

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

**MINUTES OF THE MEETING  
MARCH 28, 2017**

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

Port Commission President Willie Adams called the meeting to order at 2:30 p.m. The following Commissioners were present: Willie Adams, Kimberly Brandon, and Doreen Woo Ho. Commissioner Kounalakis arrived at 2:45 p.m. Commissioner Katz arrived at 2:50 p.m.

**2. APPROVAL OF MINUTES – March 14, 2017**

ACTION: Commissioner Brandon moved approval; Commissioner Woo Ho seconded the motion. All of the Commissioners were in favor. The minutes of the March 14, 2017 meeting were adopted.

**3. PUBLIC COMMENT ON EXECUTIVE SESSION**

**4. EXECUTIVE SESSION**

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

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

At 2:31 p.m., the Commission withdrew to closed 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 Item)

a. 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 3:20 p.m. the 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 Kounalakis seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to disclose that in closed session at the February 28, 2017 Port Commission meeting, the Commission unanimously approved the appointment of Michael Martin as the Port's Deputy Director, Real Estate and Development. Commissioner Brandon further 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 Affairs Manager announced the following:

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

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

## 9. EXECUTIVE

### A. Executive Director's Report

- Impact of President Trump's Proposed Fiscal Year 2018 Budget on Port-Related Funding

Elaine Forbes - I'd like to discuss President Trump's introduction of the blueprint budget. This blueprint recommended increasing military spending \$54 billion paid for primarily with cuts to domestic programs.

I would note that this budget is a blueprint, and is only the first step in the process, and there'll be negotiations for many months between the White House and Capitol Hill. We will see the detailed President's budget in May.

The final budget will need to be in place for the next fiscal year, which begins October 1st so this is the beginning of the conversation.

I did want to point out the various impacts that we do see to ports in general and specifically to San Francisco Port should the framework of the budget hold. The first is about \$500 million reduction in the TIGER program. This program has funded dozens of roads, transportation and other Port projects. Last year, U.S. ports received about \$62 million in multi-modal infrastructure for docks, rails and road improvement from this important grant program.

We are planning to apply for a TIGER grant for our Mission Bay Ferry Landing and we will be watching to see how the program is impacted. On the bright side, the FAST Act Program seems to not be impacted. We had planned and will pursue a grant for Amador and Cargo Way. We will continue to watch these programs carefully. The FASTLANE appears to be funded at the \$900 annual amount through 2020.

In the Homeland Security Program we're seeing about \$700 million reduction to this program. This has been an extremely impactful program for Port property. This includes pre-disaster mitigation grants and security funding. Every year, we put in lots of lighting, fencing and other security measures to keep our waterfront safe. We will be watching carefully to see how these reductions impact us.

We see a 31% reduction in the Environmental Protection Agency. This agency is critical to improving air quality and helping ports buy green infrastructure. In fact our own green locomotive which you approved on February 14, 2017 in part passed through the Bay Area Air Quality Management District. We have yet to understand how the proposed reduction to the agency impacts this important grant program that ports rely upon, but we'll be watching closely.

The Army Corps of Engineers is slated to see a 16% decrease. While the blueprint doesn't describe the exact changes in the budget, we're very eager to see the details because we have been looking very closely at the Army Corps of Engineers to help us prepare and protect against flooding and deal with our Seawall.

Our Finance Team is working closely with the Mayor's Office and the Controller's Office to monitor this very closely. I did want to bring it to your attention, at least in this conceptual framework. At this point, we are going to need to pivot our federal strategy accordingly. You have been very forceful and directive with us that we are to pursue federal funding for our infrastructure projects which is important for ports, important for the City's economy and really important to reduce our capital backlog.

We will keep watching and keep looking for opportunities that come up and we'll pivot as is required based on the budget as it comes through.

- Earth Day Events at Heron's Head Park – April 22, 2017 from 9 a.m. to 1 p.m.

Elaine Forbes - On April 22nd, from 9:00 to 1:00, we're going to have an Earth Day event. Our Port tenant Bay.org will be hosting. There'll be a shoreline cleanup at Heron's Head Park from 9:00 to noon and there'll be a family friendly and exciting Earth Day celebration in the EcoCenter from 11:00 to 1:00. It will not only mark Earth Day but it will be the seventh birthday of the EcoCenter. We have more information on the Port's Web site. I encourage you all to mark your calendar and to participate.

B. Port Commissioners' Report:

Commissioner Woo Ho - I wanted to comment for the record, since I wasn't here at the last meeting. Unfortunately I had a conflict and was not in San Francisco. I wanted to say that there was a presentation on the Southern Waterfront from the Mayor's Office of Economic Development from Ken Rich and Mike Martin. For many years, we've been looking to see a very integrated planning in terms of not looking at Port properties on its own and in a silo, but in integrated fashion with the rest of the city and with the neighborhood.

I wanted to go on record saying even though I was not here, I was very pleased to see that report and see how our staff cooperated with the Mayor's Office and how we got a full report and that's great for the Southern Waterfront which is obviously one of the areas that we are continuing to look for further development. I was very pleased and I wanted to make sure that this was on record to see that report, even though I was not here physically to see it.

Elaine, it's great to have you forewarn us on the proposed President's budget and the impact to us on a number of different fronts. I hope that you will work with the Mayor's Office on a strategy and with us in terms of on the public relations area that we do make our needs known, and the impacts that this budget does have. We need to make sure that as Commissioner Brandon goes to Washington, which is on the agenda today, that our needs are well-known and it's non-partisan.

It's what needs to happen for the City of San Francisco regardless of other policies that might preclude us. We need to make sure that there's good rational thinking going on in Washington and that we do not suffer and that the City does not suffer and the country does not suffer because of this. Unfortunately I am not going to be able to stay for the rest of the meeting today. I have to go to the Mayor's Office right now but just wanted to say that before I left.

Commissioner Woo Ho left the meeting at 3:30 p.m.

Commissioner Adams - I also want to comment on President Trump's proposed budget. I know that the Port is headed in the right direction. I'm glad that you're going to be in Washington pounding the pavement. Let's hope they're just as confused as they were about the Healthcare Bill and fighting among themselves.

As I've said, I've seen a few Presidents in my life but now it's time for leadership. It's not about campaigning anymore. It's time to lead. That's what he continues to do is to campaign. They seem to be in disarray. We have to continue to tear the doors down. We've got to stay focused on what's important to us. You're going to have the whole Chamber of Commerce with you so visit Democrats and Republicans. Do whatever you can to get in there to see Secretary Chao. Kick the door in. Do whatever you have to do to get in because we know the issues that are important to the Port of San Francisco. See Leader Pelosi, when you're back there as well as Senator Feinstein, and Senator Harris. We've got to get out there. See people that's on the Transportation Committee, the ports' caucus is bipartisan. There are Democrats and Republicans on that port caucus.

John Garamendi is a friend of ours. There are other good Democrats. There are some Republicans on there that are moderate that really believe in ports. There's Senators that understand the importance of ports. I think we've got to get it out there, especially with the money that we're trying to get for Sea Level Rise and other issues that are important. I hope that you will go to MARAD and start applying for some of those TIGER grants.

The Port has to start getting those grants. We need the funding. We need the money. By all means, please go see the Army Corps of Engineers. They paid for most of that when they had the big problem down in New Orleans. The Army Corps paid most of that \$8 billion. We need the money. I know Commissioner Brandon will be working night and day so make sure she's up at 6:00 in the morning and make sure she works to midnight.

