




## MEMORANDUM

January 19, 2024

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

**FROM:** Elaine Forbes  
Executive Director 

**SUBJECT:** Informational presentation on the Port's economic recovery and possible action to approve the Economic Recovery Project expenditure plan and the release of funds from Budget and Finance Committee reserve.

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution No. 24-09

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### EXECUTIVE SUMMARY

The coronavirus pandemic ("COVID-19") had a devastating impact on the Port's operations and budget. When the public was ordered to shelter-in-place in March 2020, tenants closed their doors and maritime operations stalled. Ultimately, the Port's operating revenues fell dramatically while most expenses remained constant. If not for stimulus funding, the Port would have faced severe budget-balancing measures, such as laying off staff and limiting facility maintenance.

Today the Port is actively planning and implementing economic recovery and economic growth strategies to address the financial impacts of the pandemic and build a sustainable financial future. These strategies include leveraging \$64.4 million to deliver certain strategic initiatives, including \$10.0 million Economic Recovery, \$10.4 million Tenant Attraction and Retention, \$8.0 million Southern Waterfront Beautification Policy, and \$36.0 million port infrastructure grant and Port match funding.

After diligent planning, staff are ready to move work forward to achieve the critical economic recovery and economic growth strategies for which the funds were intended. An important step

in the process of implementing the Port's strategic initiatives includes requesting a release of \$10.0 million Economic Recovery funding from the Board of Supervisors Budget and Finance Committee Reserve. Upon Port Commission approval of this expenditure plan, Port staff will return to the Board's Budget and Finance Committee to request the release of the Economic Recovery funds from the reserve.

## **STRATEGIC OBJECTIVES**

The Port's economic recovery and growth planning supports the following strategic objectives:

Economic Recovery – The Port is making targeted investments in Fisherman's Wharf and the Southern Waterfront to improve the marketability of vacant facilities, support maritime operations, and activate parks and open spaces. Also, internal operating improvements make it easier to work for and with the Port. Finally, pursuit and use of external funding allows the Port to complete critical capital investments that advance the maritime portfolio and address deferred maintenance, particularly in the Southern Waterfront.

Economic Growth – Port investments will advance the maritime business by addressing deferred maintenance and innovating maritime facilities. Investments in facilities will advance the real estate portfolio by improving the marketability of vacant facilities and retaining existing tenants.

Equity – Staff are working to ensure that economic recovery initiatives offer equal access to opportunities, particularly for BIPOC-owned and local business enterprises, and equitably advance public benefits that appeal to and attract a diverse population to the waterfront.

Resilience – The Outer Lagoon Gangway and Float Project in Fisherman's Wharf is a multi-benefit Waterfront Resilience Program (WRP) early project that initiates seismic improvements to the wharf. Additionally, the Waterfront Walk will include activities that educate the public about the WRP and the impacts of sea level rise on the waterfront.

Sustainability – Investments in the Southern Waterfront include planning to facilitate the change to clean fuels for vessels and vehicles.

Evolution – Economic recovery and growth planning builds from the Port's Waterfront Plan and includes investments in Port open spaces to provide publicly desired amenities and activities.

Engagement – Development of economic recovery and growth initiatives has included broad engagement with stakeholders and the public, including Port staff, leadership, advisory committees, community members, and other partners. Staff will continue to engage the community as we move to implement economic recovery initiatives.

## **BACKGROUND**

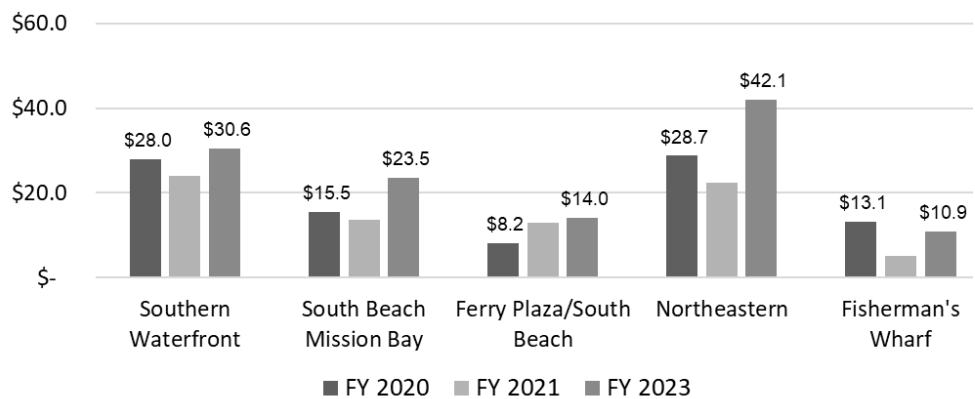
The COVID-19 pandemic had a devastating impact on the Port's budget. When the public was ordered to shelter-in-place in March 2020, tenants closed their doors and maritime operations stalled. Ultimately, the Port's FY 2019-20 revenues fell to 83% of pre-pandemic levels while

most operating expenses remained constant. If not for a federal stimulus award of \$117 million, the Port would have faced severe budget-balancing measures, such as laying off staff and limiting facility maintenance.

