

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING MAY 23, 2017

1. CALL TO ORDER / ROLL CALL

Port Commission President Willie Adams called the meeting to order at 2:00 p.m. The following Commissioners were present: Willie Adams, Kimberly Brandon and Doreen Woo Ho. Commissioner Katz was not present.

2. APPROVAL OF MINUTES – May 9, 2017

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. The minutes of the May 9, 2017 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold a closed session and invoke the attorney-client privilege.

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

At 2:02 p.m., The Commission withdrew to executive to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (DISCUSSION):

- a. Discuss existing litigation matter pursuant to Section 54956.9(d)(1) of the California Government Code and Section 67.10(d)(1) of the City and County of San Francisco Administrative Code.

Puglia Engineering, Inc. v. BAE Systems Ship Repair Inc., BAE Systems San Francisco Ship Repair Inc., BAE Systems, Inc., City and County of San Francisco, and Does 1-20; San Francisco Superior Court (Case No. CGC-17-557087 filed February 15, 2017)

- (2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative: (Discussion Item)

- a. Property: SWL 344 (the “Backlands”) (located at Amador Street and Cargo Way) and/or Pier 96
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*Negotiating Parties: BMW: Tony H. Kepano, Vice Chairman, CBRE/Advisory and Transaction Services for BMW
- b. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Senior Deputy Director, Chief Operating Officer
*Negotiating Parties: SWL 337 Associates, LLC: Jack Bair

5. RECONVENE IN OPEN SESSION

At 3:22 p.m., the Commission reconvened in open session.

ACTION: Commissioner Brandon moved approval to recess closed session; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – The Port Commission Affairs Manager announced the following:

- A. Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

9. EXECUTIVE

A. Executive Director’s Report

- Commendation for Commander David Lazar

Elaine Forbes, Port Director - I would like to start with a Commendation for Commander David Lazar. He is an honored member of the San Francisco Police Department who is our partner in providing a safe and secure

waterfront experience. He's here today to be formally recognized for his stellar performance as Captain of Central Station from February 2014 to 2017.

Commander Lazar took the concept of community policing to the next level at Central Station and he led a team of officers who had connections to Fisherman's Wharf that made the Wharf a much safer place. It is no surprise that Commander Lazar has such neighborhood connections as he grew up in North Beach and his first job was at the Wharf as a teenager. He spearheaded the Adopt-A-Block program wherein each officer was assigned a city block and they were responsible for all aspects of the block -- 311, graffiti issues, maintenance, assisting the homeless, etc. so they would understand the issues of the block from the ground up.

He also was part of the formation of Homeward Bound and his officers would work with homeless, especially youth, to provide them tickets to get them home to their families. He has such a neighborhood presence. I can't remember a community meeting at the Wharf that I've been to where Captain Lazar wasn't there. He has made the merchants, employees and the millions of visitors at the Wharf a priority. He has a community presence and his steadfast approach and his commitment has really shown through.

He's a huge supporter of the Port and we're a huge supporter of his. His great work has been acknowledged in a promotion. He was moved from Captain to Commander wherein he will deploy his community policing orientation citywide. Please help me in honoring him for the work in which he provided on behalf of the Port and to our Fisherman's Wharf community.

Commander David Lazar - I'm truly humbled and honored to be here today. I'm very grateful for the leadership of Director Forbes here at the Port. It really is the people that you get to work around and the Port is so fortunate to have some of the greatest people working as employees for the Port such as Susan Reynolds, Rip Malloy, Mike Nerney, Jay Edwards, Ken Tashian and the whole group that I've been able to work with really made the difference for public safety. It was an honor to serve at Central Station.

I want to congratulate and recognize Captain Paul Yep and his officers who is my replacement at Central Station who will take it to a whole new level I am sure. I'd also like to recognize Captain Daryl Fong from Southern Station who is here today. I'm very humbled and honored to be here and to receive this recognition. Thank you so much.

I look forward to the years to come and still partnering and working with the Port to maintain safety on Port property and to also engage the community here.

Commissioner Adams - On behalf of the Port of San Francisco, the Port Commission, the Port staff, and the citizens of San Francisco, Commander David Lazar, San Francisco Police Department, the Port of San Francisco thanks you for your support and dedication during your tenure as Captain of Central Station, 2014-2017.

Susan Reynolds - I want to again personally thank Commander Lazar for all the help and support he's given us and all the people that visit the North Beach and Fisherman's Wharf area. I'd also like to thank the officers from Central Station with support from Southern Station for the response to the attempted kidnapping downstairs yesterday. I don't think we would be a successful Port and a huge visitor center without the support of the San Francisco Police Department. Thank you very much.

Commissioner Woo Ho - Nice to see you again Captain Lazar. I've seen you in the Chinese community quite a bit so it's nice to see you in a different setting. I want to commend you for everything you've done here for the Port. I know you're in a very important position now. You're not really leaving us but in a bigger role for the whole city. I want to congratulate you and I'm so excited to see you here today.

Commissioner Brandon - Thank you very much for all that you've done for the Port, for Fisherman's Wharf, for the whole area. I'm so happy that your innovative ideas and concepts are being carried out citywide. Not only do we get to look forward to you here at the Port, but also citywide with everything that you're doing which I think is absolutely wonderful. Thank you.

Commissioner Adams - I also want to personally thank you. The job that you do every day, a lot of times people don't realize that you get up every day and you go out and you try to do your best. We live in a crazy city, and as a police officer sometimes you try to find a balance of what's going on in society and you try to bring out the best. A lot of times people don't understand that. I want to thank you personally because you're a person who really cares and gives and I've seen you here at several Port Commission meetings and I can see people come up and they talk to you and that you're an approachable person. People see you as someone that puts your life on the line every day. You feel just what ordinary citizens feel. We have a homeless problem. We have people with mental issues and stuff like that and you have to go home every night to your family too.

I thank you for walking the walk. You've definitely been an inspirational leader and it shows that your brothers are out there and they support you. I think it speaks to the life that you have lived. You walk the walk and you talk the talk. Thank you.

Commander David Lazar - Thank you very much. Thank you for all your comments.

- Congratulations to Class of 2017 San Francisco Business Times Most Influential Women – Port Commissioner Leslie Katz – Deferred to the next meeting

Elaine Forbes - I would like to defer the item recognizing Commissioner Katz as she's not here today to June 13th.

- Mission Creek Sea Level Rise Adaptation Study selected for an Award of Excellence by the American Planning Association of Northern California – Gala event on June 2, 2017 from 6:30 PM to 9:30 PM at Oakland Preservation Park

Elaine Forbes – I'm very proud to announce that the Mission Creek Sea Level Rise Adaptation Study was selected for an Award of Excellence by the American Planning Association of Northern California. You will recall that you authorized a Grant Agreement. This study was taken forth as a collaborative effort that SPUR led with the support of the Port of San Francisco, BCDC, the Public Utility Commission and the Planning Department. It was a true collaboration, and the study looked at adaptation alternatives for Mission Creek which is the lowest lying area of the city. It's one of the lowest lying areas.

It has been given the award in the area of Innovation in Green Community Planning. We're very honored that this collaboration has yielded this prestigious award from the American Planning Association, California Chapter. Congratulations to the Port staff that participated – Brad Benson, Uday Prasad, Steven Reel. Several of you participated in the study. It's a great piece of work and it shows that in order to address Sea Level Rise and climate change, we really need innovation and collaboration and this study is a shining example of that work. Thank you so much.

- Welcome to new Chief Harbor Engineer Rod Iwashita

Elaine Forbes - Finally, I would like to welcome Rod Iwashita to the Port family. We have a new Chief Harbor Engineer. Rod joined our team on May 15th. He's an experienced Manager and Maritime Structures Engineer. He has deep expertise in seismic analysis, retrofit design, waterfront development. We are so thrilled that he has joined us and he completes the Senior Leadership Team. Welcome to you Rod.

Commissioner Adams - Rod, welcome to the Port family. I'm going to start you off fresh right now. Hit the mike.

Rod Iwashita - I just wanted to say that I'm very excited to be part of the Port Leadership Team. I've been here for seven days and everybody has been really great. Like Elaine said, I've been an engineer working on waterfront

projects for 28 years now. The last 22 were with Moffatt & Nichol mostly on seismic design and infrastructure projects.

I have to say, this is my dream job. I'm so happy to be here and I'm very grateful for your support.

B. Port Commissioners' Report:

Commissioner Adams - I'll report on two issues. This weekend I had the opportunity to be a delegate at the California State Democratic Convention in Sacramento. It was a brainstormer. Leader Pelosi gave a great speech. Senator Kamala Harris spoke. The party decided to elect the new Chairman, John Burton who a lot of people know, for a long time was a stalwart in the City of San Francisco. He's retired.

One of the highlights for me was Tom Steyer gave a good report on climate change and Sea Level Rise and it was really a great convention. It was good to see some of our local Supervisors there. President London Breed, Supervisor Jane Kim and others were there. There were about 3,000 delegates. There were a lot of young people. There was a lot of excitement and kind of leading forward on which way California and San Francisco's going to go.

Yesterday I had the honor with Director Forbes and I want to give a shout out to brother Brad Benson, Steven Reel and others. We had the Minister of Environment, Sister Sharon Dijksma from Rotterdam, from Holland, The Netherlands. They had a delegation here at the Port. We talked about Sea Level Rise. Last year, Brad and Steve went over to The Netherlands with a delegation from the City and other stakeholders and we returned the favor. They came and it was a really great presentation.

To me, it was kind of a binary experience when we talk about what they're doing over in The Netherlands as far as Sea Level Rise and climate change and what we're doing here. It also kind of came in with me when we were up in Sacramento what Tom Steyer's doing with his company dealing with Sea Level Rise and climate change.

The complexity of Sea Level Rise, it almost slaps you sober because you know it's going to happen. It's just a matter of when it's going to happen and how do we deal with it. Our partners, the stakeholders were there yesterday. We exchanged gifts, me and Director Forbes with the Minister. She was really cool. She's in the Labor Party over in and she's just down to earth. I really enjoyed her.

We're blessed to have Steven Reel. You know, SpaceX and Tesla, they have Elon Musk but we've got Steven Reel. He's our genius and so that's really good. Brad, Steven and to everybody, thank you. That was so good. They extended an invitation for us to come back over in October. I'm hoping this is not just a one

off. We went over there. They came here. I'm hoping that we can work together with our brothers and sisters over in The Netherlands. Build a relationship, maybe a Sister Port, a Sister City.

They're very progressive over there. I've been over to Rotterdam and Amsterdam many times. They're dealing with the Sea Level issue. Over there, you'll see a million bikes. People work out. You don't see a lot of big people over there because everybody exercises. There's a lot of windmills over there. They're using that energy and they're using that power. I'm hoping that we can continue.

I think they went on to meet with Mayor Lee. Guys, thanks again. I'm really glad to see the Port of San Francisco and I hope Director Forbes will go with the delegation from the Port and the City and our stakeholders as we move forward. Because we're taking on a project of close to \$2 billion for this Sea Level Rise. I think that they admire the fact that we're getting out front on this issue. As the Minister said, it's about her kids and her grandkids.