## 10. CONSENT

- A. Request approval of travel for a member of the Port Commission to Washington DC on April 26-28, 2017 for the San Francisco Chamber of Commerce City Trip. (Resolution No. 17-15)
- B. Request authorization to amend Resolution No. 17-11, the award of Construction Contract No. 2784, Pier 23 Roof Repair Project. (Amended Resolution No. 17-11)

ACTION: Commissioner Brandon moved approval: Commissioner Kounalakis seconded the motion. All of the Commissioners were in favor. Resolutions 17-15 and 17-11 were adopted.

## 11. ENGINEERING

A. Request authorization to enter into a Federal Cost Share Agreement with the United States Army Corps of Engineers for an Embarcadero Flood Study. (Resolution No. 17-16)

Daley Dunham, Port's Special Projects Manager – I'm here to present the Federal Cost Share Agreement between the United States Army Corps of Engineers and the Port. I'm joined by Caleb Conn, Senior Project Planner with the Army Corps, based out of the CAP Production Center in Sausalito. We've had a long relationship with the Army Corps of Engineers, a fruitful one, and we look forward to continuing that.

The Continuing Authorities Program, the architecture under which we're engaging on this small Seawall Project started in through the Rivers and Harbors Act of 1962. It's been amended in subsequent authorizing vehicles. In contrast to the normal Army Corps process that requires at least four legislative steps of authorizations and appropriations over a decade or more, the Continuing Authorities Program was designed to delegate authority down to the division of the Army Corps of Engineers for approvals for smaller scale projects that are manageable at that level.

They move faster and allow us to avoid waiting for legislative vehicles to come along. There are seven different sections addressing different Core Missionaries of the Corps. 103 is what we're interested in here, which has to do with Coastal Flooding Infrastructure. The Army Corps, to facilitate these kinds of smaller, delegated projects, has recently created a production center for CAP, which is the abbreviation for Continuing Authorities Program, for CAP programs in Sausalito.

Most of us have seen this slide a few times. This is our Seawall. The area in question is right at the border of the older and newer sections of the Seawall. How we got to where we are today. Specifically, in 2012, we made a request to the San Francisco District Office of the Corps for assistance under the 103, 203 or 205 to kind of an either/or situation.

By 2016, the Army Corps for these projects will volunteer the first \$100,000 to get these studies underway to make a finding of whether or not they should proceed at all. Is it in the federal interest? Is it worthwhile for the federal government to undertake? In this case in 2016, they determined that it was. It was cost beneficial for the federal government and that we should move forward.

The next step in that process is to execute this federal cost-sharing agreement which lays out our respective responsibilities for the study phase of the potential constructed solution. Because it's limited to \$10 million for the smaller delegated authority projects, we're focusing on the area by the Muni tunnel and the BART entrance, also the Embarcadero flooding near the Ferry Building.

One thing to point out is while we're undertaking this Continuing Authorities Project, the smaller scale project, that does not preclude us. In fact, we are exploring now moving forward materially with the larger scale general investigation process. The distinctions between the two moving together in parallel, the general investigation process is not limited to \$10 million, but it does take a long time and it does require several discrete legislative steps. They're not always predictable in when they roll out.

The one thing we have going for us here is that Katherine Reyes is going to be the Project Manager for the Army Corps of Engineers is going to lead both of these projects. So there's no chance that they'll be winding away from one another without being coordinated. They'll have the same Project Manager. In fact for the smaller scale project, any of the modeling that gets done, economic modeling, asset mapping, other types of things -- all of that information will be available from one study to the other. The CAP study, the smaller scale one, versus the larger general investigation project.

The budget totals \$800,000. That's a 50/50 cost share for the study so half of that would be the Port's. The other half is supplied by the federal government. It's looking like we would be wrapping it up at the end of 2018 with another decision document where we would have arrayed a series of alternatives to potentially construct the project,

Port staff would then be back before the Port Commission to seek authorization to enter into that agreement, which could then lead to a constructed fixes. At that point, the cost share for the construction phase is two thirds, one third where the Port would be providing one third match instead of the 50/50 for the study phase.

What's before you today is the federal cost sharing agreement which is essentially the same as the boilerplate that the Army Corps of Engineers uses nationwide for all CAP 103 projects. The key pieces of it are that for the study phase, we have an equal cost share with the Army Corps. That does allow for certain in kind credit so we can make up for some of that. It has the standard nationwide boilerplate upper limits in it of \$1.5 million for the study and for 36 months for how long they can take to do it.

But our estimates are much better than that. We're looking at \$800,000 max combined, half of that coming from the federal government and completion in the fourth quarter of 2018. Those are the key terms. As of this morning, the Army Corps has agreed to what our counsel has put forward so we don't expect the document to change from what you have presented to you in the packet.

Commissioner Kounalakis - We just authorized an RFP for another look at the Seawall for a lot more money, a lot bigger project. Explain to me how this fits in with the other project that we're pursuing.

Daley Dunham - In terms of engagement with the Army Corps of Engineers, I'm going to caveat this with the Seawall Manager, Steven Reel had planned on being here today, but he's home sick and he's unable to join us so I'll answer your questions as best I can. The RFP that the Commission approved was for a broader study. One of the things that is contemplated in terms of how it connects to the Army Corps of Engineers is that for the larger Army Corps engagement, the general investigation project which again could lead to hundreds of millions of dollars, it's really only limited by our ability to match.

That process has certain legislative action constraints that I had mentioned; one is the Water Resources Development Act and also appropriation of funds for the Army Corps to start studying to really kick off their process. An option that we have available to us is to take on the study portion of that ourselves, to not wait on a very rare new start at the Congress level, but kick it off ourselves and do it in a way, in coordination with the Army Corps that we can hand over the study to them and they can utilize that to further the big scale project. So those consultants, which I believe we're looking at being active in August, July/August.

Elaine Forbes - What the Commission approved is General Fund funded first of all and it is for a consultant team to do the planning phase of the Seawall Project. It's a very broad scope of work to identify, go from conceptual risk identification to fine-tuned review in terms of risk by location, go through a planning phase with the public to identify where we'll first spend available dollars to address emergency repair, most at-risk areas of the waterfront that interact with how we would respond to a big earthquake.

This particular request is to enter an agreement with the Army Corps for a study to find federal determination in an area of the waterfront using 100-year storm. The Army Corps of Engineers is one very great potential source of funding for the larger Seawall Project. On our GO bond schedule, we have \$350 million in 2018 which is almost a down payment to a \$3-5 billion project. We are looking for multiple sources over time to address the three-mile stretch of Seawall. One is a broader study and one is the Army Corps study although I wouldn't call it a study. It's implementation of an entire planning phase to then move into construction of the first phase of improvements.

Commissioner Kounalakis - So it doesn't include the entire waterfront, just this one section.

Elaine Forbes - This is just this one section.

Daley Dunham - We have what we're doing on our own, looking for other outside forces. As Executive Director Forbes says, one of the major sources is the Army Corps of Engineers. But even at the Corps, we have two separate processes that we're engaged in. What we're talking about now is the little one. We are only looking at expending \$500,000 of previously appropriated funds to study this smaller area of the Seawall and that has strategic advantages to it. One

important one is that we are following up on an official finding of the Army Corps of Engineers that for at least this scale, that it's worth it in the eyes of the federal government, that it repays them more than a dollar for every dollar that they spend.

Commissioner Brandon - Thank you for this report. I'm happy that we are collaborating with the Army Corps of Engineers and hopefully it's one of many to come. This is a really good presentation. Thank you.

Commissioner Katz - A while back when we were first talking about efforts on the Seawall, we'd raise the idea of how do we go after some of the federal funding opportunities and figure out getting added partners to help us in this project. As Director Forbes pointed out, you know, we're just coming up with the down payment, so we really do need to find partners. This goes a long way towards that and I'm excited to be partnering with the Army Corps of Engineers to look at options.

