

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING JULY 12, 2016

1. CALL TO ORDER / ROLL CALL

Port Commission President Commissioner Adams called the meeting to order at 2:02 p.m. The following Commissioners were present: Willie Adams, Kimberly Brandon, Leslie Katz, Eleni Kounalakis and Doreen Woo Ho. Commissioner Kounalakis arrived at 2:05 p.m. Commissioner Katz arrived at 2:10 p.m.

2. APPROVAL OF MINUTES – June 14, 2016

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. The minutes of the June 14, 2016 meeting were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

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

At 2:03 the Commissioners withdrew to executive session to discuss the following:

(1) 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 Items)

- a. Property: AB 4110, lot 1; AB 4052; 4111, lots 3 and 4; also known as the Pier 70 Waterfront Site, a 28 acre site generally bounded by Illinois Street to the west, 20th Street to the north, the Bay to the east and private property to the south (AB 4175), located near the intersection of 22nd Street and Illinois. Also including a City option to purchase privately-owned property comprised of AB 4110, lot 8A and AB 4120, lot 2, an approximately 3 acre parcel bounded by Illinois Street to the west, 22nd Street to the south, and Port property to the north (AB 4110, lot 1) and east (AB 4052).
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning and Development

*Negotiating Parties: Forest City Development California: Kevin Ratner

- 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, Deputy Director, Planning & Development
*Negotiating Parties: SWL 337 Associates, LLC: Jack Bair

5. RECONVENE IN OPEN SESSION

At 3:25 p.m., the Port Commission reconvened in open session.

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

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

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS – The Port Commission Secretary announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: 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. Announcement of Time Allotment for Public Comments: 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

- San Francisco Symphony Free Concert – July 24, 2016 from 12 noon to 2 p.m. at the James R. Herman Cruise Terminal Plaza at Pier 27

Elaine Forbes, Interim Port Director - I am pleased to announce that the San Francisco Symphony will perform a Free Community Concert at the James R. Herman Cruise Terminal and Cruise Terminal Park and Plaza on Sunday, July 24, 2016 from noon to 2:00 p.m. For the viewing public, the Cruise Terminal is located at Pier 27 on the Embarcadero, at the foot of Lombard Street. The Symphony held a free concert last year and it was a great success. This year, the Director of Summer Concerts, Edwin Outwater, and the orchestra will perform a Russian music concert including Shostakovich's Festive Overture, Mussorgsky, Pictures at an Exhibition and Prokofiev's Concerto Number 3 with pianist Makoto Ozone. Beginning at 10:45 a.m., guests can visit the Symphony's Instrument Petting Zoo near the Pier 27 stage and try out musical instruments. Please plan to attend and bring family and friends.

Also bring a blanket and a picnic and make yourself comfortable in the Cruise Terminal Park and enjoy the performance. Various food trucks will also be available that day as will a water filling station, so bring your water bottles. Vendor booths of various organizations including the Port will line up on Pier 23. We encourage everyone to use public transportation to the event. Muni, BART and the ferry offer excellent alternatives to driving. Traffic will be heavy and parking will be scarce.

Bicycle riding is also strongly recommended and we will have a valet bike park even to make bicycle riding an easier and preferred choice. Again, this is a free public event. No tickets are required. Mark your calendars now and join us for what is to be a very special Sunday on July 24th enjoying the Russian Symphony at the water's edge.

B. Port Commissioners' Report: Without discussion, at this time Commissioners may make announcements regarding various matters of interest to the Commissioner(s).

Commissioner Adams - I have a heavy heart today. This last week in our nation has seen a nation on edge. I think our country is on the verge of a nervous breakdown. Today in Dallas, the President of the United States went there to speak at the Memorial Service of the five Dallas Police Officers that were killed. Our wishes and prayers go out to Mayor Rawlings of Dallas and Police Chief Brown. We all mourn those tragedies.

We also mourn the shootings of Alton Sterling from Louisiana and Philando Castle from St. Paul Minnesota. The Police Officers, Brent Thompson, Patrick Zamarripa, Michael Krol, Sergeant Mike Smith and Sergeant Corporal Lorne Ahrens and seven people were wounded. Right now in our nation there is grief, fear and anger.

How do we spread and how do we react to injustice in our society and violence? I think there's a lot of work to be done. It's not about ideas. It's about action. It will either summon the better angels of our character, not the bitter angels of our fear. At this time, I would like to have a moment of silence for the five Police

Officers and the two victims that were killed by police violence in St. Paul and Louisiana. May they rest in peace.

After the last meeting, I went to Washington, D.C. and met with Congressman John Garamendi. We talked about transportation for the Port of San Francisco, ferries and Sea Level Rise. I also met with Congressmen Jared Huffman. We talked about the same issues.

I met with Leader Pelosi's Chief of Staff Robert Edmonson. Leader Pelosi wanted an update on what was going on with the Parks Service Agreement, the ferries and how the process was going for the new Executive Director for the Port of San Francisco.

Two days later I was in Sacramento, had meetings with the new Speaker of the Assembly, Speaker Rendon and invited him to take a tour of the Port of San Francisco as my guest. I also pulled out Assemblymember David Chiu out of a meeting to talk about infrastructure.

Assemblymember Chiu would like to see more ferries to deal with the congestion and the infrastructure that we have in the Port of San Francisco and is looking forward to coming to a meeting to talk about ferries and his idea about how we take more traffic off the streets and deal with the congestion. And how we have more ferries, whether it's the ferry to Mission Bay or ferry to Treasure Island, maybe more water taxis, but to be more efficient to deal with the influx of people that we have moving to San Francisco.

Two days after that, I attended a conference in England and it was a very historical time. I was there when the citizens of England voted 52% to leave the European Union and now the process is starting to happen where they will be leaving the EU.

Sitting in a pub in England and listening to the people, it was pretty extraordinary about what was happening in England and a lot of people had the fear that by England pulling out of the European Union, countries like Spain, France, maybe Germany would follow suit. There would be a mass exodus. But the people spoke. There was a lot of frustration. There was a lot of anger because they felt they were only concentrating on the 1%, the rich. Everybody else was feeling left behind.

It was good to be there at that time. As you know, the Prime Minister David Cameron, tomorrow will be his last day and England for the second time in her history will have a lady coming in as the new Prime Minister. We wish them well in whatever England does. They've always been an ally of the United States.

It's also good to really think about how people are thinking throughout the world and the frustration and the anger that people are feeling with the status quo and wanting to be a part and not feeling left out.

I have a letter to read. "Dear Commissioner, I wanted to thank you, Elaine, Peter, David and Michael for the informative briefing on the exciting waterfront developments in San Francisco on June 4, 2016. Please also convey my appreciation to the San Francisco Police for the refreshing boat ride. I treasure the opportunity to learn from the experience of the Port of San Francisco in balancing commercial and public interest in managing current uses and planning for the future, particularly in leveraging public/private partnerships. San Francisco and Hong Kong are both worldwide renowned cities by the water. In Hong Kong, the Victoria Harbor is an icon of our city and a unique natural asset. Our Waterfront Harbor Commission's actively pursuing new initiatives to enhance our waterfront for the public and tourists to enjoy. I will encourage the commission and my colleagues in the Development Bureau to keep in touch with you and carry on our exchanges that are mutually beneficial. I look forward to welcoming you and your colleagues to Hong Kong and reciprocating your hospitality. Yours sincerely, Miss Carrie Lam, Chief Secretary for the Administration, the Government of Hong Kong Special Administration Region."

We appreciated having Secretary Lam visit the Port. That interaction was made possible through the connection of Commissioner Woo Ho. We gave Secretary Lam a tour of the Port of San Francisco. At the last meeting, I talked about it. They spent a billion dollars on a cruise terminal and it's out in the middle of nowhere. I still think we have the best cruise terminal in the world.

She wanted to know more how our Port Commission worked, how we operated. She enjoyed the open spaces that we have here in San Francisco. The parks, the dog parks, and seeing how we operate. We can learn from the Port of Hong Kong and what they do and they can also learn from the Port of San Francisco.

- Posting of Port Executive Director Job Announcement (<http://sfport.com/job-opportunities>)

As the public is aware, I want transparency. We're going through a search right now for a new Executive Director of the Port of San Francisco. This is the brochure. We hired Alliance. We are currently going through the process of accepting applications. It started at the end of June and it will go through July 29, 2016. The announcement is currently up on the Port of San Francisco's website, the City of San Francisco's website and also Alliance's website. The posting is sfport.com/job-opportunities and www.alliancerc.com.

Commissioner Katz - Thank you for your remarks on the recent tragedies. I do want to note that on July 20, 2016, we will be having a group of Ministerial level representatives from the government of India coming to visit the Port. They did this once before and the group that went back was so impressed with the Port they specifically requested that this group coming through get the same tour. They said, "Exactly the same as before." Kudos to everyone that arranged it the last time and thank you for all the work that's being done to prepare for this. It really highlights, after what Commissioner Adams just read about the tour with the representatives from Hong Kong, how we really have become a world-class

destination and entity that's used as a model on how to figure out the integration in a large urban setting.

There are so many other different things that we do so well here that we've really gotten a reputation internationally as a place that needs to be visited to get a better understanding of improvements and opportunities that others can take back to their own jurisdictions.

10. CONSENT

- A. Request approval of the Fiscal Year 2016-17 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, Special Events, and Filming Rates. (Resolution No. 16-17)

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 16-17 was adopted.

11. MARITIME

- A. Request approval of an Operations Agreement with Chevron U.S.A. Inc. ("Chevron") allowing continued operation of its Richmond, California refinery as a Foreign Trade Zone (FTZ) No. 3 subzone site for a term of five years, with three options for five years each. (Resolution No. 16-18)

Peter Dailey, Maritime Deputy Director - It's great to be in the Cruise Terminal. We're asking approval for an Operations Agreement with Chevron. It's been a long and winding road.

The FTZ program was signed into law back in 1934 by President Franklin D. Roosevelt as a way to stimulate economic development and create jobs in communities by providing businesses with economic advantages to conduct international trade. The intent of that program still goes on today many years later. In 1934, foreign trade was somewhat of an interesting, unknown science. Today Foreign Trade Zone is like walking into Costco or the department store. But nonetheless, FTZ's have flourished in recent years. They're intended to promote participation in international trade by reducing unintended costs or obstacles associated with the U.S. trade laws. The FTZ program is a federal program. It's facilitated by local entities such as the Port. The Port of San Francisco was designated FTZ in 1948. We're the third in the country. New York was number one. New Orleans was number two and San Francisco was number three.

We facilitate the program for the federal government. The FTZ Board is chaired by the U.S. Secretary of Commerce. The Secretary of Treasury is also on the FTZ Board. The Port of San Francisco has an active FTZ program. In recent years, the Port Commission has approved FTZ Operating Agreements with

Menzies Aviation at SFO, Expeditors International near SFO, the Valero Benicia Refinery and the Phillips 66 Rodeo Refinery.

Chevron U.S.A. has operated their Richmond refinery as a subzone of the Port's FTZ for the last 18 years. An example of their use of the FTZ benefits is that Chevron supplies jet fuel to international airlines at SFO. The petroleum used for this fuel is put on flights that are bound for international destinations and it is duty exempt because it's not considered an export when consumed outside U.S. borders.

The most recent agreement with the Port and Chevron expired last summer in the end of July 2015. We've had a number of meetings since that time. The Port Commission asked for more clarification as to what the FTZ program meant to the community and to the region. They asked for more outreach to the region as to the FTZ program. The Commission approved two six month extensions to get that work done. The current FTZ agreement extensions with the Port will expire in a couple of weeks.

We have expanded our public outreach. We had a half day regional forum with interested parties from 65 different companies, cities, region, around the region. Last October, the Port staff made another informational presentation to the Commission to update the progress in our community outreach and outline the overall scope and mechanics of the FTZ program. At that Commission meeting, the Commission requested the idea of a Good Corporate Citizen clause be put into the Operating Agreement.

The Good Corporate Citizen concept, we discussed with the Foreign Trade Zone Board in Washington, D.C. and how a Good Corporate Citizen clause could be woven into the Operating Agreements with Chevron as well as future FTZ Operating Agreements brought before the Port Commission. We vetted it with the FTZ Board. We've worked with Chevron and our internal City Attorney and staff has crafted the Good Corporate Citizen now included in the proposed FTZ Operating Agreement with Chevron.

The FTZ Board and U.S. Customs Service have the federal oversight for applications and that grantees such as the Port of San Francisco submit for approval. In terms of local discretionary approval, the FTZ Board mandates that each Zone be operated as a public utility and that the grantee shall afford all who may apply for the use of the Zone uniform treatment under like conditions.

The equal treatment provision for the FTZ law mandates that a grantee such as the Port must provide access to Zone benefits to businesses and manufacturers on a non-discriminatory basis. Failure to do so could result in the Port or the grantee being fined by the FTZ Board up to \$1,000 a day and the possible loss of the City FTZ grant.

In the case of Chevron's request for approval with the Port, it should be noted that the Port Commission has granted subzone statuses to other competing

refineries, Valero in 2012 and Phillip's 66 in 2014. If approved, the FTZ Agreement would be operated under the Operating Agreement pursuant to the terms of the revised agreement with the Good Corporate Citizen's language that's on file with the Secretary of the Port Commission.

We have worked diligently to promote our role as the FTZ No. 3 grantee to companies in the region. We've made numerous presentations to local trade groups, municipalities and other government organizations extolling the benefits of this federal program. The Good Corporate Citizenship provision has been vetted by the FTZ Board and added to the Operating Agreement at the request of the Commission.

This FTZ program meets the Port's Strategic Plan goals by improving economic vitality, by benefitting our Northern California economic competitiveness. I ask your approval of the resolution. Our consultant Roger Peters from the FTZ Consulting Company is here to answer any specific questions you may have.

Kyra Worthy - I'm the Executive Director of For Richmond, a Chevron funded organization. To date, Chevron has invested over \$2 million. We have been able to place over 1,000 young adults into employment, some at the refinery, some at other refineries and some at multiple employment entities throughout the City of Richmond.

We've also been able to provide 60 young girls a historically black college experience this summer, going, staying at different summer programs focusing on STEM careers. We've been able to build a park in a community that formerly had nothing for the young children in the neighborhood to do. Just recently, we've been a finalist for the KaBOOM! grant to build, to have pop-up play days next to public housing developments throughout the City of Richmond starting after our six month planning process.

