

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

**MINUTES OF THE MEETING  
JANUARY 10, 2017**

**1. CALL TO ORDER / ROLL CALL**

Port Commission President Willie Adams called the meeting to order at 2:00 p.m. The following Commissioners were present: Commissioner Willie Adams, Commissioner Kimberly Brandon, Commissioner Eleni Kounalakis and Commissioner Doreen Woo Ho. Commissioner Leslie Katz arrived at 2:20 p.m.

**2. APPROVAL OF MINUTES – November 15, 2016 and December 13, 2016**

ACTION: Commissioner Woo Ho moved approval; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor. The minutes of the November 15 and December 13, 2016 meetings 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 Kounalakis seconded the motion. All of the Commissioners were in favor.

At 2:01 p.m., the Port Commission withdrew to closed session to discuss the following:

(1) PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Discussion Item)

Elaine Forbes, Port Executive Director. Discussion of Performance Evaluation pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

(2) CONFERENCE WITH LEGAL COUNSEL AND REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. \*This session is closed to any non-City/Port representative: (Discussion 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 CA: 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 withdrew from closed session and 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 Kounalakis seconded the motion. All of the Commissioners were in favor.

## **6. PLEDGE OF ALLEGIANCE**

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

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

## **8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA**

## **9. EXECUTIVE**

## A. Executive Director's Report

- City's Proposed \$350 Million General Obligation Bond for the Seawall in 2018

Elaine Forbes, Port Director - I am very pleased to report that the Port is starting out the New Year with some very good news. We have been discussing with the public and with the Commission the vulnerability of our Seawall. Mostly unseen infrastructure that holds up and supports the Embarcadero Historic District. The City's Emergency Response apparatus is very vulnerable.

We have known it's vulnerable to Sea Level Rise, but it's very vulnerable to earthquake and that's an immediate threat that we must address. The City, hearing our call, urgently stepped up and funded our planning budget. We have \$9.5 million for planning to identify where we are going to first tackle the Seawall's resiliency, where we will first improve its performance in earthquake.

Today we learned that we have been placed on the GO Bond schedule for 2018 in the amount of \$350 million. The GO Bond schedule is a constrained schedule by the property tax rate in 2006. The Capital Planning Committee led by the Mayor and the City Administrator pick the infrastructure that is most urgent and most important to the City. They constrain the General Obligation Bond questions that went to the voters of the 2006 tax rate and they have found room in that schedule for our Seawall.

They have found room early in the schedule for 2018 and they have found \$350 million worth of room. This is a historic piece of information for the Port. We fought long and hard for \$35 million for Parks. This is 100 times that level of investment so congratulations to everyone that's involved with the Seawall project and to all of us who now have a source of funds to look to. Of course, now we make our case to the voters and hope that the urgency is clear to everyone.

- Commendation for Ozzie Caamano, Sheet Metal Supervisor and Gary Silvestri, Fusion Welder, on their retirement

Elaine Forbes - I'd like to acknowledge and honor two employees who have recently retired.

Gary Silvestri is finished a 30-year career here, all years served at the Port. He was hired in 1986 as an ironworker. He worked in the Crane Department and he was promoted to a fusion welder.

I'm speaking for Tom Carter who told me to say that, "He has top notch workmanship in his trade. He's known as easy to be around and generally a great guy. He's kind, helpful and funny. He's one of a kind. He's a true, true Port employee who cannot be replaced and we're going to miss him terribly."

Tim Felton, newly established Superintendent of Harbor Maintenance - I've had the pleasure of working with Gary since my early days as a Health and Safety and an Environmental Scientist here. From day one, Gary has taught me about working, taught me about life, taught me about being a good person and taught me a lot about welding and ironworking and things I had never known. You won't believe all the stuff you taught me, Gary. Except, I didn't teach him to be on time apparently. We have a commendation to you. I'd like to just read it quickly. It says, "In grateful appreciation for over 30 years of dedicated service in the Maintenance Division of the Port of San Francisco with best wishes for much happiness in good health in your retirement." Thank you sir.

Dan Maguire - Thank you for giving me the opportunity to extend my gratitude to Gary Silvestri in his 30 years of service here at the Port of San Francisco. It was a pleasure to be a coworker of his and to have been mentored by Gary. He was our Shop Steward, he was a Friend of Labor. He loved his trade. He's a native San Franciscan. He's very proud of it. He's very proud to work for the Port of San Francisco. I would quickly like to read a few words. It was written by a Friend of Labor: How to Thank a Tradesman. "Flip a switch, lights go on. Ride the rails, cross a bridge, climb a set of stairs. Open a door, walk on a floor, run the water hot. Thank a tradesman." This is my opportunity in a public forum to thank Gary Silvestri for his service and for his friendship and the knowledge he imparted in me over the years. As a fellow ironworker, Gary, congratulations. May the road rise up to meet you.

Brian Kosch - I rarely speak before crowds, so I prepared some notes. I've known Gary for 35 years. He was my Foreman and Arci Irons and a coworker at the Port of San Francisco. I'm here to tell you about Gary, why he's appreciated so much by his coworkers. His workmanship. When Gary does something, you know it's going to satisfy everyone, it's that good. His preparation, his truck was always loaded with everything he ever needed, all the metal, and everything. He always covered every base. His people skills, he had the uncanny ability to connect with people. When someone had a question, he was the person they'd go to. Not only Port employees, but the general public, when they had a question, they knew that he was the one that had the answers. His guidance, he sets the example for the rest of the coworkers on how to better themselves at their work and also their personal life. Gary will be an inspiration for the Port. He's what you call a true gentleman.

Gary Silvestri - Thank you very much. Port Commissioners, Port Director Forbes, former fellow Port employees, and the public, thank you so much for this. I really appreciate this. This is a real honor for me. It was an honor to be here every day.

I did start in 1986 and it was a much different Port than it is today. Gene Gartland was the Port Director. Maurice, "The Duke" Edwards was our Director

of Maintenance. Frank Meisenbach was our Superintendent of Harbor Maintenance and Ray Patterson was the General Foreman of the Street Department.

At that point we were less 20 years from a changeover from the State of California to the Port of San Francisco and we had a lot of former state employees still here. We had a lot of marvelous equipment that came over from the state. We had a tug boat, the Frank White. We had a dredge. We had the Belt Railroad working the Southern Waterfront. We had old steam pile driving rigs. We had eight working container trains. It was a much different operation. We were much more self-sufficient at that time and it gave us a sense of pride. It gave us a sense of do all kind of attitude and it gave everybody a sense of ownership and I think that's a good thing. I think it really is a good thing that we had.

The other thing that we had here at the Port was the Embarcadero Freeway. It wasn't something that the Port might've wanted but it was something that was here and after the Loma Prieta earthquake, it went away. It brought about this Renaissance of this waterfront that we could all see today.

One thing in particular is this beautiful building that we're in today. At the time, our administrative offices were in room 3100 upstairs. It was magical to be able to say to someone when they would ask, "What's your address? What's your business address?" "Ferry Building, Room 3100, San Francisco, California." People would say, "What's your street address?" I said, "There's no street address. We are the Ferry Building."

To be able to say that to someone, to not have a number or anything else, to be in a historic building and to see what it is today, is really fantastic. I want to thank everyone. I enjoyed my 30 years. I especially enjoyed working with all of the people that are out there every day. It's an environment that you won't understand unless you do it, doing stuff out of a boat or on a float or at the top of a crane, 200 feet in the way, it's something you can't really explain to people.

It's a wonderful way to see life. You see, unfortunately, the good, the bad and the ugly of what this waterfront might be. I appreciate it. I really loved all my time here. I loved all the people I had an opportunity to work with. Thank you so much to the Commission, Port Director, for this and the kind words from Dan and Brian and everyone else for being here. Thank you so much.

Elaine Forbes - Thank you so much Gary. If you could stay, we'd like to get a picture with you and Ozzie and the Port Commissioners at the end.

The next stellar employee we're honoring today is Ozzie Caamano who started his career with the Port of San Francisco in 1994 as a sheet metal worker with the Maintenance Division and was promoted to Sheet Metal Supervisor in

2003. Ozzie was born in El Salvador and came to San Francisco at 13 months and grew up in the Outer Mission District. We have two native San Franciscans, or 13 months from native San Franciscans being honored today.