Commissioner Adams - I agree with my fellow Commissioners. The Army Corps is a great resource and we're building a coalition. When you're talking \$3-5 billion, that \$350 million bond from the City, that's small. It's going to take a whole lot of partners together but we definitely want them on our side as we take on this huge project. Director Forbes, is this one of the biggest projects we've ever probably taken on in the Port of San Francisco?

Elaine Forbes - By a long mile, it really is. It's a really big, for the City it's a huge undertaking and when you consider the dual threat of Sea Level Rise, it's a complex challenge.

Commissioner Adams - I'm glad we're out front. Daley, you did a good job. Thank you. Appreciate it.

ACTION: Commissioner Brandon moved approval: Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution 17-16 was adopted.

B. Request authorization to advertise for competitive bids for Construction Contract No. 2781, Crane Cove Park Construction Package 2, Park Improvements. (Resolution No. 17-17)

David Beaupre with Planning and Development - I am pinch-hitting for Steven Reel who's out. He's left me in good shape. I'm here to request authorization to advertise for Construction Contract No. 2781 for Crane Cove Park Construction Package 2.

This meets the Port's strategic objectives of Renewal, Livability, Resiliency and Sustainability. As you're well aware, this is a major project along the Blue Greenway and a project the Port's been pursuing for over 10 years.

A few months back, in September of 2016, we awarded Contract No. 1 which was site grading, some site demolition in preparation for Crane Cove Park. If you drive by the site today, you'll see that's underway and moving forward well. This request is for Package 2 which is the primary components of the park, the landscaping, the site improvements, crane restoration, parks, plazas and pathways. We'll be coming back to you later this summer to request authorization to advertise a Package 3 which is the 19th Street improvements.

This is the second package of a three package project. What's illustrated here is the site plan; Slipway Four is right in the middle of the screen. The park project is everything westward of Slipway Four. This package also includes an alternate bid for the 19th Street parking lot. But 19th Street itself is that third package that I talked about.

The funding sources for this project include the 2008 and 2012 Parks Bonds, Port Capital Projects and some funds leftover from the Economic Development Administration's federal grants that we used primarily for the site wide investigation of Pier 70. There's about a half a million dollars of that funding remaining that we would want to invest in Building 49 restoration and including the park restrooms.

The Engineer's estimate for the total project including the parking lot is around \$26 million including all the alternate bid items that we've identified here. That exceeds the current budget that we have in hand, so we've broken the project down into several bid alternate items that we can award based on final bids and final funding that we have in place. What we've decided to include in the alternate bid items are articulated here, including Rigger's Yard and the children's playground along Illinois Street, Crane 14 which is the crane on the northern end of the slipway, the utility racks which are part of the Slipway Four elements and lastly the 19th Street parking lot as an alternate bid item.

We anticipate that we can deliver some of these items, but likely will not be able to deliver all of them. Working with the LBE and CMD, they've identified a 21% Local Business subcontracting goal with a 10% bid discount for LBE prime contractors. So that's the goal we're shooting for, 21%. We have the Local Hiring policy for the construction that's consistent with all of our contract packages.

These are the means of advertising. At the last Commission meeting, Commissioner Brandon spoke about the Open House that we had, and this was one of the projects that was highlighted at the Open House for the local and small and disadvantaged businesses in the city about contracting opportunities. I helped man the table at the open house and this was one of the projects that there was a lot of interest at. I had to run out and make extra copies of this fact sheet more than once. We handed out probably 100 fact sheets and spoke to several small contractors about ways they might be able to engage with the project.

Schedule moving forward is contingent upon your approval today. We'll advertise for bid in April. Approve award in June with significant completion of the park in July of 2018.

Commissioner Brandon - David, thank you so much for your presentation. You did a great job. Steven would be proud. I'm happy that this is before us; it's been a long time coming. I think it's going to be an absolutely beautiful park and happy that we are breaking it up so there are several opportunities to participate in building this out. Is any money set aside from maintenance and upkeep of this park once it's totally built?

Brad Benson – We're looking at CFD maintenance tax over areas of Pier 70. The Orton project, there's some parcels along Illinois Street where we're hoping to generate maintenance dollars to assist with the program for Crane Cove Park. We're working with Tom Carter and his folks to come up with the maintenance cost estimates for the park to support that tax rate setting.

Commissioner Brandon - But eventually we will have some type of plan?

Brad Benson - Yes, and we'll be bringing that forward concurrent with the Forest City transaction.

Commissioner Katz – I'm very excited to see this coming along, and you know my fondness for anything along the Blue Greenway. What is the total project cost estimate?

David Beaupre - The total project funding that we have in place right now is \$33,641,000. That includes all soft costs, so the fees that we've paid for design, construction management. Our budget for this phase of the project, and remember we have one more bid package to put out, is approximately \$20,112,000.

Commissioner Katz - I'm trying to get a sense of where we are in terms of what was anticipated.

David Beaupre - Yes, we've used about \$6 million -- \$4 million was for the construction of part one and we've used approximately \$2 million for design and permitting to this point.

Commissioner Katz - What's anticipated for the cost for the Phase 3?

David Beaupre – For Phase 3 we're anticipating around \$1.4 million and \$1 million of that is a grant and so our match is approximately \$400,000.

Commissioner Katz – Are we coming in under budget or at least under the project funding?

David Beaupre - The base bid is \$20 million. If we include all the alternates as illustrated on the screen, that would be \$26 million. We know we're not going to be able to get to all of the alternate bid items, so we will use every penny that we are able to get towards the park and will complete as much as we can. But if you take the \$26 million plus the \$6 million that's \$32 million, plus the additional. We're right at where we think we need to be with contingency.

Commissioner Katz - Because I know this is really making a significant improvement for some of the other businesses and developers and other folks in the area, is there any opportunity to partner with them to get some added funding for the parks such as the Warriors' Stadium nearby perhaps.

Elaine Forbes - David has long thought philanthropy would be a really good source for some of the final finishings and structures and things in the park. We have approached the Recreation and Parks Department because they have a small division that works on philanthropy and has a defined program. We've wondered if we might be able to work order and engage them.

They're over capacity. They said that they're using all their resources. But this is something that we will be exploring. Right now we're moving along with this phase of the park. We do have a gap with future phases and we will be looking at some external sources to complete the fine points on the park.

Commissioner Katz - Describing it as philanthropy is probably perfect. I've had some discussions with different business and community leaders about how they might be able to be helpful on some of this phasing out.

David Beaupre - Part of the way that we've structured the alternate bid items are those items that we think might be a good match with philanthropic giving.

Commissioner Kounalakis – What is the timeline for the process for getting bids in, awarding the bid and construction of the park.

David Beaupre - As I described, there are three bid packages. One bid package was already awarded. I was out there an hour ago, and they're starting to construct the foundation for one of the cranes. There's soil on the site. They're going gangbusters out there.

We're hoping to award this bid in June and then they would begin a lot of the shoreline work and in-water work that only can be done seasonably. We're hoping that the entire project will be significantly complete by spring of next year.

Commissioner Kounalakis - It looks great. In the picture here, are those people swimming?

David Beaupre - Those are people in kayaks, human-powered boating. People may want to dip their toes in but we're not designing it in a way to encourage it.

It probably may not be the most comfortable place to swim with all the activity in the area.

Commissioner Adams - Great job, David.

ACTION: Commissioner Brandon moved approval: Commissioner Katz seconded the motion. All of the Commissioners were in favor. Resolution 17-17 was adopted.

## 12. PLANNING & DEVELOPMENT

### A. Informational presentation regarding the Pier 70 Special Use District proposed by Forest City Development California, Inc. and associated public benefits.

