



## MEMORANDUM

August 4, 2023

**TO:** MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Willie Adams, Vice President  
Hon. Gail Gilman  
Hon. Ed Harrington  
Hon. Steven Lee

**FROM:** Elaine Forbes  
Executive Director 

**SUBJECT:** Informational Presentation on the Port's Maritime Portfolio

**DIRECTOR'S RECOMMENDATION:** Information Only – No Action Required

---

### EXECUTIVE SUMMARY

The Port of San Francisco is one of the most diverse ports in the country. The diversity of maritime industries along the San Francisco waterfront is unique, few other places in the world host the array of shipping, industrial, passenger, and recreational maritime activities all in one place. The Port of San Francisco's 7½-mile waterfront is home to cruise and cargo shipping; ferries, excursion boats, and water taxis; tugs, barges, and harbor services; commercial fishing and recreational marinas; lay-berthing and railroad service. This staff report describes the Port's maritime portfolio and details aspects of the Port's Strategic Plan that will improve and enhance the Port's maritime assets and operations.

### STRATEGIC OBJECTIVE

Maritime Portfolio:

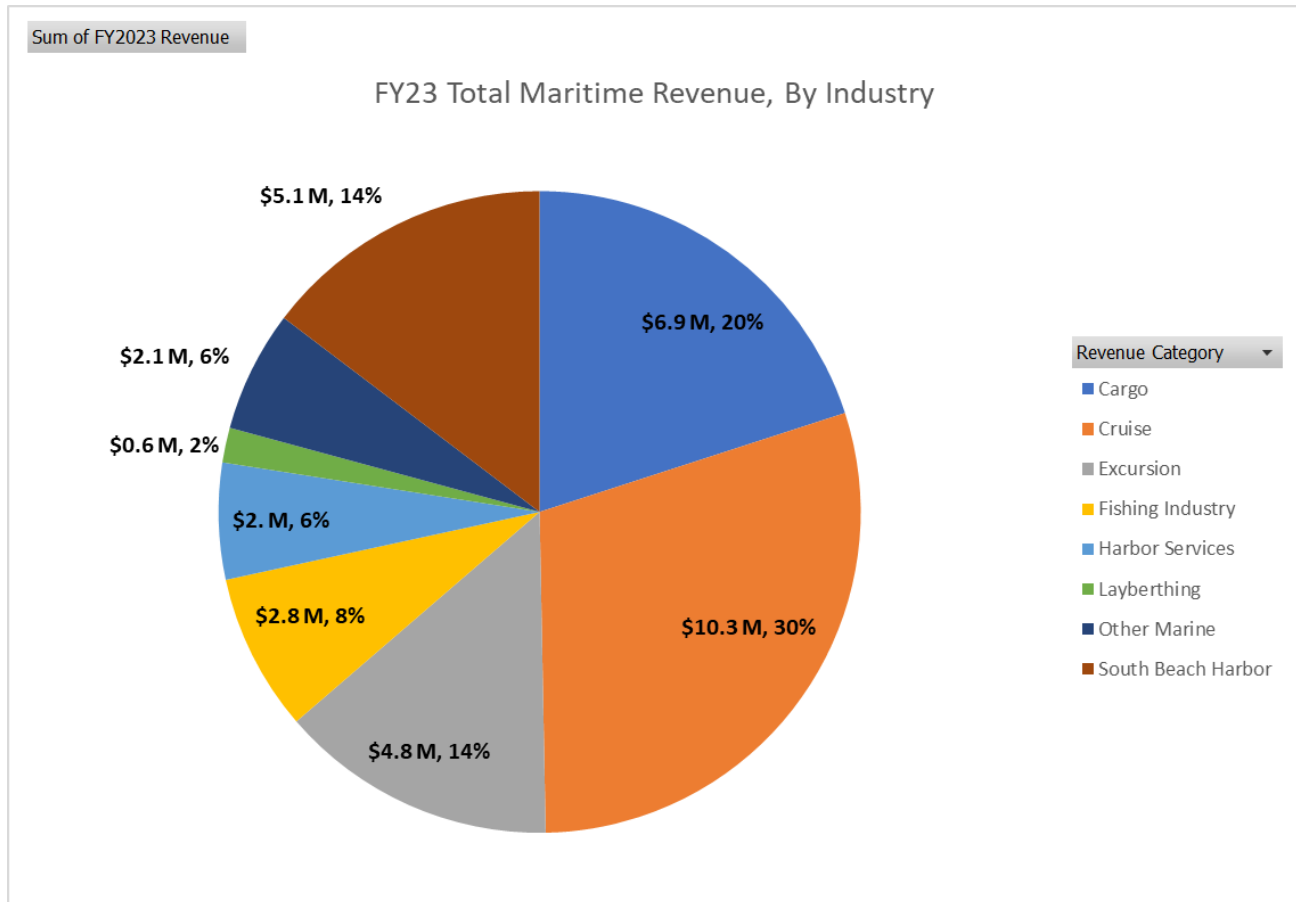
Advance the maritime business to increase revenue and activity.