We're very appreciative of the support that Chevron gives to the community. We're able to provide outcomes that they can touch and actually talk to community members that can actually speak firsthand about how For Richmond has assisted them with moving forward. Not only with their children but as, for themselves.

Jim Lazarus, San Francisco Chamber of Commerce - First, President Adams, thank you for your very moving comments and allowing us to share in a moment of silence for the tragedies that the country faced last week.

The Chamber represents 2,500 local businesses including Chevron. The Foreign Trade Zone as was mentioned in the staff report is an important competitive piece of the Bay Area's economy. The Port provides a great service to many businesses throughout the region. We thank you for operating that Foreign Trade Zone and making it available to Chevron and other refineries around the Bay Area.

Chevron's a major retailer in San Francisco with an historic presence in the city, besides having a major maritime focus, obviously serving that refinery through San Francisco, San Francisco Bay and with many business that call the Port of San Francisco home. I want to thank your staff and the community and labor that got together to create the Good Corporate Citizen provision that's in the draft contract. I'm sure it will be a model you will use in other Foreign Trade Zone agreements in the future. We urge you to adopt the resolution as presented to you by the staff.

Bob Lilly with the IBEW Local 302 - I come here not only representing the IBEW but the Building Trades Council as well. I'm here speaking in support of Chevron's five-year Foreign Trade Zone Operating Agreement. As a citizen of the Bay Area, this Foreign Trade Zone idea is a terrific one. It's a way that we can maintain competitiveness on the world stage. I'm not only coming here as a Labor person but I'm coming here as a member of the community as well.

We support its objectives and we applaud Chevron Richmond for all they do to enhance the local economy, to produce high paying technical jobs right here in the Bay Area. This supports other local businesses and enhances the tax base while we provide those valuable services. This is not just today but this is far into the future.

Chevron develops crafts workers and technicians in the future by supporting our local apprenticeship programs, job specific journeyman training programs, and they reach out to Richmond youth and through associations like Miss Worthy just mentioned For Richmond. Richmond Builds, another group that gets people from the community working and working in the Chevron refinery. Chevron is a good supporter of them and I've seen that from the outside.

I've worked as a craft worker at Chevron Refinery. I've represented the IBEW Maintenance Unit at the Chevron Refinery and I have sat across the table from them at negotiating time. We don't always agree on all issues but Chevron has always shown respect for the working men and women of the building trades and has had respect for their highly trained workforce.

I'm happy to see other Labor people here today and you might not expect to see Labor people coming out and speaking on something in favor of business but I'm certainly here speaking in support of the five-year program. I'd like to see the temporary permit made into a permanent one.

Andrea Bailey - I'm the Community Engagement Manager for Chevron Richmond. I am responsible for managing and guiding our social investments that we make in the community and West Contra Costa County. These investments are focused around economic revitalization, job training, STEM education and community health initiatives, all of which are aligned with the central goal of the Foreign Trade Zone to support local economic development and jobs.

Through our economic revitalization initiative, Chevron has pledged \$10 million in new funding to help create pathways to sustainable living wage or better jobs in careers and growth industries for Richmond and North Richmond residents. Through our investments and workforce development training programs like our welding programs at the high school, our process plant operator and industrial maintenance mechanic training programs, we prepare residents for entry level jobs in manufacturing, petrochemical and related industries.

Through our \$5.5 million STEM education investments, we seek to increase student access to quality education and learning in math and science through programs like our Fab Labs that we're investing in throughout the U.S. where students and adults can become inventors, entrepreneurs and makers of their future. Through our 10 year, \$35 million pledge to the City of Richmond, we're helping to make secondary education possible for students through the Richmond Promise program.

Beginning with the graduating class of 2016, we are working with the city so that every Richmond student will be eligible to receive up to \$6,000 in tuition grants towards university, community college and even technical education programs. These are just a few of the many social investments that Chevron has made in Richmond.

In fact, since 2009, Chevron has invested more than \$821 million locally, creating jobs, helping local businesses and non-profits, paying taxes that fund these central services such as schools and safety. As I said earlier, these investments align with the goal of supporting U.S. manufacturing jobs. We are pleased to comply with the Commission's request last December to include Corporate Citizenship language in the new Foreign Trade Zone Operating Agreement.

I hope the activities I just outlined and why we were happy to comply, because it goes with the very core of Chevron's community investment commitment. I therefore ask and urge that you support the Port staff's recommendation to grant a new Operating Agreement to the refinery.

Commissioner Kounalakis - I'm curious about one thing. We didn't hear anyone not in favor of extending the lease, but there have been two six months extensions because there was some community concern. Since I'm new, I'd be interested in what was the nature of that concern and has it been addressed and that's why no one's here?

Peter Dailey - A year ago in July we were here, deja vu all over again. We came with an extension of the Chevron agreement. At that time, a representative of the City of Richmond Town Council came and voiced concern that there was not adequate community outreach to the citizens of Richmond regarding this administrative motion by the Port Commission.

We felt that we had adequate outreach to the municipality in Richmond, however, given the fact that they felt they didn't have enough, we did more outreach, met with the Town Manager, various representatives for community groups in Richmond. I think that that question has been addressed, that there has been outreach to the community. That was the biggest issue at hand I believe.

Commissioner Katz - As you know, we've heard this issue before. I thank everyone for all the work that's been done to do significant outreach. The Foreign Trade Zone really is a benefit that we're able to offer to the surrounding region. As was pointed out by Jim Lazarus, it helps to make us that much more competitive and that's significant these days.

I also want to thank Chevron for sending representatives today and other representatives from the community to let us know that there are such significant ongoing efforts to provide benefits to the community and to respond to the concerns that had been raised before us previously. We really appreciate that and also for the support and the inclusion of the Corporate Citizenship concept.

I think that's something that I hope other FTZ's will take up. As pointed out and this is for Commissioner Kounalakis as well, one of the things that we need to be mindful is that as we approve these Zones, there is a proscription on what we can and can't do and equal treatment to applicants before us and that's significant as well as we go forward. I'm very supportive of this and pleased that it came back the way it did.

Commissioner Brandon - Peter, thank you so much for the report. I want to thank you and your team for doing the extensive outreach and making sure that the community was engaged and involved in the development of the Good Corporate Citizenship agreement. I want to thank Chevron for the continued job creation and social investment that they are doing in the communities.

Commissioner Woo Ho - I think when this item first came up, I've been familiar with Foreign Trade Zones for a long time in my banking career. I definitely support the concept. It's been a good example here where while I supported the Foreign Trade Zone all along and Chevron's participation, it's nice to see that even though it was a little bit outside our zone, we were able to do a positive influence.

As Commissioner Katz has mentioned, for positive influence for the community and that we have brought all the parties together, both the community, Chevron and it was a good definition of Good Corporate Citizen. I think that we are in the right place. We took a little bit of a curious path to get there but we ended up in the right place and that's a good place to be. It's nice to know that we have all parties aligned and the community also feels that Chevron has made a positive impact for them as well. Even though that's not really the purpose of the Foreign Trade Zone, I'm glad to see that we're able to use what we're doing here to make a positive outcome.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 16-18 was adopted.

12. ENGINEERING

- A. Request approval to issue a Request for Proposals Soliciting Architectural and Engineering Consulting Services for the Mission Bay Ferry Landing Project. (Resolution No. 16-19)

Boris Delepine - I'm the Port's Contracts Administrator. I'll be leading the solicitation process for the Mission Bay Ferry Landing Project. At your May 10, 2016 meeting, you were provided with an introduction to the Mission Bay Ferry Landing. I'll be presenting today as I'm leading the solicitation, however, it's a team effort and there are a number of us that are here to answer any questions that you may have. They include Joe Roger from our Engineering Division. He's the Project Manager. Winnie Lee from our Engineering Division is the Assistant Project Manager. Meghan Wallace from our Finance and Administration Division is the Project's Financing Lead. Carol Bach is responsible for Environmental Permitting. David Beaupre is leading our Interagency Coordination and Community Outreach. The San Francisco Bay Area Water Emergency Transportation Authority (WETA) is here and represented by Kevin Connolly. Gerry Roybal from the Maritime Division can answer questions related to water taxis. Finally, Adam Van de Water from the Mayor's Office of Economic and Workforce Development is also here. We have a deep bench on this one and are ready to answer questions for you.

The item before you is an action item to authorize Port staff to advertise a Request for Proposals to solicit professional architectural and engineering consulting services for the design of the Mission Bay Ferry Landing Project. Upon your authorization, Port staff will initiate a competitive solicitation that will result in a staff recommendation for contract award to the highest ranked firm at a future meeting of the Port Commission. Again, this solicitation is only for the project's design phase not the conjunction portion of the project.

The project complies with a number of our Portwide strategic goals including proactively working with our transportation agency partners to ease traffic congestion along the waterfront while expanding the network of active water berths. It also promotes alternative transportation and supports the City's climate goals to reduce carbon emissions. Finally this project has a 20% LBE subcontracting requirement thereby increasing the Port's investment in local businesses and LBEs in particular.

The overall goal and final deliverable with this undertaking is to develop a new water transportation infrastructure to service the Mission Bay neighborhood and businesses. The architectural and engineering services for the design phase of this project are estimated at \$7 million. Half of those funds will come from the

Port's budget and Mayor Lee supports this project and added \$3.5 million to the General Fund to fully fund the balance of the project's design costs.

The construction budget is estimated at \$36 million. The Port will work with WETA, the City, the Metropolitan Transportation Commission and other funding partners to help secure the necessary funding to construct the facility. Port staff anticipates state and federal grant funding sources will support the majority of the construction budget. The project term from design through construction is estimated to take five years.

The work for the design portion of this project will be divided into three phases. The first phase will include interviews with project stakeholders to establish the ferry design criteria. During phase one, the selected contractor will prepare conceptual designs for two ferry landing sites. They will also investigate sediment investigation and the environmental impact permitting process.

In phase two, we will complete the site design for the selected site along with the reports, applications and supporting documents needed to complete CEQA review. During the third phase, the contractor will provide technical support through the bid and construction process to ensure that construction is proceeding in accordance with the contract documents and regulatory permits. Thorough public outreach will be conducted by Port staff at each phase of the design process.

This is a tentative schedule of the RFP and the subsequent contract. Since the May 10, 2016 Commission meeting, Port staff in partnership with WETA conducted community outreach. If granted authority to advertise the RFP today, we would like to issue the RFP on July 26, 2016. On August 4, 2016 we'd like to host a presubmittal meeting at Pier One to present the scope of Work, the Mission Bay Ferry Landing Alternatives Analysis that you heard on May 10th and review the RFP submittal requirements with potential proposers.

That meeting will be followed by a networking session to allow subcontractors and LBE subcontractors in particular to meet and network with prime contractors. Our target due date for proposal submission is September 8, 2016 with a goal of returning to you for award of the design contract in October.

Since the May 10th Port Commission meeting, extensive community outreach has been performed. Port staff including Port Engineers and Planning and Development staff have attended six community meetings to present the proposed Ferry Landing Project including all of the Port's Advisory Groups. Port staff was joined by WETA staff at each of those meetings. Questions and comments that arose from those meetings are summarized on pages five and six of your staff report.

If the resolution is approved today, our intent is to issue the RFP on July 26th. On that date, we'll publicize the RFP and contact all LBE firms that are certified to perform architectural and engineering services along with firms that have

provided similar services to both the Port and the City. The RFP will be posted on the City's website, the Port website and sent to local ethnic Chambers of Commerce along with publication in the City's outreach newspapers.

Prior to the submittal date, we will convene a three member selection panel that will be tasked with scoring the proposals. The panel will be comprised of one Port representative and two additional subject matter experts from other City or State agencies. The Contract Monitoring Division will approve the proposed selection panel members to ensure that the panel members reflect the diversity of San Francisco and that they do not disadvantage LBEs.

The selection panel will review and score both written proposals and oral interviews. The Contract Monitoring Division will sit in and monitor all evaluation panel meetings to ensure fair and impartial selection process. This project has a mandatory 20% LBE subcontracting requirement. LBE prime contractors will also receive a 10% rating bonus. Firms that joint venture with an LBE partner will be entitled to a 5-7.5% bid discount based on their level of LBE participation.

In conclusion, since May 10th, Port staff have expanded outreach efforts and received positive feedback. Mayor Ed Lee endorsed the project by adding \$3.5 million to the General Fund in order to fully fund the design of the Ferry Landing. At this point, we're ready to enter the next phase of this project and respectfully request your authority to issue a Request for Proposals to solicit design consulting services for the Mission Bay Ferry Landing Project.

Veronica Sanchez for the Masters, Mates & Pilots - First I want to thank you Mr. President for your leadership and responsiveness at the May 10th Commission meeting, when you asked and directed staff to start this community process that Mr. Delepine just explained to you.

It was a very worthwhile and beneficial process and the time was very well spent and I want to thank the Commission for hitting the pause button. I think WETA Board Director, Jim Wunderman who's also President of the Bay Area Council, said it best at the WETA Board meeting when I conveyed to the Directors your desire to open this up when he said, you know, "Most of the time people are complaining that bureaucrats aren't going fast enough and the public agencies aren't moving fast enough, but I think in this case slowing down this project really is the right thing to do."

The staff report that's before you today is very good, very comprehensive and certainly responds to a lot of the questions that we have. The operative statement and for us that we were looking for our union was that this ferry terminal and this new ferry service is a joint project with WETA, the state agency and our sister unions worked so hard to get established at the state level and that is mandated with the creation of new ferry routes in the Bay.

We are very happy to see that language in there and we thank your staff's direction on that. In closing, I want to make some comments about funding since

that's been my prior experience is to try to get ferry terminals funded as a Port staffer and as a WETA staffer. I noticed in the staff report it says, "State and Federal funding." I would suggest that you add to that Regional Measure three, Bridge toll monies.

The project that you will undertake in a few months, the Downtown Ferry Terminal has \$20 million regional bridge toll money. It's in there because we were there at the right place as a WETA staffer trying to get that money for you. That's a measure that's coming up and I would hope that your staff tracks that and all the political powerhouse that this Commission -- especially under your leadership Mr. President -- would be directed to seek funds for that terminal as well as perhaps Sales Tax money for the City and County of San Francisco. We are going to be reauthorizing the extension to the sales tax measure. We are here to support this project. More ferry terminal, more ferry service is certainly great for our members' jobs and for the commuters we serve.