For us here in this room, us older people, the average age in the City is 27 years old. We've got to do something and now is the time. Ideas are a good thing but they can be an Achilles heel. I think the path that we have to take is action. I like all the stakeholders coming together and we've got to do something. This is a regional issue. What we do in San Francisco, the rest of the country and the nation follows.

10. CONSENT

- A. Request approval for a member of the San Francisco Port Commission to travel to Osaka, Japan on July 12-16, 2017 to attend the Port of Osaka's 150th Anniversary and to commemorate our 50th Anniversary sister port relationship. (Resolution No. 17-23)

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 17-23 was adopted.

11. FINANCE & ADMINISTRATION

- A. Request for authorization to award a contract to Civic Edge Consulting, LLC (formerly, Barbary Coast Consulting), for public relations, communications, media services, and related professional services for the Seawall Resiliency Project in an amount not to exceed \$1,695,205 with a term of four years and the Port's option to extend the term for one additional year. (Resolution No. 17-24)

Boris Delepine - I'm the Port's Contract Administrator. I'm joined today by Kirsten Southey, the Deputy Director of Communications, Steven Reel, the Project

Manager for the Seawall Project and Finbarr Jewell, from the Contract Monitoring Division will be joining us.

The item before you today is an action item to authorize Port staff to award a contract to Civic Edge Consulting, for public relations, communications, and media services for the Seawall Resiliency Project in the amount of \$1,695,000 and the contract has a four-year term with the option to extend it for one additional year.

This project complies with a number of our Portwide strategic goals including regularly engaging in meaningful public participation and incorporating community feedback into Port initiatives, leading the City's effort to address threats from earthquakes and flood risk through research and infrastructure improvements, and finally by maximizing the funds spent by the Port with LBEs and micro LBEs.

The goal of this contract is to develop and execute a comprehensive public relationship campaign and strategic marketing program to engage and inform city residents about the Seawall Resiliency Project. This will be an ongoing effort to effectively maintain communications with diverse stakeholders through community outreach, branding, advertising and design services.

The consultant team will develop and maintain a strategic communications, a public relationship and a Public Engagement Plan. They will be tasked with the design of an information Web site and other digital communications along with the production of videos and the translation of communication materials in various non-English languages.

We initially came to you for authorization to advertise this RFP on January 10, 2017. Shortly thereafter, Port staff received confirmation that the Seawall Resiliency Project is planned for a General Obligation Bond in November 2018. As the importance of the project grew, the Seawall team came to the realization that more investment was needed to get the word out to Port tenants, stakeholders and the city as a whole. On March 6, 2017, the RFP was issued with a not to exceed amount of \$1.7 million.

We held a presubmittal meeting at Pier One on March 15, 2017 and had a great turnout. About 70 individuals representing 50 different firms attended the meeting. Attachment A of your report lists those firms and the individuals. Director Forbes kicked off the meeting by reiterating the Port's commitment to a fair and transparent contracting process while also emphasizing the Port's commitment to diversity and inclusion in contracting.

We then convened a four member evaluation panel consisting of a Senior Planner from the City's Planning Department that staffs the Mayor's Sea Level Rise Coordinating Committee. The written evaluation phase included a Public Information Officer from the Department of Emergency Management, Keven

Brough, the Mayor's Executive Fellow for the Seawall Project as well as Bob Davis, a Project Manager with the Port's Real Estate Division also served on the panel.

The Contract Monitoring Division, or CMD, is tasked with ensuring that the selection process does not arbitrarily or disadvantage or discriminate against any LBE firm. A CMD representative attended all of the evaluation panel meetings and approved the selection panel. On April 7, 2017, the submittal deadline, we received seven proposals.

The first step in the evaluation process is to review the minimum qualifications. All seven proposals met the RFP's MQs or minimum qualifications. The next step is to review the LBE requirements. One firm failed to meet the LBE requirements and was deemed non-responsive. They are SKD Knickerbocker, they were a firm from New York. They didn't meet the 20% LBE subcontracting requirement.

The remaining first were reviewed. The written proposals were worth 100 points. The bulk of those proposal points focused on the firm's project approach and their qualifications. Three of the six firms scored over 70 points and were invited to oral interviews. The oral interviews were also worth 100 points. The most qualified respondent is the firm with the highest combined score.

Civic Edge Consulting was clearly the highest ranked consultant. When referring to Civic Edge, I am actually referring to their team. They have a team comprised of seven subcontractors. Six of those subcontractors are LBE firms. Civic Edge succeeded across the board because they understand the city, they understand the waterfront and their team reflects the diversity of San Francisco.

Civic Edge is a woman-owned business enterprise established in San Francisco in 2003. Their team includes a Latina-owned local business Inter Ethnica that will provide translation and multicultural outreach, two African American owned firms from the city's Bayview district will provide community outreach and strategic advising. They are RDJ Enterprises and JBR Partners. The team also includes a Copymat, an Asian American owned LBE print team, Slow Clap and lowercase productions round out the LBEs and they'll be providing video and collateral development.

They are a diverse and talented team. The LBE subcontracting goal for this contract is 21%. Civic Edge came in at 41%, so they exceeded that goal by 20%. The panel highlighted their relevant project experience, knowledge of the city, knowledge of the many community groups and organizations in the city as a strength. They described their project approach as impressive and organized. Their visuals, design pieces, the overall communication was clear, concise and consistent throughout the evaluation process.

As I mentioned earlier, Civic Edge is a WMBE, a WBE firm. They were formerly Barbary Coast Consulting. Representatives from Civic Edge are here today. They'll be available to answer questions at the conclusion of this presentation.

Their team again includes 10 subcontractors, six are certified LBEs. Their prior project experience includes the MUNI Forward campaign for the SFMTA. MUNI Forward was a multi-year communication and outreach effort related to MUNI's Transit Effectiveness Project or TEP.

Civic Edge provided a strategic communications assessment and recommendations on the community outreach program for the Bay Area Plan which is a regional transportation and housing initiative led by the Association of Bay Area Governments. They also provide ongoing communication support for the San Francisco Transportation Authority.

Finally, as I mentioned, 41% of the contract will be subcontracted to LBE firms. When we add the 25% that Civic Edge as an LBE will be self-performing, the total is 76% of dollars awarded through this contract are staying local.

If you authorize us to go forward today, we'll aim to issue the Notice to Proceed by June 15, 2017. The contract has a four-year term and will expire in June 2021 unless we decide to extend for one additional year.

In conclusion, we respectfully request that you authorize Port staff to award the Seawall Communications Public Relations and Media Services Contract in the amount of \$1,695,000 to Civic Edge Consulting. The contract will have a four-year term with an option to extend it for one additional year at the Port's sole discretion.

I am available to answer questions as well as Kirsten Southey, Finbarr Jewell, and Steven Reel and Civic Edge Consulting.

Commissioner Brandon - Thank you Boris. This was a great report. This is exciting because this is the first step into our Sea Level Rise foray into all the money that we need to raise to complete this project. This is great that we're going to have a good team in place for our communications.

I know that we approved \$1.5 million. This is the first time that I've seen a contract go out with a higher amount than we approved, so I wasn't aware that when we originally approved this, that more money could come. I'm glad that more money could come but what happens if the bond measure doesn't pass?

Boris Delepine - This will be fully funded if the bond measure does not pass. I can turn it over to Mr. Reel but my understanding is even if the bond measure did not pass, this would still go forward. The need still exists.

Commissioner Brandon - But we're getting the money from the bond measure, right?

Boris Delepine - Not for this.

Commissioner Brandon - The additional money came to be because of the notification of the bond measure.

Steven Reel - No, the bond measure, if it succeeds, it's part of our overall project funding package. Should the bond measure not succeed, that's going to slow our project down unless we've come up with other sources of funding.

Elaine Forbes - To clarify, these funds are already allocated in the budget. The City's General Fund provided a good source of funding, in the range of \$6 million. We have a total of \$9 million for our current planning phase of the budget. This source of funds was found and allocated and budgeted already.

It's not money that depends on the bond. There is a small amount of funds that the city has allocated to us that is from the Capital Planning Revolving Fund, it's \$2 million of the nine and it gets repaid should the bond pass. If the bond doesn't pass, then it comes out of that account and isn't repaid.

Steven Reel - Right. This is a four-year contract with the possibility of extending it for one additional year so the spend down is throughout the contract duration.

Commissioner Brandon - I saw that everything was submitted through Barbary Coast, but it's awarded to Civic Edge. Can you just tell me the difference?

Boris Delepine - At the proposal, the submittal deadline, on April 7th, they were Barbary Coast Consulting and changed their name between the award date now and the submittal deadline. All their LBE paperwork and everything were consistent. It was only a name change.

Commissioner Brandon - So Civic Edge is a new company?

Boris Delepine - Civic Edge is an existing company that's been here since 2003. The only difference is the name.

Lisbet Sunshine - I'm the President of Civic Edge Consulting formerly Barbary Coast Consulting. We have been in existence since 2003. What happened in the last couple of months that has changed is that the ownership of the company has changed.

Alex Clemens was the founder of Barbary Coast Consulting. My two partners, Amber Shipley and Alia Al-Sharif purchased the company from Alex Clemens and Alexis Smith. We are now 100% employee-owned and women-owned business.

As part of that Purchase, we also went through a Strategic Planning Process and decided that Civic Edge better reflected our commitment to providing public relations and strategic consulting to public agencies and non-profits so we went through a name change.

However the team remains the same, our LBE status remains the same and we hope to provide the same innovative service to the Port as the company has to many other City agencies.

Commissioner Brandon - So Civic Edge is a new name. It has not been in existence before. Barbary Coast was.

Lisbet Sunshine - We changed our name.

Commissioner Brandon - I guess I got confused because it says, "Civic Edge has been around since 2003."

Commissioner Woo Ho - Ownership change.

Commissioner Brandon – So Barbary Coast has been around since 2003.

Lisbet Sunshine - Yes.

Commissioner Brandon - You guys purchased it and then changed the name.

Lisbet Sunshine – Yes, you're right.

Commissioner Brandon - You purchased it from the owners who were around since 2003 and then your team came in.

Lisbet Sunshine - No, actually the team is the same. Many of our Civic Edge employees have been employees of Barbary Coast for many, many years including Amber Shipley and I for about a year. The team that is now Civic Edge was already with Barbary Coast before the name change.

Commissioner Woo Ho - I have quite a few questions, but following up on that. You just mentioned you were with Barbary Coast for about a year. I think it's a little bit different than saying this has been around since 2003 since you are more recent employees, but you did purchase the company.

In terms of track record, if we only can look at the one year with Barbary Coast. Boris mentioned a whole bunch of other contracts but were they Barbary Coast? Were they separate, in other associations? Because it would be a little bit misleading to say that you had these other contracts under Barbary Coast when you've only been employees of Barbary Coast for a year and then changed the name.

Lisbet Sunshine - Are you asking, currently, which contracts do we as Civic Edge and did we as Barbary Coast have on the day of our name change?

Commissioner Woo Ho - It was just mentioned in his slide, experience. San Francisco Municipal Transportation Authority, Metropolitan Transportation Commission, San Francisco County Transportation Authority. Were those contracts Barbary Coast or are they Civic Edge?