He was a very proud member of Local 104. He spent 23 years at the Port dedicated to providing excellent craftsmanship and was a leader for all those he supervised. According to Mr. Carter, he's extremely cool under pressure, patient, focused and a skilled problem solver. He was a ready volunteer for the City's combined charities campaign fundraising efforts and he really left a lasting impression on all those who had the privilege to work with him. He also will be very sorely missed and we wish him well in his retirement."

Tim Felton - These two guys are cut out of the same cloth. Just gentlemen and very helpful, there's nothing they wouldn't do for you. It's been a pleasure having my entire career so far with you and all your help and thanks again.

Marty Shea - I'm a coworker of Ozzie Caamano. I'm taking his place now as Acting Supervisor. Now I see what you were going through for all those years. I'll just tell you a little story about how I knew that the Port was going to be a place that I'd enjoy working for. We were at Pier 96 I believe. The Recycling Center hadn't gotten in there yet. The Shed was pretty empty. I think they used to store a couple helicopters in the far end. We were in the Genie 60, our brand new snorkel lift. Ozzie and I were trying to secure a stainless steel screen that was at the top of Pier 96 and the danger of it falling in.

We were both up in the Genie 60 fully extended all the way up. Something happened and the lift failed. Ozzie and I were stuck at the top of the lift, unable to get down and not sure what to do. He called on the radio, we did have our radios at the time. He spoke to Charlie Piazza, who was the Supervisor at the time. I could hear in Charlie's voice the chuckling, the tone in his voice.

It wasn't shortly after that, he told him what the problem was. He said he'd send somebody out and it was only a matter of minutes before I don't know how many Port trucks were underneath us all looking at the two sheet metal workers stuck in the Genie 60 at Port 96. I'll always remember that. I knew this was the place I wanted to work.

Working for Ozzie has been a pure pleasure. We've had our differences at time and we were always able to sit down at the end of the day and work things out. I'm not always the easiest person to get along with. But as others have said, you really made life easy for us. I can see now with the three personalities that we have in the shop, that wasn't an easy task. I appreciate everything you did. I think you mentioned the combined charities that Ozzie had done after Charlie left. People really appreciate things like that. About 20 years or perhaps longer than 20 years, we worked together. I'm a better person for it. Thanks Ozzie.

Gary Silvestri - Ladies and gentlemen, I have something to say about Ozzie. Ozzie and I grew up in the same neighborhood. We were both in two separate grammar schools, kind of rival grammar schools, but we ended up as freshmen in high school together at Riordan High School. Years later we found ourselves working together here at the Port of San Francisco. Now, we're both taking this next step in our lives into retirement. I can't think of a better person, a more genuine person, a good-hearted person that I would've liked to have gone through all these steps in my life but with Ozzie from grammar school until now.

Ozzie Caamano - I guess it happens to everybody at some point where they have these big chapters of their life come by. This is the next one. It's a big step. It's a big olive to swallow, but looking back on the experience of working here at the Port and repeating a lot of things that Gary has mentioned and Dan and others. It's very true. One of my observations is how we stay for this long period because we enjoy being here. We do have a sense of pride working here. We're all growing old together. That's about the only downside. I wanted to thank the Commission, thank my Director for this opportunity to say a few words about my retirement and thank you. I'll definitely have everybody in my mind when I go through the city again, pointing out things that, "I did this. I did that." Thank you.

B. Port Commissioners' Report:

Commissioner Brandon - Yesterday I had the opportunity to attend the swearing in of seven Supervisors, three returning, three elected and one appointed. It was wonderful to see the unanimous support of electing the Board President which hasn't happened in 10 years.

It shows us all the collaboration and the support that we're going to need here in the City and in D.C. during the next few years. It's a great opportunity.

Commissioner Katz - I too was going to congratulate all of the returning members of the Board, Supervisors Peskin and Yee and newly re-elected Board President London Breed. But also the new members, Hillary Ronen, Ahsha Safai and Sandra Fewer and in particular, I'm especially pleased to see an old, dear friend Jeff Sheehy get appointed to the seat that was vacated by Senator Wiener. I have no doubt he'll be a stellar addition to the Board. I'm looking forward to working with all of them. For those that haven't had a tour of the Port, I'd like to urge our staff to reach out to them and suggest that they come and take a tour of the Port as soon as they can.

Commissioner Brandon - And update them on all of our Port activities.

Commissioner Adams - I'd like to wish the public and the staff and everyone a Happy 2017. I'm looking for a very vibrant, very great year at the Port. I recently was in Cape Town, South Africa. I visited the Port of Cape Town to talk about a

possible Sister Port. The Port of Cape Town is so similar to the Port of San Francisco. Our ports are so similar that we both have cruise ships and general cargo.

It's also a Port that's owned by Dubai World but it also has a lot of potential. We do not have a Sister Port with any ports in Africa or South Africa. In the 1990s, the Port of San Francisco at the time reached out to Cape Town. This was after apartheid had ended about having a Sister relationship with Cape Town which I think is one of the prettiest cities in the world. They seemed to be interested so let's see what happens as we move forward.

They were really impressed with the Port and the City of San Francisco. Since we are leading the world in technology, they liked our Port for our tourism and our waterfront and what we have to offer. We continue to lead the world. It was nice to be in Cape Town to represent not only the Port of San Francisco but the City and to see the respect that San Francisco gets being this beacon of light throughout the world.

C. Election of Port Commission Officers. (Action Item)

Commissioner Adams - Is there any public comment for the proceedings of the Election of Port Commission Officers? Being none, public comment is closed.

Commissioner Adams - I call for nominations, to open the floor for nomination for Port Commission President.

Commissioner Brandon - I would like to nominate Commissioner Adams as President of the Port Commission.

Commissioner Katz – I second the motion.

Commissioner Adams - Are there any more nominations for President for the San Francisco Port Commission President? Are there any more nominations for President of the San Francisco Port Commission President? Are there any more nominations for President? Being none, nominations are closed.

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

Commissioner Adams was elected Port Commission President.

Commissioner Adams - I would like to open public comment for the Office of Port Commission Vice President. Is there any public comment? Being none, public comment is closed. I open the floor for nominations of Port Commission Vice President.



Commissioner Katz - I nominate Commissioner Kimberly Brandon for Vice President.

Commissioner Kounalakis - I second the motion.

Commissioner Adams - Are there any more nominations for Port Commission Vice President? Are there any more nominations for Port Commission Vice President? Are there any more nominations? Being none, nominations for Vice President of the Port Commission is closed.

**ACTION:** Commissioner Katz moved approval; Commissioner Kounalakis seconded the motion. All of the Commissioners in favor.

Commissioner Brandon was elected Vice President of the San Francisco Port Commission.

Commissioner Brandon - Thank you to my colleagues for your support. I truly look forward to working with all of you, President Adams, Director Forbes, the Mayor, the Board of Supervisors and all of you on all of the various projects that we have going on here at the Port.

Last year was a year of transition and we did a wonderful job in hiring a new Director which I'm looking forward to working with this year and many years to come. It's an exciting time and I'm happy to be able to help continue to lead the charge on everything that we have going on.

Commissioner Adams - I would also like to thank my fellow Commissioners for your support. It's been an honor the last year working with you. Last year was a year of change for us. Monique Moyer who had been our Executive Director left. This Port and staff didn't miss a beat. I'm very happy that we are moving forward in a fashion with a lot of momentum. I'm looking forward to 2017. A lot of great things are going to happen at this Port this year. I'm really excited about it. One of the things that I'm looking forward to is the Southern Waterfront and that development and the job opportunities for our community.

A lot of times people think of the Port just as business. But last year, we showed a strong social conscience. We used Pier 80 to house the homeless population to help in this City. That's something that we never probably would've done before, but it was the right thing to do.

I'm happy about the Commissioners I work with. They're all very talented. I am surrounded by four dynamic women Port Commissioners and the Executive Director. I'm outnumbered five to one in everything that I do, but you couldn't have a higher talent of personalities. To the Port staff, thank you so much.

I'm excited that we're going in a new direction. I look forward to serving another year as the President of the Commission with the same tenacity and with the same commitment, along with my fellow Commissioners.

Elaine Forbes - I've had the benefit of your guidance, President Adams and Vice President Brandon over my Interim Directorship. As you were elected last year, it was just about the same time that Director Moyer announced that she was leaving.