Commissioner Woo Ho - I'm very glad to see this that this has come before us. My only question about all of this is the timeline, five to six years. As you know, we're all experiencing tremendous traffic congestion right now. Boris, maybe you can address what can be done to accelerate or expedite it?

Boris Delepine - From my understanding and Engineering can speak to this but the principal slowdown is the permitting and licensing. The design phase would be two to three years, and the construction phase an additional two to three years.

Commissioner Woo Ho - This is something that I read about which I had mentioned to President Adams, not necessarily directly related, but New York has taken a very bold approach. They're saying within three years they're going to have multi-borough ferry service and they're determined with the political will to get it done. My only comment is that somehow, if we have more political will to get this thing done sooner than later, then that's what we need to do.

Boris Delepine - Understood.

Commissioner Katz - I'm excited to see it moving forward. Thank you for all your work in helping to make this happen.

Commissioner Kounalakis - My 93-year-old father-in-law told me that when he came from Greece in the '50s they took a train, I think he said to Oakland, somewhere in the East Bay. From there to get to San Francisco, they took a ferry. That was the first way that they stepped foot in San Francisco.

This is just so exciting because in some ways it's going into the future with a vision partially from the past. Because my understanding is that there used to be tremendous ferry traffic across the Bay. My question is as we launch into this project of building a new landing, what kind of analysis has been done as to what the routes will be? What ferry expansion looks like? Is it a simple matter? Is

it a complicated matter? There are peak times that people would want to get to that area for games. What does that part of the process look like?

Elaine Forbes – Can we have a WETA representative respond?

Kevin Connolly - I'm the Manager of Planning and Development for WETA. The question was, "Is it simple or is it complicated?" It's pretty simple. In terms of what we're doing now in the region is we're really evaluating trans Bay and ways to get across the Bay and way to improve that capacity in the near future. The ferries are a significant direction that the region is going.

We have looked in detail at service schemes for Mission Bay. We believe that we would probably start out with Link Service. In other words, services coming from the East Bay and the North Bay would come to the Ferry Building and make a second stop at Mission Bay. As the market build and the ridership really stabilized, we'd probably do more direct service to Mission Bay as well as from Mission Bay back to the East Bay. There's clearly a nexus between Richmond, our future Richmond facility which opens in 2018. We're very excited about it. We see a great market there and we share your concerns. We wish it were open tomorrow.

Commissioner Brandon - Boris, thank you for the presentation. Thank you for doing more community outreach. When you did that, was the community supportive or where there any concerns?

David Beaupre, Planning and Development - The community was very excited about the project and supportive of it. There were some concerns about making certain that the Port and WETA entered into an MOU and as indicated in the staff report, we'll be coming back to you this fall, with an MOU outlining responsibilities and roles between the Port and WETA. But in general, people would like to see the Ferry Landing operating as quickly as possible as well.

Commissioner Adams - Director Forbes, I think you might have a comment on this. You had something you wanted to say on this issue and how you were involved in this process.

Elaine Forbes - Thank you for yielding the floor. I wanted to acknowledge the Mayor's support which staff has also mentioned. It's really unprecedented to have such a significant amount of funds added back to the budget in order to help us advance this design phase. The City has invested a lot of faith in this organization to do this design work and community outreach. Kudos to all of us for being given this important task. We all acknowledge that this is infrastructure that the area needs and we have been given the big request to get it designed so we can turn it over to WETA to operate the Ferry Landing.

Commissioner Adams - I also wanted to say that it was not only Veronica but also Corinne who had asked us to hold this issue over and to do more community outreach. I wanted to say to Commissioner Woo Ho, we're not New

York. I'm not trying to be smart about it, but we have to have patience. I don't think it's a magic wand. I think we all really want to have more ferries and I think it's important.

We're not New York. We're San Francisco. But you are the Engineer. You were going to come up. Could you explain to Commissioner Woo Ho what the process is and why it might take so long? We all wish we could wave a magic wand, but sometime things have to go through the process and they don't go as fast as we want them to go but I will say this, Commissioner Woo Ho, talking to David Chiu, he has put a working group together and he is committed to getting more ferries.

That was one of the reasons why he wants to come and address the Commission. He and Elaine and I are going to sit down and talk and you're more than welcome to be a part of that discussion. I will yield to you and maybe you can explain to Commissioner Woo Ho what the hoops are and why we're not New York and how we've got to do it our way.

Joe Roger, Structural Engineer with the Port and Project Manager for this project - To answer your question, right off the bat we're going to start with design. We have it in our schedule to start in December, Port shows November, so ideally we're a month ahead of schedule. The design is going to take approximately two years but concurrently we're going to go and submit for environmental permitting.

The permitting is the critical path item. If we could just design and construct, we would get it done quite a bit faster. The environmental specialist Carol Bach could address this a lot better than I could but I would just add that we're stuck doing these multiple regulatory permits and there's really no way to get around them. Ideally if we didn't have to do dredging, which we do, we could save quite a bit of time. If we didn't have to do a breakwater which we're hoping not to do, that'll save time.

The schedule that Boris mentioned, the five years, that's an optimistic schedule. That's assuming that we're not going to do a breakwater. But as far as accelerating the schedule, everybody wants to go as fast as we can. We want to meet the Mayor's expectations. Hopefully when you approve this item, we'll go back and we'll hit the project running. We'll get the RFP out and we'll start the design process.

Commissioner Woo Ho - No, but I appreciate, and I say that only to, for emphasis and focus that sometimes when you highlight something and everybody has push, it does help. I appreciate that there is a process and I am not suggesting that we are going to shortchange the process that has to be done, but it just seems like an awfully long time to build one ferry terminal when another city's just going to say they're going to build a multiple borough terminals network within three years.

I don't know if that's also too ambitious, it probably is but think that we just have to mind that. The other thing I think which was mentioned by one of the other speakers is that we eventually would love to see, and it's not really just within this Commission, but the overall Master Plan for ferries, because one Ferry Landing will help a great deal. It is one of my passions to see more water transport but it seems like there should be sort of a Master Plan of how all the other Ferry Landings need to be developed.

Every day we are all reminded of how much congestion is going on throughout the city, east/west, north/south. There's got to be some other answers besides what we have. Ferries is one. It's maybe a more expensive alternative to some other transit but it something that presumably should be able to come on stream faster.

Joe Roger - I did participate in some of the outreach meetings and Mr. Connolly spoke at most of them. He indicated when WETA has total control of a project, they also communicate to the stakeholders that it will take at least five years to build a ferry terminal. We're using that same timeline.

Commissioner Woo Ho - I'm hoping that we, on a regional level, are looking at a Master Plan of a whole ferry system and network because this is like it's putting the whole finger in the dyke.

Joe Roger - Mr. Connolly also addressed that in some of the outreach meetings.

Kevin Connolly - This question was asked before and I actually didn't answer it. This graphic up here shows our expansion program that we're in the process of executing right now and we are about to adopt in October a Strategic Plan for the Ferry Agency. We're more than happy to come back and present to you at that time the Strategic Plan. But from a graphic standpoint, you can see here, we have an ambitious program of ferry terminals opening within the next 10 to 12 years throughout the Bay. Again, the most practical places that we can put them. Longer term we have other places we haven't identified but this is what we have and then we should see a lot more ferry service. Today we have about 10,000 passengers per day. We anticipate getting up to 60,000 which is what we were in 1936 when the bridge opened, within the next 15 years.

Commissioner Kounalakis - Is part of the timing have to do with the fact that the funding for the entire project isn't identified yet?

Kevin Connolly - I don't think that's a barrier to the term right now. We would anticipate within the five years that we're working. We have full funding and we do acknowledge the Mayor's generosity in terms of funding that. Within that time period, if the funding comes through, it's not going to be a barrier. The permitting is the area where it takes the most time.

ACTION: Commissioner Brandon moved approval; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor. Resolution No. 16-19 was adopted.

13. REAL ESTATE

- A. Request endorsement of Term Sheet between Port and the National Park Service (NPS), for a 50-year Memorandum of Understanding outlining the business terms of: (1) a lease for ferry service to Alcatraz Island with a future concessioner selected by NPS, and (2) a lease with the Golden Gate National Park Conservancy, located at Piers 31-33 on The Embarcadero at Bay Street. (Resolution No. 16-20)

Rebecca Benassini, Planning and Development – I'm here representing the Port project team on the Alcatraz Ferry Embarkation negotiations. I want to recognize Jay Edwards from Real Estate, Byron Rhett as well as Director Forbes. All of us have been working very closely on this item. I also would like to recognize that Superintendent Christine Lehnertz is also here from GGNRA to answer any questions that might come up on this action item.

We're before you this afternoon to present an action item on a term sheet for a Memorandum of Understanding that Port staff have been negotiating with the National Park Service for the Alcatraz landing site.

Here's an overview of the framework of the set of relationships and legal relationships we're talking about. The Term Sheet provides key financial terms which will be further defined in the MOU between the Port and the National Park Service. In the MOU, our responsibilities and roles will be defined. NPS's primary responsibilities will be to contract with a ferry concessioner to competitively select a ferry concessioner and create a contract with that entity.

Also, NPS will create a relationship between themselves and the conservancy which is their non-profit partner and other responsibilities that will be defined in the MOU. Through those relationships, they will attach leases to any of the contracts what they have with those entities, they will be negotiated with the Port and those will be forms of leases that we'll negotiate through this MOU process.

The Port's responsibilities will be to lease to their selected ferry concessioner, consistent with the form of lease that we decide upon together, and also to lease to the Conservancy. Our final key responsibility will be to invest in the substructure at the site location, the Pier 31½ marginal wharf which is in need of some repairs in order to keep operating the Alcatraz ferry service from that site.

The proposed project is shown here. It's on the Embarcadero at Piers 31 and 33 as well as the 31½ marginal wharf. The proposed project envisions food and beverage services in the Pier 31 bulkhead, visitor contact station in the Pier 33 bulkhead which would be an expansion of what currently exists on the site, a larger plaza on the marginal wharf with some more intuitive queuing and other

sorts of improvements that will help facilitate the thousands of people that go through the site every day. An additional berth which will accommodate another type of ferry service called Park Cruises that will be further defined as we go through the MOU process.

The business terms included in the Term Sheet are summarized here. One of the key revenue items is the Port's percentage rent from ferry ticket sales going to Alcatraz. We've agreed to maintain the recently raised percentage rent that the Port is currently getting on a month to month basis with our existing lessee who is operating the Alcatraz ferry service. The other percentage rents were negotiated by the parties based on market information that each party received from our respective appraisers and real estate economist who were working on this with us.

The project also includes a significant capital investment in Port property including about \$21 million on the part of the lessees and about \$5 million on the part of the Port for the substructure. The pie chart that we show here shows the investment in the superstructure, so in the buildings. The portion of that expenditure, it's a total of \$20.8 million, which will be rent creditable, and the rent creditable portion of the capital expenditure are those items that are core and shell portions of the building. It represents about 15% of the lessee's total expenditures.

Putting the Term Sheets into a cash flow analysis of what the Port is expecting to see from these business terms is shown on this chart. If NPS's concessioner contracting process is completed by 2018, we'd expect stabilized project revenues by 2020. By 2020 we would be expecting about \$3.2 million in gross income to the Port. We've negotiated that the rent credits I spoke about earlier, the \$3 million in rent credits would be paid back to the lessees over a four year period, so a relatively short period of time.

For four years, our anticipated revenue would be reduced down to about \$2.5 million. But by year five our revenues would jump back up to at that time about \$3.5 million. I'll also point out that the first three rows of this table having to do with the ferry operations represent about 80% of the total revenue to the Port from this project. Of that amount, about 70% is from the existing Alcatraz service and then 10% is from that new service of the Park Cruises. To put it into context how much we would get from a proven existing type of service versus something that will be worked out through the MOU terms and through the Parks Services greater definition of what those Park Cruises might look like.

Some additions to the staff report since the one that you saw in June. We added a bit of language on the MOU framework to provide more details about the terms, how it's a 50-year, 30-year term with two 10-year options with NPS. Each of the leases have different terms because of the nature of what those uses are.

I also wanted to point out that we added in procedural clarifications. In the staff report we noted that we will be seeking from the Board of Supervisors a Sole

Source Waiver to negotiate directly with NPS. In the staff report we noted, "What are the justifications for solely negotiating with them for this site?" The key ones are that NPS controls one of the top visitor destinations in San Francisco. In order for us to continue to ensure that absolutely we will have this on our land, we need to negotiate with NPS in order to maintain Alcatraz embarkation on our land.

NPS is partnered with the Conservancy to provide a heightened and more historically relevant visitor experience and that is their partner. We are working through that vein, we are obliged with the Conservancy. The Conservancy has a very well proven track record of doing these sorts of visitor stations. Both lessees, the Conservancy and the ferry operator, will be investing a significant amount of capital improvements to our property.

We'll also be completing a Fiscal Feasibility Analysis which will hopefully support the Board's adoption of the finding of fiscal feasibility for the project. The staff report also includes the Resolution language and the Term Sheet which we're seeking your endorsement of today.

If we receive a positive endorsement from the Commission today, we'll go forward with the Board of Supervisors' approval, or endorsement process for the Term Sheet, the Sole Source Waiver and the Finding of Fiscal Feasibility. We'll be updating our Advisory Groups, NEWAG and MCAC. We'll continue, or dive back into the MOU negotiations which will have the entire set of types of legal frameworks for the MOU between us and NPS as well as the forms of leases for the two lessees.

We'll concurrently be conducting CEQA and helping NPS kind of guide that through a bit of that process, initiating BCDC and Army Corps consultations for the third berth and other in-water work. Finally we'll be bringing the MOU with the leases to the Port Commission and the Board of Supervisors.

Our recommended action today is an endorsement of the Term Sheet and to authorize staff to seek the Board Term Sheet endorsement, the Fiscal Feasibility Finding and the Sole Source Waiver. If we get a positive outcome, we ask that you direct staff to initiate CEQA and negotiate the MOU and the forms of leases.