As health restrictions gradually lifted, Port revenues slowly recovered and in FY 2022-23, exceeded pre-pandemic levels. Today, people are returning to the waterfront and the Port has played an invaluable role in the City’s overall economic recovery efforts by maintaining a clean, safe, and vibrant waterfront that attracts workers downtown and visitors to San Francisco’s top destinations. Despite this positive story, the Port’s financial outlook continues to be challenged.

As shown in *Figure 1*, revenue recovery has not been consistent in all areas of the waterfront. While an influx of cruise travel demand increased revenues in the northeastern waterfront, Fisherman’s Wharf has not fully recovered due to the closure and/or lack of operation of several large sit-down full-service restaurants.

**Figure 1:  
Port Revenues by Region  
(\$ millions)**



The Port is also challenged by the ongoing impact of a high citywide office vacancy rate of 35%, which creates revenue uncertainty for the Port’s office space portfolio and for Port tenants that rely on office workers as customers.

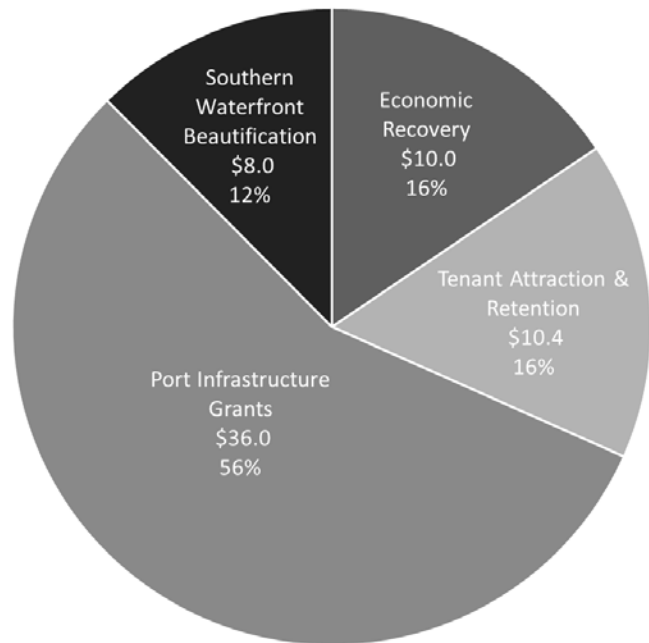
In addition to strains on operating revenues, the Port’s operating expenses have grown considerably due to high inflation in the cost of goods and services and the rising cost of personnel. This is expected to result in less net income to support capital investment in the foreseeable future. With a \$1.2 billion state of good repair capital backlog and forecasted need of an additional \$1.0 billion in capital over the next ten years, it is critical for the Port to maximize the generation of net operating revenues to invest in its facilities.

**ECONOMIC STRATEGIES & INVESTMENTS**

To recover from the economic impacts of the pandemic and stabilize our financial outlook, the Port is drawing upon a variety of funding sources totaling \$64.4 million to pursue initiatives that retain or increase revenues and create operational efficiencies (see, *Figure 2*, below).

Funding & Projects – The \$10.0 million **Economic Recovery Project** is funded by the Port Harbor Fund and supports near-term waterfront activations, development of revenue-generating initiatives, and internal operational improvements. The Port is also using \$10.4 million in stimulus funds to implement **Tenant Attraction and Retention** activities, with a focus on improving facilities that risk loss of current tenants or are vacant and present valuable revenue potential. These funds are also being used to support a \$2.2 million grant to the Fisherman’s Wharf Community Benefit District (FWCBD) to implement beautification and activation efforts with the intent to attract visitors and tenants to the area. Notably, the Port was awarded \$30.6 million and allocated \$5.4 million in matching funds (\$36.0 million total) to complete three **Port Infrastructure Projects** that will support growth in maritime eco-industrial operations in the Southern Waterfront.<sup>1</sup> Additionally, staff propose to allocate \$8.0 million from the **Southern Waterfront Beautification Fund** over the next five years to improve the community’s experience in the Southern Waterfront and support economic development consistent with the Southern Waterfront Beautification and Community Benefits policy.