- **Cargo.** Maximize cargo opportunities at the deep-water cargo terminals.
  - Develop and implement a focused marketing strategy in collaboration with the Port's terminal operators to attract various types of cargo.

**THIS PRINT COVERS CALENDAR ITEM NO. 8A**

- Grow cargo volumes within 10% of the previous three-year throughput average.
- Seek grant funding for cargo terminal capital improvements.
- **Cruise.** Evaluate facilities to support the Port's expanding cruise business.
  - Collaborate with key stakeholders to identify and electrify a secondary cruise berth.
  - Identify capital improvements at Pier 27 to improve operational efficiencies.
  - Host ten cruise calls at Piers 30-32 in 2023.
- **Pier 70 Shipyard.** Identify maritime opportunities for revitalizing select parcels at the Shipyard.
  - Create leasing opportunities that attract light maritime industrial uses.
  - Develop a leasing strategy for historic landside buildings.
  - Promote interim and long-term berthing at the facility.
  - Grow interim leasing revenues within 10% of the previous three-year average.
- **Piers 80-96 and Backlands.** Pursue Federal and State grants to investigate site improvements to increase lease-ability by 2025.
  - Perform study to determine the preferred approach to dealing with subsidence at the Pier 80 cargo terminal with a \$750K allocation in FY 2022-23 budget.
  - Begin design process to ensure Piers 94-96 are resilient to earthquakes for shorelines and wharf structures and utilities.
  - Seek grant funding for trucker infrastructure improvements by 2024. Notably, a recent State award of over \$20 million is discussed herein.
- **Commercial Fishing Industry.** Preserve and enhance commercial fishing at Fisherman's Wharf and Hyde Street Harbor.
  - Maintain an annual berth occupancy rate of 80%.
  - Seek grant funding for harbor infrastructure improvements by 2024.
  - Identify capital improvements at Pier 45 to improve operational efficiencies.
- **Water Transportation.** Expand the Port's water transit system and promotion of water transit.
  - Identify strategic locations that advance water transportation along the waterfront. Continue to support regional system growth and identify opportunities for collaborative funding strategies.
  - Deploy new marketing strategies that promote water transit along the waterfront by 2023.
  - Collaborate with industry stakeholders to return ferry ridership to pre-pandemic levels of over 5 million passengers annually by 2025.

In FY 2022-2023, the Port expects approximately \$34.7 Million in revenue from the maritime portfolio. The chart below shows that Cruise and Cargo represent 50% of Maritime revenues.



## CRUISE

The Port of San Francisco is a world-class international tourist destination, home to the only passenger cruise terminals in the region. Located at Pier 27, near some of the city’s most scenic landmarks and famous tourist destinations, the James R. Herman Cruise Terminal is the Port’s modern cruise terminal facility where over 80% of the cruise calls berth. The Port’s historic cruise terminal, located at Pier 35, currently serves as a secondary berth for cruise vessels. Additionally, the Port maintains the capability to service smaller cruise vessels at Pier 30-32 should the need arise.