Lisbet Sunshine - They were won and awarded when the name was Barbary Coast and they now are Civic Edge clients.

Commissioner Woo Ho - How long have you worked on those contracts because you've only been with the company a year?

Lisbet Sunshine - I personally have only been with the company for a year. But many of those contracts, Barbary Coast and now Civic Edge have had for a decade or up to a decade.

Commissioner Woo Ho - I guess that clarifies that a little bit but it's a little bit different than what we understood in terms of the experience level.

Amber Shipley - I'm a partner with Civic Edge Consulting and I completely appreciate that this is a little crazy because you change your name like once ever.

Commissioner Woo Ho - It's more different than changing a name. Ownership changed. That's a huge change.

Amber Shipley - Yes. The company has new owners, but the name change and for the City our vendor number is the same, our LBE is the same, everything is the same. We've just shifted our name for all our old contracts. Your Seawall team are the same people who have been working on all the projects that Boris shared with you.

I started on the MTC contract in 2014, we wrote that proposal. I've been doing the work for MTC. I've been doing all the work for MUNI Forward. It's the same team, and you're getting basically just a new name from our firm.

Commissioner Woo Ho - Ownership name, name change are really still separate things. But I understand what you're saying. Let's not gloss over and say, "It was just a name change." It was an ownership change which means different direction too in terms of how something is managed. But I understand that you've been working on it for a long time so there is some continuity. I just want to state the facts as they are. For the Commission and we all understand what we're dealing with. My questions were beyond the, this is a four-year contract. I'm going back to one of the questions that Commissioner Brandon had, so

given marketing contracts, people can spend more, spend less. I've been in marketing for myself for a long time.

We increased this to \$1,695,000 over the \$1,500,000. If the bond measure would not change, regardless of the fact that Director Forbes says that we'll find other sources of money. One of the answers that I think I would like to go on record is to say is that, "You don't have to spend \$1,695,000 and you can still get to the objective." Especially if you're talking about brand and other things.

In this approval that we should be clear that if for some reason the other source of funds does not come, we will not exceed \$1,500,000. When is the bond measure expected to pass?

Steven Reel - The \$1,695,000 is the limit of the contract. It's based upon a negotiated scope at this point. As we move forward, there will be changes to that scope that we will need to renegotiate, fine detail on what is being provided. That is an upper limit of the contract.

Commissioner Woo Ho - If the bond measure doesn't pass, I'm just saying that we should not be committing to a number that we do not know unless the funds are there. This is a marketing contract. In marketing you can always scale up and you can always scale down.

Steven Reel - That's right.

Commissioner Woo Ho - It is not like an engineering contract where you're actually doing work that requires you to do X, Y, Z. There's some intangibles in here and I'm just trying to point out, they're soft contracts. These are things that we're talking about advertising and Web site. Some of these things you may decide you cut back.

All I'm saying is I don't want to be locked into something. Another thing that worries me, there'll be changes. We'll be hearing that this contract has other revisions and it keeps going up. Four years is a long time. It's a fair size of money for us to spend on this.

Steven Reel - It's a very large contract.

Commissioner Woo Ho - That's part of it. I want to go back to some of the fundamentals to hear from the firm themselves. Two things - (1) What is the compelling message that you think we have to send about the Seawall when you were thinking about doing this and bidding for this and hopefully the panel which obviously we were not part of and did not hear, what's the compelling message that you think is important that you're going to be working on? Because you must've thought about this already in order to win the contract.

(2) What are the success metrics? I'm a marketing person. I like to know what the success metrics are. What am I going to get back for the bang for my dollar? What are the metrics that you say is success? In marketing it's not easy to measure success metrics. We know that but there has to be some success metrics in terms of what this investment is going to do for the Port and the Seawall campaign.

Lisbet Sunshine - You're absolutely right. We spent quite a bit of time thinking about this very big project as this is the project of our generation and future generations as was mentioned before. Our overarching message and the sense that we brought to it was the sense of urgency and how to convey that urgency to many different populations in the city.

The Seawall is a piece of infrastructure that no one really appreciates and most don't know about but it props up our infrastructure, our transportation systems, and is really important to the economic development of the city. So how to convey that sense of urgency, whether it be through various media, through digital media, through advertising, certainly community outreach and working with various groups that are well established along the waterfront, many of the Port's Advisory Committees and environmental groups.

I think San Franciscans understanding of seismic risk and marrying it to our love for our waterfront and on top of that leveraging the amazing community activism that we have in the city are the ingredients that would go into that overarching message and that's something that we would be working very closely with Port staff and leadership on the Port Commission to make sure that those messages resonate.

To your question about metrics, one of our partners in this contract is FM3. They are a market research company that has done quite a bit of work already for the Port. At the beginning of this contract, we'll certainly be working with them on doing survey work and research to establish that baseline of understanding that we can then go back to as we implement our program to make sure that we are increasing various groups' understanding of the program as well as their understanding of the sense of urgency for taking action and not letting this continue on.

Commissioner Woo Ho - May I suggest a couple things in terms of metrics: One, we have a bond measure that is going to be associated with the Seawall. We think that one of the measures is to say, "How can this awareness campaign help us with what we see in results in terms of voting for anything that is related to getting a tangible bond measure success?" That is something that we need to understand more about.

Legal Counsel Eileen Malley - Excuse me, Commissioner. I want to make it clear that none of these public funds can be used for political purposes for passing the bond measure.

Commissioner Woo Ho - I'm not asking them to spend money specifically, but it is to help raise awareness so that people will go vote for a bond measure. That's not the same as actually doing specific marketing for the bond measure.

Eileen Malley - I just wanted to make that statement clear for the record that public funds cannot be used for political purposes.

Commissioner Woo Ho - I understand what you're saying too, but I'm saying that there has to be something that is going to help in terms of voting. The second piece of it is that we are going to make sure that the key decision makers, whether they're here locally, state level or federal, and are going to be more amenable to helping us get more support and funding. And that has to be part of this campaign of, "How do we get that message across?"

Because if we're just going to educate everybody that there's going to be flooding on the Embarcadero and be scared about it, that isn't going to be in my mind a success for this campaign. We already know that's going to happen. More people being aware of it, but not knowing how to solve the problem is not success in my mind.

Lisbet Sunshine - Agreed.

Commissioner Adams - I'm hoping Boris, next time you guys come that there needs to be a little bit more transparency. Because there's a little confusion here.

Elaine Forbes - I'd like to step in on this ownership issue. From the City's point of view, there was a name change. The vendor kept their same vendor number, their same intel in terms of gross receipts and firm location. They just went through a legal name change. I understand there was an ownership change in terms of the employees owning the company and one principal left the company. But in terms of the City's perspective, the firm that came in the door as Barbary Coast is the firm we're awarding the contract to with the name change Civic Edge.

Commissioner Adams - I just wanted to be clear on that.

Commissioner Woo Ho - Yeah, I understand that. I hate to take you on this, but there is form and there is substance. We're talking about understanding the substance, not just the form and they, passing through ownership change only. But there was substance change.

Commissioner Adams - You said that you are going to reach out to the community, in what way? How are you going to do that? Will you be doing town hall meetings to educate the community?

Lisbet Sunshine - Absolutely, one of the hallmarks of our team on many of our other work for other City agencies is to not take a one size fits all approach. When we approach a communications and an outreach project, what may work for a town hall setting in one community may not be the way people want to get their information in another. If you want to talk to anybody under the age of 22, you're not going to do it via the media. You're going to do it on Facebook and Twitter.

We feel passionately that the communities of San Francisco are very different in many ways. We'll be putting our heads together to come up with a suite of approaches. One of the things that we were very appreciative of in the Port's RFP was, "How can you be efficient? How can you be cost effective?"

We don't want to spray additional effort in areas where that's not necessary. We'll be very strategic in how we reach out to all of the communities that need to know about, and basically all of San Francisco really is impacted by this project.

Commissioner Adams - I hope that you come back every six months to give the Commission an update on what's going on and how you're measuring your success, some of the roadblocks, some of the successes that you're having as you're getting out there. It would be good for us to know what's going on, and also the public will know to come to the Commission.

Lisbet Sunshine - We'd be delighted to.

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 17-24 was adopted.

12. REAL ESTATE & DEVELOPMENT

A. Informational presentation of the Fiscal Year 2017-18 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates.

Jeffrey Bauer, Port's Leasing Manager - The Parameter Policy is a delegated authority to Director Forbes to negotiate and execute leases that are within certain business parameters. Those parameters, the lease, the term must not exceed five years, it's less than a million dollars, the monthly rates must at least exceed the minimum parameters and we have to execute a boilerplate with no substantive changes and there's no retail allowed in this without coming to the Commission.

The Parameter Policy is most of our work in Real Estate. We have about 580 leases that we administrate. This allows us to quickly transition, if a tenant moves out to amend a lease, to extend a lease, as long as it's within parameters. It's really the bedrock of Real Estate. Of the 100% of the revenues

that come into the Port, parameter rates are about 18%. We've negotiated about 95 of them this fiscal year.

This graph represents in the last five years how we've increased the minimum rents that we've charged. If you look at the total set of 62 categories, we've increased our rent on an average of almost 50% in the last five years.

We've executed 95 Real Estate Agreements, which is average. We've done well over 100 in the past and as few as 75. The annualized revenue is \$5.8 million. It equates to a lot of square footage that we rent out, almost 5 million square feet.

We have a portfolio of different types of property that we administrate. In office, we have a lot of Class C. We have a Class A location typically, but we have a Class C structures. Industrial, sheds, they're not warehouses.

We're still able to compete and charge more than private landlords that have traditional warehouse with a loading dock, etc. Open land is getting scarce and there's a lot of demand. We hopefully will be doing some bigger land leases which will be outside of this parameter schedule, but there would be a Port Commission item.

How do we arrive at these rates? It's experience. We exhaustively review the commercially available data from the big commercial brokerage firms to industrial marketing reports. Parking which we're increasing as well as our minimum rent. We surveyed 39 local parking lots. We've called all the local harbors for fish processing and different types of fishing industry rental rates to make sure we're in step with those.

We've reviewed the last 12 months of Port leasing under the Parameter Policy to see what the trends are and making sure that we charge enough. We've also consulted with some of our Port master tenants. While the overall market is healthy, there seems to be a bit of a cooling off in the Real Estate market.

Where it's continued to expand is in the Class A market which we do have Class A office. We do not directly manage it. We're in a Class A office. We don't directly manage it. Class A is still very desirable. We also consult with a third party consultant, Keyser Marston Associates. They review the whole package. We do meetings. We have consultations. They seem to agree with our findings, with our increases in the minimum rents in the parking/special events and filming. They did note that of the 95 leases that we negotiated, the majority of them are in the higher range of the minimum parameter schedule so we're happy we can do that, given that our vacancy is so low.

Portwide vacancy, 1.9. That's not a typo. That is a number that has continued to shrink. Office, last year was 4%. It's 7.45% that's really due to one specific building in Northern Waterfront which is also seeing a softer market, cooling of

the market. We had a major tenant move out of an entire floor. Couple spaces, we're addressing some mechanical systems.