Brad Benson, on behalf of the Port's Pier 70 team - This presentation is an exciting one. It's about all the public benefits that we hope that the Pier 70 28-acre site will deliver both to the Port and to the surrounding neighborhoods. Sarah Dennis Phillips is the Office of Economic and Workforce Development's Pier 70 Project Director. She'll walk you through the presentation, and we also have Jack Sylvan, Vice President of Forest City here, to answer any questions should they come up.

Sarah Dennis Phillips - We're here to take you through a draft level overview of what we're trying to secure in terms of public benefits as we develop the Pier 70 site. OEWD, Port Planning staff have been before you a number of times to talk about the Southern Bayfront Strategy. You've approved three of the projects in that strategy. Pier 70 is the next one up.

It's always helpful to remember that we're looking at this project in the context of something much larger. A point we've made in past presentations is that we're looking at a negotiating framework to apply to all the projects that are happening along the Bayfront to address all the topics of affordability, transportation, sustainability, jobs -- all of the things that we want to see out of the projects in a relatively consistent way. That doesn't mean that we're trying to apply a one-size fits all public benefit strategy to each project.

Each project is different. What it brings with it is different. What we're hoping is that by looking at them together, when they all add up and in 15 years, when they're all developed, we've been able to piece together some transportation benefits and some Open Space benefits. We have a complete neighborhood framework that we're bringing up and down the shoreline.

Per Prop F, Forest City committed to 30% of all of the residential units within the 28-acre site as being affordable. Forest City also committed to a majority of the residential buildings on site being rental rather than for sale. All of those rental buildings will have 20% on site inclusionary units provided at mainly low income's 55-60% of AMI. We'll also have three dedicated, 100% affordable

parcels within the project. Those will total about 330 units between the three parcels.

The development of those parcels, building the buildings from the ground up will be paid for from onsite sources, tax increment from the Hoe Down yard, jobs/housing linkage fees from the Office of Development onsite that they would pay anyway, and in lieu affordable housing fees paid by the condo developments on site. That gets us roughly the \$99-100 million we need to fund the gap existing on those 330 or so affordable units. We're also working the Mayor's Office of Housing on a District 10, Southern Bayfront based marketing plan. For all of the affordable units, not just in Pier 70, but up and down the shoreline so that we can get the word out to the people in these neighborhoods that we want to apply for these.

Also, we do have a Neighborhood Preference Program that the Mayor's Office of Housing is administering and we'll be able to apply that to the onsite inclusionary units in the rental buildings. To give you an idea of how that plays out on the site, the 20% rental buildings that'll be happening where fees are being paid and preliminary identification of where the affordable housing sites may be. All of them within walking distance to the children's playground that is planned.

Transportation. There's two large components and actually a third as well. A big part of this plan is actually its onsite Transportation Demand Management, which we in the planning world affectionately call TDM. Forest City is working towards a 20% reduction in project trips from what is expected to happen, and that will happen through a number of ways.

A transit pass program for the residential units so we get those people using Muni and BART. A shuttle service that is not just accessible to residents of the project, but to residents of the neighborhood. One or more new bike stations on the site and that's going to link up with new bikeshare stations that are proposed in the Dogpatch and up the Bayfront through the bikeshare program. Then a number of ancillary amenities, bicycle parking, showers, lockers, the things you typically see to make it easy for people to move around in alternative modes.

The project is also paying a transportation sustainability fee which we expect to be in the neighborhood of \$40-50 million. We're working closely with SFMTA to find the projects that will move the needle in terms of getting people out of their cars in the neighborhood and making things work better.

There are a number of transit improvements that the neighborhood has long spoken of. The 10 Muni line, the 12 Muni line, extending those, improving who they reach. A new line that is tentatively called the XX which would go east/west all the way from the Castro Station directly into Pier 70 and turn around and provide a strong east/west connection. Then there's the 16th Street Ferry Landing which you've put a lot of priority on and we're hoping that a large part of the fees paid by the site can go to help make those priorities happen.

Environmental sustainability is a key element of the project as with all the major development projects that we're working on. The project will meet or exceed all local codes. I didn't put state up here. That's just a given. I didn't list them all. The Green Building Code, our mandatory recycling policy, our Better Roofs policy, there are a number of them. The City has come a very long way in the last four to five years in terms of adopting pretty much the strongest green development policies in the country and this project will meet all of those.

They're also looking at a number of things that are hard to do on a single building basis, but are made possible by the fact that we've got a district scale of 28 acres. That could include a gray or black water system to use recycled water, solar efficient lighting within the project, on the streets and in the parks, a district-based thermal heating system, potentially solar based, and a thermal energy loop. These are under consideration at the moment. We're not sure which will play out but they're all things that we're excited to explore and see which makes the most sense to the project.

Sea Level Rise, obviously a priority that the Port has already been discussing. This project, like the Mission Rock project, will be doing on site improvements to ensure that the project itself is protected from Sea Level Rise. Mainly by elevating buildings, open Spaces, the site, and using the shoreline as a buffer space.

What is really exciting about this project is that we are working on a new long-term funding stream through a Community Facilities District, a tax that will be paid by buildings on the site to create a long-term ongoing funding stream for Sea Level Rise and shoreline protection. Our early estimates is that it could produce anywhere from \$1.1 to \$2.3 billion over the next 100 years.

Open Space. I think you heard a significant amount about this at the D4D hearing about a week ago. Nine acres of Open Space on the site. You looked at many of the parks. It is a regional connection. The nine acres that are proposed are more than exist in Dogpatch at the current moment. It represents pretty much a doubling of the amount of accessible Open Space in the neighborhood.

Economic Access and Diversity. What are we doing for jobs? The estimates are about 10,000 permanent jobs, 11,000 construction jobs. This is a public project. It has a 30% mandatory Local Hire. We are working to flesh out our LBE commitment to local businesses here. There are a number of components to that plan that will help the neighborhood in particular. Looking at an outreach coordinator to work with the communities that it is surrounding. Looking at marketing and outreach with non-profits that work in the area, so we have those direct connections.

We're also working on a First Source agreement for end uses. Typically we do that with retail. We often do it with security, maintenance, etc. What I think could be exciting here is that we have an opportunity to connect with our TechSF

program which trains people in entry-level tech positions. It might be Web-based. It might be marketing. We're going to have a significant amount of office tenants here. We're working with our workforce to figure out how we can make a direct connection between their training programs and the tenants of those offices.

Arts, Industrial and Public Facilities. Arts and cultural uses obviously has been a core of this project since the very start. The Noonan artists have been a commitment. They will have new workspaces on site at rents that are concurrent with what they are paying now in terms of burden.

We're also looking at developing a new Arts facility onsite, developing that with a local non-profit who has the ability to work with new market tax credits or other donor facilities to try to ramp up the funding for that program. We can provide below market leasing to a number of arts organizations, be they performing arts, etc. We're working to flesh out connections with non-profits through Forest City and what the appropriate arts organizations might be.

Industrial facilities, what we often call PDRs, priority Production, Distribution and Repair. There will be commitment within the DDA and DA for a minimum of 50,000 square feet. We're hoping to exceed that. Building 12 is planned as a market hall to support those very kinds of uses, not just their making but their retail and their exposure to the public. Childcare, rather than paying fees, we're looking at this projects providing spaces to meet the needs of the project, which we think will be between 80 and 100 spaces.

Historic resources, obviously another core from the very beginning. The Union Ironworks Historic District is something the Port put in motion several years ago. This project will help flesh it out. Three of the key buildings will be restored and rehabilitated. Building 12, Building 21 and Building 2. The Port will be working with Forest City on an interpretation plan for the entire district that can be embedded into the Open Spaces, the buildings and people moving around the site.