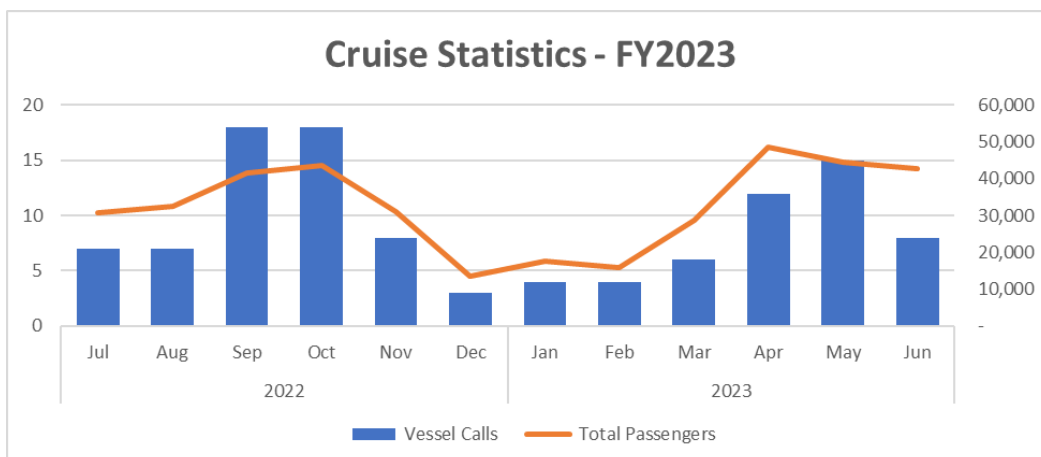
With an average of over 100 cruise calls in the past two years, the cruise terminals are high-activity areas. While the Port has the capacity to handle up to three cruise ships simultaneously, it is far more common for two ships to be in port on the same day. When the largest cruise ships dock, there may be over 6,000 passengers, in addition to crewmembers, longshore and terminal workers executing ship operations. These workers

coordinate the hundreds of vehicles arriving at the terminals, including the provisioning trucks, passenger buses, and private vehicles.

Prior to the pandemic, more than 400,000 people per year utilized the terminals for cruises and special events, with, on some days, periodic spikes in the on-site population of over 12,000 persons. On days when there is no cruise ship in Port, both Piers 27 and 35 are marketed for both civic and corporate special events, which supplements cruise ship revenues.

In 2019, 280,000 cruise passengers contributed \$27M to the local economy. Each 2019 cruise vessel call contributed over 1 million dollars in economic activity, or approximately 60 million dollars annually, throughout San Francisco. This past fiscal year (FY 2023), the Port hosted 110 cruise calls and just under 391,000 passengers transited the cruise terminals, generating approximately \$7.3M in cruise passenger revenue alone (passenger fee charge) to the Port, and approximately \$110 million to city taxes. This economic activity in our highly regarded visitor and resident serving waterfront helps our small businesses and buoys Port economic recovery.

Looking to the future, a major challenge facing the Port is accommodating the growth in cruise activity in compliance with the California Air Resources Board (CARB) requirements for “Ocean-Going Vessels.” Under the existing CARB regulations, all cruise vessels calling at the James R. Herman Cruise Terminal must connect to shore power. If a vessel is not equipped to connect to shore power or is unable to connect to the Port's system, it is routed to Pier 35 South or Pier 30-32, which can each accept up to 19 non-shore power connection calls per year under an exemption granted to the Port by CARB. Because of these regulations, the Port is limited to no more than 19 Double and/or Triple Headers in any calendar year, making scheduling particularly challenging during the Spring and Fall cruising season when multiple vessels are homeported out of San Francisco with weekly arrivals and departures. To address these limitations, Port staff are actively performing analysis to identify a second electrified berth for homeport cruise operations, in addition to pursuing available grant funding, identifying suitable berth locations along the waterfront, and maintaining an open dialogue with the cruise lines.



## **CARGO**

Cargo shipping, a fundamental Port mission, is the industry that gave rise to San Francisco's development as a major West Coast city. Today, cargo shipping activity operates on approximately 180 acres within the Port's Maritime Eco-Industrial Center located on piers and upland properties that include Piers 80, 92, 94, and 96, at the Port's southern edge.