Industrial, 0.19% vacancy. That's why we can charge what we used to charge for Class C office, now we're charging for warehouse space. Unchanged rates, 20 and those are largely due to the conditions of the space. We have buildings that have outlived their useful life. We maintain steady occupancy and we're able to provide a home for tenants at a reasonable market.

We propose to raise 42 of the rental rates or 68% and I will return to you in the next Commission meeting seeking your approval.

Commissioner Woo Ho - Thank you. I appreciate it. I know we go through this exercise annually but it's an important exercise to understand this. In your staff report there's a lot of numbers. But can you summarize again, in general, what you think the increases are for the major categories.

Jeffrey Bauer - Office we're going 5-10%. Parking we're similarly going about 5-10%. Special Events we're increasing to 20%.

Commissioner Woo Ho - Is that because of demand?

Jeffrey Bauer - We have a low vacancy rate. If you have a low vacancy rate, you can charge more. Sometimes taking a vacancy or tenant turnover is not necessarily a bad thing. Vacancies can be a good thing. It's really the health of your portfolio depending on the vacancy. Right now we're experiencing very low vacancy, particularly in warehouse space. In some cases, we're charging \$2.00/square foot and getting it for warehouse space.

Commissioner Woo Ho - The office space that you said that is vacant today, do we have people that are interested in that space?

Jeffrey Bauer - It's a bigger space, it's almost 8,000 square feet. It's on the Northern Waterfront. It's on Lombard. We had a company in there called Ammunition which is a design firm. They put in about \$300,000 of improvements, so it's a really open space. We're marketing it and we have some interest.

Commissioner Brandon - Great report. Always good to hear that our rental rates are increasing. I mean, not for everyone, but for us, yes. I know you've given us the minimum range. So the maximum increased the same amount?

Jeffrey Bauer - No we typically look at a 10% range. If it's the bottom then 10% is the range. But the upper is whatever we can get. We have to at least charge the minimum. We consider that the current market if you will. But depending on the space, depending on the tenant, we can charge as much as we want. There's no ceiling

Commissioner Brandon - There's just a minimum and we can go up as high as we want.

Jeffrey Bauer - If they want to pay us \$10.00/square foot and everyone's paying us \$1.00, that's terrific.

Commissioner Brandon - When we negotiate leases, we automatically go where?

Jeffrey Bauer - We look at the recent transactions in the building. As an example, we have a Biotech company coming into Pier 50. The previous tenant was paying \$3.25 so we know it's worth at least \$3.25. Because we're zoned in a particular way that this company can actually operate, we're charging them \$3.60 and it's a triple net. If you gross that up, he's paying almost \$5.00/square foot.

The real estate, and the market and the prices change every few months that's why we're so cautious. We don't want to set our minimum too high because if the market does pull back, then we have an issue. As you can see from my charts, we've increased 50% steadily over the last five years.

Commissioner Brandon – As far as renegotiating leases, do we always bring them to the new minimums?

Jeffrey Bauer - Absolutely, we have to. If it's a parameter deal, it has to come to the parameter and most of the time we're exceeding the parameter.

Commissioner Woo Ho - I had one question on your pie chart. You have non-parameter shed land at 15%. How much of that rent is actually below minimum?

Jeffrey Bauer - That includes ground leases. Those are Commission approved leases. They may have gone to the Board of Supervisors. They're the long-term, 50-year leases. At the time they were negotiated and indexed, they're certainly at market. If the lease would terminate or they would move out, then it's a whole other discussion of what is the actual market? Someone is going to typically invest time or money if they're going to want some business certainty there.

Commissioner Woo Ho - According to this pie chart, only 18% is actually within parameter.

Jeffrey Bauer - No, it's not within. That's actually parameter deals. Our rent roll shows that 18% are parameter deals that we negotiate under this policy that does not need Port Commission's approval. That's the 200 square foot office that someone terminated and we're renting it out again or the 5,000 square foot property that someone wants to downsize or add.

It's an asset management function but it's also a property management function. We can correctly oversee the property. We don't have to come here 95 times to seek approval for leases. We can act more like a private sector landlord. We can provide a lease in two weeks. If you need to downsize in your month to month, we can do that in two weeks. If you want more space, we can do that quickly.

Commissioner Woo Ho - I know we've talked about this over time. Elaine, you were CFO in that role. In terms of being able to project out based on expiration and leases coming up for renewal and whatever else we thought was new space coming on, what our future in terms of increase of lease revenue would be. This is one way to look at it, but it doesn't give us the real impact in the long term.

Elaine Forbes - That's right. This is describing the parameter program that you and Demetri have done a nice job of explaining. When we look at where we're headed with our Real Estate portfolio, we use the five-year financial forecast. The Real Estate team looks to see what opportunities we have in that five year, what properties will turn over, where we have major increments up to market, and then looks also at other market conditions that could indicate strength, stability or softening in the market.

When we come with that five -year financial forecast, that's when we tell you where we think we're headed in the portfolio and that happens in February. This is a different item. This is to set the parameter rents.

Commissioner Woo Ho - Yes, I understand that. I think we're just trying to get a sense of is there going to be some revenue catch up at some point as these leases come up for renewal. Obviously this is helping us to always stay in touch with market. Because of the needs are so great on the capital side, the Seawall etc. In terms of where are we going to be able to maximize? I never quite know what the answer to that is.

Elaine Forbes - A lot of the conversation we've had with the Commission over the years and the Real Estate portfolio has perfected the way in which we do the five-year financial forecast. Clearly from Jeff's pie graph chart, we are doing a good job in increasing our annual revenues especially from this particular program and we're hitting that \$125 million mark.

We've done a lot of innovations in the way in which we're managing Port revenues, set benchmarks for ourselves, definitely looking out to opportunity sites, looking to matching capital improvements to where we think we can earn revenue on the other times, return our investment for more capital spending. I understand that there's not a perfect answer to where we're headed, but I do think that the projections and the way in which we're now doing high, base, low case at your suggestion, these are all tools that help us understand where we might be headed given various factors. I think we've come a long way in how we're describing the portfolio to the Commission. It certainly could always be improved and we stand ready to hear any recommendations.

Commissioner Adams - Jeff, thank you. Good job.

B. Informational presentation regarding the Request for Proposals (RFP) for a Restaurant Opportunity at Pier 40, located near South Beach Harbor on The Embarcadero.

Elsa Lamb, Property Manager with the Port of San Francisco - Port staff is proposing to issue a Request for Proposal, an RFP for a Restaurant Opportunity at Pier 40.

This is an overview map of the Central Basin, South Beach Waterfront area. The restaurant is situated along the Embarcadero adjacent to South Beach Harbor at Pier 40. The corner location is the restaurant. The corner location makes it an ideal site for casual, affordable, family friendly dining to serve residences and businesses in the area, the tourists, the folks making their way to a number of nearby destinations in that area, like Brannan Street Wharf, Rincon Park and then of course the home of our very own San Francisco Giants at AT&T Park.

The ballpark alone attracts 3.6 million visitors per year in that area and is just under a mile from this location. We envision a large market for relatively quick meals, takeout types of foods and would like to select a restaurateur that is experienced and who has successfully operated and managed a restaurant for quite a number of years.

SB40 Café is operated by the Solis family. It operates a casual dining bar and restaurant serving Filipino inspired dishes and they have been in this community for the last 15 years. The Solis family has voluntarily elected to close the restaurant in October of this year. The restaurant site is approximately 1,600 square feet of indoor space and approximately 525 square feet of outdoor dining area both of which have Bay views and are surrounded by Open Space next to the beautiful marina of the South Beach Harbor.

As mentioned, we want to see a full-service restaurant at the site that is open at least six days a week serving lunch and dinner. We do also see a market for breakfast hours there too, especially because of the ballpark and being close proximity and having so many day games, we think that it will also support breakfast hours in that location.

We are offering a 10-year lease and the rent would be the greater of base rent or percentage of the gross revenues. As far as the minimum capital investment, we want to make certain that the operator has sufficient minimum capital investment to make to address upgrades to the building codes, ADA requirements, kitchen and restroom remodel and all the permits that are required to make the changes to the facility or to the premises.

Experience is something very important to us. As I mentioned earlier, we want an experienced operator in that space so they can hit the floor running, just be

able to open the restaurant and be successful. We want them to be able to provide documented experience from operating a successful full-service restaurant for the minimum, at least five years out of six or seven.

The Port intends to establish a selection panel to review and recommend restaurant operator based on the information contained on the RFP responses. The criteria are as follows:

(1) Proposed Concept. We want to know the overall vision of the operator. How they intend to market the restaurant and maximize sales and revenues? What is the Operation Plan? What are the hours of the operation, the menu pricing, staffing and what their source of products and services will be?

(2) The Proposed Design and Capital Investment. We will request renderings of the proposed design of the restaurant, both inside and out and what the floor plan's going to look like. Also what their signage for the location will be because it is visible from the Embarcadero. And what is the initial amount of their capital investment? As I mentioned earlier, they need at least a capital investment that will meet certain things like the ADA requirements and upgrades.

(3) Experience and Financial Strength. We want documentation to show the experience of this operator to operate a full-service restaurant. We want to see what the annual gross revenues would be for the last three years of operation and we want to see sources of their funds for the initial capital investment, what their cash and loan types are.

(4) Proposed Rent and Business Plan. Want to see proposed base rent, a proposed percentage rent and what a five year peripheral amount may look like as far as projected sales and revenues to the Port, expenses and net income, cash flow. We want a sound operation to be at this location.

(5) Local Business Participation. We want to make sure that the operator is a local business or partnered with a local business entity. We want an operator to demonstrate their partnership with LBE professionals and service providers. The RFP will strongly encourage partnerships with LBEs. The Port's recent community contract opportunities open house had an outstanding attendance. We have many talented professions out there right in our front doors.

It's important that everyone submitting a proposal know that the Port of San Francisco encourages the participation of Local Business Enterprises in the RFP. This proposed RFP will provide numerous opportunities for LBEs as operators, restaurant as well as participation in the improvement process and the management and operations of the facility. The Port expects potential opportunities for LBEs in the following occupations: architectural design, construction, project management, various vendors and suppliers. The selection process will award points based on LBE participation.

Currently we do have local business outreach such as the open house at the Port and the fact that we have another restaurant out at Pier 33 that is also available so we're giving the public not only an opportunity to look at what site they prefer, but there's also a different size in both restaurants. If somebody wants a bigger one, there's one available. If they want a smaller one, they have another one available to them too.

We would like to, if possible, issue the RFP around July of this year. Then a preproposal conferences and maybe join forces with the Northern Waterfront who's marketing the Pier 33 restaurant and hopefully have the Port Commission lease approved at the end of this year. Hopefully by next year, we have Board of Supervisors' approval and have a lease in place.

I look forward to having the Port Commission direct staff to proceed with a Request for Proposal for the restaurant opportunity at Pier 40.

Commissioner Brandon - Thank you for this report. This is exciting that we have a restaurant opportunity. Can you tell me why the restaurant is closing?