How do we make sure all of this actually happens? It will be embedded in both the Disposition and Development Agreement and the Development Agreement. We'll have legally binding commitments to all the public benefits we secure. As we go through the build out of the project, at each phase, the developer will come forward with a phased submittal for the Port Director's approval and that will state all of its conformance with not only the plans that you all will adopt this July, but with the Affordable Housing Plan, the Transportation Demand Management Plan, and any other associated benefits that should be coming with that phase.

There'll be a Compliance Review Report before we sign off on any final maps to allow that phase to move forward. We're also going to look at certain goals and targets through Port planning and OEWD staff's implementation program.

We're working on building that up now. We have three or four DAs that we're actively monitoring. These waterfront projects, will add several more. We'll have in OEWD alone three people devoted to looking at Development Agreements and ensuring all the benefits are met and that will be supported by Port staff as well.

Commissioner Kounalakis - This is really great. Thank you so much for the presentation. Every time we have another overview of Pier 70 more and more of the wonderful benefits emerge and it's just a terrific project and I, for one, am very enthusiastic of seeing it progressing for all these great public benefits that are going to be coming along with it.

Commissioner Katz – This is very exciting. This is really one of the more exciting projects and the opportunity to make a difference for all of San Franciscans as we build out this area.

In terms of some of the residential units that will be built and the affordability in there, will that include multiple bedroom units? I know that's been a problem that we haven't built enough three bedrooms because we're talking about parks for the kids, we want to make sure we have homes that will accommodate them.

Sarah Dennis Phillips - With the majority of new development and Development Agreement projects that we have approved, either through the Planning Department or through other agencies over the past couple years, we've put in a minimum 40% two bedroom or 30% three bedroom count.

Commissioner Katz - And that's with the units that are dedicated affordable?

Sarah Dennis Phillips - It applies to the whole project. When people build you their 20% affordable, they have to do the same mix that they're doing in the market rate.

Commissioner Katz - I read that three of the parcels will be 100% affordable. Is that a little bit like siloing, as opposed to mixing that up?

Sarah Dennis Phillips - We don't tend to think of it that way. One of the things that works really well in our city is a mix of everything. When we do inclusionary units within a market rate building, those are great because we have tenants that have the same access to the same kind of services that a market rate person has. What we've seen in the past is whether being in the building doesn't necessarily foster integration between the residents. Most of our integration and activity happens at the street level, rather than in the hallways of buildings.

When we do 100% affordable building, we're able to provide services, whether we're relocating HOPE SF residents that might have greater needs, whether we're dealing with formerly homeless, whether we're dealing with families that want childcare on site. Having a mix of both does provide what we need. By

having them all within the same neighborhood, we get the kind of integration that we're seeking.

Commissioner Katz – With regards to the clean tech systems or the sustainable systems that we're putting in there, was there ever any thought to even having any onsite solar for some of the facilities? You talked about some of the solar street lighting and thermal water systems.

Sarah Dennis Phillips - I know that solar is considered for the building basis. We're not mandating it. Our Better Roofs policy looks at a mix of usable Open Space, greening and solar for use of our rooftops. We want to make sure we use the roofs as best as we can. We are going to look at that at a building by building basis but it's certainly on the table and we're hopeful it will be well used.

Commissioner Katz – Is Irish Hill going to be a playground?

Sarah Dennis Phillips - Yes.

Commissioner Katz - I assume that's after cleanup has all been thoroughly done for a playground site. I know it's next to a power station.

Brad Benson - There's a Risk Management Plan for both the Port's land. The area you're talking about is the PG&E Hoe Down yard. It's got its own Risk Management Plan. Any use like this requires clean fill on top of the existing to make sure that people are protected.

Commissioner Katz - As we're currently looking at it as a playground, I know the standards are different depending on the use.

Brad Benson - The Risk Management Plan sets forth standards specifically for these types of parks and what you have to do to improve the area so that it's safe.

Commissioner Brandon - Thank you very much for this presentation. It's wonderful. I'm happy that we just had a presentation a couple weeks ago so it's still fresh and it's clear and easy to understand. I'm not sure if Commissioner Katz got the answer that I wanted. But regarding this page with the fees, the 20%, the 100% -- and what is the difference between Fees, 20% and 100%?

Sarah Dennis Phillips - The ways we're getting the actual units, which will be about 5-600 affordable units on site are in two primary ways. One is on buildings that are mixed in as part of the market rate building and that's what the 20% represents. That means if you've got 100 unit building there, 20 will be deed restricted to low income families, and the other 80% will be like any other regular market rate building. Within the 100% affordable buildings, all of the units will be deed restricted to families of low income or other needs as we work and build out the site. Those are the two ways we're getting them.

When we talk about building those 100% affordable buildings, we need money for construction. The site brings the land which is wonderful but it still costs us probably about \$330,000 of local subsidy that we need to put in for construction of every affordable unit that we built. Not that the developers build in the inclusionary building, but that we build.

That revenue to build it will come from condos on the buildings that show fees. We don't tend to do on site inclusionary within condominium buildings. It's often very challenging. Having the income to be able to purchase even an affordable for sale building is often very challenging. Also we tend to see in our condominium buildings, there's often very high HOAs which we are not allowed by law to subsidize through our inclusionary program which creates a problem for the tenants. It does tend to work out better if we have condo buildings fee out. That gives us a strong revenue source to build the 100% affordable.

Commissioner Brandon - So all the ones that say fees will be condos.

Sarah Dennis Phillips - Yes.

Commissioner Brandon – Will there be no first-time home buyer programs or any time for affordable buyers in this project?

Sarah Dennis Phillips - If most of you determines in one of those affordable parcels that they want to build a for sale building, that could be possible but it's not something we're looking at this point in time.

Commissioner Brandon - Okay. I'm really happy to see that you've created a fund for Sea Level Rise. I think that's absolutely wonderful and it's something we should look for in all of our projects.

Regarding the 10,000 permanent jobs and 11,000 construction jobs, when will that be more thought out as far as job creation and workforce development and what we will actually be doing on this project?

Sarah Dennis Phillips - As we bring the project back to you for both informational and approval hearings this summer, you will see a workforce program attached to the DDA. You will see our local business, our LBE program and our percent commitment within that. We'll also have our First Source hiring agreements attached to those documents so they will come before you before then. The 30% mandatory Local Hire is the one we're looking at now. As we flesh out those other percentages, you'll see them in the coming months.

Commissioner Brandon - You've got a lot of work and this is really helpful so thank you very much.

Commissioner Adams – This is very thorough. Good job. Jack, good seeing you today. Director Forbes, do you have any comments that you'd like to share on this issue?

Elaine Forbes - You've all captured this as a great project and it is transformative. This is a long haul that many staff have been involved in going back over a decade and it's really nice to be at the point where we're approaching approvals. It's been a tremendous effort and it's exciting for everyone to get to the finish line to start seeing the change because it will bring great change to the Dogpatch and it's something that we all look forward to seeing. The public benefits that Sarah and the team put together today to have it separately thought through so the public could see it in advance of approvals is a very fine thing because there is a plethora of public benefits from transportation to housing to the environment. It's important to call it out because a lot of work has gone in to get these public benefits into the project. Thank you both to staff and to Forest City for working so hard on making it a great project.

Commissioner Adams - Sarah, again, thank you very much. Appreciate it.

B. Informational presentation by San Francisco Planning Director regarding update on citywide land use, development, jobs and housing trends and accomplishments. (VERBAL REPORT)

John Rahaim with the City Planning Department - It's great to be here. I've been coming to the Port Commission meeting annually for the last three or four years and I'm very pleased to be here.