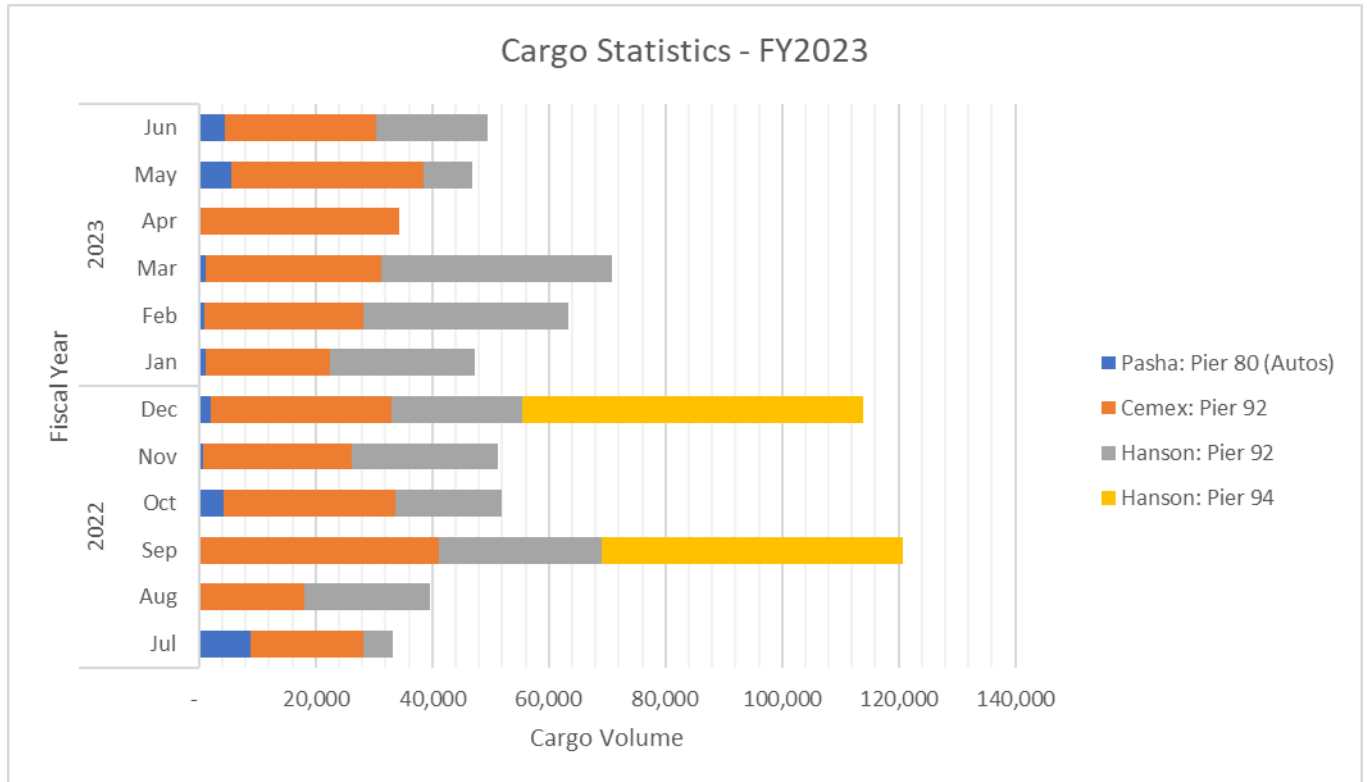
Pier 80 is used primarily for roll-on/roll-off vessels (RO/RO) for auto exports and imports, long-term lay-up of two Maritime Administration (MARAD) Ready Reserve Fleet vessels, and on occasion, for large non-containerized (break-bulk) cargoes used for major infrastructure projects throughout the Bay Area. One such cargo is a fiberoptic data communications cable that will be laid on the San Francisco Bay floor. This project is scheduled to commence in early 2024. Just last month, longshore dockworkers and Pasha successfully offloaded approximately 302 tons of the fiberoptic cable at Pier 80 for the 2024 project.

In FY 2023, the Port's cargo terminal operator at Pier 80, Pasha Automotive Services (Pasha) handled 29,000 autos, a 49% increase from the previous fiscal year, but still substantially lower than pre-pandemic numbers. The increase in FY 2023 can be attributed to an improvement from previous years' supply chain disruptions and semiconductor shortages, in addition to new business of auto imports due to overflow at other West Coast ports. Overall, revenues from Pier 80 operations increased substantially (approx. 200%) for FY 2023 as the Port was able to successfully collaborate with Pasha with interim activations and short-term leases during periods where cargo volumes were lower than normal.

Piers 92 – 94 are the Port's active dry-bulk terminals for importing raw materials (aggregate and sand materials) used by concrete batch plants situated along Pier 92 to produce concrete to serve the construction industry in San Francisco and the greater Bay Area. The piers are strategically located to significantly reduce truck trips for the delivery of raw materials and employ best practices for environmentally sustainable stormwater runoff treatment and rainwater reuse. Historically, dry-bulk import volumes fluctuate with the construction industry and in FY 2023 dry-bulk volume was 30% lower than the previous year. The decrease can also be attributed to the reduction of imports by the major importer due to a down market for construction.