Veronica Sanchez, Masters, Mates & Pilots - This is a big milestone in this contract and you heard the business terms that are being proposed. A lot of work has gone into it and we're very glad that this service will stay at the Port of San Francisco. Our union certainly supported that.

I wanted to ask the question about the Labor terms and the Labor requirements that will be included in the lease between the ferry operator, the concessioner and the Port of San Francisco. This is different than the situation we have right now where we have an agreement between the concessioner and the Park Service. It seems that now you're going to have a lease agreement with the new concessioner and the Commission and the City will be able to implement some

of its very generous and progressive Labor requirements to this lease agreement. It's important to not forget that the history on this contract, the transition of this contract was one of the biggest blows to two Maritime unions on this waterfront, both to the MM&P and to the IBU who lost a lot of jobs when Blue & Gold lost the service.

There were marches on the Embarcadero, Congressional visits, and meetings by the Speaker Pelosi at the time. There is a history here and a lot of advocacy about labor rights. It would be our hope that as we position the Port into a new contract with the new operator that we look, not just at the new business terms that have been described and outlined here but also at the labor requirements that the Port and the City can certainly impose on the new concessioner.

Rebecca Benassini - Thank you for the question Veronica. The relationship that we have in terms of the MOU obliges NPS to attach the form of lease that we negotiate together to their prospectus. We've also discussed that nothing in the form of lease can be in conflict with federal law and their current prospectus process and what role Labor will play in that. Our existing form lease does not have a prescribed term that notes what type of Labor participation would be completed by the lessee.

Elaine Forbes - As conceived, the federal government will go through their solicitation process for the concessioner similar to what occurred previously. They will go through their process, select a concessioner and we will enter into a lease with that chosen concessioner following the business terms that Miss Benassini has outlined today. In that way it is somewhat similar to the prior process. We don't know who will be selected through that fair and competitive process but that will be for the federal government to determine.

Commissioner Kounalakis - I feel pretty comfortable. We've been seeing these terms for a while.

Commissioner Katz - Similarly, we've certainly seen this a few times to say the least. I do think that going forward there are some issues that have been raised and I know this isn't the time to address them but I hope a lot of those concerns can be addressed in the future. I do want to thank the staff. This was perhaps one of the more protracted negotiations that's taken place recently and very complex. Staff has done just a tremendous job educating all of us, all of the parties involved as to the complexities of this lease. San Francisco will be better off for it.

I think the Park Service and the tourists to Alcatraz will all benefit by having a really strong vibrant space and certainly along the waterfront, it's going to enliven the area and make it an even more significant destination, certainly for tourists but hopefully for locals as well, and provide a lot more of interest on the site there. It will certainly enhance the experience for those travelling, not only to Alcatraz, but also even those that can't make it, they'll have an opportunity to at

least see what they're missing in the complex there. Thank you everybody for all the hard work that went in to making this happen.

Commissioner Woo Ho - I also do not have any further questions given that we have reviewed this many times. As has been mentioned previously, it has been a lengthy and complex discussion with all parties and it has taken us some time with all the stakeholders to understand each other's position. I think we have now reached a good point that is fair for all parties involved.

I want to thank the staff too for being very patient with the Commission in terms of pursuing this and also the Park Service for also coming to understand our point of view and realizing what needed to take place in order to get this done. I think the citizens of San Francisco really did want to see that this was going to be consummated that we maintained the ferry service on Port property. I think everybody was in favor, but we obviously had to have on terms that made sense for everybody. It's a good win.

I do think that the new terminal, as Commissioner Katz has mentioned, with the amenities for the visitor experience is going to improve and that's just going to enhance the whole waterfront. I think that's a plus for tourism and for us and for the whole area. It's a good outcome.

Commissioner Brandon - Rebecca, thank you for your presentation. I want to thank the staff and the National Park Service for coming together and keeping the Alcatraz ferry service here at the Port of San Francisco. I want to congratulate everybody because it's a win-win for everyone. My one and only question is, what is the timeline for the next steps?

Rebecca Benassini - There are a couple of things, the CEQA will be the driver of when the MOU could be brought back to you. The other item that we're working towards is that the National Park Service needs to get their prospectus out to their potential ferry bidders and they hope to do that towards the end of next year so that's the other driver.

We have CEQA that'll take as long as it'll take, but as quickly as we can get it done. We really need to work with them to get these leases completed so they can go into their prospectus. The reason they're on this timeline is that they have this current operator who's in there and there's sort of a limited amount of time that they can maintain that concessioner in that location until they have to rebid it. We do have that as sort of a bit of a fire to complete CEQA and the negotiations to come back with the MOU to you also. I would say the end of next year would be our target.

Commissioner Kounalakis – I'd like to add that it seemed like a good timing with the summer, so I'm going to go out to Alcatraz for the first time in 20 years in a couple of weeks. All of these great presentations over the last few weeks have given me a lot to be able to look for when I go down to the terminal.

Commissioner Adams - I wanted to thank the staff and the Park Service working together. With regards to what Sister Sanchez said, we've been dealing with this a lot and nobody's been here. You haven't been here, no one's been here to say anything. We've been going through this process four or five times at the meeting, nobody's been here.

I appreciate your comments but people can't come on in the tail end. You've got to be in the game the whole time. You kind of explained the process, how it goes but we have these meetings and the public doesn't show up until their interest there and then we don't hear from you. I appreciate that. If we would've heard from you last month or the month before, we've been going through this process.

Rebecca, when do they put it out to bid? Because the government really makes the decision back in Washington, D.C., correct?

Rebecca Benassini - That's exactly right. That kind of, if you look back on what happened when Hornblower was selected, there was quite a lot of an outcry that they weren't a union shop. They were sued through the process but Congress has held firm in terms of what would be included in the prospectus. If I understood NPS correctly, it would take an Act of Congress to change the terms in the prospectus to require a union ferry operator. We've continued to ask this question as well and that's the response we've been getting. We kind of lived through it I think when Hornblower was selected.

Elaine Forbes - Rebecca, what's the timing on issuing the prospectus?

Rebecca Benassini - The end of next year is the targeted timeline right now.

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 16-20 was adopted.

14. PLANNING

- A. Informational presentation regarding a proposed Navigation Center on Port property on 25th Street between Michigan Street and the former Louisiana Street.

Brad Benson, Director of Special Projects – I'm here with the team of Port, DPW and Department of Homelessness and Supportive Housing staff who've been working on homeless issues along Port property.

Staff was here before you last in April talking about a proposed potential Navigation Center on Port property on 24th Street. I'm going to defer to Sam Dodge who is the Deputy Director of the Department of Homelessness and Supportive Housing (DHS) to update you how that proposal has evolved through the public discussion. I did want to start the presentation by letting you know a few things that have happened since that April 12, 2016 meeting.

First, led by Tom Carter, Deputy Director of Port Maintenance, there was an effort in response to public comment to address a pretty major homeless encampment in Warm Water Cove Park. Tom worked with the Department of Public Works, the San Francisco Police Department and the Homeless Outreach Teams to do outreach to the folks who were camping in the park. That encampment broke up and has not reappeared since then so the park is clean and providing access to residents to enjoy the park.

Secondly, we had opened the Pier 80 winter shelter. That shelter has closed down as of this last week. Tom is working with DSHS staff to make sure it's all cleaned out, swept up and ready for Pasha to take occupancy under that agreement. Now I'll yield the podium to Sam Dodge to describe our public outreach about the proposed navigation Center on Port property and then I'll come back and describe some of the terms of a proposed MOU.

Sam Dodge - I have a presentation that includes a lot of background information about Navigation Centers. I know that you are well versed in it but just want to go over some of it for the general public.

I want to start with the obvious context that we're under and that San Francisco is under a situation which some have called a Shelter Crisis has been declared by the Board of Supervisors in San Francisco. It's even now at the State House where they're considering the State of California whether it's under a Homeless Crisis situation. We have a population of at least 3,500 people that are unsheltered at any given time in San Francisco.

We've had really good success with a Navigation Center model which is a low threshold transitional facility where we intensively work with people to attach their benefits into access housing. We've been able to help over 560 people leave homelessness through our current Navigation Center at 1950 Mission. We've recently been able to open a second one at 20 12th Street which is near, in the Civic Center.

We're being looked at by the rest of the country and within the people that are looking on this as a bright spot when it's not just San Francisco that is facing this large increase of street homelessness but a lot of communities, especially on the West coast.

Who are we targeting with this kind of intensive efforts? It's those people that are not accessing our traditional services that have been out and homeless for an extended period of time so they don't have the ability to self-resolve their homelessness but really extraordinary efforts. We're talking about people by and large that are more aged, that are facing multiple complex conditions, health, mental health.

Some of the ways that we're able to work with people is to attract them in with some smaller setting. It's "come as you are" meaning that if you have a pet or if you have a partner, we're willing to welcome that in so that we can give you the

necessary services so we can end your homelessness and that we're focused on transitioning into housing. There's other services that are great to have in life but this idea is to transition people back into their so called Housing First which means that once you're in housing we're able to continue the work as far as other things that may be obstacles for a flourishing life.

Our current Navigation Center has a capacity of 75 people and the high staffing ratios and it's a tranquil environment. The Port Commissioners were able to come and I thank you for your time to come and to see what that looks like and we're very excited about trying to replicate that environment on 25th Street.

Part of what we've been doing is taking a real analytical approach to how we're doing so we can make course corrections as we go. We keep a weekly dashboard. We look at how we're performing so that we can look at obstacles and see how we can do better. Right now it's an average of about 90 days to get someone straight off the street, these long-term homeless, and into housing. Other kinds of exits, we use some Homeward Bound Tickets to Home and others and we track all that. It's part of our model.

The idea is that 84% of the people that have exited the Navigation Centers have been successful in exiting towards housing, reconnection to family and into long-term treatment programs and that's great results and it's getting marginally better as we keep going on.

A Navigation Center at 25th Street, and I'd given a presentation about a proposal we had had around 24th which is right to the entrance of Warm Water Cove. With community outreach and input there was the suggestion of 25th Street which, these are very large blocks but it's just one block to the south and it's between the back of the Sheedy yard there and next to the MUNI train yard.

It's again, a dead end street. It works and it works for the community and some of the physical components we want to bring there are some of the same things we've seen very successful at 1950 Mission. Dorms, bathrooms, laundry facilities, community kitchens, storage, community spaces, the same array of bringing on site benefits, on site medical clinic, bringing the necessary services. Short-term as far as real campaign based approach for how we're looking to really by any means necessary kind of help people resolve their homelessness and utilize the site and then return the site.

We have a Good Neighbor Policy that we bring to all our programs and we want to really enhance that here. We're already meeting intensively with community and business owners in the area and are looking for various ways that we can continue to partner. Luckily, there's a lot of capacity and bandwidth and interest from the community to stay involved with the program and we want to find ways for them to stay involved.

In our community meetings, one of the things that has really stood forth is community members that have stood up and said, "I know it's tough for our

community to take a homeless service center site, but this is an opportunity to change hundreds of people's lives." This is something that they're familiar with in the Dogpatch. Unfortunately there are encampments that are in the community nearby and I respect the courage that it took to say that and work with us on that and we want to return the favor and be really good neighbors and return a lot to the community.

We want to be open and respond to any concerns that people have about the actual site and be good stewards of the property and the surrounding area. We're looking for ways that we're going to be safe and the access -- it is a busy industrial zone so we need to be mindful about the industrial uses of the area. I think this is going to work very well.

We also have an ability to make sure that there there's lots of space within it for people to hang out and enjoy the area if they want to just hang out and to be able to access the rest of the city from the proximity to the T-train and from our own ability to have transportation.

This is a map of the site currently and you can see the shaded area is where we're talking about the proposed Navigation Center on 25th rather than 24th, just to the north of it. You see that some of the community benefits we were envisioning from 24th was being able to have strong stewardship of the park and sometimes difficult to manage situation that happens in front of the park.

At 25th we aren't going to have that kind of on the site stewardship but it was seen as more desirable for the community to be on 25th and for the businesses as well as Sheedy is pretty active with that 24th Street side. This does work for us. It's a little bit narrower, which we had to work on changing the configuration but it ended up working out well. This is a mock-up of what the front looks like with the storage and the accessibility ramp and the wood slotting and we tried to have an eye towards the aesthetic because it works best for everyone.

You can see that the basic plan is still the same as what we were envisioning for 24th which is a platform with the hookups and utilities under the platform and makes for an accessible site with the modified trailers there that are both staff offices, the showers, laundry and community kitchens as well as the dorms. This is enough for 70 participants and there's a look at how light would get in there and so to be a nice environment and this kind of village setting so that there's a lot of areas to relax on the campus.

Here's an overview where you can see the distribution of offices and activation on the front. In the back in dorms. In the middle, this is helpful for sort of eyes on the street and to activate and be a safe place for the community as well and different dormitories in the middle with the courtyards.

Right now as I mentioned, we have our original Navigation Center at 1950 Mission which is 16th and Mission, Navigation Center number two in the Civic Center and the proposal for number three in the Central Waterfront. We're very

excited about this. All of these are temporary settings, so 1950 Mission it looks like right now we're possibly going to have another year of operation. The Civic Center, it looks like two years, possibly more.

It's slated to be demolished and replacement housing is to be built just like affordable family apartments are to be built at 1950 Mission. For the Central Waterfront we are proposing a three-year use, a four-year term because there's going to be some time to take up and take down, but a three-year active use for the residential services of the Navigation Center.

We've had a really robust community engagement process. With the assistance of the Supervisor Cohen's Office, we've been meeting in various forums. I really have appreciated the Port and the advice from the Southern Waterfront and Central Waterfront Advisement Councils.

One of the tough decisions we've had is that the Advisory Councils were strong in wanting 24th Street and knowing the challenges of Warm Water Cove and thinking that would be a real asset to have there whereas the Dogpatch Neighborhood Association and the businesses in Dogpatch felt very strongly about 25th being a more desirable site to the 24th. Having to balance those two is something that we've ultimately felt that 25th was the better fit.

There's been a number of visits to Navigation Center by various partners as well and that's helped because it is hard to understand exactly what we're talking about whereas small, intimate setting that's not like the big shelters that we've seen in the past.

