

## MEMORANDUM

February 21, 2002

**TO:** MEMBERS, PORT COMMISSION  
Hon. Michael Hardeman, President  
Hon. Kimberly Brandon, Vice President  
Hon. Denise McCarthy  
Hon. Brian McWilliams  
Hon. Pius Lee

**FROM:** Douglas F. Wong  
Executive Director

**SUBJECT:** Proposed Industrial Maritime Lease with RMC Pacific Materials at Pier 80 –  
Public Hearing.

**DIRECTORS'S RECOMMENDATION:** Informational Presentation - No Action Required

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### BACKGROUND

In the late 1990's, the Port was approached by a number of prospective tenants with proposals to lease real property in the Southern Waterfront for a variety of maritime and industrial uses. Proposals have been made by RMC Pacific Materials, Bode Gravel Company/Mission Valley Rock, British Pacific Aggregates Corporation (Hanson), ISG Resources, Inc., Grosvenor Bus Lines, Inc., and Waste Management, Inc. (hereafter "The Industry Group"). Outside of the Industry Group, the Port received a proposal from Pacific Cement Company. The proposed uses include: marine bulk cargo terminals, concrete ready-mix facilities, bulk cargo storage, a tour bus maintenance and repair facility, and a construction materials recycling facility.

### STATUS OF PROPOSED LEASES

**RMC Pacific Materials:** RMC has proposed leasing up to 118,583 square feet of open land and approximately 5,000 square feet of shed space (equal to about 4% of the total site) at the Port's Cargo Terminal at Pier 80, for use as a maritime bulk cargo terminal and concrete ready-mix facility. This would be a relocation of their facility currently located at Third Street and Mariposa. RMC expects to import approximately 200,000 tons of aggregate per year by barge and 50,000 tons of cement per year by rail.

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RMC and its predecessor companies have operated concrete ready-mix facilities within the City of San Francisco for over 80 years. RMC currently operates a concrete ready-mix facility on Third Street in the vicinity of Mariposa, which is within the boundaries of the Catellus Mission Bay development project. RMC is anticipating relocation from their site in the near future, since the proposed Mission Bay development does not include this use.

RMC is interested in continuing its operations in San Francisco because of the numerous local construction projects such as the Mission Bay Development projects, UCSF Campus Facility, Downtown Ferry Terminal, Third Street Light Rail Extension and the Caltrans Bay Bridge and other seismic retrofits, all of which will require the services of concrete ready-mix services.

The proposed Pier 80 site meets the operational needs of RMC and the Port. This is in accord with the Maritime Cargo and Industrial Land Use Study, which identifies bulk building materials such as cement, sand, gravel and other aggregate products as targeted cargo for maritime revenue generation.

RMC proposes to handle and store cement and aggregate products from ships, barges, trucks and trains to support the operation of a concrete ready-mix plant. A major component of RMC's plan is to construct a new enclosed conveyor system, which will unload bulk aggregate materials from barges and ships. The aggregate would then be moved by the enclosed conveyor system on-site to an enclosed aggregate storage building that RMC will construct. RMC also proposes to deliver cement to the site by rail, thus re-activating regular rail service to the Pier 80 facility. The proposed ready-mix plant will mix the cement and aggregate materials to produce ready-mix concrete. The ready-mix concrete would then be transported by truck to local job sites.

**ISG Resources, Inc:** ISG has made a proposal to lease approximately 100,000 square feet of real property which includes the grain silos located at Pier 90, for the import, storage and transloading of materials such as fly ash and slag. These materials are used for blending with cement. It now appears that ISG has lost interest in this proposal and will probably not pursue a lease with the Port.

The RMC and ISG proposals to handle building materials such as cement, sand, gravel and other aggregate products is consistent with Port policies for the Southern Waterfront.

**Grosvenor Bus Lines, Inc:** Grosvenor proposes to lease approximately 28,030 square feet of shed space, 300,000 square feet of paved land and 13,870 square feet of office space at Pier 96, for the operation of a tour bus maintenance and repair facility. Grosvenor won the rights to negotiate a 10-year lease for this site through a Request for Proposals process. This use is considered to be an acceptable interim use for the site.