Pier 96 is currently being utilized for the layup of one MARAD vessel. However, both Pier 96 and the backlands are being analyzed for future offshore wind (OSW) energy manufacturing and the Port is optimistic Pier 96 and the backlands will be viewed as an attractive site to support OSW development. Port's Maritime and Legislative Affairs staff have engaged with a range of stakeholders to learn more about the offshore wind energy opportunity. Based on information shared by potential developers, the Bureau of Ocean Energy Management, and California Energy Commission staffers, the Port of San Francisco is well situated to compete for a key role in the development of the

California offshore wind industry. Port staff and Moffat & Nichol staff are in the process of finalizing a conceptual design for Piers 94 and 96 based on inputs from various OSW stakeholders. Staff intends to update the Port Commission in more detail at a future Por Commission meeting.



**PIER 68 SHIPYARD**

Since taking control of the Shipyard operation in May 2019, staff immediately engaged in locating interim tenants for vacant office space, under-utilized shed and storage facilities, and available paved open space throughout the yard while reducing operating expenses by limiting utilities and services to isolated and underutilized areas and reducing staff. None of the interim rent agreements, of which there are currently four, required modification or a change of use, and each can be terminated in ninety days or less. Port staff has initiated discussion and is contemplating creative reuse of the 10-acre facility as a multi-purpose maritime complex that would incorporate multiple marine businesses involving heavy and light industrial uses true to the Public Trust principles.

As a first phase to transitioning and optimizing the shipyard for a multi-purpose maritime facility, Port staff in coordination with the City Attorney and Office of Contracts Administration (OCA) developed a Request for Offer (RFO) for sell of the drydocks which went live on the Port’s website in early June 2023. Staff is now in the process of reviewing a response from a bid submission that satisfied the minimum bid requirements detailed in the RFO.

Port staff continues to identify a long-term maritime tenant for the Shipyard. There have been multiple small-scale short-term maritime leases executed at the facility including Silverado Contractors, a short-term berthing agreement for the first hydrogen-powered vessel, MV Sea Change, which is scheduled to operate on the San Francisco Bay this calendar year, and a forthcoming short-term lease where the Port will host a United States Department of Energy (DOE) project demonstration of hydrogen fuel cell systems and hydrogen fueling infrastructure for commercial harbor craft. This project will support the DOE's goal of reducing air pollutants and greenhouse gas emissions produced by commercial harbor craft.

## **HYDE STREET HARBOR/FISHERMAN'S WHARF**

Fisherman's Wharf is home to San Francisco's historic fishing industry. Pier 45 is a focal point of activity, housing the largest concentration of fish processors of any Port in California. Long-line vessels that fish between the Wharf and Hawaii can deliver upward of \$1M in fish to a Pier 45 processor in a single landing. A significant amount of fish trading – crab, salmon, swordfish, herring, shrimp, squid, mackerel, halibut, and sole – occurs right on Jefferson Street, in the very early morning hours before most residents and visitors awake. The Fisherman's Wharf Harbor is home to over 160 commercial fishing vessels, between Hyde Street Harbor and the wharves and piers in the Inner and Outer Lagoon.

In 2022, the Port Commission approved a permanent Retail Fish Sales program permitting the sale of live Dungeness crab and other species directly from commercial fishing vessels at select locations at Fisherman's Wharf. This program continues to be widely popular and many local residents and visitors from neighboring cities visit the Wharf to partake in the unique San Francisco experience. Based on the positive experience with the retail off-the-boat sales program, in 2022, the Port Commission further expanded retail sales opportunities to the Port's fish processor tenants which greatly increased the local community's access to fresh sustainable seafood for consumption and contributes to the Wharf's attractiveness and economic vitality. The Port remains firmly committed to "keeping the fish in Fisherman's Wharf."

Most recently, the Port of San Francisco has been approached to consider an unsolicited proposal to revitalize the Pier 45 and Fisherman's Wharf area. This revitalization concept would transform the current state of the facility to attract more visitors to participate in the Commercial Fishing industry while maintaining the access and infrastructure key to its success and sustainability in San Francisco. The proposal commits to keeping the fishing industry as a key component of future plans and development.