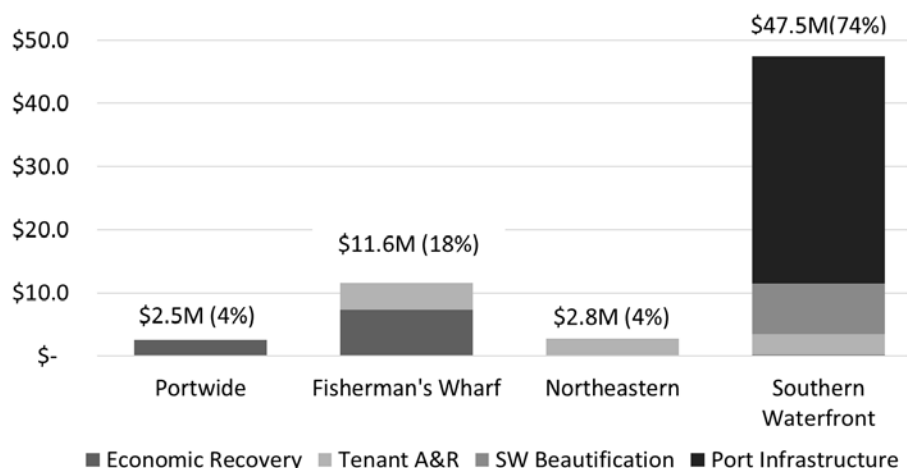
**Figure 2:  
\$64.4 million  
Port Economic Recovery Investments  
(\$ millions)**



Regional Distribution – While the Port is making significant Portwide investments, most funds are to be distributed regionally to Fisherman’s Wharf and the Southern Waterfront where there is the greatest potential to attract new business and improve revenues (see, *Figure 3*).

As reflected in *Figure 1* above, Fisherman’s Wharf revenues have been the

**Figure 3:  
Regional Distribution of Investments**



<sup>1</sup> The Port was awarded \$9.0 million from the Port Infrastructure Development Program (PIDP) and \$21.6 million from the California State Transportation Agency (CalSTA) to improve facilities in the maritime eco-industrial zone.

slowest to recover due to the closure of several restaurants, including Alioto's, Lou's, Pompeii's Grotto, Castagnola's and, most recently, Tarantino's and Fisherman's Grotto #9. The **Economic Recovery Project** and **Tenant Attraction & Retention** funding will be used to retain and restore revenues to the area by activating and beautifying Fisherman's Wharf as well as improving vacant facilities to attract new tenants. The **Economic Recovery Project** will directly support local fishers, who have struggled to remain in Hyde Street Harbor due to aging infrastructure, through investments in berthing, ice, and fuel facilities.

Revenues have recovered in the Southern Waterfront, but the area holds potential for maritime portfolio expansion and requires investments in the public realm and open spaces to make it attractive for businesses and the public. Improving piers and roadways using the **Port Infrastructure Grants** will help the Port compete for cargo operations and potentially for offshore wind production. Additionally, the Port will invest its **Economic Recovery Project** and **Southern Waterfront Beautification** funds to improve the community's experience in the area with improved wayfinding, public realm and Blue Greenway enhancements, landscaping, and bike and pedestrian access. The Piers 80-96 maritime eco-industrial center may not be as well-known from a national and international visitor perspective but can attract local and regional visitors and should be maintained with the pride that is shown in other well-traveled regions of the waterfront.

Detailed Expenditure Plans – The specific investments proposed for each of these funding sources are detailed below and outlined in *Attachment 1 – Overview of Expenditure Plans* and *Attachment 2 – Investments by Port Waterfront Region*.

## **ECONOMIC RECOVERY PROJECT**

The Port's Fiscal Year (FY) 2020-21 operating budget included a \$10.0 million Economic Recovery Project that is intended to give the Port flexibility to recover from the pandemic by investing in initiatives that generate revenue and improve operations. While the need for the project funding was clear during the Board of Supervisors' review of the Port's budget, the specific uses were not yet fleshed out. At the recommendation of the Budget and Legislative Analyst, in May 2020 the Budget & Finance Committee placed the funds on reserve pending a detailed expenditure plan.

On June 13, 2023, Port staff presented the Economic Recovery Project expenditure plan to the Port Commission. The proposed investments reflected strategies to draw visitors to the waterfront, activate and fill vacant facilities, and streamline internal operations. These near-term investments, paired with longer-term strategies to grow the Port's business portfolios, aim to uplift the Port and its tenants from the economic impacts of the pandemic and pave the path for financial stability into the future.

With its strategy in place, the Port must return to the Board of Supervisors with a detailed Economic Recovery expenditure plan to proceed. These investments are detailed below and directly support the Port's strategic objectives, with a focus on attracting and retaining

businesses, visitors, and commercial fishing, as well as activating parks and open spaces, and investing in people and systems:

Targeted Activation: Fisherman's Wharf (\$7.3 million) – Fisherman's Wharf has historically been a major economic driver for the Port and City but has been slower to recover than any other area of the waterfront. Activating Fisherman's Wharf will support the local commercial fishing industry, draw in new tenants, and retain the neighborhood's status as a primary destination for locals and visitors.