There is the timeline coming up. One of the ideas was to meet on August 9th and for the Port to be able to consider the MOU. There is the option of delaying to September 13th. We really ask that we be able to continue with August 9th. That would be our desire from the Department of Homelessness and Support of Housing. There is a number of process steps that lay out following the MOU including a street vacation ordinance and the build out, the RFP for the services provision on site and the final opening late January, maybe February.

We are breaking ground in more ways than one. This is an innovative model that's been tested in a few settings but this idea of taking the modular and taking it one step further, it's just going to be a first time for that. It has taken a little bit longer than we had expected originally, but some of this extra time for community outreach has been very helpful but we're ready to move.

Brad Benson - Before I get into the MOU terms, Sam mentioned the Street Vacation Ordinance. This segment of the 25th Street is a public street today. In order to be in a position for the Port to lease it out, the street needs to be vacated. It's currently a dead end street. It's fenced off. It's not providing access to the Bay. There's no trust use of the street.

We've talked to Muni. They're okay with the street vacation next to their facility. Sheedy has no entrances onto this portion of 25th street so there's no trust reason that the street can't be vacated. That ordinance would be considered by the Board of Supervisors on September 13, 2016 which is why Sam was asking that the Port Commission consider hearing the MOU item on August 9, 2016.

The MOU would take effect after a required CEQA review period or when the Street Vacation Ordinance becomes effective, whichever is later. The term would be for four years, as Sam mentioned. This would be an interim lease of Port property. There's a couple of things you need for an interim lease. The Port needs a right to be able to terminate this agreement if this land is needed for a trust use. We also need to charge a fair market rent which given the size of this site is about \$5700 a month and the Department has agreed to that rent.

There would be a two month security deposit and permitted uses to build and operate the Navigation Center subject to following the Good Neighbor policy. The Good Neighbor policy that Sam described would be enforceable under the MOU.

The DSHS with Port's staff help is continuing outreach. We're in consultation with Supervisor Cohen's office who is also in touch with the Dogpatch Neighborhood Association and area businesses. We would return to the Port Commission on August 9th, as discussed. The Board would act on the Street Vacation Ordinance in September.

There'd be a period of permitting for the project. The Chief Harbor Engineer would permit the construction of the Navigation Center under the Port building code and then we expect construction to start in the fall.

Corinne Woods - I'm a member of the Central Waterfront Advisory Group. Sam and the group made a presentation to CWAG. We support the Navigation Center. We're very pleased to see the Port is part of the solution as compared with the rest of the City.

I'm also very grateful to the Port and to Tom Carter and the Maintenance Division for all the work they're doing with the existing homeless problems that we've had at Warm Water Cove and at Islais Creek. Going through this Navigation Center process has brought a lot of attention to a long-standing problem and we're very grateful to all of you, especially Tom, for helping to clean it up.

Commissioner Katz - Thank you for your presentation. Thank you Corinne for recognizing that we truly do want to be part of the solution here and I think that's something that I'm very appreciative to all of the staff and my colleagues for as well that we do want to be making a difference in the fabric of the city and in peoples' lives and this is one way that we can hopefully do so.

I'm fairly familiar with everything that's going on. In terms of being able to access the water, I know about the emergency lane there, but will there be an ability to utilize some of that quasi park area, open space that's back there? Or would they have to walk around to 24th Street and access say Warm Water Cove that way?

Brad Benson - Currently 25th Street is fenced off and there is no access to the water. The idea is that people would have to go around the block to get to Warm Water Cove Park.

Commissioner Katz - We've discussed this a little bit that this location isn't quite as central as the other two Centers. Will there be some way of helping people, will they be given transit tokens or something that will enable them to access other areas and facilities?

Sam Dodge - Yes, we plan to. We use a van at the current 1950 Mission Even though it is very centrally located But there's a lot of things we really want to make sure people get to. We schedule appointments together whether they're at the County Adult Assistance programs or at the DMV to get IDs. We're going to continue to have access to the van along with bicycle parking and transit access and tokens as well.

Commissioner Katz - I want to echo your comments about trying to keep it on track and moving it forward because even under this schedule, I don't know what this winter is going to bring, but it looks like it's a pretty tight timeframe before the weather starts turning more inclement.

I hope that we will be able to stay on schedule so that we can have something before the weather gets wetter or colder.

Commissioner Woo Ho - Thank you for this report. I missed the last report on this as I was not here. I've been reading about homelessness. Obviously we've all been reading about it since the Chronicle has been highlighting it and it's great to know that we can make a difference here at the Port and be part of the solution. I think that's wonderful. To know that we already had some experience with Pier 80 and this is more of a permanent solution.

Brad did sort of answer one of my questions on what the existing use is for the site. It sounds like it's just a street that's going to be turned into the location. I think that's terrific. I have high hopes for this and I hope that we can see it. This is an example where San Francisco is leading the way in finding out ways to sort of manage homelessness in a more reasonable way for both the people that are unfortunately affected as well as for the rest of the citizens that have to live with the issue in the city. I'm very pleased to see this and that we have worked out a very great solution and I'm very proud to say that we are part of it. I certainly am in favor unless there's some other staff reaction of why not, I would like to see this actioned at the August 9th meeting.

Commissioner Kounalakis - Thank you for the presentation. It was very helpful a few weeks ago to go down to the Navigation Center on Mission Street to get an idea of how this is going to work. I think this is just so interesting. In the decades that San Francisco has been looking for innovative ways to address and manage the homeless crisis, this is a very new, very different idea that you would do a temporary shelter for a three-year operation. It's really interesting. San Francisco has been the city that has been trying a lot of different things. I remember when I was a student in graduate school and I had a day on the job with then Mayor Agnos and he was talking about the challenges. At some point during his time as Mayor, then President Clinton came to talk to him about what were the different approaches. What works? What doesn't work?

It has been this Mayor after Mayor, City Council, or City Supervisors, everyone looks for all these new, different ways to address it. This is going to be a very interesting thing to see. Because unlike the Mission which is not in the middle of the street like this. This is really interesting. It's very different. I'll really be looking forward to coming and seeing it when it's operational. There's going to be a lot of interest to see its success. It's so very exciting.

Commissioner Brandon - Sam and Brad, thank you very much for the presentation and thank you for taking the time to do the outreach to the community and come up with a solution that it appears may work for everyone. I am very supportive of this concept and I think having taken the tour of the Navigation Center and to see firsthand how it works and how everybody gets along and all the services that are provided was very helpful.

My issue is not the Navigation Center at all. I'm very supportive of that. My issue is the concentration of homelessness in one particular area and how the overall Department doesn't seem to be helping with the existing situation. The fact that we can't even get on a list to help get Islais Creek cleaned up. It's become tent city over the last six months.

I suppose that's part of the Pier 80 shelter and people learning about the neighborhood and just camping out. Because there is such a high rise in tents in the area, and there is a high crime rate also due to the fact that there are so many homeless in this area, I need to know how your Department is going to, as a Good Neighbor which has nothing to do with the Navigation Center, help clean up and make sure that we don't have tent cities wherever with no one taking responsibility.

Sam Dodge - Thank you, Commissioner and that's a very valid point. We're a newly formed department on July 1st and then formally in the end of August. Part of what we've been doing is to retool ourselves is to look at having an Encampment Response Team. What we've been doing in the past in places like Islais Creek that's been encampments for a long time...

Commissioner Brandon – Trust me, it has increased tenfold over the last six months.

Sam Dodge - Before we were setting up Pier 80, I was outreaching to over 50 people that were in Islais Creek, to interact them in to Pier 80.

Commissioner Brandon - And they're still there.

Sam Dodge - So predating it, I want to really be clear about that. Also, we should be clear about the fact that people living on the street are far more likely to be victims of crimes than to be criminals. There's all kinds of stuff that gets confluenced in there.

We do want to take seriously the charge of responding to Islais Creek in particular. We are meeting tomorrow with the Fire Inspectors, the Homeless Outreach Team, the SFPD, the Public Works and we are talking about a number of different kind of difficult jurisdictional areas and that's one of them and how to bring it down and then how to maintain it. It's a border of a lot of different responsibilities from MTA's yard up against there, and the Port property, the Caltrans and PUC has some responsibility there as well. There's various property owners and then there's groups like ourselves with the Homeless Outreach Team that we can offer people services and alternatives and enforcement entities that can help enforce the law.

Commissioner Brandon - What do the entities surrounding it have to do with removing them?

Sam Dodge - Well, it's their property.

Commissioner Brandon - Isn't it our property?

Sam Dodge - It's all of our properties.

Commissioner Brandon - Isn't it the Port property? It's the line along Islais Creek. Isn't that our property? We lease to Muni.

Sam Dodge – If you spend some time in the area, you'll see that it kind of continues from the other side of the freeway where Caltrans, the access yard and the Caltrain property are there. Underneath the freeway, some people are getting up in the freeway along the PUC pipe.

Commissioner Brandon - I want to know how we're going to resolve it. What the solution's going to be.

Sam Dodge - There's no exact silver bullet but the idea needs to be that we lead with Social Services. We give people the best options that we have available as a city so that they don't need to be in the tents.

Commissioner Brandon - What did we do on Division Street?

Sam Dodge - We led with Social Services. We brought all the resources we had to the table and gave people various options from shelter, Homeward Bound, to treatment programs and rehab programs to just some complex problem solving for people. Also we opened Pier 80 and that was an important alternative.

Commissioner Brandon - Hopefully whatever we are doing at Warm Water Cove we can also attempt to do it at Islais Creek.

Sam Dodge - As far as maintenance.

Commissioner Brandon - Hopefully when you come back, you can let us know how that's going.

Commissioner Adams - Sam, I wanted to say you're still living, man. You're still around. I'm glad. I had heard you had been missing. I really respect all the hard work that you guys have been doing and for some people, this would be a controversial issue. It's not a controversial issue for me. It's a moral issue. I am on the right side of this and I support this.

We haven't worked out all the bugs but this is the right thing to do. I know that probably in some areas of the city, everybody would say, "Oh yeah." They'll give a big speech. But they'll say, "As long as it's not in my area" and that's just kind of how it goes. People play politics but we're talking about people's lives. We're talking about people that have mental problems.

I talked about it earlier today, this is one of the unrests in our country. Our country's like a ball of confusion right now. There's so much anger. There's so much going on in our country and we have an opportunity to help out in a small way in the Port and we can't put all the weight on the Mayor. He's got so many problems. The Port is in a unique opportunity to do our part. Maybe by us leading, other people will see and not to be afraid of the homeless people. We take it on because we're talking about our own society and the people that we really care about.

Like Commissioner Woo Ho, I support having this on the August 9th meeting so we can vote on this. We have to deal with this. We all have our different opinions but we have the best Commission in this city and I couldn't have a finer group of Commissioners. They've got the backbone to willingly step up and lead.

Thank you for your work and let's try to help Commissioner Brandon not have a heart attack and be a little bit calmer. Maybe she and I will go down there and do some work and maybe we can answer her questions. Thank you for the presentation.

- B. Request approval to: (1) enter into a Memorandum of Understanding M-16143 ("MOU") with the San Francisco Municipal Transportation Agency ("MTA"), and (2) enter into a 9-year 6-month License Agreement to use property ("License") with Bay Area Motivate LLC ("Motivate"), the regional bike share program

operator (“Licensee”) for Port waterfront locations for the purpose of operating a Bike Share program, with a 19-month rent waiver. (Resolution No. 16-21)

Jamie Hurley, Port Planning and Development Division - I'm here to introduce this item which is an action item and we are going to be requesting your approval today for two agreements, both related to the expansion of Bike Share in the City of San Francisco and throughout the Bay Area Region and more specifically on Port property.

The first agreement is a Memorandum of Understanding with the Municipal Transportation Authority. The second, a License Agreement with the current operator of the Bay Area Bike Share program which is a company called Motivate.

Emily Stapleton, General Manager for the Bay Area Bike Share program, is going to talk about the program terms. She's also going to address some of the questions that this Commission had at the last time that she was here and that we were here before you with an informational update in February.

We also have as Exhibit A to your staff report, which is another attempt at addressing those questions. When Emily is done with her presentation, I will come back up and talk more specifically about the two agreements that I just mentioned that we're seeking your authorization for today.

Emily Stapleton – I'm happy to be back again on behalf of Bay Area Motivate, the operator of the Bike Share system here in San Francisco and across the Bay. We were here, as Jamie mentioned, in February for an informational item. I'm going to quickly review the highlights of the program just to circle back on some of those details and then provide some answers to questions that this Commission had at that time.

There are 35 Bike Share stations in the City of San Francisco. Five of them are on Port property today. We have a current License Agreement that was amended at the end of last year to operate those five Bike Share stations as part of the Legacy pilot program that was started in 2013.

Motivate is the largest operator of Bike Share systems across the United States also with systems in Canada and Australia as well. Seventy five percent of Bike Share bikes across the United States are operated by Motivate.

Two agreements that create the foundation for the program that is rolling out today are the Program Agreement between Bay Area Motivate and the Metropolitan Transportation Commission and then a Coordination Agreement that is again between Bay Area Motivate and the Metropolitan Transportation Commission as well as the five cities that are included in that agreement.

Those are the two foundational agreements from which this program is organized and from which the terms have been set. The agreements that we're

talking about today relate to the use of Port property for Bike Share stations to operate as part of this contiguous system that is managed by Motivate and is in contract with the MTC and the five cities.

In a sense of scale, today we have 700 bicycles in the Bike Share program. This agreement which is a 10-year agreement with MTC shows that the Bike Share system will be growing to 7,000 bicycles across the Bay Area and for the first time we'll include the East Bay as well. The system already operates today in San Francisco and San Jose. We'll be adding the three East Bay cities and in San Francisco specifically, going from 350 bicycles to 4,500 bicycles over a short period of time through the early part of 2018. From there there's potential for the system to grow even further, but at a minimum, we'll have 7,000 bikes in the system and 4,500 in San Francisco.

Again, I just alluded to the timeline for this roll out. There are in total five phases, four phases that include San Francisco in this roll out. We've already begun the technical siting for some of the locations and the total service area for the system. We've done initial introductions to each of the supervisorial districts and many of the stakeholders across San Francisco and the Greater Bay Area to provide introductions to the program and the terms and where we're going to be rolling out new stations.