I want to thank the two of you so much, as the officers, for all of the guidance and mentorship you showed me. You taught me a lot about what it feels like to have a leader who is very supportive. Many times I would hear at the end of the conversation, "Well, I support you." Those are extremely important words that I give to my staff as a result of learning that from the two of you. I couldn't thank you enough for guiding me as Interim Director. They were big shoes to fill and you both made me feel like I could do that. Thank you.

## 10. CONSENT CALENDAR

- A. Request approval of the Port's 10-Year Capital Plan for FY 2017-18 to FY 2026-27. (Resolution No. 17-01)
- B. Request approval of the Port's Five-Year Financial Plan for Fiscal Year 2017-2018 to 2021-22. (Resolution No. 17-02)
- C. Request approval to issue a Request for Proposal soliciting Public Relations, Communications, Media Services and Related Professional Services for the Seawall Resiliency Project. (Resolution No. 17-03)

ACTION: Commissioner Brandon moved approval; Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor. Resolution Nos. 17-01, 17-02 and 17-03 were adopted.

## 11. REAL ESTATE

- A. Request endorsement of the proposed Conceptual Term Sheet between the Port and JPPF OP Acquisitions, LLC ("Jamestown") for a 15-year lease of approximately 20,000 square feet of space at the Pier 29 Bulkhead Building, located at Chestnut Street and the Embarcadero. (Resolution No. 17-04)

Mark Lozovoy - President Adams and Vice President Brandon, congratulations and Happy New Year. I am currently the Acting Deputy Director of Real Estate for the Port of San Francisco. As you may recall, approximately a year ago, the Port issued an RFP for a retail opportunity at the Pier 29 Bulkhead building.

The strategic objectives of the Port in issuing this RFP were basic. After the America's Cup Experience at Pier 29, 27, we wanted to bring back the Pier 29 Bulkhead building to economic vitality. We also had the cruise ship terminal right next door in which we just invested approximately \$114 million and no place for cruise passengers to go as they embark and disembark.

We were looking for a creative space. We were challenged by Commissioner Woo Ho to come up with something very creative and challenging. We were looking for something that would augment the flavor of San Francisco and allow for a space for designers, makers, artisans to display and sell their goods.

The Port went on an extensive outreach program for this particular RFP. We had a prolonged period of time that it was on the market. We had multiple Port Commission meetings and many discussions and many presentations with NEWAG. We established a Pier 29 Web site specific for this project.

We had a pre-submittal meeting. We had three site tour meetings. We established a four member selection panel to judge the proposals when they came in and we specifically had one member from NEWAG on this selection panel in order to be able to vet community issues and neighborhood concerns.

As a result of this extensive outreach, we received three very qualified proposals. Those proposals were put through this basic vetting and scoring procedure and they were ranked pursuant to the criteria that you see on your screen. The written proposals received 100 points and then an oral presentation also received 100 points. As a result of that scoring, Jamestown was ranked superior to the other two respondents and their proposal was also ranked number one.

As a result, in late Spring of 2016, the Port Commission awarded the Exclusive Right to Negotiate the Pier 29 lease with Jamestown. Jamestown's concept revolved around a retail concept. A large space that would be flexible for the display and retailing of San Francisco Made products. It also included an urban winery, a small craft brewery and a coffee roastery.

I should note at this time that Jamestown's proposal also came with the collaboration of SFMade. SFMade is an association that represents San Francisco makers, designers, innovators, and this space is going to be a space where those types of products can be displayed, introduced and so on. The space also is open to things like product shows and special events and community meetings.

This project suffers from having a very small footprint. It's a small project and it also has a very limited, tight budget. The community process for this particular project has taken an inordinate amount of time. It's a difficult project. There have been a lot of concerns about it. At this point Jamestown has spent a lot of money and they're at a decision point to move forward and spend more capital.

A recent issue that has cropped up is that the question of consistency with the Waterfront Plan has been questioned with this particular project. Jamestown is now ready to move to the next step. They have a package prepared to do their CEQA, the environmental reviews. They have consultants on board ready to do

an extensive cost analysis of their construction costs and they're ready to sit down at the table and finish negotiations of a lease.

However, with some of these concerns, Jamestown has come to us voluntarily and asked for an early read of this project. This early read is not mandated by the Port Commission or the Board of Supervisors. It's purely voluntary on Jamestown's part. But in order to give them more comfort in moving the project forward, they're asking that we get an early read of this project through a conceptual Term Sheet.

Diane Oshima will discuss a few items as it relates to the Waterfront Land Use Plan.

Diane Oshima - Happy New Year President Adams, Vice President Brandon. As Mark mentioned, there were a number of meetings before the NEWAG. They're documented in your staff report. There are questions about whether this project was consistent with the Waterfront Land Use Plan and at the NEWAG meeting we shared information that we thought we should bring to the Commission as well as that is about the uses that are being proposed by Jamestown which is a retail based lease. The Waterfront Plan allows for long-term acceptable uses on all, and identifies them for all of the Port's property as well as interim, shorter-term uses as well. For retail uses, the types of activities that Jamestown is proposing, those are listed as acceptable uses for the Pier 29 Bulkhead building in the Waterfront Land Use Plan.

The proposed lease program that Jamestown is advancing is consistent with the Waterfront Land Use Plan. There are a number of design details as it relates to their project and making sure that it respects the Embarcadero Historic District that also is guided by policies in the Waterfront Land Use Plan. That is an ongoing process that we will continue and coordinate as part of the CEQA Environmental Review process.

One of the other questions that came up was whether the Jamestown project should be withheld because we are in the midst of the Waterfront Land Use Plan Update process right now. As you may recall that when the Commission endorsed the staff's effort to start up that public process, there were a number of projects that were in the pipeline and the Jamestown Pier 29 Bulkhead building project was one of those.

At your direction, we are continuing to enable those projects that were already in the pipeline going forward while we also carry out the Waterfront Plan Update. The project, just to be clear, is for Jamestown to be able to lease only the Pier 29 Bulkhead building. It does not provide for any use of the Pier 29 Shed.

There are a number of issues that we're confronting with all of the Port's sheds and that is one of the central issues that is being addressed in the Waterfront Plan Update. We see that process as helping to inform the Port Commission and the staff about long-term future uses for Pier 29 Shed, but enabling the Jamestown

retail proposal in the Bulkhead building to move forward. The long-term use of the Pier 29 shed is going to be informed by Waterfront Plan. In the meantime, interim leasing for the Port's facilities including the Pier 29 shed could continue.

Mark Lozovoy – I'll close out the presentation with a rundown of the highlights of the Term Sheet. The entire term sheet is attached to your Staff Report as Exhibit B. As far as the lease term, this is a lease that is for 15 years. It has no options to extend. It's a 15-year lease and nothing longer.

The premises currently is at 22,000 square feet. That is a product of trying to make the space as efficient as possible. There are a lot of occupancy issues in terms of occupancy engineering for the space. There are a number of uses that Jamestown is proposing within the space, for instance, the occupancy load for a retail space might be one occupancy load. The occupancy load for the urban winery might be another. As you balance off one, it moves another number up. This is an attempt at trying to be as efficient as possible with the square footage.

The base rent currently is at \$25,000. This was the original proposal. This conceptual Term Sheet is not a financial Term Sheet. Financial portions of this lease have not been negotiated yet. This Term Sheet shows what was in the original proposal.

Participation rent, the Port will partake in the upside of any cashflow through the facility and it will also partake in the sale, participation of the sale of the lease if that should happen. Funding for the project is entirely sole cost for Jamestown. Their current budget that they had in their proposal was \$5.8 million. They had at the same time asked for rent credits of approximately \$1.1 million and that's a proposed number also. The final item here is consistency with the Waterfront Land Use Plan. That is in the Term Sheet and that is something that we're looking for endorsement for.

If the Port Commission endorses this Term Sheet, it will move on to the Board. Approval by the Board after that, Jamestown will continue doing its due diligence. It will apply for CEQA review and start discussions with BCDC and get hard core cost estimates, finish the negotiations and then seek lease approval and CEQA, adoption of CEQA findings from the Port Commission and then finally the Port.

At this point, Port staff would like to recommend the Port's approval of this resolution which endorses the Term Sheet with Jamestown and allows us to move that to the Board. Remy Monteko from Jamestown is here and she is available for any questions.

