



Monique Moyer, Executive Director, Port of San Francisco
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Subcommittee on National Parks, Forests and Public Lands of the House Natural Resources
Committee

Chairman Grijalva and Honorable Subcommittee Members,

Thank you for your invitation to address the Subcommittee today. The Port of San Francisco (“Port”) is a self-supporting agency of the City and County of San Francisco. It manages 7.5 miles of the San Francisco Bay waterfront in trust for the People of California. Our Port is home to our city’s major tourism destinations at Fisherman’s Wharf which attract more than 14-15 million visitors to the area from around our country and the world each year.

Since 1973, our Port has been the gateway to Alcatraz Island National Park. The Port owns ferry and excursion berths that have been the launching point for 1.6 million visitors per year to Alcatraz Island. We control the property for the waterside and landing facilities used for this service by both the prior and the new concessionaires. Since 1997, the new concessionaire, Hornblower Cruises, has leased facilities for dining and charter boats at Pier 31½, a half mile south of Fisherman’s Wharf.

For the past 34 years, the Port of San Francisco has had significant property and economic interest in the Alcatraz Island ferry contract. Regrettably, the Port found itself on the sidelines as a spectator in the most recent competitive selection process conducted by the National Park Service (“NPS”). The solicitation request was issued in July 2004, without any discussion between NPS and the Port. In September 2005, the NPS announced selection of Hornblower Cruises (dba Alcatraz Cruises) as the new concessionaire and, by extension, the Port’s Pier 31½ as the new San Francisco launch point. In May 2006, the NPS and Hornblower executed the concession contract. Despite the reliance on Port property to launch the Alcatraz Island service, the first time the Port was shown the plans and aggressive implementation schedule was on June 12, 2006, one month after the contract became final.

According to the conceptual designs presented at the June 12, 2006 Port Commission meeting, Alcatraz Cruises proposed major physical alterations to Port property and new activities not authorized under its existing lease with the Port. Yet the concession contract had already been executed by the NPS without notice or consultation to the property owner, the Port of San Francisco.

Specifically, the NPS contract with Alcatraz Cruises requires the following improvements to occur that are subject to Port approval:

- A covered waiting area for ticketed passengers;
- Periodic change out of interpretative exhibits;
- An educational bookstore and auditorium for special events; and
- Adequate restrooms for passengers, including ADA improvements.

Such alterations are subject to Port approval, City Board of Supervisors' approval and, environmental review pursuant to state law. The San Francisco Port Commission acts in both a proprietary and regulatory capacity with respect to the public trust lands granted by California to the City and County of San Francisco. The Port has authority to enter into lease agreements for certain uses of these lands, subject to public hearings and action of the Port Commission and, for some issues, the Board of Supervisors.

The Port's lease for Pier 31½, the new Alcatraz Island departure point, is executed with Hornblower Cruises. It requires: 1) that new improvements or alterations to Port premises are approved by the Port Commission, 2) that this approval occur in advance of any required regulatory approval by any agency for such uses or improvements, and 3) that the lease is amended by the parties to authorize such new uses. Notably, the lease does not limit the tenant's obligation to obtain any required approvals from City departments, boards or commissions which have jurisdiction over the property, including, but not limited to, Port building permits, City Department of Planning environmental approvals and certain City Board of Supervisors approvals.

As indicated by the limited information provided to date, some of the proposed visitor improvements require the use of additional Port property in an adjacent facility at Pier 33 that is leased and occupied by other Port tenants. Any acquisition of those leaseholds by Hornblower requires prior Port approval.

Thus, Hornblower Cruises' ability to perform as proposed under the Alcatraz Island Concession Contract is predicated upon prior approvals by the Port of San Francisco and other public agencies. Incredibly, 16 months after award of the contract, the Port's approval and permission for such alteration and use to its properties has still not been formally sought by either the NPS or Hornblower Cruises.

After the selection was announced in September 2005, the Port and City of San Francisco informed Hornblower and the National Park Service of its leasing and permitting requirements.

In December 2005, the San Francisco Board of Supervisors urged the NPS to commence an analysis of traffic impacts of the proposed relocation of the service to a different area of the San Francisco waterfront, resulting in 5,000 Alcatraz Island visitors per day (on peak days) commingling with activities such as cruise ship loading and unloading at an adjacent facility along the City's congested Embarcadero Roadway.