The timeline for rolling out the additional bicycles is as follows. We'll deploy 25% of the bikes followed by 15% followed by another 30% and a following 30% between early next year and then early 2018. So there's a long lead time before that in which we're soliciting community input which is a really critical part of the way that we formulate this program and the way that we decide where stations are going to be placed. That is ongoing work.

We had a series of public workshops for the first phase back in January of this year. Those stations again are expected early next year. During the month of July we're having workshops for phase two. We're getting public feedback for stations that will then appear closer to summer of next year and so on. The next time that we're soliciting public feedback, it will be for that phase three, 30% of bikes and docks.

I covered some of these terms earlier. Again, there will be 4,500 bicycles in the City of San Francisco. That will translate to at least 320 stations. We expect stations to be in each of the 11 districts and importantly, 20% of the stations will be in MTC designated Communities of Concern. In San Francisco there are seven of them. When I get to the next section when we talk about questions from the prior meeting, there'll be a map that shows exactly where those Communities of Concern are. I can provide a little more information about that as well.

We want this program to be incredibly inclusive so that will be reflected in our marketing program certainly and also in the memberships available. There are a

couple different kinds of passes. One is an annual pass. One is a casual short-term pass for a day's usage of the system.

With regard to the annual pass, there are a couple different ways to purchase and one of them will be a discount membership that will allow members who are eligible for PG&E's CARE program or Muni Lifeline program to purchase Bike Share for \$5 a month or \$60 a year. That's in contrast to the standard rate of \$15 per month or \$150 per year. Down the line, one of the contract requirements is to integrate with Clipper Cards so we are trying to aim for ease of use and compatibility with existing transit systems across the Bay.

For a quick summary of some of the highlights of that program I referred to, that's between Bay Area Motivate and the City of San Francisco. It's a 10-year term with two five year options to extend. The system will be funded through third party sponsorships similar to the City Bike system in New York. Sponsorship rights include the placement of logos or branding or naming rights on the equipment.

Phase expansion is part of the process. That gives us some time to do thorough community outreach and also stage our investment in the program and the City of San Francisco will be providing assistance with station permitting so that's review of the permits, feedback and guidance through the hearing process.

Motivate is providing indemnification, maintenance to the system, insurance and a security deposit. There is a revenue sharing above a certain hurdle. That's something we'll go into more depth on in a future slide as well.

To answer a few questions that came up in February. I'll go through one by one and if there are still questions afterwards, we'll be happy to answer. First, the question of how does Bike Share serve the public interest? What is the goal of the program? The goals are many. There's lots of ways that Bike Share can positively impact a community. One of them is providing affordable and equitable transit, providing another alternative for active transportation, promoting public health. We see Bike Share as a participant in emission and congestion reduction and more sustainable transit across the Bay Area. One of the ways that Bike Share can do that is by providing a first and last mile solution that hopefully will encourage people to swap out a car trip for instead a Bike Share trip to Caltrain or to a ferry or to Muni or AC Transit over in the East Bay or maybe Amtrak.

Bike share supports Vision Zero as well by having more people on the road and more awareness of cyclists in the city. We have a commitment to local hiring. We'll be bringing additional staff on board to support this program as it grows.

To follow on the comment about public benefit. One of the biggest ways that we can influence the inclusiveness of the program and affect the people who actually use it is by the neighborhoods it's placed in. As I mentioned the system will be in all of the districts of City of San Francisco and it also will have stations in each of the MTC designated Communities of Concern. There are seven

unique ones in San Francisco. They're listed here with the accompanying map. Ultimately with a minimum of 320 stations, that means 64 of the stations at least will be in those Communities of Concern.

Regarding public benefit, the rationale for expanding the Bike Share program is that the initial pilot program that began in 2013 and went through 2015 was generally successful. We saw multiple trips per bike per day in the City of San Francisco. The City of San Francisco in fact had about 90% of all of the regional system's Bike Share trips so we have reason to believe that this will be successful here. When there is an expanded footprint, the system will be even more useful to more people and allow mode shift over a greater area.

We all know there are transit system constraints right now. Many of our modes are at capacity and we're hoping that Bike Share will allow a bit of a release valve for some of that pressure that we're experiencing at the moment. Bike Share is a sustainable mode of transit that we hope will help us achieve larger climate and emissions goals. Bike Share will be wildly successful here because of the growing bicycle infrastructure and the existing interest and propensity for bicycling.

We've seen how well Bike Share works in other markets that have much worse weather than here. We really consider to be an all season service and we think that it will be successful when the footprint is larger.

One of the things that is of importance with any mode of transit is safety. To reiterate from the February presentation, we do have regular quarterly safety classes at the moment in all of the cities in which we operate. At all of the stations we have wayfinding maps which allow people to choose the best path that hopefully is on a bike lane if accessible.

We offer discounts for helmet purchase and we're coordinating closely with the SF Bicycle Coalition and other stakeholders across the city on safety initiatives. If there's any particular safety initiatives that the Port is undergoing to enhance bicycle or pedestrian safety, we certainly want to be partners in that as well.

There are five stations that are on Port property. Those are expected to continue through this next iteration of the program. The location of the future sites is highly dependent on public feedback on where they're going to be most useful to the community. We don't know the exact location of additional sites but looking at the potential service area, there could be up to 30 additional stations that would be sited in future phases. We'll refer to the process by which new sites are reviewed by Port staff which is part of this agreement with the Port as well.

Some of the potential locations you see here. They are not yet approved but they're in process with the community and also with any private property holders who already have a lease with the Port. For example, if we were to look at something near AT&T Park, we will work directly with the Giants to figure out something that makes sense for their needs and their space and once we begin

that conversation, very early in the process, we'll bring in Port staff as well and ultimately include that site location in the Master Agreement here with the Port.

One of the questions at the last meeting was "What is the revenue hurdle and how does it work?" There's two kinds of revenue for the Bike Share program. One is membership revenue, so anything that we collect through ridership. When the program reaches \$18 million per year in revenue, that's when the revenue sharing kicks into effect. Similarly with the sponsorship revenue hurdle, when we reach \$7 million a year in sponsorship revenue, that's when the revenue share comes into effect.

This refers to the terms in the Program Agreement and the Coordination Agreement that govern the broader Bike Share program. Revenue share here means between Motivate and the participating cities. We'll get into more detail about how San Francisco, the City of San Francisco will consider that revenue share with the Port's portion of stations that are in San Francisco.

For frame of reference in terms of the capital cost for bicycle share stations, it depends on how large the station is, but it ranges from about \$47K to \$97K or higher if the station is much larger than 39 docks but you don't often see a station much larger than that and a bicycle itself is about \$1,200.

With that, I will turn it back to Jamie Hurley to walk through the specific agreements that are being proposed between Bay Area Motivate and the Port and also the Memorandum of Understanding between the City and the Port.

Jamie Hurley - I'd like to highlight a few of the features of each of these agreements starting with the License Agreement that we have with Motivate. It's a term of just under 10 years - nine years, six month term. They have requested a fee waiver for approximately 19 months of that term.

They will be paying a fee for the space that is utilized, basically the footprint of the station and they'll be paying the current rate. The five stations that are currently located on Port property, we determined the rate to be the Commission approved parameter rate for improved land which was \$0.80. It might've gone up with your approval today of the new rate sheet, but those rates, if you approve the fee waiver period that is part of this agreement and that Port staff is supportive of, those rates and payment of fees would start in March of 2018.

The Port has developed location criteria or siting guidelines for where the stations should be located on Port property. They include things like the dimensions of the stations. They shouldn't be located in revenue generating areas and if they are then the Port would need to be compensated. For example, if they were located in a parking space then we would need to be compensated for that lost revenue.

They would be consistent with MTA's guidelines for station spacing, consistent with the City Planning's Better Street Guidelines and Americans with Disabilities

Act circulation requirements and a number of other things so Port staff and Planning staff is going to be working very closely with them going forward to make sure that the sites work both for the Port and for the community and again Emily talked about a robust community process as well as Port tenants. It's a very collaborative effort to make sure that we do it right.

On the proposed rent abatement, one of the things that I think it's important to note is early on when we started negotiating with them about an expansion of this program, Port staff determined that we were very supportive of the program but you would be required to pay us rent or pay us a fee. It's not necessarily the case with a lot of the other participating cities or jurisdictions including other agencies within San Francisco. The SFMTA for example will not be charging for stations located in their public right of way that they control.

We explained that our status as an enterprise agency and probably more importantly our responsibility to the public trust required us to charge and they agreed to that. They also requested this waiver during this build out period, approximately a year and a half where it will be an aggressive schedule where they'll have a lot of capital costs and basically we asked them to give us some financial justification for that as a private company.

They're not able to divulge all of their confidential financial information but they were able to demonstrate satisfactorily for Port staff that costs were going to greatly exceed revenues during this build out period and based on the benefits of the program and as well as recognizing the reality of that, during the build out period, we are supportive of the fee waiver period for 19 months. Starting in March of 2018, they would be paying fair market rate.

Emily talked about it a little bit earlier about the rigorous process that goes into determining where a site is located on Port property, it's sort of a multi-step process starting with professional engineering firm doing some demand analysis, deciding which locations would be feasible. Looking at the Port's siting guidelines that I just referred to, working with Port staff and then also working with Port lessees and other stakeholders and Port community groups.

Then presenting that information of possible locations to the community for feedback and again, Emily mentioned community workshops playing a big role in this. Through this process and through the build out of this program, we're looking at an additional 30 on top of the five that exist today on Port property.

Switching over to the Memorandum of Understanding between the Port and SFMTA, I should mention in the audience is Heath Maddox is a Senior Planner with the MTA and who is one of the dedicated staff people working on Bike Share and was involved in negotiating the foundational agreements that Emily talked about earlier.

It's a pretty straight forward MOU with MTA. It does a few things, for one it provides an additional indemnification. We have a belt and suspenders

approach to the indemnification. We have an indemnification in the license agreement with Motivate. If for some reason we're not able to be made whole through that indemnification, we would look to the indemnification provided by MTA in this MOU.

MTA, through these foundational agreements, will be receiving monthly reports through Motivate which will provide data on the activity, the revenue withdrawals from the security deposit and MTA will be sharing those with us on a monthly basis. It also provides the Port access to the security deposit that Motivate provided to the program as a whole which is a \$250,000 security deposit. In case there's any damage to Port property, we would be able to access that deposit.

This is sort of the mechanism by which we're able to obtain our share of what the City receives, if the City receives any revenue per the revenue share provision in the foundational agreement. This is a hypothetical example in which the revenue hurdle that Emily described earlier had been met.

There was some revenue available to be shared among the participating cities. In this case, that revenue, hypothetical revenue is \$100,000. The formula that was developed says that 70% of that revenue will be allocated based on the number of docks or stations, and that 30% would be allocated based upon the number of trips. You then would divide that amongst the cities based again on the number of docks and the number of trips. For this example, the City of San Francisco as a whole, inclusive of the Port would be generating 65% of all the dock and 60% of all the trips in the Bay Area. You'd go through that math again using the 70% and 30% split. You come up with a City of San Francisco share of \$63,500.

Then you do that again for the Port. You basically say, "What percentage of those docks are on Port property? What percentage of the trips are originating on Port property?" You can determine the proportionate share that the Port should be getting from the City. That's just a hypothetical example. It's premature for any of us to know how much revenue is going to be available for sharing and when but the mechanism is there for us to participate in that.

This slide refers to the License Agreement and the process for developing it. The process for developing the MOU is concurrent with this process for developing the License Agreement. On August 13, 2015 was a renewal of what we had already had in place for continued operation of the two-year pilot program that concluded and then Emily referred to the February 9, 2016 informational meeting here with the Port Commission.

Since then, Port staff has been working with Motivate, also with MTA on negotiating the terms and conditions of these agreements.

Emily and I are here to answer any questions as well as Kanya Dorland who's also been working on this for a long time. Heath Maddox from MTA is also here to answer any questions you may have.

Heath Maddox, Senior Planner with the SFMTA - For the last six years, I've been the Bicycle Sharing Program Manager. I've served as the City's main point of contact with our regional partners at the Metropolitan Transportation Commission and the other local jurisdiction that are hosting bicycle sharing.

I manage the SFMTA's review and permitting process which covers most of the stations that are in the City. I also help coordinate with other City agencies like the Port or Rec/Park for siting, with regard to their siting and approval processes. It's in that second or latter role that I've had the privilege to work with the Port over the last four years getting bike sharing going. As you know, five of the existing stations out of 35 are on Port property. I want to thank Port staff and the Port Commissioners for making that a possibility. Those five stations have been a big part of what has made the initial pilot such a success.

I'm really excited about my job, bringing bike sharing to San Francisco. I think the main reason I'm still excited about bike sharing after working on it for six years is that I firmly believe it's the single most important or most impactful thing we can do to promote bicycling. As a cyclist and as a City Planner and Transportation Planner, that's something which is very important to me.

I also sit on the Board of the North American Bike Share Association and I work a lot with other cities who are rolling bike sharing out. We've seen cities that have large scale bicycle sharing programs and then they roll them out with modern, high quality bicycle network improvements. They've seen very large growth in bicycle use. Emily went through all the different ways in which bicycling and bicycle sharing are supportive of the City's public policy goals.

San Francisco is already a great bicycling city. With the expansion of bike sharing citywide, it is poised to take a great leap in bicycle use and become a great bicycling city. I urge you to support the two agreements before you today, both the MOU and the License Agreement with Motivate.

Commissioner Woo Ho - I appreciate this update and I did have some questions in terms of the big picture. How many cyclists do we think we already have in the city? Not recreational cyclists, but people that are actually using it for the purposes of getting to and from work.

Heath Maddox - I don't have an estimate for the number of cyclists but we have probably 700,000 prospective people on bikes in the city.

Commissioner Woo Ho - I'm trying to understand the rationale to go tenfold based on the existing population. I'm trying to think through what the rationale is to go tenfold at one single jump. And trying to understand versus people going to give up their existing bike to go to this alternative. If that's part of the plan to

transfer from your own bike to this sharing or is this expanding other people? I don't know that the presentation addressed that question. I understand your theoretical 700,000 but that's not realistic.

Heath Maddox - There are a lot of questions packed into your inquiry. It won't be tenfold all at once. It's going to be phased in over two years. I think the motivation for doing a tenfold expansion is that what we've seen in other cities is that when the system is large enough and maybe not really citywide but covers a big proportion of the city that there's network effect that Emily referred to and that the goal with investing in the system and putting it out there is that it be used as intensively as possible.