Although new challenges continue to arise, the fishing community carries on. Environmental challenges to the fishing industry such as drought and climate change wreak havoc on the more lucrative crab, herring, and salmon fisheries. This year was one of the worst, as local fishermen lost many months of the Dungeness Crab season and the entire salmon season due to Department of Fish and Wildlife determinations. The Port continues to work closely with industry tenants and partners to respond to these

challenges. The continued presence of a healthy fishing industry is essential to meeting a huge local and regional demand for seafood, as well as maintaining the colorful ambiance and the economic well-being of Fisherman's Wharf.

## **EXCURSION / WATER TRANSIT**

The Bay Area's regional ferry system is centered at San Francisco's iconic and historic Ferry Building, with ten water transportation berths including six newly built to accommodate sea level rise. The Downtown San Francisco Ferry Terminal currently accommodates six ferry routes previously serving more than 5 million passengers per year with approximately 130 ferry arrivals and departures daily. While ridership continues to increase towards pre-Pandemic numbers, current reports from ferry operators show approximately 65-70% ridership as compared to pre-Pandemic statistics, much of which is buoyed by visitor and weekend travel. The Downtown Terminal is a connection point to ferry terminals in Vallejo, Richmond, Larkspur, Sausalito, Tiburon, Treasure Island, Oakland, and Alameda. The Downtown Terminal site provides convenient access to the San Francisco Financial District and other transit connections located in Downtown San Francisco and entry to the City on the historic waterfront for passengers coming to enjoy a day in San Francisco.

Water taxis are a popular form of transportation in many of the world's major cities, and San Francisco's industry is growing, with many viable locations for water taxi stops along its shore. Currently, there are four water taxi landing sites on Port property, dispersed for easy access to public attractions along the waterfront. Staff recently refreshed signage and promotion of use at the four water taxi landing sites and continue to explore opportunities for expanding landing locations. Current water taxi operators include SF Water Taxi, who will soon add both larger and faster vessels into their fleet.

In addition to "along-the-water" transportation, San Francisco provides berthing and landing facilities for a variety of water excursions, including sightseeing tours, Bay voyages, and dinner cruises. Multiple tour operators call the San Francisco waterfront homeport, including Alcatraz Cruises, Blue & Gold Fleet, City Cruises, and Red & White Fleet. The Port also has licenses in place for excursion operators, homeported at other Bay Area harbors and marinas, that seek to land at the Port's facilities.

## **SOUTH BEACH HARBOR**

South Beach Harbor stands as the premier harbor in the Bay Area. Located in the South Beach/Mission Bay neighborhood, between Pier 40 and Oracle Park, it is the ideal destination for boating enthusiasts. As one of the largest full-service harbors in the bay, South Beach Harbor offers a range of secure berthing options. With over 700 berths, 20 guest slips, and a commercial guest dock, it has become a thriving hub for maritime activity, attracting locals and visitors seeking unforgettable experiences on the Bay.



South Beach Harbor recently welcomed innovative businesses that enhance the harbor's offerings and accessibility to the Bay. Notably, Spinout Fitness, a highly successful water bike company, has expanded its presence within the harbor. With multiple side ties and an increased fleet of 30 bikes, Spinout Fitness provides a unique fitness and recreational experience allowing visitors to explore the waterfront in an innovative, athletic, and eco-friendly manner. In addition, the SF Brew Boat has become a sought-after attraction at South Beach Harbor, offering groups an interactive and enjoyable experience. Part boat, part bike, guests enjoy the San Francisco waterfront scenic views by way of chartered boat. These exciting additions have contributed to the Maritime Division's unique portfolio of waterside recreation and further, both elevating South Beach Harbor's attraction and increasing revenues to the harbor.

Highlighting South Beach Harbor's commitment to partnerships and organizations that prioritize inclusivity and offer exceptional sailing experiences, the Bay Area Association of Disabled Sailors (BAADS) serves as a shining example within the harbor. Dedicated to making sailing accessible to individuals with disabilities, BAADS provides adaptive sailing programs that enable unique opportunities to experience the joy and freedom of sailing. Furthermore, it hosts the annual Herb Meyer Regatta, a highly anticipated event that attracts sailors from far and wide. Another noteworthy highlight, in collaboration with the South Beach Yacht Club, is the Junior Sailing camp. This program offers young enthusiasts an introduction to the basics of sailing and learning lifelong skills and appreciation for the Bay. These notable highlights reinforce South Beach Harbor's commitment to inclusivity, community engagement, and the goals and objectives of the Port.