- **Commercial Fishing Facilities (\$3.3 million)** – Support commercial fishers and fish production tenants by improving aging infrastructure, such as replacing an obsolete and energy-inefficient ice machine and repairing an aging Pier 45 west apron.
- **Outer Lagoon Gangway & Float (\$3.0 million)** – Build a new gangway and float to draw the public to the lagoons and provide ease of access for off-the-boat fish sales and excursions. This work initiates a larger resilience project for an extensive seismic improvement of the seawall.<sup>2</sup>
- **Vacant Space Leasing and Activation (\$1.0 million)** – Improve vacant facilities and public spaces for leasing or activation to draw in public interest and restore lease revenues.

Targeted Activation: Parks & Open Space (\$1.7 million) – The Port has invested heavily in improving and expanding its network of parks, ranging from Cruise Terminal Plaza in the north to Heron's Head Park in the south. Building on the popularity and accessibility of the Port's parks and open spaces will help draw more visitors and businesses to the waterfront and into San Francisco.

- **Waterfront Walk: Wayfinding, Art, & Activations (\$1.5 million)** – Identify the Port's waterfront as a local and regional destination and invest in improvements, activations and recreational uses that increase the public's opportunity to enjoy and navigate parks, historic assets, art, and open spaces. Using an app or webpage that gives the public routes to follow, the walk will follow the waterfront with spurs that explore pier aprons, local businesses, and other areas of interest in the surrounding area.
- **Southern Waterfront Activations (\$0.2 million)** – Supplement the Portwide Waterfront Walk, Wayfinding, Art, & Beautification initiative with a focused effort to improve the experience of visitors and neighbors in the Port's maritime eco-industrial zone.

Enterprise Economic Recovery (\$1.0 million) – The Port is actively developing strategies to increase organizational efficiency, generate revenues, and support staff.

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<sup>2</sup> This project may be funded by stimulus funds instead of the Economic Recovery Project, in which this allocation of funds would shift to support Vacant Space Leasing and Activation activities to support leasing of Castagnola's, Tarantino's and Fisherman's Grotto #9

- **Internal Operational Efficiencies (\$0.7 million)** – Invest in operational efficiencies:
  - *Utility Mapping* – Map utilities in Port's area of responsibility as part of the dig alert 811 program to reduce staff time and effort required to respond to inquiries.
  - *Real Estate Management System* – Investigate a conceptual system upgrade by evaluating the alignment of the current and potential replacement systems with the Port's business needs.
  - *Digital Filing* – Develop a Portwide digital filing system and operating procedures to streamline access to shared files, saving time and improving employee performance.
  
- **Revenue Initiatives (\$0.2 million)** – Conduct an economic impact analysis and studies that support revenue-generating initiatives, including deepwater berthing at Pier 68.
  
- **Employee Engagement & Support (\$0.1 million)** – Engage employees through educational activities that strengthen the Port as a community to recruit and retain talent.

See summary table in *Attachment 1 – Overview of Expenditure Plans* for more details.

## TENANT ATTRACTION & RETENTION

The Port is using \$10.4 million stimulus funds to improve facilities that risk loss of current tenants or are vacant and present valuable revenue potential and implement beautification and activation efforts that will attract visitors and tenants to the area.

Targeted Activation: Fisherman's Wharf (\$2.4 million) – Activation and beautification investments including a \$2.2 million grant to the Fisherman's Wharf Community Benefits District (FWCBD) to create attractions and interest in the area that retain and attract visitors and new tenants to vacant facilities.

Property Portfolio (\$8.0 million) – As part of its Real Estate portfolio growth strategy, the Port is investing stimulus funds in facilities to retain current tenants and increase property marketability and rents.

- **Pier 96 Admin Building (\$0.4 million)** – Address ADA and deterioration issues at entrances closest to tenants and the main entrance to the building, preserving \$0.3 million in annual revenues.
  
- **Pier 96 Gatehouse Demolition (\$0.5 million)** – Demolish gatehouse.
  
- **Parcel K South Curb Cut (\$0.6 million)** – Installation of curb cut to allow access to landlocked parking lot that will generate new revenue for the Port.
  
- **Seawall Lot 321 Lighting Project (\$0.8 million)** – Supplemental funding on top of the \$1.0 million prior investment to complete lighting project to improve safety of parking lot

and generate more parking revenue.

- **Pier 29 Improvements (\$1.0 million)** – Completed column repairs and mechanical ventilation improvements necessary to host United States Secret Service for the Asia Pacific Economic Cooperation (APEC) Summit in November 2023, generating \$0.5 million one-time rent and positioning the facility for ongoing leasing.
- **Pier 33.5 Tenant Improvement Contribution (\$1.1 million)** – Port funding for facility improvements that attracted tenants and will expedite the opening of a new restaurant.
- **Pier 80 Maintenance & Repair Shed Roof (\$1.8 million)** – Repair or replace the roof of the Pier 80 shed to retain \$0.4 million in annual revenues from existing tenants.
- **Fisherman’s Wharf Tenant Leasing (\$1.9 million)** – Facility improvements that will improve marketability of at least four key vacant facilities, the former Alioto’s, Lou’s, and Pompei’s restaurant premises and 490 Jefferson Street.