In March 2006 and again in May 2006, the City and County of San Francisco requested that the NPS and Hornblower conduct environmental review before the commencement of the contract.

In June, August and September of 2006, the Port and the City again requested environmental review, prior to the commencement of operations. Despite repeated requests to comply with

local and state rules and regulations, in September 2006 the NPS launched interim Alcatraz Island ferry operations from Pier 31½ under the contract without environmental review.

Despite our attempts to get the NPS to understand the complexity of delivering the project as proposed in the solicitation process, the NPS proceeded to award the contract on May 9, 2006. The contract set forth an aggressive schedule for delivery of facilities that does not reflect the realities of the public review and lease approval process that the San Francisco Port Commission is required to adhere to. Under the contract, implementation of the plan for permanent facilities at our property at Pier 31½ was required to start in February 2007.

This deadline was missed. Hornblower finally provided the Port with a draft Landing Plan for the permanent facilities on September 7, 2007, 16 months after the contract was executed. However, the Landing Plan is still only in draft form and is not significantly more developed than the prior conceptual plans presented to the Port Commission in June 2006. Given the length of time required to complete environmental review, the Port believes it is unlikely that Hornblower will succeed in meeting the contract's April 2008 deadline for the required improvements. The NPS has repeatedly waived deadlines which have hampered the full implementation of service at this new location.

In closing, the failure to properly consult with the Port prior to contract award, the refusal to perform environmental review after contract award and the unwillingness of the NPS to enforce contract deadlines has resulted in a diminished quality of service to Alcatraz Island visitors and strained relations with the City and County of San Francisco.

As a public agency with its own open space and visitor-serving mandates, the Port of San Francisco has a natural affinity with the NPS and has always been delighted to partner with the Golden Gate National Recreation Area. We want to afford visitors to the City with the best experience possible and, to that end, should enjoy a partnership with the NPS.

The National Park Service's procurement process for the Alcatraz Ferry Service in San Francisco shows that there are weaknesses in the process that need correction. On behalf of the Port and City of San Francisco, I respectfully urge Congress to encourage the NPS to make the following changes to its competitive solicitation process:

1. In instances where NPS does not fully own the underlying property pertaining to delivery of the concession, the NPS should institute formal procedures to consult with local government, other public agencies or private owners prior to launching the solicitation. Through this consultation, the NPS can identify issues that could affect the ability of the bidders to deliver the project within the time requirements. If this consultation had occurred in the Alcatraz Island Ferry Service Contract, the NPS could have avoided the delays they are facing and the NPS would not need to repeatedly exercise the "excusable delay" clause of their contracts.
2. Prior to initiating contract solicitations, the NPS should conduct local workshops and invite local, regional or state agencies that may play a proprietary or regulatory role in approving contracts or related permits to comment on the contracting opportunity.
3. During contract review, selection and implementation, the NPS should maintain open lines of communication with affected local, regional and state agencies.

4. During the selection process, the NPS panel should conduct an independent evaluation of whether the bidder can deliver the proposed project under its lease and conform with environmental requirements. For example, in transportation grants, the Federal Highways and Transit Agency requires proof of right-of-way clearance and compliance with environmental review before federal monies are awarded.
5. To ensure greater control of excursion landings that are not on federal property, the NPS should evaluate maintaining leases directly with local or state agencies or private property owners, rather than relying on private operators, who may or may not have good relationships with public or private landlords, to secure those rights. In our case, if the Alcatraz Island departure point was leased by NPS, it could (1) ensure that the term of the lease is concurrent with the term of the concession and (2) offer the concession to qualified operators who do not control landing facilities. As it currently stands, the NPS was only able to accept bids from operators who leased property from the Port. Furthermore, Hornblower's lease with the Port of San Francisco has a shorter term than the concession contract. Such direct leasing between the NPS and land owners will help avert this scenario.

I hope these experiences and suggestions provide some guidance to the Subcommittee. Thank you for your time and attention to this matter. The Port and City of San Francisco value our relationship with our federal partners and we look forward to a renewed accord.