

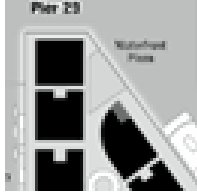
## SAN FRANCISCO

### Pier developers need to double office space

### Revenue would pay for unforeseen repairs

- Robert Selna, Chronicle Staff Writer

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A 20-acre development in San Francisco that would encompass three piers north of the Ferry Building will need to double its office space in order to pay for millions of dollars in unexpected pier repairs, project managers announced Tuesday.

Representatives of the San Francisco company Shorenstein Development LLC, told the Port Commission that recently-discovered rust deterioration of piers 27-31 and seismic upgrades will cost approximately \$145 million; the original estimate was \$78 million for what were initially thought to be less severe structural problems.

"We're trying to place an enormous amount of recreational space into the most expensive place in San Francisco and we need to do these repairs, so the office space will need to subsidize the remediation work and the recreation," said project manager Todd Sklar after a Port Commission meeting at the Ferry Building where Shorenstein presented its preliminary plan.

Sklar said that before the repair costs skyrocketed, the plan called for approximately 200,000 square feet of office space that could generate revenue. Under the plan revealed Tuesday, office space would jump to 400,000 square feet. Shorenstein and its partner, Farallon Capital Management LLC, also headquartered in San Francisco, have said that if the new plan goes through they will relocate their offices to the new location, which will account for about half the office space, according to Sklar.

The property has been beset with controversy for five years. Virginia-based shopping mall builder Mills Corp. spent \$30 million on feasibility studies and a public relations effort, but still failed to win the support of neighbors and politicians, who were concerned about traffic and congestion on the car-choked Embarcadero.

In March, Mills finally gave up and sold its development rights to Shorenstein and Farallon in a deal approved by the San Francisco Port Commission. The companies will pay \$9 million to Mills as development milestones are met, such as winning approval of an environmental report and a financial plan.

Sklar said doubling the office space at Piers 27-31 makes sense. The high-priced pier repairs mean the land will cost \$225 per square foot to develop, compared with about \$125 per square foot downtown. The other big difference, Sklar said, is that development

companies typically buy land. With this project, Shorenstein and its partner will be leasing it from the Port.

Although office space will provide the revenue stream for the new development, discussion at Tuesday's Port Commission meeting focused on all the new recreational outlets developers hope to provide.

Cary Riter, whose company City Beach has had preliminary talks with Shorenstein, said he envisioned indoor activities including a climbing gym, bowling alley, roller skating rink and miniature golf course as well as an artificial turf field for outdoor football, volleyball and soccer. An outdoor pool, floating in a "marine recreation area" between Piers 31 and 29 and an artificial wave machine would complement sea kayak rentals, Riter said.

"We want the 'wow' factor," Riter said. "We want people to see what's going on and come in off the street, we want the curb appeal."

Jon Golinger, a member of Citizens to Save the Waterfront, which opposed the Mills project, said the key question is whether the new plan's recreational component is substantive or just an adjunct to the office space.

"This is just at a conceptual stage, but it certainly seems more like a recreational project than the previous proposal did," Golinger said. "There are still questions about whether the office space will dominate it and whether people walking by will see it as recreation or as a giant office space."

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