See summary table in *Attachment 1 – Overview of Expenditure Plans* for more details.

## PORT INFRASTRUCTURE GRANTS

In 2022 and 2023 the Port was awarded \$30.6 million in grants through the Port Infrastructure Development Program (PIDP) and the California State Transportation Agency (CalSTA) Port and Freight Infrastructure grant program. Receipt of these funds reflects a major win for the Port in its pursuit of external funding to deliver targeted capital investments. Paired with the Port’s \$5.4 million required match, the Port will invest a total of \$36.0 million in its Maritime Eco-Industrial Center.

Maritime Portfolio (\$36.0 million) – Increase service offerings to cargo shippers, boost the utilization of existing cargo facilities, create a safer workplace for our maritime workforce, and develop a plan to mitigate air emissions while promoting equity and environmental justice.

- **Pier 80 Drainage & Fendering (\$23.4 million)** – Repair significant drainage issues in the southeast corner of the pier over an approximately 6-acre area and replace the current fendering system with new mooring points and rubber fenders. Pier 80 will be able to accommodate larger oceangoing vessels with higher cargo volumes and improved drainage will eliminate safety issues, improve the efficiency of truck travel, and allow for additional storage capacity.
- **Amador Street Improvement (\$12.2 million)** – Replace roadway and outdated piping and pumping systems.
- **Truck Fleet Emission Mitigation (\$0.4 million)** – Develop a plan for mitigating air emissions from Port truck (100+) fleet including an assessment of Pier 96 location and its infrastructure, specifying options to enhance electrification of the pier, and development of both a battery recharging station and hydrogen refueling station. The blueprint will guide



selection of technologies and Port investments in zero-emission infrastructure, identifying resources and strategies enabling the trucking community to adopt zero-emission vehicles.

See summary table in *Attachment 1 – Overview of Expenditure Plans* for more details.

## **SOUTHERN WATERFRONT BEAUTIFICATION**

Use of the Port's Southern Waterfront Beautification Fund (SWBF) is a critical component of the Port's economic recovery and growth strategy, by complementing efforts to expand maritime eco-industrial uses with investments that will improve the community's experience accessing the Blue Greenway.

In 2007 the Port Commission adopted the Southern Waterfront Beautification Policy (Policy), related to the Port's real property located from Mariposa Street in the north to India Basin in the south. To support the Port's commitment to maximum utilization of the existing maritime terminal facilities and to attract visitors to the shoreline, the Policy requires minimum measures, benefits, and rental surcharges to be included in the terms of any leases in the designated area. Rental surcharges are set aside in a fund to be invested in any of the following projects in the area:

- Open Space
- Wetlands Restoration
- Pier Removal
- Public Art
- Historic Preservation
- Other Expenditures that benefit Port interests in the Southern Waterfront.

The SWBF's balance is approximately \$8.0 million and is expected to increase by \$0.8-2.0 million annually moving forward. Port staff evaluated opportunities and developed the following expenditure plan to improve the community's experience and offer other benefits in keeping with the Policy and the Port's Economic Recovery and Economic Growth strategic objectives:

Targeted Activation: Parks & Open Space (\$3.0 million) – Investments in the public realm, parks and open spaces are intended to improve the community's experience and increase interest in visiting public areas of the Southern Waterfront. This work will include collaborating with community organizations to develop and implement activations that attract diverse communities to the waterfront.

- **Park Enhancements and Activation (\$1.5 million)** – Activate parks and open spaces through a range of public amenities and programming (art, food and drink, recreation) that engages the community. In alignment with the portwide Art Program, create coherence across parks and open spaces, in partnership with the community. Install lighting, furnishings, and signage to complete the Blue Greenway, particularly at Warm Water Cove Park, Tulare Park, and Islais Creek.
- **Public Realm Maintenance (\$0.5 million)** – Dedicate two laborers and a vehicle to the Southern Waterfront area to provide consistent and ongoing maintenance.
- **Candlestick Point Roadway Improvements (\$0.8 million)** – Gilman Avenue repaving.

- **Project Manager (\$0.1 million)** – Assign a designated project manager from the Port’s Project Management Office to deliver projects identified in the SWBF expenditure plan.
- **Eco Center (\$0.1 million)** – Support Eco-Center annual operations.
- **Youth Scholarships (<\$0.1 million)** – Fund youth camps for the District 10 community for camps that are offered along the Port’s waterfront.
- **Activation (<\$0.1 million)** – Activate parks and open spaces through events and pop-up retail that engage the community.

Maritime Portfolio (\$5.0 million) – Investments in the Port’s maritime facilities are intended to improve the look, feel, and navigability of leaseholds in the maritime eco-industrial center, while preparing to expand opportunities for new leases that grow the Port’s maritime portfolio.