Every year the collaboration between your staff and my staff has been growing and becoming more constructive. You'll see in my presentation that we are overlapping in our work more and more every day. It's a great collaboration. Director Forbes' history with the Planning Department is part of that, but certainly the whole staff has been great to work with over the last couple of years, so we're really grateful for that.

I'm going to give you a very brief presentation about some of the issues, the growth challenges that we're facing today. Then talk very briefly about the areas of overlap between the Port and the Planning Department right now. Because they are growing every day and we're seeing much more overlap in our work.

To give you a sense of the city's growth, since 2010, we have seen this extraordinary growth in the city. We have seen 10,000 residents a year, in fact, there's been a couple years when it's been even more than that. Something on the order of 1,000 per month. In terms of the population, we've seen 125,000 new jobs but that number is actually a little out of date. I think it's closer to 140,000 now that we've seen which is, for a city of our size, is an extraordinary job growth in a very short period of time.

We are seeing finally in the last few years somewhat of a catch-up if you will on housing production. Our historic housing production was about 1,500 units a year. We have more than tripled that over the last three. It's something where we're really trying to keep up with that demand. Of course, it's one of the indicators of the housing crisis that we're in today.

The regional jobs housing number I find very compelling and very telling. Since 2010, the region has produced in excess of 600,000 jobs and we have produced 60,000 housing units. If that isn't an indication of the housing crisis that we're in, I don't know of anything that is. The region as a whole has to do a lot of catch-up with respect to housing production. San Francisco is producing over 20% of the region's housing right now. We are doing our part. As a side note, we've been working with our neighbors in other cities to try to get them to do their part as well. The Sustainable Community Strategy is the regional plan, often referred to as Plan Bay Area. It is based on state law that was passed several years ago SB32 and SB375 which require every region in the state to produce a regional land use and transportation plan.

That plan shows an expected growth to 2040 of 2 million people in the region, of 600,000 housing units and over a million jobs. Now, we have already gone over half of those projections in terms of the job number. We are far exceeding the growth pace that was projected when the plan was adopted four years ago. San Francisco's share is to maintain about 15% of the regional growth and to produce about 92,000 housing units which would accommodate a population growth of over 200,000 people.

We are projected again to grow by 190,000 jobs but we've already grown by over 130,000 jobs. This was a projection that was to go for the period between 2010 and 2040. The pace of growth is much more substantial than it was projected in these numbers when this first Plan Bay Area was produced three years ago.

It's always helpful to take a step back figure out why this is all happening. What's this intense growth that we're experiencing? We have identified these four strategies. One is that there is a return to cities, particularly with the Baby Boom generation, and the millennial generation. Those two cohorts of the American population are the largest cohorts in the American population.

Those two groups are in fact what is fueling urban growth right now. It's happening right at the same time. The perfect storm in the Bay Area is that return to cities is happening right at the same time that the technology industry is exploding with growth. Those two factors have led really to the city's explosive growth over the past six years in ways that none of us frankly anticipated and we're not ready for. It's creating some of these challenges.

The second factor is that since the 2006 recession, we've actually seen a decline in driving in the American population as a whole and we've seen a

decline in car ownership. Which we think in the city is a good thing because it actually means that people are using public transit, are moving around in different ways.

Obviously the third thing is the technology industry in particular, although not just tech industries are returning to cities. In a sense it's a reverse of what happened in the '60s and '70s when the population was moving to the suburbs and the companies followed. Now the population is moving back to cities and the companies are following. It's the exact same thing that happened in the '60s and '70s, but in reverse.

There's the move towards thinking about land use as a way of reducing greenhouse gases and how we think more holistically about the connection between land use and transportation. All this has created these challenges. We are challenged particularly with creating a city that is equitable. Obviously the affordable housing issue is probably the number one issue we're dealing with. It's where I'm spending most of my time, what keeps me up at night often.

We are very soon to be recommending to the Board of Supervisors our recommendations on the changes to the inclusionary housing which has been a point of much discussion in City Hall over the past six months. Obviously accessibility and mobility, the resilience issues. Then of course, the notion of making places that are special. All of which are on our work plan.

How do we do all this and how do we work with you to make this happen? This map shows all the areas that we've done very specific neighborhood plans for over the past 15 years. It is the area of the city that is seeing the most growth. It is the area of the city that is best connected to transit and other transportation systems, and it's where the land uses have allowed the growth to happen.

In very rough terms, 80% of the city's growth will happen on about 20% of the city's land. It's primarily the areas you see highlighted here and much of this is on land that you all control. The project you just heard on Pier 70 is the one that is the most imminent, but there are certainly several others. The Port is playing a huge role in enabling this growth to happen and making sure it happens in ways that are benefitting the city and the community as a whole.

I'd like to highlight some of the various areas of overlap that the Port and the Planning Department are working on. There are a number of strategic initiatives and infrastructure. Obviously the Seawall is critically important to you and we are happy to be a part of making that happen. There's all the work on the Southern Bayfront with the strategies on the Southern Bayfront which we've talked about.

Connect SF is the citywide transportation vision being led by the Planning Department. It is a 50-year vision. It's not appropriate to call it a plan, but it's a 50-year vision of how we might think about transportation in the future that will influence various planning efforts along the way. We are doing 50-year land use

projections for the first time ever, looking half a century out as to how the city will grow. Obviously Sea Level Rise is huge. We are also involved in your Waterfront Land Use Plan Update. That's the Port's lead but we are certainly involved with.

On top of those initiatives are all the actual development projects that we have in our shop as well as yours. Pier 70 which you just heard about. Mission Rock, Seawall Lot 337, both of those are very far along in the Environmental Review process right now. There's the Backlands projects. There's the Alcatraz Embarkation Project which is something that's in our CEQA shop right now.

There's the Pier 90 Asphalt Plan, Concrete Facility and the Fireboat Station. All these amongst others are the highlights of just single projects, large and small, that we're working on, both from an environmental standpoint as well as design and entitling standpoint. We are very much joined at the hip with Director Forbes and your staff on all these efforts as we are moving forward.

Connect SF is something I'm very excited about. It is laying out a very long-term vision for transportation. When you think about the lead time that it takes to design, fund and build a major transportation project, it is not inappropriate to think 50 years in advance. When you think about the fact that federal funding is as tenuous as it is right now, as well as the fact that something like a second Bay crossing, which is something that is being discussed regionally, could easily take 20-30 years to design, environmentally clear and fund.

We really do need to think in terms of decades and that's what we're trying to do with this effort. It's being led by the department with MTA, the TA and OEWD. It is kind of this overall umbrella that will influence all these other transportation planning efforts and will put the City's position for regional transportation on the table with our regional partners. I'm really excited about this. There's going to be major public workshops this summer that will delve into this in a little more detail.

I'm sure you've heard about the Southern Bayfront Strategy that is largely on Port property. There is an extraordinarily large number of projects in this part of the city. Again, 75-80% of the city's growth will happen in terms of numbers of jobs and housing units. Everything from Mission Rock in the north to Executive Park in the south.

The very big project is Hunters Point Shipyard and Candlestick, which is approved. It's finally moving ahead with their big major phase first of development at Candlestick Point. We are working with them on accommodating more job space in the Shipyard part of that project. This will have huge public benefits in the long run, not the least of which is public waterfront access, the Blue Greenway and all the other benefits and jobs that go with this part of town and this development.

With respect to Sea Level Rise, I would like to give a shout out to Byron Rhett who is co-chairing with us the Sea Level Rise Task Force along with Diana

Sokolove on our staff and that's been a fantastic collaboration. We are ahead of almost every city in the country in this aspect right now in terms of the work we are doing. You'll see here a diagram of how we see this process playing out.

