby neighbors. We thought it was a responsible way to arrange the density but we understand there are a variety of opinions in the neighborhood and we look forward to engaging in the conversation.”

In doing so, the project creates “a wall or a precipice in front of Bayside Village and a little bit in front of the Portside,” said Alice Rogers, president of the South Beach Rincon Mission Bay Neighborhood Association. She added that she was “blindsided”

by Strada invoking the state density bonus.

“This project is only 25% affordable,” said Rogers. “If they’re invoking the density bonus, I do think there should be a higher level of the affordable component, or they should reduce the mass.”

Blout countered that the proposal reflects a “delicate balancing act” between providing as much affordable housing as possible and still “delivering on \$370 million in infrastructure improvements and providing a significant annual rent payments to the Port.”

South Beach resident Diane Amato said she is “impressed” by Strada’s proposal — perhaps that is because there’s a good amount of distance between the project and her home of 28 years.

As a tenant of the Steamboat Point Apartments at 800 Embarcadero St., however, Amato is not as enthused about PWP’s Piers 38-40 project, which she said would directly impact her home. Unlike businesses operating on other piers, the market proposed for the street-fronting parking lot on Pier 40 would be visible from Embarcadero Street.

“There is nothing between that parking lot and people’s living rooms except 200 feet of open space — the Embarcadero. Putting an open market in that small area will generate excessive noise, more litter and light pollution not to mention more traffic that this neighborhood certainly can not tolerate. It is not only a terrible idea it’s being completely inconsiderate to the impact on our neighborhood,” said Amato.

Despite living near the ballpark, Amato said that the neighborhood calms down after 10 p.m., once fans leave. She is concerned that this will change once the parking lot is activated as a night market, adding that the people who live in the area “deserve to hang onto that small section of peace and quiet.”

Amato believes that Strada’s proposal would suffice in activating the neighborhood with more restaurants, shopping and other amenities — and questioned the demand for both projects at South Beach stretch of the waterfront.

“I agree that something needs to be done with Piers 30 and 32, but cramming another market onto Pier 40 is overkill,” she said.



As for the Port, it says both are doable: “The projects are complementary and will offer a wide mix of new open space, access to the waterfront and other amenities for the public. The projects are advancing on different timelines and are not expected to have significant overlap in construction. Additionally, much of the construction is expected to be over water mitigating some construction inconveniences.”

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**Hover over the map below for a look in detail at the two projects**

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### **Piers 30-32 timeline**

**1999:** RFP issued

**2000:** Lend Lease selected to build cruise terminal, other uses

**2006:** Lend Lease falls out of contract

**2010:** America's Cup organizers propose development plans

**2011:** State legislation adopted to allow future development

**2012:** America's Cup plan dies; Warriors pitch multi-use venue and housing on Seawall Lot 330

**2014:** Warriors pull out

**2015:** George Lucas Film Museum pitched; Port begins review of 15-year waterfront plan

**2018:** Draft Waterfront Update Plan released

**2019:** Homeless navigation center opens at Seawall Lot 330

**2020:** Port issues RFP; Strada/Crow selected

### **Piers 38-40 timeline**

**1995:** Pier 38 master-leased to Carl Ernst, who eventually proposes a Maritime Recreation Center there

**2011:** Port cancels master lease for term violations

**2012:** Port issues RFP for Pier 38

**2013:** TMG selected to add office, restaurant and event uses

**2016:** TMG falls out of contract

**2020:** New RFP issued for both piers; PWP selected

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