Elsa Lamb - The Solis family has operated in that restaurant for 15 years. I think they just do not have the financial backing at this point to make the improvements necessary. It is an older restaurant. It needs a lot of tenant improvements that they are not able to meet at this time.

Commissioner Brandon - Are we looking for any type of base rent in particular or we're just going to leave that open?

Elsa Lamb - No, the RFP is actually going to set a base rent. We're going to propose a base rent, propose a percentage sales percentage. The RFP will also allow the proposer to actually give a different amount. It'd have to be higher than what we're proposing, but it will allow them to make a proposal.

Commissioner Brandon - Do we have any idea what we're proposing?

Elsa Lamb - We're still under the process of trying to determine that but it'll probably be anywhere from \$3.50 to \$4.00 base rent. It'll include a percentage sales.

Commissioner Brandon - What are we getting now?

Elsa Lamb - We're only getting about \$1,500 a month. It's an old lease that we have there at that location but it was given to us from the Redevelopment Agency that they transferred along with everything else at Pier 40.

Commissioner Brandon - As far as our restaurant leases, is the standard 10 years? How do we come up with the term?

Elsa Lamb - Ten years is standard for the first, especially for new leases for restaurants and that's because it does take time for them to get themselves established. We're hoping that they would put enough capital investment in that so that they can make certain that they can have time to amortize their investment.

Commissioner Brandon - I'm wondering because Queens Louisiana, the most recent restaurant lease we did was only for five years, which is why I asked the question. How did we come up with the rationale of 10 years.

Elsa Lamb - I believe it varies in different locations but I'm not certain about that one in particular.

Commissioner Brandon - It's probably something we'll need to look into. How will the criteria be evaluated?

Elsa Lamb - They're going to be evaluated in a point system. We will allow these different ones that I mentioned and they will be based on a system where we'll give each category a certain amount of points depending on what we're looking for and what their response is

Commissioner Brandon - How many points for each category?

Elsa Lamb - If I recall correctly, there are about five categories. If we go across the board and say 100%, it'll be 20% each.

Commissioner Brandon - When you come back with the request, you're going to have all this information right?

Elsa Lamb - Certainly.

Commissioner Woo Ho - I had a couple of questions to follow on. Commissioner Brandon asked some of them already. Can you tell me why it's going to take us until July to issue the RFP when you've already outlined what you're expecting?

Elsa Lamb - It's going to take some time because we do want to make our own assessment of the facility and also do a little bit market survey, what we think we should set the base rent at.

Commissioner Woo Ho - Did you not say earlier that the Solis family vacated this in October?

Elsa Lamb - No, they will vacate October of this year. They're still running a business there.

Commissioner Woo Ho - I got the impression that they were already out.

Elsa Lamb - At the end of October, they'll be out but we thought that we would start this process now.

Commissioner Woo Ho - So anybody coming in cannot take control of the premises until October.

Elsa Lamb - Correct.

Commissioner Woo Ho - Is the current tenant in good standing right now?

Elsa Lamb - Yes.

Commissioner Woo Ho - \$1,500 is not a lot to pay in rent. Can you tell me roughly the number of seats in the restaurant? Meaning, what's the maximum capacity of people dining in the restaurant?

Elsa Lamb - At this point, I'm not sure what the capacity is but we would certainly put that information in the RFP. We will check with our Fire Marshal because he sets what the occupancy rate would be.

Commissioner Woo Ho - When you come back again, could you tell us so we have a sense of how many people the restaurant can accommodate, inside and outside. I'm not translating in terms of square footage and the size of the restaurant. You mentioned the other lease which we're going to talk about in a minute, this one is bigger and the other one is smaller. Right?

Elsa Lamb – The Pier 33 restaurant is about 4,000 square feet and this is 1,600 square feet.

Commissioner Woo Ho - That's the bigger one and this is the smaller one. I think this size is pretty small for a restaurant. That's why I asked about the capacity and people need to have a lot of volume or turnover to make it work financially.

Elsa Lamb - Right. That's why we want to make it more of a family-friendly, quick, easy, in-and-out type of restaurant so that it's not a formal sit down dining area and you turn over a lot of customers that way.

Commissioner Adams - Elsa, thank you. I've got a couple questions. I know the first couple of times you got up here, you were nervous. I know public speaking is very terrifying but that was a great presentation. Just keep on getting up there, doing it, and banging away and don't worry about what people say.

Elsa Lamb - Thank you.

Commissioner Adams – I'd like to ask Director Forbes, how can we have one lease for five years at one place and 10 at the other? I don't want to see us get

caught in discriminating against anybody that's coming into this Port. It should be one level playing field.

Elaine Forbes - We will look into why Queens Louisiana is a five-year term. That item was brought here to the Port Commission and you all approved it at that five years. It's five years with a four-year option but we'll look into why and we'll report that back to you probably either in a written report or in a formal item. I think there are a lot of factors that go into term relative to the initial investment and those kinds of things. Elsa said it right, we would consider 10 years standard and we want the restaurant to get time under their belt, as a startup and to establish themselves and to burn off their initial investment.

We will look very carefully at why it's a five/four on Louisiana Queens. I noticed Commissioner Brandon brought it up as well and I made a note of it. We will get back to you on that topic.

Commissioner Adams - I just want continuity. Good report. Thank you.

C. Request authorization to issue Request for Proposals (RFP) for a restaurant Opportunity at Pier 33 North, located at Bay Street and the Embarcadero. (Resolution No. 17-25)

Jay Edwards, Senior Property Manager - I'm here before you today to request your authorization to issue the Request for Proposals for the Restaurant Opportunity at Pier 33 North, located at Bay Street and Embarcadero.

As you may recall, Sandra and I were here on March 14, 2017 and made an informational presentation. Based on your questions and your direction at that meeting, we've taken that input and put it back into the report. There's more detail than the informational report than we made previously.

Pier 33 Bulkhead building is located in the Northern Waterfront, and it's the Gateway to the Fisherman's Wharf. We've got Alcatraz Landing nearby and a number of office buildings and residences close by. It's formerly known as the Butterfly Restaurant.

It's very visible from the Embarcadero. It has a terrific view of the waterfront. There's a full height glass window looking out over, between Piers 33 and 35. We've got great visibility from Embarcadero and it's a very high ceiling space. We feel it's got a lot of potential.

We've put together some key business terms and they're also identified in more detail in Exhibit B. We are proposing a 10-year lease. I do want to assist the Commissioners in understanding the discrepancy that you've brought to our attention here with the Queens Louisiana Po' Boy Cafe lease. It's a good lesson for the staff, that when that was originally proposed, it was a retail opportunity. It wasn't specific to a restaurant. It was pretty wide open. It was also with the idea

that it was going to be a community-based organization and that there was not going to be as much investment. We were not anticipating the capital investment that Queens had made.

I think in that case we did try to come back to the Commission and rectify it by offering a four-year extension option. In this case, this is a restaurant that needs significant, very extensive renovations.

Commissioner Brandon - I appreciate that, but when you came to us for approval, it was a restaurant.

Jay Edwards - With that in mind, we are proposing a 10-year term. If there is sufficient capital that, from the Port's perspective, needs to be reinvested into this property, and it does require a longer extension, then we'll have the rationale for that, we'll be back to the Commission. So it's 10 years with a potential option. We are trying to learn and enhance our opportunities for all our operators.

We will have minimum performance standards, tentative proposed capital improvements. They're going to have the rationale for the extension on the term. In terms of the rent, we're proposing a greater of a minimum base rent. It's going to be a minimum of \$2.50 as a base rent and that exceeds the parameter rent for Pier 33 Bulkhead building for our office space. It's not exactly like for like, but we felt that's what the space is worth at a minimum.

We do have a suggested market rate for the percentage rate and that's at 7%. People certainly could in their proposals have a more robust economic package but we do think this at least sets some minimums for the bidders to focus on and hopefully improve.

In addition to that, we are also requiring a minimum capital investment and that's not only to do all the required upgrades and the investments into the space that are necessary. We want to see something come in here, make it exciting, some design. Something that the public will gravitate towards and be the kind of place we'd all like to patronize.

We are looking for an experienced operator in this situation. In this case we're looking for five years of full-time operating experience, owning and operating a similar type of restaurant out of the last seven. This is not a startup opportunity. We think it's important because we've had some challenges in the past with the restaurant operators and we think it has tons of potential. We're hoping we can find somebody that can help us in that.

We've also engaged in our local business outreach. We participated in the open house that we had in the beginning of the year. We got great response from a number of people who wanted to be working at the Port in terms of contractors, architects, consultants that aren't restaurant operators per se, but wanted to be

included in the next opportunity. We were encouraged by that. We'll consider our presentation to the community organizations. We are planning on holding a proposal conference and partnering opportunity and then we'll have a presubmittal and site tours.

The selection process is a fairly well-balanced approach. It is based on 100 point total which is fairly common in the ranking of these proposals. We've allocated 20 points to the Proposed Concept, 20 points to the Proposed Design and Capital Investment, 20 to the Experience and Financial Strength, and 25 to the Proposed Rent and Business Plan and then we have 15 points associated with the Local Business Participation in two areas.

One is the Community Engagement Plan and the other is the Local Business Participation Plan. The Community Engagement Plan is a wonderful program that's offered by the Office of Economic and Workforce Development. It's called the Hospitality Initiative. It tries to put San Franciscans who are going through a hospitality training session with these partners that we've mentioned and match those up with employees. We think this is a significant amount of points that everybody is going to be wanting to have in their proposal. We want to encourage maximum participation by our proposers.

These will all be ranked by an Advisory Panel. The panel will comprised of people that are familiar with the restaurant industry who understand what a successful restaurant should look like and how it should operate. We have the opportunity to go up to five panel members and they'll go through this scoring process. A sample score sheet was included in your package. If there's a requirement for oral interviews, we can do that as well.

Ultimately, we'll be back to the Commission to present and seek the Commission's approval of the respondent that ranks the highest. We hope to issue the RFP as soon as possible because it is currently vacant.

Commissioner Woo Ho - Thank you very much for the report. I guess Butterfly was the last tenant. Is that correct? When did they cease operation?

Jay Edwards – Yes, at the end of the year.

Commissioner Woo Ho - And the issue for them was end of the lease or they had financial difficulties? Or what was the issue?

Jay Edwards - There seemed to be a few issues Commissioner. It was declining sales. They had peaked about four years ago and they had dropped an almost three quarters of a million dollars in annual sales. That was one issue they were having. They were also going through some changes in terms of the partners, and what he wanted to do with his career. He had another venture that he was involved in. He wanted to do other things.

I think it was just maybe a little bit of giving it his best effort for as long as he could. The lease had expired. It was on the month to month. It was a mutual termination. We both came to the conclusion that there was probably better opportunities for each partner. We have a lot of respect for the former operator. It was not working out.

Commissioner Woo Ho - What condition is the restaurant in today? Somebody obviously will come in and do some remodeling, but how much extensive remodeling has to be done? Kitchen and otherwise?

Jay Edwards - It could use pretty significant renovations. Most of the equipment is 10 plus years old. We're doing an assessment of the facilities to specifically get a better handle on that. That's ongoing right now. It's certainly due for a refurbishment, all the decor and the design. It probably will be a fairly substantial renovation.