## **MARITIME CAPITAL PROJECTS AND GRANT APPLICATIONS**

The Port of San Francisco continues to identify funding opportunities to meet the continued costs of aging infrastructure. In addition to post-Pandemic federal funding, the Port was recently awarded approximately \$21.5M by California State Transportation Agency (CalSTA) to support infrastructure improvement projects that benefit goods movement along the waterfront. This award will focus on funding significant infrastructure projects at Pier 80 that will increase the facility's viability for growth in cargo operations and other maritime opportunities in the future. In addition to the Pier 80 projects, the Port continues to pursue projects to improve the deep draft berths at Pier 50, Pier 94, and Pier 96 with the goal of improving those facilities' viability for industrial maritime use.

The Port's small-craft harbors, including South Beach Harbor and Hyde Street Harbor/Fisherman's Wharf, also require capital improvements. Recently, projects to improve the conditions of the harbors' infrastructure including docks, potable water, and electrical systems were approved by the Port Commission in 2023. These facility improvements will benefit recreational users of the waterfront and the commercial fishing fleet which is vital to advancing the Port's maritime activity and legacy of the Port. Additional projects supporting Hyde Street Harbor and the commercial fishing industry are

scheduled and proceeding through design. Capital projects include the repair of the fuel dock, replacement of the aging ice machine, and installation of a new dock system at J-9 to support a successful and vibrant Off the Boat Retail Fish Sales program.

## **EQUITY**

As the Port continues to do the industrious work of championing Racial Equity and the work towards an anti-racist organization and society, the Port Commission should be aware of a great win for our local Port community. In 2021, the Port led an effort to promote a partnership between the Boys and Girls Club in District 10, the South Beach Yacht Club Youth Sailing Program at South Beach Harbor, and our Pier 80 Terminal Manager, Pasha Automotive Services (Pasha). This successful Port of San Francisco initiated partnership started with two full scholarships for junior sailors from the San Francisco Boys and Girls Club District 10 (Visitacion Valley). In 2023, Pasha increased its sponsorship to six scholarships, providing access and opportunities for students to learn safe boating skills while enjoying our amazing waterfront.

Additionally, this summer Port staff launched the second initiative of the Port's Rising T.I.D.E.S. Mentor and Internship program which included a partnership with the California State University Maritime Academy (CSUMA, Vallejo) and Phillip and Sala Burton High School (PSBHS). The program provided 11<sup>th</sup> grade students from PSBHS with a weeklong experience that fully immersed the students in the program and culture of college life at CSUMA Vallejo campus. Students received comprehensive training in personal safety, first aid, CPR, water survival skills, and marine fire-fighting safety. All students completed the training program and earned a Standards of Training, Certification, and Watchkeeping (STCW) certificate, an industry-recognized requirement for all seafarers who are working on board commercial ships and/or superyachts. Following the on-campus curriculum, the students continued the program by participating in a 5-week paid internship at the Port of San Francisco, which included an in-depth look at the Maritime industry through project analysis of Port operations, as well as educational and experiential visits to the Exploratorium, Justin R. Herman Cruise Ship Terminal and an exciting boat tour provided by the San Francisco Bar Pilots. The 5-week program concluded with a Maritime Career Fair and Open House, hosted by the Port at Pier 1. The career fair and open house provided an opportunity for students of the program to engage with maritime tenants about their respective operations, how their work supports the maritime industry and San Francisco Waterfront, and career opportunities within their organizations.

Port staff looks forward to continuing this amazing collaboration with Port tenants, SFUSD, and the Boys and Girls Club of District 10.

## **RECOMMENDATION**

Port staff seeks comment, input, and guidance from the Port Commission regarding the strategic objectives for the Port's maritime portfolio. Port staff looks to incorporate feedback from the Port Commission as staff works to continue to execute the strategic objectives identified herein.

Prepared by: Andre Coleman, Deputy Director of Maritime

Assistance from: Demetri Amaro, Maritime Business Development  
Charles Labitan, Maritime Business Development  
Dominic Moreno, Asst. Deputy Director of Maritime  
Alvin Sonza, South Beach Harbor Harbormaster