Wes Powell – I'm an office leasing broker for JLL. I do lease some office buildings in the North Waterfront area. I'm the 2017 President of BOMA San Francisco but most importantly I'm a resident of San Francisco. My two kids and my wife were born here. I wasn't so lucky. I'm here to certainly support this project. It will be a good one for the Port, a good one for San Francisco tourists and residents in the

area. I have not followed this process, just recently learned about it. But just listening to some of the summary that was just presented, this project seems to meet the goals, objectives and the mission statement for the Port. Certainly it is something that will be good for all of us here in the city. The area needs something like this. With the recent closing of Butterfly restaurant, this area is kind of a void of any type of activity, any type of action, any place for people to go.

In my job as a leasing broker, I work with landlords trying to get and keep buildings full. So on a daily basis and a yearly basis I'm working with hundreds of tenants and thousands and thousands of employees, and these are people who want and need and would love to have this kind of a project in the area. The project fits in with what's going on along the whole Port area. The project fits into the city.

I know Jamestown and I know what they've done in other places. The group who've selected these folks have picked the right group. They know what they're doing. They're capable. I want to urge you to support the project.

Bob Harrer - I'm representing the Barbary Coast Neighborhood Association and last spring our Board met with members of the Port and Jamestown and also some interested members from our Association. Several of them live just across the street from this particular proposed development. It was a good dialog. It was a meeting where we were able to ask questions and understand what has been proposed.

Subsequent to that meeting, we sent a letter to the Port, there's a copy in your packet and it's part of the Staff Report so it's certainly publicly available. In that letter we said that we support many aspects of the proposal. We did object to some items in particular, there were some external structures which we have been told or understand that have now been removed which is a good step. In summary, our position has not changed. We generally support the proposal. There are some technical issues but we believe they can be handled down the road.

I'd like to make a comment regarding the consistency with the Waterfront Plan. I read the Waterfront Plan. As Diane Oshima had said, there is a table there that talks about acceptable uses for the various Port's structures and piers and it's very clear that a retail type of development would be an acceptable use for Pier 29.

It's important to also note, that as you read the plan, it does not mandate that this Pier 29 be used for recreation. Now, looking at some perspective here, it's important again I think as had been pointed out earlier, this is only the Bulkhead building that's being dealt with in this proposal. That Bulkhead building, it's my understanding, is less than 20% of the total space that eventually could be developed there with the Pier between the Bulkhead building and the Shed.

Certainly that leaves the rest of the Shed which is my understanding over 80% of the space available for future development. As we said, in our letter, we continue to be interested in pursuing recreational opportunities for the remainder of the Pier.

Ross Portugues - I'm a native San Francisco. I'm very familiar with SFMade and with their several hundred participants in SFMade member companies who are local artisan manufacturers doing things from handbags to foodstuffs to beverages to you name it. Go to their Web site and see and you'll really enjoy it.

I'm here in support of this project. SFMade and the local manufacturing scene around here needs a lot of support. These are people that are making our community a much brighter, more inspirational and creative place. There's a space, there's a place for them in San Francisco. There's a desperate need for them in San Francisco, in fact. There's not that much space for them to show their wares and to have a public opportunity.

They're small manufacturers, collectively they would result in a venue that makes sense for them financially I believe. Whereas the rest of the city, there's no space available for these type of people. I'm here not only to support the local manufacturers, but I think the result of what they produce is what San Francisco is all about and you make that public, and it only burnishes the reputation of San Francisco as being what we are, creative, imaginative and productive. I'm here in support of this project. Thank you very much for listening.

Jane Connors - I'm the Ferry Building General Manager and a member of NEWAG. I also grew up in New York City in Chelsea so I've seen the Chelsea Market grow over the last 20 years, and probably over the last 10 years, Jamestown Properties has been managing that asset very thoughtfully. They continue to do that at Ghirardelli here in San Francisco.

I've seen the RFP process from the very beginning to the end and follow the community process and have been supportive of the Port's RFP for a destination retail use. We don't find the potential use and activation there at all competitive with the Ferry Building. Adding another destination to the waterfront will only enhance all the properties on the waterfront.

I always remind my tenants, the busiest day here is on Saturday when we have dozens of cheese makers and dozens of bakeries and dozens of farmers. It's competition, but it's healthy competition. More retail down here will draw more people down here.

The Jamestown proposal seems thoughtful. It is well-curated and it's tailored to San Francisco's rich history of makers and artists. Having a retail use in the Bulkhead does not preclude active recreation on the rest of the Pier. If funds or an operator can be found, in fact, it might assist in the recruitment of another further investment of a recreation developer.

Abby Werthheim - I'm the Director of Policy and Real Estate for SFMade. We are a local, 501(c)(3) non-profit who is committed to supporting the manufacturing sector here in San Francisco. Over the approximately seven years of our existence, we've seen our member companies grow in numbers to nearly 630 member companies. These are craftspeople and manufacturers making everything from apparel and sewn products, which is about a third of what's made here in San Francisco. Another third of what's made here are food and beverage items. The remaining third is a mix of home goods, furniture, accessories, jewelry, and a growing sector of advanced manufacturing using advanced technologies or creating an advanced technology.

We survey our members every year and in 2016 we saw the job growth of these companies continue in its double digit growth. Ten percent of job growth in 2016. It's the sixth straight year of double digit job growth for manufacturing companies. In that survey, their top concern and their top item of need continues to be a place to market their goods.

They always tell us that these small, mostly consumer focused products, that there is a need to reach new markets, to access markets, to sell and distribute their wares. We are very excited about the Pier 29 proposal with Jamestown that this could be an opportunity for SFMade companies to have a prominent place on our city's waterfront and a prominent opportunity for those companies. I'll let Kate speak a little more as well to the various elements that this will help our companies in their growth and just want to tell you thank you for hearing this item and we appreciate the time.

Kate Sofis, CEO and co-founder of SFMade - I want to highlight jobs among everything else. If I were to sort of raise this to the top of why we are so excited and want you to support this with the same enthusiasm that we are. An average SFMade company, these are small job producing machines. An average SFMade company holds anywhere from eight to 10 jobs. The majority of those jobs are production jobs, entry-level jobs. Forty-nine percent of SFMade companies are owned by women. The workforce of SFMade companies are drawn from across the city but heavily concentrated in neighborhoods like the Mission where I live, the Bayview district, Western Addition, South of Market, Tenderloin.

For us, this is about not only access to market but when you allow a small growing manufacturer to have new points, new customers who are visitors as well as locals, the return on job is exponential. We have other examples from shorter term retail opportunities we've enjoyed at the airport with private sector partners. We had a run for a while with Banana Republic.

The amazing thing is we can see one small manufacturer have an opportunity for even a series of months that will pay back years later in terms of their ability to grow and add jobs. What we know and we've been very intimately collaborating with Jamestown on the design and the conceptualization of this project, we know



that a brewery or a winery alone, even a small scale one in a space like this can easily support 10 jobs right there. We're talking production jobs in addition to other kinds of jobs.

We know that the kinds of retail selling opportunities because this kind of a unique spot enjoys both a local and a visitor access could easily support \$4 million a year and that's a conservative estimate of the revenue that could be driven into these kinds of smaller, local manufacturers.

We spend quite a bit of time collaborating and looking at what other cities are doing. We are one of the very few major U.S. cities that outside of the Ferry Building really doesn't have a permanent location where we can cycle through over time lots of different local manufacturers to have access to these kinds of opportunities and to be able to over the long haul, create jobs. I ask that you support this project. We're very excited about it. Thank you for your time.

Jon Golinger - I'm here today on behalf of the San Franciscans for Waterfront Recreation which is a new citizens' coalition formed around this issue, but the broader issue of bringing real active waterfront recreation to San Francisco's waterfront.

Before I get into the details, this is the first time I've been before you in a while. Although I've been in this room unfortunately opposing projects, but sometimes supporting for about 15 years. But it's the first time I've been here in a while and the first time since your new Director has taken over. This issue aside, I want to say you made a strong choice.

Director Forbes and I have spoken a number of times on this and other issues. We disagree on this. I get it. I hope our side wins in the end, but regardless, I think she is someone who will listen and move forward one way or the other and that's what you need at the Port.

I may be outnumbered in the room. Jamestown has paid tens of thousands of dollars to lobbyists to do their job, and they've done it right. But you have letters from the Sierra Club, the Coalition for San Francisco Neighborhoods, Sunset Education Action Committee and others, and there will be many more as this moves forward who oppose you moving forward.