**Waste Management Inc:** WMI has proposed to lease approximately 42,000 square feet of shed space and 39,000 square feet of open land located at Pier 70, for use as a construction debris recycling facility. Although this is an acceptable interim use for the site, the potential reconfiguration of the Port's adjacent maritime ship repair facility could require the use of this area and thereby limit the lease period and the attractiveness of the site to WMI.

## **STATUS OF APPROVED LEASES**

**Bode Gravel Company/Mission Valley Rock** Bode Gravel Company and Mission Valley Rock, operating as a joint venture has leased approximately 200,000 square feet of open land and wharf space at Pier 92, also for use as a maritime bulk cargo terminal and concrete ready-mix facility. This is also a relocation of the Bode facility currently located at Third and 16th Streets. Bode expects to import approximately 200,000 tons of aggregate per year by barge and also plans delivery of cement by rail. This lease has been approved by the Port Commission and the Bode/Mission Valley Rock plant is currently under construction.

**Hanson Aggregates Corporation:** Hanson has leased approximately 435,600 square feet of land at Pier 94 for use as a maritime bulk cargo terminal and bulk cargo storage facility. Future development on their site may include a concrete ready-mix plant subject to approval by the Port Commission. Hanson projects importing 1 to 2 million tons of aggregate per year by deep water ships and barges.

**Pacific Cement Company:** Pacific has leased approximately 204,688 square feet of land for use as a maritime bulk cargo terminal and concrete ready-mix facility. Pacific, while not an Industry Group member, is an existing Port tenant at SWL 355 (the Western Pacific parcel) that must relocate from that site to make way for the construction of a new Muni light rail maintenance facility. This lease has been approved by the Port Commission and Pacific is currently designing their facility and obtaining the necessary permits.

The Bode, Hanson and Pacific leases are for building materials such as cement, sand, gravel and other aggregate products which are consistent with Port policies for the Southern Waterfront.

## **ENVIRONMENTAL IMPACT ANALYSIS**

In early 1999, the San Francisco Planning Department determined that a Supplemental EIR (SEIR) must be prepared prior to any decision regarding the subject pending leases within the Port of San Francisco's Southern Waterfront. The purpose of the SEIR is to provide information about potential significant physical environmental effects of the proposed uses, to identify possible ways to minimize significant effects, and to describe and analyze possible alternatives uses for the area. Preparation of a SEIR does not indicate a decision by the Port Commission to approve or to disapprove any proposed leases or development projects. The Port's intent was, through discussion with the Industry Group, to identify the actions and activities that would be necessary to develop each site and thereby facilitate meaningful environmental review. If the Project is found to cause significant adverse impacts that have not already been analyzed and/or have not been mitigated, the Port and City retain absolute discretion to require additional environmental analysis, and to: (a) modify the Project to mitigate significant adverse environmental impacts; (b) select feasible alternatives which avoid significant adverse impacts of the proposed Project; or (c) reject or proceed with the Project as proposed depending upon a finding of whether or not the economic and social benefits of the Project outweigh otherwise unavoidable significant adverse impacts of the Project.

The SEIR was certified in February 2001 and the Port has commenced lease negotiations with the Industry Group Members for the uses outlined above.

## **LAND USE**

There are five primary land use documents that regulate uses on property within the jurisdiction of the Port of San Francisco. These documents are the California Public Trust, the General Plan of the City and County of San Francisco, the San Francisco Planning Code, the Port's Waterfront Land Use Plan (WLUP) and the Bay Conservation and Development Commission's (BCDC) Sea Port Plan. The discussion below outlines how the proposed RMC ready-mix plant at Pier 80 is compatible with these regulatory documents.

**The Public Trust:** The San Francisco Waterfront is publicly owned and held in "public trust" on behalf of the people of California. The Port of San Francisco is trustee for these public lands. The California Constitution requires that uses within the Port's jurisdiction promote navigation, fisheries, waterborne commerce, enhance natural resources or attract people to use and enjoy San Francisco Bay. The Port, as trustee, makes the determination as to whether a given lease or land use is consistent with the Public Trust.