Commissioner Woo Ho - In understanding a little bit about restaurants and return, and we are trying to have a standard policy and treat everybody fairly as we talked about earlier in the other situation. I guess it does depend on how much investment has to go into the restaurant and the restaurant operator asking for a reasonable amount of time to get his return. If the lease is too short then he doesn't have enough time to amortize it.

We hear this all the time in the development project. Should we always have an arbitrary standard or do we have to have some range that makes sense to understand that the economics of each of these deals can vary a little bit depending upon the circumstances of the deal and how much investment has to go in and capital improvements and how much time to recoup that. In some cases if the property's in better condition, you may be able to recover it much sooner because you don't have to put as much in.

This restaurant I have been to before and I know it has a tremendous view. That's probably better than the earlier one that we talked about which is a little bit away from the water but also very close to the waterfront. Although it's narrow and it has a strange configuration. So that's not exactly the ideal, but the picture that you showed us makes it look perfect. I think the actual configuration is a little bit narrow and long.

It's not an ideal space from that standpoint. I would appreciate if we do the restaurant in the future, if we have a sense of how many people the restaurant can accommodate, not just a Fire Marshal rule, but just a general feeling so we know how many people can be seated.

Jay Edwards – Yes, we're happy to provide that.

Commissioner Brandon - Jay, thank you very much for this report. Thank you for all the details in the report. I'm not quite sure I'm really feeling all these Advisory

Panels that we have and that I agree with everything. I've been here for so long that we've been through so many variations. I can't quite remember when we started the Advisory Panels for restaurants and retail and everything.

I'm wondering if we can do some kind of hybrid where, say we get six proposals. You go through your process and you bring two or three to the Commission so we can really see and understand. The Advisory Panels to me, it doesn't seem like we have a lot of transparency.

Commissioner Woo Ho - Good point.

Elaine Forbes - For contracts, Chapter Six and Chapter 21 require panels but for leases, I think we have more latitude to do things differently. I know we've done things differently with development projects. Some of them, the proposals come to the Commission and you see them and you make the selection with staff's recommendation. Some we have you delegate to a panel of experts and community folks so you don't have to do that work, but they do that day long arduous work of evaluating the proposals.

We're interested in hearing what the Commission thinks is the best way. We have modeled our lease, our restaurant, our retail opportunities after our contracts processes which empanel folks and have the Contract Monitoring Division helps us to ensure it's fair and transparent and that we feel very confident that you are getting the best recommendation from the panel. That's why we've structured it this way.

Commissioner Brandon - If we wanted to, we could have some kind of hybrid where we have a panel, they recommend the top two or three to us and then we do a presentation here for the public to see and then decide based on that?

Elaine Forbes - Yes, we could do a hybrid. Because Chapter 26 and the contracting rules that govern City contracts do not apply to leases in the same way. I believe we would have latitude to do some hybrid model.

Commissioner Brandon - I don't know how the rest of the Commission feels about that.

Commissioner Woo Ho - I think that's a good concept. I don't want to go back to something that we talked about earlier but to give out a strategic consulting contract without having a chance to get a flavor of the person that is going to get the contract is difficult for us to just base it on points.

Elaine Forbes - Now, that contract was governed by Chapter 21. So we followed the rules in that. That's a public contract. But for the leases, we can do it differently. If you prefer a hybrid, we could come up with some proposals for you and think about how to do the solicitation in a way that both preserves the concept of having an empaneled process whereby we have experts that advise

the Port, but then an opportunity for you to see the highest responders in a presentation format so you have more insight into the panel's recommendation and more insight into the proposals which is very similar to what we've done in the past to development proposals.

Commissioner Woo Ho - I think for retail restaurant, where there is more experiential type of feeling that you have to get from the operator that we don't get from just reading paper. I would support that.

Elaine Forbes - Staff's going to discuss and we're going to make a recommendation on how to accomplish a hybrid process. We will have to describe that in the RFP so staff will talk about it and make a recommendation to the Commission. This is an informational and you're coming back for approval? Or this is approval day?

Jay Edwards - This is request for authorization.

Elaine Forbes - This is an authorization. Mike Martin is suggesting that we make the recommendation on the space that Elsa just presented. When we come back for the approval, we'll lay out what we propose. Would that be sufficient to the Commission?

Commissioner Brandon - That's fine.

Elaine Forbes - We can try it out.

Commissioner Adams - Sounds good. I concur with my fellow Commissioners. Jay, good presentation. I agree with you. It was time. That marriage was over with Butterfly. It was time for a change. It's like an athlete that stays too long past his prime. It was time. I'd like to see a good successful company come in there. We get a lot of foot traffic down in that area, with the cruise calls at Pier 27, etc. I'm down there running every morning. I think we can get a world class restaurant in there, with a new look, a hip vibe. The city, like our waterfront is very hip, very vibe, a lot of hipsters, a lot of mixture of people. I think that's good. You have my support on that.

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 17-25 was adopted.

- D. Informational presentation regarding the Pier 70 Special Use District Transportation Plan, Streetscape Master Plan, Infrastructure Plan and Sustainability Plan for the 28-Acre Site, located between 20th, Michigan, and 22nd Streets and San Francisco Bay (Assessor's Block 4052/Lot 001 and Lot 002 and Block 4111/Lot 003 and Lot 004) and the "20th/Illinois Parcel" along Illinois Street at 20th Street (Assessor's Block 4110/Lot 001) and Pacific Gas and Electric Company-owned parcel subject to a City option to purchase called

the "Hoedown Yard," at Illinois and 22nd Streets (Assessor's Block 4120/Lot 002 and Block 4110/Lot 008A).

Brad Benson, Director of Special Projects - I'm here to introduce this item today. We have a couple of other presenters on the project. I'm also here representing the broader Pier 70 team, Director Forbes, Byron Rhett, Mike Martin, Rebecca Benassini, Christine Maher, from the City's attorney office, Grace Park and Joanne Sakai. It really is a group effort on this project.

We have from Forest City today, Jack Sylvan, Senior Vice President of Development, and Bronson Johnson, the Vice President of Design and Engineering. They've been working hard on all of the plans that you'll hear about today. Mr. Sylvan is available if there's an opportunity during Q&A to talk about continuing community outreach.

Sarah Dennis Phillips is the Project Director of the Office of Economic and Workforce Development. She's been instrumental in being a liaison between the Port and all of the other City departments that need to collaborate on this project.

Kevin Masuda is our new Infrastructure Project Manager from the Office of Community, Investment and Infrastructure, formerly the Redevelopment Agency. Kevin has great experience actually implementing projects like this. We're happy to have him.

Sarah Dennis Phillips - As Brad mentioned, we're here to talk over a suite of Master Plans that are part of the Pier 70 Project. Previously staff, Brad in particular and the Forest City team has been here to describe for you the Design for Development which is the Master Plan document governing the Site Plan, the architectural design of the buildings, the land uses of the buildings and at a high level, the designs of the parks although you will have a strong hand in those as they actually get designed and approved.

There are a number of other Master Plans that are important to filling out this project. We're here to talk about four of those today. The Transportation Plan, the Sustainability Plan, the Streetscape Master Plan and the Infrastructure Plan.

At a very high level, the Transportation Plan's role is to ensure that we are directing safe and efficient access to the site and through the neighborhood with this relatively significant addition of development to the Dogpatch neighborhood and the Pier 70 area. There are three primary strategies that the Transportation Plan espouses.

One, to mitigate traffic, specifically car-oriented impacts on the site and in the surrounding neighborhood. Two, to emphasize pedestrian, bicycle and transit access over the car. Three, to support neighborhoods serving transportation improvements. That is largely things that are outside of the site but that both

residents and workers within the site and within the neighborhood can benefit from as we see growth in this area overall.

The Transportation Plan is a relatively large document. It will provide significant background about what kind of transportation improvements already exist in the area and are coming. To talk about those at a high level, obviously one of the primary components that serves the area right now is the T-Third subway line. It takes about 20 minutes to get downtown to the site. It is a major mode of transportation for areas here and points south, but we're going to see major improvements in that in coming years.

The Central Subway which is under construction right now and will be complete in 2019 is going to change time to the neighborhood on transit significantly. Headways are going to be reduced to 15 minutes and possibly even shorter and we're going to get double car trains whereas now we just have single car trains. So double the capacity of people who can move there.

There are also a number of regional transportation improvements that are coming that are going to significantly increase access to this area as well. Not only will the Central Subway and the planned loop at 19th Street allow faster movement on MUNI, we are looking at electrification of Caltrain and the federal funding has been restored for that, so we're very excited about that. Opening in 2020 which will make Caltrain more like BART than it is today as a regional transit, a regional train. The Mission Bay Ferry Landing which Port staff is hard at work on right now and we hope will open in a similar timeframe.

In terms of the project itself, site design is obviously a strong component to making sure we're moving people efficiently and effectively. Touching on five primary components of that site design, there is a road network which you have seen several times in the D4D and other site planning concepts. Right now there is not a lot of vehicular access to and through the project. That will be increased 20th, 21st and 22nd Streets will all move relatively close to the water with a relatively consistent block grade to the extent that its possible throughout the site.

The grid itself and the roadway improvements are focused on bike and pedestrian movement over cars. So bike network throughout the project on all streets in addition to the Blue Greenway along the waterfront primary component here. We're looking at the streets to support pedestrian movement through the site. Maryland Street as a pedestrian dominated street that can be closed for events and has some raised areas to facilitate people moving on foot over cars.

Automobile Parking. We're trying to limit it to the extent possible. This has been a proven technique in limiting vehicle trips, restricting resident parking. There'll be low parking ratios. There'll be metered on street parking. Revenue of which will be going to the Port and there may be, if demand warrants, a new parking garage. We've planned a district based parking strategy to limit the effect of cars

throughout the site. If we can get our parking ratios down low enough, it may or may not be needed. That's a question we'll learn in the next month or so.

Commercial Truck Access. Obviously important and necessary, given the historic core redevelopment along 20th Street. We are designing all the roadways to serve parcel trucks and then the area around the historic core buildings will support larger trucks for commercial access.

Transportation Demand Management (TDM), another primary component of the site. That term collectively refers to all the strategies the project will employ to make sure that we're optimizing the ability of people to walk, to bike, to use transit over the car. Some key components of the TDM strategy, having onsite Clipper Card vending machines, you can fill your card right up on site, providing transit passes for residents. Looking at doing so for employers based on who the employers are as well.

There will be a bicycle repair station on site as well as one new Bike Share station to kind of build out the planned Bike Share extension down southward into the Dogpatch and through the Southern Bayfront. Individualized Event Plans to make sure we're managing traffic and parking when there are events on and near the Pier 70 site. The project also plans a shuttle which will be open to the public and is intended to complement rather than compete with MUNI.

We're looking at ways that the shuttle can provide direct links during peak hours to the Caltrain station at Fifth and King, Fourth and King to provide it to the Mission Street BART Station and other key regional transit points that the project might need to access.

The project will also have an onsite Transportation Management Agency and an onsite coordinator that makes sure everything is running smoothly, not just the shuttle, but any of these components that are moving forward. All these things hopefully will add up to reduce vehicle trips by 20% from what they do on a normal basis. There'll be annual monitoring to make sure that happens.