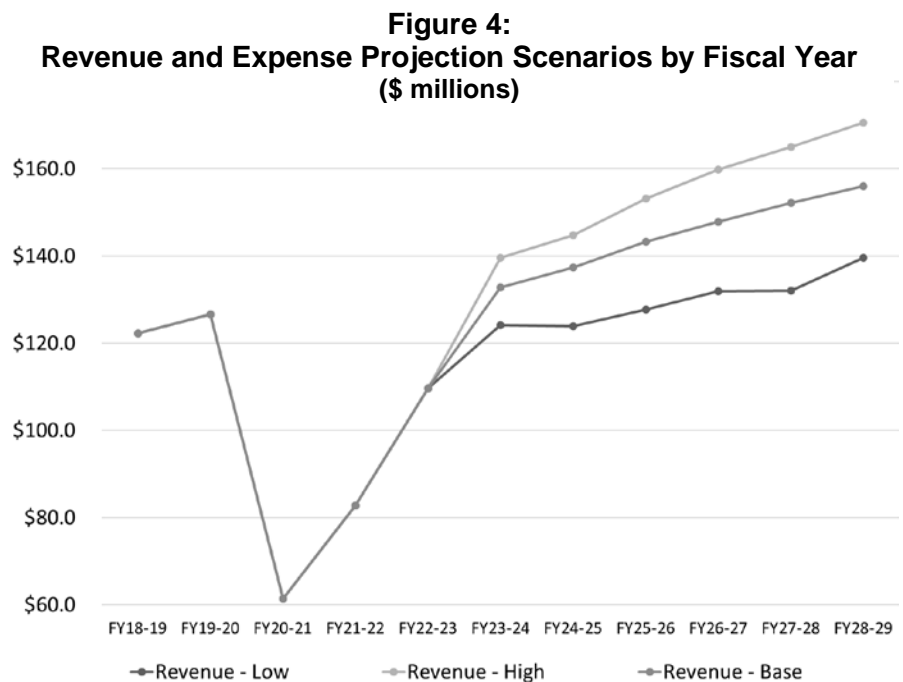
- **Remove Red-tagged Facilities (\$4.0 million)** – Initial funding to remove the Pier 90 Grain Silos (\$2.0M) and Pier 96 Cranes (\$2.0M) to prepare for future maritime operations.
- **Pier 68 Building 105 South Wall reinforcement (\$0.8 million)** – Historic preservation and seismic safety improvements that will also prepare the facility for future leasing.
- **Business Wayfinding (\$0.1 million)** – Improve customer access to Piers 90-96 tenants.
- **Tree Plantings (\$0.1 million)** – Street tree plantings in the Backlands to reduce wind exposure and provide greening.

See summary table in *Attachment 1 – Overview of Expenditure Plans* for more details.

## FINANCIAL OUTLOOK & METRICS

The Port’s biennial budget planning for Fiscal Years 2024-25 and 2025-26 is underway and relies upon successful delivery of the proposed strategies to drive operating revenues.

The financial forecast includes Base, Low, and High revenue scenarios that reflect how quickly the Port can lease its vacant facilities as well as citywide trends related to hotel occupancy and office vacancy rates, as demonstrated in *Figure 4*. The **Base case**



assumes the Port will lease and generate revenue from four currently vacant restaurants, whereas the **Low case** assumes only one facility will be leased and the **High case** assumes six new leases. A detailed discussion of the revenue and expenses will take place as part of an informational presentation by Port staff on the biennial budget at the February 6, 2024, Port Commission meeting.

With only modest net operating revenues of \$12-16 million over the next five years in the **Base case**, it is essential for the Port to closely manage and monitor the delivery of initiatives to meet or exceed revenue projections. Key metrics that staff are or will begin monitoring as investments are underway are detailed in *Table 1 – Port Economic Recovery Metrics*.

**Table 1 – Port Economic Recovery Metrics**

<b>Metric</b>	<b>Purpose</b>
Budget vs. Actuals of Strategic Investments	Progress and effectiveness of staff in delivering initiatives
Projects Delivered	Progress and effectiveness of staff in delivering initiatives
Leased Facilities	Track revenue trends relative to forecast: <ul style="list-style-type: none"> <li>▪ <i>490 Jefferson</i></li> <li>▪ <i>Pompei’s Grotto</i></li> <li>▪ <i>Lou’s</i></li> <li>▪ <i>Castagnola’s</i></li> <li>▪ <i>Tarantino’s</i></li> <li>▪ <i>Alioto’s</i></li> <li>▪ <i>Fisherman’s Grotto #9</i></li> <li>▪ <i>Pier 33.5 (formerly Butterfly)</i></li> <li>▪ <i>Ferry Building East</i></li> </ul>
Fisherman’s Wharf Visitors	Port revenue trends, attraction for new tenants
SkyStar Ridership	Port revenue trends, attraction for new tenants
Illegal Vending Enforcement	Impact on Port tenants, quality of experience for visitors
Car Break-Ins	Impact on Port tenants, quality of experience for visitors
Hotel Occupancy Rates	Citywide trends as an indicator of Port visitor trends
Office Vacancy Rates	
Citywide	Citywide trends as an indicator of Port trend
Port	Comparison with citywide trends and Port goals

**CONCLUSION**

Over the last year, Port staff developed and refined initiatives to address the economic impacts of the pandemic on the Port and rebuild a path toward a sustainable financial future by growing its maritime and real estate portfolios. After diligent planning, staff are ready and eager to leverage \$64.4 million from a variety of funding sources to achieve the critical economic recovery and economic growth outcomes for which the funds were intended. The Port’s financial outlook relies upon the proposed investments to deliver on current revenue projections and to improve operations.