Certain long-term uses are acceptable within trust property. Such uses include all maritime and maritime support, other water-related industry, open space, water-related commercial recreation and specialty retail and commercial which is designed to draw people to the waterfront. Interim shorter-term uses, generally five years or less, which do not preclude later conversion to a trust uses are generally acceptable.

**General Plan of the City and County of San Francisco:** The General Plan is made up of numerous Area Plans. The Southern Waterfront area is within the boundaries of the South Bayshore Plan. The Plan provides objectives and policies to continue Heavy Industrial and Heavy Commercial uses in the project area and maintain a separation of industrial uses from residential uses.

**San Francisco Planning Code:** The property at Pier 80 is located within the M-2 Heavy Industrial District. The proposed ready-mix plant is permitted as a principal use in this District.

**Waterfront Land Use Plan:** The proposed ready-mix facility is considered a maritime and cargo use by the WLUP since waterborne dry bulk cargo (aggregate) will be unloaded from barges or ships to the ready-mix plant facility. The WLUP provides a list of acceptable uses for different areas of the waterfront. The *Southern Waterfront Acceptable Land Use Table* governs uses at Pier 80. This table indicates that "Cargo Shipping" is an acceptable use at Pier 80.

**BCDC Sea Port Plan:** The Plan identifies *Port Priority Use Areas* that are reserved for regional maritime port use and include within their premises marine terminals and directly related ancillary activities. A marine terminal includes the wharf, storage area, offices, rail and truck facilities, and other functions necessary to the efficient operation of a terminal. Pier 80 is located within a designated *Port Priority Use Area*. The proposed ready-mix plant is an acceptable use since it is considered a marine terminal.

## **MARITIME COMMERCE ADVISORY COMMITTEE (MCAC)**

On March 23, 1999 the Port Commission adopted Resolution No. 99-03 requiring that a Maritime Advisory Panel be formed with membership in the group to include organized labor,

marine terminal operators, cargo shipping users, other maritime industrial users, ground transportation companies and the Public. The MCAC worked with Port staff and the independent consultant team of Martin Associates, Jordan Woodman Dobson and Sedway Group to develop a Maritime Cargo and Industrial Land Use Study that was released on August 8, 2001. The study specifically advises the Port to take advantage of its abundance of available property adjacent to deep-water berths and utilize such locations for the importation of bulk cargoes.

With regard to RMC's proposed use of Pier 80, the MCAC, at its July 11, 2001 meeting, strongly endorsed this location, noting economic benefits to the existing stevedoring company and opportunities for union labor to work at the facility. The MCAC formalized its position with letters to the Port Commission dated July 13, 2001 and January 9, 2001, which stated that the "MCAC strongly advises the Commission that they strongly support the RMC batching plant at Pier 80 and that the Port should proceed to finalize the lease as quickly as possible".

### **SOUTHERN WATERFRONT ADVISORY COMMITTEE (SWAC)**

Established by the Port Commission, the SWAC has been meeting regularly since late 1998 to advise Port staff on proposed Real Estate, Maritime and Planning matters. The SWAC provides a valued perspective from the Bayview/Hunter's Point community with respect to the use of Port property in the Southern Waterfront. The SWAC also provides an important perspective of environmental justice issues as they relate to proposed Port land use decisions.

RMC presented their proposal to the SWAC on June 25, 2001 and received support to locate their concrete batching facility at Pier 80.

### **COMMUNITY ISSUES**

RMC is sensitive to community concerns related to their proposed use. RMC has taken proactive steps to meet environmental concerns by agreeing to enclose the majority of their batching plant. The RMC proposal, with its maritime component, will eliminate up to 20,000 annual truck trips on City streets as the raw materials can now be barged directly to the batching plant instead of having to be delivered by truck. RMC is also a supporter of the proposed Muwekma/Ohlone pocket park on the shores of Islais Creek. RMC is committed to hiring local residents and would work with such labor sources as Bayview-based Young Community Developers to hire workers.

### **SUMMARY**

This informational presentation was intended to provide a historical overview of RMC's relationship with the Port of San Francisco and the Bayview/Hunter's Point community. It is the intention of this presentation to demonstrate that RMC is a good corporate citizen that could benefit the Port and the surrounding community through its operation of a concrete batching facility at Pier 80.

Prepared by: Peter Dailey, Maritime Director