Lastly, and I think this is critically important. The project is bringing with it neighborhood wide improvements. It's bringing intersection improvements at all the intersections interfacing with Illinois Street and the adjacent neighborhood, signalization at many of those. It's paying for a number of new MUNI buses to support existing routes to the site and plan new ones.

It will be through the Transportation Sustainability Fee program providing up to and possibly more than \$45 million in revenue that MTA is working with the Port and our office to plan out towards specific neighborhood supporting projects like a new planned XX line that's intended to move people from the Castro and Mission Street stations all the way directly to the site at Pier 70 where it will turn around.

This is the full network we are hoping to see once we get that revenue and implement those expenditures towards overall improvements. The Sustainability Plan is another Master Plan providing an overview of sustainability strategies on the site. The goal with the Sustainability Plan is to look at sustainability, not as green buildings, but as a holistic way of acting and being on the site. It's not just related to buildings or the site plan but to how people move, live and hopefully carry out their day-to-day existence.

It centered around a number of key elements. Livability which is about making sure people can live their day-to-day life on and near the site. Making sure we have retail and services, on site grocery, restaurants, laundry. We're committed to having at least 100 childcare spaces on site so that people can carry out their day-to-day life in a full way on the site.

Prosperity in the broadest sense is about employment and generating innovation onsite. We're looking at up to 10,000 permanent jobs and over 11,000 construction jobs. At least 30% of those construction jobs will be local hire.

Health and Wellness, it kind of speaks for itself but some of the key components of that will be a produce garden on site. Possibly a grocery store and of course the Open Space that you've heard about in previous hearings.

Ecosystems is looking at how do we ensure that the site works together in terms of habitat, biodiversity and many of the things that you think about when you think about how the embodiment of the site works with nature. A number of strategies are planned for the site. Low impact design which is aimed at ensuring that we are not, we are removing a significant amount of the pavement that exists on site and allowing water to move through the site and through buildings. Green roofs, strategies to manage storm water, through the parks and in our sidewalks and on our roadways. There is a proposed grey or black water system to reuse the water that we capture onsite.

Climate Protection and Energy Efficiency. Obviously building design lead level buildings as part of that, but there are other aspects too. Like colored pavement, green roofs, cool roofs and we're looking at a site wide district energy system where we can loop together heating and cooling through a single shared loop.

Lastly, Solid Waste Management. We have a target here of zero waste to landfills by 2020 and we're hoping to have a demonstration composting site within the project.

Just to note how this connects with other projects like the Mission Rock Project and some of the other ones south like the India Basin Project that you're going to hear about later this afternoon, we are trying to achieve goals across all that project so that we achieve some sustainability metrics towards the City's sustainability goals. I think each project will do its part towards contributing towards those.

Kevin Masuda - I'm a Project Engineer with the Port Engineering Division. The Streetscape Master Plan is a concept level design for streets. It is an extension of the Design for Development, deeply examining the unique spaces within the Pier 70 Special Use District and recommending a materials palette for pavements, furnishings and fixtures.

The design team expresses the Streetscape Master Plan with four major overarching design principles. One, celebrate industry in history. Extend the Dogpatch neighborhood. Connect people to the waterfront and create a network of public spaces. Through the past 10 years of planning and community engagement, the Port, Forest City and the Dogpatch community have jointly studied the public realm and provided a vision for its ultimate look and field. Some streets are designed with special treatments.

Marilyn Street for example, is the major north/south spine of the new development. It is a curbsless festival street with special paving that will allow for the free flow of people across from the Building 12 Plaza in Market Square to the waterfront site through the spillway commons. Twenty-second street and Waterfront Street will also have expressions of the same design, attracting visitors to the waterfront with durable and high quality treatments.

One of the more powerful ways of creating an identify for the neighborhood is through the selection of the materials palette and placing the design elements in functional and thoughtful ways. The Streetscape Master Plan judiciously places the custom bike racks, lighted bollards, pavers, benches and cobbles in areas with the highest pedestrian traffic for the most effect.

Typical views from above and a slice along the street show how the streetscape elements relate to each other in a very cohesive way. The sum of all the parts is a unified concept that allows for a state of the art street system that will support residents, visitors, workers and transit for the next 100 years.

The Infrastructure Plan is an attachment to the Disposition and Development Agreement setting out Forest City's obligation to build the horizontal improvements needed for the site to be developed as envisioned. The Infrastructure Plan is a concept level design for the utilities, roadways, streetscapes and parks. Each system has been carefully planned, studied and modeled to serve the full build out of the project, which will occur over up to 25 years. Cost of these horizontal improvements is estimated at \$200 million, net present value.

The elements described in the Infrastructure Plan include wet utilities, water, sewer, storm drainage, pump stations. Dry utilities consisting of natural gas, telecommunications and electricity, seven acres of parks and Open Space and roadway, pavements, walkways, accessible curbs, on street parking and streetscape furnishings.

The implementation process starts with the design phase where Forest City will engineer the infrastructure to seamlessly work together in accordance with City regulations and standards so that the Port can issue construction permits. Forest City will construct the improvements while the Port and its City department partners will inspect, test and determine its completeness. Improvements will be formally accepted in agencies having jurisdiction such as the SFPUC, will be responsible for its operations and maintenance.

Next steps, there are two more presentations planned for the Port Commission prior to consideration of the final EIR and the overall Project Transaction Approval scheduled for August 8th. Then it's on to the Board of Supervisors in the September/October timeframe.

This concludes the staff presentation and I just wanted to acknowledge the presence of Mr. Bronson Johnson who's led the design effort at Forest City and Mr. Jack Sylvan.

Corinne Woods - I'm a member of the Port Central Waterfront Advisory Group and I've worked on Pier 70 for more than 10 years now. I think the report that you got today was very thorough. I think that the design team and the Port staff have done a really wonderful job of thinking about the details.

As most of the Port staff knows, I've been involved in Mission Bay for a long time too and we learned a lot going through that process. We're trying to make sure that the Port doesn't go through what we went through, learning as we went. One of the things I think is really critical for you guys to look at when you're going through the approvals and Development Agreements and entitlements is enforceable linkages.

It's all well and good to have a Transportation Plan, but if it isn't enforced, if it doesn't happen because MUNI runs out of money or whatever, it's going to be chaos. Getting things linked together so that yes, I get that you want to do just-in-time construction so that the streets are done just before you build the buildings, but we've waited three years for approvals on streets that were finished. We haven't got those streets officially opened yet.

The details really matter. The linkages that you can put into your Development Agreements really matter. You're dealing with the same things we were. No infrastructure, no nothing. You're building from scratch and it all has to tie in together. Getting multiple City agencies to even talk to each other is difficult. I'm glad OEWD is helping to pound some heads together because it really is important.

Commissioner Adams - Corinne, thank you for your wisdom and your insight.

Commissioner Brandon - Thank you all for a wonderful report. I want to echo Corinne's words because this is a very thorough and a very detailed, really good report. A lot of great information. My questions all revolve around this Transportation Plan and how critical it is to the area that you can't drive through now.

She's making a great point that with the new Warrior's Arena coming online, with all the office coming online and all the projects, that this is the most critical piece of this presentation. Hopefully we can do all that we can to make sure that it is enforceable and these will be coming along with the project.

Commissioner Woo Ho – This is a great report. To just follow up on what Corinne just said and what Commissioner Brandon said, is there a way for us to figure out more formal linkage? How can we help facilitate that linkage that needs to happen in the Transportation Plan? Is there a way for you all to think about how we can formalize it more so that we're not crossing our fingers that it's going to happen, but there's ways to make it more systematic and there'll be more formal agreements? If there's a way to consider that within the City family.

Elaine Forbes - Thank you for the question. I know OEWD has done a lot of thinking in this regard and is now tracking Development Agreements to conclusion and implementation more formally. I'd actually like to turn this over to Sarah if you might have some thoughts on the question?

Sarah Dennis Phillips - Corinne's public comment was very prescient. Because I think not only for Mission Bay but from a couple of Development Agreements that we've completed over the last five to six years, we've learned a lot in the City family as well about how to memorialize agreements, track agreements and implement agreements.

One thing that I think is critical about implementing this transportation infrastructure is the partnership of MTA. I'm sorry they're not here to speak to it directly, but all of Port staff and myself can speak to the fact that they have been exceedingly strong partners in looking at this project as an engine to bring the transportation improvements that they agree are needed, from a couple of critical bike lanes to new bus lines to existing bus rerouting and increasing services.

They are committing to those projects and to spending the funding that would normally go to their agency to use for transportation at large throughout the city, to using it in the neighborhood here. How do we make sure that happens? We're looking at a couple of things.

The DA itself will include a transportation exhibit that will not only explain how the funding will come in and the projects that it will be used on, but we will be working to have a companion document with that and it may be a Memorandum

of Understanding between agencies to describe when we think those improvements can be executed.

There's some timing issues here because the money unfortunately doesn't come all at once. It's not like phase one hits and we get \$45 million. We are looking to see what are the projects that are rolling out first? Like the Ferry Terminal at 16th Street and how do we orient funds towards that and towards subsequent projects? So that we know when we can commit to you, the Port Commission, and to the community when those projects will happen.

Additionally, we now have an implementation group within OEWD that is tasked with annual monitoring of every commitment that is in the Development Agreement to make sure not only that the revenue has come in, but that the agencies that are supposed to use that revenue are using it in appropriate ways so that the committed projects are rolling out as the revenue comes in.

Lastly, this is a new component with this project but we're going to see it replicated in Mission Rock as well. We are looking at having a dedicated staff person at MTA who is looking at the holistic set of transportation improvements that will come around this project and around the Mission Rock Project and around other Southern Bayfront projects like the India Bayfront, India Basin Project. That's a new idea.

MTA to date works a little bit by mode. There are transit people. There are bike people. There are parking people. That's been a real problem because we can't holistically look at how we're rolling out those improvements and how they work together. They've committed to us to putting a staff person that will work hand in hand with our implementation team to look at we're collecting revenue from all the development projects and turning it into actual improvements that are working with each other and aren't siloed by transit or parking or bike.

Commissioner Woo Ho - Thank you. That was very encouraging to hear that. You said the word "holistic" which I think the strength of the presentation today that we haven't seen in, of course, because Pier 70 and even what's happening with the Orton development. It's the major impact on the area and the neighborhood.

I think that having that holistic view of how all the parts come together is really important and not just focused on the actual development by itself and hoping that the rest of it all works. We appreciate having, and that we should encourage and hope that we will continue to have this holistic view and that we can get updates periodically to see how that holistic coming together works for this project. I would say to a lesser extent but still very important also for Mission Rock.

Commissioner Adams - Very great presentation. Very thorough, very tight. You definitely did due diligence. I'm really glad that the Port staff and Commissioner

Brandon, it really helped them. They got to go see your facility in Washington, D.C. and so now they've got a grasp of it and next month I'll be in D.C. and I look forward to also visiting.