I do want to ask you to take a harder look. I recognize the momentum and the interest in the developers to move this quickly, but there are three reasons, maybe some you've heard and some new ones that I urge you to take a harder look that I've outlined in my letter before you.

Number one, this project will kill recreation at Pier 29, period. The Waterfront Plan does say that the goal, the objective for Pier 29 and the adjacent piers was to have a mixed use recreation project. The only place in the whole Waterfront Plan where recreation of this kind was proposed.

By taking the Bulkhead away, not just for one to five years which is what an interim lease would be, but for 15 years, probably longer. I don't think they're going to go away. You're taking the engine away from that Pier. What developer is going to buy a car without the engine, the front door and the steering wheel? That's what Pier 29 without the Bulkhead would be. That's the place where people see and enter the Pier. Putting folks around back or making them go through the Jamestown project to get to the recreation is unlikely. It will kill recreation on the site at least the foreseeable future.

Number two, this is a sweetheart deal for a giant real estate developer. It was briefly mentioned but this proposal gives over a million dollars in rent credits which are public monies to this developer. It would mean the Port would get zero base rent for almost four years out of a 15-year lease. That's 25% with no base rent to the Port at all. Is that really a good deal? Does it really speak to what I read in the paper today that you're going to be asking the public for their money in the next year to support the waterfront, which I would love to do. This will raise the question.

It violates the Waterfront Plan in three ways. The interim lease procedures limit interim leases to five to 10 years. This goes further. It calls for storage which is not allowed on this site in the acceptable use table or production is not allowed on this site.

Lastly, one or two sentences. Providing recreation, this does violate the requirement of recreation. It's not just advisory only. It's not just the table, it's the text. Lastly I just say there may, if this does get through the Board, there may very well be litigation on that point because that is an important question this project raises. What does the Waterfront Plan require, the broad outlines or the actual text? It may take a court to resolve that. I hope it doesn't get there.

Stewart Morton, a non-paid speaker - I'm a member of NEWAG. By the way, thank you for having the 30-year celebrations for those two guys. I looked at the calendar, I've been working with the Port for over 30 years. I've been on all these Advisory Committees. The first one was the Fisherman's Wharf Citizens, Russian Hill neighbor, Telegraph Hill and whatever else. Fisherman's Wharf.

We got fired by Art Agnos because we had the solution for the Triangle parking lot and there are certain owners of Fisherman's Wharf, items that got to the Mayor and he closed down our committee. We continue however.

I was the NEWAG member, citizen member, that Mark indicated was part of the selection committee which is the first time they've brought in the local yokels. We looked at all three projects. Jamestown was the only one that was seven days a week. They were economically well connected. They could support this thing themselves in-house. It did what we were looking for, mainly liven that part of the

wharf, give something to the cruise terminal passengers to make their entrance to San Francisco and their departure from San Francisco enjoyable. It supports the residents, the tourists and the passengers. It was a thoughtful, multi-faceted project. It meets the Department of Interior Standards. They have an expert in historic preservation on their group. I am supportive. I've been working with some of the neighborhood organizations as well so that everybody's well spoken.

By the way, this was a short-term project, 15 years. I did a little inquiry with some of the Port people and there are lots of short-term, 15-year leases I understand, most of which are restaurants. There's a lot of negative attitude toward 15 years isn't really very short-term. But if you're my age, you know 15 years goes fast. This is a good shot in the arm for this side, this part of the Port and Jamestown needs a little bit of confidence. I hope you give them that confidence.

Dee Dee Workman from the San Francisco Chamber of Commerce - I actually filled out that speaker card for the next item, but because I'm here and I'm listening to this, I decided to give some public testimony anyway.

I think this is a fabulous project. To say that a project like this would kill recreation at that pier is absurd to me. It will bring more people, more pedestrians, more people enjoying the waterfront. Recreation will come along with that. You need these kinds of a mixture of uses that serve a lot of different kinds of people coming to the waterfront to pursue different kinds of activities. This serves that purpose. I think it would be perfect there and I hope that you support it.

Brennan Cox - I am unfortunately a former resident of San Francisco which is, I don't like saying that but that's the way it's come. I speak on behalf of the project and in support of it. I am a landscape architect for GROUNDWORKS Office. We have done work with Jamestown and I speak more on behalf of the people that work with Jamestown and their true passion for building projects and doing projects, not only here in San Francisco but all over the country. They have a true passion for doing very good work. I've taken a look at this project, and not involved at all but think it would be just a great boon for the waterfront.

I've spent many hours on the phone arguing over paint colors with people at Jamestown and it just tells me that this isn't about the numbers to them. It's about creating good places for San Franciscans to use. I'm speaking in support of them.

Kim Burnett - I'm here on behalf of the Exploratorium who will be close neighbors to this project and I am also a member of NEWAG as many others are here. We're here in support of the project and we wanted to say that we've supported the process that the Port has gone through so far, both the panel and the Commissioners in moving this project forward thus far.

We feel the right elements were considered and it was a very fair and transparent process. We also very much support the activation of the waterfront. Some of our

recent visitor data has shown that we're perceived as somewhat hard to get to and people are somewhat hesitant to make that journey. But if we can create a waterfront that continues to be more activated and that the whole waterfront is worth visiting, not just a few points along the way, that we can continue to get more people down here and appreciating the space.

If it were possible to use this space for recreation, we'd be very much in support of that so well. The process so far has shown that this particular developer has a great project and the process again has been fair in selecting them. We'd like to see this be an active space rather than remaining vacant for the foreseeable future and it seems like this is a great opportunity so we hope it moves forward.

Commissioner Kounalakis - I had the opportunity to be in a meeting last year with the Secretary of Commerce, Penny Pritzker and she wanted to meet with people in San Francisco who were involved in manufacturing. I was really curious because I didn't know what kind of manufacturing was going on in San Francisco. I don't know if you were there. You were there.

It was incredible hearing from your members and the kinds of things that they are manufacturing right here in the City of San Francisco and think it's a really important part of the fabric and the culture of this city which is world-renowned for innovation and new thinking and new ideas. I think that's a very compelling part of this project if I can just say so.

I have two things that I want a little more information about. One is the Port's participation in the improvements, if they're improvements that are the kinds of things that will outlast just this user, that they're improvements to the building itself that go beyond 15 years. I'll be interested in knowing a little bit more about that as the project goes forward.

I have a question for Jon. Why do you think that if there's this kind of use in the bulkhead, there can't be recreation in the rest of the building? What alternative vision would you have? Because it seems to me that there's still plenty of opportunity to use the rest of the building down the road for recreational purposes. What is recreation in the finger pier actually look like to you?

Jon Golinger - Some of you know, Commissioner Brandon was up there 15 years ago, when there was a lengthy debate, over six years about whether to put a recreation project on this site. Chelsea Piers in New York bid and almost won, and the community supported doing that. Not just in 29 but in 31 and 27. Have you been to Chelsea Piers?

Commissioner Kounalakis - I have not.

Jon Golinger - If you've been to Chelsea Piers in New York as I have just to see what it's like, they do both aquatic recreation. There's swimming and boating activities. In the Bulkheads which are big sheds with tall ceilings, there are

everyday activities. Indoor soccer, batting cages, there's roller skating, etc. Even if it's not water-oriented, it brings people to the waterfront. That's why to me it's such a great use because it's something visitors and residents can use.

Commissioner Kounalakis - But doesn't it help to have restaurants and food nearby? I have kids and friends with kids, so we go down to the Exploratorium. I can see that it would be helpful for that recreational center which I consider it to be, that there are some more restaurants nearby.

Jon Golinger - This would not be a restaurant. This would be a high end brewery, winery and retail such. I mean the bottom line, and I think if you look at the Chelsea Piers or the Mills proposal, which is what beat Chelsea Piers which we had to fight over and defeat ultimately, both of them use the bulkhead is the way in.

There's no shortage of visitors to the site with Alcatraz next door and the cruise terminal, plus Fisherman's Wharf and everything else. The problem is not people. The problem is getting them in and getting people to use it. We wouldn't want a recreation project on the backend that felt, that didn't get used and was a failure.

I sit on the Waterfront Review Plan and we're talking about recreation beyond just this Pier because there should be recreation across the waterfront. This is the only place in the Waterfront Plan where it's called out. Taking away the front door to the Pier will, for 15 years, effect mean no recreation at least for the foreseeable future.