As soon as there are many places to go it will be used by that many more people. On the peninsula right now, where the stations are, in Redwood City, Menlo Park, Palo Alto, they only have like five or six stations. There's just basically nowhere to go so the system doesn't get used. In San Francisco, right now we're just big enough to where we have a small network effect happening. But when we have 320 -450 stations, it'll just be used that much more and that's really the point is that it be used.

I don't think the goal either is that people will give up their own bike. One way that people like to refer to bike sharing is as sort of the gateway drug. These are people who are not currently bicycling who may choose to do so or we've seen will choose to do so because suddenly the barriers to bicycle use have been reduced and that simply by walking up to a station and swiping their credit card, they can have access to a bike. Or by paying you know, \$5.00 or \$15.00 a month, they can have a bike that's at their disposal right on the street corner by their office without having to worry about getting it stolen or where they're going to keep it or store it.

Commissioner Katz - To give you realistic figures as opposed to the 700,000 people, the Bicycle Coalition among others has actually done some studies to track how many people have been using their bicycles for commuting and the last time they were checking figures from 2006-2011, it more than doubled to about 10,000. The last number I saw was almost 20,000 for that are using their bicycles for commuting so that would lend support to upping the numbers.

Commissioner Woo Ho - That's very good to know.

Emily Stapleton - If I could add just two other just quick metrics. I think Peak Mode Share for a bicycle across a company is about 7% of all trips. In the Bay Area, I think it's probably somewhere between 3-4,000. In terms of your question about scale, Citi Bike for example grew rapidly as well. They have nearly 500 bicycles and about 20,000 riders. Today the Bay Area Bike Share System has about 4,000 and that was over the course of just about two years. Those are two other data points for you.

Commissioner Woo Ho: - My next question Emily actually is for you. What's the differences between Ridership Revenue Hurdle and Sponsorship Revenue Hurdle? I'm not sure I understand the difference.

Emily Stapleton - Ridership Revenue is anything that we collect from trips such as membership revenues for annuals or casuals. It's also overage fees or any other associated fees with the Bike Share program. Sponsorship Revenue is anything that we collect from title sponsorship or any other kinds of sponsor partnerships and promotion.

Commissioner Woo Ho - You set this hurdle at \$18 million a year. Roughly speaking, how many years would it take us to get to \$18 million?

Emily Stapleton - It's unclear as far as in terms of what the adoption rate will be. It probably would be in the order of five or six, not one or two for a ballpark.

Commissioner Woo Ho - Because you're going to start paying rent in March of 2018.

Emily Stapleton - Sooner than that, yes.

Commissioner Woo Ho - So that does not represent when you expect to be in the black then?

Emily Stapleton - Right.

Commissioner Woo Ho - So it's not expected.

Emily Stapleton - There's a chance that we still won't be in the black by the time that we're out of the rent free period. There's a good chance we'll still be in the red is a more concise way to say that.

Commissioner Woo Ho – I have two other questions then I'll yield to my other Commissioners. These bike stations are getting to be pretty visible. How are we taking care of maintenance in the lease agreement? Making sure that these stations and the bikes themselves continue to look as attractive? They're all new now but how do we ensure that you will maintain the stations so that they look attractive, at least on the Port property or throughout the City?

Emily Stapleton - Those terms are all included in the Service Level Agreements that we have in the Program Agreement with the cities and MTC. There's regular bicycle maintenance and station maintenance and rapid addressing of instances of vandalism or other damage or destruction to those stations. Within 24 hours or sooner if it's offensive, we will remove any vandalism to the station.

Commissioner Woo Ho - So there is a Service Agreement?

Emily Stapleton - Yes.

Commissioner Woo Ho - The last question, as much as I also want to say I want you all to be successful and it's great that we're trying to do this program. But what happens if you, and not because of San Francisco, but let's say since you're in all these other cities, you have financial problems. Then what happens if you cannot continue? How are we protected against that?

Emily Stapleton - If we cannot continue Bike Share operation?

Commissioner Woo Ho - Yes. It could be caused not necessarily locally because you're across the country now and you are putting a lot of capital into expanding across the country. I have to ask the question from a financial standpoint how we are going to be protected if you run into a financial problem, you go belly up.

Emily Stapleton - That's covered in the indemnification clauses and also with the security deposit you have with the City. In terms of revenue stream, there's the per station monthly rate. I might look the Port staff comment on that. I think it's additive. I'm not sure how budgeting works.

Commissioner Woo Ho - I see the initial security deposit of \$250,000, which is fine for the beginning but over time, it would not be sufficient.

Jamie Hurley - If they went out of business that we have enough in the agreement to enforce them to remove the stations at their cost. If there is any damage to Port property, we would look to the security deposit. We also have the indemnification that Emily mentioned. We're really not financial partners with them. We're just making space available to them and they'll be paying us rent.

Commissioner Woo Ho - I understand that. I just want to make sure that the lease agreement provides the appropriate protections in any event. I didn't hear anything about the terms with regards to the downside. I only heard the upside. It's our job to make sure that we're covered on the downside as well as the upside.

Commissioner Katz - Most of my questions have been asked but I did have just one and it may be me missing something in the math. In doing the revenue share, I think part of the issue would be we won't get to that point because the maintenance will take up a lot of that anyway. It says there's 9% Port share of the Bike Share revenue and 14% of the Port share of the City and County of San Francisco Bike Share revenue. Is that double dipping?

Jamie Hurley - 9% is of the \$100,000 in this hypothetical example, would be going to the Port. If you look at the 60, in this example again, the \$63,500 would represent 14% of that.

Commissioner Katz - I see what you're saying. Got it.

Commissioner Kounalakis - Thank you for the very thorough presentation. It's always great to have the opportunity to dig a little deeper in things that

phenomena that you see going on in the city and I've certainly seen these bikes around. One of my questions is what is the breakdowns between the number of people who use these bikes who are residents and are going to give up a car in order to commute, and what percentage are tourists who are going to do this instead of say going and renting a bike from one of the bike shops that do a robust business down along the North side of the city?

Jamie Hurley - I'll start on that one. I don't have the statistics and Emily might have that. I probably should've pointed out that one of the siting criteria that we have, and it's actually in the lease is basically a non-compete clause so that they're not competing with our bike rental companies for example that we have here on Port property. We want them to continue to be successful and not have Bike Share cannibalize their business through pricing differentials and it is essentially a different market. Hopefully, Emily have some of the numbers to give you in terms of the breakdown, but tourists are looking for use of the bike for a much longer period of time than those that are using the Bike Share to go from one station to the next or for example complete the last mile of their trip. If you were to rent a Bike Share bike all day, it would be far more expensive than a rental bike. That is specified as a non-compete clause in the license agreement.

Commissioner Kounalakis - That's fine. Process wise, has this gone to the Board of Supervisors yet and have we heard from those bike rental companies?

Jamie Hurley - It has gone to the Board of Supervisors and it was unanimously approved by the Board. There has been outreach to the bicycle rental companies by Motivate and MTA through that process, before taking it to the Board of Supervisors. Everything that I've heard is that they're comfortable. We haven't heard any negative feedback from them.

Commissioner Kounalakis - Building on what Commissioner Woo Ho asked, if you could summarize what the costs are so that there's clearly not going to be very much, if any, revenue for quite some time. What are the costs associated with accommodating this? Are there assumed to be parking spots that are lost? Are there anything that you can think of that would cost us such as the cost of managing the program? If we're not receiving any rent for some time, how do we quantify what the actual cost to the Port is?

Jamie Hurley - The license stipulates that this should be at no cost to the Port. I spoke to the example earlier, of a parking space. If we were to agree to allow parking space to be converted into a Bike Share station, we would need to be fully compensated for the loss of that revenue.

Commissioner Kounalakis - And that's the same for any cost to us?

Jamie Hurley - As far as staff time, we don't have a mechanism in the agreement to allow for us to recoup staff time spent for example negotiating this license agreement. Going forward, the staff time should be fairly minimal. It will involve consulting and conferring with them on locations.

Commissioner Kounalakis - I'm not asking because I don't think it would be worth putting staff time into this but the staff report doesn't list out what the costs are to us. It's helpful to know that in an instance like a parking spot, it's in the agreement that they would have to cover it.

Jamie Hurley - I think the only other cost category that is real for us is staff time.

Commissioner Kounalakis - No maintenance?

Jamie Hurley – Not on the Port's part. Motivate is required to take care of all the maintenance.

Commissioner Kounalakis – What about if bicycles are left somewhere, not returned, etc.? Do they manage everything?

Jamie Hurley - We will make sure that they're responsible for that.

Kanya Dorland - I just wanted to add that some staff time will be recouped through encroachment permit fees. We will charge Port standard encroachment permit fees for siting the Bike Share stations. For our review, planning review of the Bike Share stations, we will be charging a fee.

Commissioner Brandon - Thank you so much for that very thorough presentation. Thank you for the update and most of my questions were answered in the update. This is exciting.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 16-21 was adopted.

C. Informational presentation on the San Francisco Fire Department Earthquake Safety and Emergency Response Bond Improvement Project at Pier 22½; Fire Boat Berthing at Pier 26; and Supporting Port Agreements.

Jamie Hurley from Planning and Development - This is an informational presentation regarding two new projects that the Port is embarking on with the San Francisco Fire Department. Gabriella Judd Cirelli from the Department of Public Works is going to cover the first part of this presentation, which has to do with the Station House at Pier 22½ and a project that the fire department has there. Daley Dunham will talk about the Pier 26 project with the Fire Department.

Gabriella Judd Cirelli - I'm a Project Manager with Department of Public Works. Also present today from the San Francisco Fire Department is Assistant Deputy Chief Ken Lombardi. He is here to address any questions you might have of the Fire Department and operations related questions.

Since 2011, I've been the Project Manager for fire projects generally that are bond funded. I get terribly excited about this project. So I will try to be as brief as

possible while still covering all the topics that I'd like to cover today for your information.

I love this picture. It's obviously a historic one. The current Fire Station 35 is the small building in the center of that picture. The larger shed buildings are no longer standing there. If you're familiar with this site, it offers a good site line to the Fire Station. It's a prominent position on the Embarcadero. The project for Fire Station 35, the boathouse will be funded by the Earthquake Safety Emergency Response Bond (ESER bond).

We have already done some work at the historic station. A couple years ago we restored the apparatus base slab that supports the fire engine that responds out of Fire Station 35. This project was then put on hold for a couple of years while the San Francisco Fire Department was considering a relocation of this facility to Piers 30-32 in conjunction with the Warriors. We have resumed this project at the direction of the Fire Department once that project came back to this site when the Warriors went to the Salesforce site in SOMA.

The 2010 ESER bond contains 76 projects for the Fire Department. The 2014 bond contains more than 40 projects for the Fire Department. This project is the largest project in either bond. This is super important to the Fire Department and our bond program. The project is especially operationally critical to San Francisco Fire Department and to the safety of all of us in San Francisco.

The project has the support of the San Francisco Fire Department Chief Joanne Hayes-White. We have made similar presentations to her as well as Public Works Director Mohammed Nuru. The Fire Commission has also been briefed and supports the project.

This next slide is an aerial shot that gives a good sense of the project as it currently exists. I mentioned previously that the historic shed structures on either side of the station which is within the red circle there are no longer standing. There are so many considerations to this project. Both as part of the historic waterfront, view corridors, architectural heritage, planning considerations. It's very complex in terms of its siting, and its location and the views of it and how we design it.

The reasons for the project are just manifold. First of all, I'm sure you're all familiar, we have a very high risk profile of the Bay being close to the Richmond Refinery, San Francisco Airport, and earthquakes, of course. The role of the San Francisco Fire Department in San Francisco Bay is absolutely crucial. You may or may not be aware of other mutual aid societies and other responding agencies and what they do and they do not do, but suffice it to say that for purposes of this presentation that San Francisco Fire Department has a primary role for Emergency Response in San Francisco Bay.

Their equipment has changed radically over the decades. They are currently still operating out of this 4,000 square foot 1913 structure. So therein lies the basic rub and need for this project.

We approached this project very cognizant that the size of this ultimate design is very sensitive and trying to minimize the shadow on the Bay. One of the first things that we looked at was to eliminate the vehicle parking over the Bay. If you look at the diagram on the far left, underneath that historic structure you can see that there's a small paved lot which in the center image there is shown as a dashed area as part of what will be demolished.

The thought is that parking would be relocated to designated parking for the San Francisco Fire Department personnel who report to this station. Also in that center diagram in dashed indicating that it will be demolished, Pier 24 which you may be familiar already failed and in the Bay. Pier 22½ which is at the top of that diagram. Still standing however it's limited in size and its lifespan has been exceeded.

The diagram on the far right shows the project as it has been ultimately envisioned right now. You can see that with the demolition of Piers 24 and 22½ the vision is for a single pier to service the Fire Department, both equipment, response and boats to be sited there. There's also an Auxiliary Water Supply System (AWSS) Manifold located on the property.

Execution of this project is going to involve separate, several cooperative relationships and foremost among them is our Public Works relationship with San Francisco Port. I want to commend Director Forbes and her staff for working collaboratively with us to date. Public Works is holding monthly working sessions as we explore scoping of this project and execution of it. In those working sessions, we do include Port staff, Fire Department and various expert consultants we have advising us.

On this next slide you can see a brief summary of the existing facility. Again, 6,100 square feet. The historic structure is about 4,400 square feet and there's that small shed atop Pier 22½. There's a number of functions that are located inside there. Many of which as I already alluded to are inadequate in size to support the Fire Department operation. They're just simply not modern facilities to support the modern firefighting response need.

The new proposed facility is a combination of a small amount of existing offsite programs to remain offsite. That's the middle category under that green box. That's 1,975 square feet work of program that will remain strategically positioned around the city to support operations best. The new proposed facility at the new pier to be constructed will cover both adequately sized elements of the program that are currently sited there and new working areas that are sorely needed that are not currently located out of the pier.

In this slide we tried to resummarize for your convenience basically the current and in the next slide the proposed features and capacity of Fire Station No. 35. The assets include two fire boats, one fire engine and seven San Francisco Fire Department firefighters, pilots and engineers that support the firefighting water operation, water rescue at this location. The liabilities include those berthing areas at Pier 22½ which are deteriorating or structurally unstable.