From what I've seen so far, and I like what Corinne is bringing up, but it looks like the stakeholders are all working in synch and we've got time. This project's like a helicopter. It's got a lot of moving parts but it's coming together. This has been a labor of love, but we'll get there.

I'm really fascinated how these things are going to look. This is going to be a new city. It's like going from the Flintstones to the Jetsons. I can just see looking at the transportation and everything that's going on. Once it connects and everything and you're going to be able to move more people faster. At any time, is there going to be a component of a ferry or water taxis or something like that?

Sarah Dennis Phillips - We are still working out the project list that I think we want the \$45 million to further. One of the critical components is obviously the Ferry Terminal. We're looking at somewhere in the neighborhood of \$3-4 million from this project as well as from a number of other projects like UCSF and potentially Mission Rock from this area contributing as well.

We're trying to figure out if we can use some of that money towards furthering a water taxi system. We're developing an RFP to do a study of how a water taxi network could support this. We're looking at the results of that study to help us figure out what actual infrastructure expenditures would we need to carry it out.

13. PLANNING

- A. Informational presentation on the San Francisco Recreation and Parks Department India Basin open space planning; the proposed BUILD mixed-use development project at 700 Innes Avenue; and interagency coordination with the Port.

David Beaupre, Planning and Environment Division - I'm joined today by Anne Taupier from the Office of Economic and Workforce Development, Nicole Avril from the Recreation and Parks Department and Courtney Posh from BUILD, all partners on the India Basin Open Space planning.

As you may recall, we last provided the Commission an update in February of 2016 regarding the Open Space planning that's being led by the Recreation and Parks Department with assistance from OEWD, the Port and other City agencies and landowners in the area.

The focus of today's presentation is four future Open Spaces including the existing India Basin Shoreline Park to the north, 900 Innes Avenue right in the Cove of India Basin, the India Basin Open Space Shoreline which is along the

shoreline to the south and the future proposed Big Green which is within the BUILD mixed-use project.

You may recall from our last presentation that the Recreation and Parks Department established an India Basin Task Force which included the Port, several City agencies, area stakeholders and property owners and Open Space advocates.

This Task Force helped guide the planning and design of these future Open Spaces within the India Basin area. India Basin Shoreline Park is outlined in red, 900 Innes Avenue is outlined in orange and then the Big Green and India Basin Open Space are outlined in green.

The first part of this presentation will focus on India Basin Park and 900 Innes Avenue. I'm going to go over briefly some of the priorities that came out of the Task Force and the numerous community meetings that were held to help guide the planning and development of the park.

At a high level, the program and community priorities were in gathering spaces, concession areas, play and fitness areas, celebrating the site's history, retaining the naturalistic areas, playing off the themes of the Port's Heron's Head Park, making sure that whatever is designed adapts to Sea Level Rise and that the site takes advantage of the water resource of the Bay for recreation and habitat.

Next several slides provides some imagery of existing Open Spaces, an imagery of the Bayview community and how this imagery helped guide the design of the expanded and rehabilitated India Basin Park and the future 900 Innes Avenue which will be essentially an extension of the India Basin Park.

Concessions to help activate the Open Space, play and fitness for kids, activities for teens and of course, play and fitness opportunities for adults as well. How to address the shoreline and retain the natural habitat and riparian elements of the Open Spaces in the Bay. How the project will adapt to Sea Level Rise over the years to come.

This map which is also Exhibit Four in the staff report provides a high level overview of the programs of the improved 900 Innes Avenue site in the India Basin Open Space Park. The pink areas we are calling the Neighborhood Edge and Shoreline Paths and areas for relaxation. The blue area is called the Scow and Schooner Boatyard with water access. The dark green dots are the Sage Slopes and adventure and active play areas, and the lime green areas are the Marine Way, the sloping lawn and the gravel beach.

The following illustrations will just show some imagery showing the design concepts for that Open Space improvement. So views of the sloped green towards the Bay, views of the sage area and the natural shoreline edge, the existing, an aerial photograph of the existing 900 Innes Avenue site, and an

illustration of what that could look like with water access and docks and small boat building centers and a boardwalk and recreation area at 900 Innes Boatyard.

This shows the pedestrian and bicycle circulation through and around the site. The proposed phasing by Recreation and Parks Department for improvements with the first phase of construction being at 900 Innes Avenue since the existing India Basin Shoreline park exists, they want to improve this last gap in the Blue Greenway that connects India Basin Shoreline Park on the north to the existing India Basin Open Space and build Big Green to the south. Once that component is finished, they would move on and do improvements to the existing India Basin Shoreline Open Space.

I'm going to move now to the south to re-orientate you to the BUILD site which also again includes Recreation and Park lands, Port lands which are streets within the India Basin parks and then of course the BUILD Inc, which is a mixed-use projects that will include residential, commercial, PDR, Open Space and institutional uses. I'm going to be talking primarily about the area in green.

This provides a very high level overview of the ownership of the land. Again, the Port parcels primarily are paper streets that run through the India Basin, the existing India Basin Open Spaces. To some extent a little bit of the BUILD property.

This shows a site plan of the proposed BUILD mixed-use project. So new parks along the shoreline area and the mixed-use projects to the south. That red line that runs through the site plan is a critical indicator for the future slides that I'm going to show you.

Here's the existing site, an aerial view of it. This is what the proposed BUILD mixed-use project is which is expanding the India Basin Shoreline Open Space, and creating more public Open Space and designing the two Open Spaces so that they work together programmatically and design wise.

The next are just some imageries of BUILD's project of both the mixed-use elements and a public market and some built in commercial and residential buildings in the background with the Open Space in the Big Green. A new beach area along the shoreline and boardwalk. Some natural area pathways. Great view looking north towards the Port's Pier 96 and Heron's Head Park facility. And then again, just back to the site plan as an orientation.

Like Pier 70, the BUILD Inc and India Basin Shoreline Open Space have a variety of trust land use history. There are essentially three types of trust properties There are the pink area which are existing non-trust areas with no change. The solid light green is existing trust areas where there would be no change. The green hatched areas and red hatched areas are uncertain trust lands, and so there's a dispute whether they actually fall within the trust or fall

outside of the trust. The hatched areas in red are proposed to come out of the trust and the hatched areas within the green would be proposed to go into the trust.

This illustrates what the trust exchange would ultimately look like. Again, the pink area is out of the trust. The solid green is upland areas that would stay in the trust. The hatched green areas are submerged lands that would also come into the trust. The Port's role in this is that the State Lands Commission likes to see a single trustee within the City of San Francisco.

As this project moves forward, we're in discussion with the Office of Economic and Workforce Development, Rec and Park and BUILD allowing a trust exchange to occur, similar to Pier 70 where the Port would become the trustee of this land, but we would only do that under certain conditions. One that we would enter into an agreement that would make certain that the responsibility for the long-term operations and maintenance and liabilities associated with it do not fall onto the Port's responsibility and that if there is any environmental contamination on the site that it's either cleaned or they have an approved Remedial Action Plan from an approved regulated agency.

The next steps would be for the draft EIR is going to be released in June of this year. The Port will continue to work with OEWD, BUILD and Rec and Park and the State Lands Commission on whether this trust reconfiguration within India Basin works and of course we'd need to come back to the Port Commission to get approval for the trust exchange as well as State Lands Commission approval, Rec and Park's approval and likely the Board of Supervisors' approval.

Commissioner Woo Ho - Thank you David again, for a very excellent report. As usual, very thorough and very comprehensive. I don't have any detailed questions. You've covered a lot. It's exciting to see that we finally have a blueprint of everything that we want to do in the area. Obviously through your focus on this particular site but giving us a very comprehensive feeling of how this all is going to come together. I'm sure Commissioner Brandon may have more comments than I. I don't have any specific comments. I think it's very clear.

Commissioner Brandon – Thank you David. This is a wonderful report and this is so exciting, all of this Open Space. I'm just a little confused. Where is this?

David Beaupre - I didn't make the connection. If you look at the red line going through the site, do you see the red squiggly line that goes at a diagonal? That follows the red squiggly line between the red hatched area and the green hatched area. So the orientations are not exactly the same, I apologize for that.

Commissioner Brandon - This is the red.

David Beaupre - That is the green. This red line is this line.

Commissioner Brandon - This is the green area and this is the red area. Why does it need to come out of the trust?

David Beaupre - The areas in red are privately owned. That's BUILD Inc's property. That's where the mixed-use development is proposed to occur.

Commissioner Brandon - Got it. So this is their property. This is where the park is going to be.

David Beaupre - Yes.

Commissioner Brandon - So we're taking everything off of here and putting it over here.

David Beaupre - Essentially yes. Except for everything in red and pink is already privately owned today and so it has a complex and historical ownership. It's not clearly in the trust or not clearly out of the trust. At Pier 70, what BUILD is proposing to do is to pull its private land that has this mixed, unknown trustness, out of the trust but in exchange confirm into the trust that green hatched area.

Commissioner Brandon - What's the benefit to the Port?

David Beaupre - The benefit to the Port is really the benefit to the city and the community and that we get a large Open Space system that the community gets to enjoys, that better connects Heron's Head Park to India Basin and completes the Blue Greenway, closes the final gap in the Blue Greenway. So there's not much of a direct benefit to the Port. However, there's a greater benefit to the city and the community.

Commissioner Brandon - How are we going to ensure that we do not become responsible for this in the future?

David Beaupre - That's where we need to work closely with both OEWD and Rec and Park and BUILD to make certain that if we become trustee, that there's an agreement in place that does not leave any room for any liability to come back to the Port.

Commissioner Brandon - I look forward to you coming back.

Commissioner Adams - Great presentation David. You were talking about the State Lands. Isn't the Lieutenant Governor a trustee on the State Lands?

David Beaupre - I believe he is a Commissioner on the State Lands Commission.

Commissioner Adams - As you said you see a lot of benefit to the city and the community? Sounds good to me. Thank you.

14. NEW BUSINESS

Elaine Forbes - I have a couple of items under New Business. One is to request Civic Edge to come back every six months to update the Port Commission on what they're learning and to explicitly describe benchmarks. Another is to understand the lease terms of Queens Louisiana. Real Estate staff and I will prepare a memo for the Commission and we'll schedule an item as needed.

Also, we are going to deploy a hybrid model on the selection for the Pier 40 Cafe, and we'll cover that proposal when we come back on that item for action. The final item I have jotted down are updates on the holistic implementation of the public benefits package at Pier 70 and Mission Rock especially as it relates to the Transportation Plan. We will schedule those updates periodically once we hit implementation on those projects.

Commissioner Brandon – With regards to the Queens Louisiana's lease, I don't need to understand the terms, because I know the terms. We wanted to know is why their terms are different from what is being proposed for other restaurant operators.

Elaine Forbes - I did mean that in my shorthand. Thank you for clarifying.

Commissioner Adams - I'd like to schedule this year if we can, a Port Commission meeting at the Cruise Terminal if possible.

15. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn open session and reconvene in closed session. Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

The Port Commission reconvened in closed session at 6 p.m.

At 6:15 p.m., the Commission reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn closed session and reconvene in open session. Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in closed session and moved approval to adjourn the meeting. Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor.

Port Commission President Adams adjourned the meeting at 6:15 p.m.