It's this continuous loop where we're assessing vulnerability, looking at science, assessing vulnerability and risk which we are in the process of doing now, working with every major department to do a risk assessment and a vulnerability assessment of their facilities and then leading to an adaptation plan, an implementation plan and monitoring.

It's a continuous loop. We're constantly trying to learn from what we build from upgraded science and how we deal with this. This is a very important piece of work and you may have heard that we were very fortunate to receive a substantial grant from the Rockefeller Foundation to do what we're calling a Resilient by Design Competition, modeled after the Rebuild by Design competition in New York City after Hurricane Sandy.

We're very excited about that. Rockefeller has almost fully funded that competition and that we expect to move forward with over the next few months. We're very pleased and excited and that's a regional effort. There will be 10, each county will have a site that they select to be a part of that process. So that's a very important regional effort that we will be working on in the next few months.

That's a very brief overview. There's a lot that we can talk about. A lot of details that are behind each one of these but I thought I'd just give you a quick snapshot. I would like to give a shout out to the Port staff for working so collaboratively with us on all of these projects.

Commissioner Katz – Thank you very much for appearing before us today, John. I always feel like I learn something new each time you appear before us. It's very exciting.

John Rahaim - Thank you.

Commissioner Katz - I really appreciate the collaboration that is now occurring between the two departments. I'm excited to hear about that. I also appreciate the fact that we're ahead of most other cities with respect to Sea Level Rise and climate change. It's amazing what happens when you believe in science.

John Rahaim - I agree.

Commissioner Katz - It's a lot of information to digest. Is there any anticipation if the 2040 projection, if we've already hit 70% of that in terms of the new jobs added and 30% in increased residents, are those numbers going to get readjusted?

John Rahaim - The short answer is, "Yes." They are doing that right now. ABAG and MTC are updating Plan Bay Area right now. It has to be updated in about a year. Although, I'm not quite sure why this is, but they do not project beyond 2040 so they are updating the plan to 2040. The next update will go to 2050 but they are updating those numbers. Secondly, it's fair to say that the growth we're seeing now won't be maintained at this level for the next 20 years. There will likely be some slowdown but it is true to say that the last six years have exceeded projections by almost everyone's standards. We simply weren't prepared for this pace of growth.

Commissioner Katz - We can see that everywhere around the city. When you reference that there's now changes and there's a decline of driving peak auto mobility, which I recognize, but at the same time we're also seeing a number of TNC cars coming into the city. How do we account and adjust for that?

John Rahaim - We are trying to get smarter about the TNC issues. For everyone's benefit, it's the Uber and Lyft issue. It is unclear the exact impact, although we just received data that New York City conducted research on looking at the impacts of TNCs. It does appear that they're having some serious traffic impacts in certain parts of New York City. I think the situation in New York is perhaps a little different for us but we're trying to get smarter about them as we do this work on the transportation work. We don't have good data right now, partly because the companies frankly don't want to give it to us and partly because we just are learning as to what their true impacts are.

Commissioner Katz - Has there been given any thought to at least some locations, so rather than having the cars constantly circling, that there'll be a place they can stop and rest?

John Rahaim - That's becoming part of our thinking especially in places as we think about Market Street and other major downtown streets where we can say, "Yes," or, "No," just like we did with the shuttle bus program where we specified locations for them to stop.

Commissioner Katz - With all the development we're doing along the waterfront, we should take that into our planning process sooner rather than later.

John Rahaim - Very good point, thank you.

Commissioner Katz - Thank you so much for coming and for updating us.

Commissioner Brandon - John, thank you so much for this report. It is very informative and the numbers are just mind-boggling. How are we continuing to deal with the growth at such a rapid pace? Seeing the actual numbers is just mind-boggling. I'm happy to see that Sea Level Rise is at the forefront of all of the planning efforts. I really appreciate the synergy and collaboration between the departments, especially ours led by Director Forbes and with you at the Planning Department. This is wonderful and it's great to see. It makes sense that

all the projects that we have going have to go through Planning. Regarding Connect SF, I know we're planning for growth but are we doing any planning for existing resources?

John Rahaim - Very appropriate question. We get that a lot. Are we doing this just for new folks or are we doing it for everyone? It's both. It has to be. It is looking at a long-term vision of how we can improve our transit systems, not only the existing transit systems, and to improve what we have today which is a big priority for MTA for example but also to make sure that all those projects that I talked about, such as the Southeast Waterfront can be more transit friendly. So it really has to be both. It's a really important question because we're often criticized for thinking in terms of only accommodating new residents and new jobs but we have to do both obviously. That really has to be a big part of our thinking.

Commissioner Kounalakis - Thank you so much for coming down. It's very nice to meet you. I'm the newest member of the Port, so this is the first kind of overview that I've ever been here for and I have so many questions, I'm just bubbling over. I'm going to limit them to just maybe one or two that impact the Port rather than all of the things that I'm so curious about as a San Francisco resident.

How do you deal with traffic as you're planning for all this growth and accommodating all this growth? Because I'm from a small town inland, where if you have a new project, you have to have mitigation for impacts to traffic. It seems as though the way that things are happening here, there certainly isn't mitigation of street widening and because there's no way to do any of that. What does it look like when new projects come on board in terms of what mitigation is required for impacts to traffic? That's my first question.

John Rahaim - I'm happy to talk to you off line and have more detailed conversations whenever you like. Because I know this generates a lot of question and interest so I appreciate that very much. You're spot on in saying unlike a lot of communities that are less densely built than we are, widening streets is not an option. The City for 40 years or more has had a Transit First policy which is basically that the last priority that our transportation dollars will be spent on is on vehicular access, highest priority on transit and other modes of transportation.

When we deal with development and deal with transportation impacts, we look at everything from their impact on transit serve, and for example the Warriors' Arena has, they will be actually purchasing new light rail vehicles for the City so that they can have more service to serve the Third Street Corridor. We can do things like change traffic intersections and lights, etc. but the primary goal is to see what we can do in general to actually reduce what we call Vehicle Miles Traveled (VMT). Sarah Dennis Phillips just mentioned for Pier 70 program the TDM, Transportation Demand Management Program. This is actually a pretty

ground-breaking ordinance that was just passed by the Board after about two years of work that we worked on with MTA and the TA which gives developers a menu of options to reduce their traffic footprint, to reduce what we call VMT or Vehicle Miles Traveled.

It's everything from reducing the amount of parking which, by the way, all the research shows that providing less parking onsite is the single most important factor in reducing traffic from new development. It's everything from providing less parking to buying transit passes for employees to things like providing information, real-time information about transit service. There's a menu of 25 different items. Developers actually have to choose from that menu and achieve a certain point total to actually reduce their VMT.

Commissioner Kounalakis - All these parking lots that we're seeing kind of going away and projects that are being built without any parking, that is then basically creating a disincentive for people to drive.

John Rahaim - It's both a disincentive as well as reflecting the reality that car ownership rates are dropping dramatically, particularly in rental buildings. What we have for example is one of the larger downtown developers told me recently that one third of his tenants have cars. We are now seeing projects, five years ago developers were telling me, "We can't get financing if we don't building one-to-one parking, one space per unit." Now there are major projects that are coming forward that aren't even proposing parking because it's a huge cost by the way. Underground parking is \$60-70-80,000 a space to build and they simply don't need it honestly.

Commissioner Kounalakis - Do you think that as you're projecting forward of improvements to the public transportation that ultimately it is going to be there, so there will be a way for people to get around?

John Rahaim - You could certainly offer some meeting time to Director Reiskin at MTA but the short answer is that the challenge is just the costs of improving the systems are enormous. In addition to reducing the Vehicle Miles Traveled, developers also pay what's called the Transportation Fee, Sustainability Fee on a per unit or per square foot basis.