An important step in the process of implementing the Port’s strategic initiatives includes requesting a release of \$10.0 million Economic Recovery funding from the Board of Supervisors Budget and Finance Committee Reserve. Upon Port Commission approval of the enclosed expenditure plan, Port staff will return to the Budget and Finance Committee to request the release of the Economic Recovery Project funds from the reserve.

## **REQUESTED ACTION**

Port staff seeks Port Commission approval of the attached resolution authorizing Port staff to request the Chair of the Budget and Finance Committee to schedule a hearing to consider the release of the Port's \$10.0 million Economic Recovery Project from the reserve.

Prepared by:            Meghan Wallace, Economic Recovery Manager

### Attachments:

Attachment 1 – Overview of Expenditure Plans

Attachment 2 – Investments by Port Waterfront Region

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTIONS NO. 24-09**

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate, and control the Port area of the City and County of San Francisco; and
- WHEREAS, The coronavirus pandemic (“pandemic”) had a devastating impact on the Port’s operations and budget. When the public was ordered to shelter-in-place in March 2020, tenants closed their doors and maritime operations stalled; and
- WHEREAS, The Port’s operating revenues fell dramatically while most expenses remained constant; and
- WHEREAS, In May 2021, Governor Newsom announced a one-time \$250 million allocation from the Federal American Rescue Plan Act of 2021 funding to California’s ports, including \$117 million; and
- WHEREAS, If not for a \$117 million one-time allocation to the Port of San Francisco from the American Rescue Plan Act of 2021 funding to California’s ports, the Port would have faced severe budget-balancing measures, such as laying off staff and limiting facility maintenance; and
- WHEREAS, The Port of San Francisco is now actively developing and implementing strategic initiatives that address the immediate economic impacts of the pandemic on the historic waterfront and position the Port and City for long-term financial and economic stability; and
- WHEREAS, The Port’s strategy includes, but is not limited to, leveraging \$64.4 million investments to deliver on certain initiatives, including \$10.0 million Economic Recovery Project, \$10.4 million Tenant Attraction and Retention, \$8.0 million Southern Waterfront Beautification Policy, and \$36.0 million port infrastructure grant and Port match funding to deliver on the Port’s strategic initiatives; and
- WHEREAS, At the time of the City and County of San Francisco’s Fiscal Year (FY) 2020-21 budget approval process, the specific uses of the \$10.0 million Economic Recovery Project were not yet fleshed out; and
- WHEREAS, At the recommendation of the Budget and Legislative Analyst, in May 2020 the Budget & Finance Committee placed the \$10.0 million Economic Recovery Project on reserve pending a detailed expenditure plan; and

WHEREAS, The Port's financial outlook relies upon the proposed investments to deliver on current revenue projections and to improve operations; and

WHEREAS, Upon Port Commission approval of the enclosed expenditure plan, Port staff will return to the Budget and Finance Committee to request the release of the Economic Recovery Project funds from the reserve; and now therefore be it,

RESOLVED, The Port Commission approves the proposed Economic Recovery Project expenditure plan; and

RESOLVED, The Port Commission encourages the Executive Director to request the Chair of the Budget and Finance Committee to schedule a hearing to consider the release of the Port's \$10.0 million Economic Recovery Project funds from the reserve.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 23, 2024.***