Commissioner Kounalakis – Elaine, Is that a concern that if we do something like this in the Bulkhead that we're not going to be able to find a user for the rest of the Pier for the next 15 years?

Elaine Forbes - It's not a concern that I have or staff have. Pier 29 is unusual in that it is adjacent to a large GTA, that parking area that serves both the cruise ship terminal and Pier 29 So there's quite good access to the whole Shed of 29. It faces the parking area and there's roll-up doors along Pier 29. It's a wonderful facility in terms of access. I'm not concerned that this use in the bulkhead will preclude active recreation or other uses in the shed.

Commissioner Katz - I actually had a similar question for you Executive Director Forbes just in terms of ability to utilize the shed for future uses. Also in terms of getting projects in there. Are there concerns or constraints that putting something in the bulkhead would limit our ability for future uses in the shed? Separate from the problem that we're going to have just the finances of getting anything in that space that would address the ageing infrastructure.

Elaine Forbes - I do not think so. We are undergoing the Waterfront Land Use Planning process which the Planning process is going to give guidance to what should go into the shed. In order to develop the shed, we need very likely to do

seismic work and to bring it up to code which means we're going to need a development that has the financial wherewithal and the way to recover that investment, to do that upgrade.

This use for 15 years which is Trust consistent, is a very complimentary anchor so to speak in the front of the building. I don't think it precludes the development of the shed. It is likely that, I'm hypothesizing here, but if we were to land on active recreation, for it to be feasible, we would look to office or other uses in the shed that would drive the economics of the projects.

The bulkhead building, when we look at the lease you're going to see that it's an investment that doesn't have huge returns. It's a small area. We're talking about just over 20,000 square feet. We're not denying the shed the economics of the bulkhead. There is other economic engines in the shed in the 100,000 square feet that will potentially resolve or make feasible a project.

Commissioner Katz - I think there's a misperception or a misstatement out there that the entire project is going to be a restaurant. I think it was fairly evident both from the proposal and speakers, but is that correct that only a very small portion of it is applied to restaurant and beverage use where all the products and other things from SFMade that are non-food related and not a restaurant use?

Elaine Forbes - We're going to get all the details of the lease when we come back. We, in the community process, determined with our adjacent tenants, with Fisherman's Wharf and with the Ferry Building that retail would be the best non-competitive use with light beverage and food. This will not be a full service restaurant of any kind.

Jamestown may be able to describe more today or you can wait for the real specifics to that in the lease. But the primary square footage will be retail and light food and beverage. The beverage will be makers' kind of beverage, made on site.

Remy Monteko, with Jamestown – I'm happy to clarify on that point. Thank you for your attention to our project today. We're really very excited about it. You're absolutely right. This is not going to be a full service restaurant. We aren't planning on putting in full kitchen equipment in there. You've read the proposal correctly. It's a couple of different beverage concepts. We hope for beer, wine and coffee with ancillary food. But by no means will it be a full service restaurant.

Commissioner Katz - Is there anything in this project that precludes water taxis or other waterfront maritime access or anything along those lines as we go forward?

Elaine Forbes - Nothing would preclude that.

Commissioner Katz - As I understand it, none of the other bidders came up with any kind of recreation proposal exclusively for this site?

Elaine Forbes - We didn't put out an RFP for recreation. We put out an RFP for retail with a San Francisco feel. After doing our community process and consideration of what would be best in the bulkhead building, we did not land on recreation right from the get-go. The proposal was for retail.

Commissioner Katz - This is not in violation of the Waterfront Land Use Plan?

Elaine Forbes - No, and Diane Oshima went over the reasons why and any particulars you have, she can restate. But it is not in violation of the plan. Mr. Golinger makes a point that there is a need for active recreation. He is coming out as a citizen to say it's something he really wants to see.

He's also a volunteer on the Waterfront Land Use Planning Group and this is certainly something that members of the community are raising that they would love to see more active recreation along our waterfront, in our piers and he's voicing a concern that he wants to set aside this pier so to speak for recreation.

Commissioner Katz - You've got support from Commissioners that we would certainly all love to see more recreation and active opportunities along the waterfront and in ways that we can all get to that.

As I understand it too, the technical issues that were raised by Barbary Coast, those are things that will be resolved as we move forward. Our actions today won't do anything that would impinge on resolving whatever technical issues have been raised?

Elaine Forbes - That's right. Jamestown will continue to go through a community process to fine tune the design and to answer questions and to come back with a lease that makes the best project that they can come up with after that full community process.

The question they're asking to resolve are sort of death knell questions relative to, "Should we go forward at all?" They're looking for confidence that the process that we've done, the firm we've selected and the concept of the project is supported by this Commission and our next step would be to go to the Board of Supervisors and ask the same question.

Commissioner Woo Ho - A lot of the questions have been raised and discussed so I'm not going to go over some of the issues from that standpoint. In terms of history, we've looked at this particular pier a number of times and starting with the fire that occurred there and that we had to restore during the America's Cup.

Mark Lozovoy did refer to the fact that we looked at what were the possible uses. So this is not something that's coming suddenly out of the blue. It's something that we've studied for a long time. We also have to remind ourselves that we're looking at a puzzle of how all the various pieces of the piers fit together across the

waterfront, including the Exploratorium all the way down to Pier 39 etc. and what are the gaps?

It's very good to hear from the Ferry Building because they obviously don't see this as a competition, it's very different. The very nature of SFMade, highlighting San Francisco manufacturing in a retail sense, next to a cruise ship terminal which attracts many visitors and we want to show off San Francisco in its best light.

you have to think of it strategically, is this going to fit together and does it make sense? It is the bulkhead, it's only 20,000 square feet. I'm not sure that I could answer the question right now. Technically, I wouldn't want to make a commitment that the rest of the shed is going to be for recreation. I don't know if that's the best use or not. I think that has to be studied.

I do remember the reason that we did not pursue the shed is because of the cost involved. We sometimes get involved and we can't really look at that. We're dealing with issues with Pier 38 and some other piers for the same reason, the development cost is so enormous of the issues that are involved with keeping the finger piers that we lose sight of what we're trying to do in the short run which is to provide vitality to the waterfront through these suggested uses and some of them are interim.

Some of them may have more permanent, those have to be studied. This is a good project for what it fits in and not only for itself in terms of Pier 29 but in terms of the entire neighborhood for the reasons that have already been articulated, fitting in with the cruise ship terminal, fitting in with the rest of the neighborhood. It's complementary.

As far as the long-term use of the pier, I would like to go on record saying, I don't know what the right long-term use of the shed is and I think that has to be studied a lot further. I don't think we want to interpret that we have, and that's not to say that I don't support recreation and activation of the waterfront. The neighborhood has changed and evolved over the years, and so something that was discussed 15 years ago may or may not be relevant in terms of what is needed.

There should be recreational activation of the waterfront, but whether it's in that particular pier, I would not feel that we should be committed to say that it has to be at that pier. I think it needs to be studied further and we haven't studied that enough. I just don't want to get the impression that the Commission said this today, "Oh, we'll just kick that down the road." I think that's dangerous for us to make that implied commitment while we're discussing the bulkhead today.

I think the bulkhead makes sense, both short-term and strategically for now and then we'll discuss the issues as we go down. I support it not just because it makes sense short-term for that particular bulkhead, but because it really fits in with the neighborhood and what we're looking to do across the activation of the entire waterfront. I do support the project on that basis.



Commissioner Brandon - Thank you very much for the presentation. My fellow Commissioners have made many great comments and brought up wonderful issues. I just would like to know what type of outreach was done, and I know we heard a lot of support here. But what was the support amongst the outreach that was done?

Mark Lozovoy - You're referring to the outreach of the original RFP?

Commissioner Brandon - No, the outreach of the project to the various community groups if there was any done.

Mark Lozovoy - There were numerous visits to the Port Commission, and it was discussed at NEWAG numerous times. We visited with various stakeholders, Fisherman's Wharf, Ferry Building, up and down the waterfront, in our original search for gaining ideas of what to do with the site. That's what we use to gain the information to put the project forward with the whole maker/designer/innovator idea in the first place.

Commissioner Brandon - So the majority were supportive of us moving forward with this. Were there any issues, any comments, any concerns?

Mark Lozovoy - Many of these ideas came from those people. It was a gathering of that information.