None of the oil spill boom equipment is located here so should an oil spill happen here, their response time is significantly hindered by the fact that equipment is not located here close to where it needs to be to respond quickly to that type of emergency. There's very limited storage areas. There's very limited rescue, unloading areas.

This is the one station of the 44 stations that the San Francisco Fire Department has in San Francisco that does not have equal accommodation for women. In the 1990s there was a bond program which renovated the other stations in San Francisco and provided equal accommodation for women and here they do not. The accommodations are combined for both men and women.

On this next slide is the proposed new station capacity, which shows an increase in firefighting staff from seven to 12. Reminder that this is not an office facility. That the firefighters are in residence 24 hours a day, seven days a week. The jet skis, the small rescue boats would be relocated here. That small watercraft is very important for rescue on the Bay. The enhancements would be a structurally sound emergency response facility built to emergency response criteria, significant increases in equipment and storage areas sufficient to support the operation.

Public Works has been happy to work with expert consultants who can advise us on fire stations and specifically on fire boat stations which is its very own specific program. These diagrams, although they were produced in AutoCAD and might look quite final, these are just initial concept diagrams.

To give you an overview. The main work area that's located in that center of this facility is the boatswain's room. If you were to go visit the Fire Station today, you would see the amount of activity and work that they do that will keep that area very well utilized.

In the event of a disaster or in the unfortunate reality that there are needs to support the rescue operation from the Bay we do need ambulance access to the Fire Department, to the Fire Station. This allows for ambulance access which is safe and appropriate to the operation. Should that be necessary in the event of a big disaster, there's sufficient quantities of ambulances and proper flow.

On the second floor, this is the graphic depiction of the list of functions. Primary amongst them are the living quarters for the station personnel who are designated here 24 hours a day, seven days a week.

This next slide is a concept diagram meant to convey the relative scale of the new structure atop the new pier which has not yet been designed. This is basically a concept, a rectangle, but meant to reflect also the very subtle negotiations that's going to have to occur so that the building is complementary to that historic structure. You can see in red the two silhouettes of the fire boat proportions relative to the building.

We recognize that there's going to be any number of interested authorities in this project. There's a number of permitting authorities we will need to satisfy. A number of community groups and others that we'll need to reach out to. All of those are going to help inform the ultimate size, the scale, the relationship to the historic structure.

In this slide I wanted to reflect our work with Port staff and others regarding both consideration of FEMA flood map considerations but also the Sea Level Rise considerations. One thing we're very excited about is the design party that has been selected for this project is that of a floating structure.

The top concept diagram depicts for you should that be conventionally constructed with multiple piles, that solution is going to require dredging in the Bay. It's going to require a lot of disturbance in the Bay. It's more expensive but relative to Sea Level Rise, it doesn't move. When Sea Level Rise happens which we all understand is inevitable, the relative height of the dock may no longer be serviceable. For a long-term emergency response facility we thought that was unacceptable.

The design solution that we came upon is actually a floating structure option. As you can see in the concept diagram below, there's a total of six guide piles that hold that barge in place but that that would rise and lower with the tides as necessary and with Sea Level Rise as necessary.

Technically speaking, the structure could float away. That is not the Fire Department's intention but technically speaking it could be disconnected from those guide piles and float away.

These three sequence diagrams show how the structure would be constructed. There's basically a barge base with six isolated compartments. In the corners there are buoyancy tanks which level the structure so that the structure will remain level and there are comfort criteria that's been developed that it won't feel like a floating structure to those that are working on the structure.

There's a concrete slab that goes atop that steel barge structure and then the building gets build atop that. Another thing I wanted to point out is that the ramp that accesses the new pier from the Embarcadero will be self-supporting. It will not be reliant upon the Seawall.

Another element that is that the design and deconstruction of this steel barge is going to take longevity into account. We're working with our engineers at various

levels of protection, what type of steel we're going to be using, sacrificial steel, cathodic protection and anodes, coatings suitable for icebergs to ensure long-term lifespan.

I included for your information in this middle center photo a guide pile going up and down. The guide pile would remain fixed but the structure would be able to go up and down with the tides along those rollers making for a very comfortable user experience for San Francisco Fire Department. You can see on this slide also some examples of successful floating structures elsewhere. This is not a new and untested construction type.

We summarize the pros and cons for the three major construction types that we considered for this project. We have finalized and recommended and had the Fire Department accept the recommendation of a floating steel barge. This is adaptable to Sea Level Rise and will allow us to have much lower environmental impact when executing the project.

For all these reasons that I just described, this is a very complex project. Public Works recommendation, which was accepted by San Francisco Fire Department, is to deliver this project by a design-build procurement. That is a method of delivery which is often done by some of our sister agencies including San Francisco Airport and to some extent PUC and Public Works will be pursuing the design-build delivery method for this project.

The next steps would be to go into the RFQ phase for interested design-build teams to respond to. There will be participation opportunities identified for local firms both at the design and construction teams and those are currently being authorized by our City CMD.

I wanted to include this slide to give you some sense of context and scale. Our facility is at the bottom of these comparative diagrams. You can see the red boats outlined against the proposed volume of the new structure and that's compared to the Cruise Ship Terminal in the diagram immediately above it. That's the building that we're currently sitting in and Exploratorium above that, Pier 28 and Pier 26 the adjacent pier right at the top of the page. That's to give you a sense that we're considering the relative scale and that this is a very reasonable and historic, appropriate scaled facility.

We're currently in the concept phase. The major decisions have been made. We are embarking upon the environmental process and the design bid procurement process. We anticipate there'll be a lengthy duration for agency approvals that we will pursue concurrent with design. We hope to have those in place in 2018. We have our construction period ending in 2020 which is when the Fire Department would reoccupy this facility.

Daley Dunham, Port Special Projects Manager - The improvements at Fire Station 35 or Pier 22½ are for two long-term berths. There is a need for a place to put the third fire boat for a longer period of time. Pier 26 looks to be the

solution to that. It's nearby. They can monitor it visually from the new Fire Station.

Additionally while Pier 22½ is under construction there's a need to locate the first two fire boats. As an add on to this project, there will be berthing for the three fireboats during construction of the adjacent fire station after five years when that construction is complete, the two boats will vacate leaving the third in place.

Existing condition of Pier 26, a picture's worth 1,000 words. No fendering. No decking or apron. Just not serviceable at all for maritime use. In exchange for the use of the space, the Fire Department's going to make some capital improvements. Fendering system suitable for three vessels, apron covering one and a half of those so that they can be serviced with forklift reprovision, some smaller repairs to the roll up door for the shed operating space they're going to take and an electrical upgrade for the entire Pier because there wasn't sufficient capacity to service the new berths.

By way of schedule we will be up against the pile driving window for the Bay before we know it. The plan is to be in the water before the end of October driving piles through the entitlement process. The capital investment the Fire Department is going to make in exchange for the use of the space is \$2.3 million.

For the first five years, the three boats will be housed there. They'll be using the blue space there is the water space. All of the repaired apron space after five years, the water space will contract down to a single berth. The apron space will contract down to service that single berth and then it will be month to month after that.

Jamie Hurley - Daley and Gabriela described those two projects. I'm going to describe briefly for you the four agreements that we have that we'll be coming back to you. We're not looking for approval or authorization today. We'll be coming back to you with a series of agreements starting at your very next Port Commission hearing of August 9th.

One is the agreement that Daley just talked about for the lease for Pier 26. This one will be coming much later in the future. It will be some time before they start construction which according to this schedule it will be somewhere around the start of 2019 and that will be basically a lease agreement for Pier 22½. They currently occupy the space with no formal agreement. They've been there for decades.

Our intention is to have a new agreement with all our standard provisions, insurance damages, market rate rent and so forth all spelled out so it's very transparent and up to date. We also have a need during the design and as we go forward with the design of that project for a cooperative agreement with the Fire Department, an MOU that basically allows us to do joint planning through the entitlement process. The permitting, the public review, coordinating with our

stakeholders, our community groups and so forth, we want to make sure we're all on the same page for that so that's an MOU with the fire department.

Finally a Service Agreement. We don't really have a formal arrangement with them other than we fund \$3 million annually for the fire boat services. We would propose a new agreement that is more consistent with a work order that we would have with other departments that shows what the services are, the scope of services being provided, the cost of what we are funding and so that everything's transparent.

This does fit in with the Port Maritime Industry Preservation Policy approved in 2011, amended in 2015 where all new developments should enhance and protect maritime facilities and use. It's pretty clear that this one does that. Pier 26 specifically is called out as a renewal maritime resource for berthing. It would be great to get that back into maritime use.

We anticipate coming back to the Commission at your next meeting for approval of the first two of the four agreements that I mentioned. The lease for Pier 26 and this cooperative MOU that allows continued joint planning with the Fire Department.

Commissioner Kounalakis - This is so interesting. I suspect there's going to be a lot more information to come but the floating pier is certainly going to be an interesting thing to see. Also, it's going to be interesting to see what the CEQA process looks like as opposed to whether or not you gain a lot of time in the permitting process because it looks like the estimate for the steel pier is the same cost-wise as putting a fixed pier.

If it's faster and easier to permit and deals with Sea Water Level Rise in a more effective way, it'll be interesting because this will be the first one. I'll look forward to seeing and hearing more and I know we'll get into a lot more details on what the actual agreement looks like. As a first impression, this is a very interesting and exciting project.

Commissioner Katz - I agree. I sound like a broken record with the floating pier so I was excited to see somebody's actually finally put it on paper in front of us. Thank you. It's very exciting and I love the melding of the historical significance as well as the critical nature of the work that's being done so I'm excited to see this is coming forward. I echo Commissioner Kounalakis' comments that I'm sure there will be more for us to delve into but appreciate the presentation at this junction. I'm excited we're working on this and glad there's some great options coming forward.

Commissioner Woo Ho - That was very informative. As my fellow Commissioners have mentioned, the idea of a floating dock is exciting. I understand there is a capital investment of \$2.3 million required to do all this. Is that all the cost? Or is there more capital investment besides this? Where is this money coming from?

Gabriella Judd Cirelli - Our funding source for all of the work, both projects, Piers 22½ and 26 is from the Earthquake Safety Emergency Response Bond (ESER 2014 bond.) The \$2.4 million is for the Pier 26 work. The total project cost estimate for Pier 22½ or Station 35, the dock and the new Station 35 is \$36 million.

Commissioner Woo Ho - So that's funded but yet we also pay the San Francisco Fire Department \$3 million every year to operate the fire boats. So money goes both ways.

Gabriella Judd Cirelli - Right. There's a Use Agreement as I understand.

Commissioner Woo Ho – The bond that you just said is going to fund all these improvements, that is repaid by whom?

Gabriella Judd Cirelli - Both of those initiatives were voter approved bond initiatives in June of 2010 and June of 2014 so they're capital, they're part of the City's Capital Plan.

Elaine Forbes - Just to be specific, it's repaid by the voters. These are General Obligation bonds. Once approved, they're repaid by the general tax base.

Commissioner Woo Ho - In other words, it's not something that we are having to worry about from the Port side.

Gabriella Judd Cirelli - No.

Commissioner Woo Ho - But we will be getting an improved facility obviously.

Gabriella Judd Cirelli - Much improved and a new dock.

Commissioner Woo Ho - Just want to make sure I understand all the financing here. Roughly on the timeline, when do you expect this project to be completed?

Gabriella Judd Cirelli - Pier 26 has already been out to bid. Public Works has a responsive low bidder in hand and we're going through the contracting steps with them right now. We hope to have them under contract very shortly, sometime in August. After submittals and pile fabrication, we'll be in the water in October. We need to do that Pier 26 improvement work, that which falls within the water before November 30, 2016 when the work in the Bay window closes.

The Pier 22½ project is further out. We're anticipating at least two years of project entitlement approvals which we're going to pursue concurrent with the design. Construction is slated to begin in 2019 with completion at the end of 2020 with Fire Department commissioning and occupancy in the first quarter 2021.

Commissioner Woo Ho - It's nice to see that we're going to get some improvement here and we don't have to pay for it.

Gabriella Judd Cirelli - Happy to do it.

Commissioner Brandon - Thank you so much for the presentation. This is exciting and I look forward to the next few times you come before us to see how this is all going to work.

Gabriella Judd Cirelli - I'll seek to understand through my Port liaisons at which junctures we can come and advise you of status. Happy to do that.

Commissioner Adams - Thank you very much. We look forward to you coming back. This is a very interesting project.

15. NEW BUSINESS

Elaine Forbes - I heard new business to put on the forward calendar a review of the overall ferry plan from WETA and I understand they're going to be done with their plan in October so we'll schedule it accordingly. We'll also put on the forward calendar Public Works Department's update the Fire Boat project. Is there any new business?

Commissioner Brandon - I would like to request the informational presentation on the Port Strategy regarding Homeless Encampments to be presented on August 9th instead of September.

Elaine Forbes - Certainly.

Commissioner Adams - I want to thank SFGovTV. We really don't thank them a lot. Thank you guys for being here. Thanks for all your hard work. A special thank you to Amy and Manny. I know it's hard having to come down here and set up at the Cruise Terminal. I appreciate it. Thanks a lot.

Amy Quesada - You're welcome.

Commissioner Woo Ho - I have one item. I wasn't going to raise it but in reading the rental schedule which we did pass already, I'm not questioning the actual rent. But in looking at the presentation in the staff report in terms of the different types of Port spaces and the annual rent by category, what I would like to request and it's not an urgent one but more discussion of our Real Estate portfolio. We do have a list of where the spaces are and then we have the revenue by category. But they don't match up in terms of the space and the revenue. I do have some questions and it would be good to have an overall presentation of what's happening in the Real Estate portfolio in more depth than just the rental schedule.

Elaine Forbes - Okay.

Commissioner Adams - I would like to adjourn in the memory of Alton Sterling from Louisiana, Philando Castle from St. Paul Minnesota, from Dallas Texas, Officer Brent Thompson, Patrick Zamarripa, Michael Krol, Sergeant Mike Smith and Sergeant Corporal Lorne Ahrens.

16. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting in memory of the people mentioned by Commissioner Adams; Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Port Commission President Commissioner Adams adjourned the meeting at 6:44 p.m.