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Secretary

## ATTACHMENT 1 – Overview of Expenditure Plans

STRATEGIC OBJECTIVE/ INITIATIVE		Economic Recovery	Tenant Attraction & Retention	Port Infrastructure Grants	Southern Waterfront Beaut. Fund	GRAND TOTAL
RECOVERY: Targeted Activation: Fisherman’s Wharf		\$7,300,000	\$2,400,000	\$0	\$0	\$9,700,000
Commercial Fishing Facilities	Support commercial fishers and fish production tenants by improving aging infrastructure, including by replacing an obsolete and energy-inefficient ice machine and other facilities.	\$3,300,000	\$0	\$0	\$0	\$3,300,000
Outer Lagoon Gangway & Float	Build a new gangway and float to draw the public to the lagoons and provide ease of access for off-the-boat fish sales. Initiates resilience program for seawall seismic improvements.	\$3,000,000	\$0	\$0	\$0	\$3,000,000
Vacant Space Leasing	Improve vacant facilities and public spaces for leasing or activation to draw in public interest and revive revenues.	\$1,000,000	\$2,400,000	\$0	\$0	\$3,400,000
RECOVERY: Targeted Activation: Parks & Open Space		\$1,700,000	\$0	\$0	\$3,000,000	\$4,700,000
Waterfront Walk	Establish the waterfront as a local and regional destination by investing in improvements and activations that increase the public’s opportunities to enjoy and navigate open spaces.	\$1,500,000	\$0	\$0	\$0	\$1,500,000
Southern Waterfront Activations	Supplement the Portwide Waterfront Walk initiative with a focused effort to improve the experience of visitors and neighbors in the Port’s maritime eco-industrial zone.	\$200,000	\$0	\$0	\$3,000,000	\$3,200,000
RECOVERY: Enterprise Recovery		\$1,000,000	\$0	\$0	\$0	\$1,000,000
Internal Efficiencies	Operational efficiencies, e.g., utility mapping, assessing real estate management software, and digital filing organization.	\$700,000	\$0	\$0	\$0	\$700,000
Revenue Initiatives	Conduct an economic impact analysis and studies that support revenue-generating initiatives.	\$200,000	\$0	\$0	\$0	\$200,000
Employee Engagement	Engage employees through educational activities that strengthen the Port as a community to recruit /retain talent.	\$100,000	\$0	\$0	\$0	\$100,000
GROWTH: Maritime & Real Estate Portfolios		\$0	\$8,000,000	\$36,000,000	\$5,000,000	\$49,000,000
Maritime	Improve facilities to retain and attract maritime operations.	\$0	\$0	\$36,000,000	\$5,000,000	\$41,000,000
Real Estate	Improve facilities to retain and attract tenants.	\$0	\$8,000,000	\$0	\$0	\$8,000,000
<b>GRAND TOTAL</b>		<b>\$10,000,000</b>	<b>\$13,400,000</b>	<b>\$36,000,000</b>	<b>\$8,000,000</b>	<b>\$64,400,000</b>

## ATTACHMENT 2 – Investments by Port Waterfront Region

STRATEGIC OBJECTIVE/ INITIATIVE		Fisherman's Wharf	Northeast - China Basin	Southern Waterfront	Portwide	GRAND TOTAL
RECOVERY: Targeted Activation: Fisherman's Wharf		\$9,700,000	\$0	\$0	\$0	\$9,700,000
Commercial Fishing Facilities	Support commercial fishers and fish production tenants by improving aging infrastructure, including by replacing an obsolete and energy-inefficient ice machine and other facilities.	\$3,300,000	\$0	\$0	\$0	\$3,300,000
Outer Lagoon Gangway & Float	Build a new gangway and float to draw the public to the lagoons and provide ease of access for off-the-boat fish sales. Initiates resilience program for seawall seismic improvements.	\$3,000,000	\$0	\$0	\$0	\$3,000,000
Vacant Space Leasing	Improve vacant facilities and public spaces for leasing or activation to draw in public interest and revive revenues.	\$3,400,000	\$0	\$0	\$0	\$3,400,000
RECOVERY: Targeted Activation: Parks & Open Space		\$0	\$0	\$3,200,000	\$1,500,000	\$4,700,000
Waterfront Walk	Establish the waterfront as a local and regional destination by investing in improvements and activations that increase the public's opportunities to enjoy and navigate open spaces.	\$0	\$0	\$0	\$1,500,000	\$1,500,000
Southern Waterfront Activations	Supplement the Portwide Waterfront Walk initiative with a focused effort to improve the experience of visitors and neighbors in the Port's maritime eco-industrial zone.	\$0	\$0	\$3,200,000	\$0	\$3,200,000
RECOVERY: Enterprise Recovery		\$0	\$0	\$0	\$1,000,000	\$1,000,000
Internal Efficiencies	Operational efficiencies, e.g., utility mapping, assessing real estate management software, and digital filing organization.	\$0	\$0	\$0	\$700,000	\$700,000
Revenue Initiatives	Conduct an economic impact analysis and studies that support revenue-generating initiatives.	\$0	\$0	\$0	\$200,000	\$200,000
Employee Engagement	Engage employees through educational activities that strengthen the Port as a community to recruit /retain talent.	\$0	\$0	\$0	\$100,000	\$100,000
GROWTH: Maritime & Real Estate Portfolios		\$1,900,000	\$2,800,000	\$44,300,000	\$0	\$49,000,000
Maritime	Improve facilities to retain and attract maritime operations.	\$0	\$0	\$41,000,000	\$0	\$41,000,000
Real Estate	Improve facilities to retain and attract tenants.	\$1,900,000	\$2,800,000	\$3,300,000	\$0	\$8,000,000
<b>GRAND TOTAL</b>		<b>\$11,600,000</b>	<b>\$2,800,000</b>	<b>\$47,500,000</b>	<b>\$2,500,000</b>	<b>\$64,400,000</b>