Elaine Forbes - Since the Port Commission has selected Jamestown and asked us to proceed with lease negotiation, Jamestown and the Port have received several letters from community organizations which are in your packet. There was concern about design. We got comments about the art piece that Jamestown has since removed. There was concern about the outdoor seating area, there have been design concerns.

But these kinds of concerns are issues that Jamestown can work out through the design review process and we're working those out. Mr. Golinger has expressed concern with the Waterfront Land Use Plan. We also heard that concern reiterated in some of the letters in your packet from the Sierra Club, from SPEAK which is a West of Twin Peaks organization and from the Coalition of San Francisco Neighbors. There has been opposition as well as support.

Commissioner Brandon - I support the use. But I also look forward to when you come back with the financial terms and the design review. I think that will answer more questions. But as far as the conceptual terms, I do support that.

Commissioner Adams - I want to thank you for the presentation. This is an issue that I really enjoy because there was opposition and support for this project and this is good. This is what San Francisco does best. This was a good debate. One thing that was misleading was, "A Mini-Mall," this is not a mini-mall. That's misleading.

We're just talking about 20,000 square feet of a bulkhead. I appreciate that. Jon, I also appreciate when you said that we did a good job in selecting Elaine. I support this and I think it's the beginning of Pier 29. We had to do something with that Pier and there's 80,000. How many feet more left to do other things, right?

Elaine Forbes - One hundred thousand.

Commissioner Adams - I think Commissioner Kounalakis was right. There's some other things that's going to be happening. Maybe there's some recreational, I don't know but this is going to be good. I'm glad Dee Dee said what she had to say about business. We've got this cruise ship, and we're trying to build that business. When you take a cruise, there's nowhere inside the cruise terminal where you can have a beer or anything. When you go outside, there's something out there.

We want people to spend money in our city. Tourism is our biggest moneymaker in this city. This is something that will enhance the site. I'm in support along with the rest of my Commissioners. I'm glad we had a good, spirited debate, but I support that.

ACTION: Commissioner Brandon moved approval; Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution No. 17-04 was adopted.

## 12. MARITIME

- A. Request approval of an amended and restated Lease No. L-14397 ("Lease") between the Port of San Francisco and San Francisco Bay Railroad, Inc. located at 100 Cargo Way to provide for a term extension of five (5) years, a minimum annual guaranteed payment to Port, and an estimated \$1.3 million tenant investment in rail infrastructure improvements subject to prorated rent credits. (This action constitutes the Approval Action for the project for the purposes of the California Environmental Quality Act, pursuant to Section 31.04(h) of the San Francisco Administrative Code.) (Resolution 17-05)

Jeffrey Bauer, Port's Leasing Manager - I'm seeking your approval of an amended and restated lease between the Port of San Francisco and San Francisco Bay Rail. San Francisco Bay Rail operates the Port's intermodal container transfer facility located at 100 Cargo Way. It's the train yard. For more than a decade, the Port has contracted with San Francisco Bay Rail to provide short line rail services to the Port's Maritime customers. In addition, SB Rail Co's core business is moving contaminated soils in containers and rail cars from various construction sites throughout San Francisco and the Bay Area to EPA approved landfill sites in several Western states.

SB Rail Co's business has been steadily growing and it is expected to grow in the next several years. SB Rail Co intends to bid on several large projects, including

the Chase Center, aka the Warriors' Stadium. Currently, SB Rail Co's operation includes the use of 4,000 track feet located at Pier 80 and Pier 96 to store and build train. They're called train units, to move to the main line and connection with the Union Pacific.

With the recent activity at Pier 80, the success of Pasha Automotive, and also leasing activities at Pier 96, these tracks have become largely unavailable for their use. In order to replace these unavailable tracks. SB Rail Co is proposing to invest \$1.3 million in new rail infrastructure by constructing 32 track feet within the current rail yard.

The proposed replacement tracks would consolidate, increase freight, rail operation efficiencies, replace the current situation of scattered storage rail cars throughout the Southern Waterfront. The amended and restated lease does not preclude rail service to Pier 96 or to Pier 80.

The current lease expires in 2018. The amended lease adds a minimum guarantee to the Port of \$215,000 a year. The amended lease increases the fee charged by the Port for railcars by 25%. The amended lease will increase all fees annually by 3%. The amended lease will add five years to the lease, making the new termination date December 31, 2023.

This shows some of the rail that's been lost and the increased, the proposed new construction of the rail service. We're proposing 1.3 new rail infrastructure improvements. The Port will reimburse Bay Rail, but only 50% of the actual project cost capped at \$650,000. Those credits are given only above the Minimum Annual Guarantee (MAG) in a straight-line amortization cost.

SB has an outstanding record of local hire and use of local truckers. They have an excellent record of working with the Mayor's Office and are currently working on a Local Hire Plan for the infrastructure workers to construct the rails. SB has an excellent record of hiring almost exclusively from the local community. SB currently provides 45 jobs in the Southern Waterfront.

Southern Waterfront Beautification. SB Rail Co is very good at keeping the site neat and tidy. They do weed abatement through the famous goats that they have. I believe about 80 goats. As part of the agreement, SB Rail will enhance the landscaping along Cargo Way using one of Port neighboring tenants, Bay Natives. SB is a good steward and the amendment will include an operations plan to ensure best management practices in handling the storage of hazardous materials.

In conclusion, Port staff recommends the approval of the amended lease. I would like to correct page seven of the resolution on the fourth whereas clause, it should be \$250,000, not \$200,000.

Dave Gavrich of San Francisco Bay Railroad - I want to thank the Port staff for all the hard work in this item. They put in a lot of work even over the holidays and I really appreciate that, everybody here does. I'd like to thank the Port Commission for considering this in a timely manner because it is time sensitive. We would like to get under construction in time to meet the Warriors' accelerated schedule.

Next year we will celebrate our 25th anniversary here as a partner in the railroad at the Port and that's significant. We originally took what was an abandoned rail yard when container freight moved to Oakland and we turned it into a thriving, community-based business based in Bayview Hunter's Point made up of mostly local people.

I'd like to take this opportunity for people, instead of them saying something, to stand up, whoever's affiliated here. This is just half the crew. The rest are back actually working at the rail yard. It's because of these people that this business has thrived. It's created a successful business and family working in the Bayview.

We're very proud of the fact that in 25 years, and this is a heavy industrial activity - - we haven't received one single complaint from the neighborhood. Not one. I think the Port will attest to that. They've never heard from the neighborhood that we're a bad neighbor. We're actually a very good neighbor made up of the local neighbors.

Freight rail from San Francisco can be successful, we've shown that to be the case. The quality jobs and the environmental benefits that come from rail and the maritime business that it supports are and can be significant. We actually can build upon this rail business and thereupon build on the maritime business.

I don't have to repeat what you received from the Maritime Advisory Committee in terms of the benefits of saving freight rail and that you've seen the letter the Chamber of Commerce sent you and I know there's a representative here. I can say that we're going to need this Port Commission's support to keep the rail active and keep it supporting maritime, because if rail goes away, so does maritime. There's not a single Port in the country that is not served by rail and provides maritime service.

The reason I say there's an opportunity here is there's billions of dollars being invested in this main line for the electrification of CalTrain and for high speed rail. It's a fraction, a very tiny fraction of that amount that could help raise the tunnels which several years ago, unfortunately, an administration took a pass on \$10 million to raise the tunnels which could've gotten triple stacks car carriers in and out of the Port.

So where there's a will, there's a way. This Port Commission, if it's supportive, can actually send the signal that a small amount of money from the main line, improving that main line can help tremendous amount with jobs here at the Port. This is an opportunity period and we really appreciate your support.

Dee Dee Workman, San Francisco Chamber of Commerce - The Chamber represents over 2,500 local businesses and we urge the Port Commission to extend its Rail Operating Agreement with the San Francisco Bay Railroad. We add our support to that of the Maritime Commerce Advisory Committee whose letter of November 29, 2016 sets forth in detail the need for continued freight rail access to the city and the Port. As that letter points out, any challenge to the Port's access to rail is a direct challenge to the Port's Maritime future. The Chamber is a strong supporter of Cal Train electrification and an early supporter of high speed rail. We believe those projects can be built to be compatible with the freight access needs of the San Francisco peninsula.