We just changed that whole program as well and upped that fee but again, it certainly helps MTA, but it doesn't, it's not going to raise \$2 billion for a new subway line or something. The magnitude of need is huge, something on the order of \$8 or \$9 billion. If you recall, there was a half a billion bond measure passed in 2014. There's another one coming up next year, and those are important, but the magnitude of need that MTA has is enormous when you talk about this. It's a city issue as well as a regional issue that we have. Transportation is not the kind of thing that you can draw a line at the city border and say, "Well, that's the end of our problem." That's clearly not the problem.

Commissioner Kounalakis - We've been talking a lot about height limits on the waterfront, and I'm curious as it looks as though, certainly the votes are interested in keeping the profile of buildings along the waterfront at a lower level unless they have a say. My understanding is that the skyline is changing so that even though the profile of the buildings on the waterfront may stay low, that the height of buildings within certain corridors will be high and the new Salesforce building, is that going to be tallest building today?

John Rahaim - Yes.

Commissioner Kounalakis - And are there other buildings of that scale that are coming down the pipeline? If so, where?

John Rahaim - The buildings of that scale are really concentrated around the Transbay Terminal and that was the result of a plan that we call the Transit Center District Plan that was adopted by the Commission and the Board in 2012. It enabled the Salesforce tower and several other, "Super tall buildings," right where they should be around the region's biggest Transit Center which was the idea there. You build the density near transit.

The other area that we're looking at increased height limits in a much less dramatic way, but some taller buildings is what we call the Central SOMA Plan and it's the plan that will be adopted by the Commission this year that will reflect the subway corridor along the Fourth Street subway. It's a plan that essentially extends from Second to Sixth, so two blocks either side of Fourth from Townsend to Market.

That will strategically create some higher zoning heights on larger sites that are closer to transit, particularly the north side of that corridor near Market and the south side of that corridor near the Caltrain station. It won't be like downtown in the sense that it will be a whole district of high rises, but there will be five or six or seven sites that will go from two to three to 400 feet, that kind of range particularly to accommodate new office growth. Because the city's capacity for office and job growth is quite limited with the build out of downtown and the Transit Center.

Office Use as a zoning category is only allowed in 10% of the city, so there's very few places we can actually accommodate new office growth. We need to grow that capacity and that's one of the areas we want to do that.

Commissioner Adams - John, welcome to the house. Really glad to have you. I have to tell you that I watch you guys on SFGov TV and it's amazing. Your Commissioners, they're like a football team because the public wear you guys out. That Commission is rough. John, I want to thank you for being able to try to find a balance between the developers and the community. I know it's hard for you sometimes. San Francisco for so long was a working class city and there are people that have lived here for generations that no longer can afford to live

here. I now you're trying to find that balance. People are starting to say that you're starting to get out priced out of the city. You can't live here anymore.

You might want to comment on that. How are you trying to keep people here who've lived here? I know you're working with the Mayor's Office about affordable housing and recently, I saw President Breed on there, Aaron Peskin was on there, several of the Supervisors came and they expressed to the Planning Commission their concern about the city getting so out of whack on that scale of balance. Can you speak to that briefly?

John Rahaim - I appreciate that question Commissioner. It's the biggest challenge we face. The affordable housing question is part of this larger question about creating a city for everyone. We've had a lot of discussions in the Planning Department and I'm sure members of the public will appreciate this, that my fear has been that the current growth rate and the current wealth creation in the city is threatening the city's soul. I take that very seriously and frankly it's like, "Well, not on my watch."

What do we do about that? The affordable housing question is the most important part of it, but it's not the only part of it. For example, three years ago we put together in the department what we call a Community Development Team. I have four people now on that team and those are positions I didn't have before. Their job is not to look at zoning or to look at where the city's going to grow or to review development projects. Their job is to work directly with communities and organizations on the existing neighborhoods, particularly the more vulnerable neighborhoods.

We have been focusing on the Mission District which has been ground zero for the challenges that we face. On the Tenderloin. On the Bayview. On the Fillmore. We have been working on community stabilization strategies. This is a challenge that very few cities have actually taken on, and my thing in, "Can we allow these neighborhoods to grow, but stabilize the existing population and businesses?" Can we do both? Can we have our cake and eat it too?

I believe we have to try. Because I don't think we've ever taken it on in this direct a manner. One of the things I'm very proud of that the Planning Commission endorsed just a month ago is something called the Mission Action Plan 2020 which is this long-term strategy on how we try to stabilize the Mission District both in terms of creating affordable housing, stabilizing businesses, stabilizing single room occupancy buildings, supporting artists in local businesses.

It's a multi-faceted strategy, only part of which has to do with land use. A lot of it has to do with business support and marketing and a whole range of activities to stabilize that neighborhood. It was done in direct partnership with the neighborhood. I'm very proud of that. I was personally involved in these meetings for two years with the neighborhood organizations to create this strategy. It's incredibly important. It's ground-breaking.

It's somewhat experimental because every major city, especially on the coasts, are struggling with this problem right now. New York and Boston and Washington and Seattle where I spent many years, and Portland, they all have challenge by this influx of people and people with a lot of money into city's right now and how that's a disrupting factor to the existing population. We're trying to figure out a way to allow the growth but stabilize what we have. It's a challenge but it's one we need to take on.

Commissioner Adams - The four cities with the most congestion in the world. Los Angeles is number one. Moscow's number two. New York is number three and San Francisco's number four.

John Rahaim - I'm pretty sure it's the Bay Area and not just San Francisco but I agree, I understand that.

Commissioner Adams – Will President Trump's budget affect anything that the planning or any vision that you see for the city and where you want to go and the Commissioners' and the Mayor's, is it going to have any effect on the journey that you're on now?

John Rahaim - Probably, but we don't know how yet. We simply haven't gotten the details yet. The one project you probably have heard about is that they delayed and perhaps killed funding for the electrification of Caltrain and that project has been in the works for the better part of a decade. We have locally figured out a way to fund \$1.2 billion of that, and we were asking the feds for \$660 million and at the last minute they pulled the plug.

They haven't actually killed the funding, but they have at least delayed it. You may have heard that Governor Brown went to Washington to plug for that funding. The reason that's important is that the Peninsula Corridor is seeing tremendous growth. Caltrain is at capacity and electrification will substantially increase their capacity. They could increase their capacity by 30% by electrifying that system. It's important that happen. That's the one tangible example I can give you. The other is simply we don't know yet but we fully expect some reduction in funding for a number of programs.

John Rahaim - I'd be happy to have further conversations with you on any of these issues.

### **13. NEW BUSINESS**

Elaine Forbes - I have a couple of items that I have written down under New Business and most of them are making sure that they're accounted for in items we're planning for the future. One was from Commissioner Brandon regarding how we are paying for Crane Cove Park. We'll be sure that we bring that forward with the Forest City approvals.

Another was from Commissioner Katz around philanthropic giving for Crane Cove Park. We need to do more work about what our opportunities are and staff will return to the Commission with a more formalized program that we could pursue, both for the later phase of Crane Cove Park and for other parks and Open Spaces along the Port.

Finally, from Commissioner Brandon around the Jobs Program at Forest City Pier 70 project. We'll be sure that's included in the approvals.

Commissioner Adams - I also want to give a shout out to SFGov TV. Thank you for covering us.

#### **14. ADJOURNMENT**

**ACTION:** Commissioner Brandon moved approval to adjourn the meeting: Commissioner Katz seconded the motion. All of the Commissioners were in favor.

Port Commission President Willie Adams adjourned the meeting at 4:59 p.m.