The Chamber's been a member of the Peninsula Freight Rail Users Group and has long supported expansion of rail access, including reconstruction of tunnels and bridges that limit modern rail access throughout much of the peninsula. Freight and passenger rail have co-existed for over 125 years on the peninsula and that joint use must be factored into the Bay Area's rail plans and improvements. The Chamber urges the Commission to extend the Port's Operating Agreement with San Francisco Bay Railroad.

Olivia Smith-Dews - I am one of the Managing Partners for MCD Trucking LLC. We are a local San Francisco based trucking company and I'm representing the Bayview Hunters Point Local Trucker's Association. We work with Dave Gavrich and the San Francisco Bay Rail yard since we started our business 10 years ago.

Dave has been very instrumental in keeping our company going. We were a small company, we have three trucks. We coordinate and we come together to bid on big projects. We went through a terrible spell when the recession hit and almost put us all out of business. Dave was instrumental in helping us get our trucks working and compliant with the filter situation that we have here in California.

He provided us loans at no interest to keep us going and we're now seeing that we can turn a corner here and we'd like to keep this going. Hopefully you can support extending the lease for the Bay Rail Yard.

Genevieve Church - I'm the Executive Director and General Manager of City Grazing. We are a small aspect of San Francisco Bay Rail. As you know, we are the goats. We are, at this point in time, we've grown from just grazing along the rail yard and in the backlands of the Port, which we would very much appreciate being able to continue to do.

This is really something that's largely unprecedented, we are providing intentional grazing to support an enhanced native perennial plant life and reducing and eradicating invasive vegetation. We now have clients all throughout the Bay Area, including UCSF Parnassus, USF for the third year in a row, SF Rec and Park we're working with again in 2017. The Presidio we've returned, for six years, we've created an 80% reduction in poison oak in the areas where we take the goats.

We're having some amazing success in both native plant restoration and carbon sequestration. We're currently talking with the Central Stewards and USF about carbon sequestration research. If our expansion continues, we should be able to offer definitely more jobs in 2018. I'm anticipating being able to hire at least five more. We currently have five part-time employees. We make every effort to hire locally and frequently hiring at-risk youth, which is something very close to my heart. I'd love to be able to present to you seven points on how City Grazing can facilitate the Port's Strategic Plan.

Commissioner Kounalakis - How do you get the goats to eat the poison oak and not eat the native plants?

Genevieve Church - Isn't that magical? Native plants function very much like roses, they're perennial and they benefit from a heavy pruning. It forces them to develop better root structures. By developing those better root structures, that's how they sequester carbon in the soil and build more fertility in the soil. It's an amazing one-two punch. A lot of the invasives in California do not benefit from that kind of a heavy prune. So it's a win-win.

Commissioner Kounalakis - They eat it all.

Genevieve Church - They eat it a lot. I wouldn't say they eat everything but, blackberry, ivy, fennel, those are their favorites and are nutritionally the most beneficial for the goats. One tiny extra thing if I can just really ask for, we are currently grazing in the backlands and we really do need to be able to still access that property. We've historically grazed the goats there since David brought the goats on as a part of the rail yard.

Ellen Johnck, Co-Chair of the Maritime Commerce Advisory Committee - You did hear from us, however I did want to just mention a couple of points that are personally, but on behalf of the committee, that are slightly more nuanced. You've heard some wonderful testimony in support of the proposed lease renewal. I think this is phenomenal. I have seen David work at this and to see the success that has happened to this railroad in the last 10 years is absolutely terrific.

Gary Silvestri said something that I thought was very pertinent to David and what he's done with the railroad and the surrounding community and support that he's given and that is this really engenders a sense of ownership in the Port. His persistence, his doggedness and of course his huge investment that he is making in the business. This is really important and inspires other tenants in the Port.

What this is doing for the Southern Waterfront is enhancing the capability of the Southern Waterfront to serve the entire Maritime mission of the Port and the city. What this is doing for the city is terrific in terms of the types of goods and cargo that he's moving that is not just off the waterfront. It's benefitting the entire city.

The employment needs are really helpful as well. This is so important as we discuss the maritime mission in the Waterfront Land Use Planning Process, it's

just further inspiration as to what can be done with the current tenants and hard work. I encourage your strong support. I think it's phenomenal. Thank you David and your community and everything you've done.

Lee Gray, owner of Lee G and Company – The Lee G is me and the and Company is SFBR. Because they rescued me during the recession. Dave and his crew and I have gone through successful barriers with him. I had six trucks and six employees, a lot of these truckers used to work for me at one time. I'm almost retired, so I'm down to one truck now.

I'm a San Francisco native. I was born in San Francisco General and raised at Hunter's Point overlooking that area. That was once all water. It became a landfill and then it became a wrecking yard. Now it's a rail yard that's really thriving and helping the community and growing people and their families. I wish you would support us in the expansion and the new lease agreement. Thank you.

Jim Maloney, formerly with the Port - Actually I'm still doing a little bit of work for the Port as you might know. I've always been passionate about the freight rail aspect of the Port and Peter Dailey has asked me to come in from time to time to help out and advise on freight rail issues.

David Gavrich also asked if I would come today to talk about their lease and of course I was Brendan O'Meara's predecessor here. The Maritime business, as David Gavrich pointed out, freight rail is so critically important for any Port to be able to grow the Maritime Cargo business. It's really critical. That's why I spend a lot of time. I was at the Port working on freight rail issues and we partnered very closely with San Francisco Bay Railroad on business opportunities.

They've done a great job of not only reactivating the freight rail yard 10 years ago but also maintaining it and growing it. I think this investment that they're planning to make is a great complement to what the Port's been doing with the Quint Street Lead, the Lead track between the main line and the Port where we're investing \$4 million. It's going to allow San Francisco Bay Railroad and Union Pacific to bring long unit trains of cargo directly into and out of the Port without stopping in South San Francisco. Potentially if we can use it as an opportunity to enhance the tunnels, perhaps we could better utilize Pier 80 and the great project that Pasha is operating down there and bring triple stack auto rail cars into and out of the Port to help service that facility.

I wanted to come and support this project because I think David Gavrich and SF Bay Rail have been such a great partner for the Port. I think the enhancement that they're going to invest in is a great complement, enhancement for the Port as a whole and the Maritime Cargo business. I would like to urge you to support it.

Commissioner Brandon - Thank you very much Jeff for that presentation. Thank all of you for coming out and showing your support for this project. I've been working with David and San Francisco Bay Railroad for almost 20 years now. I am

always so happy to see him come because he is the representation of a great neighbor. He is so wonderful to the community through hiring local truckers, hiring from the community. Not only do you get to play with the goats, you also get a great jar of honey. I fully support this project and I really want to thank you for sticking with us through the down times and hopefully now the good times. Thank you very much.

Commissioner Kounalakis - Great presentation by staff. David, you and your colleagues and community out there are just very inspiring.

Commissioner Katz - I want to thank everyone for participating today but I really want thank David and SF Bay Railroad for all that you do. It's such a treat to hear members of the community come forward to see what you've done in terms of supporting the local community and all the businesses that have spoken about how they've been positively impacted and the team effort that's gone on. It's a treat to hear those comments and see that kind of support.

I want to thank everyone who showed up and spoke, who also sat here and showed their support. It's nice to have a feel good item come before us. It's also exciting as Commissioner Brandon mentioned having seen you weather the tough times, to be able to see some good things coming and excited to see that everyone will do well with the work that will be coming with the Warriors' arena. But it's a benefit to the Port as well. It's really an exciting time for everyone. Luckily you mentioned the honey. I was going to ask how the bees are doing too. I figured the goats are doing well, but I want to make sure the bees are okay as well.

Commissioner Adams – Jeff, thank you for your presentation. David and everybody, this is very heartwarming for me as a Commissioner, to see you come out to your house here at the Port. This is awesome. Good work. Jim, thank you for also speaking on the importance of rail and what we're trying to do in the Southern Waterfront as far as maritime is concerned. This is so good.

I know what we do here. A lot of times you may not see everyone, but it shows the work that the Port of San Francisco does. I see the results when I see you all come out and it is working. Thank you all. Commissioner Woo Ho had to leave but she wanted you to know that you have her support on this lease.

Jeffrey Bauer - Great, that's wonderful.

Commissioner Adams - You can tell from this Commission, we're unanimous.

**ACTION:** Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. Resolution No. 17-05 was adopted.

### **13. NEW BUSINESS**



#### **14. ADJOURNMENT**

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

Port Commission President Willie Adams adjourned the meeting at 5:25 p.m.